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DATE: 6 November 2012

To: **Members of the  
AUDIT SUB-COMMITTEE**

Councillor Neil Reddin FCCA (Chairman)  
Councillor Simon Fawthrop (Vice-Chairman)  
Councillors Reg Adams, Nicholas Bennett J.P., Ruth Bennett, Will Harmer and  
Stephen Wells

A meeting of the Audit Sub-Committee will be held at Bromley Civic Centre on  
**WEDNESDAY 14 NOVEMBER 2012 AT 7.00 PM**

MARK BOWEN  
Director of Resources

*Copies of the documents referred to below can be obtained from  
[www.bromley.gov.uk/meetings](http://www.bromley.gov.uk/meetings)*

## A G E N D A

**1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

**2 DECLARATIONS OF INTEREST**

**3 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

In accordance with the Council's Constitution, questions to this Committee must be received in writing 4 working days before the date of the meeting. Therefore please ensure questions are received by the Democratic Services Team by 5pm on Thursday 8<sup>th</sup> November 2012.

**4 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 6TH JUNE 2012,  
EXCLUDING THOSE CONTAINING EXEMPT INFORMATION (Pages 3 - 6)**

**5 MATTERS ARISING (Pages 7 - 10)**

**6 ANNUAL AUDIT LETTER 2011/12 (Pages 11 - 16)**

**7 INTERNAL AUDIT PROGRESS REPORT (Pages 17 - 54)**

**8 OFFICE ACCOMMODATION STRATEGY (Pages 55 - 66)**

**9 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000**

The Chairman to move that the Press and public be excluded during consideration of the item of business listed below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

**Items of Business**

**Schedule 12A Description**

- |           |   |  |
|-----------|---|--|
| <b>10</b> | <b>EXEMPT MINUTES OF THE MEETING HELD ON 6TH JUNE 2012</b> (Pages 67 - 68)    | Any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.  |
| <b>11</b> | <b>INTERNAL AUDIT FRAUD AND INVESTIGATION PROGRESS REPORT</b> (Pages 69 - 92) | Information relating to the financial or business affairs of any particular person (including the authority holding that information)<br>Any action taken or to be taken in connection with the prevention, investigation or prosecution of crime. |
| <b>12</b> | <b>COMPROMISE AGREEMENTS</b>  | Information relating to any individual.  |

To follow.

.....

## **AUDIT SUB-COMMITTEE**

Minutes of the meeting held at 7.00 pm on 6 June 2012

### **Present:**

Councillor Neil Reddin FCCA (Chairman)  
Councillor Simon Fawthrop (Vice-Chairman)  
Councillors Reg Adams, Nicholas Bennett J.P.,  
Ruth Bennett, Will Harmer and Stephen Wells

### **Also Present:**

Councillor Peter Fookes

## **1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

All Members were present.

## **2 DECLARATIONS OF INTEREST**

Councillor Reg Adams declared a personal interest as a governor of Churchfields Primary School

Councillor Ruth Bennett declared a personal interest as a governor of Princes Plain Primary School.

Councillor Neil Reddin declared personal interests as he had a child at Warren Road Primary School, his wife was a governor at Hayes Primary School and he was a governor at St Olave's School.

Councillor Stephen Wells declared a personal interest as a governor of Bromley Road Infants and Worsley Bridge Junior Schools.

During consideration of the Annual Audit Report Councillor Simon Fawthrop declared a personal interest as he was the parent of a child at a Bromley school.

## **3 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

No questions had been received.

**4 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 8TH MARCH 2012 EXCLUDING THOSE CONTAINING EXEMPT INFORMATION**

**RESOLVED** that the minutes of the meeting held on 8<sup>th</sup> March 2012 (excluding exempt information) be confirmed.

**5 MATTERS OUTSTANDING FROM PREVIOUS MEETINGS**  
Report RES12102

With respect to the issue of the copyright position of the Council logo, it was conformed that although there was no copyright on the logo the Council held the intellectual property rights and could take action if these were infringed.

**RESOLVED** that the report be noted.

**6 FULL BUDGET MONITORING SYSTEM - DEMONSTRATION**

The Committee received a demonstration of the new Full Budget Monitoring System. The system would enable the Council's 65 budget holders to view their current and previous three years budgets online and drill down to individual items of expenditure. They would be required to sign off their budgets each month, referring them up to Assistant Directors, having first run a cumulative spend report. Any issues could then be picked up by Assistant Directors, who would see budgets across their various teams, and Heads of Finance. All budget holders had been trained in the use of the system, and monthly sign-offs would begin in July.

The system would identify when contract limits were reached and reduce risks, although it only presented information and could not prevent payments. Members asked whether spending commitments were included – this was functionality that could possibly be added. Other systems were in place that controlled procurement expenditure – i-proc and the new Due North contracts system, and all officers involved in the authority's finances were receiving mandatory training on financial regulations and the contracts procedure rules. In addition work was being done on a further course on financial regulations for managers and finance staff that would conclude with a test.

**7 ANNUAL AUDIT REPORT**  
Report CEO1202

The Sub-Committee received the Annual Audit Report which now, for the first time, also included schools. The report also included the Annual Governance Statement, which would be signed by the Leader and the Chief Executive for publication as part of the statutory accounts. The report covered the performance of the Internal Audit function, the audits undertaken and an opinion on the overall adequacy and effectiveness of the organisation's internal control environment.

**RESOLVED that the contents of the report be noted and the Annual Governance Statement be approved.**

During consideration of this report Councillor Simon Fawthrop declared a personal interest as he was the parent of a child at a Bromley school.

**8 INTERNAL AUDIT PROGRESS REPORT**  
Report CEO1201

The Sub-Committee considered a summary of recent internal audit activity across the Council. The following matters were considered in particular –

**Priority One Recommendations: Parking PCNs:** Members noted the difference between waivers and write-offs of PCN debt – in both cases the PCN was correctly issued, but with a waiver the Council was using its discretion to waive the charge whereas with a write-off it was accepting that it was unable to collect the debt. The balance had shifted towards more waivers and fewer write-offs; the Head of Internal Audit confirmed that checks had been made on this and there were genuine reasons for the waivers. The list of reasons for waivers would be circulated.

**Audit Restructure:** The new structure of the Internal Audit Team was noted. Greenwich had advertised for auditors and there was a possibility that they would need less of Bromley's services, or recruit from Bromley's staff.

**Auditor of the Year:** The Sub-Committee considered the two nominations. Although the work carried out by both was highly commended, the Sub-Committee considered that on balance Auditor A's work in the face of limited documentation had been more ground-breaking.

**Financial Regulations:** The Financial Regulations had last been approved in 2009. They had now been updated and reviewed to remove duplications. A version including track changes would be circulated to Members.

**Partnership Working:** In response to a question about the responsible officer role, it was explained that in many academies this had now been taken on by governors or by external companies.

**Value for money (VFM):** It was noted that the Customer Service Centre had scored below average in customer surveys – details would be emailed to the Improvement and Efficiency Team. A Member commented that invest to save projects and sold services usually seemed to be exactly on budget - it was confirmed that an audit would be carried out on invest to save.

**Pupil Referral Unit:** It was confirmed that a follow-up audit would be carried out shortly.

**RESOLVED that**

- (1) The content of the report and the continuing achievements of the counter-fraud partnership with Greenwich be noted.
- (2) The auditor of the year award be made to Auditor A.
- (3) The changes to Financial Regulations be approved for submission to General Purposes and Licensing Committee and Council.

**9 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000**

**RESOLVED that the Press and public be excluded during consideration of the items of business referred to below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.**

**The following summaries  
refer to matters  
involving exempt information**

**10 EXEMPT MINUTES OF THE MEETING HELD ON 8TH MARCH 2012**

The exempt minutes of the meeting held on 8<sup>th</sup> March 2012 were confirmed.

**11 ANNUAL INTERNAL AUDIT FRAUD AND INVESTIGATION REPORT**  
Report CEO1203

The Sub-Committee received the annual report on fraud and corruption activity for 2011/12.

**12 INTERNAL AUDIT FRAUD AND INVESTIGATION PROGRESS REPORT**  
Report CEO1204

The Sub-Committee considered a report updating them on recent Internal Audit counter fraud activity.

The Meeting ended at 9.21 pm

Chairman

# Agenda Item 5

Report No.  
RES12186

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:**     **AUDIT SUB-COMMITTEE**

**Date:**                 **Wednesday 14 November 2012**

**Decision Type:**     Non-Urgent                     Non-Executive                     Non-Key

**Title:**                 **MATTERS ARISING**

**Contact Officer:**     Graham Walton, Democratic Services Manager  
Tel: 0208 461 7743     E-mail: graham.walton@bromley.gov.uk

**Chief Officer:**       Mark Bowen, Director of Resources

**Ward:**                 n/a

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1.    Reason for report

1.1   To update the Sub-Committee on progress with matters arising from previous meetings. Three matters from the last meeting are covered.

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2.    **RECOMMENDATION(S)**

**To note progress on matters outstanding from previous meetings.**

### Corporate Policy

1. Policy Status: Existing Policy:
  2. BBB Priority: Excellent Council:
- 

### Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Democratic Services
  4. Total current budget for this head: £320,320
  5. Source of funding: 2012/13 Revenue Budget
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### Staff

1. Number of staff (current and additional): There are 8 members of staff (7.22fte) in the Democratic Services Team
  2. If from existing staff resources, number of staff hours: Monitoring the matters arising takes a few hours between meetings.
- 

### Legal

1. Legal Requirement: None:
  2. Call-in: Not Applicable: This report does not involve an executive decision.
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of members of the Sub-Committee.
- 

### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not applicable



### 3. COMMENTARY

- 3.1 Attached is a schedule of matters outstanding from previous meetings of the Audit Sub-Committee with a note of progress made. Most of these issues are taken up in more detail in the progress reports on this agenda (parts 1 and 2). Once an outstanding matter has been completed it will be removed from the schedule.

<b>Non-Applicable Sections:</b>	Policy/Financial/Legal/Personnel
Background Documents: (Access via Contact Officer)	Previous minutes of Audit Sub-Committee

## Appendix 1

<b>Issue &amp; Date</b>	<b>Summary</b>	<b>Action being taken ...</b>	<b>By</b>	<b>Estimated Completion</b>
<b>Internal Audit Progress Report: Parking PCNs</b> Minute 8, 6 <sup>th</sup> June 2012	Members requested that a list of the reasons for giving waivers of PCNs be circulated.	The list was emailed to Sub-Committee members on 7 <sup>th</sup> June 2012	Head of Internal Audit	June 2012
<b>Internal Audit Progress Report: Financial Regulations</b> Minute 8, 6 <sup>th</sup> June 2012	Members requested a "track-change" version of the new financial regulations	The document was circulated to Members. The Financial Regulations are due to be formally approved by full Council on 12 <sup>th</sup> November 2012.	Head of Internal Audit	June 2012
<b>Internal Audit Fraud and Investigation Progress Report (part 2): Parks and Greenspace</b> Minute 12/1, 6 <sup>th</sup> June 2012	Members requested further information about whether use of ACH Landscapes offered value for money	Information was circulated to Members after the meeting by Environment Services management	Director of Environment Services	June 2012

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*Government and Public Sector*

***London Borough of  
Bromley***

Annual Audit Letter

2011/12 Audit

18 October 2012

# Introduction

## The purpose of this letter

This letter is a public document which summarises the results of our 2011/12 audit for members of the Authority and other stakeholders.

We have already reported the detailed findings from our audit work to those charged with governance in the following reports:

- London Borough of Bromley ISA 260 Report to those charged with Governance;
- London Borough of Bromley Pension ISA 260 Report to those charged with Governance;
- Audit opinion on the London Borough of Bromley 2011/12 financial statements, including Value for Money Conclusion; and
- Audit opinion on the London Borough of Bromley Pension Fund 2011/12.

The matters reported here the most significant for the Authority.

## Scope of work

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Our 2011/12 audit work has been undertaken in accordance with the Audit Plan that we issued on 8 March 2012 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

We met our responsibilities as follows:

<b>Audit responsibility</b>	<b>Result</b>
<i>Perform an audit of the accounts in accordance with the Auditing Practice Board's International Standards on Auditing (ISAs (UK&amp;I)).</i>	We reported our findings to those charged with governance on 26 September 2012 in our 2011/12 Report to those charged with governance (ISA (UK&I) 260). On 27 September 2012 we issued an unqualified audit opinion.
<i>Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.</i>	We reported our findings to the National Audit Office on 27 September 2012.
<i>Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.</i>	On 27 September 2012 we issued an unqualified value for money conclusion.
<i>Consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it</i>	There were no issues to report in this regard.

<b>Audit responsibility</b>	<b>Result</b>
<i>complies with CIPFA / SOLACE guidance.</i>	
<i>Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.</i>	There were no issues to report in this regard.
<i>Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.</i>	There were no issues to report in this regard.
<i>Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.</i>	We issued our completion certificate on 18 October 2012.

# Audit Findings

## Accounts

We audited the Authority's Statement of Accounts in line with approved Auditing Standards and issued an unqualified audit report on 27 September 2012.

We identified the following key issues from our audit of accounts:

### Heritage assets

For the first time in the 2011/12 Statement of Accounts, the Code of Practice on Local Authority Accounting (the Code) required authorities to present information about the heritage assets that they hold. Heritage assets are those that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Typical examples include historic buildings, civic regalia, museum and gallery collections and recordings of historic events. Where it is practicable to obtain a valuation (at a cost commensurate with the benefits to users of the Statement of Accounts), the Code now requires material amounts of heritage assets to be carried in the Balance Sheet at that valuation.

Where it is not practicable to obtain a valuation and there is no record of their historical cost, assets are to be omitted from the Balance Sheet. However, in these circumstances disclosure notes are required explaining the significance and nature of those assets that are not reported in the Balance Sheet. The Authority carried out a process to identify the Heritage assets that are held and considered whether it was able to value these assets, using specialist valuers, historic cost values or current insurance values of the assets. The value heritage assets held on the balance sheet is £1,017,000 at 31 March 2012 and relates to Mayoral regalia and art works. For a number of other assets, including war memorials and memorial plaques and metrology equipment, the Authority was unable to obtain a valuation and an explanation has been provided in the financial statement with regard to these assets.

### Assets held for sale

The Authority has an 'assets held for sale' balance of £9,080,000 as at 31 March 2012 relating to items of property, plant and equipment whose carrying value is to be recovered through a sale rather than continuing use by the Authority. Although this balance is immaterial it has increased significantly from the £3,205,000 balance as at 31 March 2011, with minimal actual sales of £321,000 of these assets during 2011/12. We understand that the Authority does monitor these assets monthly and the assets held for sale figure in the financial statements if the Authority's best estimate of sales it realistically expects to finalise within the next 12 months. The Authority should ensure that it continues to monitor progress with the sale of these assets and that they genuinely remain assets that are held for sale. If this balance is to increase by a similar amount during 2012/13 it may become material which will require us to undertake more detailed substantive testing in this area.

### Valuation of Property, Plant and Equipment

In line with its accounting policy the Authority has re-valued 20% of its land and buildings during 2011/12. Valuation gains of £15.4 million and impairment losses of £12.4 million were recorded on Land & Buildings in year, resulting in an overall valuation gain of £3.0 million in relation to these assets. Management carried out a process to consider formally the impact of the valuation movements identified on the 20% land and buildings valued in year across the remaining population of assets not re-valued in year. We have reviewed the exercise performed by management and are comfortable that the value of land and buildings assets not valued during the year is not materially misstated.

The Authority accounts for fixtures and fittings by capitalising these when they are initially acquired as part of a new-build or the fit out of a building but then not charging depreciation on these assets in subsequent years. Instead, subsequent expenditure on fixtures and fittings is charged directly to revenue and the value of the fixtures and fittings initially capitalised moves in accordance with re-valuation movements on the buildings in which the fixtures and fittings are located. Whilst this is not the correct way to account for fixtures and fittings we have discussed this with management and are comfortable that the potential impact on the balance sheet and comprehensive statement of income and expenditure is immaterial. The balance on the re-valuation reserve in

relation to fixtures and fittings is £941,000 and the charge to revenue for spend on fixtures and fittings in 2011/12 was £360,000. Both these balances are immaterial.

### **Exit package**

The Code introduced a new disclosure requirement for exit packages in 2011/12. This required authorities to disclose the overall cost of exit packages agreed in the year, analysed by number across a range of bands and distinguishing between compulsory and other terminations of employment. The Authority has included these disclosures in its financial statements. The total cost of exit packages (compulsory and other redundancies) in 2011/2 was £2,277,000 (£1,530,000 in 2010/11) and related to 122 employees (129 in 2010/11). We have reviewed these disclosures and are comfortable that they are consistent with the requirements of the code. We also considered the processes and arrangements that the Authority has in place in relation to agreeing these packages as part of our work to support the value for money opinion.

### ***Economy, efficiency and effectiveness***

Our Use of Resources Code responsibility required us to carry out sufficient and relevant work in order to conclude on whether the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

Audit Commission guidance specifies the criteria for our value for money conclusion:

- The organisation has proper arrangements in place for securing financial resilience; and
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We determined a local programme of audit work based on our audit risk assessment, informed by these criteria and our statutory responsibilities.

We issued an unqualified value for money conclusion.

### ***Whole of Government Accounts***

We undertook our work on the Whole of Government Accounts consolidation pack as prescribed by the Audit Commission. The audited pack was certified on 27 September and submitted on 28 September 2012. We found no areas of concern to report as part of this work.

### ***Grant Claims and Certification***

We submitted our most recent Annual Certification Report for 2010/11 to those charged with governance on 2 February 2012. We certified five claims worth £238,996,155.

We will issue the Annual Certification Report for 2011/12 upon completion of our work in this area. We anticipate this will be in December 2012.

### ***Annual Governance Statement***

Local authorities are required to produce an Annual Governance Statement (AGS) that is consistent with guidance issued by CIPFA/SOLACE. The AGS accompanies the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

### **Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies**

*In March 2010 the Audit Commission issued a revised version of the 'Statement of Responsibilities of Auditors and of Audited Bodies'. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any member or officer in their individual capacity or to any third party.*

### **Other Matters**

*In the event that, pursuant to a request which you have received under the Freedom of Information Act 2000 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the "Legislation"), you are required to disclose any information contained in this report, we ask that you notify us promptly and consult with us prior to disclosing such information. You agree to pay due regard to any representations which we may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such information. If, following consultation with us, you disclose any such information, please ensure that any disclaimer which we have included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.*

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# Agenda Item 7

Report No.  
CEO 1208

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:**       **AUDIT SUB-COMMITTEE**

**Date:**                   **Wednesday 14 November 2012**

**Decision Type:**       Non-Urgent                   Non-Executive                   Non-Key

**Title:**                   **INTERNAL AUDIT PROGRESS REPORT**

**Contact Officer:**       Luis Remedios, Head of Audit  
Tel: 020 8313 4886   E-mail: luis.remedios@bromley.gov.uk

**Chief Officer:**        Chief Executive

**Ward:**                   (All Wards);

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1. Reason for report

This report informs Members of recent audit activity across the Council and provides updates on matters arising from the last Audit Sub Committee. It covers:-

- 3.1     Priority One Recommendations
- 3.30    Audit Activity
- 3.35    Audit Staffing
- 3.38    North Block Renovation
- 3.49    Waivers
- 3.52    Housing Benefit Update
- 3.58    Future of Public Audit
- 3.64    Audit committee
- 3.67    Value for Money (VfM)
- 3.76    Cumulative Spend
- 3.82    Other Matters
- 3.85    Risk Management

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2. **RECOMMENDATION(S)**

- a. **Note the report and comment upon matters arising from the Internal Audit progress report.**
- b. **Note the priority one recommendations.**

- c. Consider the issues surrounding the North Block overspend.**
- d. Note the waivers issued over the period February 2012 to September 2012.**
- e. Note the continuing achievements of the counter fraud benefit partnership with Royal Borough of Greenwich.**
- f. Note the outcome of the cumulative spend exercise.**

### Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Excellent Council
- 

### Financial

1. Cost of proposal Not Applicable:
  2. Ongoing costs: Recurring Cost
  3. Budget head/performance centre: Internal Audit
  4. Total current budget for this head: £533K including fraud partnership costs
  5. Source of funding: General Fund plus £19k from sold services; administrative subsidy; administrative penalties; prosecution costs.
- 

### Staff

1. Number of staff (current and additional): Currently 5.3FTEs
  2. If from existing staff resources, number of staff hours: 190 days per quarter
- 

### Legal

1. Legal Requirement: Statutory Requirement Account and Audit Regulations 2011
  2. Call-in: Applicable Not Applicable: Further Details
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Unable to quantify
- 

### Ward Councillor Views

- 3.1 Have Ward Councillors been asked for comments? Not Applicable
- 3.1 Summary of Ward Councillors comments: None

### **3. COMMENTARY**

#### **3.1 Priority One Recommendations**

3.2 The latest list of outstanding priority one recommendations is shown in Appendix A. Since our last report to Audit Sub Committee there has been some ongoing activity by management to implement these.

3.3 Two have been removed from the listing – ‘Out of Hours Security’ and ‘Car Parking Penalty Charge Notices’. The reasons for removal are given on the appendix.

3.4 The brought forward Rent Accounts has been followed up and is superceded by a new recommendation.

3.5 The priority one recommendation on the Pupil Referral Unit although still showing on the list will be included as part of the findings on Behaviour Services.

3.6 There have been six additions to the listing. Behaviour Services -7 priority ones expanded in part 2; Print and Design -2 priority ones expanded in Part2; Social Care Payments - 1 priority one expanded below; Direct Payments -1 priority one expanded below; Emergency Accommodation and Rent Accounts-1 priority one expanded below; and a Primary School with two priority ones expanded below.

#### **3.7 Social Care Payments**

3.8 This audit was carried out as a result of concerns raised by a former finance officer in the then CYP. A whistle blowing allegation was also made to the Leader in respect of similar issues concerning overpayments made to various carers and clients. In total, audit have been made aware of at least £69,707 overpayments that have arisen in the then CYP for a number of reasons and there is no guarantee that this list is exhaustive. The period covered by these overpayments was from about August 2010 to April 2012.

3.9 Of the £69,707, £11,920 had been recovered with a further £22,021 where recovery was in progress, £7,530 was written off and the rest totalling £28,236 remained outstanding at the time of the audit.

3.10 Of the payments sampled , four instances of overpayment resulted due to poor communication between social workers, the commissioning team and the payments team. Social workers are the main point of contact with carers and the first people to become aware of changes to the clients situation. This is most common where clients are being cared for by family members who receive a kinship allowance and then return to the parental home. There were four instances where payments continued to be made to the kinship carers after the child had returned to their parental home. The process for communicating the information quickly and efficiently should be reviewed. There is a facility on Care First for messaging that does not appear to be used.

3.11 In one instance payments had been made to a Bromley foster carer by Croydon Council as she had a Croydon child in place when she moved to Bromley. Bromley was not informed that the child had left the carer; this resulted in an overpayment of £10,511.92. Bromley reimbursed the overpayment from Croydon and invoiced the carer for the same. Action is being taken to recover this amount from the carer.

3.12 In one case the panel agreed to fund 50% of nursery charges. The full amount was paid by the Borough and 50% (£3,510.25) is being recovered from the carer by reducing foster care payments. £354.14 was also over paid as special guardianship and this is also being recovered.

- 3.13 An overpayment to providers of accommodation to looked after children occurred due to payments being made by BACS and on submission of an invoice. The overpayment amounted to £7,245, most of this has now been recovered with £945 is due to be collected.
- 3.14 One carer was paid a Christmas grant of £349.37 (sample 8) for which they were not eligible. Care First requires that this grant is 'unchecked' where carers are not eligible, i.e. in kinship cases.
- 3.15 Further sample checks concluded that communication of changes in situations between social workers and the commissioning and accounts payable teams was the cause of 2 other overpayments. One service was incorrectly set up on Care First. One service was cancelled on Care First but still paid as it was detailed on the 'weekly database', this is no longer in use. One notification to cancel was received too late to prevent a BACS payment being made 2 days later. In one case a client was paid beyond the age of 18. The system has now been changed so that a final service date is on the system.
- 3.16 A recommendation that management should monitor overpayments regularly, identify and agree on actions to prevent further occurrences with the aid of the findings and recommendations made in this report. A comprehensive list of all invoices raised relating to overpayments in Children's Social Care should be maintained to monitor the process of recovery and also to establish if overpayments are become less frequent.
- 3.17 There were also a few low priority recommendations. A limited assurance opinion was given for this audit.
- 3.18 **Direct Payments**
- 3.19 This recommendation was primarily in respect of monitoring information that has not been received from clients in receipt of direct payments. The monitoring spreadsheet used to monitor clients receiving direct payments was examined. Of the 506 clients receiving payments in the first quarter 2011, it was identified that at 15/6/12 monitoring had not been received for 53 clients. By the end of the audit, twenty four had been chased up and sixteen direct payments had ended. Thirteen cases remain outstanding with no information received, twelve of these are for children receiving direct payments where the service continues to paying direct payments despite a lack of monitoring information.
- 3.20 Total payments to the 53 clients from April 2011 to June 2012 was £245,880.96, payments to the 12 clients where information is outstanding is £90,593.77).
- 3.21 There were also a few low priority recommendations. A limited assurance opinion was given for this audit.
- 3.22 **Emergency Accommodation & Rent Accounts**
- 3.23 We had previously reported to this committee that there was a long standing priority one on rent account arrears. A follow up audit for 2011/2 identified that though rent arrears had slightly decreased from £1,268,466 in January 2012 to £1,266,528 currently, Audit had identified that Service Teams, including LATCH, Leaving Care, Core and Cluster [now Supported Living], Traveller and Orchard and Shipman were not recovering rent arrears or monitoring the debts of their current clients which on 10/2/12 gave an accumulative total of £533,753.50 in these groups. In addition, these teams do not hold detailed procedures to outline the process for the recovery of debts.
- 3.24 There were also a few low priority recommendations. A limited assurance opinion was given for this audit.

3.25 **Primary School**

3.26 Two priority ones were made in respect of expenditure and petty cash.

3.27 Expenditure- audit testing identified that payments had been made where orders had not been raised at the time of a commitment to spend. Payments had also been made against invoices which did not detail complete supplier and VAT information and in some cases there was no invoice to evidence. Not all invoices had been authorised or paid promptly. While Authorising Officers are responsible for ensuring that adequate checks are performed and evidenced prior to the payment of an invoice to satisfy that the payment is accurate and due to be paid and this was not the case in 9 out of 20 cases sampled.

3.28 Petty Cash-the last petty cash Reconciliation was carried out 25/9/12 which included entries since 5/7/11 however there were no vouchers or receipts to substantiate payments totalling £678.47. Therefore there was no confirmation that payments had not been sub-divided or that no member of staff had authorised their own claim

3.29 There were also a few low priority recommendations. A limited assurance opinion was given for this audit.

3.30 **Audit Activity**

3.31 Members of this committee were updated on the 4<sup>th</sup> October 2012 on audit activity covering both planned work and investigations. In terms of days we have since April 2012 to the 30<sup>th</sup> September 2012, 213 days on audit plan work; 165 on fraud and investigations; 34 days on carrying out 16 visits on our responsible officer roles at the Academies; and 69 days completing the last few audits commissioned by RB Greenwich.

3.32 The average score on audit satisfaction questionnaires returned is 3.8 in a scale 1to 5. The performance indicator is 3.

3.33 Academies- since the last cycle of this committee, two more Bromley Academies have requested our services as responsible officers.

3.34 Greenwich- with the appointment of two of our principal auditors to auditor posts in RB Greenwich, we have by mutual agreement terminated audit sold services. The loss of income will be offset by the two vacancies created.

3.35 **Audit Resources**

3.36 At the last update to this committee we had indicated that there were 7FTEs in post including 1Head of Audit; 4 FTEs for the Bromley internal audit planned work and 2 FTE's for sold services. With the loss of two auditors to RB Greenwich as mentioned in paragraph 3.33 above, the need to provide responsible officer services to the academies that will take up some 70 days of audit time and time spent i.e. 165 days on fraud and investigations there is likely to be some slippage in the audit plan. We will therefore buy in some services to offset this slippage.

3.37 A 0.5 FTE has been transferred to the audit budget to cover our responsibility for risk management and assist with producing a risk assessed audit plan.

3.38 **North Block**

3.39 This issue has been reported (Office Accommodation Strategy) by Renewal and Recreation to the Executive on the 12<sup>th</sup> September 2012 and referred back to the Audit Sub Committee

for consideration. A copy of this report is included in this agenda and should be read in conjunction with the internal audit report.

- 3.40 On the 26 June 2012, the Head of Audit received a written request from the Director of Renewal and Recreation for a high-level post-project review to be undertaken on the North Block Capital Project following a number of concerns being raised surrounding the increasing costs being faced by the Authority.
- 3.41 Internal Audit was specifically asked to review the following areas:
- (1) Key project expenditure since its commencement in January 2011 to-date;
  - (2) The approach adopted in managing the project;
  - (3) To identify and report any key 'lessons to learn'.
- 3.42 The review was undertaken at a time when some aspects of the project remained incomplete, and certain financial data was still to be finalised, which included the management decision on re-allocating funds from other budgets to meet the cost of previously spent and committed expenditure.
- 3.43 In order to achieve the above, the Auditor was required to obtain and interrogate a plethora of documentation and financial data, as well as undertake a number of staff interviews, including the remaining key personnel involved in the award and management of the key contractors appointed to the project, together with those taking the project through to completion.
- 3.44 As a result of this investigation, the following information was reported initially to the Director of Renewal and Recreation and the Chief Executive on 16 August 2012, and a further report, initiated by the Head of Asset Management and Strategic Projects, was presented to The Executive on 12 September 2012 requesting members approval for a supplementary capital allocation of £400,000 above the previously approved £2m, to ensure the successful completion of the programme of works and reoccupation of North Block. This request was duly approved.

Review Findings included:

- Failure to appoint a formal Project Board;
- Failure to document project meetings and key decisions;
- Failure to issue a comprehensive project brief;
- Inadequate project management

**Note:** it should be noted that there was no evidence of fraud e.g. charging for services not delivered.

- 3.45 It was clear that the project was always seen as a challenging proposition, but the Auditor considered that the level of expediency in initiating the project had greatly impacted on the final outcome of this initiative. The failure to provide a comprehensive project brief to the individuals seeking tenders for the key constituents of the works involved had ultimately led to a failure in fully comprehending the requirements of the project, and therefore severely impacted on estimations reported for the work required. This was also reflected early into the commencement of the project when additional works were identified by the contractors resulting in the raising of variation orders – immediately increasing project costs.

3.46 One of the key decisions that impacted on this project was the decision by the then Chief Property Officer to separate the major building works into five discrete contracts, which were to be managed by LBB surveyors and engineers. This in itself produced associated difficulties in managing multiple contractors simultaneously, which had been clearly documented by the main contractor, Durkan Ltd.

3.47 With the departure of the Chief Property Officer in early 2012, it was decided to appoint the then Asset Management Officer to the role of Project Manager, but it became apparent that the individual was lacking in certain financial disciplines, and these accounted for the failure in reporting the true over-budget position of the project. This was not identified until after this officer left the Authority in May 2012.

3.48 **Lessons to be Learned:**

- *Project Initiation* – irrespective of the project, sufficient time must be given by the ‘project team’ to understand the underlying needs of the business and the impact on all business areas affected.
- *Project Brief/Estimation of costs* – a comprehensive project brief is fundamental to the success of any project. Wherever possible, every opportunity should be taken to identify the key requirements of the project in order to allow for the appropriate costs to be identified/tendered for. Failure to meet this key discipline often results in budget overspends or ultimate project failure.
- *Project Board/Recording of meeting minutes* – in all such cases, the appointment of a Project Board is considered a pre-requisite. The appropriate business representation should be formally appointed and all meetings and key decisions should be adequately documented and retained. Communication is key to the success of any project and the Project Board plays a fundamental role in this area.
- *Effective Project Management* – it is fundamental to the success of any project that the appointed Project Manager has the necessary skills to undertake this role. This position is required to maintain and provide key and up-to-date information to Senior Management in order for ongoing decisions to be made. There is a need to be fully aware of project commitments in order to maintain control of costs.
- *Reporting requirements* – the Project Team should always be aware of the requirements stated within previous Committee approvals and ensure that the full terms of approval are met. Where financial implications/concerns arise during the course of the project, any necessary reporting back to the appropriate Committee should be undertaken at the earliest opportunity.

3.49 **Waivers**

3.50 We are now submitting the list of waivers across the Authority since the last report in March 2012. See appendix E. The list is collated from the Heads of Finance for each of the Service areas and any information kept by the Chief Officers. Members are asked to review this list and comment as necessary. The contract procedures require that these are reported on a bi-annual basis to Audit Sub Committee. The main provision relating to this is as follows;

3.51 A decision to negotiate with one or more candidates on any arrangements required within the Procurement process shall not be made except in compliance with the following and any



Public Procurement Regulations (see also Rule 3). Note - For the purpose of this Rule the establishment of a Service Level Agreement is treated as being a negotiated arrangement;

Estimated Cost (or Value)	Authorisation Requirement
£5,000 - £50,000	Chief Officer Agreement
£50,000 - up to £100,000	Chief Officer in agreement with Director of Legal, Democratic and Customer Services and Director of Resources with a report of the use made of this exemption being made to Audit Sub committee on a bi-annual basis.
£100,000 – up to £1,000,000	Chief Officer in agreement with Director of Legal, Democratic and Customer Services and Director of Resources and following Approval of the relevant Portfolio Holder, with a report of the use made of this exemption being made to Audit Sub committee on a bi-annual basis.
£1,000,000 and above	Chief Officer in agreement with Director of Legal, Democratic and Customer Services and Director of Resources and the approval of the Executive or the Council as appropriate.

### 3.52 Housing Benefit Update

3.53 Since the inception of the partnership in April 2002, through to September 2012, the Council has successfully prosecuted 305 claimants to date for benefit fraud; issued 285 court summonses; given 95 formal cautions; and administered 342 penalties. The full details and appendices on trends are shown in Appendices C, D and E.

3.54 We had previously reported a success in confiscating two properties in respect of a case where the benefit claimant was successful prosecuted – the properties have been sold and we are expecting an amount of about £37,000. There is another case pending.

3.55 At the last meeting of this committee we indicated that the Single Fraud Integrated Service (SFIS) is due to come into effect in April 2013. We have yet to get clear guidance from the DWP on how this integration be implemented. However, the DWP are running a pilot exercise with some volunteer councils and the results are not expected back until October 2012. They have given a SFIS timetable shown below:

## SFIS Timetable

<p><b>Now to April 2013</b></p>	<p>□ Pilot activity commences in the 4 initial pilots. □ By April 2013 a single management board will be in place to oversee performance and future development and will have representation from DWP, LAs and HMRC. This will ensure we successfully implement and guide the required partnership approach. We will provide you with more information on this in the future.</p>
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<p><b>April 2013 to March 14</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> All work on Benefit Fraud investigation activity in DWP, LAs and HMRC will be branded as SFIS from April 2013.</li> <li><input type="checkbox"/> The existing pilots will continue and additional ones introduced, these will allow us to continue testing the policies, procedures, processes, emerging IT systems and new legislation.</li> <li><input type="checkbox"/> Work closely with Universal Credit (UC) to understand the impacts on SFIS and to support the UC pathfinder.</li> <li><input type="checkbox"/> Full evaluation of the pilots and sign off of the final design of SFIS.</li> <li><input type="checkbox"/> Following evaluation the pilots will become pathfinders and additional sites will be added.</li> <li><input type="checkbox"/> LA/DWP/HMRC staff (not within a pilot site) will be encouraged to engage at progressing joint investigations as part of SFIS with their relevant counterparts.</li> <li><input type="checkbox"/> Work on the long term organisational model for SFIS will be issued for consultation and agreement with Ministers.</li> </ul>
<p><b>April 2014 to March 2015</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Rollout of the final SFIS Design including IT solutions across the remaining LAs, areas of DWP and HMRC not part of Piloting or Pathfinder activity in 2013/14.</li> </ul>

3.56 The DWP have stated that from April 2013 local authorities will have to investigate any fraud within their own Local Council Tax Support or Benefit Schemes.

3.57 In response to a question ‘You have said I will become part of SFIS from April 2013, what does this mean?’ they stated that:

*‘Initially you will still operate in the same way as you do now and claimants will not see a difference. We want to start to create a unique identity and pave the way for the cultural changes that are needed for a successful implementation. So this is the first step towards the future. When your area of DWP/LA/HMRC becomes a pilot or pathfinder or is part of the national roll out then you will operate under the SFIS policy and procedure. Initially - there will be no change to your employer or terms and conditions. Throughout this process there will be continuing dialogue on the way forward between DWP, HMRC and LAs.’*

**3.58 Future of public audit**

3.59 Members were informed that following the appointment of PWC by the Audit Commission as LB Bromley’s external auditors for the next five years, the audit fee was reduced from £266k to £164K per annum a saving of £102K. In addition the grant certification fee reduces from £50K to £23k to be reviewed annually. A total saving of £129 per annum. The contract will expire in 2017 after which local authorities are expected to appoint their own auditors.

3.60 Following the decision to disband the Audit Commission the draft Local Audit Bill sets out the Government’s vision for a new local audit framework, where bodies will be able to appoint their own auditors from an open and competitive market, on the advice of an independent auditor appointment panel.

- 3.61 This independent panel must consist of a majority of independent members, and have an independent chair. To be classified as independent, a panel member must not have been a member or officer of the body within the last five years, and must not at that time be a relative or close friend of a member or officer of the body.
- 3.62 Provided they meet the requirements for the auditor panels, the draft Bill will allow bodies to nominate their existing audit committee to act as its independent auditor panel. The draft Bill also aims to allow separate bodies to share auditor panels, and enable joint procurement arrangements.
- 3.63 At present there is no requirement for existing audit committees to appoint independent members but it is clear that this is a growing trend across other councils.
- 3.64 **Audit Committee**
- 3.65 A review of the effectiveness of Bromley's Audit sub Committee was carried out by the Chair of the Audit Sub Committee in conjunction with the Head of Audit using the CIPFA template. The review confirmed the effectiveness of the Sub Committee with very few action points.
- 3.66 There has been no further update from the CLG on the appointment of independent chairmen of audit committees. Interestingly, in a recent survey carried out of local authorities in the south east it was found that for those who responded 6 including 4 London boroughs had independent members and a further 3 London boroughs had advertised for the role and therefore were in the process of appointing an independent member.
- 3.67 **Value for Money**
- 3.68 Members of this committee had previously agreed a simple methodology for Internal Audit to use in assessing the value for money arrangements for designated areas covered in the audit plan. We have completed our last review for 2011/12 in Children's Safeguarding expanded on below.
- 3.69 In the 2012/13 plan, we have provisionally highlighted the following audits that could be subject to VfM arrangements: Debtors; Domiciliary care; Residential and Nursing care; Early Years; SEN and Inclusion; Car Parking (PCNs). The Early Year's audit has been completed but we could not carry out a review of VfM arrangements as this service had not carried out any benchmarking on performance monitoring as children are placed in private settings at the discretion of parents and the settings are individually inspected by Ofsted.
- 3.70 **Children's Safeguarding-**
- 3.71 Based on the findings of the review for Value for Money (VfM) arrangements, Internal Audit has concluded that the service scored an overall 3 (Substantially met). This was on the basis of using a methodology agreed by members of the Audit sub-Committee to review VfM in a scoring range of 1 – 4, with 1 equating to not met and 4 equating to fully met.
- 3.72 Benchmarking rated as a 3. The benchmarking carried out centrally by the DfE compares information from statistical neighbours and Outer London boroughs. In the area of initial assessments completed within 10 days Bromley's performance has increased from 29.1% in 2009/10 to 54.6% in 2010/11 and is currently at 77.3%, exceeding the target of 75%. The performance of social care assessments completed within 35 working days has increased from 43.5% in 2009/10 to 66.7% in 2010/11, the target is 75%. The score of 3 is awarded on the basis of gradual improvement in the percentages achieved and practices being put in place such as working with other boroughs e.g. Lewisham, strengthening Family workers.

- 3.73 Customer surveys rated as 3 based on a Complaints review being undertaken for the period January to December 2011.
- 3.74 External assessments are rated as 3 based on Ofsted inspections. The annual children's services assessment carried out in November 2011 gave an overall assessment of performs well.
- 3.75 Budget is rated at 3 based on monitoring reports up to March 2012 where an overspend on salaries of £50,000 was reported to CYP Portfolio. It was reported that the situation was in hand as the requirement for locum staff is decreasing.
- 3.76 **Cumulative spend**
- 3.77 Following the design and launch of the cumulative management information report, the Finance Director requested that Internal Audit undertake a review of supplier spending to ensure contracts were in place where appropriate in compliance with the Authority's financial regulations and contract procedure rules.
- 3.78 A cumulative spend report was generated from Oracle on 1/8/12 detailing the yearly spends with 17,291 suppliers since April 2009 and the total cumulative spend with each suppliers over this period of time. The report also highlighted which suppliers had a required contract in place with the authority. The report covered both revenue and capital expenditure and was linked into the corporate contract register, but not the service department registers.
- 3.79 Suppliers with a cumulative spend exceeding £200,000 and no contract in place when expected were then investigated by audit, Head of Procurement, The Children's and Young People, Strategic Commissioning Manager, and The Strategic Procurement & Contracts Manager in the Education and Care Service Department.
- 3.80 After full examination of the cumulative spend report, there are 6 suppliers still under query regarding contract arrangements, plus those that have been subject to previous and current audit investigations in Children and Family Centres, Parks and Greenspace and Behaviour Services. This would indicate that the cumulative spend report is highlighting potential problem areas.
- 3.81 In conclusion, this exercise has proved to be a useful management tool as it has highlighted known problems and potentially areas that management may not have been aware of in the past. It will also ensure that for the first time there will be accountability for monitoring spend through Financial Budget Monitoring and this is a valuable audit trail tool for senior management, procurement and Internal Audit to confirm compliance with financial regulations, contract procedure rules and that value for money is being achieved.
- 3.82 **Other Matters**
- 3.83 Financial Regulations- members of this committee had previously approved the update on the financial regulations-the main changes took account of council wide reorganisations, deletion of the Part 1 procedures and clarification of authorisation limits. This has resulted in a user friendly streamlined document. The document was approved by the General Purposes and Licensing Committee in July 2012 and will be submitted for full council approval in November 2012. The document has been loaded onto One Bromley.
- 3.84 The web based access that would allow online training and awareness for both the Financial Regulations and the Contract Procedure Rules will be actioned shortly. Members of this committee had previously been given a short demonstration on how this would work.

**3.85 Risk Management**

3.86 We attach a schedule of the current net high risks (Appendix F to J) and the cross-cutting corporate risks (Appendix K). At the request of the Chief Executive these are due to be presented to the Corporate Management Team in November 2012 for review and comment.

3.87 Currently there are 155 risks of which 25 are high (16%), 73 are medium (47%) and 57 are low (37%).

3.88 The Bromley risk register reflects a bottom-up approach in that the Assistant Directors are responsible for identifying those operational and strategic risks which they consider could potentially have an adverse impact on their services. These are then agreed via their respective Management teams and maintained centrally by the risk management team. The high risks are reviewed quarterly and the full risk register updated annually as part of the Annual Governance Statement exercise.

3.89 The corporate risk register attempts to capture those cross-cutting risks within each division that individually may not be regarded as high risks themselves but collectively give us cause for concern. The corporate risk register should also reflect the concerns of the Directors e.g. failure to deliver BBB, failure to live within our financial means. This is reviewed annually.

3.90 We are in the process of incorporating the Public Health risks into the risk register. Whilst currently they use a slightly different scoring methodology to our own we have included their high risks in the schedule.

3.91 We recently participated in an exercise co-ordinated by LBB Croydon to compare our high risks. 10 councils contributed and while this did not throw up any real surprises a number of common themes emerged; budget reductions, business continuity planning, capacity to deliver change, ICT security, increase demand for social care services, school’s agenda and public health reforms.

3.92 The benefit reforms due to take effect from April 2013 are seen as an emerging risk (total benefits cap, introduction of Council Tax Support scheme, under-occupation rules for housing benefit). In addition Universal Credit will be phased in from October 2013.

**4. POLICY IMPLICATIONS**

None

**5. FINANCIAL IMPLICATIONS**

Some of the findings identified in the audit reports mentioned above will have financial implications.

**6. LEGAL IMPLICATIONS**

None

**7. PERSONNEL IMPLICATIONS**

None

<b>Non-Applicable Sections:</b>	[List non-applicable sections here]
Background Documents: (Access via Contact Officer)	

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Report Number/Date	Title	Opinion	No. of Priority One's	Details of Recommendation	Implemented	Responsible Officer	Comments	Risk of fraud or loss
RD/005/01/2009	<b>Review of debtors</b>	Limited Assurance	1	The aged debt analysis report, non domiciliary care as at 31 January 2010 identified that the outstanding debt owed to the authority over a year old amounts to £1,275,337, the previous audit reported this to be £1,210,973 as at 31 January 2009. In addition, the domiciliary care breakdown report shows a balance of £1,231,971 owed at 8 February 2009, with £4,019,790 of charges made up to 31 January 2010, £3,642,283 payments received and balance of £1,609,477.94 remaining. Furthermore, appropriate debt recovery actions had not been evidenced in all instances sampled and procedures need to be updated.	In progress	Head of Exchequer Services assumed responsibility in October 2009 & Head Of Revenues & Bens.	As reported to this committee in December 2011, Liberata have put forward a proposal to undertake additional income and debt recovery functions for Bromley that would deliver estimated savings of £46K per annum over the next three years. Their approach would involve using centralised revenue collection and recovery dashboard reporting and tracking mechanisms, a bailiffs review and more robust tracing processes to deliver improved collection rates. Long term debt for ACS was also reported to ACS PDS Committee in November 2011. Audit will review long term debtors later in 2012/12 when Liberata would have had time to implement recovery procedures.	High
CYP/024/01/2011	<b>Pupil Referral Unit 2011-12</b>	Limited Assurance	1	Part 2- This recommendation will be merged with that on Behaviour Services investigation.	In Progress	Head of Access and Admissions	Please refer to investigation report in Part 2	High
R&R/Inv/2011	<b>CDM 2007</b>	N/A	10/s	Part 2	In progress	Director R&R	Expanded in Part 2- Referred to E&R PDS and Executive- effectively 8 out of the 9 recommendations have been implemented - the outstanding recommendation relates to sale of the project that is in progress.	
Env/006/01/2011	<b>Parks &amp; Greenspaces</b>	Nil	8	Part 2	In progress	Director Env	Expanded in Part 2- Audit planned in Qtr 4.	High
ACS/068/01/2011	<b>Emergency Accommodation &amp; Rent Accounts</b>	Limited Assurance	1	Service Teams, including LATCH, Leaving Care Services, Core and Cluster [now Supported Living], Traveller and Orchard and Shipman are not recovering rent arrears or monitoring the debts of their clients, which on 10/2/12 gave an accumulative total of £533,753.50 in these groups. Teams do not currently have access to the accounting files on Anite. In addition, these teams do not hold detailed procedures to outline the process for the recovery of debts. The previous audit also highlighted problems with rent arrears in emergency accommodation. Total rent arrears for current and former clients stands at £1,266,528 compared to £1,268,466 in January 2012.	In progress	Exchequer Manager/Liberata Sundry Debtors Section Manager/Group Manager Leaving Care Team/Group Manager Residential Services/Group Manager Housing Needs	To be followed up this year as part of review	
CYP/017/01/2012	<b>Childrens Social Care Payments</b>	Limited Assurance	1	In total audit have been made aware of at least £69,707 overpayments that have arisen for a number of reasons and there is no guarantee that this list is exhaustive.	In progress	Deputy Exchequer Manager/Payments Team leader  Group Manager Children's Commissioning		High
RD/111/01/2012	<b>Print and Design Studio Investigation</b>	NA	2	Part 2	In progress	Audit/ Facilities & Support Services Manager	Expanded in Part 2	high
CYP/P47/01/2012	<b>Primary School</b>	Limited Assurance	2	20 payments were selected from a report extracted from the schools financial system. Audit testing identified weaknesses in ordering goods and services, obtaining detailed invoices as per school financial regulations and inadequate checks being carried out prior to invoice payment. The last Petty Cash Reconciliation was carried out 25/9/12 which included entries since 5/7/11 however there was no supporting documentation for the £678.47 payments made for this period of time.	In progress	Headteacher	To be followed up in six months	
CYP/024/01/2012	<b>Behaviour Services</b>	N/A	7	Part 2	In progress	Assistant Director ECS	Expanded in Part 2	High
ACS/026/01/2012	<b>Direct Payments</b>	Limited Assurance	1	The monitoring spreadsheet used to monitor clients receiving direct payments was examined. Of the 506 clients receiving payments in the first quarter 2011, it was identified that at 15/6/12 monitoring had not been received for 53 clients. By the end of the audit, twenty four had been chased up and sixteen direct payments had ended. Thirteen cases remain outstanding with no information received, twelve of these are for children receiving direct payments, where the service is happy to continue to paying direct payments despite a lack of monitoring information.  The spreadsheet included client P4287 where complete monitoring had not been received since January 2011 and queries around large cash withdrawals had not been answered. (Total payments to the 53 clients from April 2011 to June 2012 was £245,880.96, payments to the 12 clients where information is outstanding is £90,593.77).	In progress	Exchequer Manager/The Heads of Service for Adults and Children's Social Care	To be followed up in six months	High

**The following priority one recommendations have been implemented or superceded:**

Penalty Charge Notices - New procedure on waivers has been agreed by Environment PDS.

Emergency Accommodation & Rent Accounts- previous outstanding priority one recommendation merged with new recommendation.

CDM2001- 8 out of the 9 recommendations have been deemed to have been implemented- the outstanding recommendation relates to the proposed sale of the project. Ongoing

Out of Hours Site Security- this has been implemented, data cleansing has commenced.

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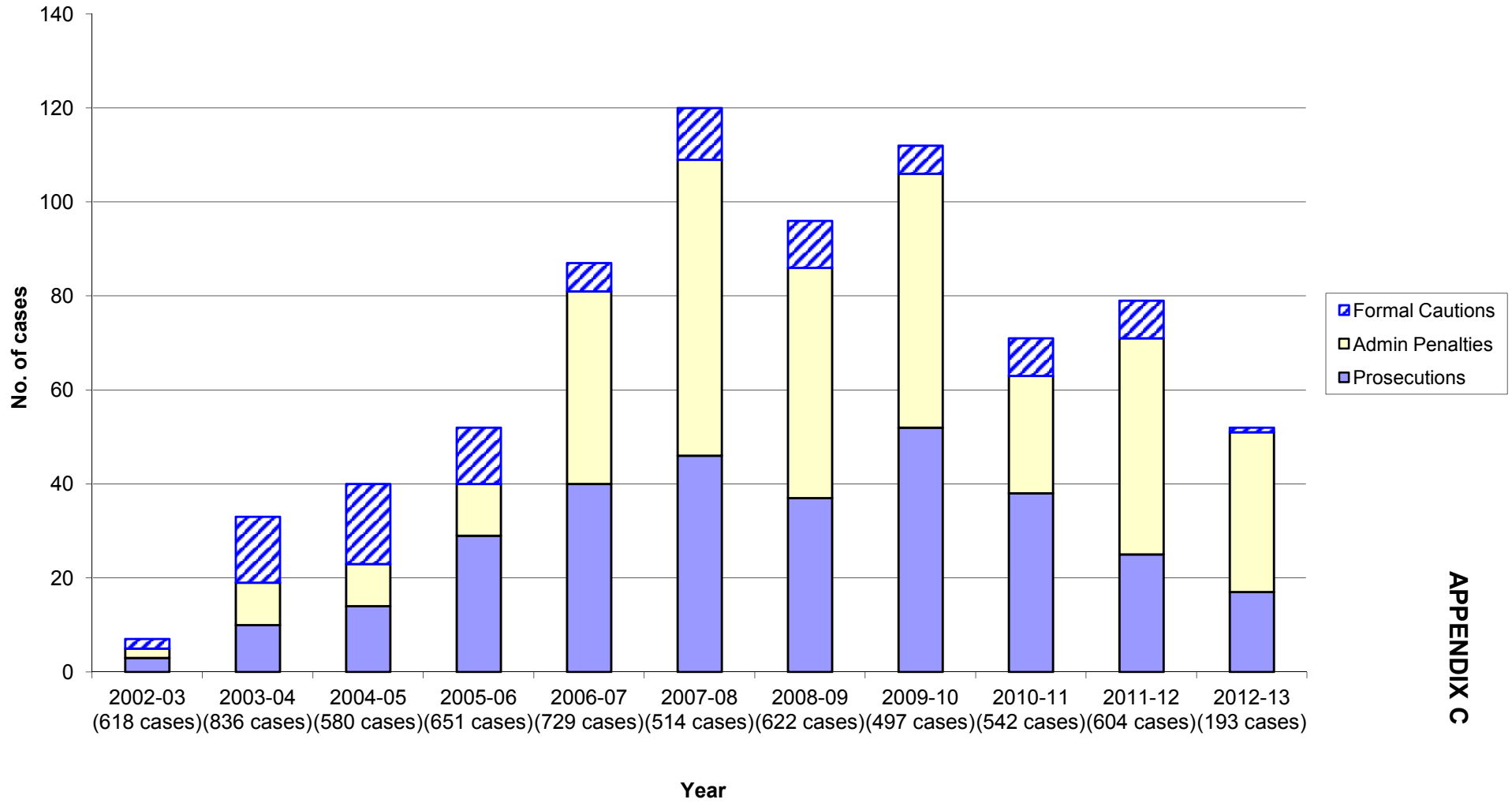
**Waivers - From  
February 2012**

<b>Waivers &gt; £50,000</b>						
<b>DIRECTORATE</b>	<b>SERVICE AREA</b>	<b>ANNUAL AMOUNT</b>	<b>DETAILS</b>	<b>PERIOD FROM</b>	<b>PERIOD TO</b>	<b>APPROVAL</b>
ACS	Residential Care	£66,820	Placements	TBC	N/A	Approved by Director of ACS and Portfolio Holder
ACS	Residential	£51,480	Placements	21/05/12	N/A	Approved by Director of ACS and Portfolio Holder
ACS	Residential Care with Nursing	£104,155	Placements	01/06/12	N/A	Approved by Director of ACS and Portfolio Holder
ACS	Residential Care	£98,336	Placements	01/07/12	N/A	Approved by Director of ACS and Portfolio Holder
ACS	Residential	£145,600	Placements	09/07/12	N/A	Approved by Director of ACS and Portfolio Holder
ACS	Residential/Educational	£60,390	Placements	20/07/12	N/A	Approved by Director of ACS and Portfolio Holder
ACS	Supported Living	£77,804	Placements	01/09/12	N/A	Approved by Director of ACS and Portfolio Holder
ACS	Supported Living	£55,295	Placements	03/09/12	N/A	Approved by Director of ACS and Portfolio Holder
ACS	Residential	£130,000	Placements	10/09/12	N/A	Approved by Director of ACS and Portfolio Holder
ACS	Residential	£102,097	Placements	01/11/12	N/A	Approved by Director of ACS and Portfolio Holder
CYP	Commissioning and Children's Education Services	£127,560	Placements	20/02/12	31/03/12	Approved by Director of Children and Young Peoples Sevices and Portfolio Holder
CYP	Education Development Centre	£53,426	Catering Provision	01/04/12	31/03/13	Approved by Director of Children and Young Peoples Sevices and Portfolio Holder
CYP	Special Educational Needs & Disability Service	£247,014	Therapy provision within schools	01/04/12	31/07/12	Approved by Director of Children and Young Peoples Sevices and Portfolio Holder
CYP	Commissioning and Children's Education Services	£79,585	Placements	07/05/12	31/03/13	Approved by Director of Children and Young Peoples Sevices and Portfolio Holder
CYP	Commissioning and Children's Education Services	£71,750	Placements	30/07/12	31/03/13	Approved by Director of Children and Young Peoples Sevices and Portfolio Holder
CYP	Speech and Lanuage Therapy	£310,538	Extention to existing contract	01/04/12	31/07/12	Approved by Director of Children and Young Peoples Sevices and Portfolio Holder
CYP	Speech and Lanuage Therapy	£315,710	Extention to existing contract	01/08/12	31/07/13	Approved by Director of Children and Young Peoples Sevices and Portfolio Holder
CYP	Education / Flexible Learning	£352,953	A range of call off contracts for alternative curriculum provision for 14-16 year olds.	01/09/12	31/08/13	Approved by Director of Children and Young Peoples Sevices and Portfolio Holder

WAIVERS APPENDIX B

ECS	Special Educational Needs	£61,920	Extention to existing contract	01/02/12	01/07/12	Approved by Interim Director of ECS and Portfolio Holder
ECS	Mental Health Services	£230,196	Wellbeing Services	01/04/13	31/05/15	Approved Director of Resources and Portfolio Holder
ECS	Childminding Network	£85,000	Childminding support servicse	01/04/12	n/a	Approved by Director of Children and Young Peoples Sevices and Portfolio Holder
ECS	Mental Health Services	£52,070	Strategic Partnership Agreement [Core Funding]	01/07/12	31/03/15	Approved Director of Resources and Portfolio Holder
ECS	Behaviour Service	£266,870	Out Of School Learning	01/09/12	31/08/13	Approved by Interim Director of ECS and Portfolio Holder
ECS	Family Support Service	£200,000	Support services by qualified Social Workers	01/09/12	31/08/13	Approved by Director of ECS and Portfolio Holder
ES	Transport & Highways	£138,239 varied to £217,099	Variable Message Sign System for Bromley Town Centre Car Parks to SWARCO	Autumn 2012	Maintenance to Autumn 2022 (10 years)	Approved by Director of Environment and Portfolio Holder
R & R	Housing Development Strategy	£870,000	Allocation of Payment in Lieu monies held by the Council, as grant funding towards new affordable dwellings	N/a	N/a	Approved by Director of Renewal and Recreation and Portfolio Holder
CE	Health and Safety	£106,000	Occupational Health Services	01/08/12	31/07/14	Approved by Assistant Chief Executive and Portfolio Holder

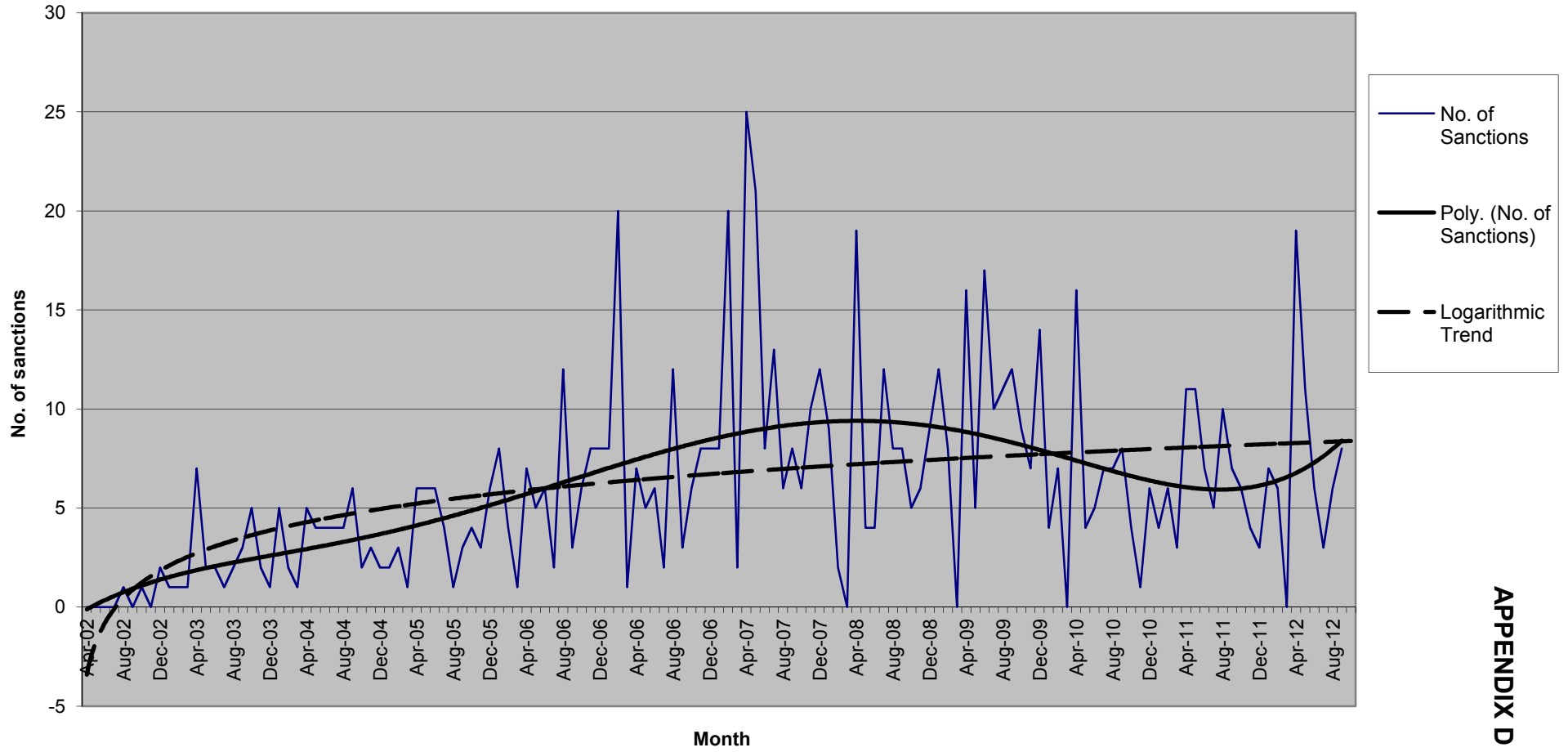
### HB Sanctions - Annual Comparison



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### Sanctions Trend

(NB: peaks and troughs are dependent on the court's allocation of cases to be heard.)



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**LBB ANALYSIS OF CAFT MONTHLY MONITORS 2002/03 through to 2010/11 to date** **APPENDIX E**

2002/2003	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL	
Number of Cases	200	28	21	73	24	26	36	112	15	11	31	41	618	
Confidential Hotline	18	5	4	6	1	1		4	1	4	10	7	61	
Interviews	8	8	14	17	7	7	9	9	14	6	9	6	114	
Claimant visits	19	12	26	36	33	17	20	20	10	16	6	15	230	
Prosecutions										1	1	1	3	£6,000
Court Summonses							1			2	2		5	£5,000
Admin Penalties							1		1				2	£2,000
Formal Cautions					1				1				2	£2,000
														£15,000
2003/2004	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL	
Number of Cases	39	36	39	31	82	111	182	50	73	45	37	111	836	
Confidential Hotline	8	4	8	10	5	4	9	5	3	8	10	10	84	
Interviews	12	9	8	21	10	11	8	17	15	20	18	44	193	
Claimant visits	7	14	11	27	33	26	38	26	44	18	29	29	302	
Prosecutions		1		1	1	2	3			1	1		10	£20,000
Court Summonses	2	4	1	4	3	2			1	1			18	£21,600
Admin Penalties	3		1		1			1	1	2			9	£10,800
Formal Cautions	4	1	1			1	2	1		2	1	1	14	£16,800
														£69,200
2004/2005	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL	
Number of Cases	27	70	61	69	35	49	57	55	14	32	44	67	580	
Confidential Hotline	10	7	8	12	12	7	11	9	3	4	10	11	104	
Interviews	8	8	11	13	21	35	24	27	17	25	16	26	231	
Claimant visits	20	18	19	12	12	23	17	21	8	18	1	7	176	
Prosecutions	3			3	3	1	1		1	1	1		14	£28,000
Court Summonses	2	4			6	2	1			9	2	4	30	£36,000
Admin Penalties	2		2	1		3				1			9	£10,800
Formal Cautions		4	2		1	2	1	3	1		2	1	17	£20,400
														£95,200
2005/2006	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL	
Number of Cases	94	55	56	65	28	64	55	46	9	85	46	48	651	
Confidential Hotline	6	5	19	6	6	10	10	10	7	8	6	15	108	
Interviews	21	27	33	30	17	48	45	39	19	24	39	70	412	
Claimant visits	8	7	10	4	10	12	13	21	7	5	14	7	118	
Prosecutions	3	2	5	2	1	1	1	3	3	6	2		29	£58,000
Court Summonses	6	3	4	1	3	4	7	5	2	5	6	4	50	£60,000
Admin Penalties	1	2					2		3	1	1	1	11	£13,200
Formal Cautions	2	2	1	2		2	1			1	1		12	£14,400
														£145,600
2006/2007	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL	
Number of Cases	42	68	70	55	45	38	55	56	41	85	97	77	729	
Confidential Hotline	15	16	13	7	4	1	3	7		5	5	9	85	
Interviews	32	42	42	51	45	49	38	32	36	42	56	56	521	
Claimant Visits		25	11	10	10	2	2	11		12	1	2	86	
Prosecutions	2	1	3		9	2	4	4	6	4	3	2	40	£14,000
Court Summonses	3		4	4	1	4	6	1	5	4	5		37	£0
Admin Penalties	5	3	1	2	3	1	2	4	2	3	15		41	£2,400
Formal Cautions		1	2							1	2		6	£0
														£16,400

2007/2008	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	44	60	68	33	44	49	44	40	21	33	39	39	514
Confidential Hotline	7	12	4	10	3	10	8	10	9	21	13	10	117
Interviews	41	38	38	40	33	32	53	46	31	48	29	23	452
Claimant Visits	16	7	6	26	2	4	11	17	12	7	14	16	138
Prosecutions	8	3	7	4	2	7	2	4	3	5	1	0	46
Court Summonses	3	3	2	8		2		3	1	2	3	1	28
Admin Penalties	14	16	1	8	4	1	4	5	8	1	1		63
Formal Cautions	3	2		1				1	1	3			11
2008/2009	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	27	55	41	69	52	57	67	78	39	36	25	76	622
Confidential Hotline	11	8	9	3	13	19	10	13	7	12	10	9	124
Interviews	36	29	51	42	22	28	38	40	34	43	42	53	458
Claimant Visits	16	11	20	17	16	8	19	19	2	25	15	10	178
Prosecutions	6	2	3	8	6	3	2		3	1	3		37
Court Summonses	1		1	6		1	1	3	3	3	1	5	25
Admin Penalties	10	1	2	3	2	4	2	6	5	10	4		49
Formal Cautions	3	1		1		1	1		1	1	1		10
2009/2010	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	38	51	61	51	43	57	28	46	16	44	24	38	497
Confidential Hotline	11	18	12	3	13	18	5	11	5	11	4	10	121
Interviews	22	22	30	35	31	28	28	27	14	22	20	18	297
Claimant Visits	5	1	19	22	7	11	12		1	4	11	19	112
Prosecutions	8	2	9	1	5	8	5	1	5	2	6		52
Court Summonses	6	1	2	1		4	3	5			8	1	31
Admin Penalties	7	3	8	8	6	4	2	6	8	1	1		54
Formal Cautions	1			1			2		1	1			6
2010/2011	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	21	44	44	39	47	51	41	39	25	56	59	76	542
Confidential Hotline	5	10	9	9	13	15	15	10	7	7	9	17	126
Interviews	12	11	5	14	8	27	16	19	9	31	20	30	202
Claimant Visits	1	5	4		4	9	4	7		4	7	9	54
Prosecutions	6	3	3	3	6	4	3	1	5	1	3		38
Court Summonses	1	3	3		2	2	1	2		3	3	1	21
Admin Penalties	8	1	2	3		3	1			3	2	2	25
Formal Cautions	2			1	1	1			1		1	1	8
2011/12	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	52	60	56	57	30	64	58	68	31	46	43	39	604
Confidential Hotline	23	11	11	10	4	13	15	11	8	6	5	8	125
Interviews	18	28	24	21	19	10	16	18	17	18	25	21	235
Claimant Visits	10	10	4	3			1	6	6	4	7	7	58
Prosecutions	4	1	2		1	3	2	3		4	5		25
Court Summonses		3	1	5	4	1	7	3	1	1		2	28
Admin Penalties	6	10	4	5	8	3	4	2	2	1	1		46
Formal Cautions	1		1	1	1	1			1	2			8
2012/13	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Number of Cases	37	41	13	40	26	36							193
Confidential Hotline	8	10	5	10	8	8							49
Interviews	2	16	18	13	16	6							71
Claimant Visits	1		5	5	5	9							25
Prosecutions	4	5	1		4	3							17
Court Summonses	2	3		3	7								15
Admin Penalties	15	5	5	2	2	5							34
Formal Cautions		1											1



Risk Ref	Department	Division	Section	Risk / Consequences and Risk Category	Risk Owner	Existing Controls and Proposed Actions
CEX/AUD.0021	Chief Executive's	Audit	Audit	Failure to identify and highlight frauds and weaknesses in the system of internal control  Professional - Operational	Luis Remedios	<p><b>Controls:</b></p> <ol style="list-style-type: none"> <li>1. Audit plan</li> <li>2. Reports, advice and guidance to management and members</li> <li>3. Priority 1 recommendations reported to Audit Sub-Committee</li> <li>4. Adequate and effective financial regulations</li> <li>5. Adherence to CIPFA code of audit practice</li> </ol> <p>-----</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>- Delivery of audit plan</li> <li>- Reports to Audit Sub-Committee</li> <li>- Follow up audits</li> </ul>
CEX/COM.0007	Chief Executive's	Communications	Communications	Failure to handle crisis communications in a major incident correctly  Political - Strategic	Chief Executive	<p><b>Controls:</b></p> <ol style="list-style-type: none"> <li>1. Emergency plan</li> <li>2. Close liaison with Emergency Services</li> <li>3. Liaison with team, periodic refresher training</li> <li>4. Well trained senior spokespeople</li> <li>5. Learning from London Resilience Team, Home Office Guidance etc.</li> </ol> <p>-----</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>- Regular refresher sessions on communications issues with wider team</li> <li>- Assessment of communications training needs of senior plan officers / spokespeople</li> <li>- Review of resources available to staff communications activities (media, public helplines etc.)</li> </ul>
CEX/IEE.0353	Chief Executive's	Organisational Improvement	Improvement, Effectiveness and Efficiency	Failure to deliver on efficiency projects with the Organisational Improvement Programme will result in savings having to be made elsewhere, for example frontline services  Political - Strategic	Chris Spellman	<p><b>Controls:</b></p> <ol style="list-style-type: none"> <li>1. Programme Board set up chaired by Chief Executive with cross-organisation representatives and monthly monitoring reports</li> </ol> <p>-----</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>- Closer Member engagement and involvement in OIP process</li> </ul>

ECS/ALL.0245	Education and Care Services	All ECS Divisions	All ECS Sections	<p><b>Council Budget Savings</b></p> <p>Risk of not achieving savings</p> <p>Financial - Strategic</p>	Director ECS	<p><b>Controls:</b></p> <ol style="list-style-type: none"> <li>Existing financial risk management strategies.</li> <li>Medium Term Financial Strategy.</li> </ol> <p>-----</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>Monitor and review achievement of savings and their effect.</li> <li>Achievement of savings requires changes in planned service activity and staff re-organisation.</li> <li>Invoke established HR procedures for managing redundancies and redeployment.</li> <li>Investigate potential for sold services.</li> </ul> <p>-----</p> <p><b>Financial Implications:</b></p> <ul style="list-style-type: none"> <li>Savings are embedded in the budget. Risks reviewed monthly by managers/finance to monitor the potential financial impact.</li> <li>Generally the cuts in LA funding will have an impact as ECS will have to find additional savings in future years like all other departments. There is a risk around whether we can provide our statutory duties and whether there is the critical mass to provide services to the schools that remain maintained. Council is lobbying Govt on these issues.</li> </ul>
ECS/ALL.0247	Education and Care Services	All ECS Divisions	All ECS Sections	<p><b>Inspections - ECS Services</b></p> <p>Risk of poor inspection outcomes for ECS Services.</p> <p>Annual Ofsted inspection of Children's Services (Nov 2011) resulted in a Rating of 3 out of 4 - 'Performs Well'.</p> <p>Professional - Operational</p>	Director ECS	<p><b>Controls:</b></p> <ol style="list-style-type: none"> <li>Robust performance management at manager, Member and Partnership Board level.</li> <li>Learning from other local authorities.</li> <li>Good project management and achievement of key milestones.</li> </ol> <p>-----</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>Strengthen areas of weakness.</li> <li>ECS Strategic Plan achieves desired outcomes.</li> <li>Strive for 'outstanding' judgements in 2012 inspections through robust monitoring and review of service provision and good preparation for scheduled inspections.</li> <li>Production of Action Plans following inspections.</li> </ul>

ECS/ALL.0374	Education and Care Services	All ECS Divisions	All ECS Sections	<p><b>Academy Status</b></p> <p>Impact of Academies Act - uptake of Academy Status by schools results in following risks:</p> <ul style="list-style-type: none"> <li>- financial; loss of budget to ECS Dept and Council as a whole;</li> <li>- strategic; implications for LA strategic responsibilities e.g. pupil place planning, school org'n, pupil adms, SEN position, excluded pupils, School Improvement, safeguarding, child protection, Looked After Children;</li> <li>- local Education framework; unity, cohesion, collective accountability, future capacity of the Local Authority.</li> </ul> <p>The more schools that attain Academy Status the higher the financial impact on the LA.</p> <p>Financial threat to the Local Authority as a whole has resulted in this being flagged as a 'Corporate' Risk.</p> <p>Financial - Operational</p>	Director ECS/ Chief Executive	<p><b>Controls:</b></p> <p>1. Monitor and review Government announcements and plan accordingly.</p> <hr/> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>- Assess and manage impact and plan accordingly; 16 of the 17 Sec Schools &amp; 15 of the 74 Primary Schools had attained Academy Status by Sept 2012.</li> <li>- LBB Finance Officers have modelled the financial implications to enable assumptions to be made about 'Top Slicing' - this includes CYP functions, HR, Property, Finance and Legal Services.</li> <li>- Investigate selling Council Services to schools.</li> </ul> <hr/> <p>Financial Implications: SEE BELOW</p>
ECS/ALL.0374	Education and Care Services	All ECS Divisions	All ECS Sections			<p>Financial Implications:</p> <ul style="list-style-type: none"> <li>- The uncertainty of the actual number of schools becoming academies. There are time delays between being able to reduce expenditure (downsizing of services, HR rules etc.) and the funding being removed from the LA.</li> <li>- Removal of DSG funding from centrally funded CYP Services. This is dependent upon the actual number of conversions, but there is a risk that there may be insufficient remaining funding to deliver the statutory support functions to schools remaining LA maintained.</li> <li>- Removal of RSG for 2012/13 ltd to £1.4m already known about in previous budget rounds. 2013/14 potential top slice remains unclear-current estimates suggest add'l £3m will be removed from the budget. Potential that RSG would not accurately reflect the savings that could be achieved or leave sufficient funding for statutory or regulatory functions.</li> <li>- Potentially huge cuts in RSG and DSG in 2013/14.</li> <li>- Issues around further reductions in Council services as a result of this, implications on sold services.</li> </ul>

ECS/LEA.0320	Education and Care Services	Education	Learning	<p><b>School Standards - Under-Performance in Primary Schools</b></p> <p>Failure to improve under-performance in Primary Schools against a background of down-sizing the School Improvement Service as a result of re-organisation following Departmental budget reductions. The reduction in the number of inadequate primary schools was one of the 2 priorities for action identified in the Annual Ofsted inspection of Children's Services (Dec 2010).</p> <p>Sustain and improve standards in Bromley schools and deal effectively with the schools causing concern.</p> <p>Professional - Operational</p>	AD Education	<p><b>Controls:</b></p> <p>1. Primary School Improvement Policy.</p> <p>-----</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>- Re-organisation of School Improvement Service spring 2011.</li> <li>- Aim of primary school improvement policy is to raise standards in all Bromley schools and reduce disparity of performance.</li> <li>- Ensure early intervention in schools where there is cause for concern.</li> <li>- Target support to bring schools out of special measures.</li> <li>- Categorise schools according to need and deploy resources appropriately to ensure bespoke support/challenge.</li> <li>- Evaluate effectiveness of the support provided to schools causing concern through detailed plans for improvement and ensure accountability rests with school stakeholders.</li> </ul> <p>-----</p> <p><b>Financial Implications:</b></p> <ul style="list-style-type: none"> <li>- If schools start to fail and/or school standards start to fall we may have to put funding in to support this. This is a LA function. However this would be limited as funding already cut. May have to use schools funding to support this. Schools moving to academies would mean we would not have this responsibility. As schools turn to academies there is also a risk of the LA not having the critical mass to offer services to the remaining schools.</li> </ul>
ECS/HSN.0371	Education and Care Services	Housing Needs	Housing Needs	<p><b>Bed &amp; Breakfast</b></p> <p>Housing client pressures and the effects of bed and breakfast accommodation. Rising use and cost of B&amp;B.</p> <p>Social - Strategic (sub: Operational - Financial)</p>	Sara Bowrey	<p><b>Controls:</b></p> <p>1. Housing avoidable contact Project</p> <p>2. Continue to focus on preventing homelessness and diversion to alternative housing options</p> <p>-----</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>- Seeking new and alternative forms of temporary accommodation and supply</li> </ul>
ENV/ALL.0209	Environmental Services	Public Protection	All ENV Sections	<p>Failure to implement and keep up-dated effective council-wide Business Continuity Plans</p> <p>Reputational - Strategic</p>	Steve Lewis	<p><b>Controls:</b></p> <p>1. Key critical systems identified</p> <p>2. Updating Business Continuity Plan and database (Civil Contingencies Act 2004)</p> <p>3. Emergency Planning and Business Continuity training</p> <p>-----</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>- Testing and Exercising of BCM Plans by Department now being implemented</li> <li>- Corporate Register now being developed to show Departmental BCM Plans outlining location and its owners, review and exercising dates</li> <li>- Individual service continuity plans to be updated annually</li> <li>- Contractors' BCPs to be checked annually</li> </ul>

ENV/FSL.0038	Environmental Services	Public Protection	Food, Safety and Licensing	<p>Outbreak of infectious disease / flu pandemic - Disruption to normal services due to staff sickness, high demand on services from community increased numbers of deaths</p> <p>Environmental - Operational</p>	Clive Davison	<p><b>Controls:</b></p> <p>1. Notifiable Infectious Disease Protocol in place (with Health Protection Agency) including out of hours provision</p> <p>2. Flu Pandemic Plan also in place</p> <p>-----</p> <p><b>Actions:</b></p>
ENV/TAH.0157	Environmental Services	Transportation and Highways	All TAH Sections	<p>Operational Emergencies (e.g. extreme heat, storms, floods, snow)</p> <p>Physical - Operational</p>	Paul Symonds	<p><b>Controls:</b></p> <p>1. Emergency Plan</p> <p>-----</p> <p><b>Actions:</b></p> <p>- Cross discipline trained Local Authority Liaison Officers</p> <p>- Invicta out of hours service - published number and escalation procedure</p>
	Public Health	Public Health	Public Health	<p><b>Tobacco</b></p> <p>Failure to meet the four week quitter target</p> <p>Contractual and Partnership - Operational</p>	Nada Lemic / Khamis Al-alawy	<p><b>Controls:</b></p> <p>1. HIS contract meetings and smoking cessation performance group</p> <p>-----</p> <p><b>Actions:</b></p> <p>- Performance reports from the stop smoking service are sent weekly, monthly and quarterly to Public Health.</p> <p>- Public Health have secured QIPP funding to commission Solutions4Health for additional quitters in 12/13.</p> <p>- CQUINs for BHC, Oxleas and SLHT have been ratified and we expect to see more referrals into the stop smoking service in Q3&amp;Q4.</p> <p>- We are also undertaking other workstreams to support smoking quitters i.e. we have secured QIPP funding to incentivise all smoking cessation LES providers to undertake NCSCCT level 1&amp;2 training. This will improve staff performance.</p> <p>- We are also undertaking a review of NRT and pregnancy, a tobacco prevention health needs assessment and developing a local tobacco control strategy (2012-2015).</p>
	Public Health	Public Health	Public Health	<p><b>Emergency Planning</b></p> <p>The risk of a major infectious disease outbreak e.g avian flu, causing mass fatalities</p> <p>Environmental - Operational</p>	Angela Bhan / Sonia Colwill	<p><b>Controls:</b></p> <p>1. Robust plans are in place, including Outbreak Plan, Flu Plan and Pandemic Flu Plan.</p> <p>2. Alert system via the SEL HPU is in place with regular monitoring of reports.</p> <p>3. Annual Flu vaccination programme in place.</p> <p>-----</p> <p><b>Actions:</b></p>
R&R/HSD.0370	Renewal and Recreation	Housing Development and Strategy	Housing Development	<p><b>Capital Grant</b></p> <p>Lack of availability of Capital Grant to deliver key schemes for range of client groups and corporate / portfolio plan priorities especially from 2011/14 Housing Communities Agency (HCA) programme</p> <p>Financial - Operational</p>	Kerry O'Driscoll	<p><b>Controls:</b></p> <p>1. Areas identified</p> <p>-----</p> <p><b>Actions:</b></p> <p>- Planning to address impact</p>

R&R/HSD.0372	Renewal and Recreation	Housing Development and Strategy	Housing Development	<p><b>Planning Permission</b> Lack of planning permission. Significant reduction in applications and starts due to economic downturn.</p> <p>Financial - Operational</p>	Kerry O'Driscoll	<p><b>Controls:</b> 1. Areas identified</p> <p>-----</p> <p><b>Actions:</b> - Planning to address impact</p>
R&R/TCD.0281	Renewal and Recreation	Planning	Town Centre Development	<p>Failure to secure development on key sites due to the downturn in the economy</p> <p>Economic - Strategic</p>	Kevin Munnelly	<p><b>Controls:</b> 1. Renewal team to proactively seek to broker developer interest</p> <p>-----</p> <p><b>Actions:</b> - In tandem with the Area Action Plan (AAP) currently being implemented to continue dialogue with interested parties, development agents and consultants</p>
RES/LDC.0099	Resources	All LDC Divisions	All LDC Sections	<p>Failure to meet the current and changing needs of customers; risk of censure at local level</p> <p>Customer / Citizen - Strategic</p>	Director RES / Joy Connor	<p><b>Controls:</b> 1. Systematic consultation 2. Robust internal customer service standards 3. Continuous learning and feedback</p> <p>-----</p> <p><b>Actions:</b></p>
RES/ALL.0075	Resources	All RES Divisions	All RES Sections	<p>Failure to deliver project stated aims within timescale or budget as a result of project management failings</p> <p>Personnel - Operational</p>	All RES Managers	<p><b>Controls:</b> 1. Effective training in project management techniques</p> <p>-----</p> <p><b>Actions:</b> - Identify key management staff - Through PADS/PRP, identify need for and provide project management training</p>
RES/ALL.0077	Resources	All RES Divisions	All RES Sections	<p>Breach of statutory obligations through failure of compliance with relevant legislation (e.g. Freedom of Information, Health and Safety, Disability Discrimination)</p> <p>Legal - Operational</p>	All RES Managers	<p><b>Controls:</b> 1. Register of all relevant statutory requirements 2. Regular review of compliance 3. Effective training of managers in requirements of relevant legislation</p> <p>-----</p> <p><b>Actions:</b> - Identify, document and review all relevant statutory requirements - Identify and train all staff responsible for meeting statutory requirements</p>

RES/FIN.0019	Resources	Finance	All Finance Sections	Systems for identifying and alerting managers on budgetary failures  Financial - Operational	Lesley Moore	<p><b>Controls:</b></p> <ol style="list-style-type: none"> <li>1. Bi-monthly budget monitoring to DMTs, and COE after reporting to service managers. Annual timetable produced, standards agreed and implemented</li> <li>2. Reports during June to March period with early warnings/key budget areas identified during remainder of year.</li> <li>3. Escalation routes agreed re overspend areas including option of early reporting to Members</li> <li>4. Review and continuation of Heads of Finance obtaining 'sign off' budget monitoring statements with managers establishing the robustness of the systems</li> <li>5. Heads of Finance required to review systems and introduce improvements</li> <li>6. Monthly monitoring of key budget areas where high risk of volatility in projections e.g. SEN, SS placements, parking income and report impact of economic downturn</li> <li>7. Budget monitoring reports to include identification of impact on future years</li> <li>8. Monthly full budget monitoring reports available to budget holders</li> </ol> <p>-----</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>- Formal structures and procedures in place for monitoring and corrective action to minimise risk (Process and structures to be reviewed monthly)</li> <li>- Implemented changes to monitoring arrangements to support any further structural / accountability changes</li> </ul>
RES/FIN.0282	Resources	Finance	All Finance Sections	Failure to produce and deliver a balanced budget which meets priorities.  Greater financial uncertainty to reflect impact of public finances and austerity measures. Reduced income during the current economic period, whilst key service pressures due to demographic and other factors remain.  Economic - Strategic	Pete Turner	<p><b>Controls:</b></p> <ol style="list-style-type: none"> <li>1. Management of Risks document covering inflation, capping, financial projections etc. attached to budget reports</li> <li>2. Departmental risk analysis</li> </ol> <p>-----</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>- Regular reporting of financial forecast updates (at least 3 times a year) to provide an update of financial impact and action required</li> <li>- Obtain monthly trend / current data to assist in any early action required</li> <li>- Obtain regular updates / market intelligence</li> </ul>
RES/TEC.0298	Resources	Finance	Technical and Control	Banking failure  Financial - Operational	Martin Reeves	<p><b>Controls:</b></p> <ol style="list-style-type: none"> <li>1. Annual investment strategy</li> <li>2. Review of counterparty list</li> <li>3. Monitoring via Sector (external advisors)</li> <li>4. CIPFA Treasury Management Code of Practice</li> </ol> <p>-----</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>- Quarterly reports to Executive</li> <li>- Quarterly reports to PDS and Portfolio Holder</li> <li>- Detailed review of approach</li> <li>- Intensified monitoring of position</li> <li>- Adoption of Code of Practice</li> <li>- Approval of annual strategy by Full Council (February)</li> </ul>

RES/TEC.0299	Resources	Finance	Technical and Control	<p>The Pension Fund does not have sufficient resources to meet all liabilities as they fall due:</p> <ol style="list-style-type: none"> <li>1. Investment markets fail to perform in line with expectations</li> <li>2. Market yields move at a variance with assumptions</li> <li>3. Investment managers fail to achieve their targets over the longer term</li> <li>4. Longevity horizon continues to expand</li> <li>5. Deterioration in pattern of early retirements</li> <li>6. Changes to regulations e.g. more favourable benefits package</li> <li>7. Administering authority unaware of structural changes in an employer's membership e.g. large fall in employee members, large number of retirements</li> </ol> <p>Financial - Operational</p>	Pete Turner	<p><b>Controls:</b></p> <ol style="list-style-type: none"> <li>1. Financial: Monitoring of investment returns - analysis of valuation reports</li> <li>2. Demographic: Longevity horizon monitored at triennial reviews - quarterly review of retirement levels</li> <li>3. Regulatory: Monitor draft regulations and respond to consultations - actuarial advice on potential where appropriate</li> <li>4. Governance: Encourage other employers to keep Council informed of changes. Bromley Mytime employer's contribution rate to be reviewed annually towards end of contract</li> </ol> <p>-----</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>- Quarterly reports to Pensions Investment Sub-Committee</li> <li>- Funding Strategy Statement</li> <li>- Statement of Investment Principles</li> <li>- Communications Policy</li> <li>- Governance Policy</li> <li>- Triennial valuation by actuary</li> </ul>
RES/TEC.0300	Resources	Finance	Technical and Control	<p>Failure to manage and control Treasury Management activities:</p> <p>Liquidity, Interest rate, Exchange rate, Inflation, Credit and counterparty, Refinancing, Legal and regulatory risks</p> <p>Financial - Operational</p>	Martin Reeves	<p><b>Controls:</b></p> <ol style="list-style-type: none"> <li>1. Regular strategy meetings</li> <li>2. Use of external advisors</li> <li>3. Internal Audit review of activities</li> <li>4. Reporting to Members</li> <li>5. Adoption of CIPFA Treasury Management Code of Practice</li> </ol> <p>-----</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>- Periodic reviews of approach in light of economic downturn</li> </ul>
RES/TEC.0305	Resources	Finance	Technical and Control	<p>Capital income shortfall due to a reduction in capital receipts and delays in disposals as a result of the economic downturn</p> <p>Economic - Strategic</p>	Tracey Pearson	<p><b>Controls:</b></p> <ol style="list-style-type: none"> <li>1. Close monitoring of spend and income</li> <li>2. Reporting to Members</li> <li>3. Tight control of spending commitments</li> </ol> <p>-----</p> <p><b>Actions:</b></p>

SEE ATTACHED WORKSHEETS FOR GUIDANCE RE: RISK MATRIX, IMPACT GUIDELINES, LIKELIHOOD GUIDELINES



## INSTANT GUIDE TO RISK MANAGEMENT

Appendix G

The Process	Identify your risks	Assess your risks	Control your risks	Monitor and Review your risks
<p>Risk Management is an important element of the system of internal control. It is based on a process designed to identify and prioritise risks to achieving Bromley's policies, aims and objectives.</p> <p>The Risk Management process is a continuous cycle:</p> <p>Using your objectives Identify your risks&gt; Assess your risks &gt; Control your risks&gt; Monitor and Review your risks.</p> <p>Useful definitions:</p> <p><b>Risk Management</b> is the identification, analysis and overall control of those risks which can impact on the Council's ability to deliver its priorities and objectives.</p> <p><b>Risk</b> is the chance of something happening which will have an impact on objectives.</p> <p>The message is that if you don't manage your risks then you are unlikely to achieve your objectives</p>	<p>Brainstorming session using IE&amp;E plans and departmental objectives, to identify threats and opportunities.</p> <p>Useful analytical tools:</p> <p><b>Political</b> <b>Economic</b> <b>Social</b> <b>Technological</b> <b>Legal</b> <b>Environmental</b></p> <p><b>PESTLE</b> provides a simple and useful framework for identifying and analysing external factors which may have an impact on your service.</p> <p><b>Strengths</b> <b>Weaknesses</b> <b>Opportunities</b> <b>Threats</b></p> <p>Using the <b>PESTLE</b> output <b>SWOT</b> is a technique that can help a service to focus on areas for improvement and opportunities that could be pursued.</p> <p>Remember if it can go wrong it will go wrong.</p>	<p>We use a 5 x 5 matrix to assess risks (see Risk Matrix worksheet).</p> <p>Risk is scored using the RAG traffic light system:</p> <p>Red = High Amber = Medium Green = Low</p> <p>There are two risk variables that make up the overall risk rating:</p> <p>Impact – how minor / severe is it when it happens?</p> <p>Likelihood – how likely is it / how often does it happen?</p> <p>The Risk Management Toolkit provides detailed guidance on how to score these.</p> <p>Some of these assessments can be based on past experience. In other cases you will need to take a view.</p> <p>We measure both gross risk (before any controls are taken into account) and net or residual risk.</p>	<p>Consider the controls you have in place to mitigate or reduce the risk.</p> <p>What further controls are required? Record these as actions until they are completed.</p> <p>Consider the cost of any controls against the potential benefit gained.</p> <p>What is our <b>Risk Appetite</b>? An element of risk is unavoidable or we would never do anything!</p> <p><b>RETAIN</b> a risk – monitor to ensure the impact and likelihood do not change</p> <p><b>REDUCE</b> a risk – put additional controls in place</p> <p><b>TRANSFER</b> a risk – by insuring or passing the risk to a third party</p> <p><b>AVOID</b> a risk – stop doing the activity</p> <p>Risk of service failure can be minimised by ensuring effective <b>Business Continuity</b> Plans are in place. For guidance contact the Emergency Planning Manager Steve Lewis x4388.</p>	<p>Risks should be reviewed at least annually and whenever your business plans change.</p> <p>Remember risks evolve and change over time. Are the controls still effective?</p> <p>Your aim should be to:</p> <p>Manage <b>threats</b> that may hinder delivery of priorities and maximise <b>opportunities</b> that will help to deliver them.</p> <p>The Bromley Risk Register is maintained centrally by Audit and includes details of the risks, risk owners, controls and actions.</p> <p>Further guidance on <b>Risk Management</b> can be found in the Managers' Toolkit on onebromley. This also provides links to the <b>Risk Management Strategy, Risk Management Toolkit and Risk Register</b>.</p> <p>The site also provides a link to the <b>Health and Safety</b> Unit who carry out H&amp;S risk assessments. For guidance contact the Occupational H&amp;S Manager Elaine Pilkington x4386.</p>

**RISK MATRIX**

**APPENDIX H**

		RISK RATING				
<b>IMPACT</b>	Catastrophic 5	Medium 17	High 22	High 23	High 24	High 25
	Major 4	Medium 12	High 18	High 19	High 20	High 21
	Moderate 3	Low 7	Medium 13	Medium 14	Medium 15	Medium 16
	Minor 2	Low 2	Low 8	Low 9	Low 10	Medium 11
	Insignificant 1	Low 1	Low 3	Low 4	Low 5	Low 6
Description / Score	Remote 1	Unlikely 2	Possible 3	Probable 4	Highly Probable 5	
		LIKELIHOOD				

RISK RATING		
Low Score 1 - 10	Medium Score 11 -17	High Score 18 - 25

Risk Variables – Impact (Severity) Guidelines

APPENDIX I

Description / Score / Risk Examples	Health and Safety	Environmental	Staffing and Culture	Compliance with Regulations	Service Provision	Damage to Reputation	Information and Communication	Financial
<b>Insignificant 1</b>	Incident	No lasting detrimental consequences e.g. noise, fumes of short term duration.	Localised staff and management dissatisfaction causing little or no disruption to services.	Minor breach of internal regulations, not reportable.	Brief disruption to an important service area.  Significant disruption to non-crucial service area.	Complaints from individuals / small action groups.  Negative, but little local media coverage.	Brief inability to access data but no service effect.	Costing less than £5,000
<b>Minor 2</b>	Injury	Detrimental affect for a short period e.g. significant discharge of pollutants in localised area.	Broader based staff and management dissatisfaction impacting on some services	Minor breach of external regulations, not reportable.	Major disruption to an important service area for a short period.  Adverse disruption to non-crucial service area for a period of weeks.	Complaints from local stakeholders.  Adverse local media coverage, being picked up by the national media.	Loss of data for medium period slightly affecting service delivery.	Costing between £5,000 and £50,000
<b>Moderate 3</b>	Serious Injury	Serious discharge of pollutants requiring remedial action.	Localised / national action causing a short term disruption to services.	Breach of internal regulations leading to disciplinary action.  Breach of external regulations, reportable.	Complete loss of an important service area for a short period.  Major disruption to non-crucial service area for a period of weeks.	Broader based general dissatisfaction with the running of the council.  Adverse national media coverage.	Loss of data for significant period moderately affecting service delivery but full data recovery.	Costing between £50,000 and £500,000
<b>Major 4</b>	Fatality	Long term detrimental affect e.g. major discharge of pollutants leading to prosecution.	Resignation / removal of local management leading to a significant deterioration in services over the short term.	Significant breach of external regulations leading to intervention or sanctions.	Major loss of an important service area for a period of weeks.  Major loss of several non-crucial service areas for a period of weeks.	Resignation / removal of CEO / elected Members. Audit Commission enquiry.  Significant adverse national media coverage.	Loss of data for significant period seriously affecting service delivery and recovered data damaged.	Costing between £500,000 and £5,000,000
<b>Catastrophic 5</b>	Multiple fatalities	Extensive harm caused to the local environment e.g. wide spread discharge of hazardous pollutants leading to government intervention.	Significant morale problems, inability to recruit suitable staff resulting in poor quality service delivery over a long period.	Major breach leading to suspension or discontinuation of business or outsourcing / privatisation of key services.	Virtual inability to function.	Delegated powers removed.  Persistent adverse national media coverage.	Operating systems no longer compatible or supported and therefore redundant.  Complete loss of data (inability to retrieve critical service data) leading to service failure for an extended period.	Costing more than £5,000,000

**Risk Variables – Likelihood (Probability) Guidelines**

**APPENDIX J**

<b>Score</b>	<b>Description</b>	<b>Expected Frequency</b>
<b>1</b>	Remote	10-yearly
<b>2</b>	Unlikely	3-yearly
<b>3</b>	Possible	Annually
<b>4</b>	Probable	Monthly
<b>5</b>	Highly Probable	Weekly

1	<p><b>Failure to achieve strategic BBB objectives and organisational change</b></p> <p>Causes:</p> <ol style="list-style-type: none"> <li>1. Departmental business and portfolio plans do not achieve desired outcomes</li> <li>2. Failure to develop and implement key strategies</li> <li>3. Lack of demonstrable progress on the Customer Access Programme</li> <li>4. Failure to progress the Local Plan</li> <li>5. Uncertainty surrounding long term future of schools</li> </ol>
<p><b>RESPONSIBLE OFFICER:</b> TBA</p>	
2	<p><b>Failure to embed effective and robust professional disciplines to drive improvement and enable good practice and consistency in delivering change and the achievement of outcomes and benefits</b></p> <p>Causes:</p> <ol style="list-style-type: none"> <li>1. Failure to strengthen programme and project management arrangements across the council</li> <li>2. Lack of capacity to lead projects and consequent ability to respond to change initiatives</li> <li>3. Failure to embed effective performance management across the organisation</li> <li>4. Failure to embed an effective risk management process throughout the council</li> </ol>
<p><b>RESPONSIBLE OFFICER:</b> Chief Executive</p>	
3	<p><b>Failure to recruit and retain qualified and experienced staff due to shortage of good quality permanent staff in key areas leading to succession planning issues, skills gap and potential deterioration of service quality</b></p> <p>Causes:</p> <ol style="list-style-type: none"> <li>1. Failure to develop and implement effective recruitment and retention strategies</li> <li>2. Deterioration of service quality through loss of experienced staff as a result of age profile of workforce</li> <li>3. Failure to succession plan</li> <li>4. Potential future shortage of professionally qualified practitioners in key areas</li> <li>5. Failure to manage change in the workforce including organisational downsizing</li> </ol>
<p><b>RESPONSIBLE OFFICER:</b> Assistant Chief Executive Human Resources</p>	
4	<p><b>Failure of a contractor / partner / provider to maintain agreed service levels resulting in an interruption to or deterioration of service delivery</b></p> <p>Causes:</p> <ol style="list-style-type: none"> <li>1. Failure of a contracted provider</li> <li>2. Potential for operational errors by contractors</li> <li>3. Volatile markets; procurement / commissioning</li> <li>4. PCT and 'health' uncertainty as a result of re-provisioning of services in London sub-regions and NHS reforms</li> </ol>
<p><b>RESPONSIBLE OFFICER:</b> TBA</p>	
5	<p><b>Failing to develop IT information systems to reliably support departmental service delivery and to promote efficiency; data collection and management information quality (including our partners)</b></p> <p>Causes:</p> <ol style="list-style-type: none"> <li>1. Failure of key business IT systems to reliably support departmental service delivery</li> <li>2. Information systems; established and maintained as fit for business purpose</li> <li>3. Failure to ensure the confidentiality, integrity and availability of information assets</li> </ol>
<p><b>RESPONSIBLE OFFICER:</b> Director Resources</p>	

6	<p><b>Failure to implement an effective council-wide Business Continuity Plan with the result that services are severely disrupted as a consequence of:</b></p> <ol style="list-style-type: none"> <li>1. loss of premises due to explosion / fire / flood etc.</li> <li>2. loss of a key business system due to power problems or system failure</li> <li>3. severe weather conditions</li> <li>4. other factors</li> </ol> <p>Causes:</p> <ol style="list-style-type: none"> <li>1. Unavailability of council depots</li> <li>2. Failure of CCTV system</li> <li>3. Operational emergencies due to severe weather conditions, fire, major incident</li> <li>4. Inadequate IT disaster recovery arrangements leading to dislocation of council services</li> <li>5. IT failure impacting on an operational system e.g. CONFIRM and/or contractor liaison</li> <li>6. Sustained industrial action affecting key service areas</li> <li>7. Flu pandemic</li> </ol>
<b>RESPONSIBLE OFFICER:</b> Director Environmental Services	

7	<p><b>Failure to produce and deliver a sustainable Financial Strategy which meets BBB priorities and failure of individual departments to meet budget</b></p> <p>Causes:</p> <ol style="list-style-type: none"> <li>1. Government funding and 'grant floor'</li> <li>2. Effect of Comprehensive Spending Review, inflation, interest rates etc.</li> <li>3. Failure to meet departmental budgets</li> <li>4. Increased demand on key services resulting in overspends</li> <li>5. Dependency on external grants to fund services - effect if grant ceases</li> <li>6. Capital expenditure (sustainable strategy that meets council priorities; affordable and prudent)</li> </ol>
<b>RESPONSIBLE OFFICER:</b> Finance Director	

8	<p><b>Failure to comply with legislation / statutory obligations</b></p> <p>Causes:</p> <ol style="list-style-type: none"> <li>1. Failure to track change in legislation and policy</li> <li>2. Continued change to government strategy and policies</li> <li>3. Safeguarding agenda</li> <li>4. Equalities agenda</li> </ol>
<b>RESPONSIBLE OFFICER:</b> Director Resources	

9	<p><b>Failure to ensure policies and strategies are 'Fit for Future Purpose'</b></p> <p>Causes:</p> <ol style="list-style-type: none"> <li>1. Failure to adequately consult residents, service users, businesses and other interested parties</li> <li>2. Failure to meet customers' changing needs</li> <li>3. Organisational structure (having the right people and the right finance in place)</li> <li>4. Availability of quality data to support decisions</li> </ol>
<b>RESPONSIBLE OFFICER:</b> TBA	

10	<p><b>Reputational Risk (damage to an organisation through loss of its reputation or standing)</b></p> <p>Causes:</p> <ol style="list-style-type: none"> <li>1. Inspection regime (Value for Money and service inspectorates) and resulting ratings in relation to 'excellent in the eyes of local people'</li> <li>2. Failure to identify and highlight frauds and weaknesses in the system of internal control</li> <li>3. Failure to disseminate 'lessons learned'</li> </ol>
<b>RESPONSIBLE OFFICER:</b> Head of Audit	

# Agenda Item 8

Report No.  
RES12187

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:**       **AUDIT SUB-COMMITTEE**

**Date:**                   **Wednesday 14 November 2012**

**Decision Type:**       Non-Urgent                   Non-Executive                   Non-Key

**Title:**                   **OFFICE ACCOMMODATION STRATEGY**

**Contact Officer:**     Graham Walton, Democratic Services Manager  
Tel: 0208 461 7743   E-mail: graham.walton@bromley.gov.uk

**Chief Officer:**       Mark Bowen, Director of Resources

**Ward:**                   (All Wards)

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1.   Reason for report

- 1.1   At its meeting on 12<sup>th</sup> September the Executive received a report on the refurbishment of the North Block requesting a supplementary capital allocation of £400,000 to ensure successful completion of the project. The report was scrutinised by Executive and Resources PDS Committee at their meeting on 6<sup>th</sup> September 2012. The project has been investigated by Internal Audit and further information is provided elsewhere in this agenda.

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2.   **RECOMMENDATION(S)**

**The Sub-Committee is requested to consider the information set out in the attached report and the comments of the Executive and the Executive and Resources PDS Committee in the attached minutes in conjunction with the information on the project provided elsewhere in this agenda.**

### Corporate Policy

1. Policy Status: Existing Policy:
  2. BBB Priority: Excellent Council:
- 

### Financial

1. Cost of proposal: Estimated Cost: £2.4m
  2. Ongoing costs: Non-Recurring Cost:
  3. Budget head/performance centre: Strategic Property Services
  4. Total current budget for this head: £2m
  5. Source of funding: Capital
- 

### Staff

1. Number of staff (current and additional): Approximately 500 staff are affected by the office moves
  2. If from existing staff resources, number of staff hours: N/A
- 

### Legal

1. Legal Requirement: None:
  2. Call-in: Not Applicable: This report does not involve a further executive decision.
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approximately 500 staff are affected by the office moves
- 

### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable



### 3. COMMENTARY

- 3.1 On 12<sup>th</sup> September 2012 the Executive approved a supplementary capital allocation of £400,000 to ensure successful completion of the refurbishment of the North Block. The same report was scrutinised by Executive and Resources PDS Committee at their meeting on 6<sup>th</sup> September 2012. The minutes from these meetings are attached as appendices 1 and 2, and the report is at appendix 3.
- 3.2 Members at both meetings were concerned at the failure to manage the costs of the project and to alert Members at an earlier stage. The project has been investigated by Internal Audit and further information is provided elsewhere in this agenda.

### 4. POLICY IMPLICATIONS

- 4.1 See attached report.

### 5. FINANCIAL IMPLICATIONS

- 5.1 See attached report.

### 6. LEGAL IMPLICATIONS

- 6.1 See attached report.

### 7. PERSONNEL IMPLICATIONS

- 7.1 See attached report.

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	See attached report.

**Executive – Minutes 12<sup>th</sup> September 2012****58. OFFICE ACCOMMODATION STRATEGY**

Report DRR 12/107

Consideration was given to a report seeking approval to a supplementary capital allocation of £400,000 to cover the additional costs identified following a review of the capital project costs and assessment of the forecast outturn costs against the original budget heads previously reported to the Executive (Minute 124 08.12.10 refers). The programme of works that had been agreed had increased the office space available in the North Block and St Blaise and allowed for the vacation of the Old Town Hall, Exchequer House, Joseph Lancaster and Ann Springman properties. Members were advised that action had been taken where possible to contain the costs within the original capital programme but it became clear that there was likely to be a much greater variation than originally anticipated. A number of budget heads had been identified where the predicted variation was significantly different from the original budget costs and these were detailed in the report.

Members noted that the Executive and Resources PDS Committee when pre-scrutinising the report at its meeting the week before had been very critical of the situation. The Director of Renewal and Recreation circulated at the Executive meeting a list of Key Dates starting from when authority was given to proceed with the works back in December 2010 as requested by the PDS Committee. The Chairman of the PDS Committee advised that there were two issues of concern a) that the project management of the programme of works had not been done as professionally as it should have; and b) it had taken too long to alert the Leader and Executive of the cost overrun. The Chairman stated that he accepted the concerns raised and that the Audit Sub-Committee had been requested to fully investigate the situation and make any necessary recommendations. The Chief Executive accepted that the PDS Committee did not have all the information before it and a full forensic investigation would be carried out and reported to the Sub-Committee. Various other members also expressed their concerns including the Portfolio Holder for Renewal and Recreation who hoped that lessons had been learnt for the future so that any major project had proper qualified consultants.

Councillor Fookes said he was not aware of which services had now moved into the North Block and the Chief Executive undertook to circulate updating information to members regarding occupancy of the North Block.

**RESOLVED that**

- 1) approval be give for a supplementary capital allocation of £400,000 to ensure the successful completion of the programme of works and reoccupation of the North Block; and**
- 2) the results of the Audit examination of the project overrun and any recommendations arising from this be reported back to the Executive.**

**Executive and Resources PDS Committee – Minutes 6<sup>th</sup> September 2012**

**230. PRE DECISION SCRUTINY OF EXECUTIVE REPORTS**

The Committee considered reports on the agenda for the Executive's meeting on 12<sup>th</sup> September 2012.

**(9) Office Accommodation Strategy**

Report DRR12/107

The report outlined a request for a supplementary capital allocation of £400,000 to ensure the successful completion of the refurbishment of the North Block at the Civic Centre following underestimation of the costs of the project. Internal Audit had been involved in examining the project and their report would be considered by the Audit Sub-Committee.

Members were critical of the failure to manage the costs of the project and to alert Members at an earlier stage. The project was managed before he left the Council by the former Chief Property Officer. The Director of Renewal and Recreation reported that a project board had subsequently been set up to oversee all property matters. The Property Board became aware of the full extent of the cost pressures in April 2012 and following Member briefing action was taken to seek to reduce costs wherever possible and a project audit report was commissioned.

The Committee accepted that the additional expenditure would have to be authorised.

**RESOLVED that the recommendations be supported.**

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## PART 1 - PUBLIC

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**Decision Maker:** **Executive**

**Date:** **12 September 2012**

**Decision Type:** Non-Urgent Executive Key

**Title:** **Office Accommodation Strategy**

**Contact Officer:** Cathy Pimm, Head of Asset Management and Strategic Projects  
Tel: 020 8461 7834 E-mail: catherine.pimm@bromley.gov.uk

**Chief Officer:** Marc Hume, Director of Renewal and Recreation  
Tel: 020 8461 7987 E-mail: marc.hume@bromley.gov.uk

**Ward:**

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1. Reason for report

To report that following analysis of the programme of works and the identification of mitigating actions, the forecast outturn costs for this programme of works show a predicted variation against the capital budget of approximately £400,000.

To request a supplementary capital allocation of £400,000.

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2. **RECOMMENDATION(S)**

**Members are requested to approve a supplementary capital allocation of £400,000 to ensure successful completion of the programme of works and reoccupation of North Block.**

### Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Vibrant, Thriving Town Centres
- 

### Financial

1. Cost of proposal: Estimated Cost: £2.4m
  2. Ongoing costs: Non-Recurring Cost
  3. Budget head/performance centre: Strategic Property Services
  4. Total current budget for this head: £2m
  5. Source of funding: Capital
- 

### Staff

1. Number of staff (current and additional): Approximately 500 staff affected by proposed moves
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: None: No statutory requirement or government guidance
  2. Call-in: Applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

- 3.1 On the 8<sup>th</sup> December 2012 the Executive approved in principle a programme of works associated with the Town Hall disposal and for the provision of £1.4 million in the capital programme to be increased to £2 million, subject to full consultation with the Leader and Resources Portfolio Holder prior to making orders for the various works set out in the schedule.
- 3.2 The programme of works included preparation of decant space, vacation of North Block and relocation of staff into the decant spaces, works to North Block including refurbishment of the building, purchase of new furniture and creation of an open plan, fully flexible working environment, reoccupation of North Block and St Blaise.
- 3.3 The programme of works has increased the office space available in North Block and St Blaise, thereby allowing the authority to obtain a rental income from some of the surplus space and to vacate the Old Town Hall, Exchequer House, Joseph Lancaster and Ann Springman.
- 3.4 The Chief Property Officer separated the major building works in North Block into five discrete contracts managed by LBB surveyors and engineers. In addition I S Services have been responsible for the IT and telephony installations in the building and various other contractors have carried out work in connection with other aspects of the project.
- 3.5 A Project Manager was assigned to oversee the programme of works, who reported to the Chief Property Officer and after he retired, to the Property Project Board. The Project Manager left in March to take up alternative employment and a new Project Officer was assigned.
- 3.6 Before the previous Project Manager left, he identified a potential cost pressure. Corrective action was to be taken to contain costs within the original capital programme provision. In order to ensure budgetary control an early task of the new Project Manager was to review the capital project costs and assess the forecast outturn costs against the original budget heads included in the Executive report. This proved to be quite a complex task because of the numerous elements to the works and separate contracts in place. It became clear that there was likely to be a much greater variation than originally anticipated. The Project Board has subsequently been analysing the reasons for the variation and looking at mitigating actions that can be taken to reduce it. Following this exercise a variation of approximately £400,000 has been predicted.
- 3.7 The following table compares the estimated costs included in the original report, the actuals paid as at 23/08/2012 and the forecast outturn costs.

	<b>Budget Heading</b>	<b>Estimated Cost</b>	<b>Actuals to Date</b>	<b>Projected Outturn</b>	<b>Variation</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
1	IT Installation incl VOIP (North Block, Old Palace and St Blaise)	240,000	139,032	263,000	23,000
2	Decanting	80,000	86,893	86,893	6,893
3	Electrical distribution and alterations to Fire Alarm System at North Block	155,000	334,594	410,000	255,000
4	Fit Out	480,000	650,000	650,000	170,000
5	Furniture (North Block & St Blaise)	227,000	75,589	230,000	3,000
6	Mechanical & electrical works	0	62,000	62,000	62,000
7	Miscellaneous works incl reception	50,000	23,550	45,000	-5,000
8	Removals	50,000	60,843	150,000	100,000
9	Roof	87,000	149,430	152,000	65,000
10	Windows	580,000	340,615	340,615	-239,385
11	Sustainable Recycling (North Block furniture)	0	21,635	11,635	11,635
12	Contingency	51,000	0	0	-51,000
	<b>Total Expenditure</b>	<b>2,000,000</b>	<b>1,944,181</b>	<b>2,401,143</b>	<b>401,143</b>

3.8 This leaves a predicted variation of £400,000 against the original budget.

3.9 There are archiving costs associated with this project. A contribution from the eventual sale of the Old Town Hall and Exchequer House will be used to offset them, most of which relate to documents disposed of or archived from the basement of the Old Town Hall.

3.10 There are a number of budget heads, where the predicted variation is significantly different from the original budget costs. They are electrical distribution, fit out, removals and windows (credit). An initial assessment has been undertaken and early indications are that a number of factors have contributed.

### **Electrical Distribution**

The initial budget head was underestimated and did not include the full scope of work that was subsequently specified. This is evidenced by the fact that the lowest tender received for this contract was £334,500. Essential post tender design variations increased the cost and resulted from ongoing departmental reorganisation and the emerging design of the reception and its linkage with Stockwell reception through the automated queuing system.

### **Fit Out**

The initial budget head was low, but based on the information available at the time. The specification issued for tender was generic as the brief did not identify the full extent of the work



required. The timescales for the tendering process were compressed and determined by the project timescales and anticipated occupation date for North Block. Essential post tender design variations increased the cost. Ongoing departmental reorganisation and the emerging design of the reception also impacted on time and costs.

**Removals**

The initial budget has been miscalculated. The predicted variation has been calculated based on a cost per head multiplied by the number of staff moving.

**Windows**

The actual cost was significantly lower than the estimated cost. The estimated cost would have been based on the information and assumptions made at the time.

3.11 In addition to the specific reasons mentioned above, some contracts were running concurrently and delays in one contract had a knock on effect to another contract.

3.12 Delays to completion dates caused by the above factors also resulted in increased costs.

**4. POLICY IMPLICATIONS**

Not applicable

**5. FINANCIAL IMPLICATIONS**

5.1 The original business case outlined in the Executive Report of 8 December identified potential rental income and savings as a result of this programme of work in the sum of £473k per annum. Despite the anticipated overspend the business case is still sound and the objectives will be realised, although the original payback period of 4.2 years will be extended to 5.1 years.

5.2 Members are requested to approve a supplementary capital estimate of £400k to ensure the project is completed successfully and remains within budget.

5.3 As with all capital projects a post-completion review will be undertaken and the outcome will be reported to members.

**6. LEGAL IMPLICATIONS**

Not applicable

**7. PERSONNEL IMPLICATIONS**

Staff are moving into North Block and St Blaise. Strategic Property Services are programming the moves and working with Directors and Managers in the affected departments to ensure efficient relocation.

<b>Non-Applicable Sections:</b>	Policy, Legal
Background Documents: (Access via Contact Officer)	Office Accommodation Strategy(Report to Executive on 8 December)

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# Agenda Item 10

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

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# Agenda Item 11

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of the Local Government Act 1972.

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