

Governance, Audit and Risk Management Committee AGENDA

DATE: Tuesday 26 June 2012

TIME: 7.30 pm

VENUE: Committee Room 5
Harrow Civic Centre

MEMBERSHIP (Quorum 3)

Chairman: Councillor Bill Phillips

Councillors:

Sue Anderson
Mano Dharmarajah
Victoria Silver

Amir Moshenson
Chris Mote
Richard Romain

Reserve Members:

- | | |
|-------------------|--------------------|
| 1. Ben Wealthy | 1. Tony Ferrari |
| 2. Ajay Maru | 2. Stephen Wright |
| 3. Krishna Suresh | 3. Anthony Seymour |
| 4. Varsha Parmar | |

Contact: Daksha Ghelani, Senior Democratic Services Officer
Tel: 020 8424 1881 E-mail: daksha.ghelani@harrow.gov.uk

AGENDA - PART I

1. ATTENDANCE BY RESERVE MEMBERS

To note the attendance at this meeting of any duly appointed Reserve Members.

Reserve Members may attend meetings:-

- (i) to take the place of an ordinary Member for whom they are a reserve;
- (ii) where the ordinary Member will be absent for the whole of the meeting; and
- (iii) the meeting notes at the start of the meeting at the item 'Reserves' that the Reserve Member is or will be attending as a reserve;
- (iv) if a Reserve Member whose intention to attend has been noted arrives after the commencement of the meeting, then that Reserve Member can only act as a Member from the start of the next item of business on the agenda after his/her arrival.

2. DECLARATIONS OF INTEREST

To receive declarations of personal or prejudicial interests, arising from business to be transacted at this meeting, from:

- (a) all Members of the Committee;
- (b) all other Members present.

3. APPOINTMENT OF VICE-CHAIRMAN

To appoint a Vice-Chairman of the Governance, Audit and Risk Management Committee for the Municipal Year 2012/13.

4. MINUTES (Pages 1 - 8)

That the minutes of the meeting held on 29 March 2012 be taken as read and signed as a correct record.

5. PUBLIC QUESTIONS

To receive questions (if any) from local residents/organisations under the provisions of Committee Procedure Rule 17 (Part 4B of the Constitution).

6. PETITIONS

To receive petitions (if any) submitted by members of the public/Councillors under the provisions of Committee Procedure Rule 15 (Part 4B of the Constitution).

7. DEPUTATIONS

To receive deputations (if any) under the provisions of Committee Procedure Rule 16 (Part 4B) of the Constitution.

8. REFERENCES FROM COUNCIL AND OTHER COMMITTEES/PANELS

To receive references from Council and any other Committees or Panels (if any).

9. TERMS OF REFERENCE OF THE GOVERNANCE, AUDIT AND RISK MANAGEMENT COMMITTEE (Pages 9 - 10)

To note the Committee's Terms of Reference.

10. INFORMATION REPORT - GREEN AND AMBER INTERNAL AUDIT REPORTS (Pages 11 - 26)

Report of the Assistant Chief Executive.

11. INFORMATION REPORT - INTERNAL AUDIT YEAR-END REPORT 2011/12 (Pages 27 - 62)

Report of the Assistant Chief Executive.

12. INFORMATION REPORT- ANNUAL HEALTH AND SAFETY REPORT 2011/12 (Pages 63 - 108)

Report of the Assistant Chief Executive.

13. INFORMATION REPORT - RISK, AUDIT & FRAUD DIVISION ACTIVITY UPDATE (Pages 109 - 154)

Report of the Assistant Chief Executive.

14. 2012/13 INTERNAL AUDIT PLAN (Pages 155 - 180)

Report of the Assistant Chief Executive.

15. REVENUE AND CAPITAL OUTTURN 2011/12 (Pages 181 - 220)

Report of the Corporate Director Resources.

16. TREASURY MANAGEMENT OUTTURN 2011/12 (Pages 221 - 234)

Report of the Corporate Director Resources.

17. COMMITTEE LEAD MEMBER UPDATE (Pages 235 - 238)

Report of the Assistant Chief Executive.

18. ANY OTHER URGENT BUSINESS

Which cannot otherwise be dealt with.

19. EXCLUSION OF PRESS AND PUBLIC

To resolve that the press and public be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of confidential information in breach of an obligation of confidence, or of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972:

<u>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
20.	INFORMATION REPORT - Internal Audit Year-End Report 2011/12 (Appendix B)	paragraphs 1 and 7 - information relating to individuals and information relating to actions taken in connection with the prevention, investigation and prosecution of crime.

AGENDA - PART II

20. INFORMATION REPORT - INTERNAL AUDIT YEAR-END REPORT 2011/12 (Pages 239 - 242)

Appendix B to the report of the Assistant Chief Executive at item 11 above.

GOVERNANCE, AUDIT AND RISK MANAGEMENT COMMITTEE MINUTES

29 MARCH 2012

Chairman: * Councillor Sachin Shah

Councillors: * Sue Anderson * Krishna Suresh (3)
* Thaya Idaikkadar * Yogesh Teli
† Chris Mote * Stephen Wright (2)

* Denotes Member present
(2) and (3) Denote category of Reserve Members
† Denotes apologies received

147. Attendance by Reserve Members

RESOLVED: To note the attendance at this meeting of the following duly appointed Reserve Members:-

Ordinary Member

Councillor Mano Dharmarajah
Councillor Richard Romain

Reserve Member

Councillor Krishna Suresh
Councillor Stephen Wright

148. Declarations of Interest

RESOLVED: To note that the following interest was declared:

General

Councillor Thaya Idaikkadar, in his capacity as Portfolio Holder for Property and Major Contracts, declared a personal interest in that some of the reports made reference to properties. He would remain in the room whilst the matters were considered and voted upon.

149. Minutes

RESOLVED: That the minutes of the meeting held on 26 January 2012, be taken as read and signed as a correct record.

150. Petitions, Public Questions and Deputations

RESOLVED: To note that no petitions were received, questions put or deputations received under the provisions of Committee Procedure Rules 17, 15 and 16.

151. References from Council and other Committees/Panels

None received.

RESOLVED ITEMS

152. INFORMATION REPORT - Audit Opinion Plan 2011/12

The Committee received a report of the Corporate Director Resources on the Accounts Audit Opinion Plan 2011/12 and the Pension Fund Annual Report Audit Plan 2011/12. The purpose of the report was to keep Members informed of current issues in relation to the Audit of the Council's accounts.

The Chairman welcomed Anna Parker, Audit Senior Manager; Matthew Hall, Audit Director; and David Hobson, Pension Senior Manager, from Deloitte LLP to the meeting.

David Hobson, Deloitte, referred to the Audit Plan for the 2011/12 Pension Fund Annual Report Audit and outlined the key areas of the audit scope, including the key audit risks, as follows: calculation and payment of contributions, benefits payable and investments made, details of which were set out in the report. He responded to questions relating to the formulae applied in estimating Planning Materiality, which was calculated on the basis of the net assets of the Fund and clarified that the guidance issued by the Audit Commission required auditors to treat the Local Government Pension Fund (LGPS) as a stand-alone body, but the Pension Fund Accounts remained part of the accounts of the Authority as a whole.

In relation to the Financial Instruments, Members were informed that the Pension Fund made some use of investments in private equity and derivative financial instruments. In terms of the risks associated, both types of investments were considered to be complex and would be examined in detail.

Anna Parker from Deloitte identified the key audit risks, as follows:

- valuation of properties, which was judgemental – a review of the arrangements in place for updating market values, including an assessment of their compliance with the new Code of Practice, would be carried out;

- pension liability - consideration of the qualifications, relevant expertise and independence of the actuary engaged by the Council and the instructions and sources of information provided to the actuary would be conducted;
- management override of controls – work on testing of journals, significant accounting estimates and any unusual transactions, including those with related parties would be examined;
- capital miscoding – testing around the design and implementation of the new controls to confirm that previous control weaknesses had been addressed would be performed. It was essential that previous year’s mistakes were not repeated and evidence would be sought that standards agreed had been implemented and were operating effectively;
- revenue recognition – recognition that income properly reflected the grant scheme rules would be tested.

A discussion ensued around the mis-statement of £695k. The Corporate Director Resources reminded the Committee that the Auditor had reported that the bad debt had been overstated in last year’s accounts. The Corporate Director stated that it was a matter of judgement rather than a perceived error and she was satisfied with the provision and no adjustment was made. The bad debt policy would be reviewed prior to finalising the 2011/12 Financial Statements. A Member was of the view that he could not support the opinion that this was a misstatement and agreed that prudence was desirable.

The Committee was briefed on the report of the Audit Committee on the year ending 31 March 2011 Certification Work, including the qualification letters issued.

RESOLVED: That

- (1) the 2011/12 Accounts Audit Opinion Plan and Pension Fund Annual Report Audit Plan be noted;
- (2) the Grants Certification Report for 2010/11 be noted.

153. INFORMATION REPORT - Risk Management Update

The Committee received an information report of the Assistant Chief Executive, as part of its support role of reviewing internal policies and arrangements. The report set out the progress made in risk management, whilst ensuring that the Council’s Risk Management Framework continued to align with best practice, including the production of an annual Risk Appetite Statement on behalf of the Council in line with best practice in Corporate Governance, and ensuring that risk information and reporting processes were streamlined and effective.

An additional appendix 4 was circulated separately to provide a sample of a Directorate Statement of Risk Appetite to be considered in the context of the overall report.

An officer provided some background to the report in that the Council's updated Risk Strategy provided for the merging of the former Strategic Risk and Corporate Operational Risk Registers into a single corporate Risk Register. In order to enhance the work of the GARMC and Cabinet around risk management, the following suggestions were made by the officer:

- introduction of workshops for Cabinet with a view to ensuring greater engagement and awareness;
- revisiting and refreshing the corporate governance framework of the Council – examining existing arrangements, profile, standing within the organisation which would help the Council to take risks in a managed way;
- promoting the commercialisation agenda at the Council as a means of improving officers' risk taking skills.

It was important that risk management was embedded within the organisation, particularly as the organisation was evolving due to the changing economic climate and changes in its structure and operational role, for example an increase in its commissioning role in areas that were formerly NHS driven. It was also essential that risk management was particularly embedded at service level and in the financial planning process. Moreover, whilst the Council was risk averse in the delivery of front line services, the back office functions were exposed to greater risks.

In response to questions from Members, it was noted that:

- the Council had an overall informed cautious appetite for taking significant risks but it was important to note that risk appetite was a complex and composite attitude often dependant on where Directorates were in their business and service cycles, on the personal subjective judgement core to strategic decision-making and also on the personality and the leadership-style of senior managers involved;
- appetite scoring was qualitative and dependant on the subjective judgement of the risk.

The Assistant Chief Executive explained aspects of the Council's Corporate Risk Register, including the impact of various threat risks, aspects of which had been scored in the context of the changes that the Council was facing such as the proposed consultation with staff on their terms and conditions and future industrial relations. The scoring had been set in the context of the risks that the Council would tolerate. Risks which continued to be high profile were driving the Corporate Strategy Board (CSB) agenda. Moreover, discussions with the relevant Directorate were carried out on a continuous basis by the Interim Risk Manager, particularly in relation to the spending pressures, and

ongoing strategic risks were monitored. In relation to Corporate Governance, there were checks and balances on the different stakeholders within the Council. Discussions were also taking place on how Corporate Governance within the different Directorates could be enhanced and made more robust. A mix of resources and organisational presence were essential ingredients to promoting good corporate governance.

A Councillor commented that the role of corporate governance was to provide a check and balance on the organisation whilst not hindering its operation.

The Chairman referred to the discussion around governance and invited Members to send him comments and suggestions on how best the Committee could engage with the rest of the Council, particularly Cabinet, and the report of the FRC would assist in this regard.

RESOLVED: That

- (1) the report be noted;
- (2) the report of the FRC titled 'Boards and Risk – A summary of discussions with companies, investors and advisers' be circulated to all Members of the Committee;
- (3) the Corporate Risk Register be made available to the Chairman.

154. INFORMATION REPORT - Insurance Risks

An officer introduced the report, which provided information on the Council's current insurance arrangements, including self-funding and fund performance, and outlined the main insurable risk exposures faced by the Council.

The officer outlined the Council's main exposures in terms of insurable risk, such as tree related subsidence and highways. In relation to highways, the costs associated with the maintenance of highways were high. However, any drop in the maintenance budget might result in an increase in successful claims. A claims analysis had been undertaken to assess whether any locations within the borough were more likely to generate claims, however no specific trends were identified.

In relation to tree related subsidence, the officer was working on a project across Directorates to reduce the cost of claims against the Council whilst recognising the Council's wish to keep neighbourhoods green and invited Members to report cases and issues to her. Currently, there were three potential claims and this was considered to be high. GIS mapping had been carried out to identify hotspots. Harrow was a leafy borough but a sensible balance needed to be struck when planting trees.

In response to questions from Members, officers stated that motor vehicle claims accounted for 41% of all claims received. Work was ongoing with other Consortium members to share best practice with a view to reducing the cost of claims against the Council.

The Chairman stated that it was essential that policies were developed that would help the Council to reduce its costs whilst not having a detrimental impact on the provision of frontline services. He asked for regular reports to be presented to the Committee updating Members of the developments in this area.

RESOLVED: That the report be noted and regular updates be provided to the Committee.

155. Draft Internal Audit Plan 2012/13

The Committee received a joint report of the Assistant Chief Executive and Corporate Director Resources, setting out the draft Internal Audit Plan for 2012/13. It was noted that the CIPFA Code of Practice for Internal Audit required the Committee to approve, but not direct, the Internal Audit Plan. Members also noted that a top down approach had been adopted for the development of the Audit Plan, as recommended by CIPFA.

An officer informed Members that the Corporate Strategy Board and the external Auditors had been involved on the preparation of the draft Plan and that a number of internal and external reviews were underway as a result of which the document might be modified. In response to questions from Members, the officer added that major contracts were audited and briefed the Committee of those that had already been audited and were planned.

Members were informed that each area of the draft Plan would be risk assessed and ranked. Efforts would be concentrated on higher risks and a final Plan would be presented at the next meeting. Flexibility would be retained for emerging risks.

RESOLVED: That

- (1) the process employed to develop the draft Internal Audit Plan be noted;
- (2) it be noted that the final Plan would be submitted to the Committee in June 2012.

156. INFORMATION REPORT - Future Appointment of External Auditors

The Committee received a joint report of the Assistant Chief Executive and Corporate Director Resources, setting out the Audit Commission's Strategy for making auditor appointments for 2012/13 and future years and the process for audited bodies to object to a proposed auditor appointment. It was noted that, in August 2010, the Secretary of State for Communities and Local Government announced plans to disband the Audit Commission and to allow local public bodies to appoint their own auditors. At the same time, the Secretary of State indicated his intention to transfer the Commission's in-house Audit Practice to the private sector and, in due course, to abolish the residual element of the Commission.

The officer explained that the Audit Commission had undertaken a procurement exercise with the objective to transfer successfully to the private sector the audit work currently delivered by the Audit Practice and to

maximise value for money. Following due process, the outcome for Harrow was that the Audit Commission would be proposing that Deloitte LLP be appointed until 2017. In response to a question about the fees, the officer replied that formal proposals would become evident during April, however it was not for the Council to negotiate on the contract or fees charged.

RESOLVED: That the report be noted.

157. Any Other Urgent Business

Annual Audit Letter and Financial Statements

The Corporate Director Resources referred to a discussion at the previous meeting in relation to an objection received in respect of the Council's Financial Statements. She expected the objection to be resolved soon, and would present a report to the Committee in due course.

This matter was considered to be urgent, as Members needed to be briefed of the situation as the next meeting of the Committee was not until June 2012.

RESOLVED: That the report be noted.

158. Exclusion of Press and Public

RESOLVED: That, in accordance with Part I of Schedule 12A to the Local Government Act 1972, the press and public be excluded from the meeting for the following item(s) for the reasons set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
15.	Information Report – Insurance Risks – Appendix 2	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

159. INFORMATION REPORT - Insurance Risks

The Committee received confidential appendix 2 to the report of the Assistant Chief Executive setting out an independent actuarial review in relation to the Council's insurance fund.

RESOLVED: That the appendix be noted.

(Note: The meeting, having commenced at 7.31 pm, closed at 8.58 pm).

(Signed) COUNCILLOR SACHIN SHAH
Chairman

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TERMS OF REFERENCE OF THE GOVERNANCE, AUDIT & RISK MANAGEMENT COMMITTEE

The Governance Audit and Risk Management Committee has the following powers and duties:

- a) To ensure that the Council's governance framework is in line with current guidance and best practice
- b) To review the Council's governance framework and annual improvement plan and monitor progress
- c) To review the Council's risk management strategy and monitor progress on risk management
- d) To monitor the Council's insurance arrangements
- e) To review the Council's emergency planning and business continuity arrangements and monitor progress on emergency planning and business continuity
- f) To review the Council's Health and Safety arrangements and monitor progress on Health and Safety
- g) To approve the financial statements of the authority, in particular:
 - The outcome of reviews of the effectiveness of the internal control arrangements including internal audit
 - Changes in and compliance with accounting policies and practices
 - Unadjusted mis-statements in the financial statements
 - Major judgemental areas
 - Significant adjustments resulting from the audit
 - Any relevant issues raised in the external auditor's report to those charged with governance
 - the Annual Governance Statement prior to sign-off
- h) To review the Treasury Management strategy and monitor progress on treasury management in accordance with CIPFA codes of practice
- i) To monitor compliance with internal controls
- j) To consider matters arising from External Audit work which are required to be communicated to those charged with governance under the Statement of Auditing Standards (**ISA260**)

- k) To receive and consider the Annual Audit and Inspection Letter (or equivalent) and make recommendations as appropriate
- l) To scrutinise/comment on the Internal Audit three year strategic plan and annual plan
- m) To monitor progress against the Internal Audit plan and receive summaries of audit work completed and key recommendations
- n) To consider all individual Internal Audit reports on a regular basis
- o) To scrutinise/comment on the External Audit plan and fees
- p) To monitor progress against the External Audit plan and receive summaries of audit work completed and key recommendations
- q) To consider individual External Audit reports and inspection reports carried out by external agencies as appropriate and at the request of the Committee.
- r) To review the management response to audit and regulatory recommendations and progress on implementation of recommendations
- s) To recommend action where audit and regulatory recommendations are not being implemented
- t) To monitor on a regular basis the Council's approach to tackling fraud and corruption and promote an anti-fraud culture
- u) To consider the appointment of co-opted members and review the adequacy of meeting frequencies in response to the Committee's remit
- v) To appoint and maintain appropriate Lead Members from the Committee to monitor, review and update on specific areas of the Committee's remit.

**REPORT FOR: GOVERNANCE, AUDIT &
RISK MANAGEMENT
COMMITTEE**

Date of Meeting: 26 June 2012

Subject: INFORMATION REPORT – Green and Amber
Internal Audit Reports

Responsible Officer: Tom Whiting, Assistant Chief Executive

Exempt: No

Enclosures: Appendix 1 – Cannon Lane Junior Follow Up
Appendix 2 – Customer Service Standards
Follow Up
Appendix 3 – Grants to Voluntary
Organisations Follow Up
Appendix 4 – Sacred Heart CCTV Follow Up
Appendix 5 – Vaughan Petty Cash

Section 1 – Summary

The GARM Committee requested that green and amber internal audit reports be included on an information circular for each meeting.

FOR INFORMATION

Section 2 – Report

At its meeting on 26th January 2006 the GARM Committee requested that whilst red Audit reports would continue to be circulated individually to GARM Committee Members upon finalisation, green and amber reports would be included in an information circular for each subsequent meeting

Section 3 – Further Information

All reports and follow ups issued prior to the 1st April 2012 have been included in Appendix C of the Year End Report.

Section 4 – Financial Implications

None

Section 5 - Equalities implications

Was an Equality Impact Assessment carried out? Yes/No

An EqIA is not required as this is an information only report on the progress of works being undertaken.

Section 6 – Corporate Priorities

The work of Internal Audit contributes to the implementation of all the corporate priorities:

- Keeping neighbourhoods clean, green and safe.
- United and involved communities: A Council that listens and leads.
- Supporting and protecting people who are most in need.
- Supporting our town centre, our local shopping centres and businesses.

Name: Steve Tingle	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 10/06/12		

Section 7 - Contact Details and Background Papers

Contact: Contact: Susan Dixson, Service Manager – Internal Audit
Tel: 020 8424 1420

Background Papers: None

Memorandum

To: See circulation below

From: Lucy Lonergan

Number: 0208 424 1036

Date: 20 April 2012

CCTV - FOLLOW UP

A review of CCTV was undertaken at Cannon Lane Junior School as part of the 2010/11 Internal Audit annual plan, which has been developed from a risk assessment and consultation process. A report was issued on 18 October 2011 detailing the findings of the review and the agreed action to address the 6 recommendations made.

A follow up was undertaken to establish if the action agreed to address the recommendations made had been implemented.

It was established that the action agreed to address 3 of the 6 recommendations has been fully implemented and evidence was obtained to support this. It was identified that 1 of the remaining 3 agreed actions has been partially implemented. This relates to the updated CCTV policy which does not contain the retention period of images which was suggested by Internal Audit. Two recommendations are in the process of implementation. These relate to training being undertaken by staff once the CCTV policy has been approved and the school appointing an external service provider to carry out annual maintenance work on the CCTV system.

One of the implemented recommendations relates to the school having adequate signs showing that the CCTV system is in operation, although the school have complied with this recommendation the sign should also contain the contact details for whom is responsible should there be any queries in relation to the CCTV.

The report issued on the 18 October 2011 was an **Amber/Green** report with 62% of expected controls operating effectively, 15% partially operating, 15% substantially operating and a further 8% not in place.

Follow up has established that it is now a **green** report with 89% of the controls operating (it has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested).

The level of implementation made to date is acceptable.

Risk Ranking	Implemented	Part Implemented / In Progress	Planned	Not Implemented / Planned
H	1	1		
M	1	1		
L	1	1		

Lucy Lonergan
Internal Audit

Circulation: Richard Johnson – Headteacher
Teresa Jones – Chair of Governors
Catherine Doran - Corporate Director – Children’s Services
Adrian Parker - Head of Service – Achievement and Inclusion

Internal Audit

Memorandum

To: See circulation below
From: Lucy Lonergan
Ext: 2036
Date: 12 April 2012

CUSTOMER SERVICE STANDARDS - FOLLOW UP

A review of Customer Service Standards was undertaken as part of the 2009/10 Internal Audit annual plan, which has been developed from a risk assessment and consultation process. A report was issued on 2 March 2011 detailing the findings of the review and the agreed action to the recommendations made. This follow up was started in September 2011, 10 teams were revisited and evidence requested, there was a delay in response from some of these teams which has led to a delay in the issue of this follow up memo.

This was a corporate review and a report was issued with 13 recommendations made at a corporate level. These recommendations are to be rolled out to the whole authority. A sample of 10 service areas/teams were chosen to establish their level of customer service standards and individual reports were also issued and a total of 44 recommendations were made.

It was established that all 13 recommendations made at a corporate level were implemented and evidence was obtained to support this.

It was further established that of the action agreed across the 10 teams, 73% of recommendations made has been fully implemented and evidence was obtained to support this. It was further established that 18% are partially/in the process of being implemented, 2% are planned for implementation, 2% have not been implemented and 5% are no longer applicable.

The overall report issued on 2 March was an Amber report with 77% of expected controls operating effectively, 3% substantially operating, 13% partially in place with a further 7% not operating.

Follow up has established that for the overall corporate report it is now a **Green** report with 100% of the overall expected controls now operating effectively. (It has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested).

Overall

Risk Ranking	Implemented	Part Implemented / In Progress	Planned	Not Implemented / Planned
H	4			
M	9			
L				

Lucy Lonergan
Internal Audit

Circulation: Tom Whiting, Assistant Chief Executive
Carol Cutler, Director of Customer Services & Business Transformation
Kireen Rooney, Senior Project Manager – Access Harrow
Anu Singh, Directorate Development
Debbie Frize, Registration Services Manager
Wendy Beeton, Divisional Director – Children’s & Families
Desiree Mahoney, Policy Officer
Stephen Kelly, Divisional Director of Planning
Stuart Dalton, Service Manager – Complaints (Children’s & Adults)
Fern Silverio, Divisional Director – Collections & Housing Benefit
Christine Caton, Project Manager - Performance
Jonathan Milbourn, Head of Service, Access Harrow
Tim Bryan, Library Services Manager

Internal Audit

Memorandum

To: See circulation below

From: Lucy Lonergan

Ext: 2036

Date: 4 April 2012

GRANTS TO VOLUNTARY ORGANISATIONS - FOLLOW UP

A review of grants to voluntary organisations was undertaken at the request of the Overview & Scrutiny Committee as it had been identified as an emerging risk following the HAVS investigation. A report was issued on 30 March 2011 detailing the findings of the review and the agreed action to address all of the 32 recommendations made to officers. This follow up was started in July 2011 however

It was established that the action agreed to address 20 of the 32 recommendations has been fully implemented and evidence was obtained to support this. It was established that 10 of the remaining 12 agreed actions have been partially implemented. These relate to;

Ref	Recommendation	Current Position
15	An overarching policy document for grants to voluntary organisations being drawn up and approved by GAP	An overarching policy document is in development as part of the proposed Third Sector Investment Plan to be presented to Cabinet in October. It will set out a strategic approach to Council funding. Consultation has been undertaken and draft proposals have been discussed by GAP. The grants criteria, application form and scoring mechanism has been updated for GAP approval and consultation on the funding code is underway for discussion by GAP in September.
19	Documented procedures being drawn up and made available to relevant staff	Some progress has been made with several meetings having taken place with officers across directorates to clarify roles and responsibilities regarding for example, the evaluation of supporting documents.
21	The terms of reference should be updated to include suggestions from Internal Audit	The terms of reference has been updated but does not include all suggestions made.
38	The separate departments within the Council working together to take a more joined up approach to providing funding	Cross-directorate working to ensure a more joined up approach to funding has commenced. A mapping of all funding provided by Council departments has been completed. Joint monitoring commenced in 2010 and will be further developed for 2011. The Third Sector Investment Plan will set out a strategic approach to funding that mitigates against the risk of duplication and perceptions of a lack of co-ordination.
47	The grants team being provided with training on the quality of information provided by organisations	Several meetings have taken place regarding this recommendation. Training sessions for Grant Officers are being arranged with Health and Safety, Finance and Safeguarding teams to support Officers in checking the quality of information provided by organisations during monitoring visits. It is recognised that this is an area of potential risk to the Council. Further discussion is required to ensure that this risk is identified on the Corporate Risk.

48	Formal arrangements being made with the appropriate sections within the Council to assist with evaluating the adequacy of documentation supplied	Discussions have taken place with the appropriate sections of the Council. There are capacity implications for these teams if they are to assist with evaluating documents. Some training is being organised however, it has not been agreed who will be responsible for evaluating documents. There are not sufficient resources available to help organisations reach the required standard however the new CVS service will provide support in this area.
53	The appeals process being formally documented to include all laid down criteria and that this is part of an overall agreed policy	Documentation of the appeals process will be included in the Third Sector Investment Plan During 2011/12 the same appeals criteria was used as in previous years. The Portfolio Holder set out the decision-making process to be followed in the April Cabinet report and the decisions of the appeals panel were documented.
74	Officers undertake a specific check on all jointly funded organisations	A mapping exercise has been undertaken to map all Council funding provided to voluntary organisations. A list of jointly funded organisations has been drawn up with a list of projects funded by each department. The joint monitoring process will assist further in identifying any duplication of funding.
80	A mechanism being introduced whereby specific checks are made on organisations' reserve funds	The revised grant application form asks about an organisations reserves and reserves policy. This will enable Officers to identify organisations holding reserve funds and whether or not a reserves policy is in place. The training arranged for Grant Officers will include guidance on identifying reserve funds. Guidance on the withdrawal of a grant award where substantial, uncommitted reserves have been identified is yet to be developed.
84	Children's Services joining with the Grants team and Adults Social Care to share the monitoring process	Children's Services have joined the joint monitoring process for 2011/12 this will ensure that organisations receive only one visit from the Council. The process for reviewing and signing-off monitoring reports has yet to be developed.

It was further identified that 2 recommendations have not been implemented, these relate to requesting budget information from organisations receiving in excess of £10,000 funding and reports being made to GAP on the monitoring process to assist with ensuring that they are aware of all relevant information and any issues arising from the reports which may require further action.

The report issued on the 30 March 2011 was a **red** report with 36% of expected controls operating effectively, 5% substantially operating, 43% partially in place with a further 16% not operating.

Follow up has established that it is now an **Amber** report with 66% of expected controls now operating effectively, 4% substantially operating, and a further 28% partially in place (it has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested). The 30% of controls partially and not operating reflect the 12 recommendations yet to be fully implemented.

The level of implementation made to date is not acceptable due to the 12 recommendations which have not been fully implemented, in accordance with the original action plan received, these have now exceeded the implementation dates.

As an Amber assurance rating has now been given there will not be a further follow up by Internal Audit, however management should ensure that they monitor the progress of the 12 recommendations still to be fully implemented.

Risk Ranking	Implemented	Part Implemented / In Progress	Planned	Not Implemented / Planned	Percentage of Implementation
H	13	6		1	59%
M	7	4		1	34%
L					

Lucy Lonergan
Internal Audit

Circulation: Paul Najsarek, Corporate Director – Adults & Housing
Marianne Locke, Divisional Director Community & Cultural Services
Kashmir Thakhar, Head of Services, Community & Development

Internal Audit

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Memorandum

To: See circulation below

From: Lucy Lonergan

Number: 0208 424 1036

Date: 16 April 2012

CCTV - FOLLOW UP

A review of CCTV was undertaken at Sacred Heart Language College as part of the 2010/11 Internal Audit annual plan, which has been developed from a risk assessment and consultation process. A report was issued on 28 November 2011 detailing the findings of the review and the agreed action to address the 8 recommendations made.

A follow up was undertaken to establish if the action agreed to address the recommendations made had been implemented.

It was established that the action agreed to address 7 of the 8 recommendations has been fully implemented and evidence was obtained to support this. It was identified that the remaining agreed action is planned for implementation This relates to staff who have operational or specific responsibilities for the CCTV system receiving training as the policy is awaiting approval.

The report issued on the 28 November 2011 was a **red** report with 23% of expected controls operating effectively, 27% substantially operating, 15% partially in place with a further 35% not operating.

Follow up has established that it is now a **green** report with 96% of the controls operating (it has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested).

The level of implementation made to date is acceptable

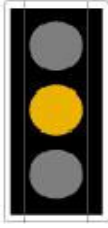
Risk Ranking	Implemented	Part Implemented / In Progress	Planned	Not Implemented / Planned
H	2			
M	3			
L	2		1	

Lucy Lonergan
Internal Audit

Circulation: Geraldine Higgins, Headteacher
James Coyle, Chair of Governors
Catherine Doran, Corporate Director – Children’s Services
Adrian Parker, Head of Education Strategy & School Organisation

Internal Audit

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**AMBER
ASSURANCE**



FINAL REPORT

Petty Cash Vaughan Primary School

DATE: 2 April 2012

CLIENT: Vaughan Primary School

AUDITOR: Lucy Lonergan - Assistant Auditor

MANAGER: Susan Dixson – Service Manager Internal Audit

**FINAL REPORT
DISTRIBUTION:** Andrew Griffin - Headteacher
Kay Rundle – Chair of Governors
Catherine Doran - Corporate Director – Children’s Services
Adrian Parker – Head of Education Strategy and School
Organisation
Emma Stabler – Finance Business Partner – Children’s
External Audit
GARM committee

Internal Audit

CONFIDENTIAL - NOT FOR PUBLICATION

Individual School Summary

1. The review forms part of the 2011/12 Internal Audit annual plan which has been developed from a risk assessment and consultation process. This review provides an independent and objective opinion on the system under review by evaluating its effectiveness in achieving the organisations objectives.
2. The objective of the review is to assess the adequacy, application and effectiveness of controls in place relating to petty cash and petty cash cheque expenditure.
3. The scope of the review is:
 - Use/ Recording of petty cash
 - Authorisation of petty cash
 - General controls for petty cash
4. The review of internal controls has been informed through inspection of documentation at the school and interviews. An overview of controls and the level to which they are operational, or not, is provided in Appendix A. The main body of this report addresses the exceptions to this by describing the weaknesses and the recommendations. An overall summary report will be produced and the findings communicated to all of Harrow's maintained schools.
5. Recommendations have been made to address the identified control weaknesses and action will be agreed with the Headteacher. Recommendations have been rated according to risk: High Risk (i.e. major issues that require action because the key objectives will not be met or there may be a serious threat of fraud), Medium Risk (i.e. issues that require action because they are a serious threat to the achievement of objectives or there is a potential threat of fraud) and Low Risk (i.e. which represent best practice). The aim is to ensure that any residual risk is a low rating.
6. All internal audit reports are given an assurance rating.

Red reports will indicate systems/functions/establishments that represent a high risk to the authority needing immediate attention to improve the control environment;

Red/Amber reports will indicate systems/functions/establishments that represent a high to medium risk to the authority needing immediate attention to improve the control environment;

Amber reports will indicate medium risk in need of attention to prevent them becoming high risk;

Amber/Green reports will indicate medium to low risk in need of attention to prevent them becoming high risk and

Green reports will indicate low risk areas.

The individual school reports and the summary report will be given an assurance rating which will be reported using the normal protocol (i.e. if the summary report is a **Red** or **Red/Amber** rating it will automatically be referred to CSB and to the GARM Committee).

Audit Opinion

7. This is an **Amber** report. Overall 65% of the expected controls were found to be in place and operating effectively 12% was substantially operating with a further 23% partially operating. Although percentages indicate an assurance ranking of Amber/Green, due to 2 high recommendations this has been brought down to Amber. 6 recommendations have been made to address the weaknesses identified, 2 were rated as high risk, 2 was rated as medium risk and 2 were rated as low risk. The most significant risks relate to the expenditure exceeding the petty cash limits and a couple of payments that were not appropriate transactions to have been made from the official funds by petty cash. In both these cases payment should have been made from a different source of funds and method of payment.

Agreed Actions

8. All recommendations have been agreed for implementation.

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**REPORT FOR: GOVERNANCE, AUDIT &
RISK MANAGEMENT
COMMITTEE**

Date of Meeting:	26 June 2012
Subject:	INFORMATION REPORT – Internal Audit Year-End Report 2011/12
Responsible Officer:	Tom Whiting, Assistant Chief Executive
Exempt:	No, except for Appendix B, which is exempt on the grounds that it contains “exempt information” under paragraphs 1 and 7 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), as it contains information relating to individuals and information relating to actions taken in connection with the prevention, investigation and prosecution of crime
Enclosures:	Appendix A – Internal Audit Year-end Report 2011/12 Appendix B – Suspected Financial Irregularities (Exempt) Appendix C – Reports issued in 2011/12

Section 1 – Summary

This report sets out progress against the 2011/12 Internal Audit plan and key issues arising from work undertaken.

FOR INFORMATION

Section 2 – Report

Background

- 2.1. The Internal Audit Year-end 2011/12 report, Appendix A, covers progress against the internal audit annual work plan; information on suspected financial irregularities is provided in Appendix B and a summary of all reports and follow-ups is provided in Appendix C.

Overview of Progress

- 2.2. Overall the Internal Audit Team have achieved 85% of the 2011/12 Annual Audit plan and as 15% of work is still in progress expect to complete 100% in due course. This included 100% achievement of the core financial systems reviews relied upon by the council's External Auditors for their risk assessment of the authority. A total of 310 recommendations were made of which 306 were agreed (or alternative actions agreed) for implementation which meets the 95% performance target.
- 2.3. During the year work undertaken by the Internal Audit Team conformed with the section's Terms of Reference and a self-assessment against the CIPFA Code of Practice indicated that the section is complying fully with 89% of the standards and partially with a further 6%. However there has been no improvement to this since 2010/11 due to the lack of resource available to develop the service. All key service activities identified in the 2011/12 Internal Audit Delivery Plan have been achieved.
- 2.4. The attached reports provide a summary of work undertaken during the year including an overview of each review, details of follow-up work and detailed results of the team's performance indicators showing that 86% were met or exceeded.

Overall Audit Opinion

- 2.5. This is an interim opinion based on internal audit risk based and reliance work carried out in 2011/12 and will be updated once the core financial systems work for 2011/12 has been completed and the results of the management assurance exercise for 2011/12 are available.

The adequacy and effectiveness of organisation's control environment for the 2011/12 financial year has been assessed as "adequate" based on the following:

- 70% of the traffic lighted systems reviewed during 2011/12 were given an amber, an amber/green or a green assurance rating;
- 99% of recommendations made during 2011/12 were agreed for implementation;

- 67% of recommendations followed-up have been implemented, 31% are in progress or are planned at the time of follow-up thus it is expected that in due course 98% will be implemented. 100% of follow-ups resulted in an improved assurance rating.
- 19 suspected financial irregularities were reported to Internal Audit during 2011/12, the majority of irregularities investigated by Internal Audit were either caused by a break down/lack of control or where fraud was involved this was a contributing factor. In 9 (47%) cases there was no loss or the loss has been recouped (e.g. from banks, insurance or individuals); in 3 (16%) cases there was a loss of over £2000 and in 7 (37%) cases work is ongoing to establish whether a loss has occurred and/or the level.

Section 3 – Further Information

The next report on the performance of the Internal Audit team will be the 2012/13 Mid-year Report to be submitted to GARM Committee in November 2011.

Section 4 – Financial Implications

There are no financial implications to this report.

Section 5 - Equalities implications

None.

Section 6 – Corporate Priorities

Internal Audit contributes to all the corporate priorities by enhancing the robustness of the control environment and governance mechanisms that directly or indirectly support these priorities.

Name: Julie Alderson



Chief Financial Officer

Date: 13 June 2012

Section 7 - Contact Details and Background Papers

Contact: Susan Dixon, Service Manager, Internal Audit, Tel: 0208 424 1420

Background Papers: None

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INTERNAL AUDIT YEAR-END REPORT 2011/12

OVERVIEW OF WORK UNDERTAKEN

1. Overall the Internal Audit Team have achieved 85% of the 2011/12 Annual Audit plan and as 15% of work is still in progress expect to complete 100% in due course. This included 100% achievement of the core financial systems reviews relied upon by the council's External Auditors for their risk assessment of the authority.
2. The original 2011/12 plan contained 58 projects, during the year 11 projects were removed (as a result of a change in requirements or to allow for emerging risks), and 12 new emerging risk projects were added. As a result the actual plan contained 59 projects. Of these 50 (85%) have been completed and 9 (15%) are still in progress.
3. In addition to this 90 days have been spent on projects carried forward from 2010/11, 62 days have been spent on investigating suspected financial irregularities (38 days less than the annual allocation), 62 days have been spent on providing professional advice on internal control and risk mitigation (2 days more than the annual allocation) and 36 days have been spent on standard follow-ups of audit recommendations with a further additional 12.5 days spent on non-standard follow-ups that required further audit testing (28.5 days over the annual allocation). The annual allocation for follow-up is an estimate of how many days will be required for following up red and amber reports based on 2 days per report and is dependent on how many reports are issued. The mid-year report flagged up that results at mid-year indicated that this allocation needed to be increased for the second half of the year.

Summary of Key Issues

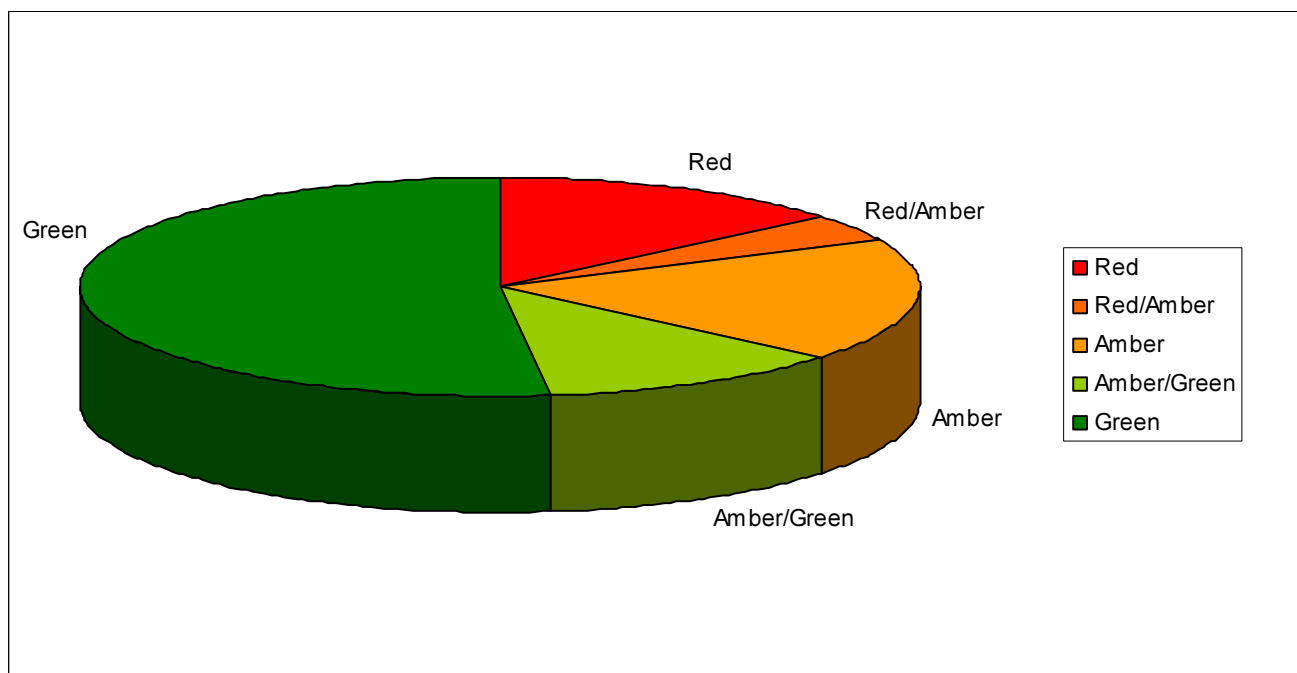
4. The key issues highlighted by Internal Audit work undertaken in 2011/12 include the continuation of inconsistent practices across the Council and across schools e.g. the control of income and petty cash and the monitoring of contracts and an inconsistent level of compliance with Financial Regulations/Contract Procedure Rules as demonstrated by the work on the raising of orders and payment of invoices.

Assurance Reports

5. Audit reports are traffic lighted to indicate the level of assurance that can be obtained from the system under review. This ranges from green reports indicating that a system is well controlled and therefore a low risk to the authority to red reports indicating that a system represents a high risk to the authority needing immediate attention to improve the control environment.
6. As the Internal Audit Plan is risk based it concentrates on systems that have been identified as high risk by management via inclusion in the corporate risk registers or during consultation on the audit plan or by internal audit based on cumulative audit knowledge and audit risk assessment. As a result there is an expectation that a higher number of audits will be given a red or red/amber assurance and this has been borne out by the results over previous years: In 2008/9 41% of assurance levels were red or red/amber; in 2009/10 it was 50% and in 2010/11 it was 42%. However during 2011/12 this fell to 30%.
7. A total of 50 internal Audit reports were issued during the year 7 red assurance, 2 red/amber assurance, 9 amber assurance, 6 amber/green and 26 green assurance

Table 1 below illustrates the mix of the assurance levels given to reports issued in 2011/12.

Table 1 – Traffic Light Reports 2011/12



8. The table shows that 70% of the traffic lighted systems reviewed during 2011/12 were given an amber, an amber/green or a green assurance rating i.e. over 61% expected controls operating at the time of review.
9. A total of 310 recommendations were made of which 306 were agreed (or alternative actions agreed) for implementation which meets the 95% performance target.
10. During 2011/12 a total of 220 recommendations have been followed up. The follow-up of 189 have been completed and the follow-up of the remaining 31 are still in progress. Of those completed a total of 120 have been implemented, 52 were partially implemented/in the process of being implemented, 3 were planned for implementation, 1, although originally agreed by management, was not implemented and 11 were no longer applicable due to system changes. This represents a 67% implementation (of recommendations still applicable) however a further 31% are in progress or were planned at the time of follow-up thus it is expected that in due course 98% will be implemented. It was identified that the majority of those not yet implemented was due to a slower than agreed implementation.

Emerging Risks

11. Emerging risks are areas of risk arising during the year that were not apparent at the time of the annual planning process but that are considered significant enough by management/internal audit to warrant audit input. The emerging risk areas arising during 2011/12 were:
 - Financial Regulations Consultation/Amendment
 - CRC Annual Report Sign Off
 - School Financial Value Standards
 - Energy Bills
 - Capital Testing
 - Gated Alleyways

- Localisation of Council Tax Support*
- Integration of Public Health*
- Business Support Hub*
- Modernising Terms and Conditions
- CIPFA Financial Management Review
- Shop4Support*

* These emerging risk have become projects in the 2012/13 Internal Audit Plan.

COMPLIANCE WITH STANDARDS/DELIVERY PLAN

12. The CIPFA Code of Practice for Internal Audit in Local Government in the UK defines the way in which the internal audit service should undertake its functions. The code includes a checklist to test compliance with the code that is used as a self-assessment tool to review the IA each year. The results of this self-assessment indicated that the section complied fully with 89% of the standards and partially with a further 6% during 2010/11. It was identified that key areas to be addressed were the review and update of the Internal Audit Terms of Reference and a formalisation of some audit protocols e.g. around partnership working. These were included as actions planned in the Internal Audit Delivery Plan for 2011/12 however due to the low level of Internal Audit resources and the demand for Internal Audit work less time has been available for the development of the service and as such the level of compliance with the CIPFA Standards remained the same for 2011/12. The actions will be carried forward to the 2012/13 Internal Audit Delivery Plan.

INTERIM OPINION ON THE OVERALL CONTROL ENVIRONMENT

13. This is an interim opinion based on internal audit risk based work and will be updated once the core financial systems work for 2011/12 has been completed and the results of the management assurance exercise for 2011/12 are available.
14. The adequacy and effectiveness of the organisation's control environment for the 2011/12 financial year has been assessed as "adequate" based on the following:
 - 70% of the traffic lighted systems reviewed during 2011/12 were given an amber, an amber/green or a green assurance rating;
 - 99% of recommendations made during 2011/12 were agreed for implementation;
 - 67% of recommendations followed-up have been implemented, 31% are in progress or are planned at the time of follow-up thus it is expected that in due course 98% will be implemented. 100% of follow-ups resulted in an improved assurance rating.
 - 19 suspected financial irregularities were reported to Internal Audit during 2011/12, the majority of irregularities investigated by Internal Audit were either caused by a break down/lack of control or where fraud was involved this was a contributing factor. In 9 (47%) cases there was no loss or the loss has been recouped (e.g. from banks, insurance or individuals); in 3 (16%) cases there was a loss of over £2000 and in 7 (37%) cases work is ongoing to establish whether a loss has occurred and/or the level.

SUMMARY OF WORK UNDERTAKEN

Audit of Core Financial Systems – Updated Report

15. As part of the 2011/12 Annual Plan Internal Audit undertook a key control review on the following systems as part of the agreed approach to the audit of the Authority's core financial systems for the financial year 2010/11 (reported in detail in the mid-year report):

- Housing Benefits
- NDR

16. Overall out of a total of 19 key controls reviewed 14 (74%) were fully operating, 3 (16%) were substantially operating and 2 (10%) were partially operating. In total 4 recommendations were made, which were all medium risk. All 4 recommendations have been agreed for implementation.

17. The position for each system reviewed is shown below.

SYSTEM	NUMBER OF CONTROLS	FULLY OPERATING	SUBSTANTIALLY OPERATING	PARTIALLY OPERATING	NOT OPERATING	OVERALL RATING ¹
Housing Benefits	8	4	3	1	0	93%
NDR	11	10	0	1	0	95%
Overall	19	14 (74%)	3 (16%)	2 (10%)	0 (0%)	94%

18. For the HB system overall, 80% of the elements of the controls were operating effectively, with a further 3% substantially operating and 17% partially operating. Each of the 8 key controls is made up of a number of individual elements that were each tested. Therefore 4 key controls are fully in place, 3 key controls are substantially in place and 1 key control is partially in place. 3 recommendations have been made to address the weaknesses identified which are all rated as medium risk.

19. For the NDR system overall, 92% of the elements of the controls were operating effectively, with a further 4% substantially operating and 4% partially operating. Each of the 11 key controls is made up of a number of individual elements that were each tested. Therefore 10 key controls are fully in place and 1 key control is partially in place. 1 recommendation has been made to address the weakness identified, and 1 weakness identified was immediately actioned during the review and no further recommendation is therefore made. The 1 recommendation made is rated as medium risk.

20. In addition to satisfy additional requirements of the External Auditors, Control self-assessments were obtained from the relevant managers for the following core financial systems:

- Housing Rents
- Corporate Accounts Payable
- Corporate Accounts Receivable
- Council Tax
- Payroll
- Treasury Management

¹ Operating controls given a weighting of 2 and partially operating controls given a weighting of 1

and systems documentation was reviewed/updated and walkthrough tests were undertaken to confirm the actual system in operation for all the above core financial systems.

21. For 2010/11 Treasury Management was included in the core financial systems reviews for the first time as agreed with the External Auditors. A full review was carried out in 2010/11 and this was a green report. Overall 90% of the expected controls were found to be in place and operating effectively, 4% were substantially in place with a further 6% partially in place. 6 recommendations have been made to address the weaknesses identified, 4 were rated as medium risk and 2 was rated as low risk. The most significant weakness related to a loan for 20 million pounds only having authorisation via an email. As part of the 11/12 Audit Plan the systems documentation was reviewed and updated and walkthrough tests were carried out.
22. In addition, it has also been agreed that as part of the 2011/12 Audit Plan capital expenditure will also be included in the core financial systems reviews. The capital expenditure review is currently still in progress.

Reliance

23. The Authority's External Auditor's, Deloitte LLP, placed reliance on the work undertaken by Internal Audit as part of the 2011/12 Annual Plan in relation to the Authority's core financial systems in operation during 2010/11 for their risk assessment of the Authority.

Other Reliance/Risk Reviews undertaken in 2011/12

24. Appendix C details all the final reports, draft reports and follow ups issued in 2011/12.

Other Work

25. Other work undertaken annually in the first quarter includes the completion of reviews from the previous years plan, the completion of the annual Management Assurance exercise and the annual governance review feeding into the authority's Annual Governance Statement (AGS). Both of these were successfully completed with the results already reported to the GARM committee.
26. Management Assurance: Completion of the 2010/11 annual management assurance exercise including preparation of the summary report, reality checking and input to the 2010/11 Annual Governance Statement plus follow - up of action planned.
27. Corporate Governance Working Group – lead by the Service Manager Internal Audit, reviews governance arrangements across the Council, undertakes the annual review of governance feeding into the Annual Governance Statement and reports to the Corporate Governance Group.
28. Corporate Strategic Risk Group: Set up to assist the Council in embedding and enhancing the risk management process to ensure that risks are actively managed so that the council can achieve it's objectives, take advantage of opportunities and serve Harrow's community better. The Service Manager, Internal Audit attends quarterly meetings.
29. Information Governance Board: Internal audit attends and contributes to the Information Governance Board.

30. Improvement Boards: Provision of information on the production of draft and final IA reports and follow-ups undertaken to support quarterly improvement boards.

Professional Advice

31. A range of professional advice was provided by the IA Team across the council during the year covering controls, risks, compliance with Financial Regulations and Contract Procedure Rules and systems' development. Areas covered included advice to schools, grants, apprenticeship scheme, community lettings, council tax refunds, delegations, and virements.

Suspected Financial Irregularities

32. During 2011/12, 19 suspected financial irregularities were reported to Internal Audit. Investigations into 75% of these have been concluded with no significant loss to the Council. 1 of the 19 SFIs has resulted in the issue of an Internal Audit report. See Appendix B.

FOLLOW-UP OF AUDIT RECOMMENDATIONS

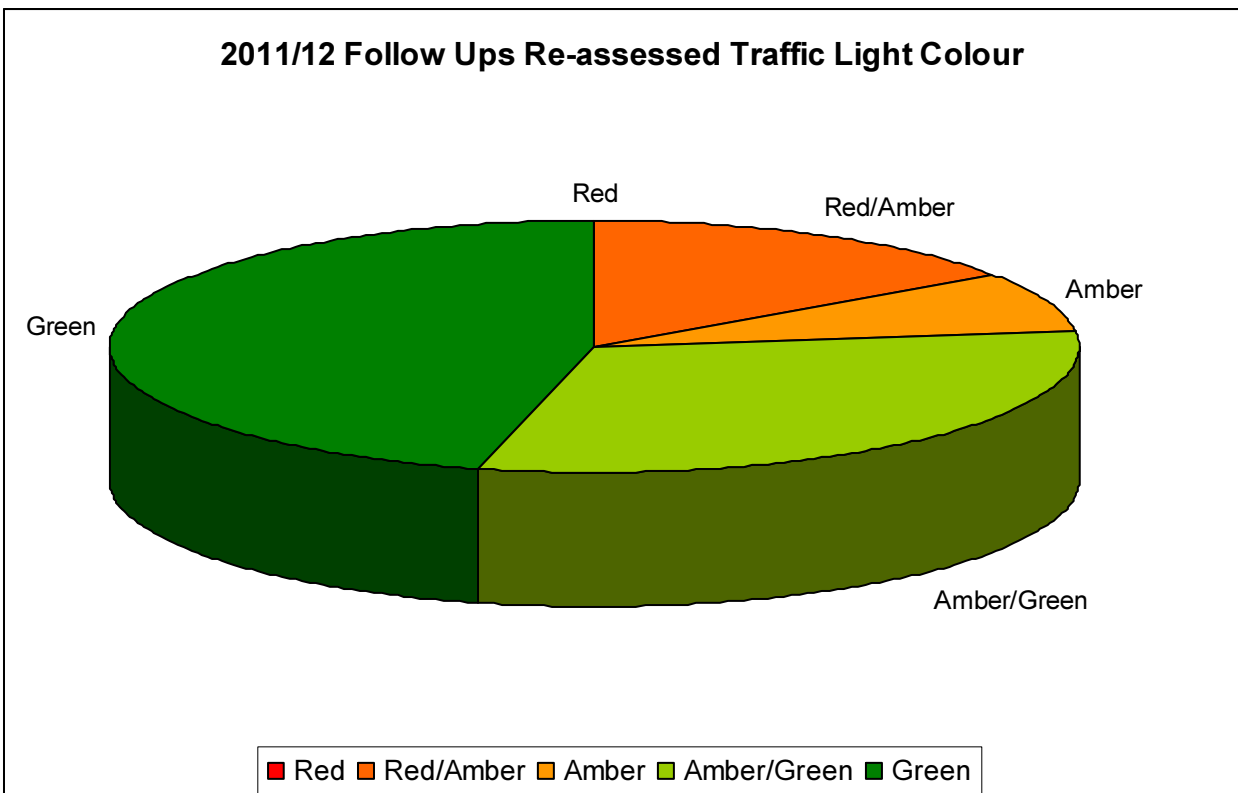
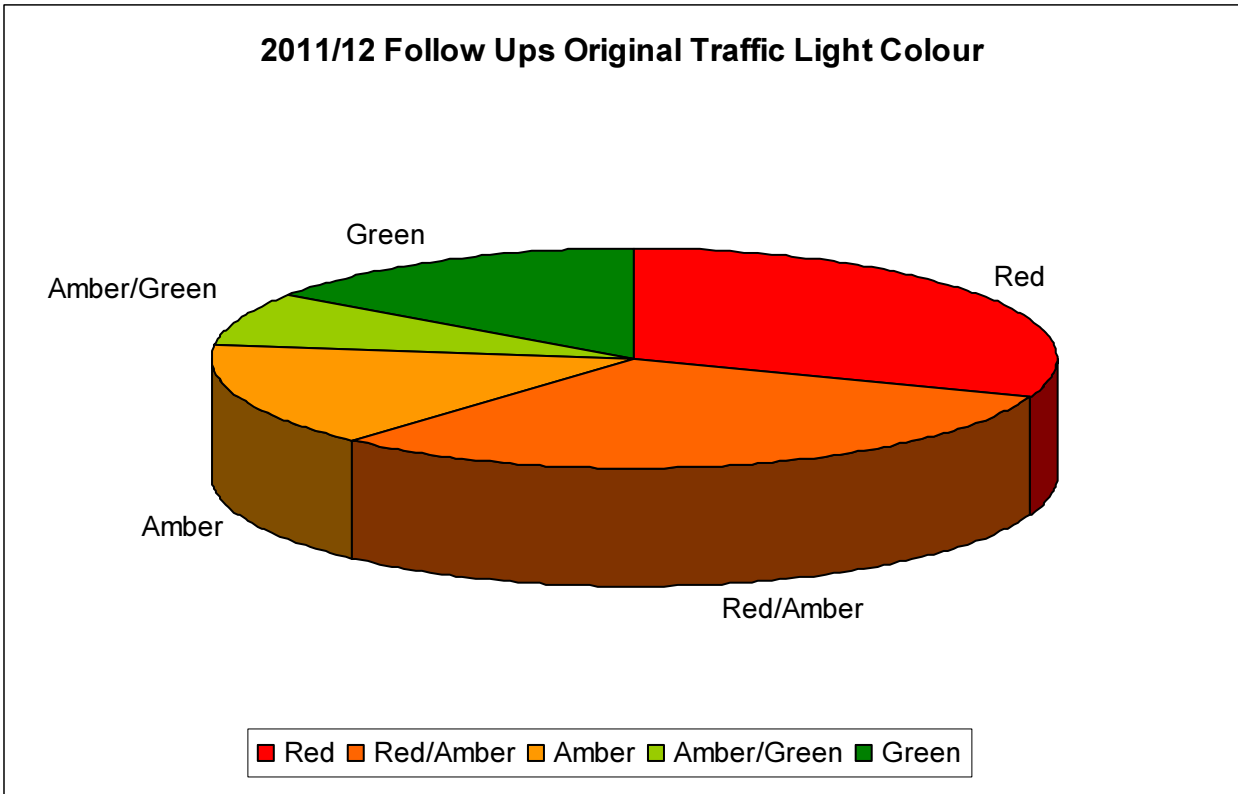
33. The Internal Audit policy on follow-up is to follow-up red and red/amber reports after 3 months and to follow-up amber and amber/green reports after 6 months, reassessing the traffic light of each report. Green reports are not followed up as they are low risk unless it is a core financial system review.
34. During 2011/12 a total of 220 recommendations have been followed up of which 189 have been completed and 31 are still in progress. Of those completed a total of 120 have been implemented, 52 were partially implemented/in the process of being implemented, 3 were planned for implementation, 1, although originally agreed by management, was not implemented and 11 were no longer applicable due to system changes.
35. Of the 18 reviews where the follow up has been completed, 4 were red reports, 4 were a red/amber report, 2 were amber reports, 1 was an amber/green report, 2 were green reports (key control systems) and 5 were reports that had not been traffic lighted. In accordance with the Internal Audit policy on follow-ups the reports shown in table 2 and the pie charts below were reassessed as part of the follow-up and a new audit opinion issued showing the updated traffic light position:

Table 2 – Re-issued Audit Opinions

Report	Original Traffic-light	Re-assessed Traffic Light
Asbestos Management – Housing Stock	Red/amber	Amber/green
Libraries – 1 st Follow up	Red	Red/amber
Stock Control – Libraries	Amber/green	Green
Camrose Primary	Amber	Amber/green
Sickness Absence – 2 nd Follow up	Red/amber	Amber
Housing Benefits – Quality, Overpayments & Write Offs	Red	Amber/green
Capability Procedure	Amber	Amber/green
Leaseholders Electricity	Red	Red/amber
NDR Key Control	Green	Green
Housing Benefit Key Control	Green	Green
Libraries – 2 nd Follow up	Red	Green

Heathland CCTV	Red/amber	Green
Krishna Avanti – SFI	Red	Green

36. All re-assessed reports showed an improved assurance rating; however 2 reports followed up were already a green assurance, but were reviews of core financial systems and hence followed-up and therefore remain unchanged.



Productivity

37. The days available to implement the internal audit annual plan are based on an estimation of the team's productive time. To enable this estimation to be made, and to feed into performance indicator 3 (see section below), each auditor is required to record a breakdown of their time spent each day. Each element of productive time (i.e. every project/element of the annual plan plus any additions e.g. emerging risks) and each element of non-productive time (e.g. annual leave, training, audit management) is allocated a unique code and time is recorded against each code to the nearest 15 minutes. During 2009/10 the criteria for determining what constitutes productive time was revised to bring us inline with CIPFA guidelines and it was found that we had been recording many elements as non-productive that CIPFA's revised guidelines suggested could now be recorded as productive time e.g. annual planning and audit committee reporting.
38. The number of audit days available for the 2011/12 plan was determined via a detailed resource calculation for each auditor taking into account available days, actual days 2010/11 and allowances for annual leave, training etc. A challenging target was set for each member of the team and the combination of these targets determined the days available for the Internal Audit Plan. 900 audit days were identified for the 2011/12 plan based on 200 productive days per Auditor and 100 days for the Service Manager.
39. The year-end position shows that overall the team have achieved 939 productive days which exceeds the target of 900 days by 39 days. On average each auditor (excluding the manager) achieved 190 productive days with the manager achieving 170 productive days. CIPFA guidance and benchmarking data indicates a range of average productive days from as low as 171 (average actually attained by comparator London Boroughs in 2009/10) to as high as 200 days (CIPFA target) per experienced auditor and recognises that this would be less for trainees and managers and the 2009/10 PwC review of Internal Audit indicated that 50% of the experienced auditors productive time would be reasonable for the manager.
40. In conclusion overall the Internal Audit team have performed extremely well in terms of productivity during 2011/12, however a consequence of this has been less time spent on development of the Internal Audit Service (see paragraph 12) and on training.

PERFORMANCE INDICATORS

41. The Internal Audit Quality Assurance and Performance Indicators Framework was developed in compliance with the CIPFA Code of Practice and has been operating since 2007/08 (although reviewed/updated at least annually). The aim of the framework is to demonstrate that the internal audit service is:
- meeting its aims and objectives
 - compliant with the CIPFA Code of Practice
 - meeting internal quality standards
 - effective and efficient, continuously improving
 - adding value and assisting the organisation in achieving its objectives.
42. The performance and the effectiveness of internal audit is monitored by the Service Manager Internal Audit to ensure that it improves over time, in terms of both the achievement of targets and generally in terms of the quality of the service provided to the user and to identify areas for improvement.

43. Table 3 below outlines the seven indicators agreed for 2011/12, including the key indicator covering achievement of the IA operational plan and the results achieved.

Table 3 – Internal Audit Performance Indicator Results 2011/12

	Indicator	Target	Mid Year Results	Year End Results
1	Recommendations agreed for implementation	95%	95%	99%
2*	Final reports issued on/ahead of time	85%	100%	100%
3	Projects completed within budgeted time allowance	85%	90%	91%
4*	Target met for issue of draft report after end of fieldwork	85%	80%	100%
5	Follow-up undertaken	100%	100%	100%
6	Plan achieved for Key Control reviews	100%	100%	100%
7	Plan achieved overall (Key indicator)	90%	48%	85% - 100%

Analysis of Results

44. 2 (29%) of the targets have been met, 4 (57%) have been exceeded and 1 (14%), whilst slighter under target at year–end will be fully met in due course.

45. With regard to the monitoring of positive and negative feedback, below are some of the positive comments received so far this year:

- Thanks - that was a very helpful session today
- Thank you for all your help and support in this matter. I hope that the school is able to move on now in a positive way.
- Thank you once again for your time and hard work

As reported in the Mid-year Report negative feedback was however received from one school during the first half of the year. This related to the fact that the Auditor had provided positive verbal feedback on the day of the audit visit but that during the quality check of the review a control issue had been highlighted and included in the report. This had not been verbally reported back to the school before the formal report was issued. This highlighted a training issue for the temporary Auditor concerned which will be address should he be employed in the future.

46. Although the implementation of audit recommendations is always reported at year end and has been reported in this years mid-year report it has not been a formal performance indicator. The Assistant Chief Executive has now requested that it be included and reported as a formal performance indicator and this was actioned in the second half of the year. In addition he has requested that auditee response times to draft audit reports and follow-ups be measured and reported as a formal performance indicator and this was also actioned in the second half of the year.

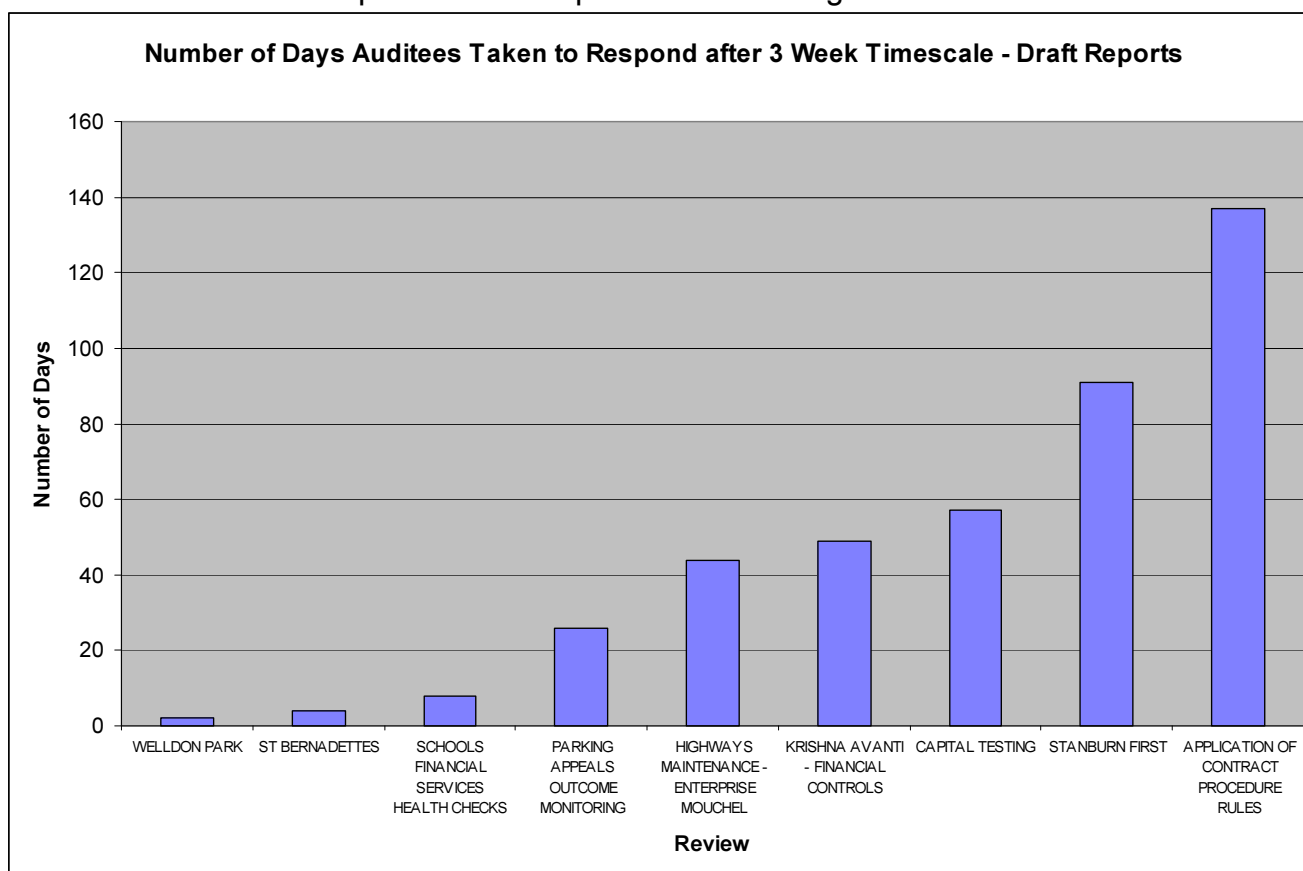
47. These indicators are reported below and have been separated from the Internal Audit Performance Indicators above as the implementation of audit recommendations and the responsibility to respond to draft audit reports and follow-up information requests falls to management. To reflect this they have been labelled Corporate Audit Indicators.

Table 4 – Corporate Audit Indicators

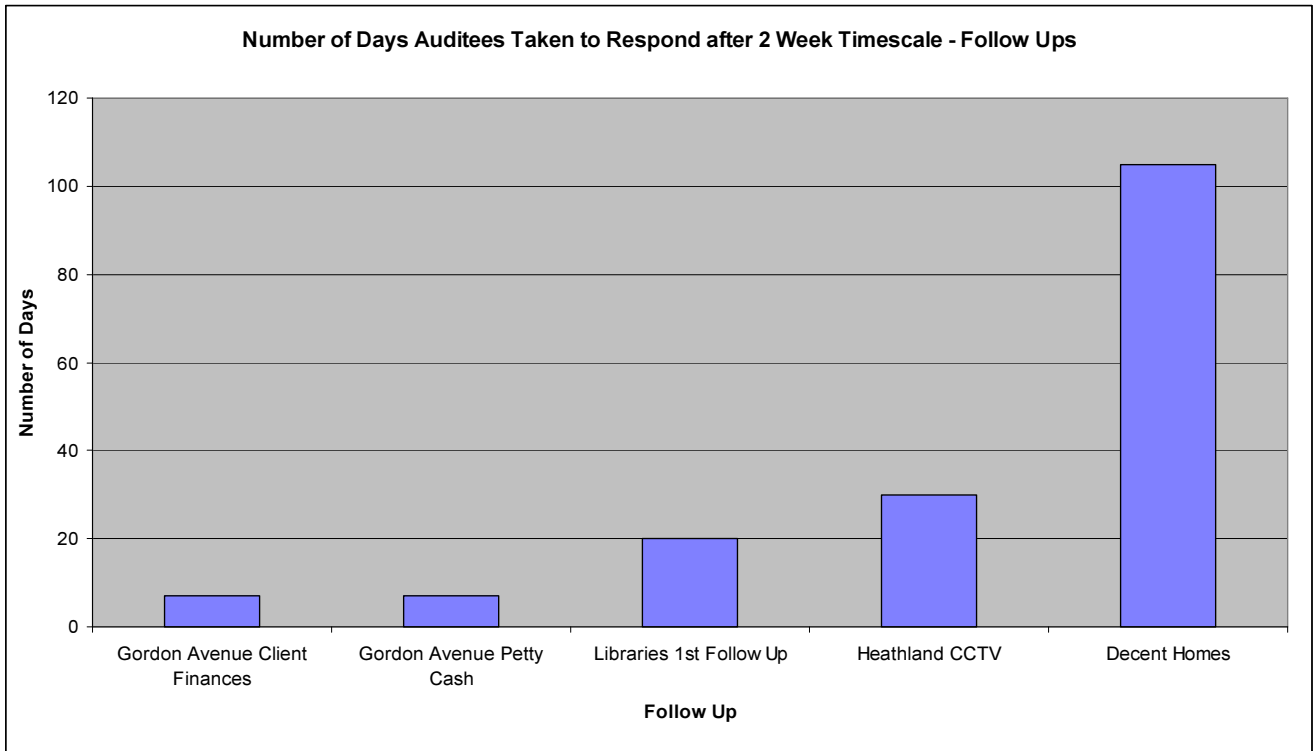
	Indicator	Target	Mid Year Results	Year End Results
1	Implementation of recommendations	90%	64% (expected to be 100%)	67% (expected to be 98%)
2	Auditee response times to draft reports within 3 weeks	80%	-	47%
3	Auditee response times to follow ups within 2 weeks	80%	-	72%

Analysis of Results

48. As detailed in paragraph 10 of those recommendations where follow-up has been completed a total of 120 have been implemented, 52 were partially implemented/in the process of being implemented, 3 were planned for implementation, 1, although originally agreed by management, was not implemented and 11 were no longer applicable due to system changes. This represents a 67% implementation (of recommendations still applicable) however a further 31% are in progress or were planned at the time of follow-up thus it is expected that in due course 98% will be implemented. It was identified that the majority of those not yet implemented was due to a slower than agreed implementation.
49. The actual time taken for responding to draft reports within 3 weeks is well below the target and the table below identifies the number of days taken over the three weeks for auditees to respond to draft report where the target was not met.



50. The actual time taken to respond to follow-ups is below the target by 8% and the table below shows the number of days taken over two weeks for auditees to respond to the follow-ups where the target was not met.



51. There are a variety of reasons why auditees may take longer to respond to draft audit reports or follow-ups, many of them quite reasonable. However, although we do usually receive a response eventually chasing responses is not the best use of Internal Audit time.

Susan Dixson
 Service Manager, Internal Audit
 June 2012

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INTERNAL AUDIT REPORTS ISSUED IN 2011/12

Quarter 1

1. The following reports were finalised in Q1

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
Treasury Management Assurance rating = Green	14.04.11	Overall 90% of the expected controls were found to be in place and operating effectively, 4% were substantially in place with a further 6% partially in place. A total of 5 recommendations have been agreed for implementation. For the remaining recommendation an alternative action has been agreed which relates to retaining reconciliations electronically. This is a low risk and the alternative action agreed mitigates the residual risk.
Housing Benefit Quality, Overpayments & Write Offs Assurance rating = Red (Follow-up issued Q2 Green assurance)	14.04.11	Overall 58% of the expected controls were found to be in place and operating effectively, 2% were substantially operating, 34% were partially in place with a further 6% not operating. Although these percentages indicate a red/amber assurance rating, there are a significant number of high risk recommendations therefore this has been assessed as a red report. A total of 18 recommendations have been agreed for implementation, 1 recommendation (paragraph 24) has been partially agreed for implementation which relates to scanning all decision notices onto Civica. Management have stated that due to the large number of decision notices they would be unable to implement this. However decision notices are scanned onto Civica for overpayments and all notices are held on Northgate therefore the residual risk is low. The remaining recommendation (paragraph 12) has not been agreed, which relates to having specific job descriptions for recovery officers; however management have stated that generic job descriptions are required to meet the demands of the service and as procedures are in place this partially mitigates the residual risk.

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
Leaseholder Electricity Charges Assurance rating = red (Follow-up issued Q3 Red/Amber assurance)	10.06.11	Overall 9% of the expected controls were found to be in place and operating effectively, 27% were partially in place with a further 64% not operating. A total of 20 recommendations have been agreed for implementation. 1 recommendation is no longer applicable; a further 2 recommendations have been partially agreed for implementation which relate to the Energy Team notifying Housing of the costs per unit, as the price is confirmed within a six month period Housing can only be notified at this point, which partially mitigates the risk and therefore a residual risk remains that the authority could be charged incorrectly. The other recommendation relates to electronic billing of invoices, this has not been possible as it is not within the current contract, however this will be included as part of future contracts, therefore there is a residual risk that payments may be missed. The remaining 2 recommendations have not been agreed for implementation, these both relate to actual meter readings across the sites. Management decided that the estimates were not unreasonable, however there is a risk that sites may not have had a meter reading for several years as the energy companies are only legally obliged to read meters every 2 years. Some of the sites bills were estimates when Eon were the energy supplier and NPower have not yet read some of the meters, therefore some may have gone up to 4 years without being read

2. In addition the following follow-ups were issued in Q1

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
Decent Homes Self Referral	12.04.11	It was established that 6 actions were no longer applicable as the self referral scheme has been terminated. The action agreed to address the remaining 5 recommendations has been fully implemented.
Connexions Missing Money – follow up	12.04.11	The action agreed to address all recommendations has been fully implemented. However from inspection of the evidence it was established that a payment of £500 was given in petty cash which included a payment of £297.51 to Costco which was not authorised in accordance with Financial Regulations.

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
Salvatorian College May 2011 Follow-up	14.06.11	<p>Final follow up (as in May 2011) of a Suspected Financial Irregularity (SFI) report originally issued to Salvatorian College in November 2008. The SFI report has been followed up twice in February 2010 and February 2011 and at each of these points additional control issues were raised and recommendations made.</p> <p>Of the outstanding issues from the SFI report at February 2011 just 27% had been implemented, 55% partially implemented and 18% not implemented at that time. The current follow up has found that this has now improved to 64% implemented and 36% partially implemented.</p> <p>Additional issues were identified as part of the SFI follow up in February 2010. Of these additional issues 86% have now been implemented and 14% partially implemented.</p> <p>Further areas of investigation were requested by Governors as part of the February 2011 report in relation to the specific areas of petty cash, German Trips and Science Status expenditure. Of the recommendations made in relation to these - 7 have been fully implemented, 4 substantially implemented and 3 partially implemented to date.</p>
<p>Asbestos Management in relation to Housing Stock – Follow up in May 2011</p> <p>Original assurance rating = Red/amber</p> <p>Re-assessed assurance rating = amber/green</p>	14.06.11	<p>The final report issued in November 2010 was based on the follow up of the action plan and reflected the recommendations made, agreed actions and the position of implementation. At that stage 29% of the expected controls were found to be in place and operating effectively, 29% were substantially operating with 42% partially operating (i.e. a red/amber assurance rating).</p> <p>At the start of the May 2011 follow up 26 actions remained outstanding. At the conclusion of the follow up 12 have been fully implemented, 9 substantially implemented and 5 partially implemented. These primarily relate to the full implementation of the database and the completion of asbestos surveys of all properties that meet the current survey standards.</p> <p>Follow up has established that the report has progressed from a red/amber report to currently being an amber/green report which reflects the 84% of controls either operating or substantially operating and the fact that some key high and medium risk recommendations have still yet to be fully implemented.</p>

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
<p>Libraries – Follow up</p> <p>Original assurance rating = Red</p> <p>Re-assessed assurance rating = Red/amber</p>	28.06.11	<p>It was established that the action agreed to address 5 of the 16 recommendations made has been fully implemented and evidence was obtained to support this. It was further identified that 9 of the agreed actions are in the process of being implemented. This is due to a restructure of the library services taking place so therefore processes will change which will result in some recommendations no longer being applicable.</p> <p>Follow up has established that it is now a Red/Amber report with 50% of expected controls now operating effectively, 6% substantially operating, with a further 32% partially operating. (It has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested).</p>
<p>Stock Control Libraries – Follow up</p> <p>Original assurance rating = Amber/green</p> <p>Re-assessed assurance rating = Green</p>	28.06.11	<p>The action agreed to address 6 of the 7 recommendations has been fully implemented and evidence was obtained to support this. 1 of the remaining 7 agreed actions is planned for implementation, this relates to an additional field being added to the libraries system to record what documentation has been provided as proof of ID/address by library members.</p> <p>Follow up has established that it is now a Green report with 94% of expected controls operating effectively and a further 6% partially in place (it has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested).</p>
<p>Camrose Primary School</p> <p>Original assurance rating = Amber</p> <p>Re-assessed assurance rating = Amber/green</p>	29.06.11	<p>The action agreed to address 7 of the 9 recommendations has been fully implemented. It was identified that the remaining 2 agreed actions have been partially implemented. These relate to the authorisation of payments and the separation of duties between the ordering of goods and the authorisation of payments. Of the 6 purchase orders and invoices provided, It was established that 1 invoice had not been authorised for payment and it was further established that 4 of the purchase orders and invoices did not have a separation of duties between ordering and the authorisation of payment.</p> <p>Follow up has established that this is now an Amber/Green report with 90% of expected controls operating effectively and a further 3% partially in place. Although these percentages indicate a Green assurance rating, 2 high risk recommendations have not been fully implemented therefore follow up is an Amber/Green assurance rating (it has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested).</p>

Quarter 2

3. The following reports were finalised in Q2

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
Pinner Park Infant and Nursery School - Application of Contract Procedure Rules in Schools Assurance rating = Green	06.07.11	Overall 71% of the expected controls were found to be operating effectively with a further 29% substantially operating. Both of the recommendations have been agreed for action.
Core Financial Systems Key Control Review NDR 2010/11 Assurance rating = Green	14.07.11	Overall, 92% of the elements of the controls were operating effectively, with a further 4% substantially operating and 4% partially operating. Each of the 11 key controls is made up of a number of individual elements that were each tested. Therefore 10 key controls are fully in place and 1 key control is partially in place. All 3 recommendations have been agreed for implementation. The one recommendation made has been agreed for implementation.
Parking Enforcement Assurance rating = Green	25.07.11	Overall 84% of the expected controls were found to be in place and operating effectively, 14% were partially in place with a further 2% not operating. All 5 recommendations have been agreed for implementation.
Kenmore Park Infant and Nursery School - Application of Contract Procedure Rules in Schools Assurance rating = Green	22.08.11	Overall 71% of the expected controls were found to be operating effectively with a further 29% substantially operating. Both of the recommendations have been agreed for action.
Marlborough Primary School - Application of Contract Procedure Rules in Schools Assurance rating = Green	22.08.11	Overall 57% of the expected controls were found to be operating effectively with a further 43% substantially operating. Both of the recommendations have been agreed for action.
Roxeth Primary School - Application of Contract Procedure Rules in Schools Assurance rating = Green	22.08.11	Overall 71% of the expected controls were found to be operating effectively with a further 29% substantially operating. Both of the recommendations have been agreed for action.

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
Contract Management – Highways Contract Assurance rating = Amber/green	09.09.11	Overall 67% of the expected controls were found to be in place and operating effectively, 12% were substantially operating, 14% were partially in place with a further 7% not operating. Of the 12 recommendations made, 11 have been agreed for implementation. The remaining recommendation will no longer be applicable to the new contract arrangements, i.e. the requirement to provide regular management information as this applied to the partnership with Enterprisemouchel but under the new highways contract only performance information will be required to be provided as it not a partnership and this is covered in other recommendations.
Pinner Park Junior School - Application of Contract Procedure Rules in Schools Assurance rating = Green	12.09.11	Overall 60% of the expected controls were found to be operating effectively with a further 40% substantially operating. Both of the recommendations have been agreed for action
St Anselm's Catholic Primary School - Application of Contract Procedure Rules in Schools Assurance rating = Green	21.09.11	Overall 71% of the expected controls were found to be operating effectively with a further 29% substantially operating. The recommendation made has been agreed for action.
Core Financial Systems Key Control Review Housing Benefits 2010/11 Amber/green assurance (Follow-up issued Q3 Green assurance)	22.09.11	Overall, 80% of the elements of the controls were operating effectively, with a further 3% substantially operating and 17% partially operating. Although this percentage indicates a green report as there is 1 high risk recommendation it has been re-rated as an amber/green report. Each of the 8 key controls is made up of a number of individual elements that were each tested. Therefore 4 key controls are fully in place, 3 key controls are substantially in place and 1 key control is partially in place. All three recommendations have been agreed for implementation.

4. In addition the following follow-ups were issued in Q2

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
<p>Sickness Absence – Follow up</p> <p>Original assurance rating = Red/amber</p> <p>Re-assessed assurance rating = Amber</p>	22.09.11	<p>A follow up was undertaken in December 2010 to establish if the action agreed to address the recommendations made had been implemented. It was identified that 7 recommendations had been fully implemented, 8 recommendations had been part implemented/in progress, 4 were planned for implementation and 1 had not been implemented.</p> <p>As the original follow up showed a low level of implementation a review was carried out to establish whether the position had improved, therefore the outstanding 13 recommendations were followed up in June 2011.</p> <p>It was established that the action agreed to address 2 of the 13 recommendations has been fully implemented and evidence was obtained to support this. One of the remaining 11 agreed actions has been partially implemented. This relates to the best practice notes of the capability procedure not including the minimum criteria for an effective monitoring tool that managers should use for sickness. The remaining 10 recommendations are still in the process of being implemented, these relate to:</p> <ul style="list-style-type: none"> • The roll out of Manager Self Service (MSS) and Employee Self Service (ESS) • Compulsory attendance for managers to workshops for Occupational Health. • A formal feedback process for Occupational Health. • The review of the Occupational Health referral form. • Occupational Health exploring the possibility of using an online function to make referrals. Detailed guidance has not been given to managers on when an employee should be referred to Occupational Health • MSS being rolled out to the Central Depot to remedy the issues with the depot sickness return form. <p>The report issued on the 7 April 2010 was a Red/Amber report with 55% of expected controls operating effectively, 4% substantially operating, 24% partially in place with a further 17% not operating. The first follow up established that a low level of recommendations had been implemented. This second follow up has established that this is now an Amber report with 40% implementation.</p>

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
<p>Housing Benefit Quality, Overpayments & Write Offs – Follow-up</p> <p>Original assurance rating = Red</p> <p>Re-assessed assurance rating = Amber/green</p>	28.09.11	<p>It was established that the action agreed to address 17 of the 19 recommendations has been fully implemented and evidence was obtained to support this. It was further established that the 2 remaining agreed actions have been partially implemented. These relate to the completion of an overpayment record sheet for all overpayments, (where testing identified that from a sample of 8 overpayments, an overpayment record sheet was not completed for 2) and the referral of relevant overpayments to the Corporate Anti Fraud Team (testing identified that from a sample of 8, 1 case has not been referred). Although 17 of the recommendations have been implemented, one has not achieved the aim to improve the wording of letters and still needs further work.</p> <p>Follow up has established that although implementation indicates a green report with 90% of expected controls now operating effectively and a further 5% partially in place, as there are still outstanding issues with quality checking Civica letters (indicating a high risk of error therefore) an assurance rating of amber/green has been given. (It has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested). The 5% of controls partially operating reflects the 2 recommendations yet to be fully implemented.</p>

Quarter 3

5. The following reports were finalised in Q3

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
<p>CCTV in Schools – Belmont School</p> <p>Assurance rating = Green</p>	4.10.11	<p>Overall 92% of the expected controls were found to be in place and operating effectively and a further 8% were substantially operating. Both recommendations made have been agreed for action.</p>
<p>CCTV in Schools – Cannon Lane Junior School</p> <p>Assurance rating = Amber/green</p>	18.10.11	<p>Overall 62% of the expected controls were found to be in place and operating effectively, 15% were substantially operating, 15% were partially in place with a further 8% not operating. All six recommendations have been agreed for action.</p>

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
Kenmore Park Junior School - Application of Contract Procedure Rules in Schools	18.10.11	Overall 57% of the expected controls were found to be operating effectively with a further 29% substantially operating. All 3 recommendations have been agreed for action.
Whitchurch Junior School – Application of Contract Procedure Rules in Schools	18.10.11	Overall 73% of the expected controls were found to be operating effectively with a further 9% substantially operating. All three recommendations were agreed for action.
Moriah Jewish School Day School – IT Data Security in Schools Assurance rating = Amber/green	19.10.11	Overall 81% of the expected controls were found to be in place and operating effectively, 12% were substantially operating and further 7% were partially operating. Although these percentages indicate a green assurance rating there is a high risk recommendation therefore this has been assessed as an amber/green report. All four recommendations have been agreed for action.
Priestmead Primary School – IT Data Security in Schools Assurance rating = Green	21.10.11	Overall 68% of the expected controls were found to be in place and operating effectively, 15% were substantially operating with a further 17% partially operating. All 7 recommendations have been agreed for action.
Stag Lane Infant & Nursery School – CCTV in Schools Assurance rating = Green	21.10.11	Overall 92% of the expected controls were found to be in place and operating effectively and a further 8% were substantially operating. Both recommendations have been agreed for action.
Heathland School – CCTV in Schools Assurance rating = red/amber (Follow-up issued Q4 Green assurance)	1.11.11	Overall 23% of the expected controls were found to be in place and operating effectively, 31% were substantially operating, 12% were partially in place with a further 34% not operating. All eight recommendations have been agreed for action.
Glebe Primary School – IT Data Security in Schools Assurance rating = Green	1.11.11	Overall 74% of the expected controls were found to be in place and operating effectively, 19% were substantially operating with a further 7% partially operating. All 9 recommendations have been agreed for action.

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
Roxbourne Infant School – CCTV in Schools Assurance rating = Green	15.11.11	Overall 73% of the expected controls were found to be in place and operating effectively, 12% were substantially operating with a further 15% were partially in place. All six recommendations have been agreed for action.
Roxbourne Junior School – CCTV in Schools Assurance rating = Amber/green	15.11.11	Overall 65% of the expected controls were found to be in place and operating effectively, 12% were substantially operating with a further 23% partially in place. All seven recommendations have been agreed for action.
Caretakers Housing – Final Briefing Note	15.11.11	During the course of the work undertaken it has become apparent that there is a lack of ownership surrounding the caretakers properties and that actions are based around those made historically. Due to the lack of ownership, tenancies have been allowed to lapse which has resulted in a number becoming secure tenancies. It has also been identified that rents have not been reviewed for the non HRA properties and many of them are so low that they are below rents charged for HRA properties and considerably lower than commercial rents. The authority has not been acting as one council and each department are treating the process of dealing with properties differently. Also there is no corporate overview of all properties and there are issues surrounding the accounting for rents e.g. incorrect budgets being charged. All 12 recommendations have been agreed for implementation.
CCTV in Schools – Aylward Primary School Assurance rating = Amber	18.11.11	Amber report. Overall 46% of the expected controls were found to be in place and operating effectively, 15% were substantially operating, 12% were partially in place with a further 27% not operating. However this is in the context of a new CCTV system having very recently been introduced. All six recommendations have agreed for action.
Whitchurch First School & Nursery – Application of Contract Procedure Rules in Schools	20.11.11	Overall 64% of the expected controls were found to be operating effectively with a further 18% substantially operating. All 4 of the recommendations have been agreed for action.
Krishna Avanti Primary School – Financial Controls Assurance Assurance rating = Amber	21.11.11	Overall 59% of the expected controls were found to be in place and operating effectively, 13% were substantially operating and 27% were partially operating. All 14 recommendations have been agreed for action.

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
Krishna Avanti Primary School – SFI Report Assurance rating = red (Follow-up issued Q4 green assurance)	21.11.11	See Appendix B.
The Sacred Heart Language College – CCTV in Schools Assurance rating = red (Follow-up issued Q1 of 12/13 green assurance)	28.11.11	Overall 23% of the expected controls were found to be in place and operating effectively, 27% were substantially operating, 15% were partially in place with a further 35% not operating. All eight recommendations have been agreed for action.
St. Joseph's Catholic Primary School – IT Data Security in Schools Assurance rating = Green	9.12.11	Overall 88% of the expected controls were found to be in place and operating effectively, 5% were substantially operating with a further 7% partially operating. All five recommendations have been agreed for action.

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
Weald Junior School Financial Controls Review Assurance rating = Amber	9.12.11	Overall 54% of the expected controls were found to be in place and operating effectively, 16% were substantially operating, 22% were partially in place with a further 8% not operating. All 30 recommendations have been agreed for action.
Schools Financial Services Assurance rating = Amber	19.12.11	Overall 54% of the expected controls were found to be in place and operating effectively, 14% were substantially operating, 28% were partially in place with a further 4% not operating. All 10 recommendations have been agreed for action.

6. In addition the following draft reports were issued in Q3

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
Earlsmead Primary School – Petty Cash Assurance rating = Amber	9.12.11	Overall 59% of the expected controls were found to be in place and operating effectively, 12% were substantially operating with a further 29% operating. Although this indicates an Amber/Green ranking, an assurance rating of amber has been given as a high risk recommendation has been made. Four recommendations have been made to address the weaknesses identified, 2 was rated as high risk, 1 was rated as medium risk and 1 was rated as low risk.
West Lodge Primary School – Petty Cash Assurance rating = Green	10.12.11	Overall 65% of the expected controls were found to be in place and operating effectively, 29% were substantially operating with a further 6% partially operating. Four recommendations have been made to address the weaknesses identified, these were all rated as medium risk.

7. In addition the following follow-ups were issued in Q3

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
<p>Capability Procedure – Follow up</p> <p>Original assurance rating = Amber</p> <p>Re-assessed assurance rating = Amber/green</p>	5.10.11	<p>It was established that the action agreed to address 5 of the 9 recommendations has been fully implemented and evidence was obtained to support this. It was established that 1 of the remaining 4 agreed actions has been partially implemented. This relates to the roll out of the MSS function to Managers across the Council and that Shared Services are unable to establish whether staff returns are signed by Managers as they no longer operate an authorised signature list. It was further established that 2 recommendations are in the process of being implemented, these relate to Shared Services providing re-training/guidance to Managers on using the MSS functionality on SAP. It was further identified that 1 recommendation is planned for implementation.</p> <p>The report issued on the 15 December 2010 was an Amber report with 71% of expected controls operating effectively, 3% substantially in place with a further 23% partially in place.</p> <p>Follow up has established that although implementation indicates a Green report with 86% of expected controls operating effectively and a further 14% partially in place, as there are still outstanding issues, an assurance rating has been assessed as amber/green. (it has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested). The 14% of controls partially operating reflects the 4 recommendations yet to be implemented.</p>
Gordon Avenue Client Finances – Follow up	18.10.11	<p>It was established that the action agreed to address 7 of the 8 recommendations has been fully implemented and evidence was obtained to support this. It was further identified that the remaining recommendation has been partially implemented, this relates to members of staff recording money which is removed from the clients cash tin and any change recorded back in. The level of implementation made to date is acceptable however it should be ensured that the client finance expenditure sheets are properly completed and signed.</p>
Gordon Avenue Petty Cash – Follow up	4.11.11	<p>It was established that the action agreed to address 2 of the 3 recommendations has been fully implemented and evidence was obtained to support this. It was identified that the 1 remaining agreed action has been partially implemented. This relates to a new record book being kept for petty cash. The level of implementation made to date is acceptable, however the petty cash book should be revised to clearly show the incomings and outgoings.</p>

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
<p>Leaseholders Electricity – Follow up</p> <p>Original assurance rating = Red</p> <p>Re-assessed assurance rating = Red/amber</p>	23.11.11	<p>It was established that the action agreed to address 11 of the 24 recommendations has been fully implemented and evidence was obtained to support this. Eight of the remaining 13 agreed actions have been partially implemented and 1 is planned for implementation. At the time of issuing the final report it was identified that 2 recommendations were not applicable, 2 were not agreed. Follow up has established that it is now a Red/Amber report with 50% of expected controls now operating effectively and a further 41% partially/not in place (it has been assumed that the controls that were originally operating are still operating effectively during follow up and these have not been re-tested). The 41% of controls partially/not operating reflects the 9 recommendations yet to be fully implemented. A further follow up will be undertaken in 3 months to establish progress made with implementation of outstanding recommendations.</p>
<p>NDR Key Control – Follow-up</p> <p>Original assurance rating = Green</p> <p>Re-assessed assurance rating remains green</p>	25.11.11	<p>It was established that the agreed action has been fully implemented and evidence was obtained to support this.</p>

Quarter 4

8. The following reports were finalised in Q4

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
<p>Petty Cash – Pinner Wood School</p> <p>Assurance rating = Green</p>	6.01.12	<p>Overall 82% of the expected controls were found to be in place and operating effectively with a further 18% substantially operating. Both recommendations have been agreed for implementation.</p>
<p>Petty Cash – St. Teresa's Catholic Primary School & Nursery</p> <p>Assurance rating = Green</p>	10.01.12	<p>Overall 82% of the expected controls were found to be in place and operating effectively, 6% were substantially operating with a further 12% partially in place. Both recommendations have been agreed for implementation.</p>

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
Petty Cash – Grimsdyke School Assurance rating = Green	25.01.12	Overall 88% of the expected controls were found to be in place and operating effectively, 6% were substantially operating with a further 6% partially operating. Both recommendations have been agreed for action.
IT Data Security in Schools – Norbury School Assurance rating = Amber/green	26.01.12	Overall 72% of the expected controls were found to be in place and operating effectively, 14% were substantially operating and further 14% were partially operating. Although these percentages indicate a green assurance rating there is a high risk recommendation therefore this has been assessed as an amber/green report. All 5 recommendations have been agreed for implementation.
Petty Cash – Welldon Park Junior School Assurance rating = Green	31.01.12	Overall 65% of the expected controls were found to be in place and operating effectively, 23% were substantially operating with a further 12% partially in place. All 5 recommendations have been agreed for implementation.
Application of Contract Procedure Rules Assurance rating = Red	31.01.12	It was identified that 9% of explanations given for non compliance with Contract Procedure Rules are reasonable/acceptable and a further 91% of explanations given are not acceptable and that requisitioners/budget holders need further training/guidance to ensure that they fully understand the requirement to raise a purchase order for goods and services and how to achieve this in a timely manner for non standard purchases. A total of 7 recommendations have been made to improve the level of compliance, of these 5 were rated as high risk and 2 were rated as medium risk. All of the recommendations have been agreed for implementation.
Petty Cash – St. Bernadette’s Catholic Primary School Assurance rating = Green	2.02.12	Overall 76% of the expected controls were found to be in place and operating effectively, 12% were substantially operating with a further 12% partially in place. All 3 recommendations have been agreed for implementation.
Framework-I & SAP Integration Assurance rating = Amber	8.02.12	Overall 75% of the expected controls were found to be in place and operating effectively, 13% were partially in place with a further 12% not operating. Six recommendations have been made to address the weaknesses identified, 2 were rated as high risk and 4 were rated as medium risk. Although these percentages indicate an amber/green report it has been re-assessed as amber due to the 2 high risk recommendations.

<p>Financial Controls Review – Camrose Primary School</p> <p>Assurance rating = Amber/green</p>	20.02.12	<p>Overall 55% of the expected controls were found to be in place and operating effectively, 27% were substantially operating, 16% were partially in place with a further 2% not operating. 21 recommendations have been made to address the weaknesses identified, 1 was rated as high risk, 11 were rated as medium risk and 9 were rated as low risk. The percentage of controls found to be operating effectively and substantially operating would normally mean this would be a green report however because there are a number of recommendations of which one is high risk this has been adjusted to an amber/green report. All 21 recommendations have been agreed for action.</p>
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REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
CCTV in Schools – Stanburn Junior School Assurance rating = red/amber	22.03.12	Overall 27% of the expected controls were found to be in place and operating effectively, 27% were substantially operating, 12% were partially in place with a further 34% not operating. All 7 recommendations have been agreed for action.
Capital Programme Testing Assurance rating = Amber	28.03.12	The checking undertaken by all the Finance Teams was sufficient, however they did not all undertake the same level of checking and there was no consistent approach. Also all the teams recorded the information differently and did not always keep evidence of the original source i.e. invoice. There were miscodings identified by Housing Finance, however action was not taken to correct these items before the 2010/11 closure of accounts. For 2011/12 transaction testing will be co-ordinated centrally, however checking for this financial year has not yet commenced. Four recommendations have been made to address the weaknesses identified, which were all rated as high risk.

9. In addition the following draft reports were issued in Q4

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
Petty Cash – Stanburn First School Assurance rating = Amber	11.1.12	Overall 65% of the expected controls were found to be in place and operating effectively, 12% were substantially operating with a further 23% partially in place. Although this indicates an amber/green ranking, an assurance rating of amber has been given as 2 high recommendations have been made. Five recommendations have been made to address the weaknesses identified, 2 were rated as high risk, 1 were rated as medium risk and 2 were rated as low risk.

REPORT / ASSURANCE RATING	ISSUE DATE	SUMMARY OF CONTROL OPERATING
St John Fisher School – Petty Cash Assurance rating = red	13.01.12	Overall 35% of the expected controls were found to be in place and operating effectively, 12% were substantially operating with a further 53% partially in place. 5 recommendations have been made to address the weaknesses identified, 2 were rated as high risk and 3 were rated as medium risk. The most significant weaknesses relates to the lack of evidence of authorisation for petty cash cheque payments. In addition the lack of use of the recommended petty cash record sheet has contributed to weakening a number of controls.
Energy Bills Assurance rating = Amber	15.02.12	Five recommendations have been made to address the weaknesses identified, 1 was rated as high risk and 4 were rated as medium risk. From the sample of 198 energy bills inspected there was no evidence that the authority are paying 2 different suppliers for the same sites. 3 duplicate payments (1.5% of the sample) were identified totalling £1,449.88, of which 2 are within Childrens and 1 is within Adults. The cause of the duplications was due to the invoice being paid against 2 suppliers for Southern Electric.
Children's Centres – Income Collection & Banking Assurance rating = red	19.03.12	Overall 24% of the expected controls were found to be in place and operating effectively, 7% were substantially operating, 59% were partially in place with a further 10% not operating. Eighteen recommendations have been made to address the weaknesses identified, 14 were rated as high risk and 4 were rated as medium risk.

10. In addition the following follow-ups were issued in Q3

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
Housing Benefits Key Control Follow Up Original assurance rating = Green Re-assessed assurance rating = Green	9.01.12	It was established that the action agreed to address 2 of the 3 recommendations has been fully implemented and evidence was obtained to support this. It was further established that the remaining agreed action is in the process of being implemented. The report issued on the 22 September 2011 was a Green report and follow up has established that it remains a Green report with 97% of expected controls now operating effectively and a further 3% substantially in place.

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
<p>2nd Libraries Follow Up</p> <p>Original assurance rating = Red</p> <p>1st Re-assessed assurance rating = Red/amber</p> <p>2nd Re-assessed assurance rating = Green</p>	24.01.12	<p>A follow up was undertaken in June 2011 to establish if the action agreed to address the recommendations made had been implemented. It was identified that 5 recommendations had been fully implemented and 9 recommendations were in the process of being implemented.</p> <p>As the original follow up showed a low level of implementation a further review has been carried out to establish whether the position has improved, therefore the outstanding 9 recommendations have been followed up.</p> <p>It was established that the action agreed to address 4 of the 9 recommendations has been fully implemented and evidence was obtained to support this. One of the remaining 4 agreed actions has been partially implemented and 1 recommendation has not been implemented. It was further identified that 3 recommendations are no longer applicable.</p> <p>The report issued on the 9 November 2010 was a Red report and the second follow up has established that it is now a Green report with overall 82% of expected controls now operating effectively, 9% substantially operating, 3% partially in place with a further 6% not operating.</p>
<p>Heathland School CCTV – Follow up</p> <p>Original assurance rating = Red/amber</p> <p>Re-assessed assurance rating = Green</p>	7.03.12	<p>It was established that the action agreed to address all of the 8 recommendations has been fully implemented. Follow up has established that it is now a green report.</p>
<p>Krishna Avanti School – Suspected Financial Irregularity Follow up</p> <p>Original assurance rating = Red</p> <p>Re-assessed assurance rating = Green</p>	14.03.12	<p>It was established that the action agreed to address all of the 7 recommendations has been fully implemented and evidence was obtained to support this. Follow up has established that it is now a green report.</p>

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**REPORT FOR: GOVERNANCE, AUDIT &
RISK MANAGEMENT
COMMITTEE**

Date of Meeting: 26 June 2012

Subject: INFORMATION REPORT
Annual Health and Safety Report
2011/12

Responsible Officer: Tom Whiting, Assistant Chief Executive

Exempt: No

Enclosures: Appendix 1 – Analysis Report for
Accidents 2011 – 12

Appendix 2 - Health & Safety
Objectives & Targets April 2012 –
March 2013 (The improvement plan)

Section 1 – Summary

This report summarises the Council's health and safety performance for the year 1st April 2011 to 31st March 2012, providing an update of activities and giving information on outcome measures – training, audits and accidents.

FOR INFORMATION

Section 2 – Report

Executive Summary

2.1 The previous annual report at the end of 2010/11 reported on the asbestos improvement notices served by the Health and Safety Executive, the peer review conducted by the Health and Safety Manager from Coventry City Council and the two year improvement plan developed to enable Harrow Council to produce a robust health and safety management system. 2011/12 has therefore been another demanding year for the Health & Safety Service across the organisation with the Service implementing the requirements of year one of the improvement plan. The key work streams during the period from 1st April 2011 to 31st March 2012 have been:

- Further development and implementation of year one of the two year improvement plan based on the HSE model HS(G) 65 with the required step changes in performance. The plan also includes building a new in-house team to deliver the Corporate Health and Safety Advisory Service, the recruitment process for the new in-house team is currently underway.
- Undertaking a comprehensive work programme which was led by the Corporate Director Community & Environment to improve health and safety management including developing asbestos and premises risk management. The programme has managed the re-surveying of schools for asbestos and developed a programme for re-surveying Corporate properties for asbestos.
- The development of a system for auditing and monitoring management arrangements for Health and Safety following instruction from the Health and Safety Executive.
- Continuing development of health and safety policies and codes of practice to meet identified needs including the safety policy, legionella policy, and first aid code of practice.
- Continued provision of advice and support across the directorates.
- Continued provision of the health and safety training programme.
- Support and development of the Health at Work Group, employee assistance programme and the shared provision of the Occupational Health Service with Brent Council.
- Review of health and safety governance, including arrangements for consultation and communication.

Background

2.2 In line with statutory requirements and in order to allow the Council to monitor and measure health and safety performance and prioritise areas of health and safety risk, a safety review is performed bi-annually. The mid year report was released in November 2011 and this is the full year review.

2.3 Effective health and safety management enables the Council to meet its legal, moral and economic obligation, thus benefiting all stakeholders.

External Assurance

2.4 As a large employer undertaking a wide range of activities the Council is subject to a large number of statutory regulations and will be scrutinised by a number of enforcement agencies.

- 2.5 There have been no Improvement Notices or Prohibition Notices served on the Council by the Health and Safety Executive (HSE) during the year.
- 2.6 The HSE did visit the Civic Buildings during this period to inspect the alterations that were taking place on the second floor of Civic 1. The HSE were happy with the alteration works and the management of the removal of asbestos from this area.

Improvement Plan

- 2.7 Following on from the Health and Safety Executive's (HSE) scrutiny in 2010, the opportunity to review the health and safety service and health and safety performance was taken. The improvement plan that was developed is now one year into its implementation (See appendix 2). This improvement plan considers the health and safety management model endorsed by the HSE, HS(G) 65 which requires integration of safety management into the organisational system and management practice.
- 2.8 A two year programme was devised to achieve the requirements of the improvement plan and to submit the improvements to the appropriate group/committee for approval (see appendix 2). Harrow Council is building an in house safety team and is still exploring opportunities to share posts with other Councils and continues to develop its arrangements for the management of health and safety within the organisation in line with the improvement plan.
- 2.9 The programme is broadly on target with key areas such as the overarching policy, consultation, communication and co-operation arrangements, auditing and reactive monitoring having been addressed. Progress is also being made in the development of policies and codes of practice, pro-active monitoring and management review. Naturally these systems and arrangements will further develop as the organisation evolves.

Health and Safety Policy and Guidance

- 2.10 A key part of the improvement plan and the function of the Corporate Health and Safety Advisory Service is the provision of policies and guidance to provide managers and employees with the necessary support to meet their health and safety obligations. A large number of policies and codes of practice were reviewed and consulted upon with key stakeholders including Council managers, Unison and GMB prior to being approved at the Corporate Health & Safety Group. In the consultation and approval process joint working with the stakeholders has been a key part of achieving workable documentation that meets legislative requirements and reflects the activities of the organisation. These documents have been posted on the Harrow Hub. The following documents have been reviewed and uploaded during the period from 1st April 2011 to 31st March 2012.

- HSCOP 39 - Clinical Waste
- HSCOP 38 - Health & Safety Consultation and Communication
- Version 3 - Health & Safety Policy
- HSCOP 12 - First-Aid
- HSCOP 40 - Health Surveillance and Health Assessment
- HSCOP 03 - Legionella Policy
- HSCOP 09 - Legionella Risk Assessment and Control
- HSCOP 21 - Noise at Work

- 2.11 During the year work also commenced on the following documents which are about to be or are currently being consulted upon with stakeholders prior to being approved and uploaded onto the Hub.

- HSP 03 - New and Expectant Mothers
- HSCOP 09 - Manual Handling
- HSCOP 12 - COSHH
- HSCOP - Gas Safety
- HSCOP - Driving for Work
- HSCOP - Work Equipment

2.12 The review of key documents is planned to continue throughout 2012/13.

Health and Safety Groups

2.13 The arrangements for effective consultation, communication and co-operation, with respect to health and safety, between management, employees and Trade Unions continues to be through Health and Safety Groups. Following concern that Health and Safety group meetings were not taking place or were being poorly attended, all these group meetings have been rejuvenated and are now taking place in a planned and structured fashion.

2.14 The Corporate Health and Safety Group (CHSG) continues to meet every quarter. During the year this group has discussed cross council health and safety matters, approved new corporate policies and codes of practice and monitored overall developments in health and safety. Each directorate and sub group feeds into this group and priority matters from directorate groups are escalated to this group..

2.15 Each Directorate now has a Health and Safety Group which meets every quarter. These Groups deal with Directorate health and safety and provide employees, health and safety representatives and managers with an opportunity to discuss and resolve health and safety related issues.

Health and Safety Visits Inspections and Audits

2.16 The service has continued to respond to the needs of the organisation, providing support to management and staff, including conducting multiple site visits and providing site-specific training courses and workshops.

2.17 The service has conducted a procurement process to purchase a self audit tool. This is enabling every manager of every service to review their health and safety management arrangements, identify shortcomings and take the necessary corrective action. It will also enable the organisation to have an overview and identify areas where additional support is required.

2.18 The Corporate Health and Safety Service have started to carry out a number of quality audits of the self audits carried out by managers and will continue to support managers in completing their audits.

Educational Outside the Classroom

2.19 Educational visits and journeys for school children are assessed by the Service. The assessments for approximately 140 school visits for over 500 pupils have been reviewed during this period.

Occupational Health

2.20 The Occupational Health Service has continued to meet the organisation's requirements for dealing with and promoting health at work issues. The service is provided by Santia Ltd. The

core functions of the Occupational Health team continue to be work-health assessment screening, sickness absence management and health promotion.

- 2.21 From July 2010 the service has been provided as part of a framework agreement which includes Brent Council & the London Borough of Kensington & Chelsea and is a joint service with Brent Council, based on the Middlesex Floor in the Civic complex in Harrow.
- 2.22 A number of concerns over the quality of the service have been raised during the year by managers and this feedback has been discussed with the provider. The contract is due for renewal at the end of 2012 and this qualitative feedback will be addressed further through the new contract specification.

Promotion of Health, Safety and Well Being

- 2.23 A number of health promotions have taken place during 2011/12 including a healthy heart day, men's health week, a health fair, alcohol awareness week and National Stress Awareness Day.

Employee Assistance Programme

- 2.24 The Employee Assistance Programme continues to be provided by First Assist. The service includes independent telephone advice and where indicated face-to-face counselling support for a range of problems. The provision of this service will also be reviewed in light of the Occupational Health service provision to the Council.

Contractor Management

- 2.25 The organisation uses two partners, Kier and Apollo, to undertake maintenance on instruction from the Council. The health and safety competence of contractors is a contractual agreement which is monitored by the contractors. As part of the improvement plan, assurance checks will take place in the forthcoming year to ensure that the necessary competency arrangements are satisfactory.

Accidents at Work

- 2.26 The general trend is a reduction in accidents reported from 2010/11 to 2011/12 and an analysis is contained in appendix 1.

Health and Safety Training Data

- 2.27 The service has followed a training programme during this period and delivered training to approximately 523 employees through the yearly programme. In addition to this, bespoke health and safety training, such as accident reporting systems and training on the use of the Council's new health and Safety Audit Tool. The training data is also reported back to both the Directorate Health & Safety Groups and the Corporate Health and Safety Groups for analysis and action. This was identified as an area for improvement and is part of the two year improvement plan.
- 2.28 Despite this, take up has not improved during this year, so with the help of Human Resources, all Council employee new starters are identified and the Corporate Health and Safety Service will be writing to the relevant managers to determine that safety training needs have been identified. The team will also explore the potential for e-learning and any necessary budget changes, discuss this programme with HR & L&D and submit a proposal, including mandatory training and specialist provision of training to CHSG.

- 2.29 The two highest attended courses were the induction and fire safety awareness' courses. This is to be expected as the induction course is a mandatory course for all new starters and the high number of attendees on the fire safety awareness course is in response to gaps in training highlighted by the completion of the self audit tool.
- 2.30 The table below is a report of delivery of training rather than of training need. The Corporate Health & Safety Service has identified in the two year improvement plan that improvements are needed in the delivery of health and safety training. The introduction of the health and safety audit tool is assisting managers in identifying training needs as they complete their audits. The Corporate Health and Safety Advisory Service is determining how best to provide this training moving forward, including exploring the potential for e-learning.

Table 1: The Main Health and Safety Training Courses Attendances 1/4/2011 - 31/3/2012 (2010/11)

Directorates Courses /	Combined Group	Children's Services	Adults and Housing	Environment and Community	Place Shaping	Total
Health and Safety Induction for staff	9 (9)	12 (25)	21 (11)	9 (113)	10 (0)	61
Health and Safety Induction for managers	2 (12)	(6)	3 (10)	0 (2)	0 (0)	5
Health and Safety Risk Assessment	0 (6)	0 (14)	28 (4)	0 (5)	0 (0)	28
Health and Safety for Premises managers	0 (0)	8 (91)	3 (4)	19 (7)	0 (1)	30
Fire Marshals	4 (11)	1 (14)	33 (23)	0 (1)	0 (0)	38
Lone working	0 (3)	0 (0)	6 (14)	4 (3)	0 (0)	10
Personal safety	0 (0)	2 (0)	0 (0)	0 (0)	0 (0)	2
DSE users	4 (1)	1 (1)	1 (5)	0 (0)	0 (0)	6
DSE assessors	9 (10)	5 (7)	5 (5)	0 (2)	0 (0)	19
Stress awareness / risk assessment	0 (0)	0 (0)	16 (0)	0 (0)	0 (0)	16
COSHH awareness	0 (0)	5 (8)	21 (14)	1 (5)	(0)	27
Manual Handling	0 (2)	23 (17)	13 (7)	5 (0)	0 (0)	41
Fire safety awareness	0 (0)	240 (0)	0 (0)	0 (0)	0 (0)	240
Total	28 (58)	297 (211)	150 (113)	38 (146)	10 (1)	523 (529)

Note: The above data does not include bespoke training arranged by individual Services, e.g. Manual Handling training at the Depot.

Legislation Update

- 2.31 There have been amendments to the Reporting of Injuries Diseases and Dangerous Occurrence Regulations (RIDDOR) that came into effect subject to Parliamentary approval from 6th April 2012. The 3 day reporting criteria under the Regulations has now changed to 7 days incapacity not including the day of the accident. The 10 days timescale in which to report what will become a 7 day injury has also changed to 15 days.
- 2.32 There have been some changes to the Control of Asbestos Regulations, The changes are quite limited, and this means that some types of non-licensed work with asbestos now have additional requirements, i.e. notification of work, medical surveillance and record keeping.
- 2.33 There is a proposal to revoke the Construction (Head Protection) Regulations 1989 ('the CHP Regulations'), this arises from recommendations contained in Professor Löfstedt's report *Reclaiming Health and Safety For All*. He notes that these Regulations largely replicate the Personal Protective Equipment at Work Regulations 1992 ('the PPE Regulations') and that the latter could be relied on to regulate the use of head protection on construction sites.
- 2.34 The Lofstedt Review was commissioned by Employment Minister Chris Grayling, the independent review in March 2011 and appointed Professor Ragnar Löfstedt - Director of the King's Centre for Risk Management at King's College, London - to chair it.
- Professor Löfstedt has made recommendations aimed at reducing the burden of unnecessary regulation on businesses while maintaining Britain's health and safety performance, which is among the best internationally. The Government has accepted his recommendations.
- 2.35 We must now aim for a system of health and safety which enables the Council to make sensible and proportionate decisions about managing genuine workplace risks.

Stakeholder Feedback

- 2.36 The Health and Safety Executive (HSE) has visited the Civic Buildings during this period to inspect the alterations that were taking place on the second floor of Civic 1. The HSE were happy with the alteration works and the management of the removal of asbestos from this area.
- 2.37 Trade Unions continue to play an active and supporting part in helping to develop health and safety management and improve health and Safety culture. This has included active participation in both Corporate and Directorate Health and Safety Groups and significant contributions in the consultation of new and amended policies.

Plans for 2012 / 2013

- 2.38 The actions for 2012/13 include the following:
- The full Introduction and completion by all directorates of their safety audit using the self audit tool.
 - Delivery of year 2 of the two year improvement plan, including development of overarching health and safety policy, supporting policies and codes of practice, a health and safety training needs analysis and training programme, improved auditing arrangements, improved consultation and communication, a review of the risk assessment programme and developing and implementing adequate monitoring arrangements.

- Continued monitoring and review of the Occupational Health Service and the Employee Assistance Programme, including determining if the provision of the current framework agreement should continue or be put out to tender through the procurement process.
- Further development of the Health and Safety and Occupational Health intranet portal.
- Continued support to services throughout Harrow Council through advice and training.
- Continue to implement best practice with the issuing across the Council of on-line tools to record and report incidents, risk assessments and the assessment of display screen equipment.
- Continue to improve the collection of incident data and provide appropriate statistics and reports for Health and Safety Groups and forums.
- Continue to provide and to assess health and safety training against the requirements of the organisation.
- Further work with directorates to ensure comprehensive improvement in the management of asbestos.

Overall Performance during the Year

- 2.39 2011/12 has been a productive year in the development of the management of health and safety across the organisation. The Corporate Health and Safety Team are broadly on target with the two year improvement plan, having completed the groundwork for incremental improvements in future years. Completion of the two year improvement plan is expected in 2012/13 as key work is completed in assessing the organisation's health and safety risks, auditing the management arrangements and pro-actively monitoring health and safety performance.
- 2.40 During the year, the Corporate Health and Safety Service have had to deal with and respond to several key issues:
- 2.41 One of the council's catering facilities, which prepares meals on wheels, was closed following an inspection by a Gas Safe Engineer. This was responded to quickly to assist with the continuation of the provision of the meals on wheels service. A full investigation was carried out into the incident, which was caused because the gas appliance had not been serviced, which is an annual requirement.
- 2.42 The findings from this incident lead to a wider investigation into the servicing and inspection of all gas catering equipment across the Council.
- 2.43 One of the key lessons learnt from this was that the arrangements for cyclical inspections, servicing and maintenance of a variety of assets are complex and responsibility is disbursed across a number of services. Recommendations, which include a more centralised approach and corporate ownership, are currently being considered.
- 2.44 An incident of heating failure closed the Tithe Barn in late winter whilst repairs to the system were undertaken along with other maintenance issues which were discovered by the health and safety team. The circumstances which caused this were found to be similar to the above property ownership issues.

- 2.45 During the year there have been several asbestos investigations which have resulted in the preparation of reports with action plans and identified action owners with timescales for the completion of those actions.
- 2.46 The Council's new Safety Audit Tool was piloted in the Community and Environment Directorate and is now being rolled out across all Directorates in the Council with support from the Corporate Health and Safety team. The Tool is assisting managers in managing their health and safety responsibilities, identifying actions that they need to take, with clear timescales to improve health and safety in their service and identify staff safety training needs.
- 2.47 The Self Audit Tool will be further developed over the coming year and will cover risk assessment, accident reporting and the development of directorate specific safety audits. It will also facilitate improved KPI's for reporting in future years annual and half yearly reports.
- 2.48 A review of safe working practices at the councils Civic Amenity site was also supported by the team, resulting in a number of health and safety improvements.
- 2.49 The uptake of staff health and safety training has been low over the year (see 2.32 above). The Corporate Health and Safety Service has set a KPI for the 2012/13 to improve the uptake of safety training by 20% and the Service is also looking to bring back in house the majority of the training provision, which is at present carried out by external training contractors.
- 2.50 Work has also continued with schools to develop safety management, including the roll out of the Safety Audit Tool, visits to schools to give advice and to carryout inspections, This has been well received and uptake of the Corporate Health and Safety Service, Service Level Agreement from schools has increased by 30% from 2011/12 to 2012/13.
- 2.51 Overall, during the year there have been a number of incidents where a reactive response was required and lessons for improvement identified and followed up. Whilst these are always a concern, it is not realistic to avoid such incidents in a large and complex organisation.
- 2.52 Importantly, during 2011/12 there have been a number of significant areas of progress building the foundations for improved health and safety management across the council and these will continue in the current year. Stakeholder feedback has improved significantly during the year and the council is in a much stronger position at the start of 2012/13 than it was the previous year.
- 2.53 However, there is much more to do and this will be delivered through the implementation of year two of the two year improvement plan in 2012/13.
- 2.54 Overall there has been a decrease in accidents reported and an analysis of these is contained in appendix 1.

Section 3 – Further Information

- 3.1 None

Section 4 – Financial Implications

- 4.1 Health and safety management is integral to directorate budgets, and the functions of the Corporate Health and Safety team are carried out within the budget available.

Section 5 - Equalities implications

5.1 An Equality Impact Assessment was carried out and no adverse impacts were determined.

Section 6 – Corporate Priorities

6.1 The delivery of health and safety management is integral to, and supports the achievement of all Corporate Priorities.

Name: Steve Tingle	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 11 June 2012		

Section 7 - Contact Details and Background Papers

Contact: Simon Rice, Corporate Health and Safety Manager, 0208 424 1362

Background Papers: None

ANALYSIS REPORT FOR ACCIDENTS 2011-12

1. BACKGROUND

- 1.1 The statistics have been formulated from the Accident Forms that have been returned to the Corporate Health and Safety Service and relates to the full year 2011-12 with reference to the previous year. All statistical data provided is specific to any accident to Council employees.
- 1.2 These statistics have been formulated using the Council's Accident database. This database has been further modified and is now allowing greater analysis of data, together with the production of more detailed charts and graphs.
- 1.3 As well as being shown in the Directorate figures, the accident data for Children's Services and Adults Services has been further split.
- 1.4 Any accidents that are reported to the Corporate Health and Safety Service later than the cut off date for that quarter will be revealed in the next report.
- 1.5 When the Accident Database Reporting Form was introduced in January 2011, this led to a substantial increase in the number of accidents reported, as Directorates became more aware of what should be reported to the Corporate Health and Safety Service and the Health and Safety Executive. This type of increase is a common trend following the introduction of a new accident reporting system. Accidents are now generally on the decrease as new Policy and Code of Practice documents are introduced and a heightened awareness of health and safety management is instilled across the Council.

2. KEY OBSERVATIONS

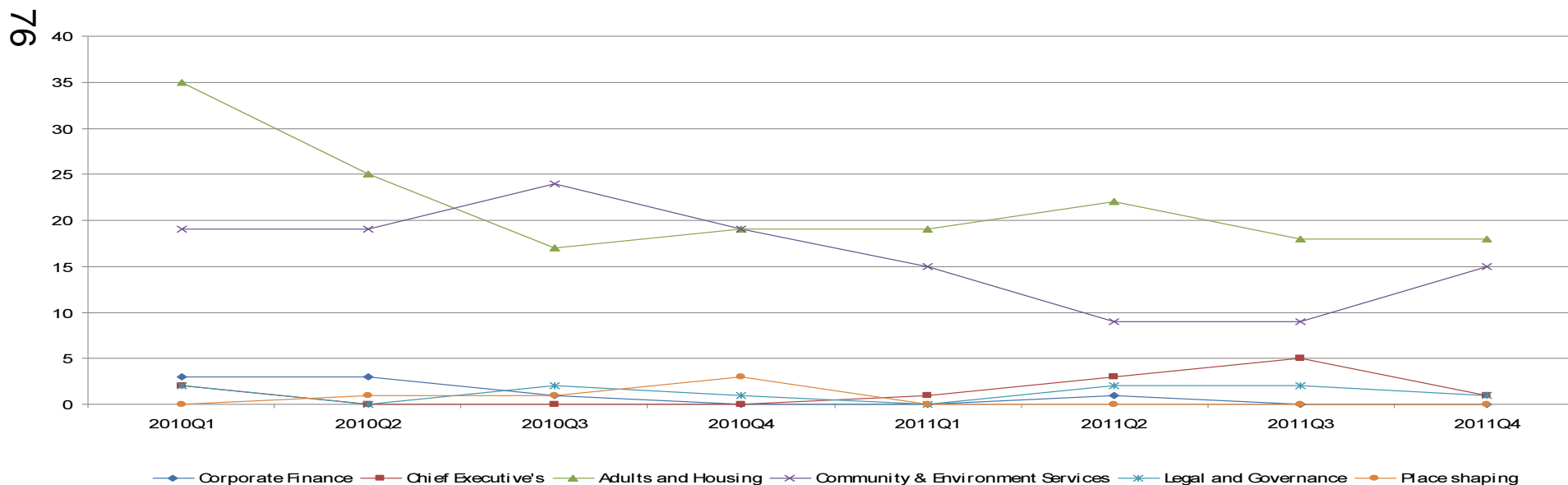
- 2.1 The breakdown of data below will assist in identifying trends, highlighting possible breaches of safe working practices and any additional training requirements.
- 2.2 All accident figures relating to academies have been removed to give a like with like comparison.
- 2.3 The overall accident trend from 2010/11 to 2011/12 excluding schools shows a steady decrease in accidents across the Council of 39%, with accidents that were reportable to the HSE remaining the same (25) in both years. The types of accidents occurring and the occupations are similar for both years, there are no new trends. Since the accident database is relatively new, the two years of statistics gives limited scope to analyse trends but this will improve as the database expands.

- 2.4 The directorate with the highest number of accidents is Children's Services, Schools. There has been a reduction in the number of accidents in schools; in 2011/12 (210) which is 26% lower than 2010/11 (286). In 2011/12 Teachers had the highest number of accidents by occupation (84), In 2010/11 Teaching assistants had the most accidents by occupation (113) .
- 2.5 Schools reportable accidents for 2010/11 (25) show an overall decrease of 72% to 2011/12 (7). These accidents mainly involved slips, trips and falls (9) and physical assault (9) in 2010/11, compared to the accidents in 2011/12 (7) where there were (2) slips, trips and falls and (1) physical assault.
- 2.6 The top 3 accidents by occupation across the Council account for approximately 60% of all accidents / incidents reported. These relate to Teachers, Teaching Assistants and Social Care Workers. This is to be expected in view of the nature of the work and is broadly consistent with previous years.
- 2.7 The top 3 accidents by type across the Council reported to the Corporate Health and Safety Service also account for approximately 60%, of all accidents reported. These relate to physical assault, slipped, tripped and fell on the same level and handling, lifting and carrying. An ongoing training programme is in place to mitigate these risks.
- 2.8 The Council has seen a steady decline in the number of accidents reported in 2011/12.
- 2.9 The introduction of new Policy, Code of Practice and Guidance documents have helped to raise awareness of safety and the issues that managers need to consider. With the new changes to RIDDOR coming into effect, the Corporate Health and Safety Service will once again focus attention on improving the reporting of accidents / incidents.

Total Employee Reportable and Non-Reportable Accidents by Directorate Q1 – 2010 to Q4 – 2011 Excluding Children Services

Quarter	Corporate Finance	Chief Executive's	Adults and Housing	Community & Environment Services	Legal and Governance	Place shaping	Grand Total
2010Q1	3	2	35	19	2	0	61
2010Q2	3	0	25	19	0	1	48
2010Q3	1	0	17	24	2	1	45
2010Q4	0	0	19	19	1	3	42
2011Q1	0	1	19	15	0	0	35
2011Q2	1	3	22	9	2	0	37
2011Q3	0	5	18	9	2	0	34
2011Q4	0	1	18	15	1	0	35
Grand Total	8	12	173	129	10	5	337

Number of Accidents/ Incidents by Quarter



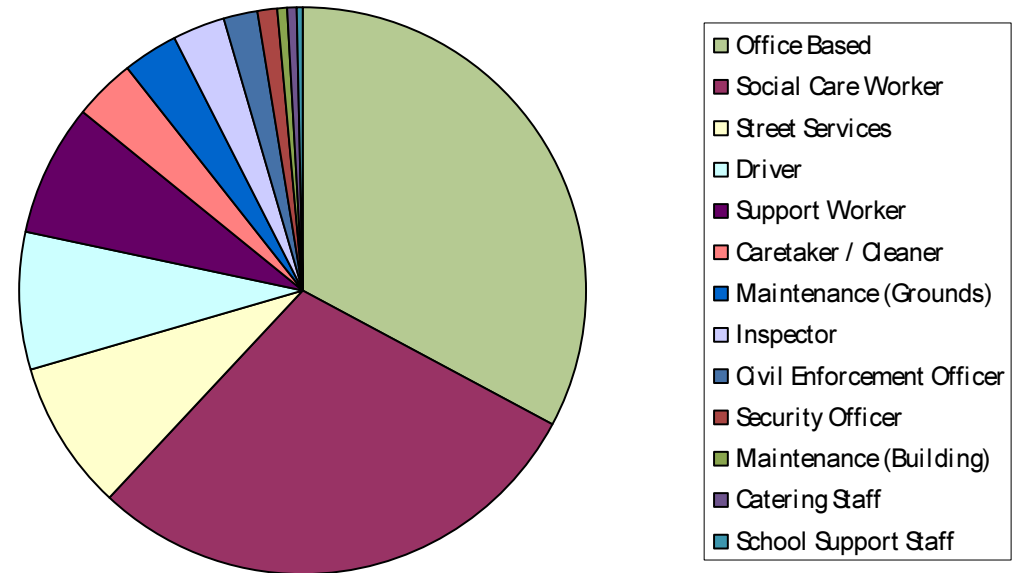
Excluding Children's services, the overall employee figure for Quarter 1 to 4 – 2011 (196), which is 39% lower than Quarter 1 to 4 - 2010 (141). Reportable accidents for Quarter 1 to 4 – 2011 (25), which is the same as Quarter 1 to 4 - 2010 (25).

Total Employee Reportable and Non – Reportable Accidents by Occupation Q1 – 2010 to Q4 – 2011 – Excluding Children Services

Occupation	No.	%
Office Based	110	32.64%
Social Care Worker	99	29.38%
Street Services	29	8.61%
Driver	26	7.72%
Support Worker	25	7.42%
Caretaker / Cleaner	12	3.56%
Maintenance (Grounds)	11	3.26%
Inspector	10	2.97%
Civil Enforcement Officer	7	2.08%
Security Officer	3	0.89%
Maintenance (Building)	2	0.59%
Catering Staff	2	0.59%
School Support Staff	1	0.30%
Grand Total	337	100.00%

77

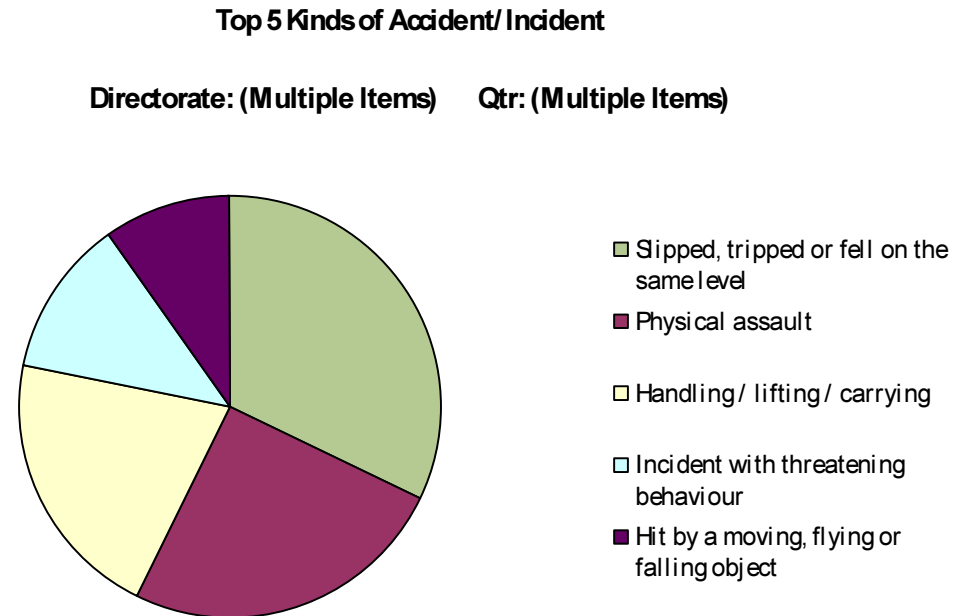
Accidents/ Incidents by Occupation
 Directorate: (Multiple Items) Qtr: (Multiple Items)



In Q1 to Q4 – 2010 the statistics showed that Social Care Workers had the highest number of accidents (69). In Q1 to Q4 – 2011 office based staff had the highest number of accidents (51).

Total Employee Reportable and Non – Reportable Accidents by Type Q1 – 2010 to Q4 – 2011 – Excluding Children Services

	Data ▼	
Kind of accident/incident ▼	No.	%
Slipped, tripped or fell on the same level	66	32.35%
Physical assault	51	25.00%
Handling / lifting / carrying	42	20.59%
Incident with threatening behaviour	25	12.25%
Hit by a moving, flying or falling object	20	9.80%
Grand Total	204	100.00%



78

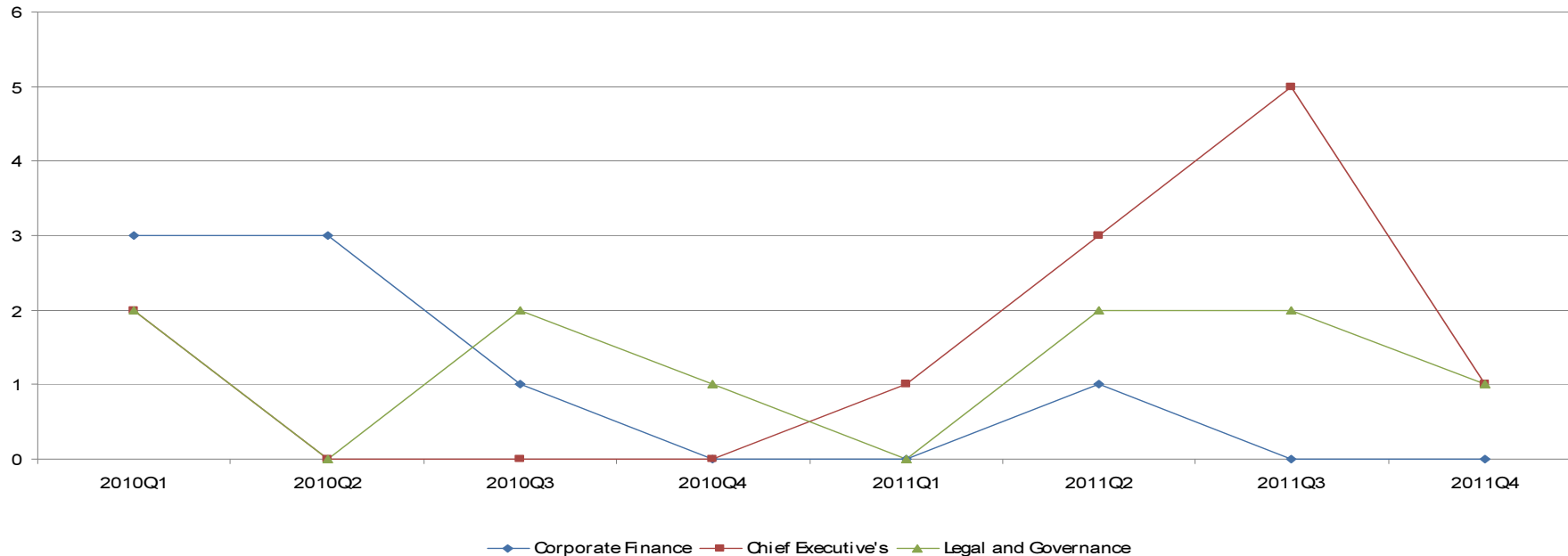
In Q1 to Q4 – 2011 the statistics showed that the most common accidents were slips, trips and falls on the same level (34). In Quarter 1 to 4 – 2010, slips, trips and falls were also implicated in 32 accidents.

The Combined Safety Group Q1 – 2010 to Q4 - 2011

Quarter	Corporate Finance	Chief Executive's	Legal and Governance	Grand Total
2010Q1	3	2	2	7
2010Q2	3	0	0	3
2010Q3	1	0	2	3
2010Q4	0	0	1	1
2011Q1	0	1	0	1
2011Q2	1	3	2	6
2011Q3	0	5	2	7
2011Q4	0	1	1	2
Grand Total	8	12	10	30

79

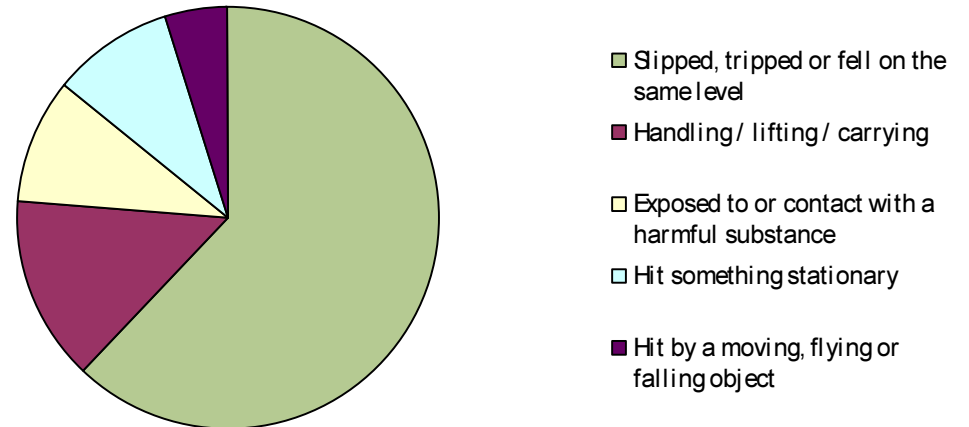
Number of Accidents/ Incidents by Quarter



The Combined Safety Group Accidents by Type Q1 – 2010 to Q4 - 2011

	Data ▼	
Kind of accident/incident ▼	No.	%
Slipped, tripped or fell on the same level	13	61.90%
Handling / lifting / carrying	3	14.29%
Exposed to or contact with a harmful substance	2	9.52%
Hit something stationary	2	9.52%
Hit by a moving, flying or falling object	1	4.76%
Grand Total	21	100.00%

Top 5 Kinds of Accident/ Incident
 Directorate: (Multiple Items) Qtr: (Multiple Items)



08

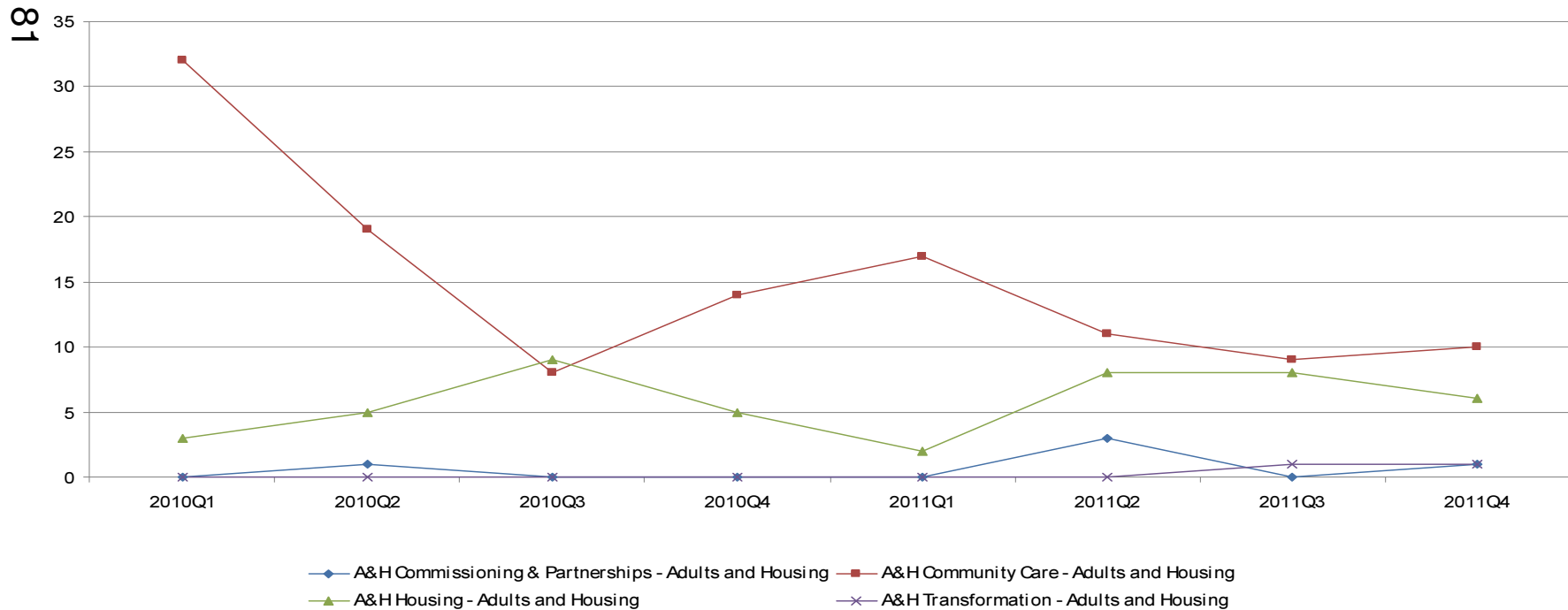
The overall employee figure for Quarter 1 to 4 – 2011 (16), is 10% higher than Quarter 1 to 4 - 2010 (14)

In Q1 to Q4 – 2011 and Quarter 1 to 4 – 2010, the statistics showed that the most common accidents were office based.

Adults & Housing Q1 – 2010 to Q4 – 2011

Adults & Housing					
Quarter	A&H Commissioning & Partnerships	A&H Community Care	A&H Housing	A&H Transformation	Grand Total
2010Q1	0	32	3	0	35
2010Q2	1	19	5	0	25
2010Q3	0	8	9	0	17
2010Q4	0	14	5	0	19
2011Q1	0	17	2	0	19
2011Q2	3	11	8	0	22
2011Q3	0	9	8	1	18
2011Q4	1	10	6	1	18
Grand Total	5	120	45	2	173

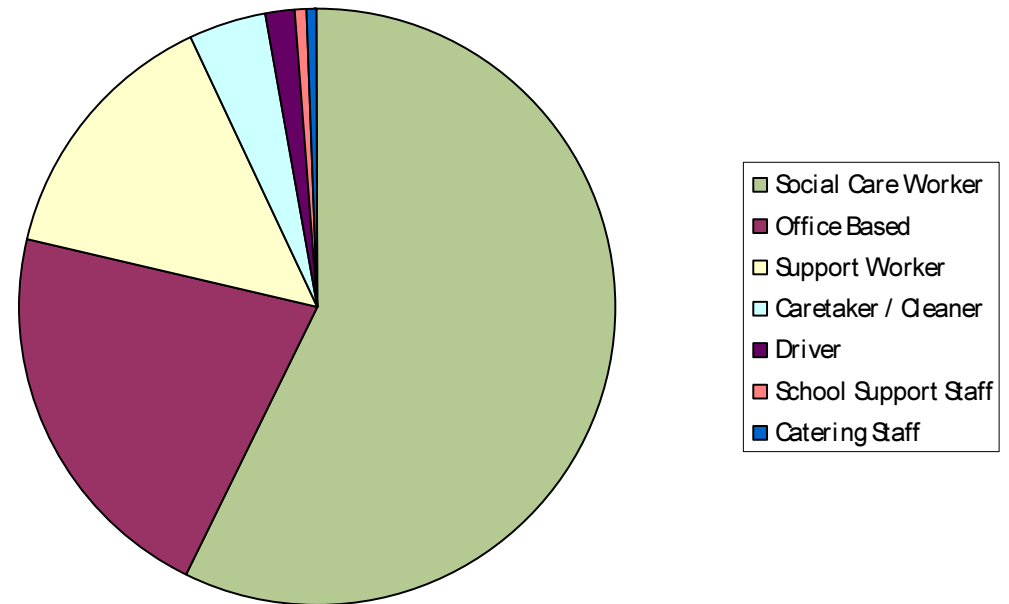
Number of Accidents/ Incidents by Quarter



Adults and Housing Accidents by Occupation Q1 – 2010 to Q4 – 2011

Occupation	No.	%
Social Care Worker	99	57.23%
Office Based	37	21.39%
Support Worker	25	14.45%
Caretaker / Cleaner	7	4.05%
Driver	3	1.73%
School Support Staff	1	0.58%
Catering Staff	1	0.58%
Grand Total	173	100.00%

Accidents/ Incidents by Occupation
 Directorate: Adults and Housing Qtr: (Multiple Items)



82

The overall employee figure for Quarter 1 to 4 – 2011 (77) is 24% lower than Quarter 1 to 4 - 2010 (96).

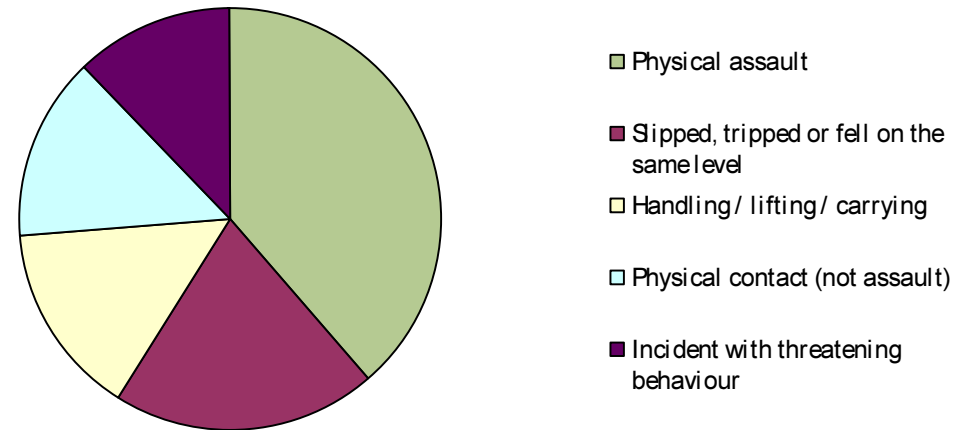
In both years, Social Care Workers had the highest number of accidents. Quarter 1 to Quarter 4 - 2011 (69), compared to Quarter 1 to 4 - 2010 (30).

Adults and Housing Top 5 Accidents by Type Q1 – 2010 to Q4 – 2011

	Data	
Kind of accident/incident	No.	%
Physical assault	44	38.60%
Slipped, tripped or fell on the same level	23	20.18%
Handling / lifting / carrying	17	14.91%
Physical contact (not assault)	16	14.04%
Incident with threatening behaviour	14	12.28%
Grand Total	114	100.00%

Top 5 Kinds of Accident/ Incident

Directorate: (Multiple Items) Qtr: (Multiple Items)



83

The Adults Learning Disability Day Service has been included in all the figures above. These figures are also shown separately overleaf.

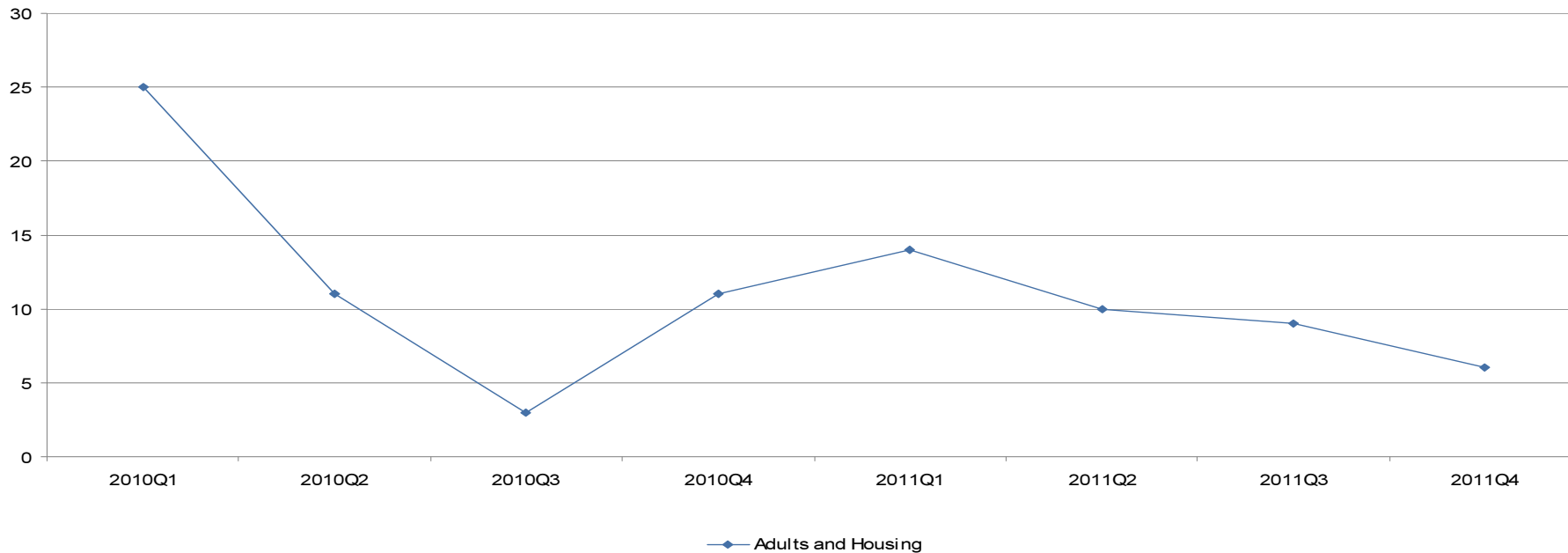
The statistics showed that in both years physical assault was the most common accident by type. In Q1 to Q4 – 2011 (29) and Quarter 1 to 4 – 2010 (15), which is a decrease of 28%.

Adults - Learning Disability Day Service (LDDS) Q1 – 2010 to Q4 – 2011

LDDS	
Quarter	Grand Total
2010Q1	25
2010Q2	11
2010Q3	3
2010Q4	11
2011Q1	14
2011Q2	10
2011Q3	9
2011Q4	6
Grand Total	89

84

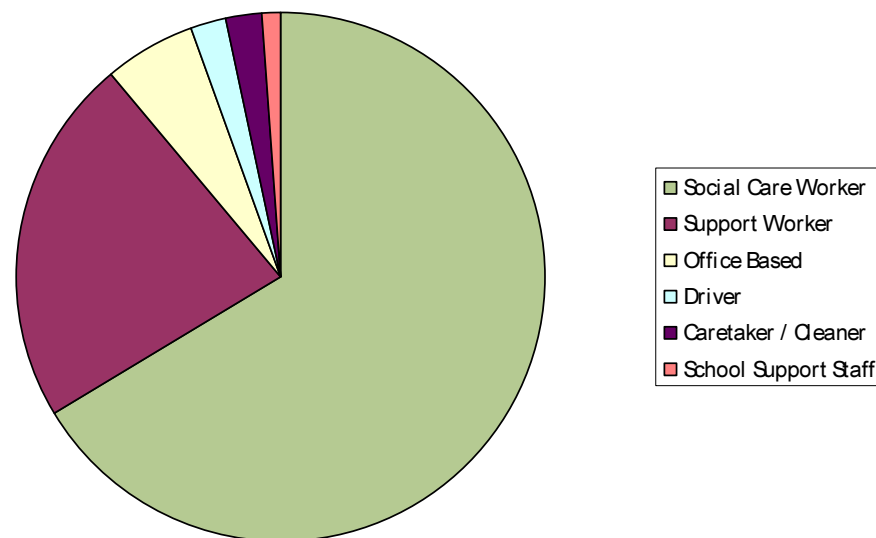
Number of Accidents/ Incidents by Quarter



Adults – LDDS Accidents by Occupation Q1 – 2010 to Q4 - 2011

Occupation	No.	%
Social Care Worker	59	66.29%
Support Worker	20	22.47%
Office Based	5	5.62%
Driver	2	2.25%
Caretaker / Cleaner	2	2.25%
School Support Staff	1	1.12%
Grand Total	89	100.00%

Accidents/ Incidents by Occupation
 Directorate: Adults and Housing Qtr: (Multiple Items)



85

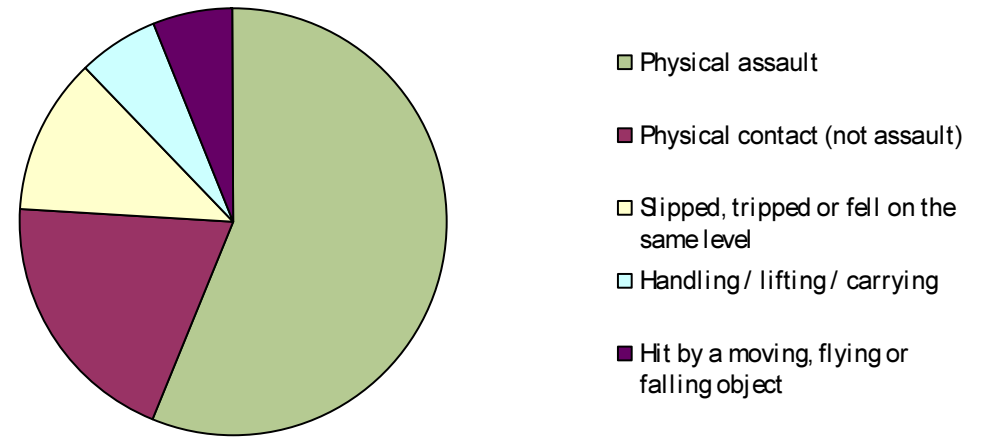
The overall employee figure for Quarter 1 to 4 – 2011 (39) is 28% lower than Quarter 1 to 4 - 2010 (50).

In both years, Social Care Workers had the highest number of accidents by occupation, which shows a decrease for Quarter 1 to 4 – 2011 (18), compared to Quarter 1 to 4 - 2010 (41).

Adults – LDDS Top 5 Accidents by Type Q1 – 2010 to Q4 –2011

	Data	
Kind of accident/incident	No.	%
Physical assault	37	56.06%
Physical contact (not assault)	13	19.70%
Slipped, tripped or fell on the same level	8	12.12%
Handling / lifting / carrying	4	6.06%
Hit by a moving, flying or falling object	4	6.06%
Grand Total	66	100.00%

Top 5 Kinds of Accident/ Incident
 Directorate: (Multiple Items) Qtr: (Multiple Items)



98

Physical assault – an intentional act of violence against another person;

Physical contact (not assault) – unintentional use of force against another person;

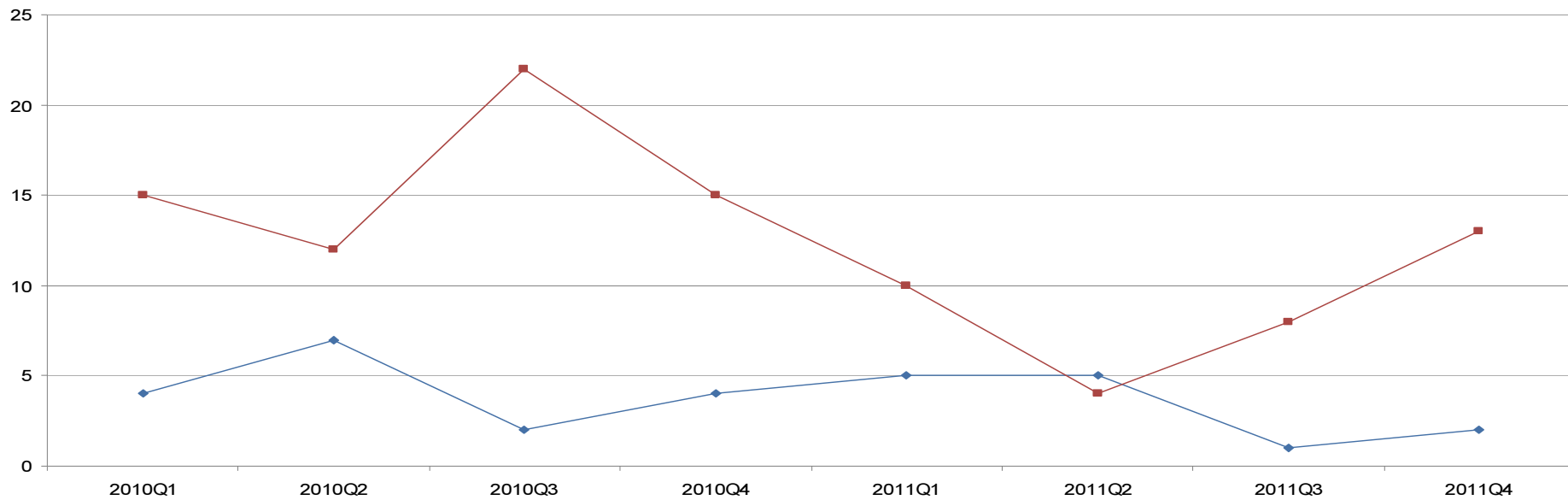
The statistics show that in both years physical assault was the most common accident by type. In Q1 to Q4 – 2011 (13) and Quarter 1 to 4 – 2010 (24), which is a decrease of 45%.

Community & Environment Accidents from Q1 – 2010 to Q4 – 2011

Quarter	CES Community and Cultural Services	CES Environment Services Total	Grand Total
2010Q1	4	15	19
2010Q2	7	12	19
2010Q3	2	22	24
2010Q4	4	15	19
2011Q1	5	10	15
2011Q2	5	4	9
2011Q3	1	8	9
2011Q4	2	13	15
Grand Total	30	99	129

Number of Accidents/ Incidents by Quarter

87

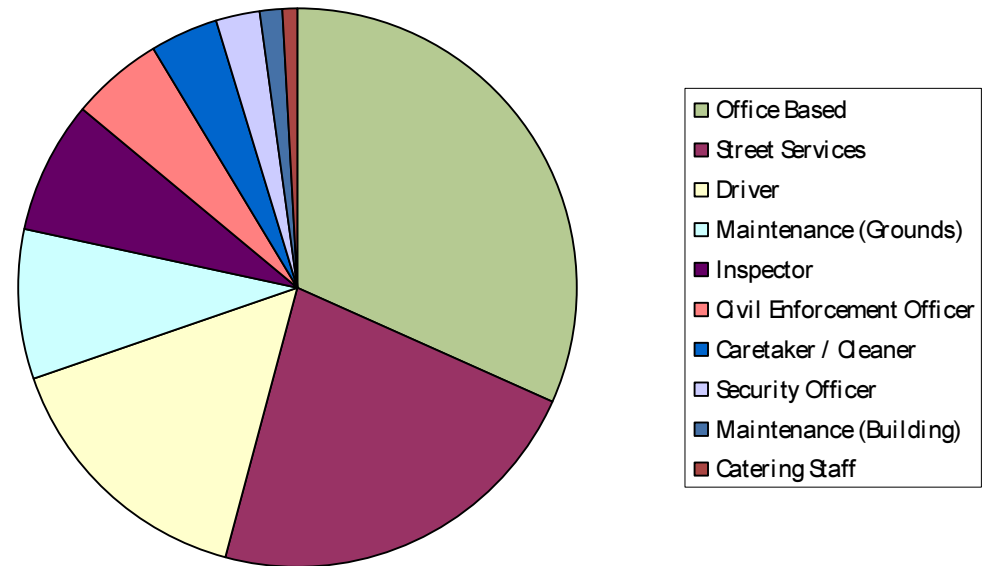


—◆— CES Community and Cultural Services - Community & Environment Services —■— CES Environment Services - Community & Environment Services

Community & Environment Accidents by Occupation Q1 - 2010 to Q4 – 2011

Occupation	Data	
	No.	%
Office Based	41	31.78%
Street Services	29	22.48%
Driver	20	15.50%
Maintenance (Grounds)	11	8.53%
Inspector	10	7.75%
Civil Enforcement Officer	7	5.43%
Caretaker / Cleaner	5	3.88%
Security Officer	3	2.33%
Maintenance (Building)	2	1.55%
Catering Staff	1	0.78%
Grand Total	129	100.00%

Accidents/ Incidents by Occupation
 Directorate: Community & Environment Services Qtr: (Multiple Items)



88

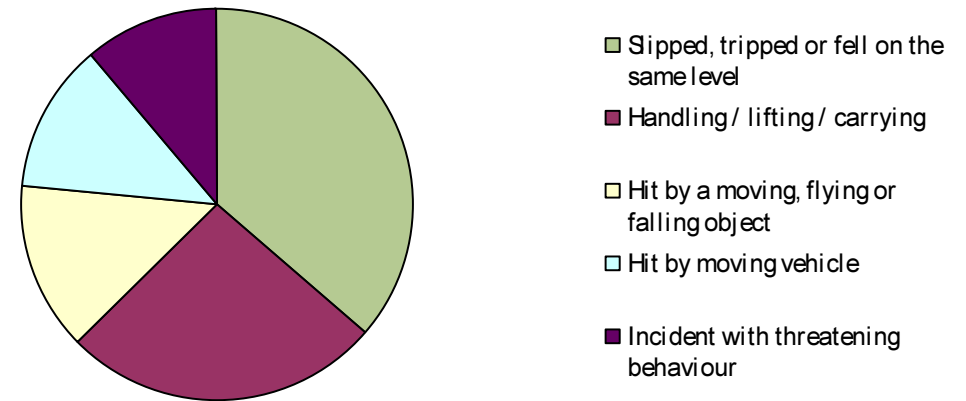
The overall employee figure for Quarter 1 to 4 – 2011 (48) is 39% lower than Quarter 1 to 4 - 2010 (81).

In both years, Office Based Workers had the highest number of accidents by occupation, which shows a decrease for Quarter 1 to 4 – 2011 (12), compared to Quarter 1 to 4 - 2010 (29).

Community & Environment Top 5 Accidents by Type Q1 – 2010 to Q4 – 2011

	Data	
Kind of accident/incident	No.	%
Slipped, tripped or fell on the same level	29	36.25%
Handling / lifting / carrying	21	26.25%
Hit by a moving, flying or falling object	11	13.75%
Hit by moving vehicle	10	12.50%
Incident with threatening behaviour	9	11.25%
Grand Total	80	100.00%

Top 5 Kinds of Accident/ Incident
Directorate: Community & Environment Services **Qtr: (Multiple Items)**



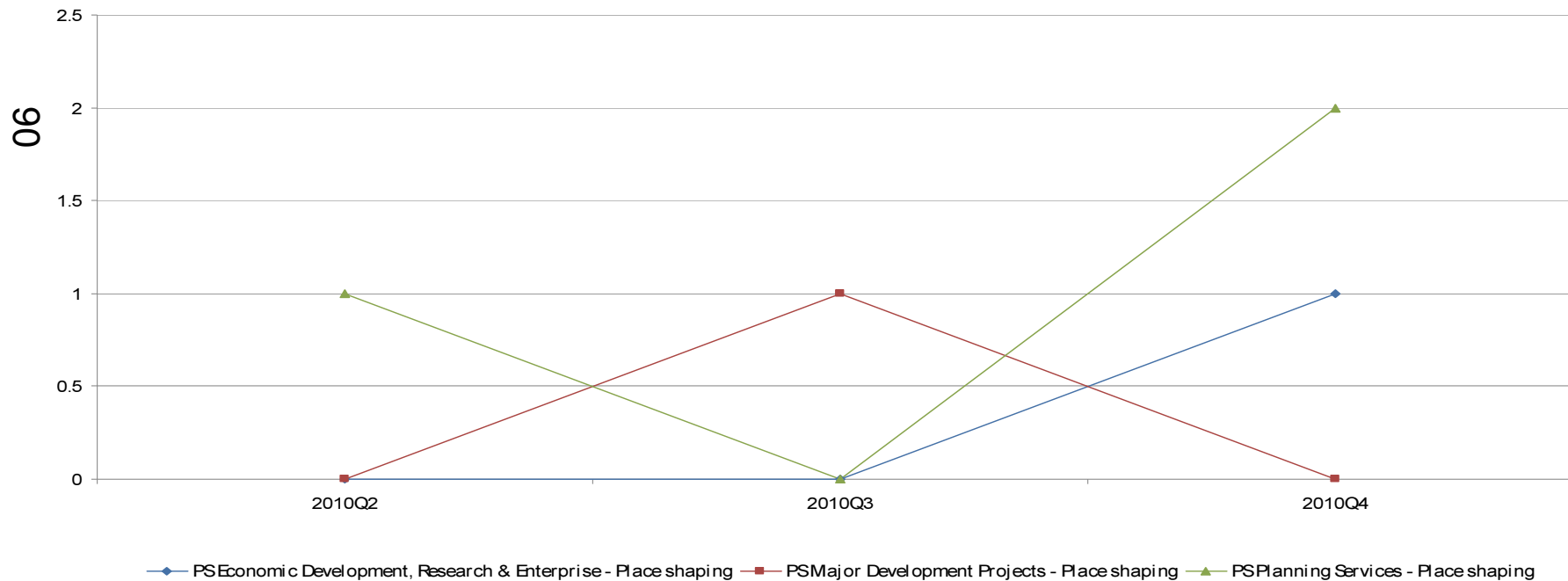
68

The statistics show that in both year's slips, trip and falls on the same level was the most common accident by type. In Q1 to Q4 – 2011 (12) and Quarter 1 to 4 – 2010 (17), which is a decrease of 2%.

Place Shaping Accidents from Q1 – 2010 to Q4 – 2011

	PS Economic Development, Research & Enterprise	PS Major Development Projects Total	PS Planning Services Total	Grand Total
Quarter				
2010Q2	0	0	1	1
2010Q3	0	1	0	1
2010Q4	1	0	2	3
Grand Total	1	1	3	5

Number of Accidents/ Incidents by Quarter

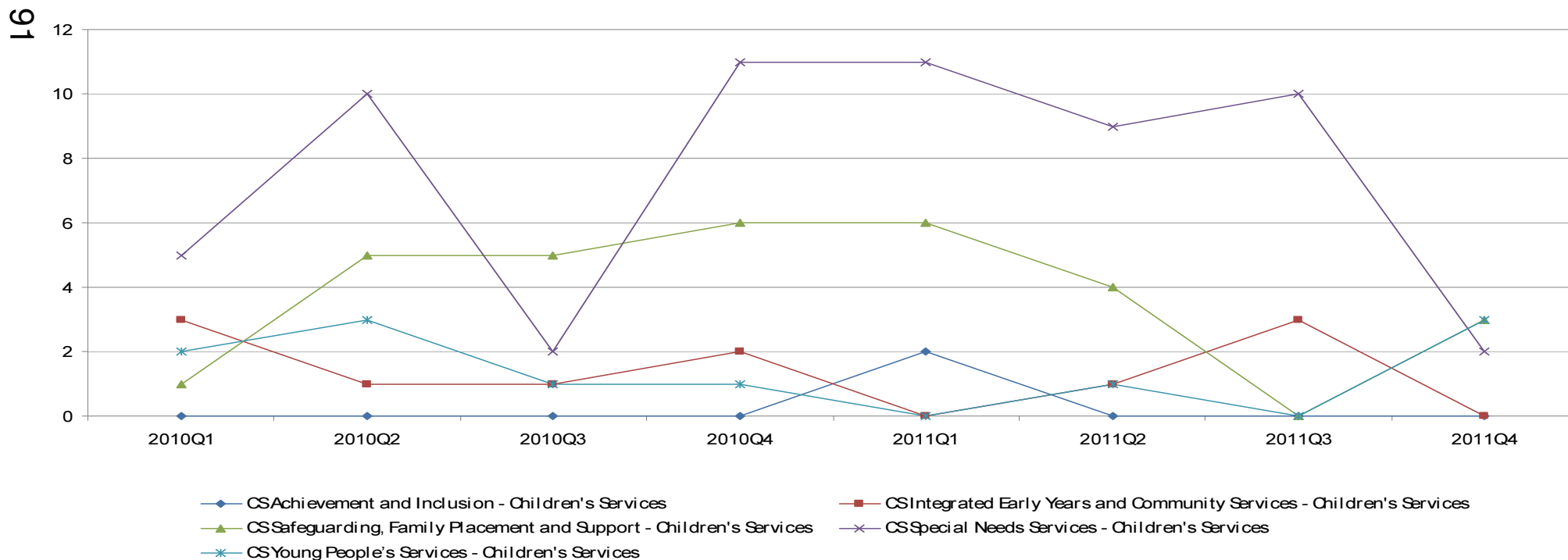


There were no accidents reported by Place Shaping in Q1 to Q4 - 2011 (0) compared to Q1 to Q4 – 2010 (5), which is a decrease of 100%.

Children's Services – Excluding CS Schools – 2010 to Q4 – 2011

Quarter	CS Achievement and Inclusion	CS Integrated Early Years and Community Services	CS Safeguarding, Family Placement and Support	CS Special Needs Services	CS Young People's Services	Grand Total
2010Q1	0	3	1	5	2	11
2010Q2	0	1	5	10	3	19
2010Q3	0	1	5	2	1	9
2010Q4	0	2	6	11	1	20
2011Q1	2	0	6	11	0	19
2011Q2	0	1	4	9	1	15
2011Q3	0	3	0	10	0	13
2011Q4	0	0	3	2	3	8
Grand Total	2	11	30	60	11	114

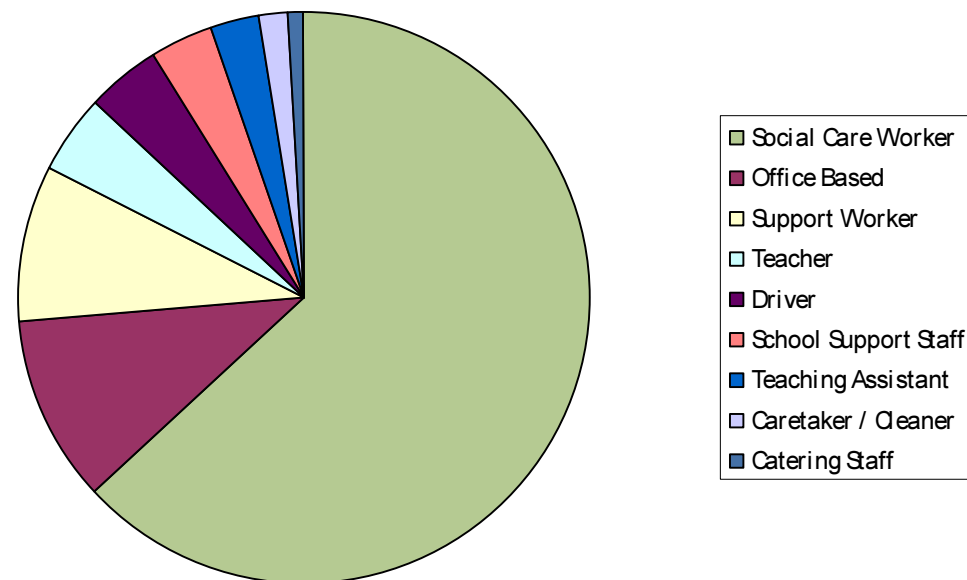
Number of Accidents/ Incidents by Quarter



Children's Services – Excluding CS Schools – Accidents by Occupation Q1 – 2010 to Q4 – 2011

Occupation	No.	%
Social Care Worker	72	63.16%
Office Based	12	10.53%
Support Worker	10	8.77%
Teacher	5	4.39%
Driver	5	4.39%
School Support Staff	4	3.51%
Teaching Assistant	3	2.63%
Caretaker / Cleaner	2	1.75%
Catering Staff	1	0.88%
Grand Total	114	100.00%

Accidents/ Incidents by Occupation
Directorate: Children's Services Qtr: (Multiple Items)



92

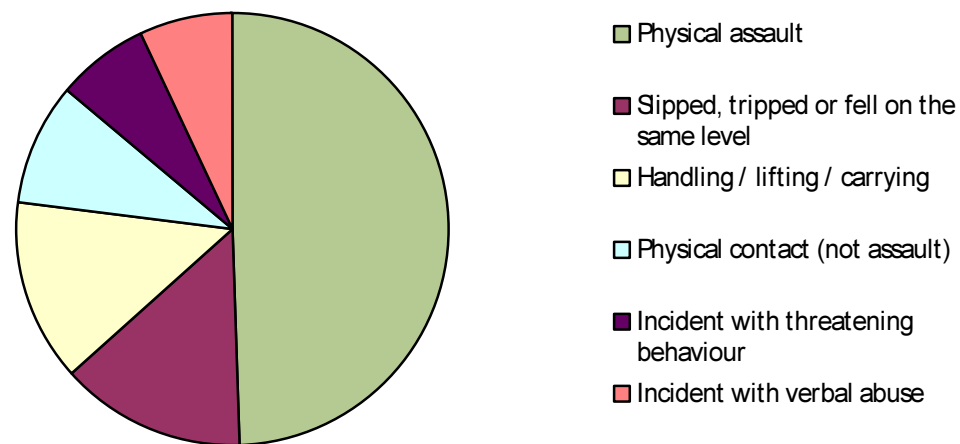
The overall employee accident figure for Children's Services (not including schools) in Quarter 1 to 4 – 2011 (55) is 7% lower than Quarter 1 to 4 - 2010 (59).

In both years, Social Care Workers had the highest number of accidents by occupation Quarter 1 to 4 – 2011 (36), which is the same as Quarter 1 to 4 - 2010 (36).

Children's Services – Excluding CS Schools Accidents by Type Q1 – 2010 to Q4 – 2011

Kind of accident/incident	Data	
	No.	%
Physical assault	43	49.43%
Slipped, tripped or fell on the same level	12	13.79%
Handling / lifting / carrying	12	13.79%
Physical contact (not assault)	8	9.20%
Incident with threatening behaviour	6	6.90%
Incident with verbal abuse	6	6.90%
Grand Total	87	100.00%

Top 5 Kinds of Accident/ Incident
Directorate: Children's Services Qtr: (Multiple Items)



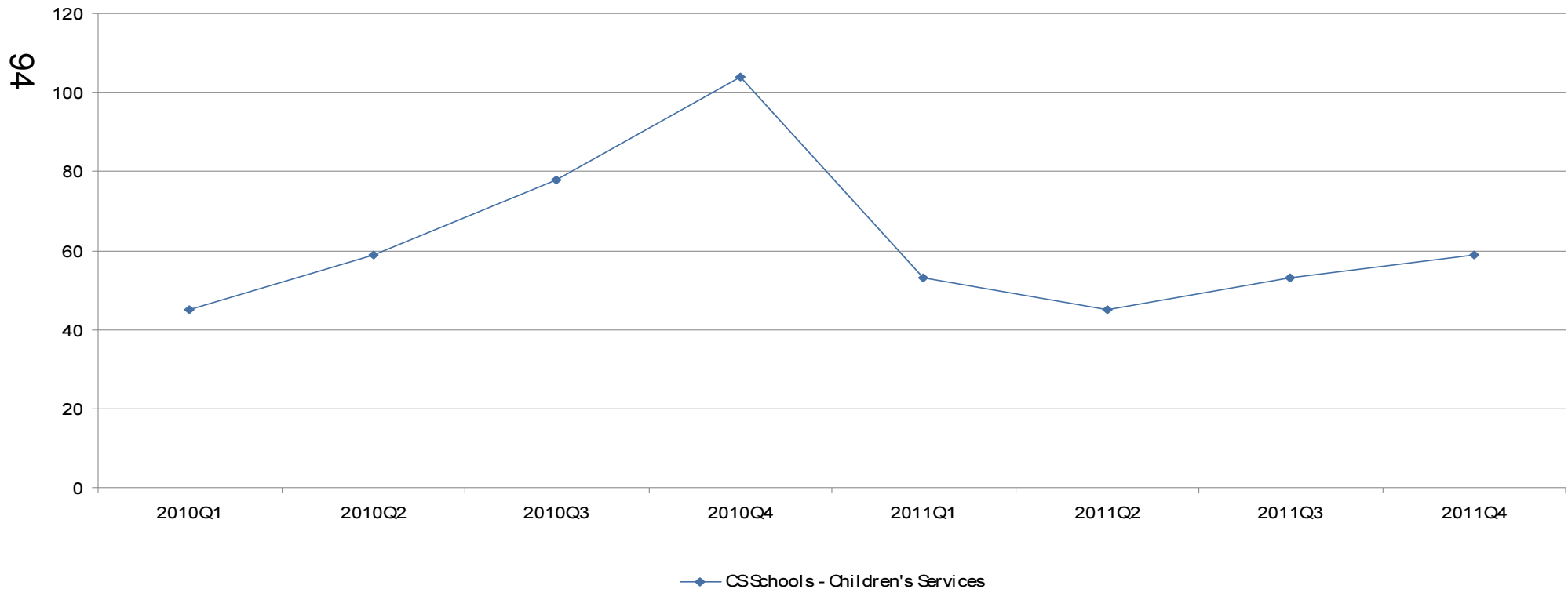
93

The statistics for Children's Services (not including schools), show that in both year's physical assault was the most common accident by type. In Q1 to Q4 – 2011 (23) and Quarter 1 to 4 – 2010 (20), which is an increase of 4%.

Children's Services – CS Schools Q1 2010 – Q4 – 2011

CS Schools	
Quarter	Grand Total
2010Q1	45
2010Q2	59
2010Q3	78
2010Q4	104
2011Q1	53
2011Q2	45
2011Q3	53
2011Q4	59
Grand Total	496

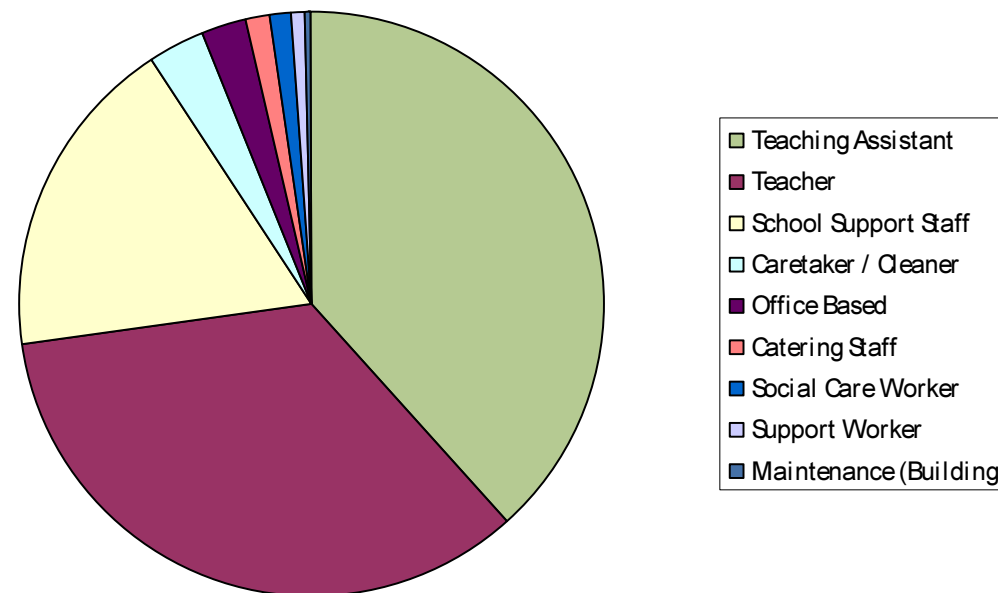
Number of Accidents/ Incidents by Quarter



Children's Services - CS Schools Accident by Occupation Q1 2010 – Q4 – 2011

Occupation	No.	%
Teaching Assistant	190	38.31%
Teacher	171	34.48%
School Support Staff	90	18.15%
Caretaker / Cleaner	15	3.02%
Office Based	12	2.42%
Catering Staff	7	1.41%
Social Care Worker	5	1.01%
Support Worker	5	1.01%
Maintenance (Building)	1	0.20%
Grand Total	496	100.00%

Accidents/ Incidents by Occupation
 Directorate: Children's Services Qtr: (Multiple Items)



95

The overall employee accident figure for Children's Services, Schools in Quarter 1 to 4 – 2011 (210) is 26% lower than Quarter 1 to 4 - 2010 (286).

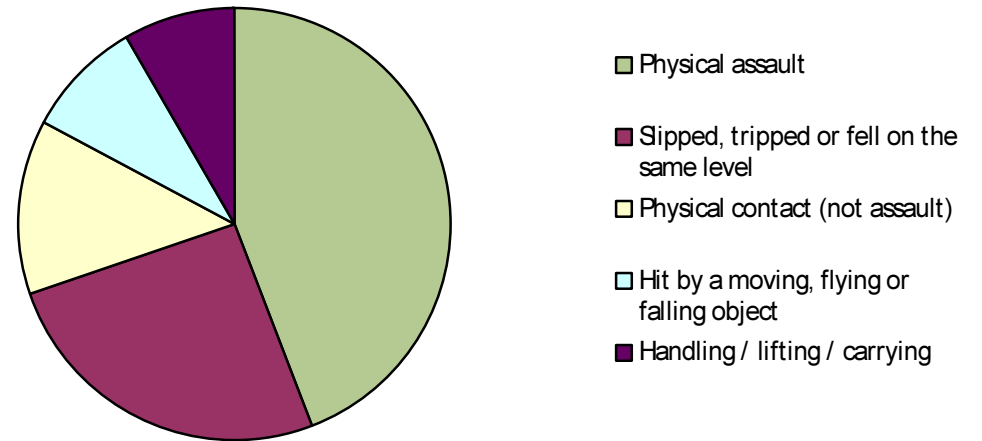
In Quarter 1 to 4 – 2011 (84) Teachers had the highest number of accidents by occupation, in Quarter 1 to 4 - 2010 (113) Teaching assistants had the most accidents by occupation.

The overall employee HSE Reportable accident figure for Children's Services, Schools in Quarter 1 to 4 – 2011 (7) is 72% lower than Quarter 1 to 4 - 2010 (25).

Children's Services - CS Schools Accident by Type Q1 2010 – Q4 – 2011

Kind of accident/incident	Data	
	No.	%
Physical assault	193	44.06%
Slipped, tripped or fell on the same level	112	25.57%
Physical contact (not assault)	57	13.01%
Hit by a moving, flying or falling object	39	8.90%
Handling / lifting / carrying	37	8.45%
Grand Total	438	100.00%

Top 5 Kinds of Accident/ Incident
Directorate: Children's Services Qtr: (Multiple Items)



96

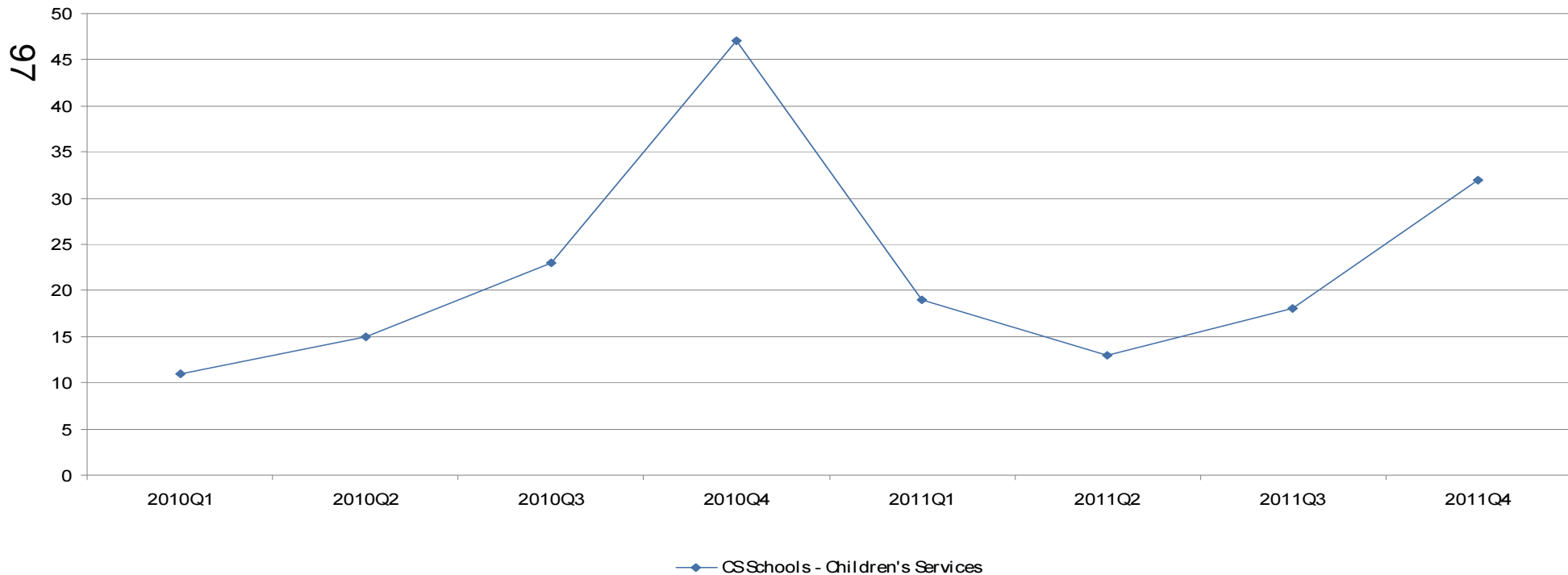
The statistics for Children's Services, Schools, show that in both years' physical assault was the most common accident by type. In Q1 to Q4 – 2011 (71) and Quarter 1 to 4 – 2010 (122), which is a decrease of 36%.

The accidents/incidents that have occurred in special schools (SS) are shown separately overleaf.

Children's Services – Special Schools (SS) Q1 – 2010 to Q4 – 2011

Quarter	Grand Total
2010Q1	11
2010Q2	15
2010Q3	23
2010Q4	47
2011Q1	19
2011Q2	13
2011Q3	18
2011Q4	32
Grand Total	178

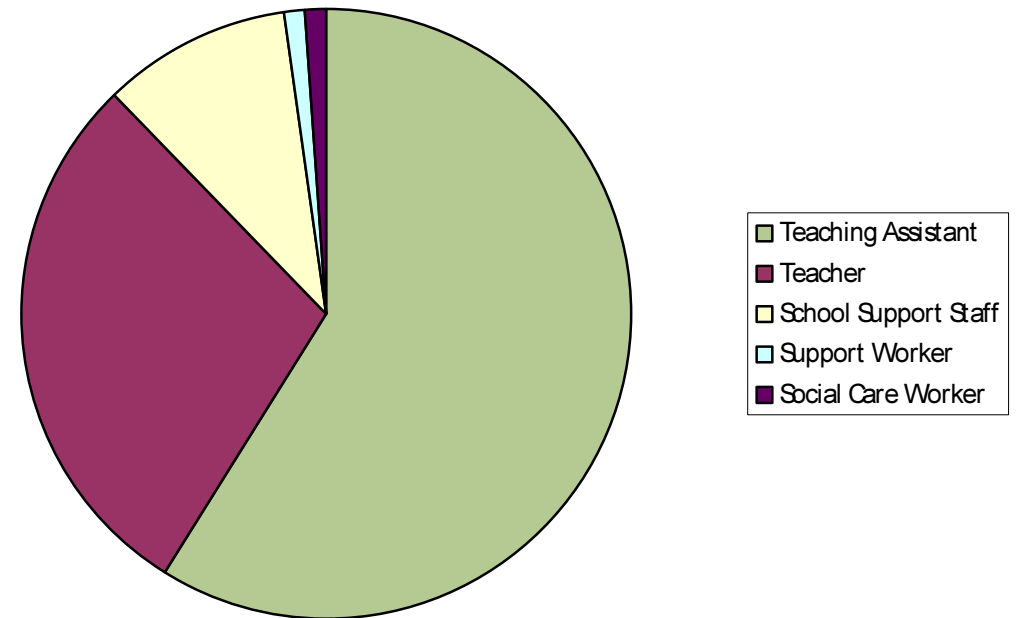
Number of Accidents/ Incidents by Quarter



Children Services – Special Schools (SS) Accidents by Occupation Q1 – 2010 to Q4 – 2011

Occupation	Data	
	No.	%
Teaching Assistant	105	58.99%
Teacher	51	28.65%
School Support Staff	18	10.11%
Support Worker	2	1.12%
Social Care Worker	2	1.12%
Grand Total	178	100.00%

Accidents/ Incidents by Occupation
 Directorate: (Multiple Items) Qtr: (Multiple Items)



86

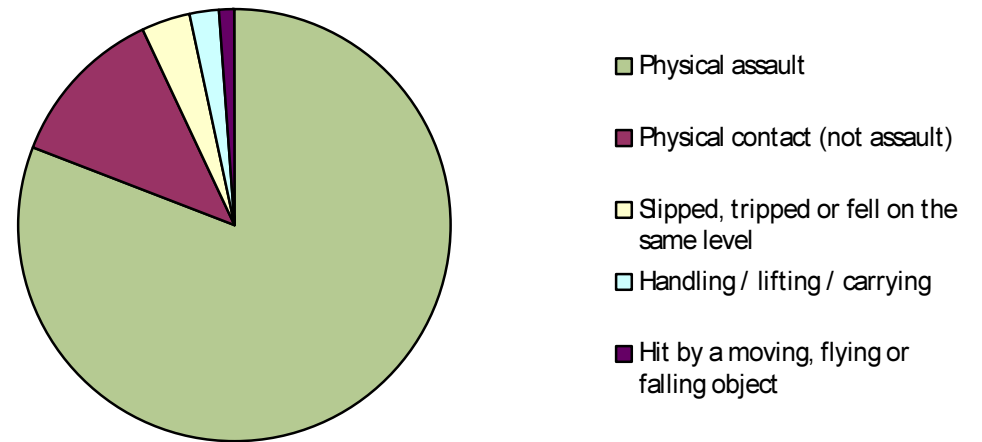
The overall employee accident figure for Children’s Services, Special Schools in Quarter 1 to 4 – 2011 (82) is 15% lower than Quarter 1 to 4 - 2010 (96).

In Quarter 1 to 4 – 2011 (46) Teaching Assistants had the highest number of accidents by occupation, in Quarter 1 to 4 - 2010 (59) Teaching assistants once again had the most accidents by occupation.

Special Schools (SS) Accidents by Type Q1 – 2010 to Q4 – 2011

Kind of accident/incident	Data	
	No.	%
Physical assault	140	80.92%
Physical contact (not assault)	21	12.14%
Slipped, tripped or fell on the same level	6	3.47%
Handling / lifting / carrying	4	2.31%
Hit by a moving, flying or falling object	2	1.16%
Grand Total	173	100.00%

Top 5 Kinds of Accident/ Incident
Directorate: Children's Services Qtr: (Multiple Items)

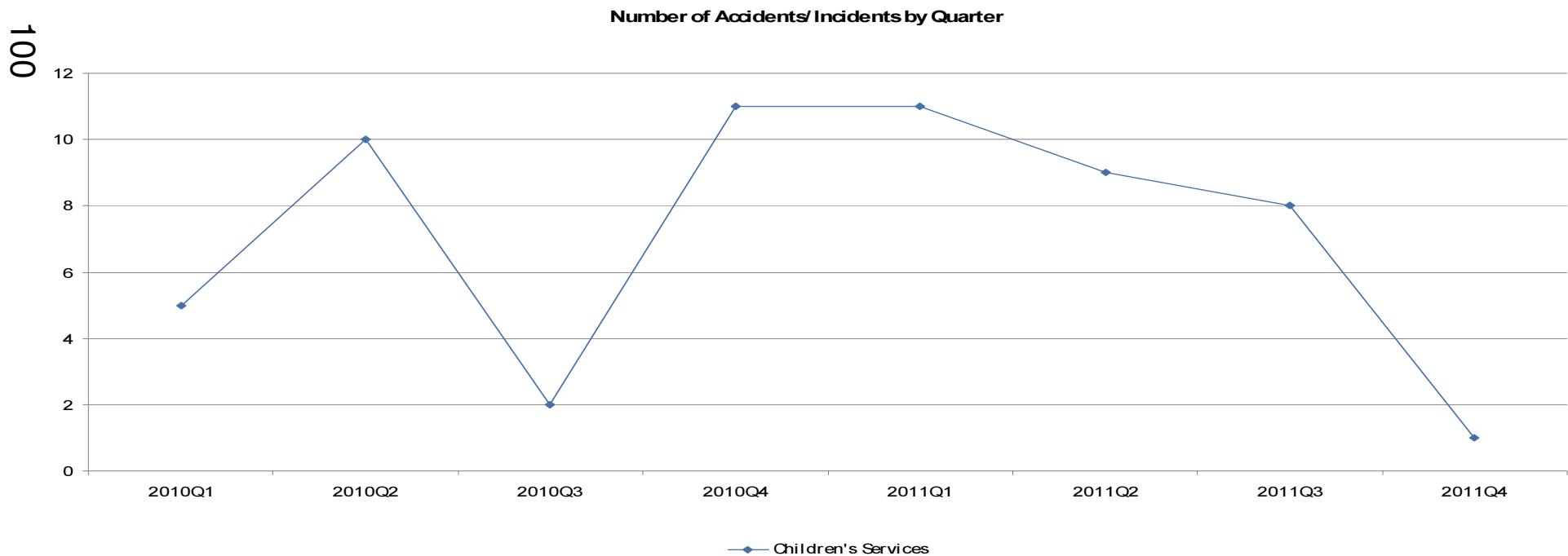


66

The statistics for Children's Services, Special Schools, show that in both years' physical assault was the most common accident by type. In Q1 to Q4 – 2011 (58) and Quarter 1 to 4 – 2010 (83), which is a decrease of 30%.

Children Services – Special Needs Transport (SNT) Accidents Q1 – 2010 to Q4 – 2011

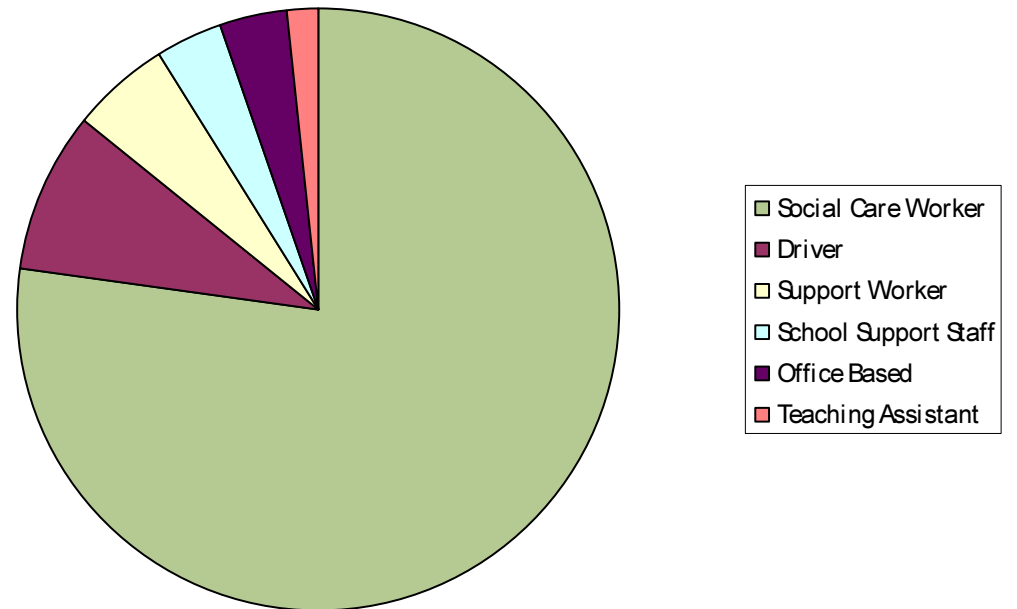
SNT	
Quarter	Grand Total
2010Q1	5
2010Q2	10
2010Q3	2
2010Q4	11
2011Q1	11
2011Q2	9
2011Q3	8
2011Q4	1
Grand Total	57



Special Needs Transport (SNT) Accidents by Occupation Q1 – 2010 to Q4 – 2011

Occupation	No.	%
Social Care Worker	44	77.19%
Driver	5	8.77%
Support Worker	3	5.26%
School Support Staff	2	3.51%
Office Based	2	3.51%
Teaching Assistant	1	1.75%
Grand Total	57	100.00%

Accidents/ Incidents by Occupation
 Directorate: Children's Services Qtr: (Multiple Items)



101

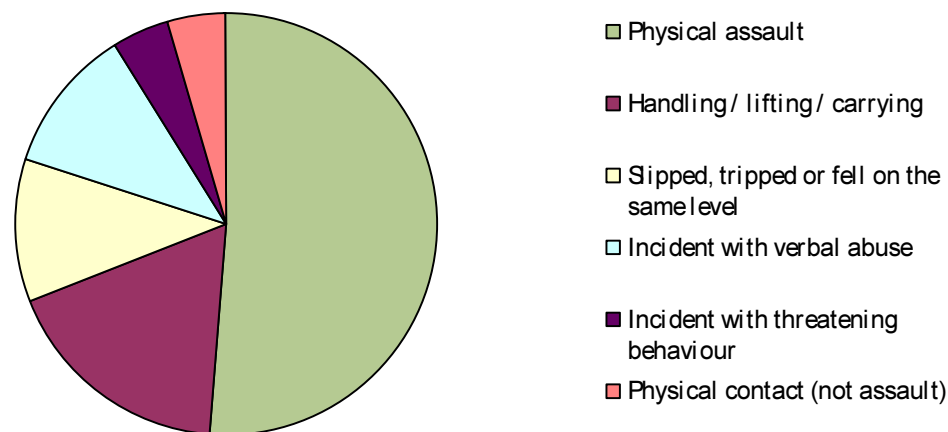
The overall employee accident figure for Children's Services, Special Needs Transport in Quarter 1 to 4 – 2011 (29) is 3% higher than Quarter 1 to 4 - 2010 (28).

In Quarter 1 to 4 – 2011 (25) Social Care Workers had the highest number of accidents by occupation, in Quarter 1 to 4 - 2010 (19) Social Care Workers once again had the most accidents by occupation.

Special Needs Transport Top 5 Accidents by Type Q1 – 2010 to Q4 – 2011

	Data ▼	
Kind of accident/incident ▼	No.	%
Physical assault	23	51.11%
Handling / lifting / carrying	8	17.78%
Slipped, tripped or fell on the same level	5	11.11%
Incident with verbal abuse	5	11.11%
Incident with threatening behaviour	2	4.44%
Physical contact (not assault)	2	4.44%
Grand Total	45	100.00%

Top 5 Kinds of Accident/ Incident
Directorate: Children's Services Qtr: (Multiple Items)



102

The statistics for Children's Services, Special Needs Transport, show that in both years' physical assault was the most common accident by type. In Q1 to Q4 – 2011 (14) and Quarter 1 to 4 – 2010 (10), which is an increase of 28%.

Appendix 2

HEALTH AND SAFETY OBJECTIVES AND TARGETS April 2012 – March 2013 Simon Rice

No.	Objective	Target	Programme	Owner	Start	Status	Finish Date
1	Health & Safety Policy: A Policy needs to be prepared which will reflect the organisation's intention for the management of health and safety.	1.1 Statement of commitment.	1.1.1 Preparation of a statement of commitment towards legislative compliance and continuous improvement in the management of Health and Safety.	SR	June 2011	Complete	Sept 2011
			1.1.2 Statement to be agreed by CHSG, signed by the Chief Executive and issued on the intranet/internet.	CHSG/ML	Sept 2011	Complete	Sept 2011
		1.2 Outline of responsibilities, including all stakeholders.	1.2.1 Responsibilities for health and safety management & members to be drafted for consultation, including details of senior management who will 'champion' health and safety and the scope of responsibilities e.g. SLAs.	SR	June 2011	Complete	Sept 2011
			1.2.2 Responsibilities to be agreed by CHSG & relevant stakeholders and issued on the intranet as part of full policy.	CHSG	Sept 2011	Complete	September 2011
		1.3 Outline of arrangements, including all stakeholders.	1.3.1 Arrangements for health and safety management to be drafted for consultation. This will include risk assessment, training, consultation, emergency arrangements, safe workplaces, first aid, incident reporting etc.	SR	June 2011	Complete	September 2011
			1.3.2 Responsibilities to be agreed by CHSG & relevant stakeholders and issued on the intranet as part of full policy.	CHSG	Sept 2011	Complete	September 2011

2	Organisation. Control	2.1 Establish control over health and safety in the workplace.	2.1.1 Day to day responsibilities for health and safety management from the top to the bottom of the organization to be drafted for consultation. This will include attendance at health and safety meetings, inspection regimes, management of incidents, defining individual responsibilities, compliance checks etc.	SR	Sept 2011	Ongoing	Dec 2011
			2.1.2 Responsibilities, arrangements & compliance checks to be agreed within Directorates and fed back to CHSG & relevant stakeholders	CHSG/SR	Sept 2011	Ongoing	Mar 2012
2	Organisation. Competence	2.2 The establishment of a system that ensures that all employees are capable of doing their work in a proper and safe way.	2.2.1 All services to identify the training needs of their team, including the CPD needs of managers, against the currently available health and safety training and submit needs to the Health & Safety Service	All services	Aug 2011	Ongoing	Dec 2011
			2.2.2 The health and safety service to explore the potential for e-learning	SR	July	Ongoing	April 2011
			2.2.3 The Health and Safety Service to determine the training needs of the organisation and any necessary budget changes, discuss with HR & L&D and submit a programme, including mandatory training & specialist provision of training, to CHSG.	SR	Dec 2011		Mar 2012
			2.2.4 CHSG to assess and endorse the programme.	CHSG	Mar 2012		April 2012
			2.2.5 Programme to be delivered.	SR	Mar 2012		Dec 2012
			2.2.6 Senior Management to determine the arrangements for the provision of professional health and	CSB	April 2011	Complete	Oct 2011

			safety support to the organization.				
2	Organising Communication:	2.3 Establish communication routes for clarity of responsibilities & to ensure changes are communicated quickly throughout organisation	2.3.1 Communication routes for health and safety management to be drafted for consultation. This will include the provision of information and support e.g. monthly health & safety updates, performance & an opportunity to express views and concerns.	SR	June 2011	Complete	Sep 2011
			2.3.2 Communication routes to be agreed by CHSG & relevant stakeholders and issued on the intranet	CHSG	Sept 2011	Complete	Sept 2011
2	Organising Co-operation:	2.4 The formal participation and co-operation of everyone in the workplace in carrying out their Health & Safety responsibilities.	2.4.1 Participation and co-operation mechanisms for health and safety management to be drafted for consultation. This will include the arrangements for health and safety committees and escalation of risks.	SR	Sept 2011	Complete	Sept 2011
			2.4.2 Participation and co-operation mechanisms to be agreed by CHSG & relevant stakeholders, including trade unions, and issued on the intranet	CHSG	Sept 2011	Complete	Sept 2011
3	Planning: Risk Assessment	3.1 All risks with the potential to cause harm have been assessed.	3.1.1 Each service to identify and risk assess the significant risks that are present in its work area and through its work activities and prepare a register for review at Directorate level, together with an action plan to address these issues. Directorate group to undertake a risk mapping exercise to ensure all significant risks have been assessed.	Each Service			June 2012
			3.1.2 The health and safety service to purchase a database tool to upload & monitor risk assessments and provide	SR			June 2012

			training to enable individual services to upload their assessments.				
			3.1.3 Each service to ensure that where control measures are required they have been implemented or if not possible the risks have been escalated to Directorate level.	Each Service	Nov 2011		May 2012
			3.1.4 Where risks are unable to be managed within a directorate, the risks are escalated to Corporate Level	Each Directorate Group	May 2012		August 2012
3	Planning: Policies & Procedures	3.2 Policies & procedures to be developed for the management of all significant risks	3.2.1 All policies & procedures for health and safety management to be reviewed and presented for consultation. This will include any new policies/ procedures identified by the risk assessment process.	SR	April 2011	Ongoing	Sept 2012
			3.2.2 Policies & procedures to be agreed by CHSG & relevant stakeholders and issued on the intranet.	CHSG	April 2011	Ongoing	Sept 2012
4	Monitoring: Pro-active monitoring	4.1 Identify shortcomings in the management of Health & Safety through inspections, checking maintenance records, reviewing work activities etc.	4.1.1 Draft mechanisms for pro-actively monitoring health and safety performance to be presented to CHSG/Directorate Groups for consultation/approval.	SR	Sept 2011	Ongoing	June 2012
			4.1.2 Monitoring arrangements to be implemented.	Directorate	Sept 2011	Ongoing	June 2012
			4.1.3 Monitoring data to be reviewed both corporately and at directorate level.	CHSG/D HSG	Sept 2011	Ongoing	Sept 2012
4	Monitoring: Reactive	4.2 Assess health and	4.2.1 Ensure mechanisms for reporting data are implemented	SR	May 2011	Complete	Sept 2011

	monitoring	safety performance through reactive data such as incident data	throughout Council and the relevant data is analysed.				
			4.2.2 Ensure that the monitoring is reviewed both locally and at Directorate and Corporate level and appropriate remedial action is taken.	CHSG/D HSG	Sept 2011	Complete	Dec 2011
4	Monitoring: KPI's	4.3 Set KPI's e.g. lost time injury rate to benchmark and then set targets for improvement	4.3.1 Draft proposed KPI's for monitoring health & safety performance, including performance board data, to be generated through procured audit tool and presented to CHSG/Directorate Groups for consultation/approval.	SR	Oct 2011		Dec 2011
			4.3.2 Agree targets for improvement and monitor progress.	CHSG			Sept 2012
5	Auditing	5.1 The collation of information on the efficiency, effectiveness and reliability of the total health & Safety Management system and drawing up plans for corrective action	5.1.1 The procurement and introduction of an e-audit tool to assess compliance against legislation and internal policies and procedures.	SR	Jan 2011		July 2012
			5.1.2 Completion of the audit by all services.	SR	June 2011	Ongoing	June 2012
			5.1.3 Commence assessment of the validity of the auditing by the health and safety service (approx 10%)	SR	Sept 2011	Ongoing	April 2012
6	Review	6.1 Assessment of the adequacy of health and safety performance	6.1.1 The generation of annual and half yearly health & safety reports for submission to members and relevant stakeholders.	SR	May & Nov 2012	Ongoing	June & December 2012
			6.1.2 An annual corporate review of health & safety performance.	CSB	June 2012		June 2012

		and determining strategies for remedial action.					
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Key

Green – in progress or on track

Amber – concern, budget, timescale or high risk problems

Grey - complete

Red – failed to achieve timeline or highly likely to fail to achieve timeline

No Fill – yet to be started.

**REPORT FOR: GOVERNANCE, AUDIT &
RISK MANAGEMENT
COMMITTEE**

Date of Meeting:	26 June 2012
Subject:	INFORMATION REPORT - Risk, Audit & Fraud Division Activity Update
Responsible Officer:	Tom Whiting, Assistant Chief Executive
Exempt:	No
Enclosures:	Appendix 1: Risk, Audit & Fraud Draft Service Plan 2012/13 Appendix 2: Olympics Daily reporting arrangements

Section 1 – Summary and Recommendations

This report outlines the current work streams of the Risk, Audit and Fraud group of services.

Recommendations:

The Committee is requested to note the progress across the division.

FOR INFORMATION

Section 2 – Report

Background

- 2.1 This report sets out the progress made and future work planned in respect of the Risk, Audit and Fraud group of services, which the GARM Committee is responsible for monitoring as part of its terms of reference.
- 2.2 The focus of this monitoring is quarter 4 in 2011/12, January to March 2011.

- 2.3 This report does not set out the activity of the Internal Audit or Corporate Health and Safety teams, since both these services have provided 2011/12 full year reports separately on this Committee's agenda.
- 2.4 In terms of monitoring the activities for the current year, for transparency the (draft) Risk, Audit and Fraud divisional service plan is attached at appendix 1 and progress against the plan will be reported to the Committee throughout the year by way of activity reports.

Emergency Planning and Business Continuity Planning

- 2.5 The Civil Contingencies team provide a corporate service delivering Emergency Planning, Business Continuity Planning, and Civil Protection as defined by the Civil Contingencies Act 2004, and is the Counter Terror Link with the Police Service and HM Government.
- 2.6 In Quarter 4 2011/12 the team was busy co-ordinating the council's planning and preparation for the Olympics, which is known as 'Olympic C3 Operations' amongst the emergency services and government agencies involved.
- 2.7 This has included participating in an increasing number of exercises both Pan London and National, including out of hours exercises, working nights and weekends. Members may have seen some of these exercises referred to on the news, including Exercise Fortius and Exercise Altius.
- 2.8 In January and February 2012, the Emergency Planning Team also took part in Exercise Argus and Exercise Griffin at the Police Training College, Hendon. These exercises were part of the Counter Terrorism training in preparation for the Olympics.
- 2.9 In February 2012, "Gold" level strategic management training was delivered to the council's corporate directors, directors and divisional directors, on dealing with a major incident during the Olympics.
- 2.10 In March 2012, a workshop was attended, hosted by CO3 at New Scotland Yard to plan for Survivor Reception Centres in the event of a major incident involving multiple casualties, e.g. 7/7. The team also attended a Pan London briefing at the GLA on the Counter Terrorism response during the Olympics.
- 2.11 Regular operational meetings take place with the Torch Relay Group to assist them in their planning and preparations for when the Olympic Torch comes to Harrow.
- 2.12 20 volunteer staff have been recruited from within the council to help staff the Borough Olympic Co-ordination Centre (BOCC) and the North Zone Borough Grouping Support Unit (BGSU) during the Olympic Period. Training sessions have been delivered for these staff. The BOCC and the BGSU are explained below.

Olympic C3 Operations

- 2.13 This is a complex theatre of operations interlinking local authorities, with multi-agency partners, such as the Police, Fire, Ambulance, Health Service, Transport and National Government.
- 2.14 This theatre of operations is multi-layered at the local level with individual boroughs (BOCC), at the sub-regional level with borough groupings (BGSU), regionally at the London Operating Centre (LOC) and Local Authority Olympic Co-ordination Centre (LAOCC), and nationally at the National Operating Centre (NOC) and Olympic Committee sitting at COBRA.
- 2.15 This Command, Control and Communication (C3) set up is explained in the CSB paper attached at appendix 2 for information.

Business Risk Management

- 2.16 The main activity during the period was progress towards the assurance mapping project.
- 2.17 This is a comprehensive exercise to identify and map out sources of assurance that the organisation received through various means, against the council's strategic risks.
- 2.18 The work is being undertaken to inform a review of assurance / governance to ensure an appropriate framework is in place which is both appropriate for the needs of the council and sufficiently streamlined to avoid duplication.
- 2.19 One aspect of this is leading on a review of the corporate officer groups that currently exist to provide assurance and other business activities.
- 2.20 In tandem with this, the Interim Risk Manager has supported the quarterly process of reviewing the various risk registers to ensure they are still relevant and up to date.

Insurance

- 2.21 During the quarter the main activity was a tender exercise to secure the council's liability and property insurance which was due to expire on 31 March 2012.
- 2.22 The exercise, which was subject to EU procurement legislation, was conducted collectively by the Insurance London Consortium (ILC), which consists of 9 London Boroughs including Harrow.

- 2.23 The exercise was a success and achieved savings for Harrow of £70k per annum guaranteed for at least the next 2 years, with no reduction in the levels or quality of cover.
- 2.24 During the quarter a recruitment exercise also commenced to appoint to the vacant position in the team.
- 2.25 A comprehensive report relating to the council's insurance arrangements was provided to the previous GARMC meeting in March.

Corporate Anti Fraud Team

High level outcomes for quarter 4 in 2011/12

2.26 Benefit fraud

Referrals received - 496
 Closed investigations (cases investigated by Investigation Officers, does not include anything risk assessed out) - 44
 Cautions issued - 2
 Administrative penalties - 6
 Administrative penalties value - £7,826.22 (fines generated)
 Summons issued - 2
 Successful prosecutions - 1
 Overpayments - £68,434.50 (in relation to the above cautions, administrative penalties & prosecution cases)
 DWP overpayments related to joint cases - £26,492.60

2.27 Corporate fraud

Referrals received - 41
 Closed investigations - 28
 Cautions - 7
 Successful prosecutions - 0
 Application for services refused/withdrawn - 4
 Employee dismissals/misconduct activity - 1

Annual summary against planned activity in 2011/12

Deliver 40 Housing/Council Tax Benefit sanctions

- 2.28 The team delivered 49 sanctions which broke down into 6 cautions, 27 administrative penalties, 16 prosecutions and 2 confiscation cases brought under Proceeds of Crime Act 2002 (POCA) action. Recovery of the proceeds of crime in the 2 cases will continue into 12/13 and be determined by the court timetables.

Identify and pursue 4 cases suitable for Proceeds of Crime Act 2002 action and recover 5K

- 2.29 In addition to the above 2 cases that have already been dealt with by the courts for which recovery is awaited, 5 other cases have been

referred for POCA action by the Department for Work & Pensions and Brent Council Financial Trading Standards Financial Investigation Unit and are at various stages of the legal process. It is envisaged that there will be recovery in 12/13 in excess of the 5K planned for 11/12.

Draft a revised protocol for managers to follow in cases where illegal working is identified

2.30 This was complete in early 11/12 and circulated as appropriate.

LEAN review of fraud investigation acceptance gateway

2.31 This piece of work struggled to gather any momentum to due to MI issues with the fraud management system. However, an alternative approach was adopted working with the LEAN team which has been able to focus on a number of key areas within the CAFT where efficiencies are achievable. The areas are:-

- Increased automation of CAFT processes (technology integration and scanning)
- Improved channel migration of customer contact to the web
- Reducing processing bottlenecks at fraud referral stage
- Improving the fraud referral risk assessment matrix
- Reducing management review times of potential sanctionable cases
- Reducing prosecution timescales working alongside Legal Services on a further LEAN review
- Reviewing case closure categories so as to achieve recognition not currently being identified.

2.32 It is envisaged that changes will be implemented early in 12/13 so that results will be evident in year to reduce the investigation lifecycle on cases and improve the success conversion rates.

Identify and investigate high risk cases from the National Fraud Initiative (NFI) in a timely manner

2.33 The initial data sift of the 3,752 Housing/Council Tax Benefit matches were complete and a number of cases identified for further more detailed investigation work. To date overpayments amounting to £175,864.73 have been raised and these are now with Investigation Officers for full investigation.

2.34 The Audit Commission and Deloitte met with the Corporate Anti-Fraud Service Manager in February 2012 and they were satisfied that overall progress on the exercise by the authority was of a good standard aside from a few areas. An action plan was agreed for these areas and this was cleared on 15 March 2012.

Identification of 10 housing tenancies subject to misuse

2.35 This was successfully delivered following the recruitment of an Investigation Officer in January 2011 recruited to focus 50% of his time on this area. In all, 9 Council properties were identified and

possession obtained by the tenant terminating the tenancy when faced with overwhelming evidence of subletting/non occupation. 1 of the cases also involved a prevention of a fraudulent Right to Buy which had it been approved and processed, would have meant a tenancy being lost to the council stock permanently. 1 further tenancy re-possession was obtained by a Registered Provider (RP's) following evidence being handed to them by work undertaken by the officer.

- 2.36 Further grant funding has been obtained for 12/13 to continue with this project although the officer will be working on housing fraud cases for 80% of his time, thus the target will be increased accordingly.
- 2.37 The Audit Commission estimate that the repossession of a social housing unit in England and Wales saves the affected authority in the region of £18,000 per tenancy as this is the cost of keeping a family in temporary accommodation (whilst the unit is being misused).

Blue badge proactive fraud drives in conjunction with Councils 'Weeks of Action' programme

- 2.38 Four blue badge fraud operations were undertaken in each quarter in 11/12 in partnership with the borough's Safer Neighbourhood Teams and Parking enforcement. Over the four operations, 48 badges were seized from individuals suspected of misusing them. All were interviewed and where there was evidence of misuse, either cautioned or prosecuted and the badges returned to the issuing authority.

Fraud risk sample of Direct Payment (DP) cases

- 2.39 A fraud audit of a sample of cash personal budget cases was commenced during the year but not complete mainly due to the difficulty in obtaining monitoring data. The objective of the sample was to identify fraud and irregularity in live cash personal budgets where the authority was allocating funds to an individual to purchase their own care.
- 2.40 An original sample of 15 cases was selected but of these, only 1 individual had ever returned a monitoring form to the Council illustrating what the funds were being spent on. Slowly but surely the monitoring forms were returned and in total 12 out of the original 15 were provided. The 3 individuals not providing the forms were visited by CAFT officers and these were returned a few weeks later. Checks were undertaken to provide assurance that the funds were being spent correctly and that bank statements reconciled with payslips/invoices produced.
- 2.41 There are at present 4 live investigations into suspected misappropriation of funds involving personal budgets which will continue into 12/13. One case alone involves the misuse of funds in the region of £10,500 and another involved an applicant that passed away sometime ago whilst the payments continued to a third party budget holder. The sample work has fostered a close working

relationship between Reablement and the CAFT and a number of recommendations have been made to improve the process.

Fraud risk sample of employment / recruitment fraud

- 2.42 A fraud audit of a sample of new employees to the authority was undertaken for the month of April 2011 with a view to identifying employees with no right to work or were linked in some way to other types of fraud affecting the public sector such as benefit fraud or single person discount fraud.
- 2.43 A list of 131 new starters was provided and checked to see if there was evidence of 'right to work' documentation held on file. All were found to have provided proof of their right to work documentation which provides a level of assurance that our recruitment processes are robust. For the employees declared as residing within the borough, 14 were found to be claiming housing benefit but had declared the commencement of their work so there were no issues of housing benefit fraud.

Review and shape corporate fraud e-learning tool with CAFT input

- 2.44 This piece of work was not undertaken due to resource issues on the team. It will be carried over to 12/13 to complete.

Full year summary of high level outcomes in 2011/12

2.45 Benefit fraud

Referrals received - 876
Closed investigations (cases investigated by Investigation Officers, does not include anything risk assessed out) - 120
Cautions issued - 6
Administrative penalties - 27
Administrative penalties value - £36,398.76 (fines generated)
Summons issued - 17
Successful prosecutions - 16
Overpayments - £552,381.3 (in relation to the above cautions, administrative penalties & prosecution cases)
DWP overpayments related to joint cases - £218,980.73

2.46 Corporate fraud

Referrals received - 132
Closed investigations - 102
Cautions - 29
Successful prosecutions - 2
Application for services refused/withdrawn - 16
Employee dismissals/misconduct activity - 1

Information Management

- 2.47 One of the proposals submitted to the Commissioning Panels during the Autumn of 2011 was an efficiency of 1 F.T.E as a result of merging the information management team from the Risk, Audit and Fraud Division with the IT Client Team in Customer services.
- 2.48 This was scheduled to take place for April 2012 and therefore a key work stream during Q4 was to progress this.
- 2.49 The merger took place on schedule and the saving has been delivered although the reduction of 1 member of staff was delayed until May in order to complete the required HR processes and manage the transition smoothly with stakeholders.
- 2.50 The displaced employee was successfully redeployed into another role within the Resources directorate.
- 2.51 During the quarter the corporate information asset register was updated and support was provided to a number of services in response to security breaches. This is a key area of focus for the Information Commissioners Office (ICO) who have issued significant monetary penalties to public bodies in the recent past.

Section 3 – Further Information

- 3.1 None.

Section 4 – Financial Implications

- 4.1 The work of the Risk, Audit and Fraud division is carried out within the budget available and supports the achievement of financial objectives across the council.

Section 5 – Corporate Priorities

- 5.1 Collectively the division contributes to the delivery of all the corporate priorities through supporting the council as a whole to achieve their targets and objectives.

Name: Steve Tingle	<input checked="" type="checkbox"/>	On behalf of the Chief Financial Officer
Date: 11 June 2012		

Section 6 - Contact Details and Background Papers

**Contact: David Ward Tel: 020 8424 1781
david.ward@harrow.gov.uk**

Background Papers: None

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SERVICE DELIVERY PLAN 2012/13

Risk, Audit & Fraud Division

Divisional Director: Dave Ward

April 2012

CONTENTS

SECTION (Ctrl + click to follow)	PAGE
1.0 Overview of Division	1
2.0 Backward Look - Achievements in 2011/12.....	4
3.0 Forward Look - Contextual Change for 2012/13.....	6
4.0 Strategic Objectives 2012/13.....	7
4.1 What We Will Stop Doing in 2012/13.....	7
5.0 Budget Overview 2012/13.....	8
6.0 Consultation and Engagement.....	9
7.0 Divisional Service Plan.....	10
8.0 Equality Impact Assessment Programme.....	27
9.0 Divisional Performance Scorecard	28

1.0 Overview of Division

The Risk, Audit and Fraud Division is an amalgamation of services in the Chief Executive's Directorate.

It consists of a wide range of functions with a common goal – to effectively support the management of risks across the Council.

Each area of the group deals with risk management, it is the focus that differs:-

- Business and project Risks
- Internal Control Risks
- Health and Safety Risks
- Occupational Health Risks
- Business Continuity Risks
- Emergency Planning Risks
- Insurable Risks
- Fraud Risks
- Corporate Governance Risks

Other than the insurance service, most functions are “back office” whereby our customers are internal to the council, across all directorates including schools.

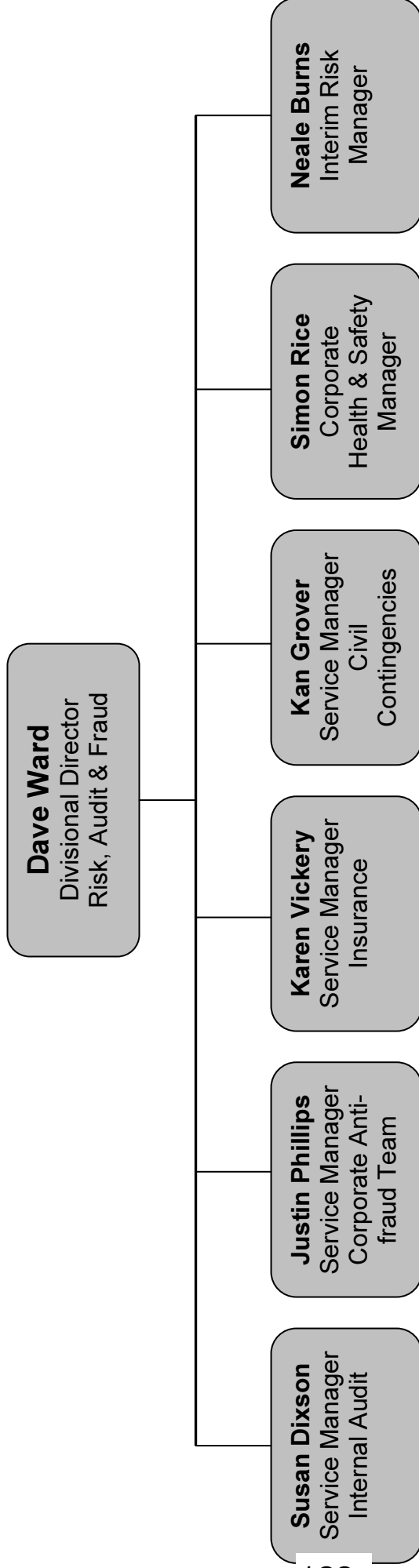
Collectively the work of the Division contributes to the efficiency, effectiveness, governance and capacity of the council as a whole.

The total budget across the division is £4.6m per annum and the current full establishment is 29 F.T.E. staff.

The Risk, Audit & Fraud Division is made up of the following functions:

- Internal Audit Service
- Corporate Anti-Fraud Service
- Insurance Service
- Civil Contingencies Service (Business Continuity & Emergency Planning)
- Health & Safety Service
- Risk Management Service

Divisional Management Team



Backward Look - Achievements in 2011/12

- Internal Audit plan approved and delivered and regular report to GARMC
- AGS and mid / end of year reports prepared and approved and supported CGG
- Contributed to commissioning panel savings proposals
- Core financial systems reviews completed and relied upon by external auditors
- Phase 1 of assurance mapping
- Number of financial investigations including capital improvement plan monitoring
- High profile media and internal publicity on fraud cases
- Housing fraud initiative achieved significant successes
- Successful quarterly Blue Badge operations
- Achieved NFI data analysis exercise
- Benefit fraud targets achieved
- Purchased and rolled out a health and safety online self audit tool
- Agreed and the first year of a two year H&S improvement plan
- Restructured the H&S service
- Developed new accident / incident reporting tool and improved accident analysis reports
- Reinvigorated health and safety governance groups across the council
- Delivered the ERO core subject training programme
- Achieved the LFB emergency planning – minimum standards for London tranche 2 (MSLT2)
- New BECC set up and operational (M19)
- Delivered training at Gold level to CSB / CLG
- Delivered a series of multi-agency and cross council training exercises
- Commenced Olympic planning and training with cross council and multi-agency partners
- Commenced joint working exploration work with Barnet and Ealing council's on business continuity

- Achieved a 30% reduction in the cost of tenants contents insurance through a procurement exercise
- Achieved like for like premium savings of 16% on the property and liability insurance contracts through a procurement exercise
- Negotiated motor insurance premium savings of £110k
- Successfully restructuring the insurance service following a LEAN review
- Supported council services with insurance requirements for Academies services
- Successfully introduced “manage my Requests” to handle FOI and DPA enquiries across the council
- Delivered on-line and classroom based information management awareness training
- Responded to a number of information breaches to support directorate
- Significant progress with information asset registers
- Contributed to successful LEAN review of Iron Mountain records management
-

3.0 Forward Look - Contextual Change for 2012/13

The ... Division must develop plans that are robust to the following changes in our internal and external context:

Context Change	Implications
	<ul style="list-style-type: none"> • Supporting the organisation with complex risks at a time when resources are being reduced • Changing structure – council reorganisation, how we support the new arrangements • Academies – implications for service delivery • New schools financial standards will impact on how internal audit deliver their work to schools • Changing the appointment for external auditors may require support to the GARMC from internal audit • GARMC terms of reference and membership may change as reorganisation takes place • DWP fraud reorganisation initiative will change the way we approach benefit fraud investigation work • Identifying and delivering income through new ways of working and POCA • Responding to the challenges of the government housing fraud initiative • Joint working arrangements with other boroughs • 2012 is an Olympic year which has service implications for the civil contingencies team in particular • Increasing scrutiny (and fines) on information records by the Information Commissioners Office • Introduction of the Public Sector Network (PSN) which we will need to comply with

4.0 Strategic Objectives 2012/13

Deliver the budget savings across the division
Lead the performance & risk workstream of the public health integration project
Supporting the assurance mapping and review of governance groups across the Council
Supporting the integration of services in the new Resources Directorate
Delivering the Academies Relationship Manager function
Review the internal audit strategy for the organisation
Developing and engaging Members particularly through GARMC
Lead support for the GARMC Chair and programme of GARMC meetings
Support the CIPFA review of financial management
Deliver year 2 of the H&S improvement plan, focussing on cultural change
Develop joint working protocols with Ealing / Herts / Others
Support the recovery of statutory property maintenance inspections
Leading on the local Olympic planning with multi agency partners to fit into the Olympic north zone and regional planning
Finalise potential joint working arrangements with neighbouring boroughs including a review of Sunguard
Develop and agree cross council initiatives to mitigate claims costs e.g. tree management

4.1 What We Will Stop Doing in 2012/13

Providing a service to academies where no SLA is purchased
Reduce number of classroom based H&S training, in favour of e-learning
Delivering an IA & H&S service to the academies
Providing an information risk management service

6.0 Consultation and Engagement

This section is new and should include the following:

- An overview of the consultation and engagement carried out in the last year which supports the development of this plan (internal and external) – as a narrative;
- An overview of the main consultation and engagement activity planned for the next year including dates, rationale and what the information is planned to be used for – please set out in the table below:-

Consultation and Engagement Programme for ... Division 2012/13

Consultation or Engagement Activity	Planned start Date	Planned Completion Date	Rationale for the Activity	How is the information planned to be used?	Link to Service Plan Project

7.0 Divisional Service Plan – Health & Safety

Project Number, Name & Description	Expected Outcome	Performance Measures/Milestones	Priority Action?	By Whom (Lead)	By When	Transformation Link	Risk/Dependency	Workforce Implications	Service L&D Implications
Corporate Health & Safety Service 2 year improvement plan	Completion of plan by end of financial year	Dates set in tracker and quarterly reviewed by CHSG	High	Simon Rice	31 st Mar 2013		Resources - restructure	Involves all managers – cultural change	Recruitment & selection
Restructure – team to be in place	New permanent team in place	Internal advert March 2012. External advert (if necessary) April 2012. Interviews Mar/Apr/May. Appointments prior to Oct 2012.	High	Simon Rice	30 th Sept 2012		Need to balance interim staff with appointments for continuity / capacity	Interim staff	Equalities. Recruitment & selection
Provide and assess health and safety training against the requirements of the organisation	Programme in place to deliver organisation's health & safety training needs.	Identification of training needs (Actions from audit results) – May 2012. Review of current delivery of training – May 2012. (annual report) Proposal for future delivery to CHSG – July 2012. Continue to deliver programme in 2012	High	Simon Rice	31 st Dec 2012		Declining take-up, risk of loss of income	Properly trained workforce in relevant H&S matters	None

Risk assessment programme	Each service has identified and risk assessed the significant risks that are present in its work area and through its work activities and prepared a register for review at Directorate level, together with an action plan to address these issues.	Risk assessment programme to be rolled out using SHE software – Dec 2012. Risk assessment review to be conducted in DHSG / CHSG – Q4 meeting Mar 2013.	High	Simon Rice	31 st Dec 2012	Capacity	All managers	None
Continued policy review	Policy programme completed	Dates set in tracker and quarterly reviewed by CHSG	High	Simon Rice	31 st Mar 2013	Capacity	Corporate H&S group	None
Monitoring arrangements	Directorate and Corporate Health & Safety Groups to undertake effective monitoring of health and safety performance & ensure effective escalation of key risks	Agree KPI's e.g accident rates, audit scores, training completed etc at CHSG July 2012. Implement across groups for Oct 2012. Determine targets for 2013/14 – Jan 2013	Medium	Simon Rice	31 st Mar 2013		Directorate & Corporate leads	Performance monitoring / objective setting

Auditing and monitoring management arrangements for Health and Safety	Completion of directorate specific audits by all services together with physical completion of 10% of audits.	Service compliance audits completed by June 2012. 10% verification completed by Oct 2012. Directorate specific audits prepared by Dec 2012. Directorate specific audits completed by Mar 2013. Quarterly review by DHSG & CHSG.	High	Simon Rice	31 st Mar 2013	Dependent upon audit tool completion by managers	None	None
Management Review	The generation of annual and half yearly health & safety reports for submission to members and relevant stakeholders. An annual corporate review of health & safety performance.	Yearly and half yearly reports generated by May and Nov 2012 respectively and submitted to ECF/GARM/Cabinet	High	Simon Rice	31 st Mar 2013	Sound relations with TU's	ECF, GARMC, H&S leads	None
Promotion of health, safety and well being	Series of health promotion throughout 2012/13	Completion of health and safety promotions	Medium	Simon Rice	31 st Mar 2013	Occupational Health service	Santia, Procurement	None

Service Level Agreement	Provision of service to schools that have purchased SLA. Understanding from schools that have not purchased SLA of service that will be provided.	Delivery of service to schools throughout 2012/13 Letter to non SLA schools Apr 2012 explaining legal position.	Medium	Simon Rice	31 st Mar 2013	Dependant on successful transition to improved team	All schools	None
Monitoring and delivery of the Occupational Health Service and the Employee Assistance Programme	Continued delivery of Occ. Health & EAP.	Determine whether or not to remain with Santia –Apr 2012. Service provider in place Sept 2012 for Occ. Health. Service provider in place April 2012 & 2013 for EAP.	High	Simon Rice	Sept 2012 April 2012 & 13	TUPE risks, risk of procurement challenge, service improvement required	Santia, Procurement, A.N. Other provider from September 2012	Procurement knowledge / EU Regs
Support to services throughout Harrow Council through advice and training	Directorate facing health and safety advisers to provide support/ training	Completion of recruitment – Sep 2012.	High	Simon Rice	31 st Mar 2013	Restructure – need to attract quality candidates	None	Business partnering skills
Incident management & the collation of incident data and provision of appropriate statistics	Continued investigation of major incidents and generation of quarterly/ half yearly & yearly incident statistics	Generation of quarterly/ half yearly & yearly incident statistics	High	Simon Rice	31 st Mar 2013	Dependant upon effective management of H&S in all directorates	None	None

Further development in the H & S management of property	Effective landlord model to be implemented and H & S effective audit completion of statutory inspection regime	Audit completion of system Jul 2012 and escalation of key risks.	High	Simon Rice	31 st Mar 2013		Corporate property services	None
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7.0 Divisional Service Plan – Civil Contingencies Service

Project Number, Name & Description	Expected Outcome	Performance Measures/Milestones	Priority Action?	By Whom (Lead)	By When	Transformation Link	Risk/Dependency	Workforce Implications	Service L&D Implications
Deliver the ERO core subject training programme	ERO core subject training	ERO monthly training programme 2012		Kan Grover	Mar 13		ERO attendance	ERO's	Facilitation skills
Achieve the LFB emergency planning – Minimum Standards for London Olympics (MSL(O))	Minimum Standards for London Olympics (MSL(O))	Minimum Standards for London Olympics (MSL(O)) – Review by West London Sub Regional Resilience Forum		Kan Grover / Kimberly Hambly	Jul 12		Dependency on Facilities Management	Facilities Management	None
Set up new BECC and operational test (M19)	New BECC operational	Operational test during London wide Exercise Altius		Kan Grover / Darshna Patel	Jul 12		Dependency on Facilities Management	Facilities Management	None
Deliver training at Gold level to CSB / CLG	CSB & CLG trained at Gold level	CSB & CLG Training session feedback form		Kan Grover	Feb 13		CLG attendance required	CLG & CSB	Facilitation skills
Deliver a series of multi-agency and cross council training exercises	Multi-agency and cross council training exercises	Feedback forms from multi-agency partners at Borough Resilience Forum		Kan Grover / Darshna Patel	Nov 12			Multiple partners & ERO's	None

Commence Olympic planning and training with cross council and multi-agency partners	Olympic planning and training with cross council and multi-agency partners	Feedback forms from multi-agency partners at Borough Resilience Forum		Kan Grover / Darshna Patel	Jul 12		Dependancy on partners and effective national plans. High risk	All nominated responders & volunteers	None
Commence joint working exploration work with Barnet and Ealing council's on business continuity	Explore joint working with Barnet and Ealing council's on business continuity	Notes from meetings with counterparts in Ealing and Barnet		Kan Grover / David Ward	Oct 12			None	None
Lead on the preparation of a multi-agency flood plan for the Environment Agency to link with London and National flood plans	Multi-agency flood plan for Harrow	Accreditation from Environment Agency		Kan Grover / Kimberly Hamby	Apr 12		Capacity during Olympics	None	None

Lead on the local Olympic planning with multi agency partners to fit into the Olympic north zone and regional planning	Local Olympic plans and procedures	Olympic Planning Group minutes and agenda		Kan Grover / John Edwards	Jul 12		High risk	All nominated leads / volunteers	None
Responding to any Olympic major incidents	Respond to an incident during the Olympics	Debrief following an incident		Kan Grover / Darshna Patel	Sep 12		High risk. Dependency on ERO availability over summer hols	ERO's, Corporate Directors, all nominated volunteers, all directorates	None

7.0 Divisional Service Plan – Insurance service

Project Number, Name & Description	Expected Outcome	Performance Measures/ Milestones	Priority Action?	By Whom (Lead)	By When	Transformation Link	Risk/ Dependency	Workforce Implications	Service L&D Implications
Re-tendering of Motor, Terrorism, and Crime insurance, and Engineering Inspection contract through the Insurance London Consortium (ILC)	New contracts in force effective from 1 April 2013	New contracts in force effective from 1 April 2013 Renewal of contracts within current premium expenditure level		KV	1/4/13		Procurement challenge Increased premiums resulting from market hardening	None	None
Leaseholder consultation through the ILC for the re-tendering of leasehold buildings insurance in 2013	Leaseholder approval to enter into contract Compliance with Section 20 Notice of Landlord and Tenant Act 1985	Completion of leaseholder consultation by December 2012		KV	1/4/13		Procurement challenge Increased premiums resulting from market hardening	None	None

Develop cross Council initiative for the mitigation of tree root claims against the Council	Agreed protocol with Community & Environment approved by Cabinet	Responses from Public Realm within agreed timescales Reduction in claims expenditure of 5%	KV	Dec 2012	Increased costs resulting from failure to agree protocol or failure of department to adhere to agreed protocol	None	None
Online claims reporting	Online claims reporting module implemented and rolled out to schools, fleet managers, and other internal departments	Online reporting of claims by schools and internal departments	KV	Sep 2012	Failure to secure support / agreement from Capital and/or Procurement	Reduction in administrative workload in the section	On the job training by JCAD
Marketing drive of Tenant's Contents Insurance Scheme	Increased take up of the scheme by Council tenants	Increase take up of scheme from existing level of 11.5%	Insurance Team	July 2012	Economic climate leads to contraction of existing scheme numbers.	None	None

Reduction in the use of external claims handling partners	Fewer claims notified to external claims handling partners resulting in reduced expenditure on handling fees	Reduction in expenditure on external claims handling fees of 5%	Insurance Team	1/4/13	Economic climate results in increased fraudulent claims against the Council requiring instructions to external handlers	Additional workload for the section offset by recruitment to the vacant Insurance Officer post	None
Joint working exploration work with Barnet	Evaluation of whether cost savings can be achieved through joint working initiative	Completion of feasibility study	KV	Sep 2012	Failure to identify synergies between Harrow & Barnet Lack of appetite for joint working from Barnet	Dependent on outcome of study	None
Ascertain the Council's exposure in respect of potential MMI liabilities	Awareness of the Council's potential financial exposure	Report produced by H J C Actuarial Consulting on the extent of the Council's potential MMI liabilities	KV	July 2012	Failure to locate sufficient historical data for actuarial evaluation	None	None

Claims handling	Handling of all claims within the agreed services standards implemented as a result of the LEAN review	Weekly monitoring through LACHS Completion of LEAN reporting template		Insurance Team	Ongoing		Staff shortage results in failure to adhere to agreed performance levels	None	None
Insurance renewals	Policies renewed in line with existing long-term agreements	Policies renewed by 1 April 2013		KV	1/4/13		Increased premiums resulting from worsening of claims experience	None	None
Recruitment of Insurance & Risk Officer	Vacancy filled	Interviews April 2012 Position filled no later than June 2013		KV	June 2013		Unsuitable applicants leading to inability to fill vacancy Successful applicant subject to notice period in excess of one month resulting in delay in filling post	Increased capacity	On the job training for post holder

Leaseholder insurance renewals	Insurance details sent to all leaseholders	Documents sent to all leaseholders (1100) in April 2012	KV	April 2012	Dependency on leasehold service team to provide current listing of leaseholders	Additional burden on Insurance Team	None
Completion of phase 2 of LEAN review	Implementation of recommendations arising through phase 2 of the LEAN review	Consultation completed end March 2012 New structure in place by end June 2012	KV	June 2012	Delay in recruitment to vacant post coincides with implementation of phase 2 of LEAN review resulting in additional burden on the team and possible failure to meet prescribed performance levels.	Reduction of one FTE	None

7.0 Divisional Service Plan- Risk Management

Project Number, Name & Description	Expected Outcome	Performance Measures/Milestones	Priority Action ?	By Whom (Lead)	By When	Transformation Link	Risk/Dependency	Workforce Implications	Service L&D Implications
Embed the new risk management strategy	Risk aware organisation not risk averse	Registers in place & up to date. No surprises		NB	October 2012		Cultural shift, dependant on buy in	CRSG, risk champions	None
Refresh & update the annual strategy	Improved process, clearer understanding & more effective risk management at all levels.	Including project risk registers and risk registers maintained in collaborative arrangements.		NB	Cabinet - October 2012			None	None
Embed & develop the annual risk appetite statement	Risk aware organisation not risk averse. Full compliance with the UK Corporate Governance Code	Directorate & corporate statements produced		NB	January 2013			CRSG, Risk Champions	None
Develop GARMC Lead member role in risk management	Risk aware organisation not risk averse. Full compliance with the UK Corporate Governance Code. Member ownership.	Positive feedback and sponsorship of risk management initiatives		NB	March 2013		Dependant on GARMC volunteer	None	None
Deliver a work plan and training plan for CRSG	Effective network of risk champions in the organisation	Work and training plans achieved		NB	March 2013			Risk champions	None

Integrate Service into performance	Streamlined links with performance and risk monitoring	Integration achieved and successful.	DW, AD, NB, LD	August 2012	Subject to Resources restructure	Performance team	Performance management / objective setting
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7.0 Divisional Service Plan –CAFT

Project Number, Name & Description	Expected Outcome	Performance Measures/Milestones	Priority Action ?	By Whom (Lead)	By When	Transformation Link	Risk/Dependency	Workforce Implications	Service L&D Implications
Deliver Housing/Council Tax Benefit sanctions	40 sanctions including 15 successful prosecution	Quarterly output of 12 sanctions		Justin Phillips	April 2013	No	Suitable cases	Housing benefits / Council tax	None
Housing Tenancy Fraud	Identification of 12 housing tenancies subject to misuse and targeted for possession action	Tenancies subject to misuse identified and surrendered or possession action sought. Notional costs of freed tenancies (£18,000) per unit		Justin Phillips	April 2013	No	Grant funding, Housing Management and Legal Services possession action	Housing service	None

Blue badge proactive fraud drives in conjunction with Councils 'Weeks of Action' programme	Identification of blue badge misuse and associated follow up sanctions	Delivery of a fraud drive in each quarter	Justin Phillips	April 2013	No	Safer Neighbourhood Team resources	Safer Neighbourhood Team	None
Fraud risk audit of Direct Payment cases (DP)	Identification of direct payment fraud/financial irregularity	DP fraud risks/losses identified and stemmed, losses recovered	Justin Phillips	April 2013	No	Co-operation of Reablement Team in accessing data	Reablement Team	None
Fraud risk audit of Disabled Facility Grant cases (DFG)	Identification of DFG fraud/financial irregularity	DFG fraud risks/losses identified and stemmed, losses recovered	Justin Phillips	April 2013	No	Co-operation of DFG Team in accessing data	DFG Team	None
Fraud risk audit of Insurance cases	Identification of Insurance fraud/financial irregularity	Insurance fraud risks/losses identified and stemmed, losses recovered	Justin Phillips	April 2013	No		Insurance team	None
Proceeds of Crime Act 2002 (POCA)	Identify and pursue 8 suitable cases to recover criminal proceeds	10K recovered	Justin Phillips	April 2013	No	Availability of appropriate cases and Brent Trading Standards Financial Investigation Unit	Brent Trading Standards	POCA Legislation & case studies

NFI data matching exercise preparation work	Data subject privacy notices reviewed, data extracted and uploaded securely to Audit Commission as per specification and to deadline	Data subject privacy notices compliant with Information Commissioner Guidance and data uploaded securely	Justin Phillips	Oct 2012	No	Co-operation of various service areas	Cross Council key leads	None
Income opportunities/generation	Identification of income through administrative penalties, fines and HB overpayment recovery through fraud work	10K recovered	Justin Phillips	April 2013	No	Availability of appropriate cases	Housing benefits team	None
LEAN review of fraud investigation processes	Improved case management and increased positive outcomes	Improved success rate on fraud investigations	Justin Phillips	June 2012	No	LEAN resources and management information	LEAN team	LEAN methodology
Review, shape and implement Corporate fraud e-learning tool	Training tool implemented and rolled out	Implementation	Justin Phillips	September 2012	No	Software availability	Procurement team	Market research

8.0 Equality Impact Assessment Programme

This section is new and should include what Equality Impact Assessments are required to be completed in the Division and by when (linked to section 7 projects)

Project	Officer responsible for EqIA	Target completion date
Review of governance groups	DW	March 2013
New LEAN process for CAFT	JF	September 2012
DWP National fraud policy	DWP	March 2013
Revised H&S policies (various)	DW	Ongoing as consulted upon
EqIA of IMT / IT Client Team merger	CC	April 2012

147

[footnote ref to guidance]

NB: There is a separate section in the Performance Scorecard (section 8) where the measures being used to assess progress against the Equality Objectives should be captured.

9.0 Divisional Performance Scorecard

NI ref. if any	Indicator description	Polarity ^(a)	Related to Equality ^(b)	CBS ^(c)	Perform	Target	Perform	Target	2012 Target Q1	2012 Target Q2	2012 Target Q3	2012 Target Q4
					ance	ance	ance	ance	ance	ance	ance	
HS 1	H&S Improvement Plan tracker on target				2009/10	2009/10	2010/11	2010/11	2011/12	2012/13	2013/14	2014/15
HS 2	Schools SLA take up and revenue generated								£95K	£100K	£105K	£110K
HS 3	Self-assessment follow-up audits complete (10%)								0	0	15	30
CC 1	Delivery of the Emergency Response Officer core subject training programme (training sessions delivered)								2	4	6	8
CC 2	Minimum standards for London Tranche 2 achieved								100%	100%	100%	100%
CC 3	Olympic response plans in place and tested in-line with pan London programme								100%	100%	100%	100%
CC 4	CSB incident debrief reports – actions complete								90%	90%	90%	90%
INS 1	Increase in take up of Tenants Contents Insurance Scheme								11.5%	11.7%	11.8%	12%
INS 2	5% Reduction in expenditure on external claims handler fees								N/a	N/a	N/a	£34,800

^a Whether good performance is represented by a high figure (▲) or low figure (▼)

^b See Council's draft Equality Objectives - ticking this box will indicate that the associated measure can/should be used to measure achievement of one of the 8 Equality Objectives.

^c Whether measure appears in the Corporate Balanced Scorecard

NI ref. if any	Indicator description	Polarity ^(a)	Related to Objectives ^(b)	CBS ^(c)	Perform	Target	Perform	Target	Perform	Target	Perform	Target	Perform	Target	Perform	Target
					ance	ance	ance	ance	ance	ance	ance	ance	ance	ance	ance	ance
					2009/10	2009/10	2010/11	2010/11	2011/12	2011/12	2012/13	2012/13	2013/14	2013/14	2014/15	2014/15
INS 3	Claims payments made compared to original amount claimed.															
RM 1	Corporate risk register reviewed and updated quarterly															
RM 2	Number of risks above the stated risk appetite line for 3 or more consecutive quarters															
RM 3	Number of corporate issues materialised which were not captured on the corporate risk register															
CA FT1	No of benefit fraud sanctions achieved in quarter															
CA FT2	No of corporate fraud sanctions achieved in quarter															
CA FT3	Income received against MTFS target															
IA1	IA Recommendations agreed for implementation															
IA2	Final reports issued on / ahead of time															
IA3	Projects completed within budgeted time allowance															

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Introduction

As part of the Olympic Emergency Planning arrangements, the council, along with all other London councils, will be required to report on a daily basis the Red, Amber, Green (RAG) status of predetermined key services, which could have a negative impact on the delivery of the Olympic Games. This daily Situation Report (SitRep) will be compiled by the Emergency Planning Team, and will be processed regionally to inform Central Government.

Proposed action

During the Olympic period from 25th June 2012 to 12th September 2012, each predetermined key service will report on two items: (1) SitRep - Status of the service and arising trends/patterns or future problems for service delivery or Games operations and, (2) Resource coordination - Support provided to, or requested of, another council. This will impact on the workload of a range of service managers, deputies, and the Emergency Planning Team, throughout this period, including weekends.

What are you asking CSB to do?

CSB is asked to note the report.

Summary of the issue

The council, along with all other London councils, will be required to compile a report at 14:00 hr each day, of the RAG (Red, Amber, Green) status of predetermined key services, which could have a negative impact on the delivery of the Olympic Games.

This daily Situation Report (Sitrep) will be compiled from information provided by a range of service managers to the Emergency Planning Team, and forwarded onto the North Zone Borough Grouping Support Unit (BGSU) based in Brent, at 16:00 hr each day. The North Zone BGSU is comprised of eight councils in North and West London.

There are five BGSU zones across London, who will all submit their zone SitReps at 00:00 hr each day, to the London Local Authority Olympic Coordination Centre (LAOCC). This will then feed into the National Olympic Committee, sitting at COBRA, to brief Ministers the next morning. This whole process is known as Command, Control & Communication Operations (C3 Ops).

Reporting

Each predetermined key service will report on two items:

(1) SitRep

Status of your service and arising trends/patterns or future problems for service delivery or Games operations

(2) Resource coordination

Support provided to, or requested of, another council

Aim

“Keep London moving” via sharing relevant information and effective and efficient management of resources through the identification of events that may have a negative impact on council operations and/or delivery of the Olympic Games

Predetermined key services

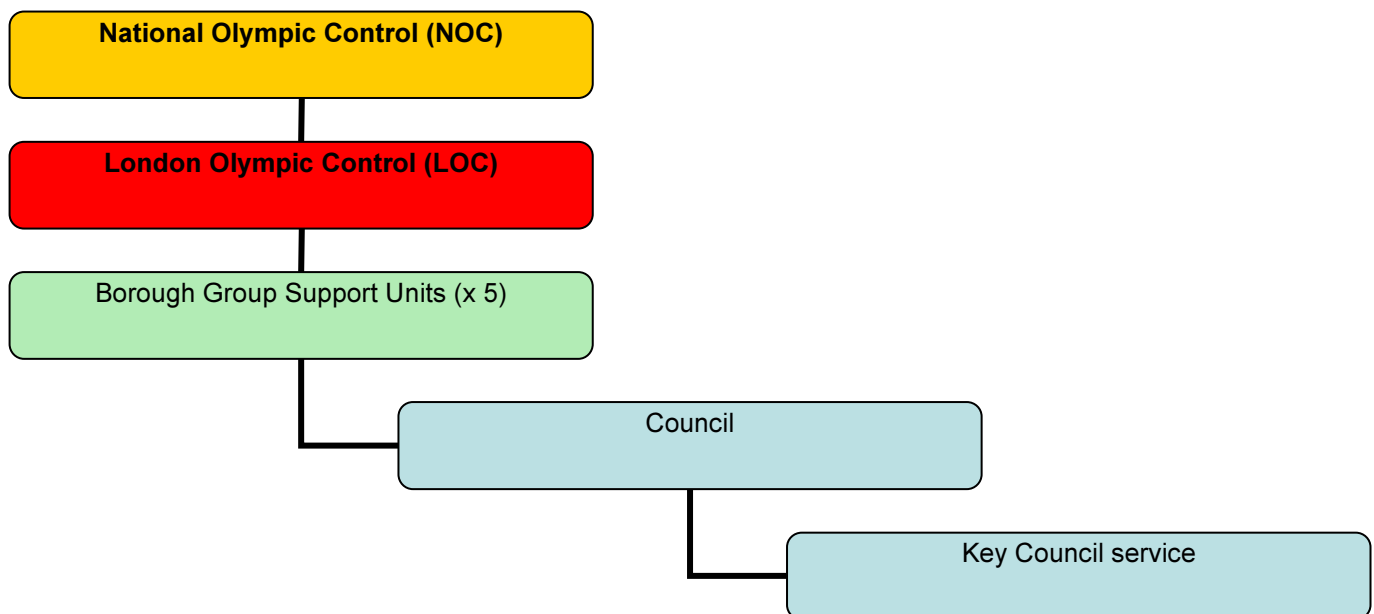
Waste Management
Licensing
Environmental Health
Trading Standards
Highways Maintenance
Traffic Management
Parking
Community Safety
Community & Cultural Services
Parks
Leisure
Children and families
Education services
Adult Social Care
Housing and homelessness
Emergency Planning
Borough Olympic 'Look and Feel'

How

Through the use of:

- A structured information flow, with reporting at local, sub-regional, regional and national levels.
- Situation report and resource coordination template
- By the resolution of issues at the lowest possible level and the circulation of information to highest necessary level

Information flow



Key roles

Olympics Director
• John Edwards
Torch Relay Lead

- Marianne Locke
- Harrow C3 Lead
- Kan Grover
- Borough Olympic Control Centre (BOCC)
- Emergency Planning Team (Harrow C3 Lead)
- Delivery Area Lead (DAL) / Service Manager Lead
- Single Point Of Contact – SPOC

Olympic reporting period

25th June 2012 – 12th September 2012 (incl.)

Key events:

- Olympic Torch Relay 25th July
- Olympic Games 27th July – 12th August
- Paralympic Games 29th August – 9th September

Test Dates and Times

The proposed dates and times of tests are as follows:

- North Zone BGSU – 28th May 09:00 to 12:30
- Internal Borough Sitrep reporting Only - 19th June 09:00 to 16:00
- North Zone BGSU – 28th June 09:00 to 12:30

Delivery Area Leads (DAL) / Service Manager Leads will be required to participate in all of the above tests to ensure the procedures work in the Delivery Areas

Service responsibilities

To have robust arrangements to be able to:

- Provide daily service-level situation report (by 14:00)
- Respond to specific requests for information
- Report extraordinary events that may affect the Olympics
- Request Resource Coordination
- Offer Resource Coordination
- Have a Single Point Of Contact (SPOC) contactable 24/7
- Have a Delivery Area Lead (DAL)

Emergency Planning Responsibilities

Create and manage a process to:

- Have a 24/7 Single Point Of Contact (SPOC) for the Council
- Collate a daily Council situation report for North BGSU
- Request Resource Coordination
- Offer Resource Coordination
- Respond to extraordinary requests for information

Contact

Kan Grover

Service Manager – Civil Contingencies

(Emergency Planning & Business Continuity)

020 8420 9319

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**REPORT FOR: GOVERNANCE, AUDIT &
RISK MANAGEMENT
COMMITTEE**

Date of Meeting:	26 June 2012
Subject:	2012/13 Internal Audit Plan
Responsible Officer:	Tom Whiting, Assistant Chief Executive
Exempt:	No
Enclosures:	Appendix A: 2012/13 Final Internal Audit Plan Appendix B: 2012/13 Internal Audit Delivery Plan Appendix C: 2011/12 – 2014/15 Internal Audit Strategy

Section 1 – Summary and Recommendations

This report sets out the 2012/13 Internal Audit Plan, Delivery Plan and Strategy.

Recommendations:

The Committee is requested to: Approve the 2012/13 Internal Audit Plan to fulfil the CIPFA Code of Practice for Internal Audit requirement to approve (but not direct) the Internal Audit Plan and to note the Internal Audit Delivery Plan and Strategy.

Section 2 – Report

Background

- 2.1 This report sets out the 2012/13 Final Internal Audit Plan (Appendix A); the 2012/13 Projects Taken Out of the Draft Internal Audit Plan (Appendix B); the 2012/13 Internal Audit Delivery Plan (Appendix C) and the 2012/13 Internal Audit Strategy (Appendix D).
- 2.2 The draft Internal Audit Plan for 2012/13 was presented to the GARM Committee's last meeting in March for review and comment. The presentation of the final plan has been changed to a table format to facilitate the reporting of the days in the plan for each review and the expected timing of the each review in line with CIPFA recommended practice.
- 2.3 The table also shows the results of the audit risk assessment undertaken to determine reviews to be taken forward from the draft to the final plan; the main driver for each review (which was also shown on the draft plan); a summary of the areas to be covered for each review and, for the first time where the review links to the Corporate Risk Register, whether the risk is below or above the risk appetite line.
- 2.4 A report explaining risk appetite was presented to the GARM Committee's last meeting. The risk appetite of the Council can be defined as "the amount and type of risk that an organisation [the Council] is prepared to seek, accept or tolerate" (Source: British Standard on Risk Management BS31100 2008) or similarly, "The amount of risk that an organisation is willing to seek or accept in the pursuit of its long term objectives" (Source: Institute of Risk Management: Risk Appetite and Tolerance; Guidance Paper 2011). The risk appetite statement is used to draw a risk appetite line and all risks which appear above the risk appetite line will require management review and action by officers of the Council. Risks at an exposure below the line are deemed acceptable.
- 2.5 From the perspective of the Internal Audit Plan internal audit work would only normally be undertaken on risks above the risk appetite line. As shown in the Final Plan table all corporate risks relating to work identified in the plan are above the risk appetite line.
- 2.6 The number of audit days available for the 2012/13 plan is determined via a detailed resource calculation for each auditor taking into account available days, actual days 2011/12 and allowances for annual leave, training etc. A realistic but challenging target is then set for each member of the team and the combination of these targets determines the days available for the Internal Audit Plan. 900 audit days were identified for the 2011/12 plan and 914 audit days have been identified for the 2012/13 plan based on an average of 191 days per auditor and 150 days for the Service Manager.
- 2.7 Appendix B is the Internal Audit Delivery Strategy for 2012/13 which outlines the key service activities for the Internal Audit Service during

2012/13 and Appendix c is the Internal Audit Strategy 2011/12 – 2014/15 (updated for 2012/13) which is a high-level, longer term statement of how the Internal Audit service will be delivered and how the service links to both the corporate priorities and the CREATE values.

Financial Implications

2.8 The functions of the Internal Audit service are delivered within the budget available.

Risk Management Implications

2.9 The work of internal audit supports the management of risks across the council and the Internal Audit Plan is derived from the review of the Corporate Strategic Risk/Opportunities Register, the Corporate Operational Risk Register and risks identified by management.

Corporate Priorities

2.10 Internal Audit contributes to all the corporate priorities by enhancing the robustness of the control environment and governance mechanisms that directly or indirectly support the priorities.

Section 3 - Statutory Officer Clearance

Name: Julie Alderson	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 13 June 2012		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of Monitoring Officer
Date: 10 June 2012		

Section 4 - Contact Details and Background Papers

Contact: Susan Dixon, Service Manager, Internal Audit,
Tel:0208 424 1420

Background Papers: None.

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INTERNAL AUDIT PLAN 2012/13

Background

Internal Audit is a statutory service. The Accounts and Audit Regulations 2011, which came into force on 31st March 2011 (previously the Accounts and Audit Regulations 2003 (as amended)¹, state that:

‘A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.’

Guidance accompanying the Accounts and Audit Regulations 2003 (as amended) states that, for principal local authorities, proper internal control practice for internal audit are those contained within the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

The Internal Audit Service at Harrow Council is provided by a dedicated in-house team situated in the Resources Directorate. The CIPFA code has been adopted and implemented by the Council’s Internal Audit section and reference is also made to the professional standards laid down by the Institute of Internal Auditors (IIA).

Annual Plan Process

Annually a plan of work is developed to reflect the Internal Audit Strategy and is supported by the Delivery Plan which outlines the key service activities/development projects and service performance indicators. The plan is designed to provide the GARM Committee, the Chief Executive, the S151 Officer, Corporate Directors and other senior managers with assurance on the Council’s control environment. Internal Audit adds value to the organisation and contributes to its objectives and priorities by providing assurance on the organisation’s control environment, alerting managers to weaknesses identified in the control environment, highlighting the risks of such weaknesses and instigating action to be taken by managers to improve the control environment via the implementation of audit recommendations/advice.

A top-down risk-based approach was adopted to the development of the audit plan in –line with the recommended CIPFA practice.

How Internal Audit Links to the Corporate Vision and Priorities

¹ As amended by the Accounts and Audit (Amendment)[England] Regulations 2006

The Corporate Vision for 2012/13 is:

Working together: Our Harrow, our community

The overall Priorities for Harrow are:

- **Modernising the Council**
- **Protecting Frontline Services**

The specific Corporate Priorities for 2012/13 are:

- **Keeping neighbourhoods clean, green and safe**
- **United and involved communities**
- **Supporting and protecting people who are most in need**
- **Supporting our town centre, our local shopping centres and businesses**

The corporate vision and priorities are taken into account when developing the Internal Audit annual operational plan of work. Where appropriate specific audit reviews will be scheduled to support individual priorities or related priority actions. In addition each year reviews are undertaken of systems that support the delivery of the corporate priorities.

Draft Plan

The first draft of the plan is developed after:

- consideration of the risk maturity of the organisation;
- review of the Council's Corporate Plan/Priorities 2012/13;
- review of the current Corporate Risk Register and Risk Appetite Statement;
- review of the 'audit universe'² and previous Internal Audit work covering the Council's internal controls (including an indicative audit risk rating);
- identification of significant local and national issues and risks
- review of the External Audit plan; and
- consultation with Finance Business Partners on key areas of financial risk.

² The 'audit universe' is all the areas/processes/systems of internal control of the Council that can potentially be subject to an internal audit review

The draft is further refined via consultation with the Chief Executive; Corporate Directors, including the S151 Officer, Directorate Management Teams (senior managers); specific middle managers, as appropriate, to seek views on which areas are considered high risk and to develop the audit approach to specific reviews and the External Auditors.

The draft plan is then presented formally to CSB and the GARM Committee for review/comment.

Final Plan

Once the consultation process is complete the final plan is developed by undertaking a detailed risk assessment of all reviews contained in the draft plan to rank the projects on the plan, based on materiality and risk, as high, medium or low.

The number of audit days available for the 2012/13 plan is determined via a detailed resource calculation for each auditor taking into account available days, actual days 2011/12 and allowances for annual leave, training etc. A realistic but challenging target is then set for each member of the team and the combination of these targets determines the days available for the Internal Audit Plan. 900 audit days were identified for the 2011/12 plan and 914 audit days have been identified for the 2012/13 plan based on an average of 191 days per auditor and 150 days for the Service Manager.

The internal audit resources required to undertake each proposed audit review, based on the suggested scope of each review, is estimated and a final plan is developed ensuring that, at a minimum, all high risk reviews are included.

Table 1 below shows the final internal audit plan 2012/13 and includes:

- the type of review to be undertaken - Reliance/Assurance Reviews
 - Professional Advice - New /Developing Areas
 - Corporate Risk Based Reviews
 - Directorate Risk Based Reviews
 - Schools Reviews
 - Support, Advice & Follow-up
 - WLWA Reviews (overview only for completeness)
- the results of the audit risk assessment – High/Medium/Low
- the main driver for each review - KEY: IA - Internal Audit; EA - External Audit; CGG - Corporate Governance Group; CP - Corporate Priority; CR - Corporate Risk; M - Management and CF - Corporate Finance

- for those reviews linked to the Corporate Risk Register an indication of whether the risk is below or above the risk appetite line³
- days in the plan – this is an estimate of the days required that will be refined before the start of each review once full scope of the review has been developed and agreed with management
- the indicative timing of each review – the quarter of the year in which the review is expected to start
- a summary of the expected audit coverage – again this will be refined before the start of each review

³ A report explaining risk appetite was presented to the GARM Committee's last meeting. The risk appetite of the Council can be defined as "the amount and type of risk that an organisation [the Council] is prepared to seek, accept or tolerate" (Source: British Standard on Risk Management BS31100 2008) or similarly, "The amount of risk that an organisation is willing to seek or accept in the pursuit of its long term objectives" (Source: Institute of Risk Management: Risk Appetite and Tolerance; Guidance Paper 2011). The risk appetite statement is used to draw a risk appetite line and all risks which appear above the risk appetite line will require management review and action by officers of the Council. Risks at an exposure below the line are deemed acceptable.

From the perspective of the Internal Audit Plan internal audit work would only normally be undertaken on risks above the risk appetite line. As shown in the Final Plan table all corporate risks relating to work identified in the plan are above the risk appetite line.

	Risk Assessment H/M/L	Main driver: Corporate Risk Register/ Corporate Priorities/Management/IA/EA/CCG/CF	Risk Appetite Line (Below or Above)	Days in plan	Indicative Timing - Quarter in which should be started	Audit Coverage
Final Plan 12/13						
Reliance/Assurance Reviews						
Housing Rents (+reconciliation of tenants rental control account)	M	IA/EA		20	Q1	Key Control Review, systems notes
Corporate Accounts Payable	H	IA/EA		15	Q1	Key Control Review, systems notes
Corporate Accounts Receivable	H	IA/EA		15	Q1	Key Control Review, systems notes
Payroll	H	IA/EA		2	Q1	System notes, walkthrough. CRSA
Council Tax	H	IA/EA		2	Q1	System notes, walkthrough. CRSA
Treasury Management	M	IA/EA		2	Q1	System notes, walkthrough. CRSA
Housing Benefits (+impact of decreased internal checks)	H	IA/EA		3	Q1	System notes, walkthrough. CRSA
Business Rates	M	IA/EA		2	Q1	System notes, walkthrough. CRSA
Assurance Mapping	n/a	IA/CCG		5	Q1	Completion of Assurance Mapping Exercise
Management Assurance	n/a	IA/CCG		40	Q1,2,3,4	Completion of 2011/12 exercise & development of 2012/13 exercise
Corporate Governance	n/a	IA/CCG		40	Q1,2,3,4	Annual governance review, governance arrangements for new delivery models, drafting AGS
Corporate Strategic Risk Group (CRSG)	n/a	IA		3	Q1,2,3,4	To assist in embedding & enhancing risk management process

Information Governance Board (IGB)	n/a	IA			1	Q1,2,3,4	To ensure that the Council has effective polices & management arrangements covering Information governance
Professional Advice - New /Developing Areas							
IT Working Group	n/a	CP/IA			5	Q1,2,3,4	To evaluate the impact of potential IT changes
Business Support Hub	H	CP/IA			5	Q1,2	To provide professional audit advice covering risk and internal control (includes training on Fin Regulations)
Integration of Public Health	H	CR8	Above		3	Q1,2,3,4	To provide professional audit advice covering risk, internal control and governance
Welfare Reform Project	H	CR10	Above		10	Q1,2,3,4	Covering localisation of Council Tax Support, and Social Fund
Modernising Terms & Conditions of Employment	H	CR6	Above		2	Q1,2	To provide internal audit support on and professional advice on risk and control
Access Harrow	H	CP/IA			3	Q1,2,3,4	Professional advice on risk and internal control as processes are reviewed using lean principles
Shop4Support	H	CP/M			5	Q1,2	To provide risk and control advice on the development of a financial payment process for the Shop4Support on-line social care shopping portal
Corporate Risk Based Reviews							
Financial Regulations	H	IA/M			10	Q2	A review to ensure that the regulations are fit for purpose, robust, transparent, reflect best practice and the needs of the Council.
Implementation of efficiency Savings (including procurement)	H	CR7	Above		10	Q2,3	Mid-year check on the implementation and management of proposed efficiencies and procurement savings.
Transformation - Protocol for Managing Organisational Change	H	CR16	Above		20	Q4	Review of the protocol's 'fitness for purpose', benchmarking against recognised good practice and benchmarking with other authorities. To cover compliance with protocol across the Council and 'lessons learnt' from previous projects
Income/Debt Recovery	H	CR2	Above		5	Q1,2	Support for commercialisation Project
Contract Monitoring (Corporate Contracts)	H	CP/IA			20	Q3	A review of contract monitoring processes in place for Corporate Contracts covering the adequacy, application and effectiveness of processes in place.
Petty Cash/Cash Payments	M	IA/M			20	Q2	To ensure that processes are consistent and robust across the Council and that regulations are being complied with. Covering role of Cashiers

Directorate Risk Based Reviews										
Fairer Charging	H	CP/M			20	Q2		A review of the financial assessments for chargeable social care services carried out by the Joint Assessment Team to ensure client contributions to services are accurate; in line with Council policy and assessment is timely		
Client Finances	M	IA/CF			15	Q2		Review of the process for managing Client Finances to ensure robust financial controls are in place to mitigate the risks of loss, fraud and error		
Property Maintenance	H	CR17	Above		20	Q2		A review of planned maintenance for Council owned buildings to ensure that the frequency and quality of cyclical maintenance is appropriate to mitigate significant risks e.g. Health & Safety, Corporate Manslaughter, reputation		
Highways Contract (Follow-up)	H	M			5	Q4		A follow-up of the management of the Highways Contract to cover new ways of working being developed		
Planning Enforcement	H	IA			20	Q2		Review of adequacy, application and efficiency of controls in place to mitigate risk		
Information Management/Security (c/f)	H	IA/M			20	Q2		A review covering adequacy of and compliance with policies, mitigation of risk, communication and engagement with staff and effectiveness of controls in place		
CAPITA	H	CR16	Above		5	Q3		To provide assurance on the Transparency of payments and profit element		
Schools Reviews										
SFVS Training	n/a	IA/CF			5	Q1		To prepare schools for the introduction of SFVS		
Financial Control & Governance Reviews	H	IA			180	Q3,4		A three year programme of school reviews covering the adequacy, application and effectiveness of financial controls and governance procedures in place		
Schools' Business Continuity/Disaster Recovery	M	CR12	Above		20	Q3,4		To be picked up during the review of the annual SFVS self assessments, to obtain evidence from schools that adequate arrangements are in place		
Support, Advice & Follow-up										
Suspected Financial Irregularities + Control Reviews	H	IA/M			60	Q1,2,3,4		Guidance to managers on investigations and the undertaking of investigations		
Professional Advice	n/a	IA/M			61	Q1,2,3,4		Advice on risk mitigation & control		
Follow-up	H-	IA			40	Q1,2,3,4		Red, Red/Amber & Amber reports followed-up		
Liaison with External Audit	n/a	IA			5	Q1,2,3,4		On-going liaison throughout the year		
Audit Management	n/a	IA			130	Q1,2,3,4		e.g. planning, GARM reporting		

WLWA Reviews	H/M	R1,7,9	n/a	40	Q2, 4
TOTAL AUDIT DAYS				914	

Table 2 shows the reviews taken out of the draft plan and includes the type of review; the audit risk assessment; the main driver; the risk appetite line (where applicable) and a summary of the audit coverage as in table 1 and also the reason it has been taken out of the plan.

Reviews taken out of Draft Plan 12/13	Risk Assessment H/M/L	Main driver: Corporate Risk Register/Corporate Priorities/Management/IA/EA/CCG/CF	Risk Appetite Line (Below or Above)	Reason Taken Out	Audit Coverage
Corporate Risk Based Reviews					
Data Quality	M	IA/M		Medium Risk. It may be possible to include coverage of Data Quality in certain reviews on the plan without having to allocate additional. Covered by CIPFA review/review of Integrated Planning Process (being undertaken by Corporate Finance)	To be covered as part of audit reviews where relevant plus a review of the policy to ensure that it reflects the Data Quality Standards and that relevant officers are aware of it.
Budget Setting	H	CR2	Above		To review the budget setting process to ensure that the process mitigates risk effectively

Budget Monitoring	H	CR2	Above	Covered by CIPFA review/review of Integrated Planning Process (being undertaken by Corporate Finance)	To review the budget monitoring process covering the role and accountabilities of the Budget Manager, the relevant Divisional Director/Corporate Director and the Finance Business Partner/Corporate Finance; the KPO6 process including timeliness; authorisation of expenditure from other budgets; journals (authorised both within and outside of Finance) and reporting.
Project Management	H	IA		Capital Programme 11/12 covers in part - Cover in 2013/14 plan	Review sample of projects (both major and local) to ensure mandatory project management methodology in use and how this adds value and to assess the use of the project management tool (Verto)
Duplicate Payments	M	IA		Medium Risk + CAP/CAR + Procurement plan to commission work	Testing across the Council to identify duplicate suppliers and any duplicate payments Sample check of case handling across organisation to ensure that management is robust and in-line with corporate standards and a review of reporting processes/monitoring within Directorates
Management of Long Term Sickness	M	M		Medium Risk	
Directorate Risk Based Reviews					
Commercial Rents/Asset Management	M	CR3	Above	Although linked to a Corporate Risk only a medium audit risk rating	Are we managing leases/assets in the most appropriate way for the current economic climate and in a way that will encourage economic growth in the borough. The review will also cover write offs

Long Term Economic Growth in the Borough	M	CR3	Above	Medium Risk - this could be picked up by Risk Management .	Assess the effectiveness of the controls in place mitigating the risk that the Council fail to achieve long term economic growth in the borough. To begin with a joint review of the controls identified as mitigating this risk on the Corporate Risk Register involving Internal Audit, Risk Management and Place Shaping Management
Concessionary Travel	M	M		Medium Risk	To review the process within Access Harrow to ensure that they are robust and to review the clarity of the accountability for the service
Pensions	M	IA		Medium Risk	Review of the pension process to ensure adequacy, application and effectiveness of controls in place to mitigate risk

Implementation of the Audit Plan

The Internal Audit Plan will be implemented by the in-house team following practices that comply with the CIPFA Code of Practice for Internal Audit.

Whilst every effort is made during the planning process to identify risks facing the Council we are working in an environment of rapid change and as such it has become more important over recent years for the audit plan to be flexible to allow for emerging risks. Such risks, as they occur, will be assessed and where they are deemed to be high risk an appropriate review will be included in the ongoing plan. Where possible such reviews will replace other reviews of a lower risk or reviews that have been taken out of the plan for other reasons however where neither of these options are possible work will be undertaken as necessary with a consequence that the agreed plan will roll into the following financial year.

The Internal Audit Mid-year and Year-end reports will detail all emerging risk work and outline the impact on the agreed plan.

Susan Dixon
Service Manager, internal Audit
31/05/12

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**INTERNAL AUDIT
DELIVERY PLAN
2012/13**

Key Service Activities

Project Number, Name & Description	Expected Outcome	Performance Measures/Milestones	Priority Action?	By Whom (Lead)	By When	Transformation Link	Risk/Dependency	Workforce Implications	Service L&D Implications
1. Prepare risk based internal audit operational plan for 2013/14	<i>Risk based operational plan + resource calculation</i>	Draft Plan March GARM Meeting Final Plan June GARM Meeting	No	Service Manager, Internal Audit(SM, IA)	Draft Plan March GARM Meeting Final Plan June GARM Meeting	n/a	Lack of engagement with Directorates	Input required from all Directorates + Corporate Strategy Board (CSB) + Governance, Audit and Risk Management Committee (GARMC)	None
2. Co-ordination of the Corporate Management Assurance Programme + reporting to CSB & GARM	<i>Divisional, Directorate & Corporate Management Assurance Statements + covering report CSB/GARM</i>	Exercise Q4/Q1 – reporting CSB/GARM in September	No	SM, IA + Quality Control Auditor (QCA)	September 2012	n/a	Lack of /delayed response from directorates	Input required from all Directorates, Divisional Directors + Corporate Directors	None
3. Co-ordination of the ongoing review of governance framework + IA and Corporate Governance Working Group (CGWG) input to AGS + reporting to Corporate Governance Group (CGG) GARM/CSB	<i>AGS evidence table, AGS + reports to GARM/CSB</i>	Q4/Q1 mainly, reporting to CSB/GARM in August/September	No	SM, IA	September 2012	n/a	Lack of/delayed response from participants	Input from CGWG, CGG, managers + CSB/GARM	None

Project Number, Name & Description	Expected Outcome	Performance Measures/Milestones	Priority Action?	By Whom (Lead)	By When	Transformation Link	Risk/Dependency	Workforce Implications	Service L&D Implications
4. Achievement of internal audit operational plan 2012/13	IA reports	CIPFA PI 90% + local PIs covering performance/quality of service	No	SM, IA	June 2013	n/a	Lack of/delayed response from participants	Input required from all Directorates on a review by review basis	To be identified on a review by review basis
5. Timely Achievement of Key Control reviews of core financial systems + update of core financial system notes + walkthroughs + co-ordination of self-assessments	IA reports + updated system notes	Local PI = 100% by end of Q1 (June)	No	SM, IA	End of June 2012	n/a	Lack of/delayed response from participants	Input required from staff within Housing Rents, Accounts Payable, Accounts Receivable, Payroll, Housing Benefits, Council Tax, Non-Domestic Rates, Capital Forum, Finance, Treasury Management	None
6. Mid-year & year-end reporting to CSB & GARM + Quarterly improvement board reports	Mid-year + year end reports + quarterly improvement board reports	Improvement Board reports end of each quarter, mid-year report October, year-end report June	No	SM, IA	Quarterly, mid-year & year-end	n/a	Workload	IA team only	None
7. Provide objective, constructive and timely support and advice to managers on SFIs, Fin Regulations, Risk Management and control improvement	Written & verbal advice & reports	As required throughout year	No	SM, IA	March 2012	n/a	Lack of/delayed response from participants	Input from staff within Directorates as necessary	None

Project Number, Name & Description	Expected Outcome	Performance Measures/Milestones	Priority Action?	By Whom (Lead)	By When	Transformation Link	Risk/Dependency	Workforce Implications	Service L&D Implications
8. Feed into risk management process via attendance of Risk Steering Group and provision of audit reports to Risk Manager	IA contribution to corporate risk management process	Throughout the year	No	SM, IA	March 2012	n/a	Co-operation of Risk Manager	Input from Risk Manager	None
9. Keep Audit Manual up to date	Updated audit manual	Throughout the year	No	SM, IA	March 2012	n/a	Workload	IA team only	None
10. Audit reviews completed in accordance professional and local internal audit and quality standards	Audit reports and working papers that comply with CIFFA and local internal audit and quality standards	Throughout the year	No	SM, IA + QCA	March 2012	n/a	None	IA team only	None
11. Liaise with CAFT on fraud and irregularity cases and on reviews with a specific objective of fraud prevention	Co-ordinated approach to fraud and irregularity	Throughout the year	No	SM, IA	March 2012	n/a	Co-operation of CAFT	Input required from CAFT	None
12. To undertake follow-up reviews of all red & red/amber reports within 3 months and all amber and amber/green reports within 6 months	Follow-up review reports	Local PI – 100% of follow-ups started within specified timescale	No	SM, IA	March 2012	n/a	Lack of/delayed response from participants	Input required from all Directorates	None
13. Monitor achievement of IA performance indicators.	Monitoring information to be fed into mid-year and year-end report	Throughout the year	No	SM, IA	March 2012	n/a	None	IA team only	None

Project Number, Name & Description	Expected Outcome	Performance Measures/Milestones	Priority Action?	By Whom (Lead)	By When	Transformation Link	Risk/Dependency	Workforce Implications	Service L&D Implications
14. Maintain ethical standards as laid out in CIPFA Code of Practice (Standard 3) covering: Integrity Objectivity Competence Confidentiality	High ethical standards across the team	Throughout the year	No	SM, IA	March 2012	n/a	None	IA team only	None
15. Undertake a review of Internal Audit processes using 'lean' principles	Improved/streamlined audit process	By October 2012	No	SM, IA	Oct 2012	n/a	Workload	IA team only	None (training already undertaken)
16. Review and update the Internal Audit Terms of Reference in line with CIPFA Standards	Update/relevant Terms of reference	By December 2012	No	SM, IA	Dec 2012	n/a	Workload	IA team only	None

Service Performance Scorecard

Internal Audit Performance Indicators 2012/13

Indicator	Target
1 Recommendations agreed for implementation	95%
2 Final reports issued on/ahead of time	85%
3 Projects completed within budgeted time allowance	85%
4 Target met for issue of draft report after end of fieldwork	85%
5 Follow-up undertaken	100%
6 Plan achieved for Key Control reviews	100%
7 Plan achieved overall (Key indicator)	90%

Corporate Audit Indicators 2012/13

	Indicator	Target
1	Implementation of recommendations	90%
2	Auditee response times to draft reports within 3 weeks	80%
3	Auditee response times to follow ups within 2 weeks	80%

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INTERNAL AUDIT DELIVERY STRATEGY 2011/12 – 2014/15

Introduction

This is the Internal Audit Delivery Strategy for the financial years 2011/12 – 2014/15. It will be reviewed and updated annually.

It is a high-level statement of how the Internal Audit service will be delivered in accordance with the Internal Audit terms of reference and how it links to the organisational objectives and priorities. It sets the context within which the more detailed service delivery plan and annual operational plan are developed and communicates the contribution that Internal Audit makes to the organisation. This strategy complies with the requirements of the CIPFA Standard on audit strategy.

Internal Audit Objectives

The objectives of Internal Audit, as outlined in the terms of reference for Internal Audit are as follows:

- Internal audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment (comprising risk management, control and governance) by evaluating its effectiveness in achieving the organisations objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- Whilst the Internal Audit section's primary role is to review, appraise and report upon the adequacy of internal controls, it also undertakes other, non-assurance work at the request of the organisation. Internal Audit intrinsically delivers non-assurance services when making recommendations for improvement arising from assurance work, and fraud-related work and also provides specific non-assurance services such as facilitation, process design, advisory services and fraud and irregularity related work.

Outcomes of Internal Audit Work

Internal Audit adds value to the organisation and contributes to its objectives and priorities by providing assurance on the organisation's control environment, alerting managers to weaknesses identified in the control environment, highlighting the risks of such weaknesses and instigating action to be taken by managers to improve the control environment via the implementation of audit recommendations/advice.

The Annual Internal Audit Opinion on the Control Environment

Annually, within the Internal Audit year-end report, the Service Manager, Internal Audit provides an opinion on the organisation's control environment to support the Statement on Internal Control which is now subsumed in to the Annual Governance Statement.

This opinion is formulated from the following elements which are traffic lighted to assist with the evaluation of the overall opinion and evidenced as stated:

- The percentage of systems reviewed by Internal Audit during the financial year given a red, red/amber, amber, amber/green and green assurance rating – evidenced by Internal Audit reports;
- The percentage of recommendations made by Internal Audit during the financial year that were agreed for implementation by management – evidenced by action plans;
- The percentage of schools that passed the Financial Management Standard in Schools set by the DCFS within the financial year – evidenced by the external assessments;
- The results of all reports followed-up and whether the significant risks identified have been mitigated within the systems reviewed and whether the reassessment of systems resulted in an improved assurance rating – evidenced by the follow-up reports and re-issued assurance ratings – evidenced by follow-up reports;
- The number of suspected financial irregularities (SFIs) reported to Internal Audit during the financial year, and the causes of these irregularities – evidenced by the SFI register/SFI reports;
- The percentage of controls operating within the Council's core financial systems during the financial year – evidenced by the Internal Audit reviews of these systems;
- The percentage of areas of assurance covered by the management assurance self-assessment process that were working well across the Council within the financial year – evidenced by the management assurance exercise.

Identification of Significant Local and National Issues and Risks

Significant local and national issues and risks are identified via the following mechanisms:

Internal:

- Annual review of authority's corporate risk register;
- Annual review of the authority's Corporate Plan/Priorities;
- Membership and attendance of the authority's Risk Steering Group;
- Membership of the Corporate Governance Working Group and attendance of the Corporate Governance Group;
- The annual plan consultation process with the authority's managers and the Governance, Audit and Risk Management Committee;
- Accumulated internal audit knowledge.

External:

- Membership of the CIPFA Better Governance Forum and attendance of relevant training;

- TISonline – CIPFA’s online resource for public sector finance;
- Membership and attendance of the London Audit Group (LAG);
- Liaison with the authority’s external auditors and the Audit Commission;

Issues and risks identified are assessed and included within Internal Audit annual operational plans on a risk basis.

Provision of the Internal Audit Service

The Internal Audit Service is currently provided by a dedicated in-house team situated in the Resources Directorate.

Resources and Skills Required to Deliver this Strategy

The resources required to deliver the Internal Audit strategy are determined by an annual operational plan developed to implement the strategy.

The skills required to deliver the Internal Audit strategy are defined in the role profiles/person specification for each Internal Audit post and assessed via the annual appraisal process (IPAD). Training and development needs are identified as part of the IPAD process and reviewed formally 6 monthly.

How Internal Audit Links to the Corporate Vision and Priorities

The Corporate Vision for 2012/13 is:

Working together: Our Harrow, our community

The overall Priorities for Harrow are:

- **Modernising the Council**
- **Protecting Frontline Services**

The specific Corporate Priorities for 2012/13 are:

- **Keeping neighbourhoods clean, green and safe**
- **United and involved communities**
- **Supporting and protecting people who are most in need**
- **Supporting our town centre, our local shopping centers and businesses**

The corporate vision and priorities are taken into account when developing the Internal Audit annual operational plan of work. Where appropriate specific audit reviews will be scheduled to support individual priorities or related priority actions. In addition each year reviews are undertaken of systems that support the delivery of the corporate priorities.

CREATE Values

The Council has adopted six values in its aim to be one of the best London Council’s by 2012. Internal Audit supports these values by incorporating them

into our annual appraisal process and by implementing the values in the following ways:

Customer First – Internal Audit will go the extra mile to resolve our internal customer's (members, managers, staff) risk and control issues and to empower them to take responsibility for their own decisions.

Respect – The Internal Audit team will treat each other and our colleagues throughout the Council with courtesy and regard, earning respect by working with others to engender trust.

Engaged Communication – Internal Audit will actively listen to our customers and colleagues placing a premium on engaging in conversations that bring people together to resolve issues of risk and control.

Actively 'One Council' - Internal Audit will collaborate with services under review and colleagues to improve the control environment and minimise risk to the Council. We do believe that 'the sum of all parts' is more powerful than its individual parts and undertake a number of corporate reviews annually to reflect this.

Taking Responsibility – Internal Audit will endeavour to always deliver what we say we will deliver. We will empower and challenge each other, our colleagues and internal customers to enhance performance and behaviour.

Energise and Improve – Internal Audit have adopted a policy of continuous improvement taking actions that innovate and improve the audit process.

**REPORT FOR: GOVERNANCE, AUDIT &
RISK MANAGEMENT
COMMITTEE**

Date:	26 June 2012
Subject:	Revenue and Capital Outturn 2011-12
Key Decision:	Yes
Responsible Officer:	Julie Alderson, Corporate Director Resources
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1 - Revenue Commentary Appendix 2 - Transformation and Priority Initiatives Fund Appendix 3 - Capital Monitoring Appendix 4 - Housing Revenue Account Appendix 5 – Carry Forwards and Commitments Appendix 6 – Technical adjustments

Section 1 – Summary and Recommendations

This report sets out the Council's revenue and capital outturn position for 2011-12.

Recommendations:

- (a) Note the revenue and capital outturn position for 2011-12;
- (b) Approve the proposed revenue carry forwards of £2.8m as discussed in paragraph 28 and detailed in Appendix 5;
- (c) Approve the movements between reserves and provisions as outlined in

- paragraph 27;
- (d) Approve that the net remaining revenue under spend of £1.3m is allocated £0.5m to the general reserves and £0.8m to the Transformation and Priority Initiatives Fund;
 - (e) Approve the additions, movements and virements on the capital programme during quarter 4 as set out at Tables 2 and 3 of Appendix 3;
 - (f) Approve the carry forward on capital projects as set out in paragraph 35 and Table 4, Appendix 3;
 - (g) Note the timetable for accounts completion and external audit review as outlined in paragraph 38.

Reason

To confirm the financial position as at 31 March 2012

Section 2 – Report

Executive Summary

1. The Council has managed a difficult financial year and delivered an overall under spend of £1.3m after allowing for £1.8m recommended to be carried forward. The carry forwards requested for approval are explained in paragraph 28 of the main report and listed in Appendix 5. The under spend is the result of careful financial management in year, including the issuance of a Spending Protocol to eliminate emergent pressures in year. The end of year position allows the Council to allocate £0.5m to General Reserves as a contribution towards the General Reserves policy adopted by Council at its 16 February meeting, and £0.8m relating to the under spend on the Transformation and Priority Initiatives Fund (TPIF) to be carried forward to bolster the fund and support invest to save and other initiatives in 2012-13.
2. The Corporate Strategy Board issued a Spending protocol in year, when it became clear that there were emergent pressures in Adults and Housing and Community and Environment. The position in Adults and Housing was managed back down to an under spend through early identification of the issues and focussed management action supported by the finance team. The Spending Protocol was strictly observed in the directorates resulting in some areas holding back expenditure on non frontline services, which will be required in 2012-13. There are therefore planned under spends of £1.056m which are part of the carry forward recommended.
3. The Directorate net position is an under spend of £0.295m. This position is reached after creating provisions in relation to known liabilities, for which a reliable estimate can be made. These specifically relate to: planned redundancies included in the 2012-13 Budget and the MTFs, which were communicated in 2011-12, of £3.5m cross council; and £1.1m in relation to Municipal Mutual Insurance (MMI) based upon the minimum liability recommended by the actuarial review undertaken in March this year. Further explanation is set out in paragraphs 9 and 10 of the main report.
4. Specific reserves of £2.1m were earmarked in the 2011-12 budget to fund anticipated redundancies. £0.6m was allocated in year from the TPIF, leaving £1.5m split between the TPIF (£0.907m) and an earmarked reserve for employment and litigation (£0.555m) available to allocate at year end. The £1.462m is no longer required for this purpose as the redundancy provision has been charged directly to the relevant Directorates as part of the year end accounting adjustments. This is explained further in paragraphs, 23 - 24 and 27 in the main report.
5. The carry forward position represents three distinct categories:
 - (a) Income received in 2011-12 which relates to 2012-13, but under the accounting rules for IFRS is recorded in the year of receipt, rather than the year for which it is awarded. This relates to any income or grant received which is not ring fenced and not repayable. The total in this category is £0.331m;
 - (b) Delayed expenditure of £1.056m which was held back in order to comply with the Spending Protocol which was issued by CSB alongside the quarter 2 forecast, due to the emergence of pressures in year, but which is required to complete outstanding projects;

- (c) £1.199 m in relation to pressures on the 2012-13 budget, which were not known about at the time of setting the budget;

The carry forward requests recommended for approval are set out in Appendix 5.

Introduction

6. The total reported revenue outturn for the Council is £171.010m against a budget of £176.954m which represents an under spend of £5.944m, a 3.3% variation to budget. This is the position before the required year end accounting adjustments of £4.644m in respect of making adequate provisions as set out in paragraphs 9 and 10 leaving a £1.3m under spend to be allocated £0.5m to General Reserves and £0.8m in relation to the under spend on the Transformation and Priority Initiatives Fund (TPIF) to be carried forward and reallocated to the fund.

The table below summarises the position:

Table 1.

Original Budget		Latest Budget	Outturn	Variation	% variation	Charge to provisions	Adjusted 2011/12 outturn	2010/11 outturn
£000		£000	£000	£000	%	£000	£000	£000
12,275	Assistant Chief Executive	14,684	13,054	-1,630	-11.1	703	-927	-1,333
	ACE Corporate Items	-54	544	598	1100	0	598	
3,566	Legal and Governance	3,443	3,392	-51	-1.5	280	229	8
8,528	Corporate Finance	10,384	9,955	-429	-4.1	100	-329	-887
-694	CF Corporate Items	-840	-1,186	-346	-41.2	750*	404	0
23,675	Sub Total Corporate	27,617	25,759	-1,858	-6.7	1,833	-25	-2,212
67,508	Adults & Housing	65,740	65,690	-50	-0.1	0	-50	-618
43,986	Community and Environment	47,254	47,780	526	1.1	1,355	1,881	-307
40,852	Children's	41,514	38,093	-3,421	-8.2	876*	-2,545	-588
4,382	Place Shaping	4,628	4,492	-136	-2.9	580	444	-347
180,403	Sub Total Directorate	186,753	181,814	-4,939	-2.6	4,644	-295	-4,072
823	Inflation and Corporate Items	907	0	-907	-100	0	-907	-1,884
1,000	Contingency	300	0	-300	-100	0	-300	
-4,462	Capital Financing	-8,590	-10,192	-1602	-18.65	0	-1,602	2,601
-2,580	Council Tax Support Grant	-2,580	-2,580	0	0	0	0	0
0	Carry Forwards	106	1,910	1,804	-	0	1,804	2,213
325	Provisions	58	58	0		0	0	7
175,509	Total Budget Requirement	176,954	171,010	-5944	-3.3	4,644	-1300	-1,135

* indicates £0.750m in CF Corporate Items and £0.350m in Children's allocation to MMI provision. All other adjustments relate to redundancy provisions.

Directorates' Position

7. The outturn position for the Directorates is £181.814m against a latest budget of £186.753m, which represents an under spend of £4.939m, a variance of 2.6% of the net budget. This reduces to £0.295m after the required year end accounting adjustments explained in paragraphs 9 and 10 below.
8. The outturn has been achieved through a concerted effort throughout the year by the Directorates to contain and reduce spend, both to eliminate emergent pressures in year, and in the wake of the Spending Protocol issued by CSB. The Spending Protocol issued by CSB and mandated by the Leader gave a clear message that all spending which did not impact vital services and vulnerable clients must be restrained; Directorates with emergent or actual pressures acted to eliminate the pressures as far as possible; and Directorates were also mandated to endeavour to deliver an under spend to fund future redundancy commitments of £1.4m as a minimum. The under spend is mainly made up of income received in advance (£0.3m) and delayed expenditure (£1.1m), which are one off in nature and the early delivery of the Budget 2012-13 savings, which are already built into base budget.
9. The Council had already provided for expected redundancy costs of £2.1m comprising £1.563m from the TPIF and £0.555m employment and litigation reserve set up as earmarked reserves. The Corporate Director of Resources requested a further £1.4m to be held back as under spend to meet further costs identified, as the business cases included in the Budget and MTFs were developed in year. Accounting adjustments made at year end allocated the known redundancy costs of £3.5m against the relevant Directorates, in order to set up specific provisions. This has enabled £1.462m of earmarked reserves, made up of the balance for invest to save/severance of £0.907m on the TPIF and £0.555m earmarked employment and litigation reserve to be released: £0.800m to be reallocated to the TPIF and the balance of £0.107m on the TPIF and the £0.555m to support the requested carry forwards. The position on the TPIF and its proposed reallocation is further explained at paragraphs 23 and 24 and Appendix 2, and for the employment and litigation reserve at paragraph 27.
10. In respect of the requirement for a provision of £1.1m; Municipal Mutual Insurance was the predominant insurer of public sector bodies prior to ceasing its underwriting operations in September 1992. It entered into a Scheme of Arrangement in 1993. With many elements of uncertainty surrounding MMI's liabilities, if insolvency is considered unavoidable, then the Scheme Creditors (of which Harrow Council is one) would be subject to a levy. The size of the levy depends on the amount paid to the Creditors since September 1993. Subsequent to this levy, any liabilities or elective defence costs payments made by MMI will be made at a reduced rate, leaving their Creditors to fund the shortfall. Therefore, the Council has taken the advice of the actuary, who considers it to be wholly appropriate and justifiable, as well as in line with other local authorities to provide for £1.1m of the £1.4m minimum future liability in relation to MMI, uninsured future insurance claims. This charge, to cover the future liability, has been allocated £0.350m to Children's and £0.750m to Corporate, in recognition of the corporate liability. It is unlikely that the £1.4m would be required immediately, and so it is considered that £1.1m is a prudent minimum amount to provide for.

11. The creation of specific provisions at year end is an accounting adjustment which is required under the correct implementation of International Financial Reporting Standards. The requirement for these adjustments based upon a proper interpretation of the appropriate recognition criteria, measurement bases and disclosure requirements for provisions is determined by the Section 151 Officer and is responsible for the major changes to the directorate outturns as shown in Table 1.
12. The position for each Directorate is set out below. The explanation for the under and over spends are consistent with the management accounting reports received by the Cabinet quarterly. The actual final position is after the accounting adjustments required, explained in paragraph 11 above.

Corporate Directorates

13. The Corporate Directorates are reporting a final net under spend of £0.025m after accounting adjustments. The main variances before the accounting adjustments are explained as follows:
- (a) Corporate Finance outturn is an under spend of £0.429m mainly resulting from Housing Benefits staffing savings and government grant of £0.082m in respect of 2012-13, the latter which will be carried forward. There are other offsetting over and under spends;
 - (b) Finance corporate items is reporting an over spend of £0.404m. This emanates from an under spend of £0.346m before making a corporate contribution of £0.750m to MMI; the under spend mainly results from; £0.139m in relation to New Homes Bonus in 2012-13, to be carried forward; various offsetting under and over spends; £0.180m saving on the Carbon Reduction commitment scheme where costs have been funded by schools; £0.072m saving from over accruals;
 - (c) Legal is reporting an under spend of £0.051m;
 - (d) Assistant Chief Executive's (ACE) department is reporting a favourable variance of £1.630m; the main variances are:
 - (e) £0.272m saving on Concessionary Fares including assessment and issue costs; £0.300m saving on Shared Services through vacancy management; £0.153m on Partnerships, Development and Performance including £0.040m from additional SLA income; Business Transformation Programme is under spent by £0.396m, of which £0.343m relates to projects deliberately held back as part of the spending protocol, and which are rephased into 2012-13; £0.257m on IT of which £0.065m relates to delayed work with the balance resulting from maintaining vacancies and savings on communications.;
 - (f) ACE Corporate items has overspent by £0.598m, mainly relating to; the shortfall in anticipated savings on the Resourcing Contract £0.190m; a pressure of £0.145m relating to a final payment due at the end of the corporate print contract in 2012-13; partly offset by grant of £0.219m not built into the budget;
 - (g) The Business Support project over spent by £0.444m. This is a cross council project and is recorded against ACE for practical purposes.

Adults and Housing

14. Adults' social care and Housing homelessness experienced significant emergent pressures in year, which were reported to the Cabinet in quarter 2. Early management action in tandem with finance support have ensured that those pressures have been contained, and overall there is a net under spend of £0.050m. The success achieved in containing the pressures means that Housing did not ultimately need to call on the earmarked reserve of £0.300m for Homelessness set up as part of the 2011-12 budget, and which the Cabinet had agreed at its meeting of 15 December could be released. There is a growth item of £0.740m to tackle homelessness pressures in the 2012-13 budget and therefore, the unutilised reserve has been re-designated as part of the Section 151 officer's year end proposals as set out in paragraph 27. Adults called upon some one off funding, mainly Supporting People grant brought forward and also received £0.600m winter pressures money from the PCT in year, as well as making savings across all services on contracts and other non frontline services in order to deliver an under spend of £0.104m. Demographic growth of £3m is built into the 2012-13 budgets to tackle the underlying pressures.
15. The outturn position for Adults is therefore, a favourable variance of £0.104m on Adults and an over spend on Housing of £0.054m; the main variations are as follows;
- (a) Commissioning and Partnership reported an under spend of £1.139m and strategic management £0.202m which mainly offset over spends on Long Term Care & Safeguarding of £0.441m and personalisation and reablement £0.709m;
 - (b) Housing over spent by £0.054m which was achieved despite pressures on homelessness, bed and breakfast clients of £0.339m. Management action found offsetting savings elsewhere in the budget without affecting frontline services. This would have been an under spend had it not been for the year end proposal by the Section 151 officer not to release the reserve that the Cabinet had previously agreed to.

Community and Environment Services

16. The Community and Environment outturn final position is an over spend of £1.881m. The position before accounting adjustments is an over spend of £0.526m. The main reason for the over spend which has been reported in year is due to the reduction in the capital programme which has meant that staff no longer able to work on capital projects have become a revenue pressure. A restructure of Property Services is underway which is due to complete in July 2012 which will eliminate this pressure. Other areas of over spend have occurred mainly in Public Realm (£0.240m) and the Leisure Centre (£0.381m), partly resulting from plant failures at the Leisure Centre swimming pool. The Directorate have taken management action, supported by finance to mitigate some of this pressure and reduce the amount of over spends through compliance with the Spending Protocol and benefiting from some additional income. The 2012-13 budget includes growth of £0.513m to cover income pressures in Public Realm and parking enforcement; and £0.080m for pressures in the Property budget.

Place Shaping

17. The final outturn position shows an over spend of £0.444m. The Directorate achieved an under spend of £0.136m before accounting adjustments, which largely comprised of an under spend of £0.080m in relation to repairs and maintenance at Pinner Park Farm, which will still need to be carried out and is requested as a carry forward. The outturn position has also contained pressures arising on planning income and an additional £0.075m incurred in respect of the ST George's Field appeal.

Children's Services

18. The Children's Services outturn is an under spend of £2.545m after year end accounting adjustments. It should be noted that there are budget areas within Children's which are volatile by nature and can not be easily predicted during the year, such as Children Looked After placements. Whilst there is a significant under spend in 2011-12, this generally reflects the early delivery of 2012/13 budget savings and does not necessarily indicate that this level of under spend will continue or that it would be prudent to reduce the current budget. The under spend occurs on all services and the main factors are detailed below.

(a) £0.854m (before accounting adjustment of £0.426m) on Quality Assurance, Commissioning and Schools arising from London wide delays in implementing London Grid for Learning (£0.246m), requested to be carried forward, and £0.092m on commissioning which has arisen as old service contracts and SLA's have expired and there is an inevitable lag in developing and negotiating replacement provision;

(b) £0.788m (before accounting adjustment of £0.100m) on Early Intervention Service, mainly arising on Children's Centres (£0.575m) reflecting the early successful delivery of the planned 2012-13 MTFS savings;

(c) £0.963m on Targeted Services in Children Looked After placements (one of the most volatile budget areas); arising on Asylum Client costs £0.178m, mostly due to a larger number of leaving care clients leaving the service; and £0.548m on Leaving Care client costs due to the increase in age from 16 to 18 that young people transfer to the Leaving Care team, coupled with a lean review that has significantly reduced costs;

(d) £0.199m on Special Needs Transport due to the rationalisation of routes.

19. Children's are requesting carry forwards of £0.7m which reduces their under spend further to around £1.8m. The Directorate reported that it would be £1.4m under spent in the quarter 3 Financial Monitoring report to the Cabinet, this assumed a £0.7m carry forward which was not reflected in the forecast under spend.

Housing Revenue Account (HRA)

20. The Housing Revenue Account is included at Appendix 4. Net revenue expenditure was £0.988m against budget of £1.343m resulting in an under spend of £0.355m. The

HRA revenue balances at year end are £2.8m, an improvement of £0.4m over budget.

The under spend against budget relates primarily to:

- (i) lower than anticipated contribution to bad debt provision as a result of a review driven by changes in accounting standards.
- (ii) reduced charges for capital resulting from lower than expected spend on capital programme (£6.1m spent against budget of £11.2m)

Capital Financing, Inflation and Corporate items

21. The capital financing budget has out performed by £1.6m. Of this £0.4m is the improvement on investment returns and costs of borrowing; £1.1m is in relation to Minimum Revenue Provision (MRP) being lower than expected; and £0.1m is in respect of capitalising borrowing costs which is permitted under the IFRS code of practice.

22. There is an under spend of £0.3m in relation to the Contingency and £0.9m in relation to the Transformation and Priority Initiatives (TPIF) fund. This is the remainder of the Fund in relation to severance costs only, and it is recommended that £0.8m of the under spend be carried forward and reallocated to the fund, as all redundancies have been provided for as part of the outturn.

Transformation and Priority Initiatives Fund (TPIF)

23. The TPIF started the year with a balance of £2.529m. The balance on the fund at quarter 3 as reported to the Cabinet at its meeting of 9 February 2012 is attached at Appendix 2. £0.130m has been requested to be drawn down in quarter 4, leaving £0.383m in relation to transformation and £0.907m on invest to save/ severance costs.

24. It is recommended that £0.800m of the remaining balance of £0.907m is carried forward and added to the £0.383m remaining on the transformation part of the fund as set out in table 3 below. This leaves the balance on the TPIF at £1.184m at year end.

Provisions and Reserves

25. The Council is required to make an adequate and appropriate level of provisions and reserves. The tables below show the level of provisions and reserves which are recommended as the level required by the Council.

26. The level of provisions arrived at in the table below sets out the allocations to the Employee Related Provision in respect of redundancies of £3.5m, and the £1.1m allocation to insurance in respect of MMI future liabilities. The provisions as set out in Table 2 are at the required level to meet the Council's known liabilities and comply with the accounting requirements for provisions.

Table 2

	Balance before adjustments	Transfers In – as per paragraphs 8&9	Balance at 31.3.12
	£000	£000	£000
Provisions			
Litigation Provision	1,121		1,121
HRA - Disrepair Provision	46		46
Mental Health Act (S117) Provisions	205		205
GF - Private Landlord Scheme Disrepair	48		48
Employee Related Provision	272	3,544	3,816
Insurance Fund Provision	4,966	1,100	6,066
Total Provisions	6,658	4,644	11,302

Table 3

Earmarked Reserves	Balance before adjustments £000	Balance from outturn £000	Budget Adjustment £000	Re-designated reserves and under spend £000	Balance at 31.3.12 £000
Transformation and Priority Initiatives Fund – Transformation Appendix 3	384				384
TPIF carry forward 11-12 invest to save/severance – Appendix 3				800	800
Total TPIF					1,184
Homelessness re-designated to Carry Forward Reserve	300			-300	0
Litigation and Employment Related Reserve – re-designated to Carry Forward Reserve	555			-555	0
Carry Forward Reserve 11-12		1,804	*143	855	2,802
	1,239	1,804	143	800	3,986

* Borough Election Provision £106k plus technical adjustment £37k

27. The recommended reallocation of the earmarked reserves is shown above in table 3 and the recommended carry forward on the TPIF. £2.8m is required to fund carry forward requests (£2.568m), TPIF projects approved but not spent (£0.110m), and £0.106m budget provision for borough elections as detailed in Appendix 5. It is recommended that the following reserves are re-designated as they are no longer required: the reserve of £0.555m in relation to litigation and employment can be re-designated as there is adequate provision set up as part of the year end accounting adjustments; and £0.300m allocated as a homelessness reserve has not ultimately been required to balance the budget in year and can also be re-designated. Growth of £0.740m for homelessness is allocated in the 2012-13 budget.

Carry forward Requests

28. There are recommended carry forwards of £2.802m included in Appendix 5. The requests relate to: grants and income received in 2011-12 in relation to 2012-13 of £0.331m; £0.110m in relation to TPIF drawn down but not spent; £1.056m in relation

to planned under spends; £1.199m in relation to budget pressures which have emerged since the budget was set; and £0.106m planned budget provision for borough elections. The carry forwards are recommended to be funded as set out in paragraph 27 above.

Collection Fund

29. The Council Tax collection fund has performed well against its target rate. The actual surplus for 2011-12 is £1.727mm against an estimated surplus of £1.684m resulting in a small favourable variance of £0.043m.

General Balances

30. The opportunity has been identified to increase general reserves by £0.5m and Cabinet is therefore recommended to allocate £0.5m to balances from the net under spend in order to increase balances from their present level of £7m to £7.5m. The policy for General Reserves is that the minimum level must be £6m with an upper target of £8m. The recommended allocation is in keeping with the agreed policy on the contingency, which requires that the first consideration for any unspent balance on the contingency be added to general reserves at the end of the year. The under spend on the contingency is £0.300m, and it is recommended that the allocation to general reserves be increased to £0.5m. It is the strong advice of the Section 151 officer that this is done.

Capital Programme

31. The total Capital Programme at the end of period 12 stands at £74.8m (£63.6m GF and £11.2m HRA), an increase of £0.9m from the quarter 3 position reported to February Cabinet.

32. The General Fund Outturn is £29.2m and the HRA Outturn is £6.1m, resulting in a total variance of £39.5m; £34.4m on GF projects and £5.1m on HRA projects. However, within the above variances, £18.7m relates to "carry forward requests" and thus the under spend after carry forwards is £17.0m on General Fund projects and £1.7m on HRA projects. This compares with a forecast outturn of £47.4m at quarter 3 (£39.3m GF and £8.1m HRA), resulting in a forecast variance of £26.4m; and a forecast under spend after carry forwards of £7.4m, of £16m on GF and £3m on HRA.

33. The general fund £17.0m under spend by directorate programmes is explained as follows :

- a) Chief Executive £13.2m under spend: Mainly due to £10.3m under spend on Business Transformation projects, £2.5m under spend on ITO milestone payments and software licences, and £0.413m on ICT milestones.
- b) Adults & Housing GF £393k under spend : Mainly due to £217k under spend on Residential Provision works/Social Care sites, £73k on Renovation Grants and £100k under spend on Empty Property Grants.

- c) Place Shaping £2.9m under spend : Mainly due to under spend from the Civic Centre site development project (£404k) and £2.4m from non commencing projects such as City Farm, Heritage projects, Asset Development and Land Acquisition).
- d) Children's - £0.578m under spend : Mainly due to projects where the final account costs are expected to be lower than the accruals set up/allocations carried forward from 2010/11. This contributed approximately £0.350m and includes Whitmore School, Priestmead, Norbury, Gayton Road and Sacred Heart.
- e) The remainder of the under spends come from:
 - (i) Satellite Kitchens £122k – where the full Harrow contribution was not required
 - (ii) IT projects £44k – where all anticipated upgrades were not required
 - (iii) Review/utilisation of prior year/current year grants resulting in £43k lower Harrow contributions.
- f) Community and Environment £0.7m under spend: Mainly due to under spends of £102k on NIS, £95k on Carbon Commitment, £95k on Affordable Warmth and £356k on School Landlord Works for only real capital works.

34. The HRA under spend is £1.7m which is requested to be carried forward.

35. The capital carry forward requests total £18.7m (detailed within Appendix 3 – Table 4). £17.044m relates to General Fund of which 45% will be externally funded and 55% from borrowings; of the HRA carry forward of £1.7m, 21% will be externally funded and 79% funded from borrowings. The Corporate Director of Resources recommends that all of these carry forward requests be approved.

36. The Capital Programme details included at Appendix 3 are:

Table 1: details the summary position and provides information by directorate and projects;

Table 2: shows additions and movements in quarter 4 which sum to £0.9m;

Table 3: shows virements in the 4th quarter, and

Table 4 shows the recommended carry forwards of £18.7m.

Technical Adjustments

37. The Council produces its accounts in accordance with the CIPFA /LASAAC Code of Practice which incorporates IFRS. This requires a number of technical adjustments for items that have to be included in the figures on an accounting basis but excluded from the accounts on a funding basis as these costs do not impact on the final position of the Council in terms of changing reserves and balances and have no relevance to the management reporting. However, in order to show the full audit trail on technical adjustments, these are detailed at Appendix 6.

Timetable for accounts completion and external audit review

38. The draft accounts will be completed by the regulatory deadline of 30th June. The audit will commence in early July. The final accounts will be considered by the Governance, Audit and Risk Management Committee (GARM) on 04 September 2012 and must be signed off by the Council and the Auditor by the end of September.

Financial Implications

39. Financial matters are integral to the report.

Environmental Impact

40. There are none directly related to this report.

Performance Issues

41. Good financial performance is essential to achieving a balanced budget. The financial performance is integrated with the strategic performance of the Council through quarterly Improvement Boards for each Directorate where the financial position is considered at the same time as performance against key projects, service KPIs (including customer data and complaints) and workforce. Monitoring of finance and performance is reported regularly to the Corporate Strategic Board and Cabinet and is also considered by the Council's Performance and Finance Scrutiny Committee.

Risk Management Implications

42. The risks to the council and how they are being managed are clearly set out in the report:

Risk included on Directorate risk register? Yes

Separate risk register in place? No

Equalities Implications

43. There are no direct equalities impacts arising from the decisions within this report.

Corporate Priorities

44. This report deals with the Revenue and Capital monitoring which is key to delivering the Council's corporate priorities.

Section 3 - Statutory Officer Clearance

Name: Julie Alderson	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 14 June 2012		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 14 June 2012		

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	Divisional Director Partnership, Development and Performance
Date: 14 June 2012		

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	Divisional Director Environmental Services
Date: 14 June 2012		

Section 6 - Contact Details and Background Papers

Contact: Julie Alderson Email: julie.alderson@harrow.gov.uk

Background Papers: Revenue Budget 2010-11 to 2012-13 and Capital Programme 2010-11 to 2012-13 to February 2010 Cabinet.

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE [Call-in applies]
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APPENDIX 1 REVENUE COMMENTARY

Corporate Directorates

Service	Revised Budget	Outturn	Variance		
			Quarter 4		2010/11
			£000	%	£000
Corporate Finance - main	10,384	10,055	-329	-3.2	-566
Corporate Items - CF	-840	-436	404	48.1	-321
Corporate Finance Total	9,544	9,619	75	0.8	-887
Legal & Governance	3,443	3,672	229	6.7	8
Asst Chief Exec Dept	14,684	13,757	-927	-6.3	-1,337
Corporate Items - ACE	-54	544	598	1107.4	4
Chief Executive Total	14,630	14,301	-329	-2.2	-1,333
Total	27,617	27,592	-25	-0.1	-2,212

The corporate directorates had an under spend of £1,858k prior to making provisions of £1,083k for redundancy within the directorates and £750k in relation to anticipated costs arising from the anticipated insolvency of Municipal Mutual Insurance. After making provision for these amounts the corporate directorates are under spent by £-25k. The main variances are as follows:

Corporate Finance Directorate

1. Additional costs of Procurement Transformation £279k.
2. Council Tax Rebates. There is a favourable variance of £-254k. This arises from additional grant on overpayments and recovery of overpayments.
3. Housing Benefits. There is an under spend of £-320k. This arises from a combination of staffing savings and additional government grant. £82k of the additional grant relates to 2012-13 and a carry forward will be requested.
4. Pension augmentation. Saving £-87k There has been a reduction in payments made to former employees together with additional income from colleges.
5. A provision has been made in respect of anticipated redundancies of £100k.

Chief Executive

6. Learning and Development is under spent by £-134k as a result of a reduced volume of work undertaken in response to the spending protocol.
7. HR is under spent by £-98k split between staff savings (£-30k) and £-26k additional SLA income and £42k applying the spending protocol.
8. There is a saving of £-272k on Concessionary Fares. £-172k of this relates to a rebate of Taxi card expenditure, and £-100k to savings on assessment costs and issue costs.

9. There is an under spend of £-277k across Shared Services primarily arising from vacancy management.
10. Partnerships Development and Performance are £-153k under spent, £-40k from additional SLA income and the balance from vacancy management.
11. BTP is under spent by £-396k. Of this £-343k relates to projects where work has been rephased to 2012-13, with the balance being savings on project implementation (£-23k) and a saving on periodic payments (£-30k).
12. There is an under spend of £-257k on IT. £65k of this relates to delayed work on the ITO and will be requested as a carry forward. The balance relates to savings against the Capita contract and recharges made.
13. Risk, Audit and Fraud have an under spend of £-105k. £-40k relates to savings on the Occupational Health contract and the balance from vacancy management.
14. Unbudgeted grant received from the GLA in respect of Safer Stronger Communities £-219k.
15. A provision of £703k has been made in respect of anticipated redundancies.

Legal & Governance

16. Register of Births Deaths and Marriages over achievement of fee income £-75k.
17. Citizenships. Over recovery of fee income £-39k.
18. Member's allowances. £-24k under claimed.
19. Land Charges. £-19k additional income achieved.
20. Legal division Administration. £77k overspend on set up costs for the new Shared Service practice.
21. Staffing savings arising from vacancy management across the directorate £-139k.
22. Register of electors. Net overspend of £23k arising from 2 unbudgeted by-elections.
23. A provision of £280k has been made in respect of anticipated redundancy costs.

Corporate Departments Corporate Budgets

Finance Corporate Budgets

24. There is a net under spend of £-118k in relation to New Homes bonus. There was an adverse budget variance of £21k at the start of the year resulting from the final allocation for the year being less than the indicative allocation. We have since received £139k in relation to the 2012-13 allocation which will be requested as a carry forward.
25. There has been a shortfall of £370k against the corporate procurement savings target where it has not been possible to reduce directorate budgets.

26. An additional call of £22k has arisen from the need for boroughs to contribute to additional costs incurred as a result of a Judicial Review of the London Boroughs Grant Scheme. The balance of further costs arising from the review has been met from reserves held by London Councils.
27. The council, as part of West London Alliance have committed to a collaborative procurement hub which will cost £21k.
28. Costs of £16k have been incurred in respect of the management investigation into Capital.
29. There is a saving of £-337k in relation to the goods received / invoice received suspense account.
30. There are savings against accruals from 2011-12 of £-72k.
31. There is a saving of £-180k in relation to the Carbon reduction commitment scheme whereby the cost in relation to schools has been funded by them.
32. There has been a saving on the bad debt provision of £-27k resulting from a change in the methodology applied.
33. A provision has been made of £750k on the advice of the insurance actuary in respect of costs that are anticipated in relation to claims that the Council's former insurer Municipal Mutual Insurance will not be able to pay.

Assistant Chief Executive Corporate Budgets

34. Terms and Conditions. £88k has been allocated from the Transformation Fund for this project. £-18k has not yet been spent and a carry forward will be requested, together with a request for a further £50k to complete the project.
35. Resourcing Contract. There has been a shortfall of £190k on the anticipated saving from the new contract. This reflects a reduction in the use of agency staff since the budget for the saving was set.
36. There is a requirement to contribute £145k in 2011-12 towards the balloon payment due at the end of the corporate print contract in 2012-13.
37. Safer Stronger Communities Fund Grant £-219k. Due to the uncertainty over whether Harrow would receive an allocation, it was assumed that there would be no grant when setting the budget for 2011-12. In the end £219k was received.

Business Support

38. There are adverse variances on the Business Support business case totalling £444k as follows:
39. £158k arising from the Business Support business case agreed at March Cabinet showing lower savings than assumed in the MTFs agreed at February Cabinet.
40. £100k as a result of the business case assuming that 4 posts vacant from the 2010 VSS would contribute to the Business Support saving from April 2010. In practice these savings are being retained by service directorates until implementation.

41. £186k as a result of delays in implementation and hence later realisation of savings.

Children's Services

Children's Services outturn for 2011/12 is an under spend of £2,545k on Council funded services. From this under spend there is a carry forward request, totalling £694k, which includes some liabilities that have slipped into 2012/13.

The under spend reflects the Directorate's commitment to deliver 2012/13 budget savings from their transformational projects and procurement activity as soon as possible. In addition there were one off savings from transitory staff vacancies as staff went through the process of being appointed into the new model plus staff vacancies were held to help meet the in year council budget pressures.

Service	Revised Budget	Draft Outturn	Variance		
			Quarter 4		2010/11
	£000	£000	£000	%	£000
Quality Assurance, Commissioning and Schools	5,081	4,653	(428)	(8.4)	(140)
Early Intervention Service	3,172	2,484	(688)	(21.7)	(675)
Targeted Services	16,815	15,687	(1,128)	(6.7)	900
Special Needs Service	8,983	8,761	(222)	(2.5)	169
Children's Services Management	1,144	720	(424)	(37.1)	(890)
Schools	6,319	6,664	345	5.5	48
Total	41,514	38,969	(2,545)	(6.1)	(588)
C/F Requests			694		
Total			1,851		

Significant outturn variances

The under spend is made up of the following significant variances:

Quality Assurance, Commissioning and Schools:

- Under spend of £264k resulting from London wide delays in implementing the new arrangements for the London Grid for Learning. A budget carry forward to provide for these liabilities in 2012/13 has been requested.
- An overspend in the Capital Team of £220k related to staffing costs following the capital investigation. These costs were partly offset by an under spend of £72k on the private finance initiative costs due to a rebate of insurance costs.
- Under spend of £92k in Commissioning. As part of the new operating model the new commissioning service is reviewing all commissioned services. A number of under spends have arisen as old services & SLAs are decommissioned and there is an inevitable lag in developing and negotiating the replacement provision.

- An under spend of £220k arose from staffing vacancies held in anticipation of the new Business Support model.

Early Intervention Service:

- An under spend of £575k on Children's' Centres reflecting the early delivery of the 2012/13 MTFs savings.
- One off under spend totalling £63k resulted from slippage of ICT works on the children's centres. A budget carry forward to provide for these liabilities in 2012/13 has been requested.

Targeted Services:

An under spend of £963k in Children Looked After placements resulting from:-

- Asylum Client Costs £178k
£31k of this results from the final 2010/11 grant settlement being more favourable than previously assumed. An additional under spend of £144k has resulted from a number of leaving care clients leaving the service.
- Leaving Care Client Costs £548k
Following the increase in the age that young people transfer to the Leaving Care Team, from 16 to 18, coupled with the lean review the number of clients has significantly reduced and only two remain in high cost placements.
- The CORAM adoption contract under spent by £53k.
- In House Fostering under spent by £74k.
- Honeypot Lane under spent by £94k mainly on staffing costs and agency costs following the reconfiguration of the service to provide semi independent living.

The remaining under spend of £165k results mainly from staffing vacancies that are yet to be filled following the restructure in the Children Looked after and Children in Need Teams.

Special Needs Service

- Under spend of £199k on Special Needs Transport due to the rationalisation of routes.
- Overspend of £123k on Children with Disabilities however this was mainly contained by delivery of an under spend on the portage service and a staffing vacancy on SEN assessment.

Management

- Early delivery of staffing savings from the implementation of the new operating model. Following the restructure Children's Services is now reporting under the new operating model. The new budgets still need refinement as the final staff are assimilated into the new structure.

Schools

- Overspend of £345k following provision for school related liabilities resulting from the Council's obligations in respect of MMI. This provision relates to the Council's claw back amount should the Scheme of Arrangement be triggered.

Adults Directorate – Outturn 2011/12

The Adults Directorate under-spend in 2011/12 is £0.104m,

	Revised Budget	Draft Outturn	Variance		
			Quarter 4		Prev. Year
			£'000	%	£'000
A& H Transformation	1,195	1,182	(13)	(1.0)	(56)
Commissioning & Partnership	15,013	13,874	(1,139)	(7.6)	(857)
Long Term Care & Safeguarding	26,100	26,541	441	1.7	903
Personalisation & Reablement	19,855	20,564	709	3.6	(186)
Strategic Management	(613)	(715)	(202)	(33.0)	(165)
Adult Services	61,550	61,446	(104)	(0.2)	(361)
Public Health Carry Forward Requests:					
Project Officer		50	50		
IT Feasibility Study		8	8		
HR Support & Advice		15	15		
WLA Procurement Hub		35	35		
Accommodation		6	6		

1) Significant outturn variances:

a) A&H Transformation:

£0.013m under-spend due to;

- Under-spends on Complaints of £0.024m, mainly in relation to consultants
- Under-spend on Service Development £0.026m, mainly in relation to reduced cost of leasing equipment.
- Over-spend on Transformation £0.037m in relation to secondee costs, offset by carry forward requests.

b) Commissioning & Partnership:

£1.139m under-spend due to;

- £0.474m under-spend on Supporting People Grant [in addition to £250k MTFS efficiency achieved] as a result of renegotiating and terminating contracts.
- £0.197m under-spend on Prevention and Carers, £0.114k of which is unallocated growth from 2009-10.
- £0.214m under-spend in ICES equipment, £0.065m of which relates to 2010-11 and £0.140m savings as a result of the introduction of SADL.
- £0.026m over spend on FWI
- £0.010m under-spend on Mental Health, mainly in relation to £0.012m savings on Mental Health daycare.

- vi) £0.047m savings on Support for Living contract funded by supporting people [double funding]
- vii) £0.024m income from Pan London towards support from Contracts & Brokerage team.
- viii) £0.026m under-spend on Catering mainly in relation to Adults Catering.
- ix) £0.147m under-spends in relation to savings as a result of the spending protocol and salaries underspends

c) Long Term Care & Safeguarding:

£0.441m over-spend due to;

- i) £0.601m over-spend on Purchasing Budgets,
- ii) £0.066m under-spend on In House Residential units in relation to staff cost savings as a result of placement vacancies at Woodlands. It is anticipated that these placements will be at capacity by 1 April 2012, so this will not be an ongoing under-spend.
- iii) £0.021m under-spend on Mental Health non pooled budget in relation to underspend on the IMCA Grant.
- iv) £0.062m under-spend on NRC Day centres. This reflects an underspend on the NRC PFI costs, under-spends in relation to gas and electricity costs at the Learning Disability NRC's offset by savings as a result of agency staff reductions in the Physical Disability NRC.
- v) £0.011m under-spend on Long Term Care and Safeguarding salaries.

d) Personalisation & Reablement:

£0.709m over-spend due to;

- i) £0.952m over-spend on Purchasing Budgets.
- ii) £0.072m over-spend on Joint Assessment team salaries in relation to agency cover for sickness and increasing work load of team.
- iii) £0.023m under-spend on care management salaries.
- iv) £0.100m under-spend on training in relation to spending protocol.
- v) £0.154m under-spend on transport in relation to reduced costs of vehicles.
- vi) £0.025m under-spend on Northwick Park Hospital
- vii) £0.013m under-spend on Millman day centre from more efficient catering expenditure.

e) Strategic Management

£0.102m under-spend relates to;

- i) £0.127m under-spend in relation to monies vired from framework-I code to fund costs of Framework-I consultants. These costs were subsequently capitalised, so this remains unutilised.
- ii) £0.045 redundancy provision in relation to restructuring costs.
- iii) £0.013m overspend on legal costs and back dated car user allowance.
- iv) £0.020m additional resourcing contract costs.
- v) £0.048m under-spend on LDDF
- vi) £0.016m under-spend on capital projects revenue code.
- vii) £0.010 under-spend on other salaries costs

Housing Services - Outturn 2011/12

Housing General Fund

The table below summarises revenue position for Housing GF.

This is followed by key assumptions and variations.

	Revised Budget	Draft Outturn	Variance		
			Quarter 4		Prev. Year
			£'000	%	£'000
Housing Needs	2,514	2,605	91	3.6	2,464
Housing Partnerships	584	547	(37)	(6.3)	795
Travellers Site	26	6	(20)	(76.9)	6
Other GF Services	595	545	(50)	(8.4)	2,237
Resident Services	471	541	70	14.9	493
Housing GF	4,190	4,244	54	1.3	5,995
Budget adjustment – not yet actioned	(55)	-	55	-	-
Housing GF if carry forward request agreed	4,135	4,244	109	2.6	5,995

Key assumptions – included in above figures

- Housing Benefit provision of £300k is not utilised to offset B&B pressures
- Depreciation of £196k assumed for Housing Needs (not yet posted to ledger)
- Mortgage repossession grant £55k received in 2011-12 assumed to be carried forward as earmarked reserve therefore budget required (not yet posted to ledger)

Key variations (+ve = adverse, -ve = favourable)

- B&B – budget assumed average 4 families vs 51 on average during 2011-12 + £339k
 - Help 2 Let & Private Sector leasing underspends - £96k
 - Staffing underspend - £35k
 - Watkins House – consultancy spend to conform with CQC requirements + £40k
 - Legal fees – mainly from Out of London moves not challenged - £33k
 - Security & repairs – mainly works for vulnerable persons' accommodation not necessary - £39k
 - Central recharges - £30k
 - Other – various items - £37k
- Total variation against budget + £109k**

COMMUNITY AND ENVIRONMENT SERVICES OUTTURN 2011-12

The final position for C&E Directorate shows a variance of £1,881k which includes a redundancy provision of £1,355k. The main reason for the variance is due to capitalisation issues and the availability of projects for staff time to be recharged to capital (£818k), pressure within Public Realm (£240k), overspends at the Leisure Centre (£381k) due to plant failures at the Leisure centre swimming pool, irrecoverable VAT and disputed venue hire income bookings inherited from the previous contract, and reduced LOPs income following six month delay from Central Government (£110k). The directorate has been taking firm and robust steps to tackle historic issues going back a number of years which the downturn in capital programme has made far more pressing. The directorate has been able to mitigate some of this pressure by exercising expenditure controls and benefiting from additional income (£1,023k). Please see below for further details.

For the longer term a restructure for Property Services has been announced and will minimise the risk in future years. The transfer of the management of the leisure service to a new provider GLL has identified and resolved some issues that were inherited.

Summary

	Revised Budget	Outturn	Variance		
			Quarter 4		2010/11
			Var. £'000	% (1dp)	£'000
	£'000	£'000			
Community & Culture	8,704	9,218	514	5.9%	-308
Environment	37,575	39,136	1,561	4.2%	239
Directorate Management	975	781	-194	-19.9%	-245
Total	47,254	49,135	1,881	4.0%	-314
c/fwd request for TPIF-CSPAN			30		
C/fwd request free swim grant			54		
Total			1,965		

Community and Culture

The reported out turn variance is mainly due to the under recovery of income from the Leisure Contract see below

- Community Development is £142k overspent which is a movement of £125k on period 11 mainly due £179k redundancy provision offset by reduced spend on the Diamond Jubilee (£24k).
- Cultural Services is forecasting a £396k overspend, largely as a result of overspends at the leisure centre (£381k) which relates to utilities pressures for Leisure Centre Swimming Pool caused by plant failures (£100k), disputed venue hire income (£129k) inherited from the previous contractor and irrecoverable VAT (£144k).

- Libraries and Museum is £24k underspent against budget, a movement of £78k on period 11 and relates largely to lower than anticipated income.

Environment

- i) **Community Safety** is reporting a variance of £226k. The main variances are due to:

- Parking Revenue Account is £505k lower income recovery than budgeted resulting from decline income from parking enforcement, resulting from general increase in compliance. This is consistent with the general London wide trend.
- This is has been offset by managing costs across the service and also seeking new sources of incomes (£728k). New income streams included licencing income from Housing of Multiple Occupation (HMO), Profit share from Proceeds of Crime Act within Trading Standards and vacancy management across the service.

- ii) **Property & Infrastructure** is forecasting a £1,553k overspend

The outturn for Property & Infrastructure is £1,553k variance against budget and includes £1,147k redundancy provision. The variance is mainly due to lack of capital recharges (£818k) as a result of de-capitalisation and uncertainty over the level of service required from the Major Works team.

In addition, there was an under recovery in income due to the late implementation of the new London Permit Scheme (£110k); and the Directorate's contribution of costs for the re-tender of planned and reactive maintenance services (£58k). Housing's contribution towards this re-tender is £138k.

In order to minimise risk and reduce the overspend, Management have contained costs across the service (£580k) including reviewing staffing levels within Property Services and deferring works to the next financial year.

- iii) **Public Realm Service** is reporting a £234k overspend.

Public Realm Services variance is primarily due £234k due to the increase in pay as you throw (PAYT) charges due to the higher than budgeted waste tonnages.

The pressure on income have been contained by managing costs, the main area are:

- Trade Waste - £585k variance primarily due to ongoing economic down turn. Trade Refuse income is showing for the third year running decline in income, from adverse variance in 2009 of £208k it has declined to a variance of £585k this year. Also in previous years the under recovery was offset by the lower S52.(9) costs, resulting from the lower tonnages being disposed. However the mechanism for payment to WLWA has changed from this year and all disposal costs are now fixed.

- CA Sites - £109k variance against budget due to reduction in commercial waste tonnages (in particular building waste) deposited at the CA site, leading to reduction in income. This income stream is again impacted by the down turn in the economy.
- Cemeteries - £231k – Income has been declining over the years and management of and charging of these services is being reviewed.

These under recoveries follow trends of previous years and costs relating to the above income streams have been managed to minimise the overall net position in the current year. For the longer term working with the service, MTFS growth and budget realignments have been worked out to help mitigate the above pressures.

b) Directorate Management

Directorate Management is £194k under spend is due to managing expenditure to mitigate the overall overspend within the directorate.

Place Shaping – Outturn - 2011/12

The 2011/12 outturn position indicates that the service shows an outturn of £136k, and £444k with the inclusion of the redundancy provision of £580k offset by costs (£80k) to fence off buildings in disrepair and weather proof other Grade II listed structures at Pinner Park Farm which did not materialise. The outturn includes a budget virement of £275k budget to earmarked reserves relating to the Planning Development Grant. Carry forwards have been requested, which if approved will show a revised outturn of £524k.

The outturn has also managed to contain the pressure of additional £50k for planning income following the delays from Central Government to lay the bill before Parliament which would allow local authorities to set their own charge and an additional £75k in respect of the St Georges' Field appeal.

	Revised Budget £'000	Outturn Actual £'000	Variance		
			Quarter 4		2010-11
			Variance £'000	% (1dp)	£'000
Business Management	1,611	1,660	49	3%	1,170
Planning Services	2,198	2,418	220	10%	2,749
Economic Development Research & Enterprise	837	859	22	3%	1,026
Major Development Projects	328	690	362	110%	175
Corporate Estate	-346	-555	-209	60%	-587
Total	4,628	5,072	444	9.6%	4,533
Carry Forward Requests					
Pinner Park Farm			80		
Total			524		

- **Business Management:**

The 2011-12 outturn is £49k variance due to the redundancy provision (£74k) offset by salary savings following the temporary secondment of an employee to Business Support, and a reduction on consumable costs.

- **Planning Services:**

In total the outturn position for Planning Services is under recovered by £220k primarily due to Building Control income pressure of £347k (of which the Division has absorbed £189k) caused by the adverse economic conditions and a redundancy provision of £61k. This has been offset in year by additional one off income from planning applications (including £75k from Kodak) to give an above target income of £22k. The division has undergone budget realignment for 2012/13 to address the pressures on achieving build control income targets in future years.

- **Economic Development Research & Enterprise:**

The outturn at period 12 is £22k variance against budget and includes £31k redundancy provision.

- **Major Development Projects:**

Major Development Projects has an overspend of £362k due to redundancy provisions (£269k), salary costs (£47k) and a reduction in income from capital re-charges (£48k) due to several capital projects which will no longer go ahead. There is also a small underspend (£2k) on other costs.

- **Corporate Estate:**

Corporate Estate's outturn is £209k and takes into account redundancy provisions of £145k. The under spend against budget due in the main to savings in security costs, rates and an increase in rental income. The under spend also includes a compensation payment from Persimmon Homes in respect of Lower Road.

Transformation and Priority Initiatives Fund

- 1) The remaining balance on the TPIF is £1.405m reported to the Cabinet at its meeting of 9 February 2012 in the Revenue and Capital monitoring for Quarter 3. The approved bids are shown below..

No.	Directorate	Description	£'000	Status
1	Place-Shaping	Redundancy costs brought forward to secure greater savings	47.4	Repayable
2	Chief Executive	Costs of modernising terms and conditions of Harrow pay	88.0	Repayable
Subtotal			135.4	Repayable
3	Adults	Additional capacity for annual and financial reviews	200.0	
4.	CEX	Let's talk III	27.5	
5.	CEX	Web Development	54.5	
6	Finance	Development of Policy on SLA charging and trading	30.0	
7	Place Shaping	Outer London Fund	25.0	
8.	C&E Public Realm	Pride in Harrow – Caring for the Borough, Behaviour Change	40.0	Request for carry forward
9.	C&E Community & Culture	Community Sports and Physical Activity Network funding	30.0	
10.	Adults	Mental Health Personalisation – secondment from voluntary sector	40.0	
Sub -total			447.0	Not Repayable
Overall total bids Transformation			582.4	
			Fund Available	966.0
			Remaining	383.6
11.	CEX	CCAD Severance	126.0	
12.	CS	A&I Severance	400.0	
Subtotal Invest to Save/severance			526.0	
			Fund Available	1,563
			Remaining	1,037
Total overall T&PIF Remaining			1,420.6	Quarter 3
Drawdown in Quarter 4 in relation to redundancy costs in Community and Environment			130.0	Quarter 4
Subtotal Invest to Save/severance			907.0	
Total overall T&PIF Remaining			1,290.6	Quarter 4
Recommended carry forward balance of £383.6k plus £800k (of the £907k)			1.183.6	
Difference surrendered to support carry forward requests			107.0	

There is a further call of £0.130m on the invest to save / severance part of the fund in quarter 4. This reduces the remaining part of the invest to save/severance to £0.907m. The Transformation part of the fund is £0.384m as £0.016m has been returned since quarter 3.. The total remaining at quarter 4 is £1.290.6m. The total to be carried forward is the £0.384m and £0.800m, resulting in a TPIF of £1.184m.

	Revised Capital Programme - end Q3	Q4 - Additions / Reductions	Q4 - Virements	Revised 2011/12 Capital Programme	Outturn	Variance (before Carry Forward requests)	Variance Analysis - Total Carry Forward Requests	Variance Analysis - (Underspend) / overspend due to project completion with (lower)/higher project costs	Variance Analysis - Underspend due to project cancellation or part delivery	Variance Analysis - Underspend due to project deferment (excluding any c/f)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Fund										
Chief Executive's Directorate	25,599	(1,000)	4	24,602	7,154	(17,448)	(4,306)	(7,743)	(1,672)	(3,743)
Adults and Housing GF	5,465	315	0	5,780	3,699	(2,081)	(1,708)	(5)	(388)	0
Place Shaping	4,913	460	(50)	5,323	1,989	(3,333)	(432)	(189)	(2,725)	0
Children's Services	14,382	153	0	14,535	5,748	(8,787)	(8,545)	(578)	0	0
Community and Environment	13,306	(6)	46	13,346	10,636	(2,710)	(2,043)	(591)	(125)	0
Amounts to be found for £1m DFG programme increase & roundings	(999)	1,000		1		(1)		(1)		
Total GF Programme	62,665	921	0	63,586	29,226	(34,360)	(17,034)	(9,106)	(4,911)	(3,743)
HRA	11,194	0	0	11,194	6,094	(5,100)	(1,686)	(1,981)	(1,434)	0
Total Capital Programme	73,859	921	0	74,780	35,320	(39,461)	(18,720)	(11,087)	(6,345)	(3,743)

	Revised Capital Programme - end Q3	Q4 - Additions / Reductions	Revised 2011/12 Capital Programme	Outturn	Variance (before Carry Forward requests)	Variance Analysis - Total Carry Forward Requests	Variance Analysis - (Underspend) / overspend due to project completion with (lower)/higher project costs	Variance Analysis - Underspend due to project cancellation or part delivery	Actuals & Commitments
Chief Executive's Directorate									
BTP - New Projects - Streets	1,052	0	1,073	907	(166)	0	(166)	0	907
BTP - New Projects - Libraries	1,297	0	1,318	1,197	(120)	0	(120)	0	1,199
BTP - New Projects - Corporate Services	251	0	333	299	(33)	0	(33)	0	299
BTP - New Projects - CCAD	2,449	0	2,063	1,594	(470)	(254)	(216)	0	2,336
BTP - New Projects - Business Support	1,448	0	1,469	1,034	(434)	(341)	(93)	0	1,376
BTP - New Projects - Mobile & Flex	3,743	0	3,743	0	(3,743)	0	0	0	0
BTP - New Projects - HARP 1 Refresh project	85	0	85	0	(85)	(85)	0	0	0
BTP - New Projects - HARP 1 set up	24	0	24	22	(2)	0	(2)	0	22
BTP - New Projects - HR L&D	27	0	27	21	(5)	0	(5)	0	21
BTP - Outline Business Cases	157	0	157	148	(8)	0	(8)	0	148
BTP - New Projects - New business cases	5,230	(583)	4,672	78	(4,594)	(364)	(4,230)	0	78
BTP - New Projects - Projects to be defined	3,000	(417)	2,483	0	(2,483)	(811)	0	(1,672)	0
BTP - New Projects	0	0	0	5	5	0	5	0	5
LBH Anywhere - ITO Milestone Payments	4,906	0	5,124	1,469	(3,655)	(1,195)	(2,460)	0	4,522
LBH Anywhere	8	0	8	8	(0)	0	(0)	0	8
ICT - Milestones	413	0	413	0	(413)	0	(413)	0	0
ICT - Infrastructure	0	0	0	0	0	0	0	0	0
LAA Performance Reward Grant	748	0	752	90	(663)	(653)	0	0	539
BTP - New Projects - Finance Systems Developments aris	250	0	250	0	(250)	(250)	0	0	0
SAP Minor Developments	219	0	219	99	(120)	(120)	0	0	119
Small Projects	291	0	291	159	(132)	(132)	(0)	0	194
My Harrow Services Account	0	0	100	0	(100)	(100)	0	0	100
Total	25,599	(1,000)	24,602	7,128	(17,474)	(4,306)	(7,743)	(1,672)	11,872
Adults									
Bentley Reablement centre	150	0	150	0	(150)	(150)	0	0	0
Millmans (Neighbourhood Resource Centre)	350	(0)	350	0	(350)	(347)	(3)	0	0
Residential Provision works	600	0	600	360	(240)	(86)	(154)	0	394
Social Care Sites	150	0	150	39	(111)	(47)	(2)	(62)	48
Supported Housing (HIV)	1,448	0	1,262	710	(552)	(551)	(1)	0	710
Stabilisation and development of Framework-i	56	0	241	242	1	0	1	0	242
Housing GF									
Affordable Warmth	0	0	0	0	0	0	0	0	0
Disabled Facilities Grants (owner occupiers)	2,245	72	2,317	2,031	(286)	(286)	0	0	2,031
Empty Property Grants	297	211	507	188	(319)	(219)	0	(100)	188
Private Sector Rented Housing (Renovation Grants)	115	0	115	42	(73)	0	0	(73)	42
Better Homes Grants	35	32	67	66	(1)	(1)	(0)	0	66
Social Reform Grant	20	0	20	0	(20)	(20)	0	0	12
Total	5,465	315	5,780	3,679	(2,101)	(1,708)	(5)	(388)	3,734

	Revised Capital Programme - end Q3	Q4 - Additions / Reductions	Revised 2011/12 Capital Programme	Outturn	Variance (before Carry Forward requests)	Variance Analysis - Total Carry Forward Requests	Variance Analysis - (Underspend) / overspend due to project completion with (lower)/higher project costs	Variance Analysis - Underspend due to project cancellation or part delivery	
Place Shaping									
Civic Centre site development	500	0	500	96	(404)	0	(129)	(275)	96
Development of a Consolidated, Integrated Civic 1 Building	945	505	1,450	1,263	(187)	(187)	0	0	1,315
Heritage Projects	500	0	450	0	(450)	0	0	(450)	0
Town Centre Infrastructure	400	0	400	150	(250)	(245)	(5)	0	163
Green Grid	200	0	200	145	(55)	0	(55)	0	145
City Farm	250	0	250	0	(250)	0	0	(250)	0
Asset Development	250	0	250	0	(250)	0	0	(250)	0
Land Acquisition	1,500	0	1,500	0	(1,500)	0	0	(1,500)	0
Outer London Fund	368	(45)	323	323	0	0	0	0	323
Total	4,913	460	5,323	1,976	(3,346)	(432)	(189)	(2,725)	2,042
Childrens Services									
Catering in schools	1,791	0	1,791	1,378	(413)	(290)	(122)	0	1,497
Catering in schools - Park High	950	0	950	24	(926)	(926)	0	0	39
School Amalgamation - Grange	755	0	755	725	(30)	(30)	0	0	745
School Amalgamation - Longfield	745	0	745	638	(107)	(107)	0	0	668
School Amalgamation - Elmgrove	1,300	0	1,300	172	(1,128)	(1,128)	0	0	991
School Amalgamation support	19	0	19	(69)	(88)	0	(88)	0	(54)
Primary Development - Marlborough phase 1	1,900	0	1,900	0	(1,900)	(1,900)	0	0	0
Primary Development - Weald	1,500	0	1,500	4	(1,496)	(1,496)	0	0	9
High School Development	350	0	350	10	(340)	(340)	0	0	12
IT	75	0	75	31	(44)	0	(44)	0	31
Capital Maintenance incl Scheme Developments	665	(62)	603	73	(529)	(529)	0	0	74
Independent Schools Works	0	90	90	1	(89)	(89)	0	0	1
Schools Expansion Programme	0	105	105	5	(100)	(100)	0	0	5
Short Breaks for Disabled Children	147	0	147	0	(147)	(147)	0	0	0
Autistic Spectrum Disorder provision in schools	0	0	0	(9)	(9)	0	(9)	0	200
Year 7 - Education Modernisation Improvements	65	0	65	(7)	(72)	0	(72)	0	(6)
Primary Capital	253	20	273	(5)	(278)	0	(278)	0	56
Devolved Formula Non VA schools	2,939	0	2,939	1,564	(1,375)	(1,375)	0	0	1,564
Whitmore (High School No.1)	537	0	537	378	(159)	(63)	(96)	0	869
Children's Centre	0	0	0	157	157	0	157	0	168
Targeted Capital	0	0	0	28	28	0	28	0	28
Practical Cooking	84	0	84	64	(20)	0	(20)	0	64
Project fees during defects period	62	0	62	39	(23)	(23)	0	0	39
Relocation of 80-82 Gayton Road	245	0	245	212	(32)	0	(32)	0	235
Total	14,382	153	14,535	5,412	(9,123)	(8,545)	(578)	0	7,236

	Revised Capital Programme - end Q3	Q4 - Additions / Reductions	Revised 2011/12 Capital Programme	Outturn	Variance (before Carry Forward requests)	Variance Analysis - Total Carry Forward Requests	Variance Analysis - (Underspend) / overspend due to project completion with (lower)/higher project costs	Variance Analysis - Underspend due to project cancellation or part delivery	
Community and Environment									
Tree Planting & Parks, etc.	110	0	110	110	(0)	0	(0)	0	110
Corporate Accommodation	250	0	202	186	(16)	0	(16)	0	188
Carbon commitment	119	0	114	19	(95)	0	(0)	(95)	19
Affordable Warmth	150	0	150	45	(105)	(10)	(95)	0	148
High Priority Major Works Corporate Buildings	440	0	440	411	(29)	0	0	(29)	420
Neighbourhood Investment Scheme	310	0	310	189	(121)	(19)	(102)	0	196
Public Realm Infrastructure - Highways Programme	4,340	0	4,340	3,657	(683)	(683)	0	0	3,657
Public Realm Infrastructure - Drainage Programme	350	0	350	296	(54)	(54)	(0)	0	296
Public Realm Infrastructure - Lighting Programme	974	0	1,064	363	(702)	(702)	0	0	368
Public Realm Infrastructure - Traffic & Parking	355	0	355	348	(7)	0	(6)	(1)	348
Public Realm Infrastructure	78	0	74	71	(2)	0	(2)	0	71
Recycling Schemes	431	(46)	390	390	(0)	0	(0)	0	390
School Landlord Works	750	0	648	292	(356)	0	(356)	0	292
Transport for London Schemes	4,011	(249)	3,762	3,745	(17)	(17)	(0)	0	3,764
s106 Schemes	50	289	339	163	(176)	(176)	0	0	163
Leisure Centre and other sites	167	0	167	83	(83)	(83)	0	0	84
Harrow Arts Centre Refurbishment	25	0	99	98	(1)	0	(1)	0	98
Headstone Manor Refurbishment	250	0	300	0	(300)	(300)	0	0	0
Hatch End Pool Modernisation	0	0	0	0	0	0	0	0	0
Hatch End Site Modernisation	146	0	132	119	(13)	0	(13)	0	119
Total	13,306	(6)	13,346	10,587	(2,759)	(2,043)	(591)	(125)	10,732
Housing Revenue Account									
Extensions Grant	302	0	302	125	(177)	(186)	9	0	142
Aids and Adaptations	1,100	0	1,100	641	(459)	0	(359)	(100)	744
Housing Programme	9,793	0	9,793	5,328	(4,465)	(1,500)	(1,631)	(1,334)	8,262
Total	11,194	0	11,194	6,094	(5,100)	(1,686)	(1,981)	(1,434)	9,148

Table 2 – Additions/(Reductions)

Project/Scheme	£m
General Fund Projects :	
BTP - New Projects - New business cases	(1.000)
Disabled Facilities Grants (owner occupiers)	0.072
Empty Property Grants	0.211
Better Homes Grants	0.032
Development of a Consolidated, Integrated Civic 1 Building	0.505
Outer London Fund	(0.045)
Capital Maintenance incl Scheme Developments	(0.062)
Independent Schools Works	0.090
Schools Expansion Programme	0.105
Primary Capital	0.020
Recycling Schemes	(0.046)
Transport for London Schemes	(0.249)
s106 Schemes	0.289
Programme adjustment	1.000
Roundings	-
General Fund Total	<u>0.921</u>

Table 3 - Virements

Project/Scheme	£m
General Fund Projects :	
BTP - New Projects - Streets	0.021
BTP - New Projects - Libraries	0.021
BTP - New Projects - Corporate Services	0.082
BTP - New Projects - CCAD	(0.386)
BTP - New Projects - Business Support	0.021
BTP - New Projects - New business cases	0.025
BTP - New Projects - Projects to be defined	(0.100)
LBH Anywhere - ITO Milestone Payments	0.218
LAA Performance Reward Grant	0.004
My Harrow Services Account	0.100
Supported Housing (HM)	(0.185)
Stabilisation and development of Framework-i	0.185
Heritage Projects	(0.050)
Corporate Accommodation	(0.048)
Carbon commitment	(0.005)
Public Realm Infrastructure - Lighting Programme	0.090
Public Realm Infrastructure	(0.004)
Recycling Schemes	0.005
School Landlord Works	(0.102)
Harrow Arts Centre Refurbishment	0.074
Headstone Manor Refurbishment	0.050
Hatch End Site Modernisation	(0.014)
General Fund Total	<u>(0.000)</u>

Table 4 - Carry Forward Requests

Project/Scheme	£m
General Fund Projects :	
LBH Anywhere - ITO Milestone Payments	1.195
LAA Performance Reward Grant	0.653
BTP - New Projects - Finance Systems Developments arising from Cap	0.250
SAP Minor Developments	0.120
Small Projects	0.132
BTP - New Projects - CCAD	0.254
BTP - New Projects - Business Support	0.341
BTP - New Projects - HARP 1 Refresh project	0.085
BTP - New Projects - New business cases	0.364
BTP - New Projects - Projects to be defined	0.811
My Harrow Services Account	0.100
Bentley Reablement centre	0.150
Millmans (Neighbourhood Resource Centre)	0.347
Residential Provision works	0.086
Social Care Sites	0.047
Supported Housing (HM)	0.551
Disabled Facilities Grants (owner occupiers)	0.286
Empty Property Grants	0.219
Better Homes Grants	0.001
Social Reform Grant	0.020
Development of a Consolidated, Integrated Civic 1 Building	0.187
Town Centre Infrastructure	0.245
Catering in schools	0.266
Catering in schools	0.024
Catering in schools - Park High	0.926
School Amalgamation - Grange	0.030
School Amalgamation - Longfield	0.107
School Amalgamation - Elmgrove	1.128
Primary Development - Marlborough phase 1	1.900
Primary Development - Weald	1.496
High School Development	0.340
Capital Maintenance incl Scheme Developments	0.529
Independent Schools Works	0.089
Schools Expansion Programme	0.100
Short Breaks for Disabled Children	0.147
Devolved Formula Non VA schools	1.375
Whitmore (High School No.1)	0.063
Project fees during defects period	0.023
Affordable Warmth	0.010
Public Realm Infrastructure - Highways Programme	0.683
Public Realm Infrastructure - Drainage Programme	0.054
Public Realm Infrastructure - Lighting Programme	0.702
Transport for London Schemes	0.017
s106 Schemes	0.176
Headstone Manor Refurbishment	0.300
Neighbourhood Investment Scheme	0.019
Leisure Centre and other sites	0.083
Roundings	0.003
General Fund Total	<hr/> 17.034
HRA Projects :	
Extensions Grant	0.186
Housing Programme	1.500
HRA Total	<hr/> 1.686
TOTAL CARRY FORWARD REQUEST	<hr/> <hr/> 18.720

Housing Revenue Account (HRA)

Description	Outturn variation 2010-11	Revised Budget 2011-12 £000	Outturn 2011-12 £000	Variation £000
Operating expenditure :				
Employee Costs	(134)	1,988	1,994	5
Supplies & Services	35	603	559	(45)
Utility cost (Water, Gas, Electricity)	(320)	679	580	(99)
Estate & Sheltered Services	250	2,227	2,218	(9)
Central Recharges	52	3,028	2,969	(59)
Total Operating Expenditure	(117)	8,526	8,319	(207)
Repairs expenditure :				
Repairs - Voids	156	619	821	201
Repairs - Responsive	149	2,611	3,175	564
Repairs - Other	(489)	2,492	1,837	(655)
Total Repairs expenditure	(184)	5,722	5,833	110
Other expenditure:				
Contingency - general	140	174	61	(114)
Charges for Capital	(556)	8,899	8,431	(468)
RCCO	(500)	0	0	0
Bad or Doubtful Debts	(102)	200	65	(135)
HRA Subsidy	404	6,988	7,258	269
Total Other expenditure	(614)	16,262	15,815	(447)
Total Expenditure	(915)	30,510	29,967	(544)
Income				
Rent Income – Dwellings	224	(24,501)	(24,553)	(52)
Rent Income – Non Dwellings	47	(754)	(756)	(1)
Service Charges - Tenants	(16)	(649)	(628)	21
Service Charges - Leaseholders	275	(487)	(368)	119
Facility Charges (Water & Gas)	9	(507)	(503)	4
Interest	0	(6)	7	13
Other Income	(145)	(183)	(98)	85
Transfer from General Fund	(1)	(163)	(163)	(0)
Total Income	393	(27,251)	(27,063)	188
Statutory adjustments	0	(1,916)	(1,916)	(0)
In Year Deficit / (Surplus)	(522)	1,343	988	(355)
BALANCE brought forward		(3,779)	(3,779)	
BALANCE carried forward		(2,436)	(2,791)	

Revenue Carry Forward Requests

	Grants or income unapplied	Planned under spend	Budget pressure/	Total	Rationale
			adjustment		
	£000	£000	£000	£000	
Housing Sub Total	55			55	Relates to early receipt of the Preventing Repossession Fund
Resources					
Customer Services		200		200	BTP – CCAD. Project related training activities not yet taken place
Customer Services		143		143	BTP Business support. Project related costs outstanding inc £72k re training and £71k re various project related activities
HRD		18	50	68	Terms and conditions project delayed so under spent by £18k in 2011-12. Further £50k required to take the project to completion.
HRD			50	50	L&D for MDP programme
HRD			16	16	CSB Development Programme
HRD			31	31	Cashiers – increased cost of ICON system that was not budgeted.
Performance			14	14	Disabled Go forward payment for two years to support the Council's equalities policy.
Performance			50	50	2012-13 Allocation of Safer Stronger Communities Grant lower than budgeted in 2012-13. This was included in the MTFS as a technical change in 2012-13.
Legal		106		106	Borough Elections - budgeted on an annual basis but spent every third year
Finance					
Collections and Benefits	83			83	HB Transitional reform monies re 12-13 (ring-fenced grant but not reclaimable)
Finance and Resources Sub Total	83	467	211	761	
Cross Council/ Corporate					
Corporate	139			139	New Homes Bonus Scheme – first instalment of 2012-13 allocation received in march but budgeted 2012-13. Non ring fenced so accounted for in 2011-12.
Corporate			300	300	Provision for the additional costs of the CIPFA Review recommendations
Corporate			205	205	Balance of £2m 2011-12 corporate procurement target not extracted from base budgets.
Corporate			131	131	Shortfall on budgeted saving for Business support.
Public Health			114	114	In order to carry out new responsibilities for Public Health, there is a requirement for the following: project officer; IT feasibility study; HR support and advice; WLA procurement contribution; Hub development.
Cross Council / Corporate Sub -total	139	0	750	889	

Children's					
		265		265	LGFL Amount required to fund contractual liabilities caused by the delay to switch LGFL to new provider. Rather than send money back to school need to carry forward and use to fund future liabilities
		151		151	SNT III Project Costs (project manager/ 96 days of HR support)
			70	70	YJB - Shortfall in 12/13 YJB grant
			50	50	Summer Youth Projects
		63		63	ICT works in Children's Centre - needed for Business support and Children's Centre new operating model. Due to happen in 2011/12 however Capita unable to complete. Period 11 assumed spend in 11/12. Spend in 12/13 but budget given up to meet the 12/13 £800
			55	55	Kids Can Achieve - due to significant safeguarding concerns services are being recommissioned. This has resulted in some dual costs for first 6 months
			20	20	Telephony Cost including introducing call centre 'Hunt' system to Social Care phones & set up costs of relocated CAMHS
			21	21	2 Weekend Overtime - preparation for Ofsted on 8 May
			22	22	Interim support May – July to review implications of changes to Formula Funding Grant for Schools, and liaise with Schools Forum
Childrens Services Sub Total	0	479	238	717	
Community Environment					
	54			54	Unringfenced grant for swimming received in year
		30		30	Community Sports and Physical Activity Programme Network Funding granted from the Transformation Initiatives Fund in 11/12 – held back.
C&E subtotal	54	30	0	84	
Place shaping					
			80	80	Pinner Park Farm to fence off buildings in disrepair and weather proof other Grade II listed structures
Place Shaping Sub Total	0	80	0	80	
Service Sub Total	331	1,056	1,199	2,586	
TPIF				110	
Sub total Carry Forward Requests				2,696	
Borough Elections				106	

Total Carry Forward Requests				2,802	See paragraph 28 of the report
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Technical Adjustments

Appendix 6

The Council produces its accounts in accordance with the CIPFA /LASAAC Code of Practice which incorporates IFRS. This requires a number of technical adjustments for items that have to be included in the figures on an accounting basis but excluded from the accounts on a funding basis as these costs do not impact on the final position of the Council in terms of changing reserves and balances.

The technical adjustments that will be made to directorate outturn figures are summarised in the following table:

Item	Adjustment between accounting and funding basis
	£000
Accumulated Absence	-1,760
IAS19 Pension Costs	-10,413
PFI Schemes	-2,157
Leased Equipment	-295
Impairment	121,576
Depreciation	-1,741
Rev Exp Financed by Capital Under Statute	1,293
Other Adjustments	61
Total Corporate Items	106,564

The effect of these adjustments on net Directorate expenditure is as follows:

Directorate	Reported Outturn for Services	Adjustment between accounting and funding basis	Final Total to Agree to Financial System
	£000	£000	£000
Assistant Chief Executive	14,301	-814	13,487
Legal and Governance	3,672	-38	3,634
Corporate Finance	9,619	-9,786	-167
Sub total Corporate	27,592	-10,638	16,954
Adults & Housing	65,690	1,418	67,108
Community and Environment	49,135	2,089	51,224
Children's	38,969	114,383	153,352
Place Shaping	5,072	-688	4,384
Sub Total Directorate	186,458	106,564	293,022

A full reconciliation between Directorate outturn including these technical adjustments and the final published Comprehensive Income and Expenditure Statement will be included in the 2011-12 Statement of Accounts.

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**REPORT FOR: GOVERNANCE, AUDIT AND RISK
MANAGEMENT COMMITTEE**

Date:	26 June 2012
Subject:	Treasury Management Outturn Report 2011/12
Responsible Officer:	Julie Alderson, Corporate Director Resources
Exempt:	No
Enclosures:	Appendix 1 – Prudential Indicators Appendix 2 – Counterparty Policy

Section 1 – Summary and Recommendations

This report sets out the summary of Treasury Management activities for 2011/12

Recommendations:

The Committee is requested to review and note the outturn position for Treasury Management activities for 2011/12.

Section 2 – Report

Referral to GARM

1. The paper that follows is due to be discussed by Cabinet on 20 June 2012. In line with GARMC's role to scrutinise treasury management activities, Cabinet will refer this report to GARMC. The remainder of the report is identical to that presented to Cabinet.

Introduction

1. Treasury Management is the management of the Council's investments and cash flows, its banking, money market and debt transactions together with the effective control of the risks associated with those activities.
2. The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the prudential and treasury indicators for 2011/12. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the

Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

3. During 2011/12 the minimum recommended reporting requirements were that the Council should receive the following reports:
 - An annual treasury strategy in advance of the year (Council 16 February 2011).
 - A mid year treasury update report (Cabinet 15 December 2011).
 - An annual report following the year end describing the activity compared to the strategy (this report).

4. The regulatory environment places an onus on members to review and scrutinise the treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies. The additional requirements for scrutiny have been delegated to the Governance, Audit and Risk Management Committee (GARMC) and this report will be submitted to GARMC. The Treasury Management Group chaired by the Corporate Director of Resources meets monthly to review treasury activity.

5. This annual treasury report covers
 - Overall outturn position on treasury management,
 - Council's treasury position as at 31 March 2012,
 - The economy in 2011/12,
 - Borrowing outturn for 2011/12,
 - Investment outturn for 2011/12; and
 - Compliance with treasury limits and Prudential Indicators.

Outturn Position

6. There was a favourable variance of £1.5 million on the updated capital financing budget of £22.2 million as detailed below:-

	Latest Budget	Outturn	Variation	
	£000	£000	£000	%
Cost of Borrowing	10,905	11,295	390	3.6%
Investment Income	-498	-1,287	-789	-158%
Minimum Revenue Provision	11,847	10,731	-1,116	-9.4%
Total	22,254	20,739	-1,515	-6.8%

7. The favourable outcome arose due to:
 - (a) Borrowing – gross borrowing costs (excluding allocations) are in line with the budget. The increased costs, relate to (1) allocations to HRA that are £300,000 lower than estimated reflecting the impact of Libid rates (Libid is the rate at which banks will typically expect to receive on lending to other banks) on the specific formula that applies to HRA, and (2) a mid year virement that reduced the budget by £142,000.

- (b) Income – the average of interest earned was 1.65%, which compares favourably with the prior year (1.30%) and three month Libid (0.81%). The budget was based on a rate of 0.94%. The average investment balance also exceeded the forecast - £117 million v £86 million.
- (c) MRP – The favourable variance results from project underspend and slippage on completion timetables.

Treasury Position as at 31 March 2012

8. The Council's debt and investment position at the beginning and the end of the year was as follows:

	31st March 2012	Average Rate	Average Life yrs	31st March 2011	Average Rate	Average Life yrs
	£m	%	Yrs	£m	%	Yrs
Fixed Rate Borrowing						
Public Works Loan Board (PWLB)	218.5	4.09	39.1	130.0	4.50	32.8
Market	131.8	4.65	35.4	131.8	4.65	36.4
Total Debt	350.3	4.30	37.8	261.8	4.57	34.6
Investments:						
In-House	89.3	1.65	216 days	112.9	1.30	219 days
Total Investments	89.3			112.9		

The above analysis assumes loans structured as LOBOs (see paragraph 16 below for definition and further details) mature at the end of the contractual period. If the first date at which the lender can reset interest rates was used as the maturity date, the average life for market loans would be 3.1 years and for the whole debt portfolio 25.6 years.

9. Details on borrowing and investment activities follow in the report.

The Economy and Interest Rates

10. The financial year 2011/12 continued the challenging investment environment of previous years, namely low investment returns and continuing heightened levels of counterparty risk. The original expectation for 2011-12 was that Bank Rate would start gently rising from quarter 4 2011. However, GDP growth in the UK was disappointing during the year under the weight of the UK austerity programme, a lack of rebalancing of the UK economy to exporting and weak growth in our biggest export market - the EU. The EU sovereign debt crisis grew in intensity during the year, abating temporarily when a second bailout package was eventually agreed for Greece. Inconclusive elections in Greece and growing concerns with Spanish banks combined to reawaken concerns after the year end. Weak UK growth resulted in the Monetary Policy Committee increasing quantitative easing by £75bn in October and another £50bn in February. Bank Rate therefore ended the year unchanged at 0.5% while CPI inflation peaked in September at 5.2% but then fell to 3.0% in April 2012, with further falls expected to below 2% over the next two years.

11. Gilt yields fell throughout the year as concerns continued over the EU debt crisis. This resulted in safe haven flows into UK gilts which, together with the two UK packages of quantitative easing during the year, combined to depress PWLB rates to historically low levels. Ten year gilt yields fell to the lowest on record in May 2012.
12. Risk premiums were also a constant factor in raising money market deposit rates for periods longer than 1 month. Widespread and multiple downgrades of the ratings of many banks and sovereigns, continued Eurozone concerns, and the significant funding issues still faced by many financial institutions, meant that many investors remained cautious of longer-term commitment despite the significant pickups available for 1-2 year maturities.

Borrowing Outturn for 2011/12

13. Total long term debt of £350.3 million at the end of March 2012 is made up £131.8 million bank loans and £218.5 million from the PWLB.
14. There was one new loan during the year, with £88.5 million borrowed from the PWLB at an interest rate of 3.48%, with a maturity of 50 years from 28th March 2012. The loan was used to fund the cost of the Housing Revenue Account self-financing requirement to withdraw from the Government Subsidy scheme.

The table below sets out the borrowing maturity profile

	31st March 2012		31st March 2011	
	£m	%	£m	%
Under 12 Months	0.0	0.0	0.0	0.0
12 Months and under 24 Months	10.0	2.9	0.0	0.0
24 Months and within 5 years	6.0	1.7	10.0	3.8
5 years and within 10 years	32.0	9.1	38.0	14.5
10 years and above	302.3	86.3	213.8	81.7
Total	350.3	100.0	261.8	100.0

15. As highlighted in section 8, the average interest rate on debt has moved over the course of the year from 4.57% to 4.30%. The approach to funding capital expenditure as discussed in the February 2011 strategy was mainly to use internal funds in recognition of the unfavourable gap between investment returns and borrowing costs and secondly to draw longer term fixed rate debt, to take advantage of low long term rates and to reduce exposure to fluctuations in short term interest rates. The HRA settlement payment was entirely funded from 50 year PWLB debt as the rate achieved of 3.48% was exceptionally low, a function of the impact of the Euro crisis and quantitative easing on gilt rates, together with the reduction of 0.75% in the surcharge over gilts normally levied on PWLB borrowing. With expectations that gilt yields will increase in the next 2-5 years, any additional costs of carrying surplus cash in the short term will be greatly offset with longer term savings in borrowing costs.
16. In aggregate there is £83.8 million of Lender Option Borrower Option (LOBO) structured loans shown in the table above as having maturities of between 38 and 66 years. The lenders are permitted to reset interest rates five years after the loan is drawn and either semi-annually or annually thereafter. Should interest rates on these loans increase, the Council is able to repay at no cost. The table below restates the

maturity profile by including LOBO loans at their first interest reset date. Although gilt rates are at historic lows, there would be a cost to refinance the LOBO loans with traditional borrowing structures.

	31st March 2012	
	£m	%
Under 12 Months	33.8	9.6
12 Months and under 24 Months	10.0	2.9
24 Months and within 5 years	76.0	21.7
5 years and within 10 years	12.0	3.4
10 years and above	218.5	62.4
Total	350.3	100.0

Investment Outturn for 2011/12

17. The Bank of England base rate has remained at 0.5% since March 2009 while annual average 7 day and 3 month Libid rates of 0.48% and 0.81% respectively have made investing over short horizons unattractive. The investment portfolio achieved an average return of 1.65% in the year, exceeding both the 7 day and 3 month Libid rates.
18. The Council manages its investments in-house and invests with the institutions listed in the Council's approved lending list. The Council will invest for a range of periods from overnight to two years (historically up to five years), dependent on the Council's cash flows, its interest rate view and the interest rates on offer. During the year all investments were made in full compliance with the Council's treasury management policies and practices. Further detail of the credit quality of counterparties is given in appendix 2.
19. At 31st March 2012 the investment portfolio is invested over a spread of maturities up to three years, although the majority is kept short term due to uncertainties over interest rate movements and future cashflow timing. At the year end £18 million matures in more than 12 months taking advantage of the longer term rates available. These deposits yield between 2.7% and 3.6%, considerably greater than three month deposits which yield less than 1%. Since the revised counterparty policy was approved by Council in February 2012 no new investment has exceeded 24 month duration, although 36 months is permitted for the part nationalised banks.
20. Most deposits are with UK High Street Banks (Barclays, Lloyds, HBOS, RBS, Santander) with Nationwide the only building society and Svenska Handelsbanken the only overseas bank. In addition, three money market funds offering daily liquidity are used. Since the year end all deposits with Santander UK have been repaid. In prior years most of the counterparties met the credit quality required to be "Specified Investments". Following the credit rating downgrades to banks during the autumn of 2011, this is no longer the case.
21. The returns from the investment portfolio are benchmarked by the treasury advisor, Sector, and in the year the weighted average return calculated by Sector of 1.77%

exceeded both their model portfolio (1.76%) and the average of other London Boroughs (1.28%).

22. The table below sets out the investment balances as at 31 March 2012.

	31st March 2012		31st March 2011	
	£m	%	£m	%
Specified Investments				
Banks & Building Societies	0.1	0.1	87.2	77.3
Money Market Funds	5.7	6.4	7.7	6.8
Non –Specified Investments				
Banks & Building Soc.	83.5	93.5	18.0	15.9
Total	89.3	100.0	112.9	100.0

23. Included in the above balances are funds of £10.6 million as at 31 March 2012 invested on behalf of the West London Waste Authority. Since 1st April 2011, the cash balances of the pension fund (£21.1 million as at 31st March 2012) have been held in separate accounts with RBS to comply with new regulations. In aggregate 34% of interest earned is allocated both to the WLWA and to internal funds (schools, housing, insurance etc).

Compliance with Treasury Limits

24. The prudential framework for local authority capital investment was introduced through the Local Government Act 2003. The prudential system provides a flexible framework approach within which capital assets can be procured, managed, maintained and developed. Under this framework, individual authorities are responsible for deciding the level of their affordable borrowing for the Council's capital investment plans that is demonstrated to be affordable, prudent and sustainable.

25. The Act and the supporting regulations require the Council to have regard to the Prudential Code and to set Prudential Indicators for the next three years. The indicators for 2011/12 were approved by the Cabinet in February 2011. During the financial year the Council operated within the treasury limits and Prudential Indicators as shown in Appendix 1.

26. The total capital expenditure for 2011/12 was £35.3 million. Approximately £16.4 million (46% of the total expenditure) was funded from grants, revenue contributions and capital receipts. This resulted in the borrowing requirement of £18.9 million. These values exclude the HRA settlement payment of £88.5 million that was entirely funded by borrowing.

Minimum Revenue Provision (MRP)

27. Under the statutory regulations a Minimum Revenue Provision is made each year to repay the outstanding debt on assets. This is calculated by spreading the capital expenditure over the useful life of the asset.

Financial Implications

28. Financial matters are integral to the report.

Environmental Impact

29. There are no direct environmental impacts.

Performance Issues

30. The Council meets the requirements of the CIPFA Code of Practice for Treasury Management and therefore is able to demonstrate best practices for the Treasury Management function

Risk Management Implications

31. The identification, monitoring and control of risk are central to the achievement of the treasury objectives. Potential risks are identified, mitigated and monitored in accordance with treasury practice notes approved by the Treasury Management Group.

Risk included on Directorate risk register? Yes
Separate risk register in place? No

Equalities Implications

32. There is no direct equalities impact.

Corporate Priorities

33. This report deals with the Treasury Management Strategy which is a key to delivering the Council's corporate priorities

Section 3 - Statutory Officer Clearance

Name: Julie Alderson	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 13 June 2012		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 13 June 2012		

Section 4 - Contact Details and Background Papers

Contact: George Bruce (Treasury and Pension Fund Manager, Finance & Procurement) Tel: 020-8424-1170 / Email: george.bruce@harrow.gov.uk

Background Papers: N/A

Prudential Indicators

Capital Expenditure and Funding

Table 1	2010/11	2011/12	2011/12
	Actual	Approved	Actual
	£'000	£'000	£'000
Capital Expenditure			
Non - HRA	52,645	45,905	29,226
HRA - settlement funding	0	0	88,461
HRA - routine	5,302	6,360	6,094
TOTAL Expenditure	57,947	52,265	123,781
Funding:-			
Grants	26,101	10,556	10,936
Capital Receipts	5,462	12,789	4,895
Revenue Financing	290	0	528
Major Repairs Allowance	3,932	4,148	0
Total Funding	35,785	27,493	16,359
Internal Borrowing	2,162	24,772	18,961
External Borrowing - HRA settlement	0	0	88,461
External Borrowing – General Fund	20,000	0	0
Total new Borrowing	22,162	24,772	107,422

The above table summarises capital expenditure and sources of funding. General Fund capital expenditure of £29 million in 2011-12 is £17 million lower than that approved in February 2011 and also less than the mid year projection as project completions have been carried forward into the new year. HRA capital expenditure includes the cost of the HRA settlement payment (£88.5 million). Capital receipts are also lower than expected, with the net borrowing needs funded from existing cash balances except for the HRA settlement.

Ratio of Financing Costs to Net Revenue Stream

Table 2	2010/11	2011/12	2011/12
	actual	approved	actual
	£'000	£'000	£'000
Ratio of financing costs to net revenue stream			
Non - HRA	12.95%	11.67%	11.72%
HRA	24.82%	24.76%	8.61%

These ratios consider the affordability of capital expenditure by comparing net interest costs and depreciation with net revenues. A ratio that increases indicates that capital costs take a larger share of resources. The 2011/12 strategy (middle column) omitted finance leasing costs from the ratio, as was the policy at that time. If this had been included, the Non-HRA ratio would have been 12.85% (instead of 11.67%), indicating an improvement in the year.

The ratio of financing costs to revenue for HRA has fallen due to the capitalisation of MRA charges for 2011-12, which will be released in the next two years. The impact is to increase the HRA borrowing cap by the value of the postponed MRA (£4.1 million).

Net Borrowing Requirements

Table 3	2010/11	2011/12	2011/12
	actual	approved	actual
	£'000	£'000	£'000
Net borrowing requirement			
brought forward 1 April	182,054	203,192	195,898
carried forward 31 March	195,898	218,531	294,681
In year borrowing requirement	13,844	-15,339	98,783

The net borrowing requirement looks at the change in debt less investment balances. The increase of £98.8 million is less than the capital expenditure of £107 million (table 1 above) indicating that cash has been generated by revenue transactions.

Capital Financing Requirement

Table 4	2010/11	2011/12	2011/12
	actual	approved	actual
	£'000	£'000	£'000
Capital Financing Requirement as at 31 March			
Non – HRA	251,470	254,866	253,069
HRA	55,197	58,589	149,614
Total	306,667	313,455	402,683
Annual change in CFR			
Non – HRA	13,037	2,117	1,599
HRA	710	1,012	94,717
Total	13,747	3,129	96,016

The Capital Financing Requirement is the historic outstanding capital expenditure that has not been allocated to revenue. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure that is not funded from revenue increases the CFR. The value of finance leases is included. The value is greater than the outstanding borrowing of £375 million, indicating the level of cash generated by revenue balances.

The increase in the year is mainly the HRA settlement payments together with net new capital expenditure less MRP.

Incremental Impact of Capital Investment Decisions

Table 5	2010/11	2011/12	2011/12
	actual	approved	actual
	£'000	£'000	£'000
Incremental impact of capital investment decisions	£ p	£ p	£ p
Increase in council tax (band D) per annum	21.14	53.65	26.74
Increase in average housing rent per week	0.07	1.02	-14.31

The incremental ratios identifies the impact of the cost of debt and depreciation (MRP) linked to new capital borrowing on council taxes and rents. A high or growing ratio would suggest that council taxes or rents will have to increase to fund the capital expenditure programme. The ratio ignores the favourable impact of assets that have become fully depreciated and drop out of the MRP charge.

The incremental impact of General Fund capital investment decisions on council taxes is reduced by the lower capital expenditure, which reduces both financing costs and MRP. For HRA the impact of capitalising one year's MRA is to show a negative cost, which is an 'accounting anomaly' that will reverse in 2012-13.

Ratio of Net to Gross Borrowing

Table 6	2010/11	2011/12	2011/12
	actual	approved	actual
	£'000	£'000	£'000
Net to Gross Debt Limit			
Gross borrowing	278,908	279,032	375,254
Net borrowing	195,898	218,531	294,681
Net debt percentage	70%	78.3%	78.5%
Minimum ratio		75%	75%

This indicator is designed to highlight borrowing in advance of needs, when large investment cash balances are carried relative to debt. The ratio is expected to increase (which is deemed favourable) as cash balances are reduced to fund the capital programme.

Borrowing and Investment Limits

Table 7	2010/11	2011/12	2011/12
	actual	approved	actual
	£'m	£'m	£'m
Authorised Limit for external debt			
Borrowing and finance leases	288	398	375
Operational Boundary for external debt			
Borrowing	262	366	350
Other long term liabilities	26	20	25
Total	288	386	375
Upper limit for fixed interest rate exposure			
Net principal re fixed rate borrowing	262	386	375
Upper limit for variable rate exposure			
Net principal re variable rate borrowing	0	100	0
Upper limit for principal sums invested over 364 days	18	25	18

The approved operational boundary for debt is based on actual debt at the start of the year plus the net projected capital expenditure in the year. The authorised limit is based on CFR balances and includes an allowance for delayed capital receipts. Total borrowing was within both limits during the year. The operational boundary for finance leases was exceeded due to a miscalculation of the actual values when the boundary was set.

Maturity Profile of Debt

Table 8 Maturity structure of borrowing during 2011/12	upper limit	lower limit	Actual March 2012	
	%	%	£m	%
under 12 months	20	0	33.8	9.6
12 months and within 24 months	20	0	10.0	2.9
24 months and within 5 years	30	0	76.0	21.7
5 years and within 10 years	40	10	12.0	3.4
10 years and above	90	30	218.5	62.4
Total			350.3	100.00

The maturity profile of borrowing in the table above is based on the first LOBO loan interest reset dates being taken as the maturity date. No range limits are exceeded, although by 2015 all LOBO loans (currently 24% of borrowing) will fall within the 0-12 month category.

Counterparty Policy

1. The counterparty policy for investments is reviewed annually and approved by both Cabinet and Council, the latest review being in February 2012. The table below identifies the banks in use at the year-end listed against the appropriate counterparty criteria.

Specified Investments

Instrument	Minimum Credit Criteria	Max. maturity period	Year -end Counterparties	Balances £'m
Debt Management Agency Deposit Facility	Government backed	12 months	N/A	0.0
Term deposits – other LAs	Local Authority issue	12 months	N/A	0.0
Term deposits – banks and building societies	AA- Long Term F1+Short-term 2 Support B Individual AAA Sovereign	12 months	Svenska Handelsbanken	0.1
Money Market Funds	AAA	daily	3 funds	5.7
Total Specified Investments				5.8

Non Specified Investments

	Minimum Credit Criteria	Max. maturity	Year -end Counterparties	Balances £'m
Term deposits – banks and building societies	A Long Term	3 months	Barclays	9.0
	F1 Short-term		Nationwide	20.0
	1 Support		Santander	8.0
	B Individual			
UK nationalised Banks [RBS & Lloyds / HBOS]	F1 Short-term	36 months	Lloyds/BoS	25.0
	1 Support		RBS	21.5
Callable Deposits	F1 Short term	3 months		
	A Long Term			
	1 Support			
Total Non Specified Investments				83.5
Total Investments				89.3

2. Only one bank meets the credit quality required to be classified as a “Specified Investment”. Other than the two part nationalised banks, all new deposits since December 2011 have a maximum maturity of three months. There are deposits with Nationwide (£5 million) made prior to the change in guidelines that do not mature until November 2013.

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**REPORT FOR: GOVERNANCE, AUDIT &
RISK MANAGEMENT
COMMITTEE**

Date of Meeting: 26 June 2012

Subject: Committee Lead Member Update

Responsible Officer: Tom Whiting, Assistant Chief Executive

Exempt: No

Enclosures: Appendix: Current Lead Members of the Committee

Section 1 – Summary and Recommendations

This report sets out the current position regarding the GARMC Lead Member volunteers and seeks guidance on the future approach.

Recommendations:

The Committee is requested to consider whether to continue the current practice of nominated Lead Members for specific areas of responsibility and if so, seek volunteers for the vacant positions set out in the appendix.

Section 2 – Report

Background

- 2.1 The current arrangements for GARMC Lead Members have developed over a number of years in response to the Committee's expanding Terms Of Reference, which encompasses monitoring and assurance roles over a diverse range of specialist risk-based services.
- 2.2 The Lead Member role was developed to work more closely with officers within those specialist areas, to facilitate more a detailed awareness of the issues than the Committee as a whole could realistically be expected to maintain.
- 2.3 Typically the Lead Member would be consulted on draft reports relating to their specialist area prior to committee reporting and would have the opportunity to meet officers to ask detailed questions at any point in the calendar.
- 2.4 One meeting during the year has an agenda item where Lead Members have the opportunity to report to the Committee on key issues affecting their particular area.
- 2.5 The role was incorporated into the Committee's Terms of Reference at a previous review and since this is the first meeting of the Committee with a new Chair and several new Members, it is considered timely to review the position alongside the review of the Terms of Reference, which is elsewhere on this agenda.
- 2.6 The attached appendix sets out the current position and the Committee is requested to consider whether to continue the current practice of nominated Lead Members for specific areas of responsibility and if so, seek volunteers for the vacant positions set out in the appendix.

Financial Implications

- 2.7 There are no financial implications of appointing Lead Members

Risk Management Implications

- 2.8 The purpose of appointing Lead Members is to facilitate a more detailed understanding and assurance of how risks are managed within the specialists areas for the benefit of the Council as a whole.

Equalities implications

- 2.9 There are no equalities implications of appointing Lead Members, which is a voluntary role.

Corporate Priorities

- 2.10 The management of risks across the authority supports all services to deliver their outcomes and meet the corporate priorities.

Section 3 - Statutory Officer Clearance

Name: Steve Tingle	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 11 June 2012		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 12 June 2012		

Section 4 - Contact Details and Background Papers

Contact: David Ward
Divisional Director – Risk, Audit & Fraud

Tel: 020 8424 1781
david.ward@harrow.gov.uk

Background Papers: None

GOVERNANCE AUDIT AND RISK MANAGEMENT COMMITTEE

Lead Members and Officer Contacts @ June 2012

Function	Lead Members & Vacancies	Officer Contact	Officer Contact No.
Governance	Vacant	David Ward	020 8424 1781
Risk Management	Vacant	Neale Burns	020 8424 1362
Emergency Planning & Business Continuity	Councillor Romain	Kan Grover	020 8424 1362
Anti-Fraud	Councillor Anderson	Justin Phillips	0208 424 1609
Health & Safety	Vacant	Mark Riordan	0208 420 9343
Internal Audit	Vacant	Susan Dixson	0208 424 1420
Insurance	Councillor Mano Dharmarajah	Karen Vickery	0208 424 1995
Information Management	Vacant	Tony Monachello	0208 424 7609
Treasury Management	Councillor Romain	George Bruce	0208 424 1170
Finance	Vacant	Jennifer Hydari	0208 424 1393

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