



**Clackmannanshire  
Council**

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**Kilncraigs, Greenside Street, Alloa, FK10 1EB  
(Tel.01259-450000)**

## **Audit and Finance Committee**

**19 January 2017 at 10.00 am**

**Venue: Council Chamber, Kilncraigs,  
ALLOA FK10 1EB**

Date	Time
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## AUDIT AND FINANCE COMMITTEE

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The remit of the Audit and Finance Committee is:

- a) To receive, review and consider reports on the Council's finance
- b) To receive, review and consider reports on value for money and best value
- c) To consider the Council's Annual Governance Statement
- d) To consider internal audit reports and results of internal audit investigations
- e) To consider external audit and resultant action plans
- f) To monitor and review actions taken on internal and external audit recommendations
- g) To approve corporate risk strategy and risk management procedures
- h) To receive and consider reports on countering fraud and corruption

To meet every 2 months on the third Thursday.

**11 January 2017**

**A MEETING of the AUDIT AND FINANCE COMMITTEE will be held within the Council Chamber, Kilncraigs, Greenside Street, Alloa FK10 1EB, on THURSDAY 19 JANUARY 2017 at 10.00 am.**

**NIKKI BRIDLE  
Depute Chief Executive**

**B U S I N E S S**

	<b>Page No</b>
1. Apologies	--
2. Declarations of Interest Elected Members are reminded of their obligation to declare any financial or non-financial interest which they may have in any item on this agenda in accordance with the Councillors' Code of Conduct. A Declaration of Interest form should be completed and passed to the Committee Officer.	--
3. Confirm Minutes of Meeting held on 17 November 2016 (Copy herewith)	07
4. Council Financial Performance 2016/17 – October Outturn - report by the Chief Accountant (Copy herewith)	11
5. Social Services Finance Report – report by the Head of Social Services (Copy herewith)	49
6. Consortium Audit Arrangements – report by the Head of Resources and Governance (Copy herewith)	73
7. Corporate Risk and External Audit Actions – report by the Head of Strategy and Customer Services (Copy herewith)	77
8. Internal Audit and Fraud Progress Report – report by the Internal Audit and Fraud Team Leader (Copy herewith)	93



## Audit and Finance Committee – Committee Members (Quorum 4)

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### Councillors

### Wards

Councillor	Janet Cadenhead (Chair)	4	Clackmannanshire South	LAB
Councillor	Bobby McGill (Vice Chair)	2	Clackmannanshire North	LAB
Councillor	Jim Stalker	1	Clackmannanshire West	LAB
Councillor	Tina Murphy	1	Clackmannanshire West	SNP
Councillor	Archie Drummond	2	Clackmannanshire North	SNP
Councillor	Gary Womersley	3	Clackmannanshire Central	SNP
Councillor	Craig Holden	4	Clackmannanshire South	SNP
Councillor	Alastair Campbell	5	Clackmannanshire East	CONS





**MINUTES OF MEETING of the AUDIT AND FINANCE COMMITTEE held within the Council Chamber, Kilncraigs, ALLOA, FK10 1EB, on THURSDAY 17 NOVEMBER 2016 at 10.00 am.**

**PRESENT**

Councillor Janet Cadenhead , Chair (In the Chair)  
Councillor Bobby McGill  
Councillor Alastair Campbell  
Councillor Archie Drummond  
Councillor Tina Murphy  
Councillor Graham Watt (S)

**IN ATTENDANCE**

Nikki Bridle, Depute Chief Executive  
Stephen Coulter, Head of Resources and Governance  
Stuart Crickmar, Head of Strategy and Customer Services  
Ahsan Khan, Head of Housing and Community Safety  
Gordon McNeil, Head of Development and Environment  
Celia Gray, Head of Social Services  
Jim Robb, Assistant Head of Service, Adult Care  
Lindsay Sim, Chief Accountant  
Richard Saunders, Fraud Specialist  
Andrew Wyse, Acting Legal Services Manager, Clerk to the Audit and Finance Committee

**AF(16)10 APOLOGIES**

Apologies were received from Councillor Jim Stalker, Councillor Craig Holden and Councillor Gary Womersley.

Councillor Graham Watt acted as substitute for Councillor Stalker.

**AF(16)11 DECLARATIONS OF INTEREST**

None.

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The Chair welcomed Mr Angus Brown from Audit Scotland, who was attending the Committee today as an observer.

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## **AF(16)12 COUNCIL FINANCIAL PERFORMANCE 2016/17 – AUGUST OUTTURN**

The report, submitted by the Chief Accountant, which provided and update to Committee on the financial performance of the Council in respect of both revenue and capital spend for the current financial year, 2016/17.

### **Motion**

That the Committee agrees the recommendations as set out in the report.

Moved by Councillor Janet Cadenhead. Seconded by Councillor Graham Watt.

### **Decision**

The Committee agreed to note:

1. The draft General Fund revenue overspend for the year of £0.144m;
2. Progress on delivering 70.3% of the planned savings in the year;
3. The draft favourable outturn of £0.596m on the Housing Revenue Account;
4. The draft underspend in General Services capital of £3.007m of which £0.998m are savings in delivery of programme with the remainder carried forward to 2017/18;
5. The draft underspend on HRA capital of £4.755m of which £2.560m is additional income from house sales and £0.336m are savings in delivery of programme with the remainder carried forward to 2017/18;

The Committee also agreed to endorse:

6. A reallocation of funding of £60k from underspends within the existing GF capital programme for a new project to upgrade security arrangements at Kelliebank and then refer this to Council for appropriate approval.

### **Action**

Chief Accountant

## **AF(16)13 SOCIAL SERVICES FINANCE REPORT**

The report, submitted by the Head of Social Services, provided an update on the financial performance of Social Services to date. The report focused on revenue spend for the current financial year, 2016/17. Projected outturns up to March 2017 are also set out in the report.

### **Motion**

That the Committee agrees the recommendations as set out in the report.

Moved by Councillor Janet Cadenhead. Seconded by Councillor Bobby McGill.

### **Decision**

The Committee agreed to note:

1. The Social Services projected overspend of £2.163m and the key reasons for this position (as set out in paragraph 3.2 of the report) This is a net increase of £0.210m compared to



the last report;

2. The key pressures in Child and Adult Care services which contribute to the overspend forecast;
3. The additional pressures to that reported to the committee on 15 September 2016. Specifically:
  - a. Impact of Scottish Living Wage of £4.5k
  - b. Impact of increased care home placements for older people of £357k
  - c. Impact of MCB002 not being achieved, £373k, as care home capacity for older people is maintained
4. The updated recovery plan which aims to minimise the level of forecast overspend in 2016/17 (as set out in Appendix 2 of the report).

#### **AF(16)14      ANNUAL FRAUD REPORT 2015/16**

The report, submitted by the Head of Resources and Governance, provided an update on the work that was being undertaken during 2015/16 in relation to fraud.

#### **Motion**

That the Committee agrees the recommendation as set out in the report.

Moved by Councillor Janet Cadenhead. Seconded by Councillor Graham Watt.

#### **Decision**

Having commented and challenged the report, the Committee agreed to note the information set out in the report.

Ends: 12.30 pm



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**Report to Audit and Finance Committee**

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**Date of Meeting: 19 January 2017**

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**Subject: Council Financial Performance 2016/17 – October Outturn**

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**Report by: Chief Accountant**

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**1.0 Purpose**

- 1.1 This paper provides an update on the financial performance of the Council in respect of both revenue and capital spend for the current financial year, 2016/17.

**2.0 Recommendations**

2.1. The Committee is asked to note:

2.1.1 The draft General Fund revenue underspend for the year of £0.687m.

2.1.2 Progress on delivering 67% of the planned savings in the year.

2.1.3 The draft favourable outturn of £0.626m on the Housing Revenue Account.

2.1.4 The draft underspend in General Services capital of £3.035m of which £0.425m are savings in delivery of programme with the remainder carried forward to 2017/18.

2.1.5 The draft underspend on HRA capital of £5.272m of which £2.563m is additional income from house & land sales and £0.336m are savings in delivery of programme with the remainder carried forward to 2017/18.

**3.0 Background**

- 3.1. This report summarises the financial position of the Council. This report consolidates all of the detailed service financial data to provide a corporate position. The report also provides detail of individual Service positions showing the overall variance and the movement from the previous reported projected outturn. The draft Outturn position reflected in this report is based on rigorous reviews of service spending activity by accountants and service managers.

## 4.0 General Fund Revenue

- 4.1 Appendix A to this paper sets out the actual spend for each service area.
- 4.2 Overall the Council's net expenditure this year is expected to record an underspend of (£0.687m) for the year ended 31<sup>st</sup> March 2017. This is a favourable movement on the previously reported outturn of £0.144m in August.
- 4.3 Although most Services are reporting an underspend there is an overspend in Social Services of £1.478m which is a reduction in the overspend of £0.685m. This is mainly due to overspends within Adult Services of £0.901m primarily due to unachievable savings of £0.494m, Reablement service staffing of £0.221m with the balance being increased activity in Care at home and long term placements. Residential schools overspend of £0.695m has reduced by £0.218m since last reported. A separate report to this Committee details the overspend and progress on the management recovery plan.
- 4.4 Table 1 below provides an overview of the Council's outturn position within each Service Expenditure area. The commentary aims to flag the **key** reasons for material variances from the approved budget.

**Table 1: Summary of Service Budget Variances**

Service	Annual Budget 2016/17	Projected Over/(under spend) at 31 <sup>st</sup> March 2017	Previous reported over/(under) spend at August	Movement
Resources & Governance	£22.644m	(£0.559m)	(£0.729m)	£0.170m
<p>Resources and Governance is projecting a net underspend of (£0.559m) resulting in an adverse movement of £0.170m since last outturn. The underspend and material movements are explained as follows:</p> <p>Accountancy is reporting an underspend of (£0.110m), movement £0.022m. The underspend is attributable to cash savings on staff seconded to the Tech One project and vacancy management.</p> <p>Asset Management is forecasting an overspend of £0.099m, movement £0.009m. The overspend is due to unachievable savings on rental income and staffing.</p> <p>Catering is reporting an underspend of (£0.417m), movement (£0.008m). This underspend is mainly attributable to efficiencies in staff and food purchases for P1-P3 free school meals. A related budget saving is being put forward for consideration for 17/18.</p> <p>IT is projecting an overspend of £0.024m, movement £0.070m. The overspend is made up of a forecasted overspend within Central IT of £0.090m. This is primarily due to Licence costs which were initially thought to reduce due to reduced employee numbers. However, a net increase in costs is expected as a result of unfavourable exchange rates on purchases. This is offset by an underspend (cash saving) of</p>				

(£0.066m) due to secondments, reduced hours and staff absence.

Governance is reporting underspend of (£0.095m), movement £0.020m. The underspend is mainly due to vacancies as a result of VS offset by the Corporate saving and cash savings in relation to the management of staffing vacancies.

Property Maintenance is projecting overspend of £0.145m, movement £0.058m. The overspend is mainly due to unachievable savings that were based on renegotiation of employee's terms and conditions, retirement and vacation of some properties that are still in use.

Schools PPP is projecting a net underspend of (£0.204m) for the year, no movement. The underspend is a cash saving largely due to an insurance rebate of (£0.230m).

<b>Service</b>	<b>Annual Budget 2016/17</b>	<b>Projected Over/(under spend) at 31<sup>st</sup> March 2017</b>	<b>Previous reported over/(under) spend at August</b>	<b>Movement</b>
Strategy and Customer Services	£5.684m	(£0.075m)	£0.005m	(£0.080m)

The service is forecasting a net underspend of (£0.075m) compared to the previous forecast overspend of £0.005m. This is mainly due to having more information regarding Business Support payroll forecasts. There has also been an increase in the amount of income projected to be received in Customer Services.

There is an underspend in Business Support (£0.114m) due to salary variations with the main underspend in Business Support Adult Care (£0.053m) as two staff members are on secondment and one on long term sick. Business Support Child Care also has an underspend of (£0.034m). This mainly as a result of a VS saving (£0.013m) and a vacancy which is a proposed budget saving for 17/18 (£0.019m). There are other underspends in salaries as a result of vacancies not being filled on a temporary basis, reduction in hours related to the budgeted family friendly saving for 16/17 and flexi retirement which is being put forward as a budget saving for 17/18. These various payroll factors have resulted in an increased underspend of (£0.011m) compared to last forecast.

Strategy & Performance is reporting an overspend of £0.032m due to an unachieved saving from targeted VR, where staff declined the offer. There is a slight movement from the last forecast of (£0.002m) due to updated forecasts for Payments to Contractors for the Corporate Newspaper.

Customer Services/Leisure is forecasting an overspend of £0.007m and movement of (£0.086m) made up as follows:

The Customer Services function is reporting an underspend of (£0.052m). This cash saving is as a result of salary underspends arising from a delay in filling vacancies and increased income projections. This underspend has increased since the last forecast by (£0.039m). Scottish Certificates income has increased by (£0.007m)

based on improving weekly calculations and Registrars income has increased by (£0.015m) due to a new service being provided through Scotland's People. Income budgets will be reviewed in line with the income and charging policy for 17/18. The remainder of the variance is made up of (£0.014m) as a result of staff roles anticipated being vacant for two months. There has also been a (£0.003m) reduction in the Loomis payments within the CAP offices from fewer pick ups.

Leisure is reporting an overspend of £0.059m, which is a movement of (£0.027m) from the previous forecast. The overspend is mainly a result of a historic £0.095m unallocated saving. The service have judged that to rectify this in one step would be counterproductive in terms of income, therefore, a phased approach is being adopted, which so far seems to be moving the deficit in the right direction. A marketing plan is being developed in partnership with Stirling University to increase usage of the leisure facilities, and the service has continued to pursue a range of actions to reduce costs whilst increasing income. The movement between this forecast and last (£0.027m) is mostly as a result of amended income projections in Leisure Schools PPP, Civic Halls and Community Centres based on the actual income received to October. The most notable increase is in the three PPP secondary schools' income which has increased by (£0.015m) since the last forecast. Community Centre income has increased by (£0.008m) and Leisure Civic Halls by (£0.002m).

<b>Service</b>	<b>Annual Budget 2016/17</b>	<b>Projected Over/(under spend) at 31<sup>st</sup> March 2017</b>	<b>Previous reported over/(under) spend at August</b>	<b>Movement</b>
Development & Environment Services	£11.013m	(£0.505m)	(£0.244m)	(£0.261m)

D&E is reporting a net underspend of (£0.505m) resulting in a movement of (£0.261m) since last quarter. The projected underspend and material movements are explained as follows:

Roads & Transportation is forecasting an underspend of (£0.122m) in the year, movement £0.083m. The projected underspend relates to cash savings and is as a result of cost control within Street Lighting Maintenance and staff savings due to vacancies.

Environmental Services is reporting an underspend of (£0.379m), movement (£0.372m). The projected underspend and movement is mainly due to reduction in forecast payments to contractors, reduction in fuel price and vacancies within staffing. Whilst these are expected to be budget savings, Budget realignments within the service may be required to offset 17/18 pressures.

Regulatory Services is projecting an underspend of (£0.025m), no movement. The underspend is a cash saving mainly due to temporary vacancies on grade six and seven posts. Revision of miscellaneous forecasts within Environmental Health also contributed to the projected underspend.

Development Services is forecasting an overspend of £0.017m, movement £0.026m. This overspend and movement is due to unachievable 2016/17 savings mainly in relation to removing a GIS post £0.016m which is no longer a viable option.

<b>Service</b>	<b>Annual Budget 2016/17</b>	<b>Projected Over/(under spend) at 31<sup>st</sup> March 2017</b>	<b>Previous reported over/(under) spend at August</b>	<b>Movement</b>
Social Services	£27.743m	£1.478m	£2.163m	(£0.685m)

Social Services is forecasting an overspend of £1.478m. This is a reduction of (£0.685m) compared to the last report.

The number of high cost Children's External Placements has reduced by 2 since the previous report resulting in a reduction in the projection of (£0.218m).

External Foster Placements have reduced by 3 since the previous report resulting in a reduction in the projection of (£0.275m).

The projection for Adult Services has reduced by (£0.200m). This is a result of a net reduction in the cost of external care provision.

The full detail of the Social Services overspend is provided in the Finance Report also on the agenda of this Committee.

<b>Service</b>	<b>Annual Budget 2016/17</b>	<b>Projected Over/(under spend) at 31<sup>st</sup> March 2017</b>	<b>Previous reported over/(under) spend at August</b>	<b>Movement</b>
Education	£36.929m	(£0.098m)	(£0.199m)	£0.101m

The Service is forecasting an underspend of £0.098m which is £0.101m less than previously forecast. The projected underspend and movement from the previous forecast can be summarised as follows:

Business Management is currently showing an underspend of (£0.060m) due to last shared service costs being forecasted up to December 2016. This is a movement of (£0.053m) as this was previously forecasted till the end of the financial year.

Early Years Non Devolved is forecasting to overspend by £0.099m mainly due to increased Early Years supply cover, £0.074m and current staffing within Out of School Care, £0.088m. There are underspends of (£0.045m) relating to payments to Early Years establishments and (£0.019m) relating to staffing costs. This has resulted in a movement of £0.132m from the previous outturn due to updated staffing costs within Out of School Care £0.050m and £0.099m Early Years supply cover. There is also additional income of (£0.020m) for nursery placements not previously

accounted for.

Primary Non Devolved is forecasting to overspend by £0.162m of which £0.064m relates to supply cover and £0.053m relating to additional expenditure by primary schools. This additional expenditure has been agreed by the service. Staffing costs are forecasting to overspend by £0.014m due to staffing savings not being achieved along with £0.019m severance payments. There is also £0.015m of savings which are still to be allocated to primary devolved budgets. The movement from the previous outturn is £0.084m of which £0.064m relates to supply cover and £0.019m severance payments.

Secondary Non Devolved is forecasting an underspend of (£0.206m) of which (£0.236m) relates to Secondary supply cover. This is offset by an overspend of £0.048m due to unachievable savings relating to HSLO post and (£0.009m) income under forecasted for EMA and (£0.009) relating to SQA fees.

ASN Non Devolved is overspent by £0.144m mainly due to increased staffing costs based on current payroll data. These staff included: Learning Support, Learning Assistants, ASN Primary and Secondary Teaching staff. This has resulted in a movement of £0.178m which again relates to increased staffing costs for ASN primary £0.074m and Learning Assistants £0.096m.

ASN Devolved is showing additional income of (£0.026m) relating to income from local authorities who have children placed within Clacks education. This was not in the previous forecast.

Sports Development is forecasting an underspend of (£0.045m) of which (£0.018m) relates to additional income received from Active Communities. There are two vacant posts contributing (£0.028m) towards the underspend. The (£0.025m) movement to the previous outturn relates to small net underspends within cost centers in the service are.

There are small underspends within Education Psychology Service and School Crossing Patrols totalling (0.019m). There are small immaterial net movements within service areas from the previous outturn totalling (£0.041m)

Further analysis is to be carried out with regards to individual staffing budgets, in particular Learning Assistants and Early Years Workers.

<b>Service</b>	<b>Annual Budget 2016/17</b>	<b>Projected Over/(underspend) at 31<sup>st</sup> March 2017</b>	<b>Previous reported over/(underspend) at August</b>	<b>Movement</b>
Housing	£2.959m	(£1.338m)	(£0.870m)	(£0.468m)

The service is forecasting an underspend of £1.338m. This is £0.468m more than previously forecast. This is in line with the final outcome for last financial year where an underspend of £0.987m was recorded which due to the timing of the income being confirmed this was not able to be included in the 2016/17 budget process. The underspend trend is being reviewed with any potential amendment to budget being addressed as part of 2017/18 budget process.



The main reason for the underspend is in the Rent Allowances of £0.350m and Rent Rebates of £0.659m. The expenditure and income in both of these cost centre has been forecast based on the current levels of expenditure which is significantly lower than budget. This has resulted in reducing the net expenditure this forecast by £0.237m. The unavailability of the benefits system has resulted in some difficulty in confirming this position.

An underspend of £0.341m is forecast within staffing as the Service continues to examine all vacancies in line with the ongoing restructure in conjunction with Housing Revenue Account. This is an increase of £0.108m from the previous forecast. There have been additional voluntary severances and these costs have been accounted for corporately. All vacant posts have now been forecast not to be filled this financial year.

An underspend of £0.299m in Billing & Assessment is forecast. This is £0.120m greater than previously reported and is as a result of examination of the classification of Council Tax Paid costs income which has increased the amount being accounted for this year and last year.

The Scottish Welfare Fund received an additional in year allocation of £0.150m to cover an Increase in the number of awards being made. The service also undertook mitigating action on the overspend and this has resulted in the service only projecting to use £0.100m of the in year demand pressure.

These underspends are offset by reduced income in Homeless Accommodation which is indicating an overspend of £0.207m.

<b>Service</b>	<b>Annual Budget 2016/17</b>	<b>Projected Over/(under spend) at 31<sup>st</sup> March 2017</b>	<b>Previous reported over/(under) spend at August</b>	<b>Movement</b>
Executive Team	£0.432m	£0	£0	£0m

The Executive Team are projecting spend in line with budget.

<b>Service</b>	<b>Annual Budget 2016/17</b>	<b>Projected Over/(under spend) at 31<sup>st</sup> March 2017</b>	<b>Previous reported over/(under) spend at August</b>	<b>Movement</b>
Corporate Adjustments	(£0.348m)	£0.563m	£0.018m	£0.545m

There is an overspend in the Corporate Budget of £0.563m which is a movement of £0.545m compared to the nil variance reported in the previous report.

The overall overspend relates to the unachievement of savings, mainly review of the working week have now been forecast as unachievable following the recent Council decision not to take this forward, overall overspend £0.513m, movement of £0.91m.

Also contributing to the variance and movement is R&G113 – Corporate VS saving of £0.400m of which £0.309m is forecast as unachievable and the £0.091m saving is now being forecast within individual service areas.

HCS016 - Review of general fund debtors is also now projected as unachievable, increasing the movement and overspend by £0.046m.

This overspend is offset by an underspend on the Universal Credit budget of (£0.400m) due to delays in full implementation of the scheme by the DWP and the change fund of (£0.006m) in relation to the timing of an employee exiting a funded post slightly earlier than expected.

<b>Service</b>	<b>Annual Budget 2016/17</b>	<b>Projected Over/(under spend) at 31<sup>st</sup> March 2017</b>	<b>Previous reported over/(under) spend at August</b>	<b>Movement</b>
Non Distributed Costs	£1.215m	£0	£0	£0

The Service is projecting spend in line with budget.

<b>Service</b>	<b>Annual Budget 2016/17</b>	<b>Projected Over/(under spend) at 31<sup>st</sup> March 2017</b>	<b>Previous reported over/(under) spend at August</b>	<b>Movement</b>
<b>Total</b>	<b>£108.271m</b>	<b>(£0.534m)</b>	<b>£0.144m</b>	<b>(£0.678m)</b>

- 4.5 Appendix A also highlights a number of non-service expenditure and income areas of the Council budget (not detailed in Table 1). This includes a projected overspend within Loan charges of £0.061m reflecting an unbudgeted premium for debt rescheduling £0.204m offset by an underspend due to slippage on previous years capital programme £0.143m. This is also offset by an estimate of additional revenue funding of £0.214m from redeterminations notified in the latest finance circular.
- 4.6 The above projections for Education and Social Services will be updated to reflect the apportionment of the net costs of shared service decoupling once these have been finalised.
- 4.7 The 2016/17 budget incorporated approved savings of £7.501m. 67% are forecast to be achieved in the year. Table 2 below sets out the position for each council service portfolio.

**Table 2: Budgeted 2016/17 savings progress**

Department	Savings full year 16/17 (£000)	Draft full Year Saving (£000)	(Under)/ Over Achievement (£000)	Comments and Reason for Variance
Resources & Governance	1,532	1,220	(312)	Compensatory budget savings of £417k that would allow full savings to be achieved.
Strategy and Customer	839	714	(125)	Underachievement in relation to: Reconfiguration of Customer Services and TVR.
Development & Environment	1,126	1,140	14	Under-achievements have been covered through overachievement of other approved savings.
Social Services	2,025	845	(1,180)	Progress has been made on a number of savings however, a significant proportion of savings are not expected to be achieved.
Education	611	439	(172)	A number of small savings are deemed not to be achievable within the year. Compensatory budget savings of £85k have been identified.
Housing	417	418	1	All savings are forecast to be achieved.
Corporate	951	268	(683)	Underachievement in relation to: Corporate severance, review of working week and pursuit of debtors.
<b>Total</b>	<b>7,501</b>	<b>5,044</b>	<b>(2,457)</b>	

4.8 Of the £7.501m savings approved by Council, £5.044m are forecast to be achieved. Compensatory savings of £0.502m that do not require a policy decision have been identified; £0.085m within Education and £0.417m in Resources & Governance. These savings have been included within the service projections in table 1 and have been put forward as budget savings for 17/18. Appendix E provides further detail of the unachievable savings within each service.

## 5.0 Housing Revenue Account

5.1 Appendix B to this paper sets out the summary budget for the Housing Revenue Account for this year in accordance with its Business Plan. It is forecast that the Service will achieve a surplus in the year of £5.544m which is £626k greater than budgeted. This is an increase of £30k from that previously forecast.

5.2 Repairs and Maintenance are forecasting an underspend of £463k, the main reason for this is an underspend of £283k for the Central Support Allocation due to a revision of the charge allocation basis. The forecast of expenditure

on Private Contractors and Voids is now £123k less than budget as the Service continues to examine all work that is placed with external firms. This underspend has increased from that previously forecast as expenditure continues to reduce. Supervision & Management is forecasting an underspend of £401k, this is £64k more than previously forecast. There is an underspend of £268k forecast in staffing costs, vacancies are now being filled in line with the revised structure but a delay in this process taking place has resulted in the forecast underspend increasing. Examination will continue during the year with the forecast being updated as new staff are appointed. Central Support is forecasting an underspend of £101k as the revised basis of allocation is less than HRA had initially allowed in the budget.

- 5.3 There has been a spike in void numbers, resulting in a potential overspend on void rent loss of £198k if numbers continue at the current level. The budget had been significantly reduced reflecting last year's performance. The current cost of Special Uplifts is now forecasting an overspend of £34k as the costs are now coming through. There is also a projected shortfall in Rental Income of £62k due to a higher than estimated number of house sales. Examination of the current level of debt has led to the forecast contribution to the bad debt provision being £54k less than the budget.

## 6.0 Capital

### 6.1 General Services

- 6.2 Appendix C to this paper details the General Services capital programme for the period ended 31st October 2016 where individual projects are listed within the various asset management plans.

- 6.3 Overall, the General Services capital programme is expected to record an underspend of £3.035m against the £11.325m gross budget. Budget has been brought forward from 2019/20 for the streetlighting LED project which has increased the previous reported gross budget reported to this Committee in August by £0.400m. Of the £3.035m underspend, £2.610m is expected to be carried forward to 2017/18 due to revised timing of project expenditure. Overall there is a movement of £0.028m from the previous reported underspend projected as at August of £3.007m.

- 6.4 A summary of the projected outturn position and movement for each of the Asset plans is shown in the table below.

**Table 3 General Services Capital Budget Variances**

Asset Plan	Budget (£000)	Projected to 31st March 2017 (£000)	Over / (under) Spend (£000)	Comments
Community Investment Strategy	6,026	4,075	(1,951)	Land in Dollar to settle before development can commence £0.3m, Ongoing review of school estate and early years strategy £1.5m
Property	1,040	51	(989)	Childcare Residential Unit – Concept

<b>Asset Plan</b>	<b>Budget (£000)</b>	<b>Projected to 31st March 2017 (£000)</b>	<b>Over / (under) Spend (£000)</b>	<b>Comments</b>
				design to identify potential sites has been completed. Ongoing further assessments required.
Roads	2,703	2,703	0	Spend is projected to be in line with budget.
Lands	30	30	0	Spend is projected to be in line with budget.
Fleet	726	726	0	Spend is projected to be in line with budget but will depend on the outcome of the fleet review.
IT	800	705	(95)	Due to staff reprioritisation in other digital transformation projects, projects delayed into 17/18.
<b>Total Capital Programme</b>	<b>11,325</b>	<b>8,290</b>	<b>(3,035)</b>	

### ***Housing Revenue Account***

6.5 Appendix D to this paper details the HRA capital programme for the current year where individual projects are listed within the various asset management plans.

6.6 The current net HRA Capital Budget is £11.754m. The expenditure forecast is £6.482m showing a projected underspend of £5.272m, £2.563m of which relates to additional income from house and land sales and £0.336m project savings. It is also anticipated that £2.373m will be required to be carried forward to next year.

Of this carry forward, £0.527m relates to Roof and Render where significant delays are forecast where the work involves private owners and landlords, £0.828m relates to the new build at The Orchard, Tullibody, where a final decision regarding this site has still to be confirmed

There is now a forecast carry forward in respect of £0.987m for Off the Shelf Purchase and Refurbishment. This budget was identified to maximise spend on the affordable housing grant programme. That target will now be met without using the full budget, which has already resulted in an additional eight units being acquired. Any underspend is proposed to be carried forward to allow for ongoing support for the Strategic Housing Investment Plan if required and for the refurbishment of any units that are bought later in the year. There is also a carry forward of £0.031m required for the retention at Fairfield.

6.7 The significant projects that contribute to the savings underspend of £2.899m are detailed in Table 4 below and comments are also recorded in Appendix D:

**Table 4 HRA Capital Budget Variances**

<b>Project</b>	<b>Variance (£000)</b>	<b>Comments</b>
Structural Works	(80)	Less expenditure on Asbestos as programme moves away from Kitchens & Bathrooms
Fairfield School New Build	(122)	Project now handed over to Housing with less costs than expected.
Tillicoultry Community Centre	(134)	Project now handed over to Housing with less costs than expected.
Income from Sale of Council Property & Land	(2,563)	More sales materialised than predicted. The deadline for applying has now passed.

## **7.0 Conclusions**

7.1 General Services revenue spend is anticipated to record an underspend of £0.687m.

7.2 Of the £7.501m approved savings, £5.044m is expected to be achieved in the year.

7.3 The Housing Revenue Account is anticipating an underspend of £0.626m.

7.4 The current review of the capital programme indicates a projected underspend in the year (including carry forwards) of £3.035m on General Services Capital. Detail on each project is shown in appendix C.

7.5 The HRA Capital Programme indicates an underspend of £5.272m, including additional income from house & land sales £2.563m and in year savings of £0.336m. A carry forward of £2.373m is also proposed.

## **8.0 Sustainability Implications**

8.1 None

## **9.0 Resource Implications**

### *9.1 Financial Details*

9.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

9.3 Finance have been consulted and have agreed the financial implications as set out in the report. Yes

### *9.4 Staffing*

9.5 None

## 10.0 Exempt Reports

10.1 Is this report exempt? Yes  (please detail the reasons for exemption below) No

## 11.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) **Council Policies** (Please detail)

## 12.0 Equalities Impact

12.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?  
Yes  No

## 13.0 Legality

13.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

## 14.0 Appendices

14.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A Council summary of expenditure

Appendix B HRA Revenues

Appendix C General Services Capital

Appendix D HRA Capital

Appendix E Corporate Savings Position

## 15.0 Background Papers

15.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes  (please list the documents below) No

### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Lindsay Sim	Chief Accountant	2078
Elizabeth Hutcheon	Management Accountancy Team Leader	6214

### Approved by

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources & Governance	Signed: S Coulter
Nikki Bridle	Depute Chief Executive	Signed: N Bridle



**Council Summary**

Appendix A

	<b>Annual</b>		<b>Previous</b>	<b>Variance</b>	
	<b>Budget</b>	<b>Forecast to</b>	<b>Variance</b>	<b>Variance</b>	<b>movement</b>
	<b>2016/17</b>	<b>March 17</b>	<b>Variance</b>	<b>Variance</b>	<b>movement</b>
Strategy & Customer Services	5,684	5,609	(75)	5	(80)
Resources & Governance	22,644	22,085	(559)	(729)	170
	<b>28,328</b>	<b>27,694</b>	<b>(634)</b>	<b>(724)</b>	<b>90</b>
less Allocated to Non General Fund	(1,305)	(1,305)	0	0	0
	<b>27,023</b>	<b>26,389</b>	<b>(634)</b>	<b>(724)</b>	<b>90</b>
Executive Team	432	432	0	0	0
Development & Environmental	11,013	10,508	(505)	(244)	(261)
Education	36,929	36,831	(98)	(199)	101
Housing & Community Safety	2,959	1,621	(1,338)	(870)	(468)
Social Services	27,743	29,221	1,478	2,163	(685)
Corporate	(348)	215	563	18	545
Misc Services - Non Distributed Costs	1,215	1,215	0	0	0
<b>Service Expenditure</b>	<b>106,966</b>	<b>106,432</b>	<b>(534)</b>	<b>144</b>	<b>(678)</b>
<b>Add Requisitions from Joint Boards</b>					
Central Scotland Valuation	321	321	0	0	0
	<b>107,287</b>	<b>106,753</b>	<b>(534)</b>	<b>144</b>	<b>(678)</b>
Add / (Deduct)					0
Interest on Revenue Balances	(52)	(52)	0	0	0
Loan Charges	9,401	9,462	61	0	61
Contribution to Bad Debt Provision	200	200	0	0	0
	<b>116,836</b>	<b>116,363</b>	<b>(473)</b>	<b>144</b>	<b>(617)</b>
<b>Sources of Funding</b>					
General Revenue Funding/Non-Domestic Rates	(90,603)	(90,817)	(214)	0	(214)
Council Tax	(18,758)	(18,758)	0	0	0
Council Tax Reduction Scheme	(3,520)	(3,520)	0	0	0
Contribution from Reserves	(1,523)	(1,523)	0	0	0
Application of unapplied Capital receipt	0	0	0	0	0
Contribution from/to HRA			0	0	0
Contribution from Earmarked Reserves	(432)	(432)	0	0	0
Contribution from Uncommitted Reserves	(2,000)	(2,000)	0	0	0
	<b>(116,836)</b>	<b>(117,050)</b>	<b>(214)</b>	<b>0</b>	<b>(214)</b>
<b>Projected (Surplus) / Shortfall</b>	<b>0</b>	<b>(687)</b>	<b>(687)</b>	<b>144</b>	<b>(831)</b>



**HRA Budget v Forecast**  
**As at October 2016**

**APPENDIX B**

The Service has the ambition to become one of Scotland's leading providers of local authority housing. To help achieve this Vanguard consultants have been engaged as part of the housing business management system improvement project to work with staff to redesign work. The aim is to transform the service by involving people in the organisation in the redesign of the process.

As a result of this the restructuring of the roles and responsibilities of the staff members is progressing during this year.

	<b>Budget 16-17 £'000</b>	<b>Forecast 16-17 £'000</b>	<b>Variance 16-17 £'000</b>	<b>Previous Forecast 16-17 £'000</b>	<b>Forecast Variance £'000</b>
<b>Housing Revenue Account</b>	<b>-4,918</b>	<b>-5,544</b>	<b>-626</b>	<b>-5,514</b>	<b>-30</b>
<b>Private Contractors</b> - continued less expenditure placed with outside firms.	295	178	-117	223	-45
<b>Void Houses</b>	42	36	-6	36	0
<b>General Maintenance</b> - Income in respect of rechargeable repairs help offset costs.	-13	-15	-2	-14	-1
<b>Property Factors</b> -Income now generated charging for common repairs	-25	-19	6	-24	5
<b>Gas Contract</b>	11	11	0	11	0
<b>Property Contracts</b> - Reduction in Central Support allocation and vacant posts now starting to be filled.	5,464	5,120	-344	5,013	107
<b>Service Manager</b> -Reduced costs for Central Support from that included in original budget	1,392	1,288	-104	1,284	4
<b>Tenancy &amp; Estate Management</b> - Restructuring has identified need for extra staff in this area. Appointment of these staff now progressing.	810	1,014	204	986	28
<b>Housing Business Management</b> - Vacant post has resulted in staffing saving.Post holder left during the year.	307	231	-76	229	2
<b>Housing Options</b> -Vacant post identified as resource for restructuring. Increased allocation of staff to VPR and transfer of staff to Tenancy	474	227	-247	287	-60

<b>HRA General Staff</b> - Vacant post identified as resource for restructuring. Dealy in filling vacant posts.	179	109	-70	143	-34
<b>Housing Investment Team</b> - Current staff vacancies that are being reviewed as part of restructure. Will be taken up by increase in number of Grade 6 Housing Officers.	353	269	-84	274	-5
<b>Community Engagement</b> - Lower cost anticipated on Tenants Survey	49	24	-25	21	3
<b>Housing Capital</b> -	3,130	3,128	-2	3,130	-2
<b>Tenancy Overheads</b> - Now predicting an overspend on Void Rent Loss of £198k as levels of Voids have increased. Reduced provision made for contribution to bad debt provision.	1,102	1,271	169	1,306	-35
<b>Rents</b> - Increased prediction in the number of house sales results in shortfall of income	-18,488	-18,416	72	-18,419	3
	<u><b>-4,918</b></u>	<u><b>-5,544</b></u>	<u><b>-626</b></u>	<u><b>-5,514</b></u>	<u><b>-30</b></u>

				Approved Budget Feb 16/17 £	Additional Carry Forwards from 15/16 £	Approved amendments in 16/17 £	Amended Budget 16/17 £	Expenditure as at 31.10.16 £	Income as at 31.10.16 £	Net Expenditure as at 31.10.16 £	Projection of estimated total capital spend to 31.3.17 £	(Under) / Over spend as at 31.3.17 £	August Outturn £	Movement from August out-turn £	Notes	Saving in 16/17 £	C/fwd to future years £	(Under) / Over spend as at 31.3.17 £	
<b>(A) Community Investment Strategy :</b>																			
<b>Project cost: Alloa Cluster</b>																			
10000	A1	Schools ICT Replacement	Alloa Academy	46,000			46,000	22,273	0	22,273	46,000	0	46,000	0	Project complete - Final invoices only				0
10010	A11	Kilncraigs	Alloa		16,230		16,230	0	0	0	16,230	0	16,230	0	Project complete - Final invoices only				0
10006	A3	Park Primary School	Alloa	248,000	22,980		270,980	127,860	0	127,860	173,000	(97,980)	173,000	0	Lighting programmed into 17/18 due to ongoing other works in 16/17.		(97,980)	(97,980)	0
10005	A6	Park, Play Area & Open Space Improvements	Alloa	50,000			50,000	6,816	0	6,816	50,000	0	50,000	0	On target for completion in 16/17				0
10116	A7	3-12 School Development	Alloa	24,000			24,000	1,382	0	1,382	2,000	(22,000)	1,150	850	Park Primary Fire Alarms re-programmed to 17/18 due to ongoing other works in 16/17.		(22,000)	(22,000)	0
10008	A9	Heritage Improvements	Alloa	330,000	40,200	(330,000)	40,200	14,040	(580)	13,459	40,200	0	40,200	0	Project complete - Final invoices and retention only				0
10133	A46	ALLOA SECONDARY SCHOOL SUPPORT	Alloa		103,000		103,000	92,661	0	92,661	103,000	0	103,000	0	Project complete - Final invoices and retention only				0
10021	A48	Sunnyside Primary School	Alloa		27,000		27,000	0	0	0	27,000	0	27,000	0	Fire Alarms in 16/17				0
10136	A51	Regeneration Speirs Centre	Alloa		58,760	30,000	88,760	15,053	0	15,053	88,760	0	88,760	0	Working towards completion in 16/17 but due to re-tendering of the project there may be a delay into 17/18				0
10137	A53	Alloa Town Hall	Alloa		55,440		55,440	43,861	0	43,861	55,440	0	55,440	0	Project complete - Retention only				0
10150	A54	Bowmar Area Enhancements	Alloa		23,270		23,270	82,115	(100,000)	(17,885)	23,270	0	23,270	0	Final invoices due. Project completed. £100K grant funded.				0
10138	A55	Kelliebank	Alloa				0	(1,062)	0	(1,062)	0	0	0	0	Final invoices due. Project completed				0
10144	A56	Redwell Primary School	Alloa				0	(62,819)	0	(62,819)	0	0	0	0	Final invoices due. Project completed				0
<b>TOTAL Alloa Cluster</b>				<b>698,000</b>	<b>346,880</b>	<b>(300,000)</b>	<b>744,880</b>	<b>342,180</b>	<b>(100,580)</b>	<b>241,600</b>	<b>624,900</b>	<b>(119,980)</b>	<b>624,050</b>	<b>850</b>		<b>0</b>	<b>(119,980)</b>	<b>(119,980)</b>	
<b>Lornhill Cluster</b>																			
10011	A12	Schools ICT Replacement	Lornhill Academy	47,000			47,000	44,538	0	44,538	47,000	0	47,000	0	Project complete - Final invoices only				0
10012	A13	Sauchie Hall Locality Hub	Sauchie	81,000			81,000	0	0	0	-	(81,000)	-	-	Project on Hold pending Councillors decision	(81,000)		(81,000)	0
10122	A14	Deerpark Primary School Roof	Sauchie		24,050	30,000	54,050	48,446	0	48,446	54,050	0	24,050	30,000	Project complete - Final invoices only. As per financial regulations Head of Service approved transfer of 30K from 3-12 School Development to cover fees.				0
10127	A17	St Serfs Primary School	Tullibody	173,000	29,060		202,060	17,384	0	17,384	30,060	(172,000)	97,060	(67,000)	Due to high risk asbestos, Heating project £105k and other works £67k are unlikely to commence in 16/17.		(172,000)	(172,000)	0
10017	A18	School Estate - Tullibody South Campus	Tullibody	125,000			125,000	0	0	0	125,000	0	125,000	0	Spend dependant on Council decision				0
10018	A19	Village and Small Town Initiative including safer routes to communities	Tullibody	190,000	201,750		391,750	413,268	(21,595)	391,673	391,750	0	391,750	0	Cost of Cambus/Tullibody cycle route of £155K is grant funded £80K from Sustran. Tender out in October for other works with works being completed November - March				0
10021	A22	3-12 School Development	Tullibody / Sauchie	120,000		(60,000)	60,000	0	0	0	60,000	0	90,000	(30,000)	£30K Budget transferred from underspends to Deerpark roof by Head of Service as per Council Financial Regulations.				0
10024	A25	Clackmannan Primary School Refurbishment/Locality Hub	Clackmannan	623,000			623,000	57,065	0	57,065	200,000	(423,000)	200,000	0	Due to procurement issues with no responses to a tender, works in 16/17 are less than anticipated. Estimated spend is for Classroom upgrades & Auxilliary areas only		(423,000)	(423,000)	0
10149	A57	Clackmannan Regeneration Project	Clackmannan	-			0	50,000	0	50,000	50,000	50,000			E2M Fully funded Clackmannan Regeneration Project which will be fully committed by end of March. £50K spend estimated for 16/17 with the £1.95m spend anticipated in 17/18				0
10149 B	A57 B	Clackmannan Regeneration Project Grant Funding	Clackmannan	-			0	0	0	0	(50,000)	(50,000)							0
<b>TOTAL Lornhill Cluster</b>				<b>1,359,000</b>	<b>254,860</b>	<b>(30,000)</b>	<b>1,583,860</b>	<b>630,700</b>	<b>(21,595)</b>	<b>609,105</b>	<b>907,860</b>	<b>(676,000)</b>	<b>974,860</b>	<b>(67,000)</b>		<b>(81,000)</b>	<b>(595,000)</b>	<b>(676,000)</b>	
<b>Hillfoots Cluster (Alva/Tillicoultry/Dollar)</b>																			
10030	A27	Village and Small Town Initiative including safer routes to communities	Tillicoultry	70,000			70,000	0	0	0	-	(70,000)	-	-	Unable to resource project in 16/17. Project delayed to future years		(70,000)	(70,000)	0
10026	A28	Hillfoots Glen - Upgrading	Tillicoultry	300,000			300,000	209,060	0	209,060	275,000	(25,000)	275,000	0	Project cost estimated to be lower than budgeted	(25,000)		(25,000)	0
10027	A29	Allotment Extension	Tillicoultry	12,000			12,000	1,255	0	1,255	1,800	(10,200)	12,000	(10,200)	Due to unexpected soil contamination, works on hold for further investigation, expected completion in 17/18		(10,200)	(10,200)	0
10028	A30	Flood Prevention Generator	Tillicoultry	25,000			25,000	0	0	0	20,000	(5,000)	20,000	0	Completion in 16/17	(5,000)		(5,000)	0
10029	A31	Street Lighting Improvements	Tillicoultry / Alva	975,000	400,000		1,375,000	258,159	0	258,159	1,375,000	0	975,000	400,000	Additional £400K brought forward from 20/21 as agreed at Council				0
10031	A32	Schools ICT Replacement	Alva Academy	47,000			47,000	41,132	0	41,132	47,000	0	47,000	0	Project complete - Final invoices only				0
10032	A33	Alva Community Campus/Locality Hub/ Primary school	Alva	240,000			240,000	99,677	0	99,677	240,000	0	240,000	0	Completion in 16/17				0
10121	A38	Menstrie Primary School	Menstrie	36,000	20,000		56,000	4,851	0	4,851	56,000	0	56,000	0	Completion in 16/17				0
10038	A39	New Cemetery	Dollar	200,000			200,000	0	0	0	-	(200,000)	-	-	Land is currently not at the point for works to be completed. Land requires to lie for 6 months before works can commence. Delay due to preparation of land by developers.		(200,000)	(200,000)	0
10039	A40	Village and Small Town Initiative including Playing field development & Temporary Changing facilities	Dollar	125,000			125,000	0	0	0	25,000	(100,000)	25,000	0	Land to settle before development can commence.		(100,000)	(100,000)	0
10114	A41	3-12 School Development	Hillfoots	64,000			64,000	35,067	0	35,067	64,000	0	64,000	0	Completion in 16/17				0
10119	A47	Strathdevon Primary	Dollar		770		770	25,891	0	25,891	770	0	770	0	Completion in 16/17				0
10135	A52	Demolition of Alva Pool	Alva		94,360		94,360	96,177	0	96,177	94,360	0	94,360	0	Completion in 16/17				0
<b>TOTAL Hillfoots Cluster (Alva/Tillicoultry/Dollar)</b>				<b>2,094,000</b>	<b>115,130</b>	<b>400,000</b>	<b>2,609,130</b>	<b>771,269</b>	<b>0</b>	<b>771,269</b>	<b>2,198,930</b>	<b>(410,200)</b>	<b>1,809,130</b>	<b>389,800</b>		<b>(30,000)</b>	<b>(380,200)</b>	<b>(410,200)</b>	
<b>All Clackmannanshire Areas - not seperated into a Cluster</b>																			
10041	A42	Schools ICT Replacement - All primaries	All Clackmannanshire	100,000			100,000	10,011	0	10,011	100,000	0	100,000	0	Full programme being reviewed to re-align to other agreed capital works.				0
10042	A43	Community Investment Grants	All Clackmannanshire	100,000		(50,000)	50,000	29,114	0	29,114	50,000	0	50,000	0	Based on current uptake of grants underspend projected	0			0
		Community Empowerment	All Clackmannanshire			63,000	63,000	0	0	0	53,000	(10,000)			The applications process for Community Matters funding is well underway, with applications form due back by the year end, at which time we will be in a better place to forecast outturns. Successful projects will be awarded funding in January 2017.	(10,000)		(10,000)	0
10043	A44	2yr Old School Development	All Clackmannanshire	514,000	26,550		540,550	0	0	0	100,000	(440,550)	100,000	0	Further review of early year strategy ongoing. Budget will be agreed per project.	0	(440,550)	(440,550)	0
10044	A45	3yr Old School Development	All Clackmannanshire	307,000		(13,000)	294,000	0	0	0	0	(294,000)	0	0		(294,000)		(294,000)	0
10147	A50	Free School Meal Equipment	All Clackmannanshire		40,860		40,860	11,971	0	11,971	40,860	0	40,860	0	Works to be completed in 16/17 -awaiting Building warrant				0
<b>TOTAL All Clackmannanshire Areas - not seperated into a Cluster</b>				<b>1,021,000</b>	<b>67,410</b>	<b>0</b>	<b>1,088,410</b>	<b>51,097</b>	<b>0</b>	<b>51,097</b>	<b>343,860</b>	<b>(744,550)</b>	<b>290,860</b>	<b>0</b>		<b>(304,000)</b>	<b>(440,550)</b>	<b>(744,550)</b>	
<b>Total (A) Total Community Investment Strategy</b>				<b>5,172,000</b>	<b>784,280</b>	<b>70,000</b>	<b>6,026,280</b>	<b>1,795,246</b>	<b>(122,175)</b>	<b>1,673,071</b>	<b>4,075,550</b>	<b>(1,950,730)</b>	<b>3,698,900</b>	<b>323,650</b>		<b>(415,000)</b>	<b>(1,535,730)</b>	<b>(1,950,730)</b>	
<b>(B) Property Asset Management Strategy :</b>																			
10045	B1	Statutory Compliance DDA Schools	All Clackmannanshire	20,000			20,000	13,909	0	13,909	20,000	-	20,000	0	Projected as fully spent in 16/17				0
10046	B2	Compliance - Asbestos Removal (Schools)	All Clackmannanshire	20,000			20,000	0	0	0	20,000	-	20,000	0	St Serfs Primary School works commencing in 16/17. Projected as fully spent, although there may be a slight delay into 17/18 due to QS being appointed in new year for this project.				0

				Approved Budget Feb 16/17 £	Additional Carry Forwards from 15/16 £	Approved amendments in 16/17 £	Amended Budget 16/17 £	Expenditure as at 31.10.16 £	Income as at 31.10.16 £	Net Expenditure as at 31.10.16 £	Projection of estimated total capital spend to 31.3.17 £	(Under) / Over spend as at 31.3.17 £	August Outturn £	Movement from August out-turn £	Notes	Saving in 16/17 £	C/fwd to future years £	(Under) / Over spend as at 31.3.17 £
10047	B3	Childcare Residential Unit	tbc	990,000	10,000		1,000,000	11,000	0	11,000	11,000	(989,000)	10,000	1,000	Strategic Design brief agreed with Social Services. Concept design to identify potential sites completed. Using a site assesment matrix a quantitative assesment is now being undertaken to narrow down the number of potential sites identified. Qualitative assesment will then be undertaken by Social Services. Spend will therefore not be in 16/17			(989,000)
<b>Total (B) Total Property Asset Management Strategy :</b>				<b>1,030,000</b>	<b>10,000</b>	<b>0</b>	<b>1,040,000</b>	<b>24,909</b>	<b>0</b>	<b>24,909</b>	<b>51,000</b>	<b>(989,000)</b>	<b>50,000</b>	<b>1,000</b>		<b>0</b>	<b>(989,000)</b>	<b>(989,000)</b>
<b>(C) Roads Asset Management Strategy :</b>																		
10048	C1	- A907 Braehead	Alloa	50,000			50,000	50,000	0	50,000	50,000	-	50,000	0	Project Complete			0
10049	C2	- Flood Prevention	All Clackmannanshire	100,000	4,000		104,000	60,492	0	60,492	104,000	-	104,000	0	Works Programmed for 16/17. Contribution to be paid towards larger drainage project with Scottish Water in Jan/Feb			0
10050	C3	- Cycle Routes	All Clackmannanshire	65,000			65,000	64,696	0	64,696	65,000	-	65,000	0	Works carried forward from 15/16 to be completed in 16/17.			0
10051	C4	- Carriageways	All Clackmannanshire	1,450,000	9,000		1,459,000	1,160,208	0	1,160,208	1,459,000	-	1,459,000	0				0
10052	C5	- Footways	All Clackmannanshire	100,000			100,000	100,000	0	100,000	100,000	-	100,000	0				0
10053	C6	- Surface Treatment	All Clackmannanshire	100,000			100,000	100,000	0	100,000	100,000	-	100,000	0				0
10054	C7	- Bridge Improvements	All Clackmannanshire	50,000	46,000		96,000	10,621	0	10,621	96,000	-	96,000	0				0
10055	C8	- Road Safety	All Clackmannanshire	100,000	164,710		264,710	342,822	(77,098)	265,724	264,710	-	264,710	0				0
10056	C9	- Lighting Replacement	All Clackmannanshire	250,000	15,000		265,000	67,800	0	67,800	265,000	-	265,000	0				0
10057	C10	Road & Footpath Improvements	All Clackmannanshire	154,000			154,000	73,152	0	73,152	154,000	-	154,000	0				0
10058	C11	Road Safety (Claremont/Kellie Place)	Alloa	45,000			45,000	5,243	0	5,243	45,000	-	45,000	0				0
<b>Total (C) Total Roads Asset Management Strategy :</b>				<b>2,464,000</b>	<b>238,710</b>	<b>0</b>	<b>2,702,710</b>	<b>2,035,033</b>	<b>(77,098)</b>	<b>1,957,935</b>	<b>2,702,710</b>	<b>-</b>	<b>2,702,710</b>	<b>-</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>(D) Lands Asset Management Strategy :</b>																		
10061	D1	SWF/Wheeled Bins	Various	30,000			30,000	26,595	0	26,595	30,000	-	30,000	0	Fully committed in 16/17			0
<b>Total (D) Total Lands Asset Management Strategy :</b>				<b>30,000</b>	<b>0</b>	<b>0</b>	<b>30,000</b>	<b>26,595</b>	<b>0</b>	<b>26,595</b>	<b>30,000</b>	<b>-</b>	<b>30,000</b>	<b>-</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>(E) Fleet Asset Management Strategy :</b>																		
10145	E2	Electric Vehicles	N/A				0	0	(950)	(950)	0	-	0	0	Fully Grant Funded			0
10062	E1	Vehicle Replacement	N/A	726,000			726,000	111,186	(26,243)	84,943	726,000	-	726,000	0	Dependant on the outcome of the fleet review & replacement plan with Alternative procurement models - Lease v Purchase.			0
<b>Total (E) Total Fleet Asset Management Strategy :</b>				<b>726,000</b>	<b>0</b>	<b>0</b>	<b>726,000</b>	<b>111,186</b>	<b>(27,193)</b>	<b>83,993</b>	<b>726,000</b>	<b>-</b>	<b>726,000</b>	<b>-</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>(F) IT Asset Management Strategy :</b>																		
10064	F1	IT Infrastructure	tbc	160,000			160,000	96,838	0	96,838	160,000	-	160,000	0	Programme on target for completion in 16/17			0
10065	F2	Telecare	tbc	75,000			75,000	0	0	0	75,000	0	75,000	0				0
10066	F3	Social Services Integrated System	N/A	55,000	30,000	(60,000)	25,000	0	0	0	0	(25,000)			Project on Hold pending Management decision. Underspent Budget transferred to CCTV Kelliebank as approved at Council on 15th Dec 16	(25,000)		(25,000)
10067	F4	Digital Transformation	N/A	135,000			135,000	0	0	0	50,000	(85,000)	135,000	(85,000)	Due to staff reprioritisation of resources, projects for Roads & Leisure Systems have been delayed into 17/18		(85,000)	(85,000)
10068	F5	e-Building Standards	N/A	20,000			20,000	1,935	0	1,935	15,000	(5,000)	15,000	0	Project costs less than originally estimated	(5,000)		(5,000)
10069	F6	Managed Wi-fi	N/A	140,000			140,000	159,858	0	159,858	160,000	20,000	140,000	20,000	Phase One costs higher than expected. This will be offset by reduced costs in Phase three in 18/19.	20,000		20,000
10070	F7	Financial Management System Replacement	N/A	35,000	150,000		185,000	115,795	0	115,795	185,000	-	185,000	0				0
	F8	CCTV - Kelliebank	N/A			60,000	60,000	0	0	0	60,000	-	0	0				0
<b>Total (F) Total IT Asset Management Strategy :</b>				<b>620,000</b>	<b>180,000</b>	<b>0</b>	<b>800,000</b>	<b>374,426</b>	<b>0</b>	<b>374,426</b>	<b>705,000</b>	<b>(95,000)</b>	<b>710,000</b>	<b>(65,000)</b>		<b>(10,000)</b>	<b>(85,000)</b>	<b>(95,000)</b>
<b>TOTAL CAPITAL PROGRAMME</b>				<b>10,042,000</b>	<b>1,212,990</b>	<b>70,000</b>	<b>11,324,990</b>	<b>4,367,394</b>	<b>(226,466)</b>	<b>4,140,928</b>	<b>8,290,260</b>	<b>(3,034,730)</b>	<b>7,917,610</b>	<b>259,650</b>		<b>(425,000)</b>	<b>(2,609,730)</b>	<b>(3,034,730)</b>

Housing Capital Programme 2016-17 Period to March 2017	16-17 Net Budget	Gross Expenditure to 31/10/16	Income to 31/10/16	Net Expenditure to 31/10/16	Forecast as at 31/03/17	Budget to Forecast Variance	August Forecast	Movement from August Forecast	Comment	C/F to 2017-18
<b>SCOTTISH HOUSING QUALITY STANDARD</b>										
<b>TACKLING SERIOUS DISREPAIR PRIMARY BUILDING ELEMENTS</b>										
<b>Structural Works</b>										
Asbestos Testing for Council Houses 2013-17	25,000	5,979		5,979	20,000	(5,000)	20,000	0	Less work now being carried out as Capital	
Asbestos Removal Works for Council Houses 2013-17	125,000	15,403		15,403	50,000	(75,000)	50,000	0	Programme moves away from Kitchens & Bathrooms	
	<b>150,000</b>	<b>21,382</b>	<b>0</b>	<b>21,382</b>	<b>70,000</b>	<b>(80,000)</b>	<b>70,000</b>	<b>0</b>		
<b>SECONDARY BUILDING ELEMENTS</b>										
<b>Damp/Rot</b>										
2013-17 Damp & Rot Works	100,000	27,558		27,558	100,000	0	100,000	0	Investigation currently on going as to work required to be undertaken in Alva this financial year.	
	<b>100,000</b>	<b>27,558</b>	<b>0</b>	<b>27,558</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>	<b>0</b>		
<b>Roofs / Rainwater / External Walls</b>										
2014-17 Roof & Render Upgrading Works	2,527,000	531,602		531,602	2,000,000	(527,000)	1,527,000	473,000	Programme on going in Hutton Park. Extra work required from previously thought this year to put Canopies over sills and extra roofing as investigation has discovered water ingress in roofs.. As always weather dependent.	527,000
	<b>2,527,000</b>	<b>531,602</b>	<b>0</b>	<b>531,602</b>	<b>2,000,000</b>	<b>(527,000)</b>	<b>1,527,000</b>	<b>473,000</b>		
<b>Doors</b>										
External Door Replacement 2014-18	10,000	0		0	10,000	0	10,000	0	Property Contracts currently working on this.	
	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>0</b>	<b>10,000</b>	<b>0</b>		
<b>Windows</b>										
Window Replacement 2014-18 Sidey	1,011,400	631,545		631,545	1,011,400	0	1,011,400	0	Contractor likely to be finished on Site in January.	
Window Replacement 2014-18 PCU	807,600	109,800		109,800	807,600	0	807,600	0	75 completed out of 229 in programme.	
	<b>1,819,000</b>	<b>741,345</b>	<b>0</b>	<b>741,345</b>	<b>1,819,000</b>	<b>0</b>	<b>1,819,000</b>	<b>0</b>		
	<b>4,456,000</b>	<b>1,300,505</b>	<b>0</b>	<b>1,300,505</b>	<b>3,929,000</b>	<b>(527,000)</b>	<b>3,456,000</b>	<b>473,000</b>		
<b>ENERGY EFFICIENCY</b>										
<b>Full/Efficient Central Heating</b>										
2013/16 Central Heating Replacement	1,854,000	963,918		963,918	1,854,000	0	1,854,000	0	390 houses completed 300 still to do. Grant applied for against those houses in areas of Multiple Deprivation where house currently does not meet EESH.	
Bowmar Community Energy Savings Programme (CESP)	183,000	0		0	183,000	0	183,000	0	Possibility that this work will not be done this financial year.	
Home Energy Efficiency Programme Area Based 2015-16 (HEEPS)	355,000	225,842		225,842	356,000	1,000	355,000	1,000	This project will be on site soon in Clackmannan & Hawkhill. Support for current HEEPS project.	
Energy Efficiency Works	250,000	0		0	250,000	0	250,000	0		
	<b>2,642,000</b>	<b>1,189,760</b>	<b>0</b>	<b>1,189,760</b>	<b>2,643,000</b>	<b>1,000</b>	<b>2,642,000</b>	<b>1,000</b>		
	<b>2,642,000</b>	<b>1,189,760</b>	<b>0</b>	<b>1,189,760</b>	<b>2,643,000</b>	<b>1,000</b>	<b>2,642,000</b>	<b>1,000</b>		
<b>MODERN FACILITIES &amp; SERVICES</b>										

<b>Kitchen Renewal</b>										
Kitchen Replacement 2014-18	263,000	0	0	0	263,000	0	263,000	0	27 done to date by Property Contracts	
<b>Kitchen Renewal</b>	<b>263,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>263,000</b>	<b>0</b>	<b>263,000</b>	<b>0</b>		
<b>Bathrooms</b>										
2013-16 Bathroom Replacements PCU Team	50,000	0	0	0	50,000	0	50,000	0	Property Contracts completed but not yet invoiced.	
<b>Bathrooms</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>50,000</b>	<b>0</b>		
	<b>313,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>313,000</b>	<b>0</b>	<b>313,000</b>	<b>0</b>		
<b>HEALTHY, SAFE &amp; SECURE</b>										
<b>Safe Electrical Systems / CO Detectors</b>										
Safe Electrical Rewire 2013-17	300,000	169,867	0	169,867	300,000	0	300,000	0	Amey currently on site. Programme will require increase in future years as requirement to test now every five years.	
<b>Safe Electrical Systems</b>	<b>300,000</b>	<b>169,867</b>	<b>0</b>	<b>169,867</b>	<b>300,000</b>	<b>0</b>	<b>300,000</b>	<b>0</b>		
<b>Communal Areas (Environmentals)</b>										
2011-15 Rep/Up Door Entry Systems	205,000	49,232	0	49,232	205,000	0	205,000	0	New contract will be in place for December with programme in place until year end.	
External Works : Fencing, Gates, Paths Door Entry Upgrade Term Contract 2016-20	125,000			0	125,000	0	125,000	0	Currently on site in Clackmannan & Coalsnaughton with work instructed for the year.	
<b>Communal Areas (Environmentals)</b>	<b>330,000</b>	<b>49,232</b>	<b>0</b>	<b>49,232</b>	<b>330,000</b>	<b>0</b>	<b>330,000</b>	<b>0</b>		
	<b>630,000</b>	<b>219,099</b>	<b>0</b>	<b>219,099</b>	<b>630,000</b>	<b>0</b>	<b>630,000</b>	<b>0</b>		
<b>NON-SHS ELEMENTS</b>										
<b>PARTICULAR NEEDS HOUSING (CITC)</b>										
<b>Conversions &amp; Upgradings</b>										
Conversions & Upgradings	50,000		0	0	50,000	0	50,000	0	Possible used for houses in Nethergate, Alva.	
<b>Conversions &amp; Upgradings</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>50,000</b>	<b>0</b>		
<b>Disabled Adaptations</b>										
Aids & Adaptations 2013-17	50,000			0	50,000	0	50,000	0		
<b>Disabled Adaptations</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>50,000</b>	<b>0</b>		
<b>Demolitions</b>										
Demolitions - The Orchard	2,000	410	0	410	2,000	0	2,000	0		
<b>Demolitions</b>	<b>2,000</b>	<b>410</b>	<b>0</b>	<b>410</b>	<b>2,000</b>	<b>0</b>	<b>2,000</b>	<b>0</b>		
<b>Environmental Improvements</b>										
HRA Roads & Footpaths Improvements	112,000			0	112,000	0	112,000	0		
MCB Tenant Community Improvement Fund	268,000	26,682	0	26,682	268,000	0	268,000	0		
Fencing Replacement Contract 2015-19	0									
<b>Environmental Improvements</b>	<b>380,000</b>	<b>26,682</b>	<b>0</b>	<b>26,682</b>	<b>380,000</b>	<b>0</b>	<b>380,000</b>	<b>0</b>		
	<b>482,000</b>	<b>27,092</b>	<b>0</b>	<b>27,092</b>	<b>482,000</b>	<b>0</b>	<b>482,000</b>	<b>0</b>		
<b>Council New Build Housing (Transforming Communities)</b>										
Hallpark New Build	35,000	2,025		2,025	35,000	0	35,000	0		
New Build - Fairfield School	516,000	337,771		337,771	363,000	(153,000)	363,000	0	Project now completed excluding retention	31,000
New Build - Tilly Community Centre Phase 1a	119,000	147,177		147,177	178,000	59,000	178,000	0	Project now completed	
New Build - Tilly Community Centre Phase 1b/OTSP Refurbishment	193,000	0		0	0	(193,000)	0	0	Phase 1b sold to Kingdom HA	
New Build - Tilly Community Centre Phase 2	20,000	0		0	20,000	0	20,000	0	Land assembly to be completed	



The Orchard	828,000	0	0	0	(828,000)	0	0	Expenditure on hold pending final decision	828,000
Off The Shelf Purchase	1,300,000	179,968	179,968	313,000	(987,000)	1,300,000	(987,000)	Forecast to acquire 8 with possible increase. Carry forward to support future investment in SHIP and refurbishment of properties acquired late in financial year.	987,000
Off The Shelf Refurbishment	230,000	142,522	0	142,522	230,000	0	230,000		
<b>Council New Build Housing (Transforming Communities)</b>	<b>3,241,000</b>	<b>809,463</b>	<b>0</b>	<b>809,463</b>	<b>1,139,000</b>	<b>(2,102,000)</b>	<b>2,126,000</b>	<b>(987,000)</b>	
	<b>3,241,000</b>	<b>809,463</b>	<b>0</b>	<b>809,463</b>	<b>1,139,000</b>	<b>(2,102,000)</b>	<b>2,126,000</b>	<b>(987,000)</b>	
<b>Other Costs / HBMS</b>									
Computer Equipment - New (HBMS)	60,000	0	0	0	60,000	0	60,000	0	
Construction Design Management	20,000				20,000	0	20,000	0	
<b>Other Costs / HBMS</b>	<b>80,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80,000</b>	<b>0</b>	<b>80,000</b>	<b>0</b>	
	<b>80,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80,000</b>	<b>0</b>	<b>80,000</b>	<b>0</b>	
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>11,994,000</b>	<b>3,567,301</b>	<b>0</b>	<b>3,567,301</b>	<b>9,286,000</b>	<b>(2,708,000)</b>	<b>9,799,000</b>	<b>(513,000)</b>	
<b>Sale of Council Property</b>									
Sale of Council Houses	(240,000)	773	(1,063,590)	(1,062,817)	(2,800,000)	(2,560,000)	(2,800,000)	0	Last year of SOCH scheme. 70 sales forecast.
Sale of Council land			(3,500)	(3,500)	(3,500)	(3,500)			
<b>Sale of Council Property</b>	<b>(240,000)</b>	<b>773</b>	<b>(1,067,090)</b>	<b>(1,066,317)</b>	<b>(2,803,500)</b>	<b>(2,563,500)</b>	<b>(2,800,000)</b>	<b>0</b>	
<b>NET EXPENDITURE</b>	<b>11,754,000</b>	<b>3,568,074</b>	<b>(1,067,090)</b>	<b>2,500,984</b>	<b>6,482,500</b>	<b>(5,271,500)</b>	<b>6,999,000</b>	<b>(513,000)</b>	<b>2,373,000</b>



CONFIDENTIAL

# Corporate Savings Position

21 December 2016

## 1.0 Introduction

This document outlines the corporate position in achieving savings approved by Council in February 2016. The revised, approved savings total for 2016/17 is £7,501,258.

All 2016/17 budgets reflect the approved savings.

**Section 2:** Summarises the key points arising from this position statement.

**Section 3:** Summarises the 2016/17 and 2017/18 savings forecast by service (achievable and unachievable).

**Section 4:** Details the individual service savings which are forecast not to be achieved either partially or in full during 2016/17 (Business case references provided).

**Section 5:** Provides details of potential compensatory savings in 2016/17 and 2017/18 impact where appropriate.

**Section 6:** Details the individual service savings which are forecast not to be achieved either partially or in full during 2017/18 (Business case references provided).

## 2.0 Summary of key points from progress report on implementing agreed savings

- The total forecast savings for 2016/17 currently stands at £5,043,303. This is £230,198 less than forecasted at 4 October 2016.
- When compared with the approved 2016/17 Budget, this means £2.4 million of unachievable savings are currently being forecast ('worst case scenario')
- Services have identified the potential for £510k of compensating savings in 2016/17
- If all of the compensating savings were delivered, the shortfall in the delivery of planned 2016/17 savings is reduced to £1.9m (Best Case scenario)
- 4/6 services are forecasting under-achievement of targeted savings in 2016/17
- Social Services is forecasting £1.2million of savings will not be delivered in 2016/17 (highest)
- Council approved £1.9 million of savings for 2017/18 in February 2016.
- Services are forecasting that £800k of these are no longer achievable in 2017/18, though £5k of potential compensatory savings identified
- As we move to Budget preparation 2017/18, £1.1 million of approved savings forecast as deliverable
- All six services are forecasting under-achievement of targeted savings in 2017/18
- Education is forecasting £249k of savings will not be delivered in 2017/18 (highest)
- Corporate savings are forecasted to over-achieve by £71k.

### **3.0 Approved Council Savings 2016/17-2017/18**

All services and their Accountants have provided an updated position on implementation of 2016/17 approved savings. This is collated in Table 1 below. The savings targets have been revised since October 2016 to show a transfer of £20k from Development and Environment back to Social Services for responsibility of fleet savings.

**Table 1. Clackmannanshire Council Savings Monitoring 2016/17**

			2016/17				
Service	Council Approved 2016/17 Savings, Feb 2016	2016/17 Revised Savings Targets, Dec 2016	Forecast savings to 31 March 2017	Difference between target and actual savings to-date	Proposed Compensatory Savings	Difference between target and forecast savings. (Worst Case Scenario)	Difference between target and forecast savings with compensatory savings. (Best Case Scenario)
D&E	£1,131,464	£1,125,907	£1,139,951	-£20,217	£0	£14,044	£14,044
EDU	£644,628	£610,863	£439,335	£232,882	£85,000	-£171,528	-£86,528
HCS	£454,430	£417,363	£417,845	£28,985	£0	£482	£482
R&G	£2,452,721	£1,531,521	£1,219,943	£397,227	£425,000	-£311,578	£113,422
SOS	£1,919,874	£2,024,939	£844,618	£1,337,598	£0	-£1,180,321	-£1,180,321
SCS	£897,741	£839,480	£713,637	£175,348	£0	-£125,843	-£125,843
Corporate	£0	£951,185	£267,975	£857,000	£0	-£683,210	-£683,210
<b>Council Total:</b>	<b>£7,500,858</b>	<b>£7,501,258</b>	<b>£5,043,303</b>	<b>£3,008,822</b>	<b>£510,000</b>	<b>-£2,457,955</b>	<b>-£1,947,955</b>

All services and their Accountants have provided an updated position on 2017/18 approved savings. This is collated in Table 2 below.

**Table 2. Clackmannanshire Council Savings Monitoring 2017/18**

Service	Council Approved 2016/17 Savings, Feb 2016	2016/17 Revised Savings Targets, Dec 2016	2017/18				
			Savings Expected	Revised Expected Savings	Proposed Compensatory Savings	Difference between target and forecast savings. (Worst Case Scenario)	Difference between target and forecast savings with compensatory savings. (Best Case Scenario)
D&E	£1,131,464	£1,125,907	£378,009	£252,735	£0	£-125,274	£-125,274
EDU	£644,628	£610,863	£370,688	£121,875	£5,000	£-248,813	£-243,813
HCS	£454,430	£417,363	£57,495	£55,587	£0	£-1,908	£-1,908
R&G	£2,452,721	£1,531,521	£419,199	£197,705	£0	£-221,494	£-221,494
SOS	£1,919,874	£2,024,939	£292,331	£194,603	£0	£-97,728	£-97,728
SCS	£897,741	£839,480	£323,740	£140,117	£0	£-183,623	£-183,623
Corporate	£0	£951,185	£85,500	£156,622	£0	£71,122	£71,122
<b>Council Total:</b>	<b>£7,500,858</b>	<b>£7,501,258</b>	<b>£1,926,962</b>	<b>£1,119,244</b>	<b>£5,000</b>	<b>£-807,718</b>	<b>£-802,718</b>



#### 4.0 Forecast Unachievable Savings 2016/17 (Full/Partial)

Service	Approved Saving	2016/17 Target Saving	2016/17 Revised Expected Saving
Corporate (RAG)	Review of working week, role flexibility and other terms and conditions	£363,000	Reduced from £90,750 to £0
Corporate (RAG)	Corporate Severance	£400,000	Reduced from £129,241 to £91,605
Corporate (HCS)	(NEW) Pursuit of General Fund Debtors	£46,000	£0
Development and Environment	DAE 167 013 Increase Burial Charges	£3,750	£0
Development and Environment	DAE 167 022 Review & Re-design GIS	£16,333	£0
Education	MCB EDU 008 Redesign Sport and Youth Services	£100,000	£75,000
Education	EDU 167 001 Long Service Awards (Teachers)	£4,900	£2,000
Education	EDU 167 003 Replace head of Sauchie Nursery with single status post	£9,375	£0
Education	EDU 167 008 Stop school mail delivery service	£7,000	£0
Education	EDU 167 013 Primary PE & Sport Team Coordinator / Administrator	£14,058	£0
Education	EDU 167 016 Removal of Family Support Workers (Park Primary School)	£41,875	£19,353
Education	EDU 167 019 Review of ASN Transport	£12,638	£0
Education	EDU 167 021 Removal of Home School Liaison / Transition Coordinator Posts	£71,563	£16,363
Education	EDU 167 029 Home School Liaison and Inclusion Support Worker	£49,375	£12,710

Savings Position Statement 18 August 2016	Status: Active	Version 0.1
---	----------------	-------------

	in Lochies		
Resources and Governance	MCB RAG 067 Assets Review: Cleaning Service	£80,000	Reduced from £30,000 to £0
Resources and Governance	(NEW) RAG 167 036 Increased Income from Registrar's Building	£5,340	£0
Resources and Governance	RAG 167 036 Budget reduction on vacating Greenfield	£101,229	Reduced from £45,000 to £0
Resources and Governance	RAG 167 042 Budget reduction on vacating Limetree	£12,000	£9,000
Resources and Governance	RAG 167 057 Transfer pavilions	£23,276	£0
Resources and Governance	RAG 167 062 Relocate Centrespace	£86,600	£0
Resources and Governance	RAG 167 066 Remove unnecessary building lease costs	£32,220	£0
Resources and Governance	RAG 167 069 15 Mar Street (Museum Store)	£8,671	£0
Resources and Governance	MCB RAG 099 Reduce Cleaning Service – TVR	£100,000	Reduced from £50,000 to £36,000
Resources and Governance	MCB SOS 003 Property Savings	£25,000	£0
Resources and Governance	MCB SCS 06b Hubs	£20,420	£0
Resources and Governance	RAG 111 003 Income and Charging Savings	£2,525	£0
Resources and Governance	SCS 032 002 ParentPay Savings	£1,840	£0
Resources and Governance	(NEW) RAG 167 010 Realign Property Maintenance costs on active property to reflect 14/15 out-turn	£117,457	£100,000
Social Services	MCB SOS 001 Review of High Value Care Packages	£214,000	£0
Social Services	MCB 002 Review of Day Care Provision	£416,000	Improved from £216,451 to £220,779
Social Services	MCB 003 Redesign of Intermediate Care	£117,000	£0
Social Services	MCB 024 Review of Social Services Equipment	£52,000	£14,514
Social Services	MCB 050 Review of Commissioning	£131,000	£0

Savings Position Statement 18 August 2016	Status: Active	Version 0.1
---	----------------	-------------

Social Services	SOS 167 04a Absorb Complaints Role	£12,833	£0
Social Services	SCS 014 004 Voluntary Organisations' Savings	£51,562	Reduced from £46,803 to £45,079
Social Services	SOS 167 04b Remove Performance and Quality Role	£14,583	£0
Social Services	SOS 167 04e Remove Corporate Parenting post	£16,916	£0
Social Services	SOS 167 032 Vacancy Management	£156,000	£0
Social Services	SOS 167 014 Reduce External Care Home Provision by 3%	£200,000	£0
Social Services	SOS 167 017 Review EDT (out of hours) service hosted by Stirling	£9,000	£0
Social Services	SOS 167 24a Reduction in third party payment to Family Support service to Falkirk Council by 15%	£3,000	Improved from £0 to £1,420
Social Services	SOS 167 24b Reduction in third party payment to Signpost service to FV NHS by 15%	£8,076	Improved from £0 to £3,823
Social Services	SOS 167 24c Reduction in third party payment to Time4Us service to FV NHS by 15%	£1,500	Improved from £0 to £710
Social Services	SOS 167 24d Reduction in third party payment to Alcohol Support Service to FN NHS by 15%	£1,242	£0
Social Services	SOS 167 034 Redesign MECS service to realise 15% efficiency	£57,000	£0
Social Services	SOS 167 039 Reduce costs of staff absence	£30,000	£0
Social Services	(NEW) MCB SOS 036 Social Services Workforce Strategy Review	£68,000	£0
Social Services	(NEW) SOS 167 04d Absorb Team Leader post into long-term team	£15,166	£13,750
Strategy and Customer Services	SCS 167 026 Reconfiguration of Customer Services	£61,296	Reduced from £4,240 to £3,849
Strategy and Customer Services	SCS 167 029 Reduce Establishment – Strategy and Performance	£113,176	Reduced from £24,829 to £24,751

#### 4.1 Forecast Over-recovery of Approved Savings 2016/17

Service	Approved Saving	2016/17 Target Saving	2016/17 Revised Expected Saving
Corporate	(NEW) Family Friendly Savings	£60,000	£94,185
Development and Environment	Redesign Sustainability Service. Reduce and stop delivery of discretionary elements.	£11,170	Reduced from £36,929 to £33,638
Development and Environment	(NEW) Total Savings Approved for 2016/17 by Council in February 2015	£309,500	£317,000
Development and Environment	Redesign of Roads traffic Management & Signage Service.	£22,166	£26,325
Education	Reduction in School Library Posts	£20,625	£34,455
Housing and Community Safety	Restructure Grade 8 roles	£15,149	Reduced from £17,824 to £15,631
Resources and Governance	PPP service reductions	£0	£160,000
Social Services	Absorb Reviewing Officer TL Post into long-term team	£15,166	Reduced from £27,499 to £18,807
Social Services	Alloa Family Centre: Reconfiguration of Early Years provision to mainstream Education services.	£0	£90,841
Strategy and Customer Services	Hubs	£41,286	Increased from £54,024 to £60,379
Strategy and Customer Services	Parentpay	£7,576	Increased from £8,384 to £8,512

## 5.0 Compensatory Savings for 2016/17 and 2017/18

### 5.1 Compensatory savings not requiring Council approval.

Service	Approved Saving	2016/17 Target Saving	2016/17 Revised Expected Saving	2017/18 Target Saving	2017/18 Revised Expected Saving
Resources and Governance	(A one-off cash saving) Catering underspend due to securing Scottish Government funding	£0	£425,000	£0	£0
Education	(NEW) Pay for Primary Supply Cover from Permanent Supply Budget and remove budget for Primary Supply Cover	£0	£65,000	£0	£0
Education	(NEW) Increase income budget from early learning and child care spaces available in nursery classes	£0	£20,000	£0	£5,000

Compensatory savings offered previously by Strategy and Customer Services with a total value of £45k are no longer viable. Alternatives are being considered.

## 6.0 Forecast Unachievable Savings 2017/18 (Full/Partial)

Service	Approved Saving	2017/18 Target Saving	2017/18 Revised Expected Saving
Development and Environment	Roads and Transportation Future Delivery Model	£200,000	£91,000
Development and Environment	Review and redesign of GIS posts across the Council.	£11,666	£0
Development and Environment	Redesign of Roads traffic Management & Signage Service.	£15,833	£13,163
Development and Environment	Redesign Sustainability Service. Reduce and stop delivery of discretionary elements.	£33,345	£17,185
Education	Home to school transport move to statutory limits	£139,375	£0
Education	Replace Head of Sauchie Nursery with Single Status post	£5,625	£0
Education	Stop school mail delivery service	£5,000	£0
Education	Primary PE and Sport Team Coordinator / Administrator	£10,042	£0
Education	Removal of Family Support Workers (Park Primary School)	£25,125	£3,927
Education	Reduction of staffing within the central team	£16,500	£0
Education	Review of ASN transport	£7,583	£0
Education	Remove Home School Liaison Transition Coordinator Posts	£42,938	£16,363
Education	Home School Liaison and Inclusion Support Worker in Lochies	£29,625	£12,710
Housing and Community Safety	Restructure Grade 8 roles	£10,820	£8,912
Resources and Governance	Resources and Governance Delivery Model	Increased from £181,288 to £228,084	Reduced from £134,492 to £0
Social Services	Redesign of Intermediate and Residential Care Services for Older	£164,000	£0

Savings Position Statement 18 August 2016	Status: Active	Version 0.1
---	----------------	-------------

	People		
Social Services	Review of Social Services Equipment	£28,000	Reduced from £14,514 to £0
Social Services	Implementation of Multi-Systemic Therapy	£47,000	£0
Social Services	Absorb Complaints Officer Role to be absorbed into Long Term Team	£9,166	£0
Social Services	Remove from establishment Performance and Quality Officer Role	£10,416	£0
Social Services	Remove from establishment Corporate Parenting post	£12,083	£0
Strategy and Customer Services	Hubs	£146,894	Improved from £36,039 to £53,549
Strategy and Customer Services	Reduce establishment – Customer Services	£43,783	Improved from £2,120 to £2,572
Strategy and Customer Services	Reduce establishment – Strategy and Performance	£80,840	Improved from £34,760 to £34,838

## 6.1 Forecast Over-recovery of Approved Savings 2017/18

Where some savings initiated during 2016/17 are delayed, this means the financial return is anticipated to be achieved in later years. Where there are savings to be achieved in 2017/18 that were expected to have been achieved during 2016/17, these are listed below.

Service	Approved Saving	2017/18 Target Saving	2017/18 Revised Expected Saving
Corporate (RAG)	Corporate severance	£0	Reduced from £67,825 to £50,122
Development and Environment	Redesign Sustainability Service. Reduce and stop delivery of discretionary elements.	£7,979	Improved from £19,744 to £23,035
Resources and Governance	(NEW) Asset Review: Cleaning Service	-£1,000	£0
Resources and Governance	Reduce Cleaning Service by 25%	£0	£5,590
Social Services	Review of Day Care Provision	£0	£46,605
Social Services	Absorb Reviewing Officer Team Leader Post	£10,833	Reduced from £27,499 to £13,750
Social Services	Alloa Family Centre Reconfiguration	£0	£108,901



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**Report to Audit & Finance Committee**

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**Date of Meeting: 19<sup>th</sup> January 2017**

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**Subject: Social Services Finance Report**

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**Report by: Head of Social Services**

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**1.0 Purpose**

- 1.1. This paper provides an update on the financial performance of Social Services to date. This report focuses on revenue spend for the current financial year, 2016/17. Projected outturns up to March 2017 are set out in the report.

**2.0 Recommendations**

- 2.1. The Committee is asked to:
- 2.2. Note the Social Services projected overspend of £1.480m and the key reasons for this position (paragraph 3.2)
- 2.3. Note the Social Services projected overspend is a reduction of £0.684m to the £2.164m reported to the November Committee.
- 2.4. Note the key pressures in Child and Adult Care services which contribute to the overspend forecast (sections 4 and 5 respectively).
- 2.5. Note the updated pressures to that reported to the committee in November 2016. Specifically:
- Impact of increased care home placements for older people of £435k.
  - Impact of increased demand on In-House Reablement Service of £195k.
- 2.6. Note the updated recovery plan which aims to minimise the level of forecast overspend in 2016/17 (Appendix 2)

**3.0 Background**

- 3.1. The Social Services budget continues to be under considerable pressure. This is in line with a widespread trend across Scottish local government and one which has been widely reported. It has been suggested at a national level for some time that these demographic pressures are likely to result in

councils' expenditure on providing social services to consume an ever-increasing share of our total expenditure in coming years. On this basis, it is important that councils continue to look for new models of delivering Social Services which continue to meet statutory responsibilities in the most efficient and cost effective manner.

3.2. The service is projecting a Revenue budget overspend of £1.480m (See Appendix 1 for detailed breakdown). The most significant factors contributing to this position are:

- **Child Care Pressures:** The service has reported widely to Finance and Audit on some of the reasons which are contributing to these difficulties. The service has delivered a reduction in the costs of external childcare placements from the 2015/16 position (31%) however this continues to be a significant budget pressure. The Head of Service, Assistant Head of Service and Senior Managers are supporting a Children's Services Scrutiny Review.
- **Adult care pressures:** The service is experiencing an increase in activity in long term placements for older people and supporting service users with a learning disability in the community. In addition the implementation of the Living Wage and Scottish Living Wage is above levels anticipated and the budget has been amended to reflect this.

3.3 Further detail on the issues summarised above is set out in sections 4 and 5.

## **4.0 Child Care**

### **External Placements Provisions (EPP)**

4.1 Child Care External Placements has a projected overspend of £695k which is a reduction of £218k to the £913k reported to the November Committee. This figure confirms a further budget efficiency to that reported to the November Committee of £128k. The combined efficiency reported to the September and November Committee totals £346k.

4.2 Social Services and Education Managers continue increased scrutiny of External Placements by:

- Chairing additional reviews. Service Managers have instructed reviews on all cases associated with the External Provisions budget. In addition, they meet on a fortnightly basis to ensure that financial obligations are closely monitored, whilst ensuring the Council continues to fulfil its statutory obligations to keep the child at the centre of our decisions.
- Ensuring a multi-service approach to financial monitoring continues. Monthly meetings are held with Senior Officers from Education and Social Service where all aspects connected with high cost placements are discussed in detail including considerations of any alternative and less expensive provisions are considered. This ensures that

1) Appropriate governance is in place

- 2) Decisions are agreed jointly
  - 3) Considerations are made on best value principles
  - 4) The sharing and informing of best practice.
- 4.3 Managers at all levels continue to meet with finance colleagues to maintain rigorous and robust budget management arrangements. The Budget is a set agenda item at all Senior Management Meetings.
- 4.4 Children Services are currently reviewing all their contracts associated with Third Sector providers. This review will ensure that the providers are delivering and achieving contract terms and its outcomes meet, and are in line with best value principles. It also aims to establish:
- 1) The current level of demand following the end of shared services
  - 2) If the current model is still appropriate, is financially viable, and importantly meets quality standards.
  - 3) Decisions on any future arrangements will follow a clear methodology, will be consultative in its nature with providers and will ensure that any risk is evidenced if the service was reduced or withdraw.
- 4.5 The Planning and Commissioning Team have been working with Finance to implement a revised process for ensuring provider uplift requests are part of the normal budget planning process for the future. The new arrangements will require providers to submit their uplift requests at the start of the Council budget setting process.

### **Looked After Children**

- 4.6 Looked After Children has a projected underspend of £48k. A reduction of £239k on the projected overspend of £191k reported to the November Committee.
- 4.7 The main reasons for this significant reduction relates a combination of staff vacancies and a reduction in external foster placements of £275k. The external foster placement commitment presently has a projected overspend of £300k. 19 of these placements have permanency orders which will mean that there will be an ongoing pressure on the budget. Internal Foster and Kinship Care are forecasting underspends of £169k and £30k respectively.
- 4.8 Transport costs associated with Looked After Children is currently projecting an overspend of £67K. Predominately this is due to the number of Looked After Children accommodated out with the Local Authority and the subsequent school and contact arrangements. These costs are presently subject to review by the Service Manager with outcomes from reviews confirmed by the end of January 2017.
- 4.9 The Child Care Service has also experienced a high level of staff turnover and as a result has used agency workers to maintain staffing levels, in particular to meet statutory staffing ratios. Although recruitment is ongoing and the level of agency workers has reduced, their use is still required to support the transition of newly qualified personnel.

- 4.10 The approval of the Business Case to redesign Children's Day Services by transferring service provision from Alloa Family Centre to Education Service has resulted in a part year saving of £90k for Social Services. Vacant posts at the Family Centre have resulted in an overall underspend of £160k.
- 4.11 Throughcare and Aftercare (TCAC) is reporting an underspend of £60k on payments to individuals. This is based on the current level of young adults who are receiving support from the Service. Whilst there are a number of children entitled to the financial (TCAC) benefits, at present these children are remaining in foster care placements exercising their right under current legislation.

## **5.0 Adult Care Service**

- 5.1 The Adult Care Service is projecting an overspend of £901k which is a reduction of £199k to the £1,101k reported to the November Committee. This is net of the £2m reserve that was approved at Council 13 October 2016.
- 5.2 The overspend relates to increased activity in long term placements for older people as a result of demographic and delayed discharge pressures, unachieved savings, and pressure on the reablement service as a result of a lack of capacity with external homecare provision.
- 5.3 Summary of main budget pressures and review activity:
- Long Term residential placements: The projected overspend is £435k, which includes an additional allocation from the council of £625k, compared to the £920k reported in November. Had the activity remained consistent the budget overspend would have been in the region of £295k however the continued increase in requirement for placements has resulted in the higher figure of £435k as noted ( net impact being an additional £140k overspend). This is an equivalent of purchasing an additional 24 placements above the available budget which can fund 253 placements.
  - Care at home activity is relatively stable with turnover matching the requirement for new care packages. Presently there is a small surplus forecast of £18k. All care at home packages are presently subject to review. The previous budget over commitment reported was £427k with the surplus noted being achieved a combination of £290k new revenue and a reduction of activity of £155k.
  - MCB Proposals: an overspend of £373k relates to approved savings which will be unachieved this financial year. These savings are the re-design of day services (MCB002) and to a re-design of intermediate care bed provision at Menstrie and Ludgate (MCB003). The day service review has not been achieved in full due to the lack in uptake in voluntary redundancy while the bed reductions have not been implemented in order to sustain care home capacity for the growing demand of older people.
  - The in-house reablement service is forecasting a staffing overspend of £194k. Extra hours have been provided to meet the pressure placed on the home care service due to lack of capacity in external care at home provision and the demands of the delayed discharge agenda that promote the expectation of early discharge. This service is presently subject to review with a view to re-

modelling and balancing the budget going into the new financial year 2016/17. Bringing the budget into line for this financial year will be directly linked to the management of the overall home care budget which as indicated is now showing a small underspend of £18k.

- Review activity for the period 1<sup>st</sup> August to 30<sup>th</sup> November has been robust with a clear expectation that it continues as normal practice.
1. High dependency Learning Disability Cases: 42 cases reviewed with an in-year efficiency of £88k which is equivalent to full year efficiency for 2017/18 of £126k.
  2. Older People/Other Adults: 261 reviews completed. This has assisted with the net reduction in home care spend of £155k as noted. However, additional spend on care home placements for older people of £140k has largely negated the overall impact of the review of home care packages.

## **6.0 Shared Service Decoupling**

- 6.1 The net position in relation to the decoupling of shared services has not been included in the projections. This will be included once the position has been finalised.

## **7.0 Management Action**

- 7.1 The committee of 15<sup>th</sup> September 2016 approved a number of key proposals that included the development of a robust recovery plan. (See appendix 2 for updated version).
- 7.2 A robust governance framework has been put in place by the Head of Service. This has contributed to the reduction in the projected overspend. This governance has included:
  - Weekly budget reporting
  - Robust, reviews, informed by management information of high cost care packages
  - Service reviews established
  - Resource allocation and gatekeeping by Senior Managers of agreeing high cost care packages
  - Focused activity on investing in provided services e.g. high profile fostering campaign due to launch February 2017

## **8.0 Sustainability Implications**

- 8.1 None

## 9.0 Resource Implications

9.1 Financial Details

9.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

9.3 Finance has been consulted and has agreed the financial implications as set out in the report. Yes

9.4 Staffing

None

## 10.0 Exempt Reports

10.1 Is this report exempt? Yes  (please detail the reasons for exemption below) No

## 11.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

## 12.0 Our Priorities (Please double click on the check box )

- 12.1 The area has a positive image and attracts people and businesses   
Our communities are more cohesive and inclusive   
People are better skilled, trained and ready for learning and employment   
Our communities are safer   
Vulnerable people and families are supported   
Substance misuse and its effects are reduced   
Health is improving and health inequalities are reducing   
The environment is protected and enhanced for all   
The Council is effective, efficient and recognised for excellence

## 13.0 Council Policies (Please detail)

## 14.0 Equalities Impact

15.0 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? No

**16.0 Legality**

**17.0** It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. **Yes**

**18.0 Appendices**

**19.0 Please list any appendices attached to this report. If there are no appendices, please state "none".**

19.1 Appendix 1 – Social Services Revenue Budget

19.2 Appendix 2 - Social Services Recovery Plan

**20.0 Background Papers**

**21.0 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered) No**

**Author(s)**

<b>NAME</b>	<b>DESIGNATION</b>	<b>TEL NO / EXTENSION</b>
Jim Robb	Assistant Head of Social Services (Adult Care)	01259 45225148

**Approved by**

<b>NAME</b>	<b>DESIGNATION</b>	<b>SIGNATURE</b>
Celia Gray	Head of Social Services	Signed: C Gray
Nikki Bridle	Depute Chief Executive	Signed: N Bridle





Table 1 - Revenue Expenditure as at 31 October 2016 (Includes the additional £2m allocated to Social Services)

Service	Approved Budget 2016/17 £000	Earmarked Reserve Allocation £000	Revised Budget 2016/17 £000	Projected Outturn to 31/03/17 £000	Variance as at 31/10/16 £000	Variance as at 31/08/16 £000	Movement in Variance £000
<b>Adults:</b>							
Mental Health & Learning Disability	7,085	919	8,004	8,000	(4)	980	(984)
Elderly & Physical Disability Care (Commissioned Services)	3,627	1,046	4,673	4,668	(5)	1,175	(1,180)
Adult Provision( Internal Services)	2,808		2,808	3,553	745	745	0
Adult Management	(284)		(284)	(119)	165	165	0
Approved Reserve Allocated to IJB	1,807	(1,807)	0	0	0	(1,807)	1,807
Approved Reserve Balance	158	(158)	0	0	0	(158)	158
<b>Adults (Total)</b>	<b>15,201</b>	<b>0</b>	<b>15,201</b>	<b>16,102</b>	<b>901</b>	<b>1,101</b>	<b>(199)</b>
<b>Child Care:</b>							
Child Care Resourcing (Provided & Purchased)	4,552		4,552	4,725	173	386	(213)
Child Care Support	2,206		2,206	2,242	36	9	27
Early Years & Families	1,620		1,620	1,364	(256)	(203)	(53)
<b>Child Care (Total)</b>	<b>8,378</b>	<b>0</b>	<b>8,378</b>	<b>8,331</b>	<b>(47)</b>	<b>192</b>	<b>(239)</b>
<b>Other:</b>							
Residential Schools (Joint Budget with Education)	3,000		3,000	3,695	695	913	(218)
Criminal & Youth Justice Services	191		191	202	11	7	4
Strategy	538		538	610	72	47	24
Social Services Management Support	435		435	282	(152)	(96)	(56)
<b>Other (Total)</b>	<b>4164</b>		<b>4164</b>	<b>4789</b>	<b>626</b>	<b>871</b>	<b>(246)</b>
<b>Total Revenue</b>	<b>27,743</b>	<b>0</b>	<b>27,743</b>	<b>29,222</b>	<b>1,480</b>	<b>2,164</b>	<b>(684)</b>



## Social Services Financial Management Recovery Plan Updated

### Aims

1. to show the specific actions taken by senior managers across Social Services to address specific financial concerns raised by elected members.
2. to promote open, accountable, and effective financial practices.

Financial Pressure	What	Who	When	Met/Not met/ Ongoing	Impact
1. Transitions 16/17	Analysis of costs/effects associated with transitions	Assistant Heads of Service, Service Managers, Business Manager and Finance	February 2017	Transition Projections for 2017/18 to be completed by end of November 2016. Action has ben met and projection passed to Corporate Finance as part of the budget preparation for 2017/18.  Michaela Porco ( Child Care) to meet with Jon Gray ( Adult Care) to confirm that plans are in place to transfer the cases from child care to adult	Full year costs and projections to be managed by Social Services in order that placements are reviewed robustly and accurate projections are presented for budget planning requirements.
2. Outstanding debts for	Review charging policy, processes,	Service Managers,	February 2017	Review of the debt recovery process with the plan to	Closely manage the implementation of the charging

Financial Pressure	What	Who	When	Met/Not met/ Ongoing	Impact
services received.	and levels of performance in relation to debt recovery...	Team Leaders, Service Accountants		<p>reinvigorate as of 1st April 2017.</p> <p>A joint approach between Social Services Business Manager and Finance, Governance will address the issue of debt recovery.</p> <p>Charging policy to be updated and presented as part of the budget process with plan to implement as of 1st April 2017. Policy has been reviewed and considered to be fit for purpose. Policy to be reissued to all relevant staff. Jim Robb to take forward.</p>	policy and financial income. This will be an audit exercise which will support the service to increase revenues over the rest of 16/17
3. Review and monitor expected income levels for financial planning from ICF, Discharge funding, Scottish Government	A review and monitoring of expected and received funding across all areas of the business	Assistant Head of Service (Adults) / Corporate Finance	February 2017	<p>Income levels to be reviewed as part of the preparation for budget setting for 2017/18.</p> <p>To be completed by end of November 2016. Shiona Strachan, Chief Officer to IJB, has been meeting with the partnership and reports have been going to the Integrated Joint Board (IJB).</p> <p>No new income is expected.</p>	Closely monitor the implementation of the charging policy and financial income. This will be an audit exercise which will support the service to increase revenues over the rest of 16/17

Financial Pressure	What	Who	When	Met/Not met/Ongoing	Impact
				All resources managed via the IJB	
4. Review of all Care packages and targeting overnight living carers' allowances.	<p>Reviewing officers in post to review high cost care packages.</p> <p>Care Managers to review all allocated cases.</p>	Assistant Head of Service – Adults.	31 <sup>st</sup> December 2016	<p><u>Review Activity</u></p> <p>Reviews completed: 1<sup>st</sup> August – 30<sup>th</sup> November 2016</p> <p><u>High Dependency: Learning Disability</u></p> <p>42 cases reviewed with an efficiency of 88k for 2016/17 and a full year efficiency of £126k for 2017/18.</p> <p><u>Older People/Other Audit</u></p> <p>261 reviews completed.</p> <p>Reviews and turnover have seen a net reduction in home care activity of £155k however an increased spend of £140k on additional care home placements has largely negated the financial efficiency.</p>	All cases subject to review in order to reduce service activity while maintaining care packages at safe and financially sustainable levels.
5. High cost of commissioning external,	Increase recruitment of Foster Carers to offset dependency	Assistant Head of Service, Service	February 2017	Meeting arranged with Corporate Communications colleagues to plan	Reduce the high cost of commissioning external, independent fostering agencies.

<b>Financial Pressure</b>	<b>What</b>	<b>Who</b>	<b>When</b>	<b>Met/Not met/ Ongoing</b>	<b>Impact</b>
independent fostering agencies.	on external placements.	Manager & Adoption and Fostering Team Leader		comprehensive recruitment campaign. Meeting took place 25 <sup>th</sup> November. Further meeting scheduled for 13 <sup>th</sup> December 2016. Lead Officer : Michaela Porco  Option Appraisal Paper to be considered by SMT, December 2016. Revised date: January 2017. Lead Officer: Michaela Porco	
6. Financial accounting to Social Services budgets.	Monthly detailed analysis ensuring charges are attributed correctly to Social Services budgets.	Assistant Heads of Service and Finance	End of November 2016	Updates monthly to SMT from the last week in November onwards.  Revised date: January 2017. Delay due to budget preparatory work for 2017/18 taking priority.  Financial management/budget training being provided for front line managers by service accountant and colleagues.	Increased scrutiny which will result in ensuring budgets are aligned correctly.
7. Certify financial monitoring by senior managers.	Monthly budgetary meetings by senior managers and Finance.	Assistant Heads of Service and Finance	End of November 2016	Monthly meetings in place in order to manage budget and to prepare detailed projections for the 2017/18	Senior Managers will ensure financial regulations and governance procedures are in place.

Financial Pressure	What	Who	When	Met/Not met/Ongoing	Impact
				budget process.	.
8. Link finance systems to service activities for financial projections	<p>a) Review of current IT systems. Options appraisal to purchase and test new system meets business needs</p> <p>b) Rollout management training for managers and budget holders.</p>	Chief Finance Officer & Head of Social Services	<p>April 17</p> <p>February 2017</p>	Finance and Team Managers working to ensure that they have appropriate knowledge of the new One Council system.	Link the management of financial and service activity at Team Manager and Service Management level in order to improve the quality of budget management and service planning
9. High cost of residential school placements shared by Social Services and Education	Discussions have taken place between Assistant Heads of each service to review the agreed percentage share of placements in advance of the new financial year 2017/18...	Assistant Head of Service	February 2017	<p>Budget allocation of 50/50 split between Social Services and Education agreed and commitment passed to Corporate Finance as part of the preparation for the 2017/18 budget.</p> <p>Exceptions to this agreement dealt with on a case to case basis.</p> <p>Clackmannanshire Authority GIRFEC Group (AGG)</p>	Future apportionments of financial costs correctly aligned between Education and Social Services. .

Financial Pressure	What	Who	When	Met/Not met/ Ongoing	Impact
				meeting monthly co-chaired by Social Services Service Manager and Education Improving Outcomes Manager.	
10. Management of spend by operational Team Managers and Service Managers.	Review current controls and authorisations controls for staff and implement reductions.	Assistant Heads of Service & Finance	Mid November 2016	<p>Financial framework for delegated spend with Social Services to be reviewed and ratified by SMT by mid of November 2016.</p> <p>Copies of the Scheme of Delegation has been circulated for all Service Managers.</p> <p>Note: Adult Care has agreed an interim position for the remainder of 2016/17:</p> <ol style="list-style-type: none"> <li>1. Community packages of £20k per annum to be authorised by Assistant Head of Service.</li> <li>2. Community packages up to £20k per annum to be authorised by Team Managers</li> <li>3. Residential care home placements for adults to be</li> </ol>	Schemes of delegation to be confirmed and robustly managed.



Financial Pressure	What	Who	When	Met/Not met/Ongoing	Impact
				authorised by Assistant Head of Service  4. Residential care home placements for older people to be authorised by the Service Manager Operations	
11. Renewed focus on budgetary pressures and any changes in demand for service	Complete a detailed review of the needs of the service following the end of shared services first phase in Childcare, then Adult Services. Identifying demands and resource needs	Assistant Heads Children and Adult Services and Business Manager.	April 17	Scrutiny review Paper which being led by Corporate Finance is to be presented to the Finance & Audit committee and Service Paper outlining actions will be reported separately to same committee.  Adult Care covered by IJB Strategic Plan.	Increased awareness of demographic trends and service demands to inform future financial planning.
12. Review of cross charging arrangements following the end of shared services.	Review of current cross charging arrangements and that appropriate actions are taken to ensure end dates are correctly accounted for.	Assistant Heads of Service	December 2016	Negotiations underway with Stirling Council regarding cross charging for foster placements, staffing & learning and development.	Confirm cost for the remainder of 2016/17 and provide detail for budget process for 2017/18.
13. Develop a range of supported carer's	A short life working group will develop new supporting	Service Managers & Team Managers	February 2017	Cross reference to paper referred to in section 11.	This work will support the Children (Scotland) Act 2014. Spend to save authorised of 97K.

<b>Financial Pressure</b>	<b>What</b>	<b>Who</b>	<b>When</b>	<b>Met/Not met/ Ongoing</b>	<b>Impact</b>
services in order to reduce the cost of external placements.	carers' policy and strategy to recruit carers. This will inform business case.			Discussions ongoing with Housing colleagues regarding support and accommodation needs of young care leavers. Supported carers policy and procedures are currently being worked on. Future briefing paper will be provided.	
14. Manage the potential impact of variations in uplifts of existing contracts.	A short life working group established to review and analyse anomalies across contracts	Procurement Manager and Assistant Heads of Service	February 2017	Meetings to be confirmed for the service. Contracts due for review for 17/18 require to be considered by the end of November 2016 in order that the outcome is presented to the council as part of the budget preparation for 2017/18. Action completed.  Quarterly meetings involving operational and commissioning staff will thereafter progress in order to manage all contracts. Lead Officers: Assistant Heads of Service	Review of spend for Scotland Excel placements will continue and annual uplift arrangements will fit in with annual budget setting process.
15. Update eligibility criteria	A review of current eligibility criteria	Assistant Head of Adult Services	October 16	It has been agreed that the Eligibility Criteria is fit for	This will ensure consistency of assessment criteria applied to all

Financial Pressure	What	Who	When	Met/Not met/ Ongoing	Impact
policy for adult services which meets statutory responsibilities.	under SDS legislation will be presented to Committee for implementation.			purpose. Briefing paper has been issued to members and staff. Memo plus eligibility criteria issued 13 <sup>th</sup> October 2016: Action completed.  Additional Operational Practice notes for staff relating to, day services, home care, long term care and respite issued by Friday 19 <sup>th</sup> November. Action Completed.	service users across Clackmannanshire.
16. To identify further management savings and revise financial planning assumptions	Senior Managers across all service areas asked to review projects for further efficiency savings as part of MCB process 16/17.	Assistant Heads of Service	February 2017	To continue to work with corporate services to identify efficiency savings for 2017/18.  There has been additional efficiencies met from the service for 2016/17 as there has been a review of the family centre which has allowed for a transfer of staff into vacant posts in education identifying £97k saving	Transformation Board overseeing governance of projects and business cases agreed by council budget setting.

Financial Pressure	What	Who	When	Met/Not met/Ongoing	Impact
17. Workforce planning review required in relation to staffing capacity and mix of skills to meet service demands	A robust review of the current trends, demands for Social Services.	Head of Service	February 2017	Report to Scrutiny Committee due December 2016 in relation to child care.  Process being duplicated for adult care within the Integration Joint Board framework.	This will ensure that the needs of the service are appropriately designed and resourced.
18. Ensure Assessment and Care Management procedures are robust	Update assessment & care management procedures to focus on appropriate intervention, managing risk and focussing on managing care packages via reviews.	Assistant Head of Services	October 2016	Updated procedures developed for the further development of Self Directed Support (SDS) to be presented to SMT for sign off by the end of November 2016.  Revised date of 10 <sup>th</sup> January 2017 for sign off at SMT	Managing risk whilst ensuring legislation responsibilities are met.
19. Ensure the effective management of Social Services resources	Review resource panel as per the committee report with a move to recruiting a temporary manager for the remainder of the financial year.	Assistant Head of Service Adults	October 16	Additional management capacity has been identified via the decoupling from Stirling and new post is no longer required. Start date 1 <sup>st</sup> November 2016  Phased move away from current resource panel during November/December moving to Team Managers and	Improved budget management at Team Management level with care packages being implemented in line with the principles of reablement and minimum intervention.

Financial Pressure	What	Who	When	Met/Not met/Ongoing	Impact
				<p>Service Managers approving home care packages and residential placements for older people on a day to day basis with a weekly meeting to review delayed discharges and the provision of financial updates from Corporate Finance.</p> <p>All community packages and adult residential placements of £20k+ per annum to be approved by Assistant Head of Service</p>	
20. Budget impact of Absence	<p>Review of Absence Management:</p> <p>Closer management of absences. Review of return to work interviews and long term absences</p>	Assistant Heads of Service	April 17	Robust information is being presented to SMT to assist with the management of absence. Lead Officer Louise Beattie	Meeting are arranged monthly with Irene Muirhead & Louise Beattie to review impact of Absence Management.
21. Financial impact of decoupling from Stirling Council	Review staff that become the full responsibility of the service following the decoupling from Stirling Council.	Assistant Heads of Service	Mid November 2016	Decisions relating to the deployment of staff in order to negate the impact of agency staff, acting up arrangements and staff vacancies within the service.	Reduced financial impact of decoupling

Financial Pressure	What	Who	When	Met/Not met/ Ongoing	Impact
22. Social Services Financial Budget	The service will participate in a scoping exercise with Vanguard during the week of 7 <sup>th</sup> November which will inform the efficiency mapping proposal for the service.	Head of Service, Assistant Heads of Service, Service Managers, Corporate Finance & MCB Programme Manager	Week of 7 <sup>th</sup> November	Meetings scheduled to take place on 8 <sup>th</sup> , 9 <sup>th</sup> and 11 <sup>th</sup> November.  Meetings progressed and costings provided by Vanguard for future work. Further discussions to take place as to whether the service will be commissioned or progress within the service.	To inform the efficiency mapping proposal for the service.
23. Integration Joint Board Budget Recovery Plan	The Chief Officer for the Integration Joint Board( IJB) presently convenes a fortnightly meeting with NHS and Social Services staff from Clackmannanshire and Stirling Councils which actively manages the process of the Budget Recovery Plan for the IJB which in turns links directly to the Budget Recovery Plan for Social	Chief Officer, Head of Service & Assistant Heads of Service & Service Managers	Ongoing fortnightly meetings	Three meetings have taken place to date on 17 <sup>th</sup> October, 28 <sup>th</sup> October and 2 <sup>nd</sup> November which have scoped the work and produced a budget recovery plan consistent with the services budget recovery plan..	Financial impact to date not available.

Financial Pressure	What	Who	When	Met/Not met/ Ongoing	Impact
	Services in Clackmannanshire				





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**Report to Audit and Finance Committee**

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**Date of Meeting: 19<sup>th</sup> January 2017**

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**Subject: Consortium Audit Arrangements**

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**Report by: Head of Resources and Governance**

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**1.0 Purpose**

- 1.1. To inform the committee about the development of joint Internal Audit arrangement (“consortium audit arrangement”) with Falkirk Council, and seek approval to continue to develop these arrangements with the aim to produce a 2017/18 Internal Audit plan for presentation to Committee in March 2017.

**2.0 Recommendations**

- 2.1. Committee approves the development of consortium Internal Audit arrangements with Falkirk Council, and agrees to an Internal Audit plan being prepared for consideration and approval at its meeting on 16th March 2017.

**3.0 Considerations**

- 3.1. The resignation of the Internal Audit and Fraud Manager in October 2016, and staff within the team expressing interest in voluntary exit, suggested that an alternative approach to providing Internal Audit Services should be explored before moving to simply fill the vacancy.
- 3.2. General pressure on revenue budgets and the need to constrain growth in headcount and central support costs were the primary drivers. However, Clackmannanshire’s Internal Audit team is small, and opportunities to provide a wider perspective to the council, as well as a greater breadth of work experience and career opportunities to staff, were also considered to be important reasons for seeking an alternative delivery model.
- 3.3. Connections had been established with Falkirk Council through various Internal Audit networks, and in early conversations it was clear that Falkirk Council were also keen to explore the opportunities that consortium audit arrangements would provide to them.
- 3.4. Over the previous 3 years, the Internal Audit and Fraud team has developed its reputation and gained the trust and respect of elected members and senior managers. Improvements to governance have been made, and greater

transparency on Internal Audit actions has been developed. A good working relationship with former external auditors Deloitte was also established.

- 3.5. However, much of the IA work is starting to move into follow up cycles. With the continuous development and implementation of new technologies, previously paper based systems are now becoming, or have become, automated. On that basis, risks such as inappropriate budget delegation can be designed out. A new model for Internal Audit was inevitably going to emerge based on key risk factors, clearer accountabilities on senior managers for assurance and compliance, and the ongoing need for cost reduction.
- 3.6. A proposal is under development which will set out the terms of the arrangement for 2017-18. This will be used as a pilot year and, in the final quarter of the year, a taking stock exercise will be carried out to establish whether:
  - the pilot has been mutually beneficial and should continue for the medium term;
  - further work is needed, with arrangements extended for another financial year before a decision is finally taken; or
  - the arrangements have not proved satisfactory for either or both parties and separate services will be reverted to.
- 3.7. In 2017-18, Clackmannanshire will retain an Internal Auditor who will work on the joint plan with Falkirk Council. Should arrangements be terminated, the Auditor will revert to Clackmannanshire and be fully managed within the Council. Should one of the other outcomes result, options for the management of the staff involved will be evaluated and discussions with TUs taken forward as appropriate. The pilot will enable the release of a member of Internal Audit staff on VS. The Internal Audit and Fraud Manager's post will not be filled, but neither will it be given up until the pilot year evaluation is concluded.
- 3.8. Fraud will continue to be managed within the Council, and a Fraud Officer will continue in post. At the end of the pilot year this arrangement will be reviewed. The role of the Fraud Officer within the Council is, in any case, changing since DWP took over responsibility for benefit fraud. A number of IT based data matching applications are available via the National Fraud Initiative (which is co-ordinated in Scotland by Audit Scotland), and work is required to understand how best the Council can make use of these applications.
- 3.9. Falkirk Council's legal team are developing a service level type document to set out the terms of the service. This will be reviewed by Clackmannanshire's legal team once received. Costs for the service provided by Falkirk will be on a not for profit basis, and will be based on the hours of audit time required to deliver the plan. Savings are anticipated to be approximately £30k to Clackmannanshire during the pilot year, depending on the extent of the Audit Plan agreed.

#### 4.0 Sustainability Implications

4.1. None noted

#### 5.0 Resource Implications

5.1. *Financial Details*

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

5.4. *Staffing*

#### 6.0 Exempt Reports

6.1. Is this report exempt? Yes  (please detail the reasons for exemption below) No

#### 7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) **Council Policies** (Please detail)

#### 8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?  
Yes  No

## 9.0 Legality

- 9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

## 10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

None

## 11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes  (please list the documents below) No

### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Stephen Coulter	Head of Resources & Governance	01259 452022

### Approved by

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources & Governance	Signed: S Coulter
Nikki Bridle	Depute Chief Executive	Signed: N Bridle

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**Report to**                      **Audit & Finance Committee**

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**Date of Meeting:**    **19 January 2017**

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**Subject:**                      **Corporate Risk & External Audit Actions**

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**Report by:**                      **Head of Strategy & Customer Services**

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## **1.0 Purpose**

This report provides the 2016/17 half year update on Clackmannanshire Council's Corporate Risk Log and progress on actions assigned by the Council's external auditors (Deloitte UK).

## **2.0 Recommendations**

- 2.1. It is recommended that Committee notes the report, commenting and challenging as appropriate.

## **3.0 Considerations**

### **3.1. Corporate Risk Management Process**

- 3.1.1. The corporate risk log is owned by the Corporate Management Team and the Head of Strategy & Customer Services is responsible for the corporate risk management approach. The Council follows a systematic risk process, reporting corporate and service risks to Committee on a regular basis. Processes are assessed via internal and external governance and audit mechanisms, and peer-reviewed by other local authorities.
- 3.1.2. In 2015, the Association of Local Authority Risk Managers (ALARM) published a 'top 10' of significant risks, compiled from a survey of UK public bodies. Mapping to our log demonstrated that, despite slight variation in groupings, all significant risks were already reflected locally. Though this does not reflect the effectiveness of risk management, it does provide some assurance that we are achieving the aim of being 'risk aware', rather than 'risk averse'.
- 3.1.3. Each corporate risk log review involves gathering information from internal and external sources, a meeting of the Corporate Risk & Integrity Forum and individual meetings with Corporate Management Team members, to:
- Review existing corporate and service risks with their owners;
  - Analyse dependencies, 'knock-on effects' and wider perspectives;
  - Investigate emerging externally-identified risks for local relevance;
  - Evaluate emerging internally-identified risks, such as those highlighted during the Annual Governance Statement process.

3.1.4. Risks with implications for 3 or more of the 6 Council services, or assessed as significant (red) for a specific service, are considered for escalation to the corporate log, where they are managed until their significance reduces. Risks are recorded on the Covalent performance management system and associated with priority outcomes, actions (or action plans), and existing controls (strategies, policies, procedures, etc.).

3.1.5. We identify our approach to managing each risk as:

- Treat: actions will be completed to reduce the risk,
- Tolerate: actions within our control are complete and plans are in place,
- Transfer: the risk will be passed to another party, such as insurers,
- Terminate: the activity that is causing the risk will be ceased.

## **3.2. Corporate Risk Log – Appendix A**

3.2.1. At the 2016/17 half year stage, 4 risks have increased and 3 have decreased. Increases have occurred in the areas of Financial Resilience and the closely related area of Organisational Change. Risks around Industrial Unrest and Welfare Reform have also been assessed as more significant, and changes have been made to how Partnership risks are expressed in the log.

3.2.2. Previously, there was a single Partnerships risk covering Shared Services, Health & Care Integration and Community Empowerment. Differing actions and controls, however, have resulted in this being separated into 3 individual risks, with only 1 (Shared Services) being assessed as significant enough to remain on the corporate log.

3.2.3. Financial Resilience and Organisational Change remain significant risks, with increasing challenges in identifying new savings proposals within existing policy parameters. Further insight into likely Welfare Reform impact has increased the score and, though further powers will be devolved to the Scottish Government, it is expected that the situation will worsen before the implementation of mitigating actions.

3.2.4. Health & Safety arrangements were highlighted in the Annual Governance Statement and the Council invited its insurance claims handlers (Gallagher Bassett) to conduct a review. Focus groups, interviews and site visits were conducted and we await their report and recommendations. Effective use of Demographic and Demand data is being promoted to services to focus improvement activities, and more effectively predict demand for services.

3.2.5. Information Management actions are also being completed, with direction provided in relation to record retention, the corporate file structure and e-mail archiving. As corporate Governance processes mature and assurance on controls improves, the score of this risk has decreased, and the governance strategy and processes are being reviewed. Workforce Plans are also in development at both a corporate and service level.

3.2.6. As mentioned, issues relating to the separation of Shared Services have been identified internally, as well as being mentioned in the External Audit report to Audit & Finance committee in September. Social Services and Education Senior Management Teams are now in place, with attention focusing on both the challenges and opportunities presented in the current environment.

- 3.2.7. Work continues with partner organisations on the Integrated Children's Services Plan, with positive follow-ups reported by the Care Inspectorate. WRAP (Workshop to Raise Awareness of Prevent) training in relation to Extremism and Radicalisation is also being rolled out across the Council. A Police Scotland Serious Organised Crime self-assessment has been completed and the Corporate Management Team are progressing improvement actions.
- 3.2.8. Risks on Health & Care Integration and Community Empowerment have been assessed as being at a level sufficient for these risks to be Transferred to other logs. Risk management mechanisms have been established as per statutory Health & Care Integration requirements and this risk will be managed by Social Services, the Joint Management Team and the Integration Joint Board. Initial Community Empowerment implications relate to resource requirements for Asset Transfer, and are being managed by Development & Environmental Services.
- 3.2.9. The 4 risks highlighted as being Tolerated remain broadly the same, though plans relating to each scenario are reviewed and tested on an ongoing basis, and Industrial Unrest has been assessed as having increased in likelihood. Most of these areas increase in likelihood during the winter months, but this is balanced by increasing knowledge, experience and lessons learned from incidents within and outwith the local area. Plans and contingencies continue to improve and develop both internally and with Resilience Partnerships.

### 3.3. External Audit Actions – Appendix B

- 3.3.1. Deloitte UK's audit of the Council's 2015/16 accounts resulted in recommendations in the 4 areas of Council Tax, Highways, Budget Monitoring and Criminal Justice. At the time of writing this report, no 15/16 Due Dates have passed, and over half of the work on these actions has already been completed. Where possible, actions from 2013/14 and 2014/15 have also been completed, though 1 will not be due for completion until a 5-year assessment cycle is complete. External Audit remains a key source of insight into the effectiveness of corporate risk management.

### 4.0 Sustainability Implications - *This report has no direct sustainability implications*

#### 5.0 Resource Implications

5.1. *Financial Details - This report has no direct financial implications*

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

Yes

5.3. Finance have been consulted and have agreed the financial implications as set out in the report.

Yes

5.4. *Staffing - This report has no direct staffing implications*

#### 6.0 Exempt Reports

6.1. Is this report exempt? Yes  (please detail the reasons for exemption below) No

**7.0 Declarations**

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) **Council Policies** (Please detail)

**8.0 Equalities Impact**

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes  No

**9.0 Legality**

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

**10.0 Appendices**

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

- Appendix A – Corporate Risk Log
- Appendix B – External Audit Actions

**11.0 Background Papers**

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes  (please list the documents below) No

**Author(s)**

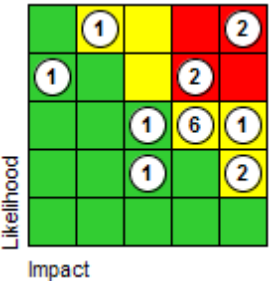
NAME	DESIGNATION	TEL NO / EXTENSION
Judi Richardson	Performance & Information Adviser	2105

**Approved by**

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Head of Strategy & Customer Services	Signed: S Crickmar
Garry Dallas	Executive Director	Signed: G Dallas



# Appendix A – Corporate Risk Log Summary

Summary of Changes	Distribution of Risk Scores
<p>At the 2016/17 half year stage (out of a total of 17 risks):</p> <p><b>Status</b></p> <ul style="list-style-type: none"> <li><span style="color: red;">●</span> 4 risks are red (5 in the 2015/16 end of year report)</li> <li><span style="color: orange;">▲</span> 10 risks are amber (increase from 9 in previous report)</li> <li><span style="color: green;">●</span> 3 risks are green (increase from 2 in previous report)</li> </ul> <p><b>Approach</b></p> <p>11 risks are being Treated (increase from 11 in previous report)                  2 risks will be Transferred to service logs (1 was Transferred after previous report)                  4 risks must be Tolerated (same as in previous report)</p> <p><b>Change in Scores Since Last Review</b></p> <ul style="list-style-type: none"> <li><span style="color: blue;">↑</span> 4 risks have increased</li> <li><span style="color: blue;">▬</span> 7 risks remain the same</li> <li><span style="color: blue;">↓</span> 3 risks have decreased</li> <li><span style="color: blue;">N</span> 3 risks have been newly added (2 of which will be removed after this report)</li> </ul>	

Code	Title	Score	Status	Approach	Change
COU CRR 008	Insufficient Financial Resilience	25	<span style="color: red;">●</span>	Treat	<span style="color: blue;">↑</span>
COU CRR 034	Insufficient Pace and Scale of Organisational Change	25	<span style="color: red;">●</span>	Treat	<span style="color: blue;">↑</span>
COU CRR 032	Council & Community Impact of Welfare Reform	16	<span style="color: red;">●</span>	Treat	<span style="color: blue;">↑</span>
COU CRR 012	Health & Safety Non-compliance	16	<span style="color: red;">●</span>	Treat	<span style="color: blue;">▬</span>
COU CRR 005	Inability to Respond to Changing Demographics	15	<span style="color: orange;">▲</span>	Treat	<span style="color: blue;">▬</span>
COU CRR 009	Information Not Managed Effectively	12	<span style="color: orange;">▲</span>	Treat	<span style="color: blue;">↓</span>
COU CRR 033	Major Governance Failure	12	<span style="color: orange;">▲</span>	Treat	<span style="color: blue;">↓</span>
COU CRR 044	Unforeseen Impacts of Shared Services Separation	12	<span style="color: orange;">▲</span>	Treat	<span style="color: blue;">N</span>
COU CRR 031	Failure to Prepare for Severe Weather Events	12	<span style="color: orange;">▲</span>	Tolerate	<span style="color: blue;">▬</span>
COU CRR 022	Public Health Emergency	12	<span style="color: orange;">▲</span>	Tolerate	<span style="color: blue;">▬</span>
COU CRR 040	Failure of Public Utility Supply	12	<span style="color: orange;">▲</span>	Tolerate	<span style="color: blue;">▬</span>
COU CRR 011	Harm to Child(ren)	10	<span style="color: orange;">▲</span>	Treat	<span style="color: blue;">▬</span>
COU CRR 038	Failure to Prevent Extremism and/or Radicalisation	10	<span style="color: orange;">▲</span>	Treat	<span style="color: blue;">▬</span>
COU CRR 023	Industrial Unrest	10	<span style="color: orange;">▲</span>	Tolerate	<span style="color: blue;">↑</span>
COU CRR 037	Failure to Address Serious Organised Crime	9	<span style="color: green;">●</span>	Treat	<span style="color: blue;">↓</span>
COU CRR 043	Lack of Representation in Integrated Health & Care Service	6	<span style="color: green;">●</span>	Transfer	<span style="color: blue;">N</span>
COU CRR 042	Community Empowerment Resource Requirements	4	<span style="color: green;">●</span>	Transfer	<span style="color: blue;">N</span>

## Approach Treat

<b>Insufficient Financial Resilience</b>		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Deputy Chief Executive	COU CRR 008			Current Score	25	Target Score	5
Description	The Council does not have sufficient funds to meet its liabilities and cannot meet essential service demands or customer needs, or respond to external agendas.						
Potential Effect	Reputational damage, legal implications and severe and extended loss of service provision. Possibility of Alliance partners also being affected contributes to the potential impact, given the interdependencies.						
Latest Note	Independent analysis suggests Clackmannanshire is experiencing the greatest budget pressure of all 32 councils. The funding gap for 17-18 is estimated at £10.5m, with lower settlements to 2020/21, requiring more significant budget reductions. Given that £29m savings have been made in 5 years, it is proving extremely challenging to identify new proposals within existing policy parameters. In Dec 2016 around £4m potential savings had been identified by officers which leaves a significant savings balance to find, and redesign and restructure proposals are in development. Voluntary approaches to severance have not to date achieved required savings and have not facilitated the significant service redesign which the financial situation necessitates. Extrapolating rates of uptake of VS and VR to date into 17-18 would leave Council with a significant shortfall in its budget which could not be fully covered by use of reserves.						
Related Actions	External Audit Action Plan (2015/16 Audit, Deloitte UK)	COU EXA 156	Existing Controls	Financial Management Strategy			
	Ongoing work by services to identify savings proposals, supported by the Accountancy team	CRR COU 003		Interim Procurement Strategy			
	Making Clackmannanshire Better Corporate Change Programme	MCB PRG 20162017		Budget Challenge & Financial Monitoring			

<b>Insufficient Pace and Scale of Organisational Change</b>		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Chief Executive	COU CRR 034			Current Score	25	Target Score	5
Description	The Council fails to proactively drive the fundamental redesign of services and organisational planning/ development with the speed required to address the funding gap due to ineffective change management.						
Potential Effect	Failure to maintain the required level of provision for statutory services. The corporate business improvement programme does not establish sustainable service delivery and a sustainable cost base for the future.						
Latest Note	Changes have been made to 2016/17 savings and a Strategy and Resources Group has been established to consider impacts. Monthly elected member and TU briefings continue. Monitoring of 2016/17 savings continues, with a shortfall anticipated and part-compensatory savings to be considered, though there have been a number of VS and VR acceptances. Proposals for 2017/18 are being identified and the high-level timetable has been refreshed. Council approved an Interim Workforce Strategy in October 2015 and services are drafting Workforce Plans.						
Related Actions	Making Clackmannanshire Better Corporate Change Programme	MCB PRG 20162017	Existing Controls	Union & Member Communications			
				Business Planning Process			
				Interim Workforce Strategy			

● Low - 9 or below   
 ▲ Medium - 10 to 15   
 ● High - 16 or above   
 ▲ Increased score   
 ■ Consistent score   
 ▼ Decreased score   
New risk

<b>Council &amp; Community Impact of Welfare Reform</b>		Priority Outcome	1. The area has a positive image and attracts people and businesses; 5. Vulnerable people and families are supported	Status		Change Since Last Review		
Head of Housing & Community Safety	COU CRR 032			Current Score	16	Target Score	6	
Description	The welfare reform agenda increases deprivation in the area, removes between £8 million and £10 million from the local economy and requires the Council to provide additional services and support due to a national priority of reducing welfare expenditure.			Likelihood		Impact	Likelihood	
Potential Effect	Potential reversal of efforts to reduce deprivation and improve economic development in the area, as well as reputational, budget and staffing implications of providing new services (the impact of the transfer to Universal Credit cannot yet be quantified).							
Latest Note	Delays in Universal Credit roll out and the changes to supported accommodation benefit allowances mean that the worst of the effects are yet to come. However, the impact is now considered to be significant (previously moderate) given what is known about the changes proposed.							
Related Actions	Review and redesign the Housing Support Service	HCS SBP 072	Existing Controls	Scottish Welfare Fund (Crisis & Community Grants)				
	Review and implement the Audit Scotland Housing Benefit requirements	HCS SBP 077		Housing Options Service				
	Review the Housing Allocation Policy	HCS SBP 079		Restructured Housing Management Service				

<b>Health &amp; Safety Non-compliance</b>		Priority Outcome	7. Health is improving and health inequalities are reducing; 9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review		
Head of Resources & Governance	COU CRR 012			Current Score	16	Target Score	4	
Description	A Health & Safety incident or statutory breach results in the injury to or death of a staff member or customer due to lack of awareness of or non-compliance with policies and procedures. Such incidents may also arise from the actions of third parties, whose activities may be outwith the direct control of the Council.			Likelihood		Impact	Likelihood	
Potential Effect	The effects on individuals and their families, financial penalties (including HSE intervention fees), criminal proceedings, adverse publicity, increased insurance or damage to Council assets.							
Latest Note	Recent incidents/accidents, statistics and HSE investigations suggest compliance with H&S duties is still not deployed uniformly. Work is ongoing to ensure managers are aware of statutory duties to identify and manage H&S risks in their areas. The Council insurance claims handlers have been requested to conduct a Council wide review of the H&S Management System in order to identify gaps and make recommendations for improvement.							
Related Actions	Review of corporate Health & Safety arrangements by Gallagher Bassett	CRR RAG 011	Existing Controls	Health & Safety Management System				
	Governance Improvement Plans across all services	CRR RAG 001		Maximising Attendance & Employee Wellbeing Policy				
				Health & Safety Handbook for Managers				

<b>Inability to Respond to Changing Demographics</b>		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Chief Executive	COU CRR 005			Current Score	15	Target Score	5
Description	The Council is unable to appropriately redesign services due to not acting on predictions of changing needs and demand in areas such as the 'ageing population' (including more single-person households), increasing school roles and changing needs relating to health, complexity of care needs and socio-economic behaviour.						
Potential Effect	Inappropriate allocation of resources and assets, misalignment of corporate objectives with customer needs, inability to demonstrate Best Value, and possible financial and reputational consequences of responding to situations that have not been planned for.						
Latest Note	We continue to analyse data to understand changing demographics in Clackmannanshire and how this impacts services required and provided by the Council. In particular, an in-depth Strategic Needs Analysis was recently undertaken for Health and Social Care services. Work to better understand the nature and level of services required is being explored through the Putting Customers First consultation as well as via ongoing dialogue with communities.						
Related Actions	Making Clackmannanshire Better Corporate Change Programme		MCB PRG 20162017	Existing Controls	Customer Consultation & Communication		
	Social Services Scrutiny Review		CRR SOS 004		Budget Challenge & Financial Monitoring		
					Community Engagement Process		

<b>Information Not Managed Effectively</b>		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change	
Head of Resources & Governance	COU CRR 009			Score	12	Target	8
Description	Information is not protected due to a lack of compliance with information sharing, records management or ICT protocols. Information is not managed due to lack of compliance with records management protocols and good practice. Data is of poor quality, is duplicated, or is held across multiple systems. Lack of Business Intelligence and Management Information.						
Potential Effect	Possible legal and reputational issues relating to data breaches, increased difficulty and time to access information and loss of tacit information when staff leave or are absent, resulting in duplication or non-completion of (possibly statutory) duties. Loss of productivity when systems do not operate or integrate appropriately, causing frustration and impact on staff morale. Uninformed decision-making when organisational knowledge is not available when needed, due to 'single points of failure', poor succession planning, lack of awareness of the knowledge held by different service areas, or system failure.						
Latest Note	Council has prepared a records management plan as required by Public Records Scotland Act. This has led to a Records management policy, and various operational improvements such as a corporate file structure and retention policies being approved by CMT. These are being implemented from November 2016 and should result in a reduction in likelihood.						
Related Actions	2016/17 Internal Audit Plan		CRR RAG 010	Existing Controls	Information Management Strategy		
	Develop a records management plan and implement a records management policy.		RAG 15 008		Digital Strategy		
					Interim Workforce Strategy		

<b>Major Governance Failure</b>		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Head of Resources & Governance	COU CRR 033			Current Score	12	Target Score	5
Description	A significant failure of compliance with statutory duties due to a lack of awareness or understanding of corporate policies or codes of conduct, or through non-adherence, including through management or elected member override of controls of procedures.						
Potential Effect	Significant reputational damage, injury or loss of life, legal action, financial loss or disruption to service delivery.						
Latest Note	A number of internal and external controls exist in addition to a system of scrutiny justifying a reduction in the impact of a major governance failure as the Council would have the means to limit damage and address any issues as well as a series of demonstrable processes that would mitigate any suggestion that there has been a lack of oversight						
Related Actions	Review/revise Governance Strategy and related documents		RAG 16 001	Existing Controls	Scheme of Delegation		
	Governance Improvement Plans across all services		CRR RAG 001		Audit & Finance Committee		
	2016/17 Internal Audit Plan		CRR RAG 010		Governance & Audit Processes		

<b>Unforeseen Impacts of Shared Services Separation</b>		Priority Outcome	3. People are better skilled, trained and ready for learning and employment; 5. Vulnerable people and families are supported;	Status		Change Since Last Review	<b>N</b>
Head of Social Services; Head of Education	COU CRR 044			Current Score	12	Target Score	8
Description	It has been highlighted by external audit bodies that Education and Social Services may face significant pressures in rebuilding stand-alone services now that shared service arrangements with Stirling Council have come to an end. The key issues highlighted relate to: additional costs, service continuity & quality, outcomes for service users, loss of expertise, management structures and capacity.						
Potential Effect	The services could lack strategic direction, fail to adequately assess or meet customer needs (including fulfilling statutory duties), incurring further costs or potentially negative impacts on customers and fail to achieve stated objectives and outcomes, with associated audit, legal and reputational impacts.						
Latest Note	Heads of Service have been appointed and Senior Management Teams established in both services, and internal support is available in relation to financial, workforce, performance and risk management, as well as both internal and external governance, audit and inspection processes. Plans and improvement actions are already being progressed in different areas of child and adult services and the opportunities presented from the separation of shared services are being fully explored.						
Related Actions	Governance Improvement Plans across all services		CRR RAG 001	Existing Controls	Governance & Audit Processes		
	Review of Social Services Commissioning		MCB SOS 050		Social Services Senior Management Team		
	Use all resources efficiently and effectively, including financial, administrative and business support, ICT and staff resources		EDU_SA16		Education Senior Management Team		



Low - 9 or below



Medium - 10 to 15



High - 16 or above



Increased score



Consistent score



Decreased score



New risk



<b>Harm to Child(ren)</b>		Priority Outcome	5. Vulnerable people and families are supported; 6. Substance misuse and its effects are reduced	Status		Change Since Last Review	
Head of Social Services; Head of Education		COU CRR 011		Current Score	10	Target Score	5
Description	A lack of intervention or action by the Council results in failure to prevent the serious harm of a child/children.						
Potential Effect	The effects of the injury or death on the individual, family, friends and staff members, and reputational harm or criminal proceedings, with associated costs, as well as the impact of reputational damage and negative publicity on morale, workforce development and sustainability.						
Latest Note	The Care Inspectorate continue to report positive follow-ups in relation to the Integrated Children's Service Plan. The Children & Young People Strategic Partnership Group monitor performance with an overview by the Public Protection Forum.						
Related Actions	Integrated Children's Services Plan		CRR SOS 003	Existing Controls	Public Protection Forum		
	Implement the process in relation to the role of the Lead Professional under the Children & Young Persons legislation and the transition between the Lead Professional and Named Person service.		SOS SSS 050		Children & Young People Strategic Partnership Group		
	Roll out of the Outcomes Framework for all children in Children's Services to evidence outcomes for children and families		SOS SSS 051				

<b>Failure to Prevent Extremism and/or Radicalisation</b>		Priority Outcome	1. The area has a positive image and attracts people and businesses; 4. Our communities are safer	Status		Change Since Last Review	
Head of Strategy & Customer Services		COU CRR 038		Current Score	10	Target Score	4
Description	A terrorist incident (or other malicious attack) causes physical or financial harm to individuals or groups in Clackmannanshire, potentially caused by the radicalisation of someone from the area (who could be involved in an incident either here or elsewhere). The fear of these issues could also have an impact on quality of life.						
Potential Effect	Casualties and fatalities, damage to property and infrastructure, need for evacuation or temporary housing for those affected and potential for wider economic damage. Financial harm to individuals, businesses or the Council. Direct or indirect disruption to Council services and reputational and/or legal implications.						
Latest Note	The members of staff trained as WRAP facilitators have been authorised by the Scottish Government to train additional facilitators within the Council. this will significantly accelerate the delivery of WRAP training. A Priority 1 list of 1500 employees has been identified for WRAP training. An e-learning package is now available and mandatory for all staff.						
Related Actions	Implement the Clackmannanshire Council CONTEST Delivery Plan, based on the Government's CONTEST Strategy		CRR SCS 005	Existing Controls	Forth Valley Local Resilience Partnership		
					CONTEST Working Groups (FV & Clacks)		
					WRAP Training (High Priority Staff)		

<b>Failure to Address Serious Organised Crime</b>		Priority Outcome	4. Our communities are safer; 6. Substance misuse and its effects are reduced	Status		Change Since Last Review	
Head of Strategy & Customer Services	COU CRR 037			Current Score	9	Target Score	6
Description	Public bodies fail to address the issues around serious organised crime involving drugs, violence, fraud, corruption, money laundering and/or human trafficking.			Likelihood		Likelihood	
Potential Effect	Physical or financial harm to individuals, businesses, communities or the Council. Direct or indirect disruption to Council services and associated reputational and/or legal implications.						
Latest Note	A self-assessment provided by Police Scotland's Counter-corruption Unit has been completed and was discussed in detail by the Corporate Risk & Integrity Forum in September. While many controls are in place, areas for improvement have been identified and awareness will be raised with all staff, partners and local communities.						
Related Actions	Implement actions and requirements of the National Fraud Initiative	CRR RAG 008	Existing Controls	Serious Organised Crime Delivery Plan			
	Implement actions from Divert and Deter strands of Let Scotland Flourish Strategy	CRR SCS 006		Let Scotland Flourish Strategy			

Low - 9 or below    Medium - 10 to 15    High - 16 or above

Increased score    Consistent score    Decreased score    New risk

**Approach Transfer**



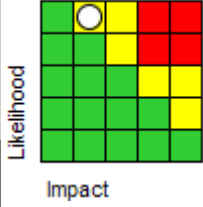
<b>Lack of Representation in Integrated Health &amp; Care</b>		Priority Outcome	5. Vulnerable people and families are supported; 7. Health is improving and health inequalities are reducing	Status		Change Since Last Review	<b>N</b>
Head of Social Services	COU CRR 043			Current Score	6	Target Score	6
Description	The size of Clackmannanshire Council in relation to the other organisations involved and relationships with other partners results in the particular needs of Clackmannanshire, such as demographic and deprivation factors, not being adequately represented in the joint decisions made.						
Potential Effect	Decisions and resource allocation do not meet the needs of the people of Clackmannanshire, resulting in the Council not achieving social and economic outcomes relating to protecting vulnerable groups and reducing health inequalities, with negative implications for service users and negative audit/inspection reports (and associated reputational damage).						
Latest Note	The likelihood of this risk occurring is extremely low due to governance arrangements within Clackmannanshire Council, across the Health & Care partnership and from external inspection/audit bodies, such as the Care Inspectorate and Audit Scotland. Social Services activity is scrutinised by Council and Committees internally and the authority is represented on the Health & Care Joint Management Team and Board. It is, therefore, recommended that this risk is transferred to the Social Services risk log for management and reporting via the Business Planning process.						
Related Actions	Health & Social Care Strategic Plan	SOS RIS 024	Existing Controls	HSC Governance Arrangements Council & Committee Structures & Remits Inspection and external audit			




<b>Community Empowerment Resource Requirements</b>		Priority Outcome	2. Our communities are more cohesive and inclusive	Status		Change Since Last Review	<b>N</b>
Head of Development and Environment	COU CRR 042			Current Score	4	Target Score	4
Description	Though there are a number of implications for the Council from the Community Empowerment Act, the most immediate is likely to be the resources required for the Asset Transfer element, which requires authorities to compile a list of all Council assets (conducted by Development Services but probably requiring input from all services).						
Potential Effect	Potential disruption to other work being carried out in services or, if this statutory task is not completed, potential audit/legal implications, with associated financial and reputational implications.						
Latest Note	As the Asset Transfer element of Community Empowerment has resource implications mainly for Development Services, and the risk is not severe at a corporate level, it is recommended that this risk be transferred to the Development & Environmental Services risk log for management and reporting via the Business Planning process.						
Related Actions	Undertaking workforce planning and take forward agreed outcomes.	DAE SBP 033	Existing Controls	Development & Environmental Services Business Plan			







**Approach** Tolerate

<b>Failure to Prepare for Severe Weather Events</b>		Priority Outcome	1. The area has a positive image and attracts people and businesses; 4. Our communities are safer	Status		Change Since Last Review	
Head of Development and Environment	COU CRR 031			Current Rating	12	Existing Controls	
Description	Inability to respond to impact of severe weather events on workforce or community due to lack of appropriate planning. This is most likely to include flooding from rainfall or coastal surges, hazardous winter weather or heatwaves (all of which, due to climate change, are likely to become more frequent and severe).			Likelihood 	Winter & Flood Management Plans		
Potential Effect	Widespread community dislocation, damage to properties, businesses, roads and utility infrastructure (including telecoms or power loss), or inability of staff to get to workplace. Increased workload in Emergency Planning, Housing, Roads and Customer Services, resulting impact on service delivery, reputation and finances.				Business Continuity Plans Forth Valley Local Resilience Partnership		
<b>Public Health Emergency</b>		Priority Outcome	7. Health is improving and health inequalities are reducing; 9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Head of Strategy & Customer Services	COU CRR 022			Current Rating	12	Existing Controls	
Description	Significant numbers of Council staff and customers become ill due to the occurrence of a public health emergency, such as a flu pandemic.			Likelihood 	Pandemic Flu Plan		
Potential Effect	Depending on the nature of the health emergency, potentially short- and long-term health implications for members of the public and staff absence if either ill themselves or caring for family and/or friends. Substantial disruption to back-office support functions and front-line service provision, including to customer groups already considered vulnerable.				Business Continuity Plans Major Incident Operational Procedures		
<b>Failure of Public Utility Supply</b>		Priority Outcome	4. Our communities are safer; 5. Vulnerable people and families are supported	Status		Change Since Last Review	
Head of Strategy & Customer Services	COU CRR 040			Current Rating	12	Existing Controls	
Description	Loss of gas, electricity, water or communications over a significant area due to failure of a provider's infrastructure as a result of a local or national event.			Likelihood 	Emergency Response Plan		
Potential Effect	Fatality, injury or health risk caused by escape of gas or loss of electrical supply. Requirement to evacuate areas and find alternative accommodation, including for vulnerable people. The Council has limited capability to reduce the risk of failure or disruption of external provider's infrastructure, other than following best practice in excavation work. Disruption to local agencies and businesses in providing normal services and potentially large costs associated with actions relating to care for people. Failure of telecoms infrastructure preventing contact with health, care and emergency services.				Business Continuity Plans Major Incident Operational Procedures		

<b>Industrial Unrest</b>		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Head of Resources & Governance	COU CRR 023			Current Rating	10	Existing Controls	
Description	Industrial action by Council staff (including shared service staff employed by Stirling Council), partners or suppliers arises, normally in relation to local or national budget-related changes to terms and conditions, or restructuring.				Trade Union Communications Protocol		
Potential Effect	Impact on staff morale and productivity with associated impact on service delivery, costs and reputation, as well as impact on customers dependent on services. In the case of partner or supplier strike action, we may decide not to complete all aspects of normal service delivery during strike action. Business Continuity & Resilience planning mitigate the impact of strike action to a tolerable level.				Business Continuity Plans		
					Forth Valley Local Resilience Partnership		

 Low - 9 or below  
  Medium - 10 to 15  
  High - 16 or above

 Increased score  
  Consistent score  
  Decreased score  
  New risk

## Appendix B – External Audit Actions

21 actions assigned from 2013/14 to 2015/16 (16 complete), overall progress:

85%

### Audit of 2015/16 Accounts

4 actions assigned, overall progress:

53%

<b>Council Tax Income</b>				Service Manager Strategy & Revenues			
Observation	Due Date	31-Mar-2017	Priority	3	Code	COU EXA 501	
From our evaluation of the controls, we noted that there are plans in place to automate the linkage between the Council Tax Northgate system and the Assessor and that currently this is not reconciled on a regular basis.							
Latest Note	Progress	20%	Status		Expected Outcome		
Records are reconciled manually on a monthly basis which allows the manual update of property records. The Council has purchased reconciliation software from Northgate and it is currently being tested. This will report anomalies by exception and allow manual amendments to be made.							

<b>Highway Network Assets</b>				Chief Accountant			
Observation	Due Date	31-Mar-2017	Priority	2	Code	COU EXA 502	
The Council should consider the identified risk areas as noted on page 19 (link to report in parent action description) and action required over the next six months to ensure that appropriate plans are in place to bring Highway Network Assets on Balance Sheet at the appropriate valuation.							
Latest Note	Progress	60%	Status		Expected Outcome		
Preparatory work has been carried out by the Roads Service. The Accountancy team will work with the service to ensure that the requirements are met for the 2016/17 accounts.							

<b>Budget Monitoring</b>				Chief Accountant			
Observation	Due Date	31-Mar-2017	Priority	2	Code	COU EXA 503	
While a number of the variances noted in the year have arisen as a result of changes which would be unforeseen at the time of setting the budget, there is scope for the Council to consider whether the budget process and forecasting is adequately robust, taking into account historical trends, particularly in Social Work.							
Latest Note	Progress	60%	Status		Expected Outcome		
The new finance system will drive the budget process forward. Access to real time information will aid services forecasting and allow early intervention as required between the Accountancy team and the services. As services redesign the historical trends will become less useful for forecasting purposes. Social Services have developed an action plan, reported to Audit & Finance Committee in September, specifically to address this issue.							

<b>Criminal Justice Social Work Services</b>				Head of Social Services			
Observation	Due Date	31-Dec-2016	Priority	3	Code	COU EXA 504	
The Council should carry out a review to ensure that service level agreements are in place where services are provided by independent sector providers.							
Latest Note	Progress	75%	Status		Expected Outcome		
One of the two SLAs is already in place and the other is being drafted, and will be in place once finalised and agreed.							

Complete In Progress Overdue

Will complete within target Will complete outwith target

**Audit of 2014/15 Accounts**

4 actions assigned (3 complete), overall progress:

75%

<b>Accrued expenses - post year-end invoice reflection in accounts</b>					Chief Accountant	
Observation	Due Date	30-Jun-2016	Priority	3	Code	COU EXA 401
Invoices received after year-end of low value are not always reflected in the year-end accounts. We recommend that all post year end invoices relating to pre year end are accounted.						
Latest Note	Progress	100%	Status		Expected Outcome	
Completed within target.						

<b>Property, plant &amp; equipment revaluations - management &amp; challenge of advice</b>					Chief Accountant	
Observation	Due Date	30-Jun-2016	Priority	3	Code	COU EXA 403
We recommend that the Council ensure there is an experienced internal contact who can manage and challenge the advice of externally sourced valuation.						
Latest Note	Progress	100%	Status		Expected Outcome	
Complete as at September.						

<b>Property, plant &amp; equipment revaluations - modern equivalent asset</b>					Chief Accountant	
Observation	Due Date	30-Jun-2020	Priority	2	Code	COU EXA 404
With regard to MEA considerations for land, we recommend that the valuer should, where possible, determine the land value reflecting an appropriate site size for a MEA facility and if possible determine a site value reflecting least cost to replace basis.						
Latest Note	Progress	0%	Status		Expected Outcome	
This will be covered in any future engagement with valuers, related to COU EXA 403 which is expected to be completed by the target date. Deloitte UK confirmed in their report to Audit & Finance Committee in September 2016 that this recommendation is not due until the next full valuation is performed, and this is completed in a five-year cycle (previous in 2015).						

**Audit of 2013/14 Accounts**

13 actions assigned (all complete), overall progress:

100%

<b>Clackmannanshire Council Sundry Trust Funds – appointment of independent trustee</b>					Head of Strategy & Customer Services	
Observation	Due Date	31-Mar-2015	Priority	2	Code	COU EXA 303
We recommend that consideration is given to the appointment of an independent trustee to the Board of each charity. This would remove the formal audit requirement under Section 106 of the Local Government (Scotland) Act 1973.						
Latest Note	Progress	100%	Status		Expected Outcome	
Independent trustees have now been appointed to all remaining trusts on the Councils Sundry Trust Fund Accounts.						

Complete
 In Progress
 Overdue

Will complete within target
 Will complete outwith target

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**Report to: Audit and Finance Committee**

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**Date of Meeting: 19 January 2017**

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**Subject: Internal Audit and Fraud Progress Report**

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**Report by: Internal Audit and Fraud Team Leader**

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## **1.0 Purpose**

- 1.1. This report provides an update on work completed from the Internal Audit and Fraud Annual Plan 2016/17 which was recommended to full Council for approval by the Resources and Audit Committee on 25 February 2016.
- 1.2. The report also provides an update on the progress of implementation of recommendations by Officers from previous Internal Audit Reports.

## **2.0 Recommendations**

- 2.1. The Committee is asked to note, comment on and challenge the report and progress made on the Internal Audit and Fraud Annual Plan 2016/17.

## **3.0 Considerations**

### **Progress Against 2016/17 Plan**

- 3.1. Progress on completion of the Assurance element of the Annual Plan 2016/17, is summarised in the table below, with more detail being provided in **Appendix A**.

<b>Status of Audits</b>		<b>%</b>
To be Commenced	3	16
Onsite/On going	4	21
Draft Report Issued	3	16
Final Report Issued	3	16
Deferred / Not Required	6	31
Total	19	100%

- 3.2. To provide members with more information on progress of the plans we have provided terms of reference for audits that are currently ongoing or are due to start in the near future and have been agreed. These are provided at **Appendix B** and cover the following reviews:

- Housing Benefit and Council Tax Processes (The Vanguard Impact)
- Procurement
- HSCI Integrated Joint Board in conjunction with Stirling Council

### **Final Reports - Assurance**

3.3. The following reports from the 2016/17 plan are provided for:-

- Resources and Governance Performance Management (**Appendix C**)
- Housing Revenue Account (**Appendix D**)
- Validation of Climate Change Submission (**Appendix E**)

### **Fraud**

3.4. The team have been liaising with Head of Strategy and Customer Services to contribute to a number of initiatives on countering Serious and Organised Crime. The team have also been involved in specific investigations which are reported directly to relevant head of service. Counter fraud training has been provided to the Procurement Matters Group.

3.5. The National Fraud Initiative (NFI) is a bi-annual counter-fraud exercise currently managed by the Audit Commission and administered in Scotland by Audit Scotland on behalf of local authorities and other public bodies. The NFI uses computerised techniques to compare information about individuals held by different public bodies and on different financial systems to identify potential inconsistencies or circumstances between data held that requires further investigation. Inconsistencies between datasets are then investigated to identify possible fraud and/or error, stop overpayments and, where possible recover the sums involved.

3.6. The 2016/17 NFI exercise has now started. There are two phases of the exercise with Phase 1 being data extract and upload and Phase 2 being investigation. Internal Audit and Fraud are responsible for co-ordinating the NFI exercise and reporting the progress of investigations to Audit Scotland. Internal Audit and Fraud will also liaise with services and provide guidance, where necessary. At the time of this report Phase 1 has been completed.

### **Progress of Follow Up**

3.7. Agreed Management actions arising from previous Internal Audit Reports are now being recorded on Covalent and will be reported through Scrutiny Committee. The progress made by Officers on these agreed actions is summarised in **Appendix G** and where not sufficiently implemented, progress to date and revised completion dates have been agreed.

## Conclusion

- 3.8. Work on the 2016/17 plan is progressing. Further progress has been made on implementing and addressing recommendations from previous reports.
- 3.9. Members are asked to note the report and progress made.

## 4.0 Sustainability Implications

- 4.1. There are no sustainability implications.

## 5.0 Resource Implications

### 5.1. *Financial Details*

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. No
- 5.3. Finance has been consulted and have agreed the financial implications as set out in the report. Yes

## 6.0 Exempt Reports

- 6.1. Is this report exempt? Yes  (please detail the reasons for exemption below) No

## 7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box )

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

- (2) **Council Policies** (Please detail)

Financial Regulations.

## 8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? N/A

## 9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

## 10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A - Progress on 2016/17 Internal Audit and Fraud Annual Plan

Appendix B - Terms of Reference

Appendix C - Resources and Governance Performance Management

Appendix D - Housing Revenue Account

Appendix E - Validation of Climate Change Submission

Appendix F - National Fraud Initiative 2016-17 Plan for Exercise

Appendix G - Progress of Follow Up

## 11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Jason Ross	Internal Audit Officer	226226

### Approved by

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources and Governance	Signed: S Coulter
Nikki Bridle	Depute Chief Executive	Signed: N Bridle



Audit	Audit Weeks	Annual Plan	Service	Progress
<b>Governance</b>				
Annual Assurance Report	6	2016-17	Corporate	To Be Commenced
<b>Assurance</b>				
Governance- Council, Committees and Executive	5	2016-17	Corporate	Deferred – action ongoing by Head of R&G to review key documents
Social Media	5	2016-17	Corporate and Strategy and Customer Service	Final Report issued
Corporate Governance	3	2016-17	Integrated Joint Board	On site / On going
Housing Revenue Accounts	4	2016-17	Housing and Community Safety	Draft Report issued
Validation of Climate Change Submission	2	2016-17	Development and Environment	Draft Report issued
H&S Management Systems	5	2016-17	Development and Environment.	Not Required due to external report being commissioned from Council’s insurers, Gallacher Basset
Education- 1	4	2016-17	Education	Deferred – scope was to be established pending appointment of new Head of Education. A range of education audit activity takes place via Education Scotland. Specific reviews not carried out this year but overall service reviews and revised strategy for education being developed by H of S
Education- 2	4	2016-17	Education	As for Education -1
Budget Management and Monitoring	4	2016-17	Social Services	Deferred – pending review commissioned by Scrutiny

**PROGRESS ON APPROVED INTERNAL AUDIT ANNUAL PLAN 2016/17**

**APPENDIX A**

<b>Audit</b>	<b>Audit Weeks</b>	<b>Annual Plan</b>	<b>Service</b>	<b>Progress</b>
				Committee
Social Services	4	2016-17	Social Services	Deferred – scope was to be determined post shared services. New H of S recently in post and requirements not yet established
R&G Performance Management	5	2016-17	Resources and Governance	Draft Report Issued
Progress of the New Housing IT System Project	4	2016-17	Housing and Community Safety	1 <sup>st</sup> Interim Draft Report Issued
Housing Benefit (Vanguard Impact)	4	2016-17	Housing and Community Safety	On site / On going
Implementation of the new Finance System.	5	2016-17	Resources and Governance and Corporate	To Be Commenced
Insurance	4	2016-17	Resources and Governance	Final Report Issued
Stock Control	5	2016-17	Corporate	Final Report Issued
Land and Property Asset Management	5	2016-17	Resources and Governance and Development and Environment.	On site / Ongoing
ICT Strategy Implementation	4	2016-17	Resources and Governance	To Be Commenced
Procurement	4	2016-17	Resources and Governance and Corporate	On site / Ongoing
<b>Fraud</b>				
Fraud and Error Prevention and Detection	23	2016-17	Internal Audit and Fraud	Ongoing
Whistleblowing	4	2016-17	Corporate	Ongoing
National Fraud Initiative	3	2016-17	All Services submitting data	Ongoing
Fraud Awareness and Training	3	2016-17	All services	Ongoing
<b>Other</b>				
Follow Up	2	2016-17		Ongoing



## **INTERNAL AUDIT TERMS OF REFERENCE**

**SERVICE:** Housing and Community Safety

**AUDIT AREA:** HB and Council Tax Processes (The Vanguard Impact)

**AUDIT YEAR:** 2016/2017

### **INTRODUCTION AND SCOPE**

In September 2014 a 2 year contract was awarded to Vanguard to redesign Housing and Community Safety Services Processes. The scope of this contract was to carry out an overall assessment of procedures and processes, to identify processes that are less than optimal and put measures in place for improvement. The redesign of less than optimal processes to allow resources to focus on adding value, reducing waste and duplication of effort will improve efficiency and performance.

Vanguard is a management consultancy and training organisation that develop live improvement programmes, to change culture and train contracted suppliers staff to ensure continuous improvement.

In 2014 DWP expressed concerns regarding Housing Benefit (HB) Administration. The time taken to process HB new claims and changes deteriorated during 14/15 and was significantly below the Scottish Average.

Revenues Services were incorporated into Housing and Community Safety in 2015 and Senior Management decided to carry out a review Vanguard review of Council Tax Processes to improve efficiencies and collection rates.

The scope of our audit will be to review the Vanguard impact on Housing Benefit and Council Tax processes to assess whether efficiencies, improved performance and best value have been achieved.

### **RISKS**

The following risks could prevent the achievement of the objectives of the Vanguard Project for improving the processes in place for Housing Benefit and Council Tax, or result in the non-achievement of the objectives, and have been identified within scope for this audit:

- Not improving performance and achieving value for money;
- Practices identified not incorporated into new procedures and continuous improvement not included;
- Potential for Vanguard to improve other operations across the Council not explored.

**AUDIT OBJECTIVE:** Our audit work will be designed to evaluate whether the Vanguard approach has been effective at engaging managers to review and improve systems in order to mitigate the risks identified above.

**INTERNAL AUDIT TERMS OF REFERENCE****SERVICE:** Resources and Governance**AUDIT AREA:** Procurement**AUDIT YEAR:** 2016/2017**INTRODUCTION AND SCOPE**

Procurement is the process by which an organisation manages the acquisition of all its goods, services and works, either by lease, rental or purchase. It includes the identification of need, consideration of options, the actual procurement process and the subsequent management and review of the contracts.

Clackmannanshire Council Contract Standing Orders state that 'The purpose of Contract Standing Orders is to set clear rules for the procurement of goods, works and services for the Council. The rules should ensure that the Council is fair and accountable in its dealings with contractors and suppliers. Contract Standing Orders protect the interests of the Council and they also protect the interests of Council Officers who are involved in procurement. It is the Council's duty to secure best value in its arrangements, and therefore efficient use of resources is an imperative. The Contract Standing Orders provide a commercial, legal and operational framework to procurement activity on behalf of the Council'.

In 2012 the Corporate Management Team agreed to a central approach to procurement activity supplemented by Service representatives who will help drive forward business improvements with estimated annual savings in the region of £500k pa. The initial business case for central procurement activity include advantages that "services will benefit from savings achieved through a consistent and corporate approach to procurement", the "council will be achieving Best Value for Money" and "a corporate approach to procurement will deliver savings that will assist the council to operate within the reduced funding levels in future years".

The public sector is facing unprecedented challenges to provide higher quality services with significantly less funding to do so. Efficient and effective procurement is critical for ensuring that the Service maximises the resources at its disposal.

The scope of this review is to consider whether procurement activity is achieving budget savings across the Council.

**RISKS**

The following risks could prevent the achievement of procurement objectives, or result from the non-achievement of the objectives, and have been identified as within scope for this audit:

- Procurement activity not achieving budget savings and value for money;
- Responsible officers not proactively identifying areas for procurement review;
- Expenditure and procurement activity management information and reporting is inadequate.

**AUDIT OBJECTIVE:** Our audit work will be designed to evaluate whether appropriate systems are in place and operating effectively to mitigate the risks identified above.



**Clackmannanshire  
Council**

[www.clacksweb.org.uk](http://www.clacksweb.org.uk)

## **INTERNAL AUDIT TERMS OF REFERENCE**

**SERVICE:** HSCI Integrated Joint Board

**AUDIT AREA:** Corporate Governance

**AUDIT YEAR:** 2016/2017

### **INTRODUCTION AND SCOPE**

The Public Bodies (Joint Working) (Scotland) Act 2014 requires Health Boards and Local Authorities to integrate planning for, and delivery of, certain adult health and social care services. The Act requires partners to prepare jointly an integration scheme setting out how this joint working is to be achieved. The Integration Scheme is a legally binding agreement between Councils and Health Board, which describes what the parties will do to enable the Integration Joint Board (IJB) to meet its responsibilities. The Clackmannanshire & Stirling IJB became responsible for budget allocation and service provision in April 2016.

IJB members are accountable to the public for the provision of quality services, for establishing the policy framework and for decisions taken at IJB meetings. Members are also responsible for making decisions about services and budgets.

Appropriate governance arrangements need to be in place to ensure that functions of the IJB are discharged appropriately and to enact and implement decisions taken at IJB meetings. The IJB has approved key corporate governance policies and processes including a Strategic Plan, Standing Orders, Financial Regulations, a Scheme of Delegation, a Performance Management Framework and a Risk Management Strategy.

The specific objectives of the review are to consider whether appropriate arrangements are in place and operating effectively to mitigate the risk that:

- governance policies and procedures, and related roles and responsibilities, are not clear and comprehensive;
- monitoring reports in respect of the Strategic Plan fail to comply with the Performance Management Framework and do not provide a clear link between money spent, outputs and the outcomes delivered;
- there is inadequate oversight of services commissioned from the partners;
- monitoring reports are not timely or of appropriate quality;
- monitoring reports are not subject to appropriate scrutiny and challenge; and,
- Integration Joint Board decisions are not transparent and are not turned into action.



**1. INTRODUCTION**

1.1 This report details the findings of the Internal Audit review of Resources and Governance (R&G) Performance Management. The review forms part of the Internal Audit and Fraud Plan for 2016/17, which was recommended to full Council for approval by the Resources and Audit Committee on 25 February 2016.

1.2 The Resources and Governance core functions include:

- Accountancy (Budget Management and Financial Accounting)
- Human Resources, Payroll and Health and Safety
- Governance (Legal Services, and, Democracy, Internal Audit and Fraud)
- Information Technology
- Asset Management (Cleaning, Catering, Caretaking and Project Management and Design)

1.3 Resources and Governance Services aim to ensure that financial and human resources, building assets IT systems and governance processes facilitate the delivery of the Council's corporate priorities in a legally compliant, cost efficient and effective way.

1.4 The Scope of this audit will be to review the adequacy of the Resources and Governance Performance Management Framework in achieving core aims and objectives. The performance management of Internal Audit and Fraud is outwith the scope of this review. In addition Procurement performance will be reviewed as part of the current audit plan and Risk Management arrangements will be considered for a dedicated review as part of future audit plans.

**2. SCOPE AND OBJECTIVES**

2.1 The scope of our audit is to review the controls in place over R&G Performance Management to ensure they are consistently applied and performance is monitored and improved.

2.2 Internal Audit, in conjunction with the Head of Resources and Governance identified the key risks relating to the audit. We found a performance framework in place with high level business objectives which flowed through section's operational plans and individual employee's development plans. Our audit found weaknesses relating to the inconsistent use of the Council's Corporate Project Management System (Covalent) and a lack of review of the appropriateness and effectiveness of performance information produced. It is our opinion that we can provide overall **reasonable** assurance that risks are being adequately mitigated.

<b>Key Risk</b>	<b>Assurance Assessment</b>
Business objectives are not being met.	Reasonable
Inaccurate performance information.	Reasonable
Inadequate monitoring of performance, results in not identifying and implementing areas for improvement.	Reasonable

### 3. FINDINGS

3.1 Our audit reviewed the Performance Management arrangements across the following Resources and Governance (R&G) Sections: ICT, HR, Payroll, Accountancy, Assets, Health and Safety and Democracy. The four main elements of the Performance Management framework in place are the R&G Business Plan, Risk Management Plan, Operational Plans and the employees individual Personal Review and Development process (PRD).

3.2 We can provide reasonable assurance that business objectives are being met. R&G objectives are detailed in the 2016-17 Business Plan approved by The Scrutiny Committee on 18/8/16. The Business Plan is a high level document that details the service mission, purpose and objectives. Responsible Officers are aware of the Business Plan and that it contains their Service objectives and priorities.

3.3 A summary of control testing per Section can be seen in the table below.

Control	R&G Section						
	ICT	HR	Payroll	Accountancy	Assets	Health & Safety	Democracy
Objectives Included in Business Plan	✓	✓	✓	✓	✓	✓	✓
Objectives included in Operational Plans	✓	✓	✓	✓	✓	x	✓
Objectives included in individual work plans (PRDs)	✓	✓	✓	✓	✓	✓	Not Tested
Objectives monitored	✓	✓	✓	✓	✓	✓	✓
Performance Information verified.	✓	✓	✓	✓	✓	✓	Not Tested
Monitoring Performance Results.	✓	✓	✓	✓	✓	✓	✓
Scrutinising Performance	✓	✓	✓	✓	✓	✓	✓
Reporting Performance	✓	✓	✓	✓	✓	✓	✓
Section Objectives on Covalent	✓	x	x	x	✓	x	✓

3.3 Section objectives are driven by various factors including Capital Programme Projects, strategic decisions to make efficiencies, service demands and corporate improvement actions. From the table above it can be seen overall that there is a link between Service objectives and Section objectives and these are being monitored and reported. The Health and Safety Management operational plan is out of date and the action plan has not been completed. Management have advised that an updated draft was in progress. (Finding 5.1)



3.4 The employee Personal Review and Development (PRD) process involves personal objectives being set up for employees and progress against these monitored through regular meetings with line managers. We found that for the sections reviewed the PRD objectives had been set up that related to line managers and business and operational plans objectives. It was difficult to verify the progress of PRDs and review meetings actually carried out as these were not always formally recorded. At the time of our review work is ongoing to record PRD objectives, review meetings and progress on iTrent.

3.5 The mission of R&G is to provide high quality, professional, value adding proactive advice, services and support. Against a background of reducing budgets R&G have been targeted with approximately £1.629m of savings and at the time of our review were on target to achieve these savings. An important factor in realising these savings is the restructuring of R&G which is currently under review along with their relationship with other parts of the Council with the intention to move away from function provider to partnership working.

3.6 We can provide reasonable assurance that there is accurate performance information. Covalent is the Council's corporate performance management system, with functionality to allow the Council to record performance indicators, actions and risks, link them together and monitor, manage and report on progress. We found that Covalent is not used consistently across sections and not all sections operational objectives are recorded and monitored through this system. (Finding 5.2) A Delivery Plan produced from Covalent is contained within the Business Plan. It contains R&G Indicators, Corporate Indicators, increasing income and savings, making efficiencies and transforming services actions for all R&G sections.

3.7 The Council's Performance and Change Team provide advice to Services on how to manage performance and risk using various tools including the Covalent System. The Team administers Covalent and makes decisions and provide advice about system development, structures, set-up, training and guidance. They meet regularly with R&G Sections to ensure that they are consistently recording, monitoring and reporting performance information and that the Team are meeting their needs.

3.8 Performance information currently recorded and monitored is based on national performance indicators, Corporate Indicators, R&G specific indicators and income savings and efficiency actions. Quarterly R&G performance reports are produced and submitted to Committee. We reviewed performance information across R&G Sections and are satisfied that the information and calculations are accurate and have relevant supporting evidence.

3.9 The R&G Performance Report submitted to Resources and Audit Committee on 18<sup>th</sup> of May 2015 states that: A more relevant set of indicators, risks and actions does need to be developed to ensure that measures are driving the appropriate behaviours and change. There are no procedures in place to ensure there is a regular systematic review of objectives and related section performance information to ensure it is appropriate and effective in assisting with all levels of decision making to improve performance. (Finding 5.3)

3.10 We can provide reasonable assurance that there is adequate monitoring of performance results for identifying and implementing areas for improvement. We found that the target based performance information recorded is monitored and where necessary actions taken to improve.

3.11 As stated in paragraph 3.4 above PRDs are in place for R&G staff and management advised that these are monitored and reviewed throughout the year with actions taken as required to improve individual performance.

3.12 R&G sections obtain customer feedback through surveys or directly through regular meetings with customers. The purpose of R&G Sections customer surveys are not always clear and completion rates are statistically insignificant. The information obtained has not been helpful in supporting the redesign of R&G services. As stated in paragraph 3.5 the structure and role of R&G is under review and as part of this review consideration should be

given to introducing a process for recording feedback and a clearer definition of the expected outcomes from R&G and its relationships with other services and stakeholders. (Finding 5.4)

3.13 The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged

#### 4. RECOMMENDATIONS

4.1 A summary of the recommendations raised from this audit is included in a Management Action Plan. Management comments, the date for implementation and Responsible Officer have been reflected within the Action Plan.

4.2 The Management Action Plan contains the following priority of recommendations.

<b>Priority Assessments</b>	<b>Number</b>
Priority 1	-
Priority 2	1
Priority 3	3
Priority 4	-



<b>Assurance</b>	<b>Definitions</b>
Significant Assurance	There is an adequate and effective system of risk management, control and governance to address risks to the achievement of objectives. Some improvements in a few, relatively minor, areas may be required.
Reasonable Assurance	Business objectives are likely to be achieved. However, improvements are required to enhance the adequacy/ effectiveness of risk management, control and governance.
Limited Assurance	There is considerable risk that the system will fail to meet its objectives. Significant improvements are required to improve the adequacy and effectiveness of risk management, control and governance.
No Assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.

The priorities relating to Internal Audit recommendations are defined as follows:

**Priority 1 recommendations** are significant matters relating to factors critical to the success of the organisation. The weakness may also give rise to material loss or error or seriously impact on the reputation of the organisation and require urgent attention.

**Priority 2 recommendations** relate to important issues and may also give rise to material financial loss or error.

**Priority 3 recommendations** are usually matters that can be corrected through line management action or improvements to the efficiency and effectiveness of controls.

**Priority 4 recommendations** these are recommendations that improve the efficiency and effectiveness of controls. The weaknesses highlighted do not affect the ability of the controls to meet their objectives in any significant way.

## MANAGEMENT ACTION PLAN

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.1	The Health and Safety Management Operational Plan is out of date and the action plan has not been completed. Management advised that an updated draft was in progress.	Business objectives not linked to Service objectives resulting in them not being achieved.	3	A review of H&S governance has been commissioned from the Council's insurers which is due for receipt in December 2016. A thorough review of H&S structures and documentation will follow that with findings reported through to CMT and relevant Council committees	Health and Safety Adviser	31 <sup>st</sup> March 2017
5.2	Covalent is the Councils Corporate Project Management System. The system is not used consistently across sections therefore not all operational objectives are recorded and monitored through this system.	Section objectives are not being recorded, monitored and achieved.	3	Covalent has become the default system for recording actions in R&G. Measures will be consistently input onto Covalent for 17-18	Head of Resources and Governance	30 <sup>th</sup> June 2017
5.3	There are no procedures in place to ensure there is a regular systematic review of objectives and related section performance information.	Performance information is not effective.	2	At a strategic level R&G needs to tie its performance regime to achieving outcomes and create tangible outputs that can be tracked. There is too much of an historic reliance on measures that were developed for performance tracking across LAs that don't drive performance improvement within the service. As new strategies are developed in each section this will be addressed. Both the interim procurement strategy and the digital strategy provide example of this.	Head of Resources and Governance	30 <sup>th</sup> June 2017

5.4	The role, requirements, purpose and objectives of customer feedback are not clear.  Customer feedback is not directly linked to any formal service targets or agreements.	Ineffective customer feedback.	3	As part of its restructuring R&G will look at revised mechanism to capture feedback about its services which are more tailored to the service delivered. Options may include 360 degree feedback and assessments at the point of delivery of specific pieces of work	Head of Resources and Governance	31 <sup>st</sup> October 2017
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## 1. INTRODUCTION

1.1 This report details the findings of the Internal Audit review of the Council's Housing Revenue Account (HRA) arrangements. The review forms part of the Internal Audit and Fraud Plan for 2016/17, which was recommended to full Council for approval by the Resources and Audit Committee on 25 February 2016.

1.2 The Housing (Scotland) Act 1987 sets out the requirements for local authorities to maintain a dedicated Housing Revenue Account (HRA) in relation to their housing stock.

1.3 In February 2014 The Scottish Government issued Guidance on the Operation of Local Authority Housing Revenue Accounts in Scotland. This Guidance summarises the legal basis for having a separate council landlord account and lists the accounting and auditing protocols which local authorities must adhere to when submitting their housing accounts to Audit Scotland. The aim of the Guidance is to ensure that tenants of local authorities receive the maximum benefit from their rents and ultimately the best standards of service. It will assist in promoting consistency in the way in which HRA's operate in Scotland and in promoting the efficient use of resources. It will also help ensure transparency in the operation of the account and the recording of financial information so that tenants can better understand how their housing service is delivering benefit to them and at what cost.

## 2. SCOPE AND OBJECTIVES

2.1 The scope of the audit focussed on Clackmannanshire Council HRA arrangements' compliance with the National Guidance on the Operation of Local Authority Housing Revenue Accounts (The Guidance).

2.2 Internal Audit, in conjunction with the Service Manager Housing Operations and Team Leader Housing Business Management identified the key risks relating to the audit. We found clear and effective HRA management information and reporting. However, we also identified a significant issue relating to 16/17 HRA transactions being charged to HRA in error. We can provide overall **reasonable** assurance that risks are being adequately mitigated.

Key Risk	Assurance Assessment
HRA policies are poorly defined or unclear leading to erroneous transactions and non compliance with National Guidance.	Reasonable
HRA transactions not clearly documented leading to inconsistencies and a lack of transparency.	Reasonable
Failure to implement clear and effective management information and reporting systems leading to absence of robust monitoring and challenge by stakeholders and failure to demonstrate value for money.	Significant

### 3. FINDINGS

3.1 In compliance with the National Guidance on the Operation of Local Authority Housing Revenue Accounts (The Guidance) the Council operates a Housing Revenue Account (HRA) which is accounted for separately to the Council's General Fund Accounts.

3.2 We can provide reasonable assurance that HRA policies and procedures are well defined and are in compliance with The Guidance. The Guidance states that there must be robust, written methodology for calculating and allocating HRA costs in sufficient financial detail for tenants to understand why costs are charged and who is benefiting from the Services the HRA provides.

3.3 At the time of this review management had identified gaps in HRA procedures resulting in draft written procedures for HRA arrangements being developed. At the time of our audit, there are no clear plan and timeframe for finalising these procedures. (Finding 5.1)

3.4 The Guidance states that HRA must operate in a manner that it is compliant with legislation and accounting code of practice. HRA forms part of the wider full Council accounts and we have taken assurance from external audit work on this

3.5 We selected a sample of 82 HRA transactions for analysis to establish whether they were appropriate and in line with the guidance. Of the 82 transactions 50 related to 15/16 transactions and we found 3 transactions (6%) that should not have been fully charged to the HRA and therefore non compliant with The Guidance. Management advised that these transactions were fully charged to HRA in error due miscoding errors and lack of awareness by responsible officers. (Finding 5.2)

3.6 Of the 32 transactions checked for the 16/17 financial year transactions the sample included items where it was considered from the narrative on the system that these might not be appropriate HRA transactions. We found that 19 transactions (59%) were inappropriate expenditure and did not comply with The Guidance. Due to the significant number of discrepancies found in the sample we carried out further analysis to identify similar type transactions across the HRA account and found over 500 transactions that have been charged to the HRA in error which represents 5.3%. There have been initial miscoding errors in the new finance system resulting in inappropriate charges being allocated to HRA in error. Accountancy Officers advised they were aware of some system coding errors but not to the extent identified as part of this review. We recommend that the procedures surrounding management checks of transactions going through HRA should be reviewed as a matter of priority to identify the extent of the current issue and to ensure any discrepancies are identified in a more timely nature in the future. We further recommend the inappropriate charges should be recharged to the correct accounts and the issues resolved to stop these inappropriate transactions from reoccurring. (Finding 5.3)

3.7 HRA assets must be used to benefit present or prospective tenants in direct usage or investment properties providing a financial return. Main expenditure as defined by The Guidance includes: Managing, maintaining, repairing and improving Council housing stock and Debt (loan charges) relating to amounts borrowed to fund capital expenditure on HRA properties. We can provide reasonable assurance that HRA transactions are accurate and clearly documented.

3.8 The Guidance states that Council tenants should agree (a) which costs the HRA should be charged a share of and (b) methodical basis of such charges bearing in mind the possibly subjective nature of allocating a share of these costs. Councils may not be able to attribute all costs with total accuracy but should still document their methodology and effectively be able to explain approach to tenants. Ideally where costs are split between HRA & General Fund the details should be recorded. Timesheets and any judgement must be as well founded as possible. Where no data exists it must appear to be based on a reasonable judgement. We reviewed the rationale for 24 categories of internal charges and found explanations as to the charges that in theory appeared to be reasonable e.g. based on actual transactions or percentage of time spent on HRA activity. However, there was limited supporting documentation as to why a particular rationale was being applied. In addition the strategic approach for recharging of the HRA has been agreed by CMT however there is no evidence that individual rationale for charging has been formally agreed between the originating Service where the cost is incurred and Housing and Community Safety. (Finding 5.4)

3.9 Section 9 of The Guidance is concerned with charging non-council tenants for the provision of shared services and repair and maintenance of common areas. It states that local authorities are within their legal rights to charge owners for their share of the maintenance of common parts, and, in terms of fairness to tenants and the proper operation of the HRA, they should be doing so. We reviewed the arrangements in place for recharging repairs and maintenance to communal properties and found for a sample of repairs that invoices had been issued.

3.10 Recent HRA Capital Projects have been focused on internal improvements and so no internal recharging has been required. Future planned HRA Capital Projects will involve exterior works which will require non council tenant agreement and this should be considered as part of HRA Capital Project Management. The HRA has been used to part fund along with Private Sector Housing Grants the centralised capital projects (e.g. Village and Small Town Initiatives). The HRA contributions to these capital projects were approved by the Council as part of its overall HRA Capital Programme. The projects were developed in consultation with project stakeholders including Housing with business cases approved by the Corporate Management Team. Prior to 2014 there was found to be a lack of formal procedures relating to project development decisions for these projects. New procedures have since been introduced which better document project management processes and project decisions. In addition the charging of capital projects to the HRA which benefit Housing Tenants is allowable under The Guidance.

3.11 We can provide significant assurance that there is clear and effective HRA management information and reporting. The Guidance states that there should be clear published mechanisms and procedures for consulting with Council Tenants / registered tenants representatives on any matter of financial transparency. The following good practice was found:

- A Tenant Participation Strategy sets out plans for cooperation with tenants and to enable and support tenant participation.
- Clackmannanshire Tenants and Residents Federation which promotes the rights of tenants and residents.
- The Council's Tenant Participation Officer is responsible for implementing and monitoring progress of the strategy and this includes attending regular meeting with the Tenants and Residents Federation.
- HRA performance is reported quarterly to Committee as part of the Housing and Community Safety Performance Reports.
- An annual report for tenants is produced detailing HRA performance against the Scottish Housing Charter Standards.

3.12 HRA compliance with The Guidance is included as part of The Housing and Community Care Business Plan and includes an action relating to compliance with the guidance, this is monitored and reported as part of the performance report. There has been no progress regards the compliance with The Guidance over the last year.

3.13 The requirements for compliance with the guidance were reported to the Housing Health and Care Committee in January 2015. This included the agreement of a full review and resultant findings and progress reported back to the Committee. In 2015 Scotland's Best value Housing Network (SHN) developed an HRA Guidance criteria checklist and a self assessment on Clackmannanshire's arrangements was carried out in December 2015. This self assessment identified non compliance but no action plan was developed to ensure compliance and the status of compliance and actions undertaken have not been reported to Committee as indicated by the report in January 2015. (Finding 5.5)

3.1 The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged.

**RECOMMENDATIONS**

4.1 A summary of the recommendations raised from this audit is included in a Management Action Plan in Appendix B. Management comments, the date for implementation and Responsible Officer have been reflected within the Action Plan.

4.2 The Management Action Plan contains the following priority of recommendations. Definitions for the priority assessments are provided in Appendix B.

<b>Priority Assessments</b>	<b>Number</b>
Priority 1	-
Priority 2	2
Priority 3	3
Priority 4	-

Assurance	Definitions
Significant Assurance	There is an adequate and effective system of risk management, control and governance to address risks to the achievement of objectives. Some improvements in a few, relatively minor, areas may be required.
Reasonable Assurance	Business objectives are likely to be achieved. However, improvements are required to enhance the adequacy/effectiveness of risk management, control and governance.
Limited Assurance	There is considerable risk that the system will fail to meet its objectives. Significant improvements are required to improve the adequacy and effectiveness of risk management, control and governance.
No Assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.

The priorities relating to Internal Audit recommendations are defined as follows:

**Priority 1 recommendations** are significant matters relating to factors critical to the success of the organisation. The weakness may also give rise to material loss or error or seriously impact on the reputation of the organisation and require urgent attention.

**Priority 2 recommendations** relate to important issues and may also give rise to material financial loss or error.

**Priority 3 recommendations** are usually matters that can be corrected through line management action or improvements to the efficiency and effectiveness of controls.

**Priority 4 recommendations** these are recommendations that improve the efficiency and effectiveness of controls. The weaknesses highlighted do not affect the ability of the controls to meet their objectives in any significant way.

## MANAGEMENT ACTION PLAN

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.1	Draft written procedures for HRA arrangements have been developed but there is no clear plan and timeframe for finalising these procedures.	Polices and Procedures are poorly defined or unclear leading to erroneous transactions and non compliance with National Guidance.	3	Implement identified actions from Service action plan including writing procedures to determine what should be charged to the HRA.	Team Leader Housing Business Management	31/03/17
5.2	For a sample of 15/16 HRA transaction we identified 6% with discrepancies that did not comply with the HRA Guidance. The reason for the discrepancies were due to miscoding errors and lack of responsible officer awareness of what should and should not be charged to the HRA.	Lack of compliance with the Scottish Government Guidance on the Operation of Local Authority Housing Accounts.  Inaccurate budget position and related management information and decisions based on it.	2	Procedures included in action 5.1 should ensure clarity for future.	Team Leader Housing Business Management	31/03/17
5.3	There have been initial miscoding errors in an area of the New Finance System resulting in charges being allocated to HRA in error.	Lack of compliance with the Scottish Government Guidance on the Operation of Local Authority Housing Accounts.  Inaccurate budget position and related management information and decisions based on it.	2	The Tech One (Finance System) implementation team have reviewed the import files and updated the coding as appropriate and errors have been corrected. Where users have entered the wrong account information this is picked up through the monitoring process by the Accountancy team, and corrections made as required. Coding errors will be highlighted to the relevant staff to ensure they are using the correct coding going forward.	Accountancy Team Leader	30/11/16

**HOUSING REVENUE ACCOUNT**

**APPENDIX D**

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.4	<p>The rationale for internal charges to HRA appear reasonable but there was no supporting documentation as to why a particular rationale was being applied</p> <p>On an individual basis there was also no evidence of formal agreement of the rationale relating to HRA internal charges between the originating Service where the cost is incurred and Housing and Community Safety.</p>	<p>Lack of compliance with the Scottish Government Guidance on the Operation of Local Authority Housing Accounts.</p> <p>Inconsistent and unclear charges to HRA and failure to demonstrate value for money</p>	3	The Head of H&CS to develop proposals for consultation with tenants about the basis of allocation of internal charges to HRA liaising with S95 officer and Chief Accountant as required	Head of Housing and Community Safety	31/3/17
5.5	A self assessment on Clacks arrangements and compliance with the HRA Guidance was carried out in December 2015. This self assessment identified non compliance but no action plan was developed to ensure compliance and the status of compliance and actions undertaken have not been reported to Committee as indicated by the Committee report in January 2015.	Lack of compliance with the Scottish Government Guidance on the Operation of Local Authority Housing Accounts.	3	Update report to Council	<p>Team Leader Housing Business Management</p> <p>Head of Housing and Community Safety</p>	31/3/17





**1. INTRODUCTION**

1.1 This report details the findings of the Internal Audit review of the Validation of the Climate Change Submission Review. The review forms part of the Internal Audit and Fraud Plan for 2016/17, which was recommended to full Council for approval by the Resources and Audit Committee on 25 February 2016.

1.2 The Climate Change (Scotland) Act 2009 defines public bodies' climate change duties. The Scottish Government has set targets, which are set out in the Act and are a 42% reduction in greenhouse gas emissions by 2020 and an 80% reduction by 2050. The Council has a duty to contribute to this. There is a strong expectation that each public body will set its own targets for reducing greenhouse gas emissions from its own estate and operations, through a Carbon Management Plan.

1.3 The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order – requires annual reporting, and sets out the format of the report. The reporting is intended to help with Public Bodies Duties compliance, engage leaders and encourage continuous improvement. A standardised report will assist in providing accurate and consistent performance information to inform direction and decision making. The order requires relevant public bodies to prepare reports on compliance with climate change duties. The first full mandatory report for 2015-16 data and activities is due to be submitted by 30<sup>th</sup> November 2016.

1.4 Sustainable Scotland Network (SSN) have issued a formal guidance note for Public Bodies climate change duties 2015/16 report. The guidance covers the completion of the online reporting form and how to enter the information in the correct format. The guidance also covers requirements for the validation of information and the importance of introducing internal and/or external arrangements to help ensure the quality of figures and information contained in the climate change report. Internal Audit have assisted with the validation requirements by providing assurance on the accuracy and authenticity of the 2015-16 data in the report.

**2. SCOPE AND OBJECTIVES**

2.1 The scope of the audit was to validate the Climate Change Return to ensure the figures are accurate and comply with the requirements of Part IV of the Climate Change (Scotland) Act 2009.

2.2 Internal Audit, in conjunction with the Regulatory Manager, identified the key risks relating to the audit. In our opinion there is a good control environment operating in relation to the completion of the Climate Change Return. We can provide overall significant assurance that risks are being adequately mitigated.

<b>Key Risk</b>	<b>Assurance Assessment</b>
Climate change figures are inaccurate, are not compliant with the reporting requirements and do not reflect current practice.	Significant

### 3. FINDINGS

3.1 The guidance for the 2015/16 submission includes requirements for the validation of information and the importance of introducing internal and/or external arrangements to help ensure the quality of figures and information contained in the climate change report. Internal Audit will help meet the validation requirements by providing assurance on the accuracy and authenticity of the 2015-16 data in the report

3.2 A Validation Checklist provided by the Sustainable Scotland Network was used by Internal Audit to validate the return. The 2015-16 Climate Change Submission was validated to ensure the figures were accurate and complied with the requirements of Part IV of the Climate Change (Scotland) Act 2009. All figures were checked to ensure they were accurately calculated and supported by documentation.

3.3 We can provide significant assurance that that the Climate Change submission figures are accurate, compliant with reporting requirements and reflect current practice. A small number of changes were identified during the validation process which mainly involved modifying figures to take into account updated information. This included updating the Grid Electricity consumption data to take into account credits to the council buildings usage in 2015-16 and adjusting the estimated savings from the street lighting LED Lantern Replacement Programme. All changes have been updated on the report.

3.5 Details of the positive assurance provided by Internal Audit is recorded in Section 6 of the Climate Change Submission.

3.6 The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged.

4. RECOMMENDATIONS

4.1 A robust control environment was identified during this review and as a result no findings have been reported and no further management action is required.

<b>Assurance</b>	<b>Definitions</b>
Significant Assurance	There is an adequate and effective system of risk management, control and governance to address risks to the achievement of objectives. Some improvements in a few, relatively minor, areas may be required.
Reasonable Assurance	Business objectives are likely to be achieved. However, improvements are required to enhance the adequacy/ effectiveness of risk management, control and governance.
Limited Assurance	There is considerable risk that the system will fail to meet its objectives. Significant improvements are required to improve the adequacy and effectiveness of risk management, control and governance.
No Assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.



**Clackmannanshire Council  
National Fraud Initiative 2016-17  
Plan for Exercise**

**Roles and Responsibilities**

Internal Audit and Fraud are responsible for co-ordinating the NFI exercise and reporting the progress of investigations to Audit Scotland. Internal Audit and Fraud will also liaise with services and provide guidance, where necessary.

Responsible Officers are responsible for the data extract and upload and for investigating data matches and forwarding comments and outcomes of investigations to Internal Audit on a timely basis.

There are two phases of the exercise with Phase 1 being data extract and upload and Phase 2 being investigation.

- **Responsible Officers** are reminded of their data protection, confidentiality and security obligations when handling data. Information provided to Local Authorities through the data matching process can be personal and/or sensitive and therefore covered by the Data Protection Act 1998.
- All contracts of employment state that all official information provided to employees in the course of their duties is confidential and must not be disclosed to third parties except as required by law or by express authority of Clackmannanshire Council. This is not just a contractual responsibility but also a requirement of the Data Protection Act 1998. To comply with this, Responsible Officers should ensure that all:
  - personal data is protected against unauthorised access or misuse;
  - paper records containing personal data are stored securely in a locked cabinet or cupboard;
  - electronic records containing personal data are controlled by limited access to designated individuals;
  - computers are password-protected when unattended;
  - documentation removed from the office when, for example, working from home, is treated in the same way as in the office;
  - documentation containing personal data is disposed of securely by shredding or placing in confidential waste sacks;
  - personal data is kept strictly confidential;
  - personal data is stored in a suitable location, e.g., fireproof, damp proof etc.; and
  - personal data is removed from all computers before disposal.

**Managers** are responsible for ensuring their staff receive appropriate and adequate data protection training and for making them aware of the requirements for confidentiality.

**Phase 1 - Data Export and Upload**

The data extracts will be exported by the responsible officers within the relevant services and are to be passed to ICT Development Officer, IT. Where appropriate test data can be exported in advance and passed to IT staff.

<b>Required Data Sets</b>	<b>Responsible Officer</b>
Payroll	Payroll Supervisor, Payroll Staff and HR System Officer
Current Tenants	Performance and Information Officer
Housing Waiting Lists	Performance and Information Officer
Tenants (right to buy)	Performance and Information Officer and House Sales Officer
Blue Badges	Technician, Roads and Transportation (this Data Set will be provided on a national basis by Northgate)
Residents' Parking	Technician, Roads and Transportation
Private Supported Care Home Residents	Business Support Team Leader supported by ICT Development Officer
Personal Budget Direct Payments	Business Support Team Leader supported by System Liaison and Project Coordinator
Trade Creditors payments history	Team Leader Accountancy
Trade Creditors standing data	Team Leader Accountancy
Taxi Drivers Licence Holders	Licensing Administrator
Marker Traders Licences	Licensing Administrator
Personal Licences for Supply of Alcohol	Licensing Administrator
Personal Injury Insurance Claims	Insurance Officer (Providers are to submit the insurance data in place of councils)
Council Tax Reduction Scheme	Revenues Controller

Note that other datasets will be provided by other organisations i.e. Housing Benefits data by the DWP and pensions by Falkirk Council.

**Proposed Timetable for Phase 1**

The dates given are the deadlines we are proposing.





<b>Phase 1- Proposed Timetable</b>			
	<b>Action</b>	<b>Date</b>	<b>Date Completed</b>
1.	Confirm list of Datasets ("DFU") by Internal Audit and Fraud	Friday, 26 August 2016	22 August 2016
2.	Fair Processing Notice	Friday, 30 September 2016	22 August 2016
3.	Due date for data submission back to IT staff member	Friday, 16 September 2016	25 November 2016
4.	Completion of Fair Processing Compliance by Internal Audit and Fraud	Friday, 16 September 2016	22 August 2016
5.	Data passed to IT staff member for uploading	Friday, 30 September 2016	25 November 2016

A plan for the investigations process of data matches from the data sets will be forwarded towards the end of the calendar year.





Internal Audit & Fraud Progress Report: All services

Key to symbols	
	Overdue
	Check Progress
	In Progress, on track
	Completed

Audit Name	Finding Priority				Actions status
	1	2	3	4	
Absence Management				1	
			1		
Adult Care - Commissioning of Care		1	2		
Budget Management & Monitoring			2		
		4	2		
Capital Project Management		2	2		
Cash Collection & Handling			5		
			1		
Compliance with IT Security Standards			1		
			4		
Consultancies and Agency Workers			2		
		3	1		
Debt Recovery			9		
Delegated Financial Approval Authority		1			
Fleet Management		1	5	1	
Funding applications including European			1		
		1			
General Ledger		2	1	1	
Housing Benefit & Council Tax Reduction			2		
		1			
ICT Asset Management Plan & Contract Management		1	1		
		5	1		
			1		
Income Collection & Cash Receipting			2		
	1	4	1		










**PROGRESS OF FOLLOW UP OF INTERNAL AUDIT REPORTS**

**APPENDIX G**

Audit Name	Finding Priority				Actions status
	1	2	3	4	
		3			
Insurance		2	2		
iTrent Project Implementation		1	2	1	
		1			
JALG Decision Making			2		
		2			
Leisure Income			2		
			2		
			1		
Housing Benefit & Council Tax Reduction			2		
		1			
ICT Asset Management Plan & Contract Management		1	1		
		5	1		
			1		
Income Collection & Cash Receipting			2		
Information Governance	1	4	1		
		3			
Insurance		2	2		
iTrent Project Implementation		1	2	1	
		1			
JALG Decision Making			2		
		2			
Leisure Income			2		
			2		
			1		
Mobile Phone Usage			1		
		1			
			3		
Payroll & HR			1		
PPC action plan			1		
		5	5		
		1			

**PROGRESS OF FOLLOW UP OF INTERNAL AUDIT REPORTS**

**APPENDIX G**

Audit Name	Finding Priority				Actions status
	1	2	3	4	
Progress of new Finance System Project		1		1	
Savings and Efficiencies - Overtime		2	5		
			1		
Social Media			1		
			1		
Stock Control			8		
			1		
Travel and Subsistence		1	2	1	
		1			
Treasury Management				1	