

Public Document Pack

Gareth Owens LL.B Barrister/Bargyfreithiwr
Head of Legal and Democratic Services
Pennaeth Gwasanaethau Cyfreithiol a Democraataidd



To: Cllr Tim Newhouse (Chairman)

CS/NG

Councillors: Haydn Bateman, Marion Bateman,
Clive Carver, Peter Curtis, Ian Dunbar, Dunbobbin,
Ron Hampson, Richard Jones, Richard Lloyd,
Mike Lowe, Paul Shotton, Ian Smith and
Arnold Woolley

6 September 2013

Tracy Waters 01352 702331
tracy.waters@flintshire.gov.uk

Dear Sir / Madam

A meeting of the **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE** will be held in the **DELYN COMMITTEE ROOM, COUNTY HALL, MOLD CH7 6NA** on **THURSDAY, 12TH SEPTEMBER, 2013** at **10.00 AM** to consider the following items.

Yours faithfully

Democracy & Governance Manager

A G E N D A

- 1 **APOLOGIES**
- 2 **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**
- 3 **MINUTES** (Pages 1 - 12)
To confirm as a correct record the minutes of the last meeting.

County Hall, Mold. CH7 6NA
Tel. 01352 702400 DX 708591 Mold 4
www.flintshire.gov.uk
Neuadd y Sir, Yr Wyddgrug. CH7 6NR
Ffôn 01352 702400 DX 708591 Mold 4
www.siryfflint.gov.uk

The Council welcomes correspondence in Welsh or English
Mae'r Cyngor yn croesawau gohebiaeth yn y Cymraeg neu'r Saesneg

- 4 **REVENUE BUDGET MONITORING 2013/14 (MONTH 3)** (Pages 13 - 52)
Report of Head of Finance
- 5 **PROCUREMENT AS A FLINTSHIRE FUTURES WORKSTREAM** (Pages 53 - 56)
Report of Head of ICT and Customer Services
- 6 **DATA PROTECTION AUDIT BY THE INFORMATION COMMISSIONER'S OFFICE** (Pages 57 - 80)
Report of Head of Legal and Democratic Services
- 7 **PERFORMANCE REPORTING** (Pages 81 - 88)
Report of Chief Executive
- 8 **CORPORATE RESOURCES FORWARD WORK PROGRAMME** (Pages 89 - 92)
Report of Member Engagement Manager

CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE

11 JULY 2013

Minutes of the meeting of the Corporate Resources Overview & Scrutiny Committee of Flintshire County Council held at Delyn Committee Room, County Hall, Mold CH7 6NA on Thursday, 11 July 2013

PRESENT: Councillor Tim Newhouse (Chairman)

Councillors: Haydn Bateman, Marion Bateman, Clive Carver, Peter Curtis, Ian Dunbar, Ron Hampson, Patrick Heesom, Richard Lloyd, Mike Lowe, Paul Shotton, Ian Smith and Arnold Woolley

SUBSTITUTE:

Councillor Nancy Matthews for Richard Jones

CONTRIBUTORS:

Leader of the Council and Cabinet Member for Finance, Cabinet Member for Corporate Management, Chief Executive, Head of Finance, Corporate Finance Manager, Revenues and Benefits Manager for minute number 21, Benefits Manager for minute number 22, Head of Human Resources and Organisational Development for minute number 23 and Head of Assets and Transportation for minute number 24

IN ATTENDANCE:

Member Engagement Manager and Committee Officer

17. DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)

No declarations of interest were made.

18. MINUTES

Prior to the consideration of the minutes, Councillor Patrick Heesom raised concern about papers being circulated to Members at the start of the meeting. He also expressed his disappointment about two meetings being held on the same day as it was difficult for Group Leaders to be able to discuss the issues with their Members prior to the meetings if substitutes were required. The Chief Executive explained that the papers were presentation handouts and not late reports and that it was standard practice to circulate handouts for presentations at the start of a meeting.

The minutes of the meeting of the Committee held on 13 June 2013 had been circulated to Members with the agenda.

In response to a question from Councillor Haydn Bateman on whether a response had been received from Welsh Government on the application for costs by Streetscene during the severe weather, the Head of Finance said that an update had not been received.

Councillor Heesom asked whether Councillor Marion Bateman had received the information that she had requested on additional superannuation

costs. Councillor Bateman responded that the Corporate Finance Manager had provided her with some information prior to the start of the meeting.

Councillor Heesom also raised a number of issues relating to the Flintshire Futures programme. In response, the Leader referred to a recent meeting of the Flintshire Futures Board which Councillor Heesom had attended as a substitute for Councillor Newhouse, who as Chair of Corporate Resources was a member of the Board. The Leader also spoke of the positive news of the successful negotiations for the Housing Revenue Account subsidy but said that it was not yet known how Flintshire County Council would be affected. Further information would be reported back to the Committee once the details had been received.

Councillor Peter Curtis referred to the third paragraph on page 7 and asked that his comment about not condoning annual leave being used to mask sickness be included. The Member Engagement Manager confirmed that the minutes could be amended.

On being put to the vote, the amendment to the minutes was agreed.

RESOLVED:

That subject to the amendment suggested, the minutes be approved as a correct record and signed by the Chairman.

19. MEDIUM TERM FINANCIAL PLAN 2014/15 - 2018/19

The Head of Finance introduced a report to present the updated Medium Term Financial Plan (MTFP) 2014/15 to 2018/19 for consideration.

The Chief Executive and Head of Finance provided a presentation with the main features being as follows:-

- The 'Bigger' Picture Context
- Organisational & Financial Planning
- MTFP and MTFS
- MTFP – Continuous Development
- Why have two MTFP 'revisions'?
- Re-setting the MTFP – May 2013 and October 2013
- Headline Overview – May 2013
- Assumptions behind the figures
- Funding – the biggest uncertainty/ where we were
- Beyond Scenario 3?
- English Style Reductions?
- WG Funding – possible levels/sensitivity
- Surviving with much less
- MTFP & Budget Timetable – key dates

Councillor Patrick Heesom welcomed what might come forward in the next update in October 2013, but reiterated his concerns about the financial planning framework. He felt that the approach being taken would not fill the funding shortfall which had been reported in the presentation and suggested that no

amount of financial planning would avoid the need for political decisions. He commented on the use of base budgets and referred to the comments of Councillor Arnold Woolley at the previous meeting.

The Chief Executive responded that the starting point for the plan was the amount of Revenue Support Grant and the predictive income from the Government. A significant amount of work was ongoing which included looking at over/underspend trends and discussions would need to include reprioritising some services and possibly losing others. He felt that there would be significant challenges ahead and that it was important to plan for the next four to five years.

The Leader of the Council felt that the presentation included a very stark and overwhelming message and said that these were projections from a national perspective and that national negotiations still needed to be undertaken. He commented on the likely reduction in budgets from Welsh Government and said that if it followed the English way and protected the NHS at the behest of government services, then there needed to be an element for social services too. He explained that discussions were ongoing and added that early clarity from WG about issues such as funding of specific grants was awaited.

In response to a question from Councillor Haydn Bateman, the Head of Finance said that for planning purposes, a 3% rise in Council Tax had been assumed but this was not a policy decision which had been taken for 2014/15 and later years. The Leader reminded Members that this had been the position taken by the previous administration and that it had not been changed at this stage. The Head of Finance explained that a 1% rise in Council Tax would result in an increased amount of income of £0.500m.

Councillor Nancy Matthews asked whether consideration of collaboration with other authorities had been considered. The Chief Executive said that the issue of localities for social care would need to be considered.

RESOLVED:

- (a) That the report be noted;
- (b) That the Committee's comments be forwarded to Cabinet for their consideration.

20. REVENUE BUDGET MONITORING 2012/13 (OUTTURN) AND CAPITAL PROGRAMME 2012/13 (OUTTURN)

Revenue Budget Monitoring 2012/13 (Outturn)

The Corporate Finance Manager introduced a report to inform Members of the Council Fund and the Housing Revenue Account (HRA) outturn for 2012/13 (subject to audit) and the impact of the respective level of reserves at 31 March 2013. These figures were included in the draft Statement of Accounts 2012/13 which would be reported to Audit Committee on 17 July 2013. This report would also be submitted to Cabinet on 16 July 2013.

The final outturn position subject to audit was a net underspend of £4.229m on the Council Fund (underspend of £4.313m at Month 12) and a net underspend of £1.076m on the HRA (underspend of £1.047m at Month 12). The significant changes for the Council Fund from Month 12 were detailed in appendix 1 and the significant in-year variances at final outturn were detailed in appendices 2 to 6 for the Council Fund and appendix 8 for the HRA.

Paragraphs 3.05 to 3.08 provided details of the outcome of a review undertaken by each Head of Service to look at the reasons for, and the timing of variances occurring towards the end of the year and the reasons for the variances could be classified into five main themes which were detailed. Corporate Management Team had identified and agreed a range of actions to strengthen budget management and reporting in the light of the issues identified.

A brief overview of the year was highlighted in paras 3.13 – 3.19 and summary on the achievement of efficiencies were reported and showed the overachievement in efficiencies of £2.205m which was mainly due to the significant reduction in spend on Out of County Placements within Community Services and Lifelong Learning.

The latest position on Unearmarked reserves was reported and as a result of the movements, the final level of contingency reserve was £3.409m. However, It was recommended in the report that the winter maintenance reserve be reinstated to the value of £0.250m and that the remaining £3.159m be held in the contingency reserve at this stage and its use considered within the context of the Medium Term Financial Plan (MTFP) and 2014/15 budget strategy as a key strategic decision.

On the HRA the final outturn for 2012/13 showed an underspend of £1.076m which resulted in a closing balance (subject to audit) at 31 March 2013 of £1.931m which at 6.98% of the total expenditure exceeded the recommended minimum level of 3%. Paragraphs 6.04 to 6.06 provided a brief overview of the year.

Capital Programme 2012/13 (Outturn)

The Corporate Finance Manager introduced a report to provide Members with the Capital Programme outturn information for 2012/13 which would also be submitted to Cabinet on 16 July 2013.

He explained that an incorrect version of appendix C had been included with the report, and he therefore circulated an amended version to Members. The report set out how the programme had changed during 2012/13 with the revised figures of final spend being £26.454m for Council Fund and £10.742m for Housing Revenue Account (HRA).

Detailed cumulative information relating to each programme area was provided and a summary of those changes made to the programme during the last quarter was provided in appendix B. Further savings of £0.237m within ICT infrastructure projects were identified in the final quarter, in addition to the £0.491m previously reported bringing the total to £0.728m.

The final outturn across the whole programme amounted to £37.196m representing 87.7% of the revised total of £42.330m. The Capital Expenditure/Outturn against revised budget was reported and the significant variances greater than £0.025m were individually listed in appendix C.

Section 3.06 provided detail of the amount of rollover carried forward into the following year. The final amount of rollover was £8.750m of which £3.6m was identified at month 9 in view of revised spending plans. This compared to rollover of £7.762m the previous year.

Councillor Haydn Bateman referred to paragraph 3.05.3 and asked for an explanation of the contents of the graph which the Corporate Finance Manager provided.

Update on the initial forecast – Revenue Budget Monitoring 2013/14

The Corporate Finance Manager provided a short presentation on the initial forecast which covered the following areas:-

- Revenue Budget Monitoring 2013/14
- Strengthening Financial Control
- Key Service Functions Under Review
- Summary

He also circulated an appendix showing an early projection on Council Fund Budget Monitoring for 2013/14 and the MTFP for 2014/15.

RESOLVED:

That the reports be noted.

21. WELFARE REFORM UPDATE

The Revenues and Benefits Manager introduced the report to update Members on the latest position regarding Welfare Reform.

He detailed the background to the report and explained that the Welfare Reform Board had met on 1 July 2013 and had decided that the successful implementation of the Welfare Reform Strategy had been completed and that future reporting would be through Cabinet and this Committee. On the issue of the Council Tax Reduction Scheme, there had been no impact for Welsh Councils for 2013/14 due to funding of £22m being made available by Welsh Government, however it was not yet known if there would be any changes to the scheme for 2014/15 and whether there would be any impacts as a result of any changes.

New rules had been implemented from 1 April 2013 for tenants who were under occupying their property and had resulted in 1,477 working age social housing tenants having their housing benefit reduced losing housing benefit totalling £922,000 per annum. A significant amount of work had been undertaken with tenants but the main problem was the lack of smaller properties to move tenants to. The Benefit Cap would be implemented between July and September

2013 and current information indicated that 44 Flintshire households would be affected and that in total they would lose combined annual welfare benefit income of £153,000. However this figure could be lower once each claim had been analysed and the number of households affected due to the exemptions identified.

Personal Independence Payments (PIP) would replace Disability Living Allowance and approximately 4,000 Flintshire households would be reassessed under the PIP criteria by 2017. The Revenues and Benefits Manager referred to the Discretionary Assistance Fund and explained that this was being undertaken by Northgate Financial Services and information on the service had been circulated which included contact details. He also provided information on the Local Support Services Framework, Advice Management Board, Empowering Flintshire's Communities and the Welfare Reform Response Team which was funded up to 31 March 2014. He also circulated an update about Universal Credit which reported that an announcement had been made the previous day that Shotton was to be a pilot area for the implementation of Universal Credit from October 2013. It was anticipated that this would affect 30 claimants in the Shotton area due to the restrictive criteria for eligibility.

The Leader of the Council spoke of the significant impacts that the Welfare Reform changes would have on Flintshire residents and said that the Welfare Reform Board had been set up to bring together local agencies who could provide assistance for those affected by the changes. A number of policies had been changed by Flintshire County Council such as the Fair Debt Policy as a result of the introduction of Welfare Reform. He raised serious concerns about why Shotton had been chosen as a pilot area and suggested that contact be made with the Government to highlight the concerns.

The Chairman explained that the report on Discretionary Housing Payments Update would now be presented to the Committee and would be followed by questions from Members on the Welfare Reform Update and Discretionary Housing Payments Update.

RESOLVED:

- (a) That the report be noted; and
- (b) That a letter be drafted to the Department for Work and Pensions about why Shotton had been chosen as a pilot area for the October 2013 roll out of the Universal Credit.

22. DISCRETIONARY HOUSING PAYMENTS UPDATE

The Benefits Manager introduced the report to provide an update in relation to Discretionary Housing Payments (DHP) following the consultation and adoption of the DHP Policy for 2013/14.

She detailed the background to the report and explained that the resource available for DHP was a total of £544,645 which was £302,526 from Flintshire County Council and £242,119 from the Department of Work and Pensions (DWP). Many households would suffer significant financial challenges due to the

implementation of the changes to Welfare Benefits and a policy had been developed to detail the administration and processes that were to be followed when implementing the scheme and awarding financial assistance. The objectives of the DHP scheme were reported and the Benefits Manager explained that the payments were designed to be a last resort, short term or lump sum payments to assist people to meet their housing costs to help them to achieve a sustainable situation for the future. Applications for DHP had increased by 42% when compared to the same period last year and in the first quarter of this year 186 applications had been processed. Almost 90% of the applications were due to welfare reform changes with the majority being as a result of reductions in Housing Benefit due to over occupation when tenants had spare rooms in their property. Two decisions by the staff assessing applications had been subject to a first stage review by Team Leaders and in both cases, the original decisions were overturned and both claims paid following receipt of additional information. Current expenditure was around £46,000 which equated to 8.5% of the total amount provided for in this year but it was expected that this would start to increase steadily over the next few months with a more significant increase due to the impacts of the Welfare Reform Programme.

Councillor Ron Hampson said that 40% of appeals were being overturned and asked whether assistance was being provided to those who appealed as the appeal process could take up to 12 months to complete. The Revenues and Benefits Manager responded that help and advice would be provided and that the key issue was providing support to those who needed it.

The Chief Executive explained that Flintshire County Council had taken a proactive approach by undertaking a mapping exercise to identify those who would be affected by the benefit changes and provided as much assistance and guidance as was possible. On the issue of Shotton being included in the Universal Credit pilot scheme, the Chief Executive expressed his surprise that he had been notified only hours before an announcement in Parliament, with no prior notice. He felt that the selection may have been due to Flintshire County Council being recognised at a high level for its preparations for Welfare Reform but expressed his concern at the small number of pilot areas that had been chosen.

Councillor Ian Dunbar queried what would happen to those affected by Welfare Reform when then DHP had been utilised. He also felt that the statement by the Minister that more foodbanks were being set up because of the growing demand was a disgrace. In response to a comment from Councillor Clive Carver, the Chief Executive confirmed that he had received a telephone call the previous day to confirm that Shotton, Deeside was one of the areas included in the pilot scheme from October 2013. He also expressed his disappointment about the continuing comments of Members about late papers being circulated at the start of meetings. He explained that what had been circulated today were copies of the presentations which had been presented and an update on Welfare Reform which Flintshire County Council had only been informed of the day before this meeting.

Councillor Ian Smith asked whether social landlords were changing their policies about prospective tenants depending on their ability to pay. The Revenues and Benefits Manager confirmed that payments to landlords for rent would reduce if the tenants were over occupying the property. He said that the

cost of welfare reform was falling on local authorities and reminded Members that DHP was a pot of money that would not be replaced when it was used up. The Head of Finance said that the Head of Housing would be able to advise Members of the work ongoing with registered social landlords about making the best use of housing stock. The Leader of the Council said he had not received any updates of the policies of registered social landlords and added that he would speak to the Head of Housing on the issue.

Councillor Peter Curtis felt that Welfare Reform was the first steps to dismantling the welfare state and said that disabled people were being targeted and added that the results of the assessments of claimant's ability to undertake work could not be justified. He thanked the team for the work undertaken by Flintshire County Council.

RESOLVED:

That the report be noted.

23. ATTENDANCE MANAGEMENT PERFORMANCE AND AREAS OF IMPROVEMENT

The Head of Human Resources and Organisational Development introduced the report to:-

- Analyse the performance of the organisation in relation to management of attendance;
- Set out Corporate Management Team's plan and commitment to achieve improvements in performance;
- Identify the measures currently being taken;
- Identify actions planned for implementation; and
- Consider further options to improve attendance levels across the organisation.

The Head of Human Resources and Organisational Development explained that this was a follow up to the Workforce Information report submitted to Committee in June 2013. The indicator of the number of working days lost per employee was reported as having a 'Red' RAG status for performing below the target for the first three quarters of 2012/13 and the annual outturn for 2012/13 had been 11.03 days lost against a target of 9.8 days. The report highlighted effective measures for managing attendance which were used by other organisations and detailed the arrangements currently in place for return to work interviews and referrals to Occupational Health at the appropriate stage. Heads of Service were provided with monthly management information on long and short term absences and patterns of absence which they cascaded down to their managers as an additional prompt to take the necessary actions to manage attendance issues effectively and within appropriate timeframes.

Some of the measures put in place to improve attendance were reported and these included the introduction of a physiotherapy pilot in the Streetscene Service and the appropriate and effective use of 'working from home' where this was planned and where the employee was able to undertake meaningful work productively. The key features of the physiotherapy pilot were also reported and

the pilot had been positively received by managers and employees and early indications showed that interventions were having an impact on helping employees to stay in work. The Head of Human Resources and Organisational Development explained that an update would be provided to the Committee when evidence on the impacts was available. Paragraph 3.18 provided details of the measures to improve attendance that were currently being introduced which included the publishing/reporting attendance rates broken down by service to improve visibility of the 'hot spots' in the organisation and to increase the accountability of all managers in managing attendance as a priority.

The Cabinet Member for Corporate Management welcomed the report but said that there was a need to raise the profile of attendance management.

Councillor Ron Hampson said that attendance still continued to be a problem and asked whether performance figures were compared to sickness levels in local private organisations. He also queried whether the policies in place were robust enough and whether they were being implemented by managers. The Head of Human Resources and Organisational Development responded that the measures being implemented would make a difference but added that it was partly a cultural and accountability issue. Councillor Marion Bateman felt that not paying employees for the first three days of sickness would have an impact on the sickness absence figures. The Head of Human Resources and Organisational Development explained that sickness pay formed part of employee's national conditions and that lengthy discussions on this issue had taken place previously across Wales and nationally but had not resulted in any changes being made to the terms and conditions for sick pay entitlement.

Councillor Peter Curtis welcomed the report and said that he did not feel that changing the terms and conditions of employees would be the way forward and he added that enforcing the policies was key to reducing the levels of sickness absence.

Councillor Haydn Bateman queried whether the line managers should attend the meetings of the Committee when sickness absence was discussed. The Head of Human Resources and Organisational Development felt that the responsibility lay with the service heads and that their role included managing sickness absence. In response to an earlier discussion about the implementation of the Council's policy, she added that employees had been dismissed due to poor attendance. Councillor Mike Lowe asked whether the use of the physiotherapy pilot scheme had been benchmarked. Councillor Arnold Woolley suggested that the management of attendance should be included in the appraisal of supervisors and line managers to change the culture of sickness absence. The Head of Human Resources and Organisational Development confirmed that this was one of the core objectives in their appraisals and that this had not previously been included. In response to a query raised, she also confirmed that seven employees had had treatment following an assessment with the physiotherapist and had since returned to the workplace.

RESOLVED:

- (a) That the on-going work to address attendance levels and the underlying causes thereof be supported; and

- (b) That the comments of Members during the meeting be borne in mind during the development and implementation of the policy.

24. ASSET MANAGEMENT AS A FLINTSHIRE FUTURES WORKSTREAM

The Head of Assets and Transportation introduced the report to provide an update on the Assets Workstream within the Flintshire Futures Programme.

He detailed the background to the report and said that the core work area of property rationalisation was around agile working and mobile working. By modernising the way the Council worked by moving to more open plan offices, space and desk provision could be reduced and therefore running costs could be reduced. A number of options were being considered about the County Hall site taking into account other sites owned by the authority, with the main aim being to make the best use of space. Moving to different ways of working would give employees options and would create efficient and modern ways of working. A significant piece of work was being undertaken to look at the assets owned by the Council to deliver efficiency with the smallest amount of pain.

In response to a question from the Chairman, the Head of Assets and Transportation said that he did not have figures available for potential capital receipts for the Council if County Hall was demolished and the land sold as this was a piece of work that was in progress and would have commercial sensitivity.

Following a question from Councillor Arnold Wooley, the Head of Assets and Transportation said that about 10% of the County Hall building was currently used for storage. To assist in improving this position, document management through electronic document scanning, retention and retrieval was being rolled out throughout County Hall and was a further workstream within the Flintshire Futures Programme.

Councillor Richard Lloyd asked whether many derelict properties were owned by Flintshire County Council and the Head of Assets and Transportation said that this would also be looked at as part of the overall review of the Council's land and property assets.

Councillor Patrick Heesom queried whether it would be appropriate to hold a seminar with Members on the issue of assets. The Head of Assets and Transportation said that this may be considered in the future but was not required yet. Councillor Heesom felt that consultation with Members was important and suggested that Members write to the Head of Assets and Transportation with their ideas.

RESOLVED:

- (a) That the report be noted; and
- (b) That the Head of Assets and Transportation consider an appropriate medium for further discussions with Members in due course.

25. FORWARD WORK PROGRAMME

The Member Engagement Manager introduced the report to consider the Forward Work Programme of the Committee.

He detailed the items due for consideration at the 12 September 2013 meeting of the Committee and explained that an additional item on the Information Commissioner's Office Audit of Data Protection at Flintshire County Council was also to be considered at the meeting and had been added to the Forward Work Programme. The Audit had taken place in April 2013 and the outcome had been positive and Flintshire County Council had been awarded the 'yellow' category with the categories being green/yellow/amber/red.

RESOLVED:-

That the Forward Work Programme as submitted be approved.

26. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE

There was one member of the press and no members of the public in attendance.

(The meeting started at 10.00 am and ended at 12.52 pm)

.....

Chairman

This page is intentionally left blank

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE**

DATE: **THURSDAY, 12 SEPTEMBER 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **REVENUE BUDGET MONITORING 2013/14 (MONTH 3)**

1.00 PURPOSE OF REPORT

1.01 To provide Members with the Revenue Budget Monitoring 2013/14 (Month 3) report.

2.00 BACKGROUND

2.01 The Revenue Budget Monitoring 2013/14 (Month 3) report will be presented to Cabinet on 17th September 2013. A copy of the report is attached as Appendix A to this report.

3.00 RECOMMENDATIONS

3.01 Members are asked to note the report.

4.00 FINANCIAL IMPLICATIONS

4.01 As set out in the report.

5.00 ANTI POVERTY IMPACT

5.01 None.

6.00 ENVIRONMENTAL IMPACT

6.01 None.

7.00 EQUALITIES IMPACT

7.01 None.

8.00 PERSONNEL IMPLICATIONS

8.01 None.

9.00 CONSULTATION REQUIRED

9.01 None.

10.00 CONSULTATION UNDERTAKEN

10.01 None.

11.00 APPENDICES

11.01 Appendix A – Revenue Budget Monitoring 2013/14 (Month 3) report.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

Contact Officer: Sara Dulson
Telephone: 01352 702287
Email: sara.dulson@flintshire.gov.uk

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 17 SEPTEMBER 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **REVENUE BUDGET MONITORING 2013/14 (MONTH 3)**

1.00 **PURPOSE OF REPORT**

1.01 To provide Members with the most up to date revenue budget monitoring information (Month 3) for the Council Fund and the Housing Revenue Account in 2013/14.

1.02 **INDEX OF CONTENTS**

Section 2	Executive Summary
Paragraph 3.01	Council Fund Summary Table
Section 4	Financial Control, Budget Management and reporting
Section 5	Inflation
Section 9	Unearmarked Reserves
Section 10	Housing Revenue Account
Appendix 1	Community Services -Variances Summary
Appendix 2	Environment -Variances Summary
Appendix 3	Lifelong Learning -Variances Summary
Appendix 4	Corporate Services -Variances Summary
Appendix 5	Central & Corporate Finance -Variances Summary
Appendix 6	Council Fund Unearmarked Reserves Summary
Appendix 7	Housing Revenue Account -Variances Summary
Appendix 8	Financial Procedure Rule 3 - draft revised version

2.00 **EXECUTIVE SUMMARY**

2.01 The projected year end position, as estimated at Month 3, is as follows:-

Council Fund

- Net in year expenditure forecast to be £2.065m less than the budget. (An increase of £1.065m on the £1m reported at Month 2)
- Projected contingency reserve balance at 31st March 2014 of £4.706m
- Recurring efficiencies of £1.435m have been identified in Adult Services
- Approval of the recommendations within this report will produce a net positive impact of £0.885m on the Medium Term Financial Plan (MTFP)

This positive variation follows the first detailed budget monitoring, and,

specifically, the work which has been undertaken to review service trend analysis and forecasts in key areas identified in the 2012/13 outturn and the first 2013/14 report in July. The outcome of this work to date is detailed in Section 8

Housing Revenue Account (HRA)

- Net in year expenditure forecast to overspend the budget by £0.043m (Nil variance reported at Month 2)
- Projected HRA balances at 31st March 2014 of £1.391m

The detail relating to the HRA is set out in Section 10.00 of this report

3.00 COUNCIL FUND LATEST IN YEAR FORECAST

- 3.01 The table below shows a projected positive variation of expenditure against budget of £2.065m :-

TOTAL EXPENDITURE AND INCOME	Original Budget	Revised Budget	In-Year Over / (Under) spend	
			Month 2	Month 3
	£m	£m	£m	£m
<u>DIRECTORATES (Service Groups)</u>				
Services for Adults	45.642	45.567	(1.220)	(2.036)
Services for Children	11.906	11.874	0.250	0.151
Housing Services	1.800	1.833	(0.160)	(0.226)
Development & Resources	1.688	1.648	0.000	(0.038)
TOTAL : COMMUNITY SERVICES	61.036	60.922	(1.130)	(2.149)
Assets and Transportation	6.015	6.042	0.000	(0.012)
Planning	1.708	1.699	0.000	0.046
Public Protection	3.455	3.447	0.000	(0.017)
Regeneration	0.715	0.706	0.000	(0.046)
Streetscene	19.320	19.112	0.000	0.296
Management, Support & Performance	1.088	1.085	0.000	(0.103)
TOTAL : ENVIRONMENT	32.301	32.091	0.000	0.164
Culture & Leisure	6.876	6.876	0.900	0.827
Inclusion Services	14.058	14.058	(0.500)	(0.401)
Primary School Services	43.374	43.374	0.000	(0.025)
Secondary School Services	36.638	36.638	0.000	0.000
Development & Resources	12.118	12.118	0.010	(0.225)
TOTAL : LIFELONG LEARNING	113.064	113.064	0.410	0.176
Chief Executive	2.356	2.348	0.000	0.010
Finance	14.265	14.243	(0.280)	(0.220)
HR & OD	2.427	2.427	0.000	0.005
ICT & Customer Services	4.922	4.871	0.000	(0.035)
Legal	3.145	3.145	0.000	0.012
TOTAL : CORPORATE SERVICES	27.115	27.034	(0.280)	(0.228)
TOTAL DIRECTORATES	233.516	233.111	(1.000)	(2.037)
Central and Corporate Finance	26.236	26.641	0.000	(0.028)
Total	259.752	259.752	(1.000)	(2.065)

- 3.02 The figures as reflected in the above table are all prior to any of the proposed budget adjustments detailed later in the report with subsequent recommendations. Any recommendations approved by Cabinet will be fully reflected within the Month 4 budget monitoring report to Cabinet in October.

Budget Adjustments

- 3.03 The Original Budget column reflects the budget approved by Council on the 1st March 2013. The Revised Budget column reflects in-year virements which have been approved in compliance with Financial Procedure Rules.

Projected position at 31st March 2014

- 3.04 The Council Fund has a positive budget variation with net expenditure forecast to be £2.065m less than the budget. This represents a total net improvement of £1.065m on the projected £1m reported in July as at Month 2. Most of the net improvement (£1.019m) relates to Community Services, of which £0.661m relates to Resource and Regulated Services (Disability Services). A further £0.365m, is due to savings against budget on current care packages within the Mental Health & Substance Misuse service. This area has been considered as part of the overall review of Social Services for Adults as per paragraph 8.02 of this report.

- 3.05 The significant in-year projected variances to date are detailed in Appendices 1 - 5 (Council Fund) and Appendix 7 (HRA), and in addition to giving the reasons for the variances, the actions required to address each variance is provided.

4.00 FINANCIAL CONTROL, BUDGET MANAGEMENT AND REPORTING

- 4.01 A number of actions have been taken to strengthen financial control, budget management and reporting through:
- i. Clear lines of accountability
 - ii. Improved forecasting techniques
 - iii. Early warnings or “alerts” from service managers in changes to service demands and cost bases
 - iv. Improved formal reporting

i) Clear Lines of Accountability

- 4.02 The Council’s Financial Procedure Rules (FPR’s) are being updated. Financial Procedure Rule 3 (FPR3) in relation to Budget Management has been strengthened in relation to accountability, forecasting and reporting. The rule has been substantially rewritten to emphasise that Heads of Service are accountable for monitoring and controlling income and expenditure against approved budget heads and clarifies the use of budget action plans. The changes also outline the responsibilities of the Corporate Management team and the Council’s more modern approach to budget monitoring and associated risks with the removal of ringfenced budgets.
- 4.03 The draft FPR’s were agreed at Audit Committee and Constitution Committee in July and will be considered for approval by Council on 25th September.

- 4.04 Both Audit and Constitution committees were of the view that a revised version of the relevant FPR should be shared with the Cabinet and Corporate Resources Overview and Scrutiny Committee, so that Members were fully aware of the accountability and arrangements for budget management. The draft FPR3 is provided as Appendix 8 to this report.
- 4.05 The revised presentation of the Council Fund summary table at paragraph 3.01 above reflects the detail within each Directorate and for Corporate Services based on the areas for which individual Heads of Service have responsibility for financial management of the budget.

ii) Forecasting Techniques

- 4.06 In order to ensure that there is a robust and systematic approach to financial forecasting across all council services, a forecasting model has been developed to underpin in year budget variation, management and forecasting. Its purpose is to:
- Analyse the reasons behind budget variations taking account of the nature of the budget area e.g. demand led, service trends, volatility, impacts on other services and budgets
 - Inform decisions on (i) in year mitigation and / budget virements and (ii) future years mitigations and budget setting within the ranking of Council priorities.

From the experience of the analysis around adults services referred to later in this report, the model will now be refined to ensure it delivers the required outcomes and there is consistent application across all service areas.

iii) Early Warnings

- 4.07 A system has been put into place which requires service managers to provide alerts on a weekly basis of any changes which are being experienced in service demand, unplanned events or changes to funding streams which in turn could have an impact (positive or negative) on the in year or future year budget position. The purpose is to ensure that there is collective corporate understanding of issues and their impact at an early stage; mitigating actions or solutions can be put into place and the "time lag" in reporting is minimised.

iv) Formal Reporting

- 4.08 The presentation of the net Council Fund position in section 3.01 has been revised to show the detail within each Directorate and for Corporate Services based on the areas for which individual service heads have responsibility for financial management of the budget. This gives a greater level of detail and ties in with the accountability in the financial procedures rules.

- 4.09 Further developments which will be included in the next monthly report are:
- to revise the presentation of the appendices to tie in clearly with the table in 3.01.
 - to provide a specific analysis setting out progress with the achievement of the pre-planned efficiencies agreed as part of the budget setting for 2013/14

5.00 INFLATION

- 5.01 **Pay inflation** of £0.734m was included in the 2013/14 budget in anticipation of a possible pay award in 2013/14, following a freeze on public sector pay in recent years. The Council was advised by the National Joint Council (NJC) for Local Government Services in a letter dated 17th July that agreement had been reached on a pay increase of 1 % effective from 1st April 2013, and the deletion of spinal column point 4 from the national pay scale effective from 1st October 2013. No agreement has been reached as yet however in respect of Teachers pay. The overall implications of the NJC pay award on budgets (which was paid to staff in the August payroll) are currently being assessed and will be reflected within the Month 4 budget monitoring report.
- 5.02 **Non standard price inflation** - amounts of £0.255m in respect of Energy for Street Lighting, £0.197m in respect of Energy, £0.187m in respect of Fuel and £0.141m in respect of Food costs are included in the budget but held centrally. The budgets which incur the costs affected by non standard inflation are being monitored closely and the funds will be released when a full assessment of the need has been verified. At this stage, the current projected outturn assumes that these amounts will be required in full.

6.00 MONITORING BUDGET ASSUMPTIONS & NEW RISKS

- 6.01 The budget setting process each year involves the making of assumptions at a measured and acceptable level of risk. Inevitably, in managing a budget of £260m across a large and diverse organisation, variances will occur and new risks will arise. This is normal for any large organisation.
- 6.02 The improvements in budget management processes described in section 4.00 are aimed at ensuring the early identification and mitigation of such variations to budget. The review of service trend analysis and forecasts in key areas following the 2012/13 outturn position and recommendations for budget re-alignment are described in section 8.00.
- 6.03 Where there are actual or projected variations to budgets, the detail is contained within the appendices to this report. Some areas of the budget are particularly demand led e.g. care packages or influenced by external factors e.g. welfare reform, the economy. These continue to be monitored very carefully across all services.

6.04 There are some areas which are being specifically monitored which potentially could have impacts on the budget beyond the current assumptions:

- Outcome Agreement Grant - full allocation of grant applicable to 2012/13 is subject to future agreement by Welsh Government (WG). However, a recent meeting with WG officers concluded that the Council has met the requirements for full payment of the grant and the WG Minister will be advised of this.
- Former chemical plant - Sandycroft (Euticals Ltd.) - along with its strategic partners, the Council has intervened in relation to this site and is in discussion with Welsh Government about solutions, roles and responsibilities
- Social Services for Children - the trend of referrals currently being experienced is increasing
- Waste Services - risks of impacts of changes in market demand on future recycling income (plastics), and further reductions of specific Welsh Government grant for Sustainable Waste management (SWMG)

7.00 ACHIEVEMENT OF EFFICIENCIES

7.01 The 2013/14 budget includes efficiencies of £5.331m which were agreed by Council on 1st March. Achieving our efficiency targets is a priority within the 2013/14 Improvement Plan with a specific target of meeting 85% or more of our pre-agreed efficiency targets. Careful monitoring and regular reporting will be a key driver to ensuring that we keep on track with our plans and are able to take mitigating action if any of the efficiencies are delayed or become unachievable.

7.02 From next month, this report will provide a specific analysis setting out progress with the achievement of the efficiencies. An early evaluation of the likelihood of the achievement of the previously agreed efficiencies has been undertaken and has identified one which is not likely to be achieved in full this financial year. This relates to the Review of the Supported Living Service within Adult Services which has an identified efficiency of £0.350m in 2013/14. At this stage it is anticipated that £0.058m will be achieved in 2013/14 with the remainder likely to be achieved in full, but in future financial years. This is due partly to the anticipated delay in implementation of a revised staffing structure for which a part year effect has been reflected, and a delay in the review of care packages for each individual within properties. The in year variance is reflected in the Adult Services projection.

7.03 At this early stage, the projected in-year achievement of pre planned efficiencies is 95%, which is ahead of target.

8.00 BUDGET RE-ALIGNMENT AND POTENTIAL IMPACTS FOR THE MEDIUM TERM FINANCIAL PLAN

8.01 As highlighted in paragraph 2.01, detailed work has been undertaken to review service trend analysis and forecasts in key areas identified in the 2012/13 final outturn report and first 2013/14 budget monitoring report which were major contributors to the net underspend reported on both occasions. The outcomes of this work relating to Social Services for Adults and professional support in Children's Services are detailed below along with recommendations for budget re-alignment and identification of impacts for the Medium Term Financial Plan. Further work is still being progressed in respect of Out of County Placements and Family Placement which will be reported on in the Month 4 budget monitoring report.

Social Services for Adults

8.02 Following detailed consideration of the service trends analyses and forecasts within Social Services for Adults, in-year savings of £1.670m have been identified. These savings occur within Intake & Re-ablement, Locality teams, Physical Disability & Sensory Impairment (PDSI), Disability Services, Learning Disability transition and Mental Health. It is recommended that the in-year budgets are reduced by the appropriate amounts making up the £1.670m.

8.03 The recurring savings arising from this review activity amount to £1.435m and can now be included as a future budget efficiency for reflection in the Council's MTFP. However, £0.300m of this sum which relates to Disability Services (Transition) has already been included within the MTFP, and so there is a net additional benefit to the MTFP of £1.135m.

Children's Services - Professional Support

8.04 As a result of the overall review activity a budget pressure of £0.250m has been identified within the Professional Support budget - Children's Services. This has come about as a result of a marked increase in the demand for statutory child care support in Flintshire which has been mirrored across Wales and the United Kingdom. This increase could be associated with the impact of Welfare Reform and due to the awareness of high profile cases, such as Baby Peter and more recently the Saville investigation. It is recommended that additional base budget of £0.250m be allocated to this service in 2013/14.

Children's Services - Out of County Placements / Family Placement

8.05 The review activity has also identified potential further savings within the out of county placements budgets within Children's Services and the Inclusion service to those included in the 2013/14 budget. There is also a closely related budget pressure within the Children's Services Family Placements budget. This pressure has been influenced by the reductions in expenditure achieved within the out of county placements budgets for Children's Services and Inclusion within Lifelong Learning as more children are placed with families in County. Detailed discussions are taking place between the departments

concerned with a view to recommending budget virement and potential efficiencies which will bring budgets into line with changes in service delivery. This will be updated in the Month 4 budget monitoring report. It is possible that there may be a further recurring efficiency for reflection in the MTFP.

9.00 UNEARMARKED RESERVES

9.01 The 2012/13 final outturn reported to Cabinet on 16th July showed unearmarked reserves at 31st March 2013 (above the base level of £5.564m) of £3.409m, after taking into account a commitment in 2013/14 for use of £0.297m to meet one-off / time limited costs. In July, Cabinet allocated £0.250m to the Winter Maintenance reserve, bringing the level in the reserve to £3.159m.

9.02 **Severe Weather in March 2013** - The late March 2013 severe weather event led to the Council submitting a claim to Welsh Government (WG) under their Emergency Financial Assistance Scheme (EFAS) for financial support for costs incurred during the two phases of the event being the initial period, and also for the recovery phase. The Council was advised by letter dated 9th August 2013 that the Minister for Local Government & Government Business had decided, on this occasion, not to exercise discretion to fund the Council's claim for support.

9.03 A delegated powers authority was approved in May for recovery cost expenditure to be committed in 2013/14 up to the sum of £0.621m where necessary. This was an estimated sum, and to date, the immediate recovery work has been completed with a programme of work underway to complete the remainder of the work with the total estimated cost of work on Council Fund services amounting to £0.518m. An allocation of £0.518m will therefore be made from the contingency reserve to the appropriate Council Fund service accounts to finance these costs. As £0.100m of the original estimate related to Housing Revenue Account (HRA) services, these costs will be charged to the HRA, and funded from the HRA balances.

9.04 After taking account of the cost of the severe weather and bringing in the impact of the projected in year budget position the current projected level of the contingency reserve at the end of March 2014 is an amount of £4.706m. Details are shown in Appendix 6.

10.00 HOUSING REVENUE ACCOUNT

10.01 On 19th February 2013, the Council approved a Housing Revenue Account (HRA) budget for 2013/14 of £28.259m. The budget provided for a closing balance of £0.903m, which at 3.2 % of total expenditure satisfies the prudent approach of ensuring a minimum level of 3 %.

10.02 The 2012/13 final outturn reported to Cabinet on 16th July 2013 showed a closing balance at the end of 2012/13 of £1.931m (subject to audit) which was £0.861m more than when the 2013/14 budget was set. This had the effect of increasing the closing balance for 2012/13 by the same amount.

- 10.03 There is an overall projected overspend of £0.043m and a projected closing balance at Month 3 of £1.391m, which at 4.9 % of total expenditure satisfies the prudent approach of ensuring a minimum level of 3 %. The projected outturn reflects provision for the following items which are to be funded by allocations from the HRA balances as indicated in the final outturn report to Cabinet on 16th July 2013.
- Provision of £0.150m for possible exit costs (redundancy / pension fund strain payments) arising from completion of service reviews
 - Provision of £0.050m for expenditure on security measures for the Flint maisonettes
 - Provision of £0.130m for repair and maintenance expenditure on void properties where works were completed in 2012/13
- 10.04 Appendix 6 details the reasons for significant variances occurring to date and the actions planned to deal with them.
- 10.05 The main potential risk to the HRA projected outturn is the possible impact of the Single Status agreement - any impact will need to be fully funded within the HRA as it is a ringfenced account. An estimated amount of £0.250m was noted within the final outturn report to Cabinet on 16th July 2013 , and if this amount were to be required in full there would be a corresponding reduction of the projected closing balance to £1.141m.

11.00 RECOMMENDATIONS

11.01 Members are recommended to :-

- a) Note the overall report.
- b) Note the projected Council Fund contingency sum as at 31st March 2014 (paragraph 9.04).
- c) Note the projected final level of balances on the Housing Revenue Account (paragraph 10.03).
- d) Approve the in-year base budget reductions as detailed in paragraph 8.02
- e) Approve the allocation of base budget of £0.250m to Professional Support - Children's Services as detailed in paragraph 8.04

12.00 FINANCIAL IMPLICATIONS

12.01 The financial implications are as set out in Sections 3.00 - 9.00 of the report.

13.00 ANTI POVERTY IMPACT

13.01 None

14.00 ENVIRONMENTAL IMPACT

14.01 None

15.00 EQUALITIES IMPACT

15.01 None

16.00 PERSONNEL IMPLICATIONS

16.01 None

17.00 CONSULTATION REQUIRED

17.01 None

18.00 CONSULTATION UNDERTAKEN

18.01 None

19.00 APPENDICES

19.01 Council Fund Variances - Appendices 1 - 5
Council Fund - Movements on unearmarked reserves - Appendix 6
Housing Revenue Account Variances - Appendix 7
Financial Procedure Rule 3 (draft revised version) - Appendix 8

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

Contact Officer: Sara Dulson
Telephone: (01352) 702287
Email: sara.dulson@flintshire.gov.uk

COMMUNITY SERVICES

APPENDIX 1

Budget Monitoring 2013/14 (Month 3)

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Resources and Regulated Services (Intake and Reablement)	5.636	5.157	(0.479)	(0.470)	<p><u>Extra Care</u> projected underspend (£0.134m) due to timeframe for completion of Llys Jasmine, Mold.</p> <p><u>In-house Domiciliary Care</u> underspend (£0.288m) due to reduced pay costs from changes to service delivery and greater use of reablement and independent sector care providers.</p> <p><u>Client Transportation Service</u> underspend (£0.206m) mostly (£0.152m) on transport contracts that were re-tendered in January 2013. The balance (£0.054m) relates mostly to staff vacancies (£0.051m).</p> <p><u>Day Services</u> underspend (£0.044m) mostly due to vacancies within the Service (£0.026m) and reduced demand for Supplies and Services (£0.016m). These underspends are offset by a projected overspend within the <u>In-house Residential Service</u> (£0.112m) mostly due to the need to ensure adequate staff cover (£0.189m) and various premises costs (£0.028m) offset by additional client (£0.070m) and Health (£0.050m) income together with a shortfall against <u>Supporting People</u> funding (£0.080m).</p>	<p><u>Extra Care</u>The underspend against is one-off and non recurring and has arisen due to the opening of the facility being part way through the current year.</p> <p><u>Client Transportation Service</u> The underspend is expected to be on-going following contract re-tendering.</p> <p><u>In-house Residential Service</u> Review underspends within Services for Adults to identify budgets to be vired into this service to address additional costs for ensuring adequate staffing levels.</p> <p><u>Supporting People</u> This is an ongoing shortfall and will be addressed internally for month 4.</p>

COMMUNITY SERVICES

APPENDIX 1

Budget Monitoring 2013/14 (Month 3)

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Locality Teams (Localities)	14.112	13.757	(0.355)	(0.250)	<p><u>Older People Services</u></p> <ul style="list-style-type: none"> > Purchased Day Care - underspend (£0.040m) due to a change in emphasis in service delivery. > Purchased Residential and Domiciliary Care are together underspending (£0.247m) mostly due to purchased residential care (£0.453m) and additional income (£0.072m) offset by additional spend on homecare (£0.060m) and direct payments (£0.218m) reflecting a change in emphasis on service delivery introduced through TSSA. > Locality Teams are together expected to underspend (£0.118m) mostly due to vacant posts some of which are not expected to be filled until 01/01/2014. > Early Onset Dementia is projected to overspend (£0.067m) due to purchased domiciliary care costs. <p>The balance (£0.017m) is made up of a number of smaller variances.</p> <p>The movement from month 2 is due to detailed monitoring undertaken following the high level estimate provided for month 2.</p>	<p>Keep under review.</p> <p>Most of the PDSI elements previously included as part of the locality team budgets are now shown within the Disability Services Heading with only the Occupational Therapy service remaining as part of the locality teams.</p> <p>Projecting outturns within this service remains challenging following the changes in service delivery introduced with TSSA the impact of which continue.</p> <p>Budget virement between Purchased Residential and Domiciliary care to reflect the changes in service delivery.</p>

COMMUNITY SERVICES

APPENDIX 1

Budget Monitoring 2013/14 (Month 3)

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Vulnerable Adults and Disability Services (Disability Services)	2.284	1.958	(0.326)	(0.500)	As part of the changes introduced in 2012/13 a review has been undertaken of all individuals within this service to determine what, if any, changes need to be reflected due to changes in their planned care packages. This work is continuing but the outturn reflects all changes known at June 2013.	Continue to keep under review particularly as further changes are possible in the period up to the start of the new college year in September/ October. It remains a possibility that some changes will not be known until September/ October as individuals can be late making decisions around their future plans.

COMMUNITY SERVICES

APPENDIX 1

Budget Monitoring 2013/14 (Month 3)

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Resource and Regulated Services (Disability Services)	15.690	15.029	(0.661)		<p><u>Physical Disability Service</u> Overall this is underspending (£0.336m) mostly due to reduced emphasis on the purchase of independent sector residential care (£0.315) and increased use of direct payments.</p> <p><u>Learning Disability Service</u> > Day Opportunities underspend (£0.081m) on staff costs (£0.131m) and transport costs (£0.075m) offset by overspends in premises costs (£0.024m), third party costs (£0.026m) and an underachievement of income (£0.085m). > In-House Supported Living Team is underspending (£0.039m) mostly due to vacant posts (£0.036m). > Within this Service is a budget to help offset the expected impact of a review of joint funded packages between FCC and Health. It is not expected that this will be resolved until November 2013 and that changes will be phased in, consequently, an underspend (£0.140m) is declared. The balance (£0.065m) is made up of smaller amounts in a number of areas.</p>	<p>Keep under review.</p> <p><u>PDSI</u> This underspend is likely to be ongoing due to changes in service delivery. However, it should be borne in mind that new service users within this area tend to have large care packages.</p> <p><u>LD</u> The underspend in relation to the negotiations with Health on jointly funded packages is based on current assumptions. These will be kept under review and adjusted if proven necessary.</p>

COMMUNITY SERVICES

APPENDIX 1

Budget Monitoring 2013/14 (Month 3)

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Administrative Support (Disability Services)	0.314	0.452	0.138		This is due to an overspend against staff pay costs (£0.138m).	Keep under review.
Residential and Domiciliary Service (Mental Health & Substance Misuse Service)	0.871	0.669	(0.202)		This underspend is based on current care packages. An additional £0.0259m budget has been added to this area in 2013 to reflect the expectation of the transfer from Health of an individual with a high cost transition package. The underspend within the service is reduced from what would be expected due to the delay relating to the transition client because of other additional clients, one of which has a high cost care package.	Keep under review.
Professional Support (Mental Health & Substance Misuse Service)	0.785	0.733	(0.052)		This is mostly (£0.047m) due to a one-off pay cost reduction following an agreed absence with no pay.	One-off.

COMMUNITY SERVICES

APPENDIX 1

Budget Monitoring 2013/14 (Month 3)

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Forensic Budget (Mental Health & Substance Misuse Service)	0.305	0.142	(0.163)		Reflects current care packages for 2013/14.	Keep under review - potential volatility due to changes in client numbers and demands at short notice from prison or courts. The possibility of re-aligning budget between the two services has been considered and dismissed for now as there are early indications of additional Mental Health clients although at this stage potential costs or start dates are unknown.
Forensic Budget (Learning Disability)	0.482	0.597	0.115		Reflects current care packages for 2013/14.	
Business Systems (Development & Resources)	1.142	1.083	(0.059)		The underspend within this area is mostly due to vacant posts.	
Family Placement (Children's Services)	1.977	2.296	0.319	0.250	The overspend is mainly as a result of an increase in the number of foster care placements within the service. It is also due to the increasing number of court orders for Residence and Special Guardianship orders which invariably attract an ongoing allowance for the carers.	A review of the Family Placement Team has been undertaken the outcome of which is being considered and will inform future planning and possible efficiencies.

COMMUNITY SERVICES

APPENDIX 1

Budget Monitoring 2013/14 (Month 3)

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Youth Offending Team (Children Services)	0.329	0.263	(0.066)		This is mostly due to an underspend on staff costs (£0.183m), mainly due to vacant posts and secondments, offset by overspends on staff travel (£0.025m), premises (£0.019m), Supplies and services (£0.015m), third party payments (£0.057m) with the balance made up of smaller variances.	It is currently expected that this will be one-off.

COMMUNITY SERVICES

APPENDIX 1

Budget Monitoring 2013/14 (Month 3)

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Professional Support (Children's Services)	5.235	5.508	0.273	0.250	<p>Professional Support comprises of Fieldwork, Resources, Children's Integrated Disability Service (CIDS) and General.</p> <p><u>Fieldwork</u>: Overspend £0.170m mostly due to the requirement for sufficient staffing levels and associated travel costs (£0.159m) together with supporting young people leaving care (£0.047m) offset by a reduction in third party payments (£0.037m).</p> <p><u>Resources</u>: Underspend £0.039m mainly on pay (£0.065m) offset by an increase in third party payments (£0.022m).</p> <p><u>CIDS</u>: Overspend £0.025m mainly on direct payments (£0.062m) offset by pay and staff travel (£0.028m).</p> <p><u>General</u>: Overspend £0.117m mostly on pay and travel costs (£0.073m), legal and court costs (£0.047m), payments to service users (£0.026m) offset by reduced third party payments (£0.033m).</p>	<p>Keep under review.</p> <p>Due to the overspend within Children Services spending is kept to a minimum where possible.</p>

COMMUNITY SERVICES

APPENDIX 1

Budget Monitoring 2013/14 (Month 3)

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Major Variance	Action Required
Out of County Pooled Budget (Children's Services)	3.178	2.834	(0.344)	(0.250)	Costs reflect existing placements up until March 2014. This reflects known reductions in payments to providers following re-negotiation of contracts. The movement from month 2 reflects further detailed work undertaken.	The focus of high cost placements is now a North Wales project and will continued to be reviewed. The impact of these changes on the Children Services Fostering and Leaving Care budgets has not yet been quantified. Further details are awaited.
Homelessness Accommodation (Housing Services)	0.360	0.198	(0.162)	(0.060)	This reflects current position of the anticipated demand on the service this financial year. The movement from month 2 reflects further detailed work undertaken.	Keep under review. Variance is due to improvements in the service where methods have been put in place to reduce the cost of temporary accommodation.
Accommodation Support Team (Housing Services)	1.206	1.136	(0.070)	(0.100)	Service undergoing restructure which is not yet in place. The movement from month 2 reflects further detailed work undertaken.	Restructure to be implemented.
Other variances (aggregate)	7.016	6.961	(0.055)	0.000	Various minor variances.	Continue to review but not expected to be recurrent.
Total :	60.922	58.773	(2.149)	(1.130)		

This page is intentionally left blank

Budget Monitoring 2013/14 (Month 3)

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Month 2 Variance	Cause of Variance	Action Required
Industrial Units	(1.255)	(1.194)	0.061		Estimated net income shortfalls across the Industrial Estate portfolio	Keep Unit rental income closely monitored throughout 2013/14.
Property Holdings	0.083	0.042	(0.041)		NNDR costs lower than anticipated	Review of site budgets necessary in line with asset management programme
Property Asset & Development	0.529	0.425	(0.104)		Net Vacancy Savings	
Highways Development Control & Regulatory Services	0.806	0.843	0.037		Lower than anticipated levels of income for Fixed Penalty Notices (based on improving standards of repair by utility companies) & road closures	

Budget Monitoring 2013/14 (Month 3)

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Month 2 Variance	Cause of Variance	Action Required
Waste Disposal & Waste Collection	9.179	9.543	0.364		Plastic recycling prices have reduced by £100 per tonne since June due to export to China ceasing. This is likely to result in an estimated income reduction of £100k in 2013/14 and a potential larger impact from 2014/15 onwards if circumstances remain the same. Staff backfilling costs to the end of September as a result of the on-going investigation within waste of approximately £80k.	Consider impact on MTFP going forward
Management Support & Performance	1.085	0.982	(0.103)		Notification was given by WG in late July that the Sustainable Waste Management Grant (SWMG) is being reduced in year by between 5% and 10% which would result in a funding shortfall of £170k at 5%. A further reduction of 10-11% is also now anticipated in 2014/15	Consider impact on MTFP going forward
Other variances (aggregate)	21.664	21.614	(0.050)		Net Vacancy Savings ahead of service review implementation and reduced commitments on supplies and services budgets	
Total :	32.091	32.255	0.164		A number of variances of no more than £0.043m individually.	

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Variance	Action Required
Management & Business Support	0.528	0.528	0.000	0.000		
Libraries, Culture and Heritage	2.983	2.870	(0.113)	0.000	School Library Service (£0.100m saving) Following an agreement at DMT, to mitigate the Directorate overspend and to contribute towards the value for money programme, a number of measures will be taken to reduce expenditure in the School Library Service. Library Service (£0.013m saving) Minor variances	Service Manager to place a hold on all uncommitted expenditure within School Library Service.

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Variance	Action Required
Leisure Services	3.892	4.832	0.940	0.900	Leisure Centres (£0.960m pressure) £0.505m relates to the Alliance Leisure developments. This is a combination of income targets not met and costs exceeding the original plan. £0.184m relates to other pressures on income across centres. £0.076m relates to pressures on premises budgets, £0.090m to supplies and services, £0.047m to security costs, £0.036m to credit/debit card fees and £0.022m to other minor variances.	As part of the Leisure Action Plan a number of solutions are being explored and implemented including cessation of Swim Flintshire, Leisure Service Review, Leisure Contact Centre and Asset Review.
					Leisure Services (£0.004m saving) Minor variances Recreational Ground & Amenities (£0.012m saving) Minor variances	
Schools Budgets	81.584	81.584	0.000	0.000	Play Development (£0.004m saving) Minor variances	
School Services	12.487	12.061	(0.426)	(0.500)	Out of County (£0.411m saving) As expected, the projected outturn is similar to the 2012/13 outturn less the budget reduction for 2013/14. There have been a number of minor changes to the cost of several placements and projected loss of income from Health of £0.060m.	

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Variance	Action Required
Development & Resources	11.590	11.365	(0.225)	0.010	Children, Youth & Community (£0.007m saving) Minor variances Schools ICT (£0.146m saving) In an effort to reduce the Directorate overspend and to contribute towards the value for money programme, DMT have made the decision to place a hold on all uncommitted expenditure in Schools ICT. Transport (£0.018m saving) Minor variances Service Units (£0.052m saving) A pressure of £0.003m linked to NDR costs on Westwood School House and a pressure of £0.060m on Pupil Support (Free School Meals) have been offset by estimated savings on Mobile Classrooms (£0.075m), and Insurance (£0.040m). Facilities Services (£0.003m saving) Minor variances	Service Manager to place a hold on all uncommitted expenditure within Schools ICT. A more accurate picture will be available in September when full transport requirements are known.
Total :	113.064	113.240	0.176	0.410		

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Variance	Action Required
Chief Executive	2.348	2.358	0.010	0.000	£0.014m Corporate voluntary sector contribution to Dangerpoint. (£0.004m) minor variances.	
Finance	14.243	14.023	(0.220)	(0.280)	£0.053m net additional costs of the Finance Division including: grades in new structure, revised cost reallocation, pay protection and support to major projects. (£0.700m) net surplus on the Council Tax Collection Fund after meeting the £0.420m costs allocated in 2013/14 budget. £0.427m CTRS shortfall in funding compared to estimated in year cost.	A review is in progress to re-align the budget. Pay protection costs are time limited and will not feature in future years budgets. Demand led service but subject to ongoing monitoring. Contributing to national discussion on CTRS funding for 2014/15.
Legal & Democratic Services	3.145	3.157	0.012	0.000	£0.018m use of Agency/Locums. (£0.006m) minor variances.	

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Variance	Action Required
Human Resources & Organisational Development	2.427	2.432	0.005	0.000	£0.005m minor variances.	
ICT & Customer Services	4.871	4.836	(0.035)	0.000	(£0.018m) vacancy savings. (£0.011m) additional registrars income. (£0.006m) minor variances.	
Total :	27.034	26.806	(0.228)	(0.280)		

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Variance	Action Required
Central Loans & Investment Account	14.231	13.989	(0.242)	0.000	<p>Unsupported (Prudential Borrowing) - Funding for Local Government Borrowing Initiative (LGBI) transferred into settlement from 2013/14 (previously specific grant) -£0.415m which isn't needed to finance any new borrowing during 2013/14. The total of -£0.415m includes the £0.385m which was transferred into the settlement plus a residual £0.030m which wasn't utilised from the 2012/13 specific grant allocation of £0.192m.</p> <p>Reduction in net external interest payable (-£0.047m), Reduction in interest receivable on temporary investments (£0.127m), increased cost of Minimum Revenue Provision (£0.088m) increased internal interest (-£0.015m), reduction in debt management costs (-£0.010m).</p>	
Centrally Held Provisions	5.138	5.031	(0.107)	0.000	Surplus on recovery of FCC share of pension fund deficit - final year of three year strategy (-£0.104m), other minor variances (-£0.003m).	
Central Service Recharges	(1.931)	(1.620)	0.311	0.000	Shortfall of £0.311m of internal income recovered from trading accounts and the HRA.	
Other variances - aggregate	9.203	9.213	0.010	0.000		
Total :	26.641	26.613	(0.028)	0.000		

This page is intentionally left blank

APPENDIX 6

Movements on Council Fund Unearmarked Reserves

	£m	£m
Total Reserves as at 1 April 2013	9.335	
Less - Base Level (inclusive of increase of £0.065m agreed as part of the 2013/14 budget)	<u>(5.629)</u>	
Total Reserves above base level		3.706
Less - Amount approved by Council on 1 st March for funding of one-off costs in the 2013/14 budget proposals		(0.297)
Less - Amount approved by Cabinet on 16 th July for reinstatement of funding within the Winter Maintenance reserve following utilisation of funding during 2012/13 (late March severe weather event)		(0.250)
Amount available for delegation to Cabinet		<u>3.159</u>
Add projected underspend as at 31 st March 2014		2.065
Less - Estimate of severe weather recovery costs (paragraph 9.03)		(0.518)
Projected Level of Total Contingency Reserve as at 31st March 2014		4.706

This page is intentionally left blank

HRA Major Variance Report - Period 3

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Variance Last Month (£m)	Cause of Variance	Action Required
HRA Subsidy	6,167	6,288	121		Capital Financing charges to HRA reviewed after budget rounds completed.	Review timings of figures with Capital team.
Repairs and Maintenance	8,393	8,623	230		Increased material costs related to activity levels in Q1 including remedial works following the severe weather in late March.	
Rents	-26,946	-27,194	-248		A review of bad debt provision based on the age of the debts currently held and levels of recovery.	Review arrears on a monthly basis to ensure provision is sufficient.
Other variances (aggregate)	12,883	12,822	-61			
Total :	497	539	42	0		

This page is intentionally left blank

Extract from Draft Financial Procedure Rules

FINANCIAL PROCEDURE RULE 3: BUDGET MANAGEMENT (REVENUE AND CAPITAL)

3.1 Heads of Service are the accountable officers for budgets for the delivery of the services in the Division for which they have responsibility. Heads of Service are authorised to incur expenditure and generate income in accordance with the budget approved by Council, as amended by any virement made under Financial Procedure Rule 4, or any supplementary budgets approved under Financial Procedure Rule 5 by the Cabinet and/or Council as appropriate. It is the responsibility of the Head of Service to consult with the Chief Finance Officer and seek advice on further action to be taken before any commitments are incurred, where these are not covered by the Council's approved budget.

3.2 Heads of Service will ensure that all income and expenditure is accounted for against the budget head to which it relates, irrespective of where budget has been allocated. Where necessary, Heads of Service should request a budget virement (FPR4).

3.3 Heads of Service are accountable for monitoring and controlling both revenue and capital, income and expenditure against budget heads as approved in the Budget. Variances in excess of £50k should be reported with an explanation to the Chief Finance Officer

3.4 The Chief Finance Officer is responsible for the adequacy and effectiveness of budgetary control arrangements across the Council, ensuring appropriate systems are in place to provide timely and sufficiently detailed reports to Managers to fulfil their budget monitoring responsibilities. Directors and Heads of Services are responsible for ensuring that the budgets for which they are responsible are monitored and reported on to the Chief Finance Officer in accordance with the agreed budgetary control arrangements. The Chief Finance Officer will report to the Cabinet on the Council's overall position on a regular basis.

3.5 Heads of Service should ensure that each budget head, and below that, each cost centre, has a single named manager, who will be responsible for monitoring and investigating variances (positive and negative) against budget and bringing these to the attention of the Head of Service and the relevant Finance Manager or Accountant for action as required.

3.6 Heads of Service should take action as necessary to avoid exceeding their budget allocation for the particular service area thus operating within their available resources, and ensure that Managers and all staff understand their financial responsibilities.

3.7 Heads of Service should prepare budget action plans where a significant overspend is forecast. The action plan should identify how expenditure will be brought back into line with budget, either by taking corrective action, or, through the proposed use compensating savings elsewhere in their budget. Heads of Service should also report areas of forecast under spend, along with the implications for future years, for corporate consideration of where any available resources should be re-allocated. The use of budget savings other than in accordance with the approved budget is not permitted without Cabinet approval.

All significant variations from budget will be reported to the Chief Finance Officer, who will report the position and any budget action plans in the overall budget monitoring report to Cabinet. In certain circumstances it may be that the significance of the variance requires a separate report to Cabinet for consideration or approval. The report will outline the reasons for the projected variance, the implications for future years' budgets, along with the budget action plan to bring expenditure in line with budget.

Budget action plans will be monitored by the relevant Head of Service who will notify the Chief Finance Officer should it emerge that a budget action plan will fail to prevent an overspend. The Chief Finance Officer will report the position to Cabinet.

3.8 In exceptional cases, Head of Services will submit reports to the Cabinet and to the Council, in consultation with Chief Finance Officer, where a Head of Service is unable to balance expenditure and resources within existing approved budgets under his or her control, requesting a supplementary budget allocation for the current financial year only. Financial Procedure Rule 5 provides further details.

3.9 Nothing in the Financial Procedure Rules shall prevent expenditure being incurred which is essential to meet any immediate needs arising from an emergency, including any expenditure under Section 155 of the Local Government and Housing Act 1989 (Emergency Financial Assistance Scheme, formerly known as the “Belwin” scheme). Such action shall only be taken after consultation with the Chief Finance Officer, and any such expenditure must be reported retrospectively to the Cabinet, and the funding for such expenditure must be agreed as soon as possible.

RULES RELATING TO CAPITAL

3.10 The Chief Finance Officer is responsible for the monitoring of the Capital Programme, in conjunction with the Director of Environment. A report updated on a quarterly basis will be submitted to Cabinet, identifying changes in capital resources, including the generation of capital receipts and the effect of rollover together with quantifying contractually uncommitted values by scheme.

3.11 Whole schemes, or distinct parts thereof, which are identified as slipping into the following financial year, shall be included in the Capital Programme assessments for the later year.

3.12 The approved Capital Programme will include information on grant funded schemes, as estimated.

This page is intentionally left blank

FLINTSHIRE COUNTY COUNCIL

REPORT TO: CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE
DATE: THURSDAY, 12 SEPTEMBER, 2013
REPORT BY: HEAD OF ICT AND CUSTOMER SERVICES
SUBJECT: PROCUREMENT AS A FLINTSHIRE FUTURES WORKSTREAM

1.00 PURPOSE OF REPORT

1.01 To provide an update on the Procurement Workstream within the Flintshire Futures Programme.

2.00 BACKGROUND

2.01 The Council has developed the Flintshire Futures Programme as a corporate programme for modernising the organisation and to make best use of its resources and secure efficiencies. Within this programme are a number of workstreams Procurement being one.

2.02 This report provides information on progress made on the various projects within the Procurement Workstream.

2.03 Procurement is an in-year priority within the Council's Improvement Plan under the Modern and Efficient Council priority, and the in-year actions identified on the Improvement Plan will be addressed in the main by the projects within the Flintshire Futures Procurement Workstream.

3.00 CONSIDERATIONS

3.01 The Flintshire Futures procurement workstream has 3 primary goals

- To simplify, standardise and where possible automate all procurement processes to deliver efficiencies
- To improve professional procurement practice
- To maximise opportunities for collaboration

3.02 Alongside these goals we have set challenging efficiency targets in terms of reduced spend and process efficiencies.

3.03 As a Council we spend over £150 million on goods and services per year. Buying better can deliver substantial savings.

- 3.04 Where possible we need to ensure we buy as one Council, not as individual services; a single Flintshire contract as a minimum, or even better in partnership with others.
- 3.05 We need to make buying goods and services simple and streamlined with easy to use electronic systems. To facilitate this we have implemented an electronic purchase to pay system. The system is in use within all Directorates with over 400 enrolled users. Since it was first introduced in Corporate Services in December 2011 we have processed almost 12,000 orders with a total value of £32 million, we have also processed 12,500 invoices via the system.
- 3.06 We are currently in the process of implementing an electronic sourcing system which will automate the remaining elements of the procurement process in relation to tendering, supplier management, contract management and the select list. This system is planned to be in use from February 2014.
- 3.07 To support standardisation, ensure use of the e-procurement systems, improve procurement practice and spend control a new set of Contract Procedure Rules have been developed and will be considered for adoption by County Council later this month.
- 3.08 Alongside the introduction of new systems we have been identifying procurement training needs and are currently developing a staff training programme with the aim of improving procurement knowledge and skills across the Council.
- 3.09 Collaboration is a major element of the Flintshire Futures workstream. By working jointly with other public sector organisations we can aggregate our spend and influence the market to reduce prices and deliver savings.
- 3.10 We are currently considering membership of the Welsh Procurement Consortium (WPC) following the dissolution of the North Wales Procurement Partnership (NWPP) earlier this year. The WPC is made up of 16 Welsh Councils, supported by the WLGA and the 6 North Wales Councils have been invited to become members.
- 3.11 The WPC was established in 2009 and individual members have on average made £185,000 of savings per annum by using the WPC contracts. They have proactively encouraged and used the Welsh market place with 73% of suppliers based in Wales.
- 3.12 We have already committed to be a member of the new Welsh National Procurement Service (NPS) established by the Welsh Government and obviously we would want to avoid duplication with the WPC activities. The NPS accounts for only 20% of procurement spend mainly commodity items, the WPC have recognised this and will be focussing on categories of spend not covered by the NPS.

- 3.13 For the past 18 months, management support for the Flintshire Central Procurement Unit has been provided on a part time basis by the Denbighshire Strategic Procurement Manager. During this time it has become increasingly apparent there is not only a common procurement agenda but also a clear duplication of effort across various procurement initiatives and activities within both councils.
- 3.14 There are clear opportunities to leverage the current joint procurement resources by joining together the Flintshire and Denbighshire procurement units, since both councils have a limited procurement capacity and capability.
- 3.15 To build on the progress to date on procurement and deliver our plans for the future it is proposed, subject to a full business case, that we formally merge both corporate procurement units.
- 3.16 In conjunction with Denbighshire and Gwynedd we have made a bid to the Welsh Government Regional Collaboration Fund to pump prime the joint arrangements and at the same time look at how we can introduce improved category management across the North Wales region where we have joint specialist teams responsible for categories of spend with associated savings targets.
- 3.17 Category Management can radically improve professional procurement practice and deliver major efficiencies if implemented correctly and resourced appropriately. The principle is for a defined category of spend to be allocated to a category manager with an associated savings target. It requires organisational discipline and compliance to maximise savings and ensure compliance with CPRs and procurement legislation.
- 3.18 The Flintshire Futures Procurement workstream has achieved its savings targets for 2013/14 of £2 ml on an on-going basis. However we have major budget challenges ahead and therefore will be setting increased targets for future years as part of our Medium Term Financial Plan.

4.00 RECOMMENDATIONS

- 4.01 That Members note the report and progress made to date by the workstream.

5.00 FINANCIAL IMPLICATIONS

- 5.01 See 3.18 above.

6.00 ANTI POVERTY IMPACT

- 6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly from this report.

10.00 CONSULTATION REQUIRED

10.01 On-going consultation with staff regarding the collaborative proposals.

11.00 CONSULTATION UNDERTAKEN

11.01 Discussions have taken place with staff regarding the collaborative proposals.

12.00 APPENDICES

12.01 None.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

Contact Officer: Chris Gurst
Telephone: 01352 702800
Email: chris.guest@flintshire.gov.uk

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE**

DATE: **THURSDAY, 12 SEPTEMBER 2013**

REPORT BY: **HEAD OF LEGAL AND DEMOCRATIC SERVICES**

SUBJECT: **DATA PROTECTION AUDIT BY THE INFORMATION COMMISSIONER'S OFFICE**

1.00 PURPOSE OF REPORT

1.01 To inform Committee of the audit undertaken by the Information Commissioner's Office (ICO) on Data Protection Compliance.

2.00 BACKGROUND

2.01 The Data Protection Act 1998 is the legislation governing the processing of personal information. The ICO is the body responsible for promoting compliance with the legislation and is the enforcing authority for breaches of the Act. Whilst it does not have power to unilaterally undertake an audit of an organisation's compliance with Data Protection, it can do so on a consensual basis. In 2012 it approached the Council about undertaking such an audit and this was agreed for April 2013.

2.02 In agreeing the scope of the audit it was agreed that it would cover the following three aspects:-

- Data Protection Training and Awareness
- Records Management
- Data Sharing

Understandably because Children's Services and Adult Services routinely process sensitive personal information the audit concentrated on staff in those areas together with those corporately responsible for data protection training and records management. Two of the ICO's audit staff carried out interviews with relevant officers on the 16 and 17 April. Attached to this report as Appendix 1 is an Executive Summary of the audit report issued on the 11 July. A full copy of the report is available for Members in Members' Services.

3.00 CONSIDERATIONS

3.01 The overall conclusion of the audit was that there was "reasonable assurance" around the Council's Data Protection processes and

procedures. This is the second best of the four categories of audit opinion. The Executive Summary of audit findings on pages 5 and 6 gives four examples of good practice and four examples of areas for improvement.

3.02 The Audit Report contained a total of 38 recommendations of varying significance. Some significant recommendations involve a lot of work and for those the extended implementation date the Council has given is a realistic assessment of the time it will take. Other recommendations are comparatively minor and a short implementation date has been given for those. Of the 38 recommendation, 22 have been accepted, 14 partially accepted and only 2 not accepted. Attached as Appendix 2 are details of all the recommendations together with the Council's response to them, including the implementation dates.

3.03 At the time of preparing this report the following recommendations have already been implemented:

a31, a42, a49, a50
b2, b13, b43
c13, c14, c21, c33

3.04 As the report resulted in a "reasonable assurance" rating the follow-up process by the ICO will be based on an update from the Council of the agreed action plan signed off at Corporate Management Team level. This is to be submitted to the ICO by the 17 January 2014.

4.00 RECOMMENDATION

4.01 The Committee is asked to note the results of the ICO audit and the action plan to implement the recommendations made.

5.00 FINANCIAL IMPLICATIONS

5.01 The cost of Data Protection training will amount to £5,000 in total. This expenditure will be incurred over the coming two financial years, with expenditure of £3,000 in 2013/14 and £2,000 in 2014/15. The cost can be found from within existing budgets.

6.00 ANTI POVERTY IMPACT

6.01 None as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 None as a result of this report.

11.00 CONSULTATION UNDERTAKEN

11.01 None as a result of this report.

12.00 APPENDICES

Appendix 1 – Executive Summary

Appendix 2 - Details of all the recommendations together with the Council's response to them

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

E-mail from the ICO dated 11 July attaching Executive Summary of Audit Report

Contact Officer: Peter Evans
Telephone: 01352 702304
Email: peter.j.evans@flintshire.gov.uk

This page is intentionally left blank

Flintshire County Council

Data protection audit report

Executive summary
June 2013

1. Background

The Information Commissioner is responsible for enforcing and promoting compliance with the Data Protection Act 1998 (the DPA). Section 51 (7) of the DPA contains a provision giving the Information Commissioner power to assess any organisation's processing of personal data for the following of 'good practice', with the agreement of the data controller. This is done through a consensual audit.

The Information Commissioner's Office (ICO) sees auditing as a constructive process with real benefits for data controllers and so aims to establish a participative approach.

Flintshire County Council (FCC) has agreed to a consensual audit by the ICO of its processing of personal data.

An introductory meeting was held on 28 February 2013 with representatives of FCC to identify and discuss the scope of the audit and after that corresponded by email to agree the schedule of interviews.

2. Scope of the audit

Following pre-audit discussions with the Democracy & Governance Manager and the Internal Audit Manager it was agreed that the audit would focus on the Adult and Children's Services parts of the Community Services Directorate in the following areas:

- a. Training and awareness – The provision and monitoring of staff data protection training and the awareness of data protection requirements relating to their roles and responsibilities.
- b. Records management (manual and electronic) – The processes in place for managing both manual and electronic records containing personal data. This will include controls in place to monitor the creation, maintenance, storage, movement, retention and destruction of personal data records.
- c. Data sharing - The design and operation of controls to ensure the sharing of personal data complies with the principles of the Data Protection Act 1998 and the good practice recommendations set out in the Information Commissioner's Data Sharing Code of Practice.

3. Audit opinion

The purpose of the audit is to provide the Information Commissioner and FCC with an independent assurance of the extent to which FCC, within the scope of this agreed audit is complying with the DPA.

The recommendations made are primarily around enhancing existing processes to facilitate compliance with the DPA.

Overall Conclusion	
Reasonable assurance	<p>There is a reasonable level of assurance that processes and procedures are in place and delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with the Data Protection Act.</p> <p>We have made one limited and two reasonable assessments where controls could be enhanced to address the issues which are summarised below.</p>

4. Summary of audit findings

Areas of good practice:

The Council's internal audit service provides regular independent assessments of the policies, processes and procedures around information governance, information security and data protection. This provides assurance on the effectiveness of controls and will lead to recommendations where appropriate.

The Community Services Directorate has three designated Staff Development and Training Officers who are members of the Workforce Development Team. This team have responsibility for the provision of tailored data protection training specifically for that Directorate.

Classroom based training, including Data Protection and Information Security, is delivered by designated trainers before access to the Social Services case management system, Paris, is permitted.

A log of Information Sharing Protocols is maintained by the Information and Support Manager and a discussion of the log is a standing item on the agenda of the monthly Data Protection Team meetings.

Areas for improvement:

FCC should establish a corporate Information Asset Register to record all information assets, both electronic and paper-based, held by the Council. Identified assets should have named owners of sufficient seniority to risk assess and report on the access to and security of these assets.

The Council should identify an effective method of ensuring personal data held electronically can be deleted in line with retention schedules, clearly indicating who is responsible for ensuring it is completed within relevant timescales.

FCC does not have a corporate DP training programme in place. Training provision is identified and provided at local level but there is a lack of strategic planning, training needs analysis, and supporting KPI's to plan and monitor take up and effectiveness of DP related training across the Council.

FCC should introduce a more detailed records management policy to inform staff awareness and compliance monitoring in individual business units. Ownership for the review and update of the policy should be assigned and supported by a cover sheet identifying revision dates and version control.

The matters arising in this report are only those that came to our attention during the course of the audit and are not necessarily a comprehensive statement of all the areas requiring improvement.

The responsibility for ensuring that there are adequate risk management, governance and internal control arrangements in place rest with the management of Flintshire County Council.

We take all reasonable care to ensure that our audit report is fair and accurate but cannot accept any liability to any person or organisation, including any third party, for any loss or damage suffered or costs incurred by it arising out of, or in connection with, the use of this report, however such loss or damage is caused. We cannot accept liability for loss occasioned to any person or organisation, including any third party, acting or refraining from acting as a result of any information contained in this report.

Detailed findings and action plan

7.1 Scope a: Training and awareness. The provision and monitoring of staff data protection training and the awareness of data protection requirements relating to their roles and responsibilities.

Risk: If staff do not receive appropriate data protection training, in accordance with their role, there is a risk that personal data will not be processed in accordance with the DPA resulting in regulatory action and/or reputational damage to the organisation.

a3. There is a Corporate Management Team (CMT) consisting of the Chief Executive, Directors and Corporate Heads of Service, which considers reports provided by the Democracy & Governance Manager (who is the Council’s Data Protection lead) in regard to data protection training. These reports are general in nature (for example, raising awareness of data protection), rather than including training completion figures or KPIs. A report to CMT in December 2012 from the Democracy and Governance Manager detailed a request for training completion figures from Heads of Service but at the end of November only Legal and Democratic Services

had supplied figures.

Recommendation: Reports to the Corporate Management Team should include training statistics from all Services regarding completion, or otherwise, of required data protection and related training, to provide a corporate overview.

Management response: Accepted

Implementation date: End of 2013

Responsibility: Each Head of Service

a9. The WDT is an exception at FCC in that the other Directorates do not each have their own dedicated training teams.

Recommendation: Ensure Directorates have a similar or equivalent mechanism to that in Community Services to ensure clear accountability for and delivery of required data protection training.

Management response: Partially accepted. Community Services Directorate have a greater need for Data Protection training than other Directorates and it would not be a sensible use of resources to have 9 additional staff giving training on Data

PROTECT

Protection. We will ensure each Directorate has appropriate mechanism for Data Protection training for that Directorate.

Implementation date: End of 2013
Responsibility: Democracy & Governance Manager

a11. There is no Corporate Training Manager, centralised function or post which has clear responsibility for the provision and monitoring of data protection training across FCC as a whole. This lack of overview increases the likelihood of inconsistency in the training provision across separate Directorates and departments.

Recommendation: FCC should take steps to centrally monitor and coordinate data protection training on an organisation wide basis.

Management response: Accepted.

Implementation date: End of 2013
Responsibility: Democracy & Governance Manager

a12. An internal audit in June 2012 identified that training records should be updated and centralised to better identify who should receive data protection training. A Strategic Risk Assessment undertaken in September 2012 prescribed that staff processing personal data should receive appropriate training. However, there is still no centralised corporate

training programme for FCC and each Directorate is responsible for training their own respective staff, including training programmes, calendars, strategy and training needs analysis.

Recommendation: FCC should develop a corporate data protection training programme to identify and direct strategic and consistent DP training delivery.

Management response: Partially accepted. It is the responsibility of each Head of Service to identify and arrange for their staff to have appropriate Data Protection training. Only they can identify what training is appropriate for their staff. The Data Protection Team have provided a range of different Data Protection training options. The team will develop this further to give corporate advice which option is appropriate for the different circumstances that exist in the different services.

Implementation date: End of 2013
Responsibility: Democracy & Governance Manager

a21. The Information & Support Manager, within Corporate Services, maintains training logs in respect of data protection training (for example, in respect of 'Lunch and Learn' sessions from 2010-13 and 'Act Now' external training from 2008-13) which record details such as the name of the employee, details of which Service and Directorate the employee belongs to, the training attended and the

PROTECT

date of training.

Recommendation: FCC should produce monthly reports within the Directorates, regarding completion of required data protection and related training. FCC should also produce an aggregate overview of this for reporting of the training provision to the Corporate Management Team.

Management response: Partially accepted. It is the responsibility of each Head of Service to put in place appropriate arrangements for that service. In future this will be part of the existing quarterly reporting arrangements to Corporate Management Team.

Implementation date: By the end of 2013

Responsibility: Heads of Service

a23. The Paris administration team are currently considering the introduction of a new database to log training information such as what training has been received, competency levels, etc. It is unclear as to whether it would be possible to expand this prospective monitoring and reporting tool to encompass other data protection related training.

Recommendation: see a22

Management response: Not accepted. If the recommendation is to expand the database to log

Data Protection training other than training for Paris, this would not be appropriate and would duplicate the database held by WDT.

Implementation date:

Responsibility:

a24. There are currently no KPIs regarding data protection or related training. This raises the risk of FCC having no clear Directorate level or corporate oversight regarding the provision and take-up of the data protection training provided.

Recommendation: FCC should introduce KPIs in regard to data protection training to proactively monitor and stimulate competency and completion levels.

Management response: Accepted.

Implementation date: End of 2013

Responsibility: Democracy & Governance Manager

a27. The WDT are able to generate electronic reports as to which individuals in the Community Services Directorate have applied for and then failed to attend data protection related training, but this is not undertaken on any formal or regular basis. It is unclear what process, if any, the other Directorates which do not have their own equivalent of the WDT utilise in respect of identifying and following up non-

PROTECT

attendance at data protection training.

Recommendation: FCC should introduce appropriate mechanisms in Directorates outside of Community Services for identifying and following up non-attendance of data protection training. Management information in relation to non-attendance by Directorate should also be provided to CMT to provide corporate oversight of this aspect.

Management response: Partially accepted. There may be good reasons for failing to attend Data Protection training such as sickness absence. The important issue is that they receive training, not the reason for non attendance. It is the responsibility of Heads of Service to ensure that where such training has been missed, the officer receives Data Protection training at a later date. Management information on who has received Data Protection training will however be included in the future reports to CMT.

Implementation date: By the end of 2013

Responsibility: Heads of Service and Democracy & Governance Manager

a31. The information security presentation explains the role of the Information Governance Manager, information security, the types of personal data processed by FCC, prohibited actions, the effect of data protection breaches, the powers of the ICO, the data protection principles and subject access requests. However, the presentation appears to

indicate that the sixth principle of the DPA only relates to the right of subject access.

Recommendation: The Information Security Presentation '8 Data Protection Principles' slide should be clarified to indicate that all rights of the individual under the DPA have a central basis under the sixth data protection principle, although the right to subject access may be foremost amongst these.

Management response: Accepted

Implementation date: 1 September 2013

Responsibility: Information Governance Manager

a40. The Community Services Directorate Management Team (DMT) have identified that individuals should attend the recently developed course every three years. This is a relatively long interval for refresher training and may raise the risk of staff DP awareness not remaining current.

Recommendation: FCC should review the timeframe for refresher data protection training and give serious consideration to an annual cycle.

Management response: Partially accepted. The Council's Statement of Data Protection Policy clearly makes this the responsibility of Directors and Heads of Service. It also makes clear that the timeframe will differ from one department to another dependant

PROTECT

upon the degree of risk. In order to ensure consistency the Data Protection team will put forward recommended periods for different degrees of risk.

Implementation date: 1 November 2013

Responsibility: Heads of Service and Democracy & Governance

a42. Excluding the refresher requirement for the Community Services Directorate Data Protection course, we found no additional evidence to support provision within other directorates for periodic and mandatory data protection related refresher training, in line with the Statement of Data Protection Policy and Practice, Internal Audit recommendations and good practice requirements.

Recommendation: FCC should extend the provision of periodic and mandatory data protection related refresher training across their whole organisation.

Management response: Accepted. The Council's Statement of Data Protection Practice & Policy makes clear that it is already extended across the whole organisation. The audit visit concentrated on Community Services staff but nevertheless at least one example of other staff was given during the audit visit. Please also see a40 management response.

Implementation date: Already in place

Responsibility:

a43. The Records Manager has undertaken training in respect of the Information Systems Examination Board (ISEB) Certificate in Data Protection and intends to sit the examination. However, we found no evidence that other members of staff including members of the DPT, have or are expected to undertake the same training.

Recommendation: FCC should ensure that appropriate members of the Data Protection Team who have not undertaken ISEB training to date do so.

Management response: Partially accepted. This will be seriously considered but is dependant upon factors such as cost and the length of the training course as well as the benefits of it.

Implementation date: June 2014

Responsibility: Data Protection Team

a46. However, outside of the ISEB training for the Records Manager and the WASPI ISP Facilitator training for several members of staff, there is no evidence of specific data protection training for specialised roles or functions.

Recommendation: FCC should introduce the provision of specific data protection training for specialised roles or functions (such as SIRO, IAOs, SAR handlers) as appropriate.

PROTECT

Management response: Partially accepted. Whilst training will be provided for SIRO and IAO's it is believed the existing arrangements of guidance and access to a member of the Data Protection team is sufficient for SAR handlers.

Implementation date: By end of 2013 for SIRO and within 6 months of their appointments for IAOs.

Responsibility: Democracy & Governance Manager

a49. In more general terms, there is extensive data protection related material available on 'Infonet' in regard to formal policies, relevant internal contacts, related news articles and links to ICO guidance.

Recommendation: The 'Do's and don'ts' poster, the 'DP - what is it?' section of Infonet and the DP Adult Social Care policy should be amended to reflect that employees would only be liable to individual fines as a result of deliberate and / or reckless offences under s.55 of the DPA committed without the consent of FCC and not unintentional errors committed in the course of their employment.

Management response: Accepted

Implementation date: 1 September 2013

Responsibility: Democracy & Governance Manager

a50. The 'Individuals' rights' section of Infonet does cite the relevant sections in respect of some rights under the DPA (e.g. s.10), but not others (e.g. s. 11), although data subjects may cite these sections when seeking to exercise these rights. The guidance on Infonet does however explain the right given by Section 11.

Recommendation: The Individual Rights section of Infonet should include all data subjects' rights within the provisions of the DPA in order for staff to be better able to identify these in practice.

Management response: Accepted

Implementation date: 1 September 2013

Responsibility: Democracy & Governance Manager

a58. It appeared that staff whose roles involve records management have undertaken general data protection training such as the e-learning modules on 'Infonet' and the 'Act Now' courses. However, they have not undertaken any standalone records management training and it appears there is none currently available.

Recommendation: FCC should introduce appropriate records management training for members of staff who have specialised records management roles or functions.

Management response: Accepted

Implementation date: June 2014

Responsibility: Records Manager

7.2 Scope b: Records management. The processes in place for managing both electronic and manual records containing personal data. This will include controls in place to monitor the creation, maintenance, storage, movement, retention and destruction of personal data records.

Risk: In the absence of appropriate records management processes, there is a risk that records may not be processed in compliance with the DPA resulting in regulatory action by the ICO, reputational damage to the data controller and/or damage and distress to individuals.

b2. There are no formal Terms of Reference for the DPT agreed at senior level. Paragraph 4.5 of the Statement of Data Protection Policy & Practice provides a broad overview of the purpose of DPT but does not contain specific details including member's roles and responsibilities, specific deliverables and measures to ensure these are met, frequency of meetings, quorate requirements or decision making authority.

Recommendation: Draft Terms of Reference for the DPT to ensure roles and responsibilities, decision making and quorums are clearly defined.

Management response: Accepted

Implementation date: 1 September 2013
Responsibility: Democracy & Governance Manager

b5. The Council have decided not to appoint a Senior Information Risk Owner (SIRO), instead spreading this responsibility amongst senior CMT staff with appropriate expertise.

Recommendation: Appoint and train a senior level SIRO.

Management response: Accepted. It has been decided that the Head of Legal & Democratic Services will be the Council's SIRO.

Implementation date: End of 2013
Responsibility: Corporate Management Team

b6. Although 'data set owners' have been identified they have not been trained to risk assess and report on the resources in place to maintain and protect the integrity of the systems they own and the personal data they contain.

Recommendation: Ensure data set owners are trained to perform the role of Information Asset

Owners in line with the 'Local Public Service Data Handling Guidelines v2 - August 2012'.

Management response: Accepted

Implementation date: Within 6 months of their appointment.

Responsibility: Democracy & Governance Manager

b13. The RM policy has been in place for a number of years and it was reported it had been approved by CMT. However, the Council did not appear to have robust procedures for creating and reviewing policy documents to ensure input from across the Council. This would include an appropriate cover sheet documenting version control, review date, policy owner, date approved and the approving body.

Recommendation: Ensure a standard procedure for creating and reviewing all policies, including the Records Management policy, as part of a regular policy review cycle to ensure they are kept up-to-date and reflect the current needs of the authority. This would include an appropriate cover sheet as described above.

Management response: Accepted in so far as this relates to Data Protection and Records Management Policies.

Implementation date: 1 September 2013
Responsibility: Democracy & Governance

Manager

b14. The RM policy focuses on retention and destruction processes but does not identify and make connection to related policies, including email, information security, protective marking and data protection. Neither does it define RM roles and responsibilities or state how compliance with the policy will be monitored.

Recommendation: Review the RM policy to ensure it complies with the recommendations in Part 1, section 7 of the s46 Code of Practice on records management.

Management response: Accepted
Implementation date: End of 2013
Responsibility: Records Manager

b15. The Council's website does not currently have a 'Privacy Notice' or 'Information Charter' explaining why the Council collect personal data and what they do with it.

Recommendation: Ensure the Council's website includes a clear Privacy Notice statement, accessible from the home page.

Management response: Accepted.
Implementation date: 21 May 2013
Responsibility: Democracy & Governance Manager

PROTECT

b20. The Council do not have an Information Asset Register. This is a single list of all hard copy and electronic records, who is responsible for them, where they are stored and who has access to them. The register should be held in an accessible format and should also have a nominated owner responsible for ensuring it is reviewed and kept up to date.

Recommendation: Ensure a single Information Asset Register is produced of all the Council's electronic and paper records. The register should have an owner, be regularly reviewed and contain details of who is responsible for the assets, a risk assessment, where they are stored and who has access to them.

Management response: Accepted.

Implementation date: End of 2016
Responsibility: SIRO

b24. The introduction of an EDM system and a structured fileplan will reduce the current use of departmental file shares for group working. Work is on-going to integrate EDM with Paris and an imminent solution to this will enable EDM to be rolled out to Social Services.

Recommendation: Ensure the work to integrate EDM and Paris is continued to enable Social Services to store unstructured data on the corporate EDM.

Management response: Accepted

Implementation date: End of 2014
Responsibility: Information Governance Manager

b40. Hard drives are kept securely by IT before disposal by an approved 3rd party contractor. A 'Secure Disposal of Storage Media' procedure is in development.

Recommendation: Ensure the procedure on 'Secure Disposal of Storage Media' is completed and distributed to all relevant staff.

Management response: Accepted.

Implementation date: End of 2013
Responsibility: The Information Governance Manager

b41. Not all electronic systems holding personal data have archiving and disposal functionality. This includes Paris and Care.com. Work is on-going to address these issues with Paris but it was not clear what will happen to data held on Care.com. The Trent HR system does have deletion schedules for staff records including disciplinaries and grievances.

Recommendation: Ensure all electronic records, including those in Care.com, can be archived or deleted in line with the Councils retention schedules.

Management response: Partially accepted. This will be done for Paris and Care.com and investigated for other electronic record systems.

Implementation date: June 2016
Responsibility: Heads of Service and Information Governance Manager

b43. There is no time limit on retaining personal emails although there is limit on mailbox sizes. Emails containing personal data held indefinitely may breach principle five of the DPA.

Recommendation: Investigate if there is a function available with the Council’s email application that will apply automatic disposal schedules.

Management response: Accepted

Implementation date: 1 October 2013
Responsibility: Operational Services Manager

b44. Records management performance measures are not identified in the RM policy. However, monthly KPIs, including box deposits and retrievals, and boxes destroyed, are reported by the Records Manager to the Director of Lifelong Learning. It was

not known if these KPIs are subsequently reported to CMT.

Recommendation: Include performance measures or KPIs in the Records Management policy so the effectiveness of the RM function can be measured.

Management response: Not Accepted. It is not appropriate for performance measures or KPIs to be included in policies. The KPIs will however be included in the quarterly performance reports considered by Corporate Management Team.

Implementation date: December 2013
Responsibility: Records Manager

b45. Internal audit provided substantial assurance of the Records Management service in 2006. The frequency of this audit is stated as one in three years but it has not been repeated since, due to other more highly risk rated audit priorities.

Recommendation: Internal audit should review whether Records Management should be included in the audit plan as part of a three year review cycle.

Management response: Accepted. Already reviewed annually as part of the planning process. The findings of this report will inform the next annual review.

Implementation date: January 2014
Responsibility: Internal Audit Manager

PROTECT

b49. It is important that records and information management is included in the corporate risk management framework. However, no risks relating to records management were identified in either the QPRs or SARC reviewed onsite.

Recommendation: Ensure records and information management risk is incorporated into service level plans so potential threats can be identified at an early stage.

Management response: Accepted.

Implementation date: June 2014
Responsibility: SIRO and Heads of Service

b53. The Council have decided that Privacy Impact Assessments (PIAs) are not appropriate at this time as they are too resource intensive to undertake for small scale information systems development.

Recommendation: The Council should consider conducting PIA assessments when developing any projects that will process personal data on a case by case basis. These should be based on the recommendations in the ICOs PIA handbook which include conducting preliminary assessments on the level of PIA required in each case.

Management response: Partially accepted. PIA assessments will be considered for appropriate projects but not for all projects due to the resource implications.

Implementation date: End of 2013
Responsibility: SIRO and Data Protection Team

7.3 Scope c: Data sharing. The design and operation of controls to ensure the sharing of personal data complies with the principles of the Data Protection Act 1998 and the good practice recommendations set out in the Information Commissioner’s Data Sharing Code of Practice.

Risk: The failure to design and operate appropriate data sharing controls is likely to contravene the principles of the Data Protection Act 1998, which may result in regulatory action, reputational damage to the organisation and damage or distress for those individuals who are the subject of the data.

c5. Although the ISPs typically tend to indicate a requirement for partner organisations to ensure that members of their staff who are involved in systematic data sharing at a less senior operational level are appropriately trained, FCC does not provide specific training in regard to regular data sharing.

Recommendation: FCC should develop and introduce specific data sharing training for operational staff who have responsibility for systematic data sharing.

Management response: Partially accepted. Guidance will be produced, including who should be

contacted with queries. Data sharing is best covered as part of the corporate training arrangements.

Implementation date: End of 2013
Responsibility: Democracy & Governance Manager

c8. In terms of one off disclosures, no senior authorisation or sign off is obtained, unless purely administrative members of staff have received the request for an ad hoc disclosure or the information requested engages considerations in respect of the Protection of Vulnerable Adults.

Recommendation: FCC should develop and introduce formal training and documented procedures specifically in regard to one off disclosures and these should ensure appropriate sign off.

Management response: Partially accepted. There is no need for routine senior authorisation or sign off if staff are appropriately trained. Further guidance will be produced on this, including who to contact with queries. It is best covered in the corporate training arrangements.

Implementation date: End of 2013
Responsibility: Democracy and Governance Manager

PROTECT

c13. There does appear to be some quality control in terms of an Information Officer considering the content of draft factsheets and forms to be distributed to prospective data subjects. However, the emphasis of this quality assessment does not include fair processing requirements.

Recommendation: FCC should ensure that there is a uniform mechanism for quality assessment of fair processing information across the organisation.

Management response: Accepted. There already exists a uniform mechanism whereby advice can be sought from the appropriate contact on the Data Protection team. The Data Protection team will issue further guidance on what needs to be covered in a fair processing notice.

Implementation date: September 2013
Responsibility: Democracy & Governance Manager

c14. It was reported that there are fair processing templates available on 'Infonet', but although the completed forms and leaflets which we have been able to view do provide fair processing information, the information provided is of varying detail.

Recommendation: FCC should ensure that the provision of fair processing information is uniformly consistent in terms of identifying FCC, the purposes for processing and any further appropriate information to ensure the processing is fair.

Management response: Partially accepted. Different parts of the Council will use personal information for different purposes and share it with different bodies therefore it is not possible to have uniform consistency. If however, this recommendation also relates to the quality of fair processing notices see management response to c13.

Implementation date: September 2013
Responsibility: Democracy & Governance Manager

c21. The ISPs themselves are currently stored within operational team files. However, FCC is considering putting all ISPs onto EDM to improve central oversight.

Recommendation: FCC should put all ISPs in a single place on EDM to enable central oversight.

Management response: Partially accepted. A central location for the storage of all ISPs will be created within the Data Protection team folder on the Council file share.

Implementation date: June 2013
Responsibility: Information Governance Manager

PROTECT

c26. In instances of regular data sharing and one off disclosures, the specific arrangements for retention and disposal are left to the discretion of each partner agencies' policies with the caveat that they should comply with the retention and security requirements of the DPA. It was reported that assurances are not obtained in regard to destroying personal data, but that partner organisations are able to audit each other's processes.

Recommendation: FCC to require partner agencies to provide assurances that shared personal data have been securely disposed of at the end of the ISP.

Management response: Partially accepted. This will be covered by version 4 of WASPI.

Implementation date: End of 2013

Responsibility: Democracy & Governance
Manager and Heads of Service

c33. The practice in the Community Service Directorate - in posting or faxing ad hoc disclosures of personal data to third parties - is inconsistent with the 'Sending Personal Data to an External Party' policy. The reason for this may be that although this policy steers employees to sending personal data by GCSX, encryption and trackable courier and avoids fax altogether, the 'Policy on Security of Documents Containing Personal Information' does refer to the use of ordinary post, trackable courier and fax.

Recommendation: FCC should clarify which of the two aforementioned policies should be followed in practice.

Management response: Accepted

Implementation date: September 2013

Responsibility: Information Governance
Manager and Democracy
& Governance Manager

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE**

DATE: **THURSDAY 12TH SEPTEMBER 2013**

REPORT BY: **CHIEF EXECUTIVE**

SUBJECT: **PERFORMANCE REPORTING**

1.00 PURPOSE OF REPORT

1.01 To provide an update on the streamlined and corporate approach to performance reporting.

2.00 BACKGROUND

2.01 The Council adopted the Improvement Plan for 2013/14 on 25 June 2013. The Improvement Priorities of the previous Council have been thoroughly reviewed and challenged to streamline and reset them and to be clearer over the impacts and how performance will be measured.

2.02 The Improvement Plan focuses on the priorities which are going to have the most impact during 2013/14. This helps the organisation to concentrate on the things where sustained corporate attention is needed during 2013/14, with the remaining priorities being managed as more routine performance management.

2.03 The introduction of the new style Improvement Plan has presented the opportunity to review and streamline our current reporting arrangements so that they in turn focus and concentrate on the achievement of our priorities and the impacts which they seek to deliver.

2.04 The alignment of the new three year Outcome Agreement (starting in 2013/14) with the Improvement Plan allows for further streamlined reporting as part of the Improvement Plan monitoring.

3.00 CONSIDERATIONS

3.01 Future reporting arrangements will include:

1. Monitoring of Improvement Plan activity and progress reported each quarter: This will include progress against the achievement measures, risks and the Outcome Agreement. This will start in October with a single report to Cabinet, followed by quarterly updates. The Improvement Priorities are to be monitored by appropriate Overview

and Scrutiny Committees according to the priority area of interest. Most of these are straight forward e.g. the Housing priorities will be reported to Housing Overview and Scrutiny; others are more complex e.g. Social Enterprise is led by the Director of Community Services, but will be reported to the Environment Overview and Scrutiny Committee as the content is mainly regeneration and business related. Appendix 1 is a mapping document showing accountability and reporting lines.

2. Twice annually (at quarters 2 and 4) performance highlight reports will be presented from the Heads of Service: These will be similar to those previously produced for quarterly reporting with a focus on performance exceptions, both good and poor. This ensures that the 'business as usual' is still being monitored and reported against.
- 3.02 The contents of these half yearly Head of Service reports will include:
- Improvement Priorities that do not have an in-year priority
 - Service Plan progress
 - Corporate measures e.g. absence management
 - Reporting against findings from external regulatory bodies e.g. Wales Audit Office, Care and Social Services Inspectorate Wales or Estyn
 - Improvement Targets
 - National Strategic Indicators (NSIs) – as part of the new Outcome Agreement.
- 3.03 This approach is more streamlined and will remove some of the duplication experienced with the previous approach, e.g. separate Improvement Plan and risk register reporting.
- 3.04 The first full Improvement Plan progress report will be presented to Cabinet's October meeting.
- 3.05 Each Overview and Scrutiny Committee will receive this report and will be briefed on the changing arrangements.
- 4.00 RECOMMENDATIONS**
- 4.01 Members support and help develop the new approach to performance reporting.
- 5.00 FINANCIAL IMPLICATIONS**
- 5.01 There are no specific financial implications for this report, however the Council's Medium Term Financial Plan is aligned to resource the priorities of the Improvement Plan.

5.02 In addition, the alignment of the Outcome Agreement to the Improvement Plan may have financial implications. These will be detailed in a future report once the Outcome Agreement is more fully developed.

6.00 ANTI POVERTY IMPACT

6.01 There are no specific anti poverty implications for this report, however poverty is a priority within the Improvement Plan 2013/14.

7.00 ENVIRONMENTAL IMPACT

7.01 There are no specific environmental implications for this report, however the environment is a priority within the Improvement Plan 2013/14.

8.00 EQUALITIES IMPACT

8.01 There are no equalities implications for this report.

9.00 PERSONNEL IMPLICATIONS

9.01 There are no personnel implications for this report.

10.00 CONSULTATION REQUIRED

10.01 Each of the Overview and Scrutiny Committees will receive this report as part of their September forward work programme which explains the new approach to performance reporting.

11.00 CONSULTATION UNDERTAKEN

11.01 Corporate Management Team and the Performance Leads from across the Authority have contributed to help shape the new approach to reporting. Cabinet members have been consulted. Wales Audit Office has been advised.

11.02 Informal Cabinet received a copy of this report 3 September 2013.

12.00 APPENDICES

12.01 Appendix 1 – Improvement Priorities Mapping Document

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

**Contact Officer: Vicki Robarts
Telephone: 01352 701457
Email: vicki.c.robarts@flintshire.gov.uk**

Council Priorities - Accountability Mapping

Council Priority	Lead Accountability	Portfolio Holder	Sub-Priority	Impact	Lead Accountability	O&S Scrutiny Committee
Housing	Director of Community Services	Cabinet Member for Housing	Extra Care Housing	Helping more people to live independently and well at home	Head of Housing	Housing
			Modern, Efficient and Adapted Homes	Improving the choice and quality of local housing		
			Achieve the Wales Housing Quality Standard	Improving quality of life for our tenants through improved housing		

Council Priority	Lead Accountability	Portfolio Holder	Sub-Priority	Impact	Lead Accountability	O&S Scrutiny Committee
Living Well	Director of Community Services	Cabinet Member for Social Services	Independent Living	Improving people's quality of life	Head of Adult Social Services / Head of Children's Social Services	Social & Health
			Integrated Community Social and Health Services	Helping more people to live independently and well at home	Head of Adult Services	

Council Priority	Lead Accountability	Portfolio Holder	Sub-Priority	Impact	Lead Accountability	O&S Scrutiny Committee
Economy and Enterprise	Director of Environment	Council Leader	Business Sector Growth in Deeside	Creating jobs and growing the local economy	Head of Regeneration	Environment
			Town and Rural Regeneration	Making local communities viable		
	Director of Community Services		Social Enterprise	Supporting and creating new forms of local business	Head of Regeneration	Environment

Council Priority	Lead Accountability	Portfolio Holder	Sub-Priority	Impact	Lead Accountability	O&S Scrutiny Committee
Skills and Learning	Director of Lifelong Learning	Cabinet Member for Education	Modernised and High Performing Education	Improving standards in schools to get the best learner outcomes	Primary, Secondary and Inclusion Lead Officers	Lifelong Learning
			Places of Modernised Learning	Improving places of learning to get the best learner outcomes	Head of Development & Resources (LLL)	Lifelong Learning
		Council Leader & Cabinet Member for Finance	Apprenticeships and Training	Meeting the skills and employment needs of local employers	Director of Lifelong Learning / Head of Regeneration	Lifelong Learning / Environment

Council Priority	Lead Accountability	Portfolio Holder	Sub-Priority	Impact	Lead Accountability	O&S Scrutiny Committee
Safe Communities	Chief Executive / Director of Environment	Cabinet Member for Public Protection, Waste & Recycling	Community Safety	Keeping people and communities safe	Head of Public Protection	Community Profile and Partnerships
		Cabinet Member for Environment	Traffic and Road Management	Improving road safety	Head of Assets and Transportation	Environment

Council Priority	Lead Accountability	Portfolio Holder	Sub-Priority	Impact	Lead Accountability	O&S Scrutiny Committee
Poverty	Director of Community	Cabinet Members for Social Services / Housing / Leader	Welfare Reform	Protecting people from poverty	Head of Finance / Head of Housing	Housing / Corporate Resources

Poverty	Community Services	Housing / Leader & Cabinet Member for Finance	Fuel Poverty	Protecting people from poverty	Head of Housing	Housing
---------	--------------------	---	--------------	--------------------------------	-----------------	---------

Council Priority	Lead Accountability	Portfolio Holder	Sub-Priority	Impact	Lead Accountability	O&S Scrutiny Committee
Environment	Director of Environment	Deputy Leader & Cabinet Member for Environment / Cabinet Member for Public Protection, Waste & Recycling	Transport Infrastructure and Services	People being able to access employment, local services and facilities	Head of Assets and Transportation	Environment
			Carbon Control and Reduction	Reducing our carbon impact on the natural environment		

Council Priority	Lead Accountability	Portfolio Holder	Sub-Priority	Impact	Lead Accountability	O&S Scrutiny Committee
Modern and Efficient Council	Chief Executive	Cabinet Member for Corporate	Organisational Change	Managing services well to achieve our priorities	Chief Executive / Head of ICT & Customer Services / Head of Housing	Corporate Resources
		Cabinet Member of Finance	Matching Resources to Priorities	Protecting local front-line public services through the best use of our resources	Chief Executive / Head of Finance	
			Achieving Efficiency Targets			
		Cabinet Member for Corporate	Procurement Strategy	Making our money go further through smart procurement	Head of ICT & Customer Services	
Asset Strategy	Having the right buildings in the right places for the right uses		Head of Assets and Transportation			

		for Corporate	Access to Council Services	Improving Customer Services	Head of ICT & Customer Services
			Single Status	Achieving a fair and affordable pay and grading structure	Head of HR and OD

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE**

DATE: **12TH SEPTEMBER 2013**

REPORT BY: **MEMBER ENGAGEMENT MANAGER**

SUBJECT: **FORWARD WORK PROGRAMME**

1.00 PURPOSE OF REPORT

1.01 To consider the Forward Work Programme of the Corporate Resources Overview & Scrutiny Committee.

2.00 BACKGROUND

2.01 Items feed into a Committee's Forward Work Programme from a number of sources. Members can suggest topics for review by Overview & Scrutiny Committees, members of the public can suggest topics, items can be referred by the Cabinet for consultation purposes, or by County Council, or Directors. Other possible items are identified from the Cabinet Work Programme and the Strategic Assessment of Risks & Challenges.

2.02 In identifying topics for future consideration, it is useful or a 'test of significance' to be applied. This can be achieved by asking a range of questions as follows:

1. Will the review contribute to the Council's priorities and/or objectives?
2. Are there issues of weak or poor performance?
3. How, where and why were the issues identified?
4. Do local communities think the issues are important and is there any evidence of this? Is there evidence of public dissatisfaction?
5. Is there new Government guidance or legislation?
6. Have inspections been carried out?
7. Is this area already the subject of an ongoing review?

3.00 CONSIDERATIONS

3.01 Overview & Scrutiny presents a unique opportunity for Members to determine the Forward Work Programme of the Committees of which they are members. By reviewing and prioritising the forward work programme Members are able to ensure it is member-led and includes the right issues. A copy of the Forward Work Programme is attached at Appendix 1 for Members' consideration which has been updated following the last meeting.

3.02 The Flintshire Futures workforce workstream in its current form has reached a natural end and the Chief Executive, Head of HR & OD, together with colleagues, will be redesigning new workstreams for the workforce as part of a next phase of the 'Change Programme'. It is suggested that the committee receive a report on the new work streams when they are developed.

4.00 **RECOMMENDATIONS**

4.01 That the Committee considers the draft Forward Work Programme attached as Appendix 1 and approve/amend as necessary.

5.00 **FINANCIAL IMPLICATIONS**

None as a result of this report.

6.00 **ANTI POVERTY IMPACT**

None as a result of this report.

7.00 **ENVIRONMENTAL IMPACT**

None as a result of this report.

8.00 **EQUALITIES IMPACT**

None as a result of this report.

9.00 **PERSONNEL IMPLICATIONS**

None as a result of this report.

10.00 **CONSULTATION REQUIRED**

N/A

11.00 **CONSULTATION UNDERTAKEN**

Publication of this report constitutes consultation.

12.00 **APPENDICES**

Appendix 1 – Forward Work Programme

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

None.

Contact Officer: Robert Robins
Telephone: 01352 702320
Email: Robert.robins@Flintshire.gov.uk

Corporate Resources Overview & Scrutiny Committee
FORWARD WORK PROGRAMME 2012/13

Page 91

DATE	SUBJECT	O&S FOCUS	REPORT FROM
Thursday 10 th October 2013	Q1 Performance Reporting	Monitoring and development	MEM
	Customer Services as a Flintshire Futures workstream (6 monthly update, as per the resolution of the committee on 17/1/13)	Monitoring and development	H of ICT&CS
	Revenue Budget Monitoring 2013/14 Month 4	Monitoring	HF
	Forward Work Programme	Development and confirmation	MEM
Thursday 14 th November 2013	Revenue Budget Monitoring 2013/14 Month 5	Monitoring	HF
	Procurement as a Flintshire Futures workstream (6 monthly update, as per the resolution of the committee on 17/1/13)	Monitoring and development	H of ICT&CS
	Forward Work Programme	Development and confirmation	MEM
Thursday 5 th December- Wednesday 18 th December	The 2014/15 Overview & Scrutiny budget consultation meetings will take place between these two dates. Eight meetings are shown on the schedule of meetings and following consultation during the summer, the meetings which are needed will be organised.		
Thursday 12 th December 2013	Revenue Budget Monitoring 2013/14 Month 6	Monitoring	HF
	Q2 Performance reporting	Monitoring and development	MEM
	Finance as a Flintshire Futures workstream (6 monthly update, as per the resolution of the committee on 17/1/13)	Monitoring and development	HF

Corporate Resources Overview & Scrutiny Committee
FORWARD WORK PROGRAMME 2012/13

	Forward Work Programme	Development and confirmation	MEM
Thursday 16 th January 2014	Revenue Budget Monitoring 2013/14 Month 7	Monitoring	HF
	Assets as a Flintshire Futures workstream (6 monthly update, as per the resolution of the committee on 17/1/13)	Monitoring and development	HAT
	Forward Work Programme	Development and confirmation	MEM

Page 92

Legend: CE = Chief Executive; HF = Head of Finance; H of HR&OD = Head of Human Resources & Organisational Development; H of ICT&CS = Head of ICT & Customer Service; H of L&DS = Head of Legal & Democratic Services; HAT = Head of Assets & Transportation; MEM = Member Engagement Manager