Sir y Fflint Flintshire
CYNGOR
COUNTY COUNCIL

Contact Officer:
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To: Cllr Chris Dolphin (Chairman)

Councillors: Janet Axworthy, Geoff Collett, Andy Dunbobbin, Patrick Heesom,
Paul Johnson and Arnold Woolley

Co-opted Members:
Sally Ellis and Allan Rainford

12 November 2019

Dear Sir/Madam

You are invited to attend a meeting of the Audit Committee which will be held at
10.00 am on Wednesday, 20th November, 2019 in the Clwyd Committee Room,
County Hall, Mold CH7 6NA to consider the following items

**This agenda is subject to restrictions on content due to the Election Period
which runs from 7th November to 13th December.**

A G E N D A

1   **APOLOGIES**

    Purpose: To receive any apologies.

2   **DECLARATIONS OF INTEREST (INCLUDING WHIPPING
DECLARATIONS)**

    Purpose: To receive any Declarations and advise Members accordingly.

3   **MINUTES** (Pages 5 - 12)

    Purpose: To confirm as a correct record the minutes of the meeting on
11 September 2019.

4   **SCHOOL RESERVE BALANCES YEAR ENDING 31 MARCH 2019** (Pages
13 - 20)

Report of Chief Officer (Education and Youth) - Leader of the Council and
Cabinet Member for Education

    Purpose: To report the level of school balances to Audit Committee and
to highlight the risks and internal processes associated with
schools in deficit.

5   OUTCOME OF ESTYN INSPECTION (Pages 21 - 42)

Report of Chief Officer (Education and Youth) - Leader of the Council and Cabinet Member for Education

Purpose: To advise of the outcome of the recent Estyn inspection of Flintshire County Council Education Services.

6   ASSET DISPOSALS AND CAPITAL RECEIPTS GENERATED 2018/19 (Pages 43 - 50)

Report of Chief Officer (Housing and Assets) - Cabinet Member for Corporate Management and Assets

Purpose: To inform Members of the 2018/19 asset disposals.

7   TREASURY MANAGEMENT MID-YEAR REVIEW 2019/20 AND QUARTER 2 UPDATE (Pages 51 - 78)

Report of Corporate Finance Manager - Cabinet Member for Finance

Purpose: To present to Members the draft Treasury Management Mid-Year Review 1st April - 30th September 2019 for comments and recommendation for approval to Cabinet.

8   SUBMISSION OF CERTIFIED GRANTS AND RETURNS 2018/19 (Pages 79 - 88)

Report of Corporate Finance Manager - Cabinet Member for Finance

Purpose: To inform Members of progress on the submission of grant claims requiring grant certification from Wales Audit Office for the year ended 31 March 2019 and to provide an update on progress with actions arising from the 2017/18 certification process.

9   RISK MANAGEMENT UPDATE (Pages 89 - 124)

Report of Chief Executive - Leader of the Council and Cabinet Member for Education

Purpose: To endorse the Council's actions taken to mitigate the significant risks at the mid-year point.

10 CONTRACT MANAGEMENT (Pages 125 - 140)

Report of Chief Officer (Governance) - Cabinet Member for Corporate Management and Assets

Purpose: To update the Committee on the audit review of contract management.

Yours faithfully

Robert Robins
Democratic Services Manager

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AUDIT COMMITTEE
11 SEPTEMBER 2019

Minutes of the meeting of the Audit Committee of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Wednesday, 11 September 2019

PRESENT: Councillor Chris Dolphin (Chairman)
Councillors: Geoff Collett, Patrick Heesom, Andrew Holgate, Paul Johnson and Arnold Woolley
Co-opted member: Sally Ellis

SUBSTITUTE: Councillor: Ian Dunbar (for Andy Dunbobbin)

ALSO PRESENT: Councillors: Ian Roberts, Leader of the Council and Cabinet Member for Education; Glyn Banks, Cabinet Member for Finance; David Evans; and Ted Palmer were present as observers. Allan Rainford was also present as an observer.

IN ATTENDANCE:
Chief Executive; Chief Officer (Governance); Internal Audit Manager; Corporate Finance Manager; and Democratic Services Officer

Richard Harries and Mike Whiteley of Wales Audit Office

Senior Auditor; Senior Manager - School Improvement Systems; and Head Teacher of Argoed High School (for minute number 26)

Finance Manager - Technical Accountancy (for minute number 27)

22.   SUBSTITUTION

In accordance with Constitutional requirements, the Committee agreed to allow Councillor Dunbar (who had undertaken the requisite training) to substitute for Councillor Dunbobbin.

RESOLVED:

That Councillor Dunbar be permitted as a substitute for the meeting.

23.   DECLARATIONS OF INTEREST

None.

24.   MINUTES

The minutes of the meeting held on 10 July 2019 were received.

Minute number 16: Draft Statement of Accounts 2018/19 - as noted in the Action Tracking report, the concerns about the outstanding debt owed to the Council had been raised with the Local Health Board at senior level. The situation would continue to be monitored with further representations to be raised at forthcoming meetings and at regional level. The Corporate Finance Manager advised that the amount owed by the Local Health Board had not significantly changed since last communicated to the Committee.

RESOLVED:

That the minutes be approved as a correct record and signed by the Chairman.

25.   **VARIATION IN ORDER OF BUSINESS**

The Chairman indicated that there would be a slight change in the order of business to bring forward agenda item 7 (Internal Audit Progress Report) due to a third party representative being in attendance to speak on the item. The remainder of the items would be considered in the order shown on the agenda.

26.   **INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Manager presented the update on progress of the Internal Audit department. On reports issued since the last meeting, there was one report with red (limited assurance) for school funds at Argoed High School which was amongst a sample of audits undertaken at four schools.

The Senior Auditor for the review (Rafaela Rice) provided background to the audit which had focussed on risks around the operation, management and regulatory requirements of school funds. The weaknesses identified had been discussed with the Headteacher and newly-appointed Business Manager to agree a number of changes for improving controls and strengthening procedures.

In response to the audit findings, the Headteacher of Argoed High School (Mr. Paul Smith) confirmed that procedures had been reviewed and an agreed action plan shared with key individuals. In addition to the newly-appointed experienced Business Manager, the appointments of a Vice-Chair of Finance and co-opted governor with relevant experience would build resilience into the oversight of the School's financial management. Other actions involved training sessions and visits to other schools identified as good practice. The Headteacher also advised that a task group of school governors would monitor progress on the audit recommendations, some of which were underway. He gave assurance that all actions would be implemented by the Spring term.

The Senior Manager - School Improvement Systems confirmed that the findings had been escalated to the Chief Officer who would be kept informed of progress on actions. To raise awareness across all schools, the issues were being discussed with the School Budget Forum and Primary Heads' Federation, with relevant training planned for schools.

In thanking the Headteacher for his attendance, the Chief Executive said that he was satisfied with the urgency and intent of the School's response and the shared learning amongst schools.

In response to questions from Sally Ellis, the Internal Audit Manager explained that actions would require evidencing before closing down and that a follow-up review was undertaken for all red assurance audits.

On the three amber/red (some assurance) reports issued during the period, Sally Ellis was concerned about the lack of progress on the Alltami Stores follow-up and proposed that this be referred to the Environment Overview & Scrutiny Committee for further monitoring. The Internal Audit Manager agreed to raise this at the next meeting of the liaison group with Overview & Scrutiny Chairs.

The Chief Executive spoke in support of this and said that an initial review meeting would be held with the Chief Officer.

Following comments from Councillor Johnson on school funds across primary and secondary sectors, the Internal Audit Manager said that similar issues had been identified at some of the other schools which had been audited. There was a lack of oversight on school funds in general, hence the issue had been highlighted across all schools.

The Internal Audit Manager summarised the key points from other sections of the progress report, including progressing overdue actions with Chief Officers.

In response to concerns, Councillor Dunbar was informed that audit work on Housing Rent and Arrears was scheduled for Quarter 4 which commenced in January 2020.

Councillor Johnson's concerns about overdue actions on Planning Enforcement were shared by the Internal Audit Manager who said that Chief Officers and Service Managers were responsible for providing updates on progress. The Chief Executive said that a review meeting would be held with the Chief Officer and Internal Audit so that an update could be provided to the Committee as soon as possible. This was welcomed by the Chairman.

RESOLVED:

That the report is accepted.

27. **STATEMENT OF ACCOUNTS 2018/19**

The Corporate Finance Manager presented the final version of the Statement of Accounts 2018/19 incorporating changes agreed with the Wales Audit Office (WAO) during the course of the audit. Following receipt of the draft accounts in July, the Committee was asked to recommend the final version to County Council to meet the deadline, which was two weeks earlier than previous years. A full written response to questions raised at the draft stage had been shared with all Council Members with no further queries raised since.

The Corporate Finance Manager expressed his gratitude to WAO colleagues for the manner in which the audit had been undertaken and welcomed the unqualified opinion which had been issued. He said it was reassuring to know that the statements had been produced to a good standard and thanked the Finance Manager - Technical Accountancy and her team for their work. The Committee's attention was drawn to planned actions to address an issue relating to the process for valuing fixed assets which did not lead to any material misstatement. The potential impact of the 'McCloud' Judgement on all UK local authority pension schemes would take time to resolve fully and any financial impact for the Clwyd Pension Fund would need to be considered as part of the Actuarial Review cycle. The audit on the Clwyd Pension Fund accounts was currently ongoing with approval scheduled for 7 October in advance of the statutory deadline.

Mike Whiteley of WAO presented the main findings from the ISA 260 report in a presentation covering:

- Overall findings
- Auditor General's responsibilities
- Audit position
- Issues arising from the audit
- Independence
- Looking ahead

He said that this was again a positive audit with good co-operation from the officers, resulting in an unqualified ('clean') opinion by the Auditor General for Wales. He welcomed actions being put in place on asset valuations which may have been impacted by resource issues and said that such issues would need to be resolved prior to the introduction of earlier statutory deadlines. On the material amendment arising from the 'McCloud' judgement, the WAO was satisfied that the potential financial liability was a reasonable estimate at this stage.

On the latter point, the Chief Executive said it was disappointing that local press coverage did not reflect this as a nationwide issue on potential liabilities. Following detailed discussions, the estimated £12m liability was a reasonable assumption at this stage for Flintshire as one of the contributors to the Clwyd Pension Fund. Any impact would be over the longer term and affect annual employer contributions spread over many years.

On the future timetable for the annual accounts, the Chief Executive said it was important to recognise the impact of any delays in presenting and concluding queries which might occur in the audit process. As agreed with Group Leaders, a recommendation would be sought from the Constitution & Democratic Services Committee to County Council to delegate future approval of the group accounts to the Audit Committee. If agreed, this would not prohibit Member involvement on the accounts process.

The Chairman asked whether resource issues were evident in other teams, for example, Planning Enforcement. The Chief Executive said that teams were sized according to the minimum capacity to meet statutory duties and tasks, and that work was underway on vacancy management in specific areas. A previous report to the Committee had acknowledged changes made to the Planning Enforcement structure and time required to clear the backlog of work.

Richard Harries said that resourcing was a challenge to other organisations including the WAO. On the change to delegating approval of the accounts, he advised that other councils had adopted similar arrangements to help meet the new statutory deadline.

In response to comments from Councillor Johnson, Richard Harries provided background to the concept of materiality adopted by WAO.

When asked by Councillor Woolley about the number of non-material misstatements, Mike Whiteley replied that there were no concerns about the level of errors which had not changed significantly from the previous year. WAO and Council officers spoke about future consideration of the level of reporting and greater reliance on estimates.

RESOLVED:

(a)   That the final version of the Statement of Accounts 2018/19 be recommended for approval by County Council;

(b)   That the Wales Audit Office ISA 260 presentation be noted; and

(c)   That the Letter of Representation be recommended for approval by County Council.

28.   **ANNUAL IMPROVEMENT REPORT 2018/19 OF THE AUDITOR GENERAL FOR WALES**

The Chief Executive presented the Annual Improvement Report by the Wales Audit Office (WAO) which summarised the audit and regulatory work undertaken at the Council since the last report published in November 2018. The report, which made no formal recommendations, concluded positively that 'the Council was meeting its statutory requirements in relation to continuous improvement but, as with all councils in Wales, it faces challenges going forward'.

He had no concerns about the voluntary proposals for improvement from national and local reports which were accompanied by a draft response setting out low-level actions. Any comments raised by the Committee would be reported to Cabinet.

Whilst highlighting the WAO Annual Audit Letter summarising work in 2017-18, Richard Harries advised that the letter for 2018-19 would report on all work in that period including the accounts for the current year.

RESOLVED:

That the Committee is assured by the Auditor General for Wales' Annual Improvement Report for 2018/19.

29.   STRATEGIC RISK MANAGEMENT UPDATE

The Chief Executive introduced a report which provided a high-level overview of the strategic approach to risk management.

The four box model within the report was used for the identification and escalation of emerging risks at the correct stage. Examples of risks from the current Council Plan were also set out. A full report on the updated Risk Management Strategy would be scheduled for the next meeting.

Councillor Dunbar referred to the example on the Homelessness Strategy to which the Chief Executive gave a brief update on a range of initiatives including supported housing solutions.

RESOLVED:

(a)   That the Committee is assured by the Council's strategic approach to the management of risk; and

(b)   That the Committee receives a revised version of the Risk Management Strategy at the next meeting.

30.   APPOINTMENT OF A LAY MEMBER TO THE AUDIT COMMITTEE

The Chief Officer (Governance) presented a report on the appointment of an additional lay member to the Audit Committee, as previously agreed by County Council on the recommendation of the Committee. The report set out the selection and interview process leading to the panel recommending the appointment of Allan Rainford, who was present in the public gallery.

The recommendation was moved by Councillor Woolley and seconded by Councillor Johnson. This was welcomed by the Chairman.

RESOLVED:

That the Committee recommends to full Council that Allan Rainford be appointed to the Audit Committee until the end of December 2023.

31.   AUDIT COMMITTEE ANNUAL REPORT

The Chairman introduced the Audit Committee Annual Report 2018/19 for endorsement prior to its submission for approval at County Council in October. The arrangement to report annually on the Committee's activities and achievements met with best practice and had been reflected in the updated Terms

of Reference. The Chairman thanked the Internal Audit Manager for her work on the report.

RESOLVED:

That the Committee endorses the annual report for 2018/19 prior to its submission to Council for approval on 22 October 2019.

32. **ACTION TRACKING**

The Internal Audit Manager presented the update report on actions arising from previous meetings.

RESOLVED:

That the report is accepted.

33. **FORWARD WORK PROGRAMME**

The Internal Audit Manager presented the current Forward Work Programme for consideration, including a summary of the changes.

RESOLVED:

(a)   That the Forward Work Programme be accepted; and

(b)   That the Internal Audit Manager, in consultation with the Chair and Vice-Chair of the Committee, be authorised to vary the Forward Work Programme between meetings, as the need arises.

34. **ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC**

There was one member of the public in attendance.

The meeting commenced at 10am and finished at 11.15am

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Chairman

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<table>
<tr><td colspan="2" align="center">**AUDIT COMMITTEE**</td></tr>
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Date of Meeting	Wednesday, 20 November 2019
Report Subject	School Reserve Balances Year Ending 31 March 2019
Cabinet Member	Leader of the Council & Cabinet Member for Education
Report Author	Chief Officer, Education & Youth
Type of Report	Operational

EXECUTIVE SUMMARY

The overall level of reserves held by Flintshire schools was £1.335m at 31 March 2019, an increase of £0.060m (4.7%) compared with the previous year. Overall secondary schools net deficit increased by £0.169m or 13.1%. This was offset by a £0.172 (7.2%) increase in primary school reserves and £0.057m increase in specialist school reserves. A summary of the position is shown in table 1.

Table 1

School Sector	2018-19 Schools Delegated Budget	March 2019 Balance surplus/ (deficit)	March 2018 Balance surplus/ (deficit)	Change Between Years
	£'000	£'000	£'000	£'000
Primary	45.378	2.565	2.393	0.172
Secondary	40.557	(1.455)	(1.286)	(0.169)
Specialist	3.851	0.225	0.168	0.057
Overall Totals	89.786	1.335	1.275	0.060

	RECOMMENDATIONS
1	To note the school reserves balances as at the 31 March 2019.

REPORT DETAILS

1.00	**EXPLAINING SCHOOL BALANCES**
1.01	The analysis of reserve balances for each school in Flintshire at the end of March 2019 is shown at Appendix 1.
1.02	**Secondary Schools** Secondary school budgets continue to be under pressure. At the end of the financial year 7 of Flintshire's 11 secondary schools had deficits amounting to £1.879m. Deficits ranged from £0.009m to £0.646m. The level of reserves held by secondary schools with positive balances is 1% of budget which highlights concerns about the financial resilience of the secondary school sector in Flintshire. There are a number of factors which have contributed to the current financial position. • The ongoing austerity measures over recent years have resulted in schools having to absorb inflationary increases in pay, pension and NI increases. • Demographic changes in the distribution of pupils across the primary and secondary sectors. In recent years, secondary pupil numbers have been declining whilst primary pupil numbers have been increasing and this has resulted in a redistribution of funding between sectors. However, this trend is now reversing and pupil numbers in the secondary sector are now increasing which will have a positive financial impact on the secondary sector going forward. • Smaller secondary schools with increasing deficits elicits the question as to whether the funding formula provides sufficient resource for schools to operate sustainably. Pressure on secondary school budgets is a position which is replicated across England and Wales.
1.03	**Primary Schools** Primary balances in Flintshire showed an overall increase of £0.172m. As in previous years, primary balances have held up well despite the continuing pressure of austerity measures. Primary Headteachers have been proactive in managing their budgets however, as referred to in 1.02 above, primary pupils numbers are forecast to reduce and this will create challenges for Primary Headteachers in managing their budgets in the near future. At the end of the financial year there were 6 primary schools with deficit balances totalling £0.121m compared with 3 primary schools with total deficits of £57k in the previous year. There were 21 primary schools with balances greater than £50k. This compares with 19 schools in the previous year. There were 4 primary schools with balances over £100k compared with 1 school in the previous year.

1.04	**Surplus Balances**
	The School Funding (Wales) Regulations 2010 require Authorities to have the following provisions in their Scheme for Financing Schools:
	The use that a governing body proposes to make of a surplus in the school balance which exceeds 5% of the school budget share or £10,000, whichever is the greater.
	A provision under which–
	(a) the authority may direct the governing body as to how to spend a surplus in the school balance for a funding period, if–
	(i) in the case of a primary school the surplus is £50,000 or more, and
	(ii) in the case of a secondary school or a special school the surplus is £100,000 or more;
	(b) the authority may, if the governing body do not comply with such a direction, require the governing body to pay all or part of that surplus to the authority to be applied as part of their schools budget for the funding period in question.
	Overall, the value of surplus balances in our schools far exceeds that of deficit balances. In 2018-19, deficit balances totalled £2.000m, while the total value of surplus balances was £3.334m. Of the 64 primary schools there are 21 (33%) with balances which are over the 5% and £50k threshold and 1 secondary school, amounting in total to £1.007m which could be deemed "excessive".
	In theory, over 50% of the school deficits could be eliminated if the authority redistributed reserves from excessive balances within the authority into deficit balances. However, in practice, balances are already committed by the schools to specific projects, or to cover the uncertainly of funding and changes in pupil numbers. Given the relative autonomy that schools have, there would likely be serious challenges involved in trying to reallocate such surpluses.
	In accordance with the Regulations, the Authority's Scheme for Financing Schools requires a spending plan from schools as to the use that the governing body proposes to make of a school balance which exceeds the limits specified. The plans are scrutinised by the Schools Accounting Team. Where schools have balances over £50k/£100k the spending plans are reviewed by the Portfolio Management Team.

| 1.05 | The ongoing focus for Headteachers on managing a difficult financial situation whilst striving for educational excellence is a constant pressure. Staffing generally equates to a majority proportion of a school's budget, so schools must have a long-term plan that takes into account potential staffing changes through retirement, mobility, progression, change in numbers, etc.

The Schools Accounting Team provides financial support to schools through a Service Level Agreement (SLA). In consultation with schools the SLA was reviewed in 2017 and an enhanced level of service was offered to primary schools. Most schools signed up for the enhanced service and the new offer was implemented from September 2018.

The Schools Accounting Team work with schools to develop three year budget plans. This approach helps schools to consider how they can remain sustainable and continue to deliver the curriculum effectively. As part of their three year plans schools need to carefully consider the profile of their workforce and plan how they will make most effective use of their staff and the resources available. |
|---|---|
| 1.06 | **Deficit Balances**
Governors have no legal right to set a deficit budget without the consent of the Authority and should not presume that such consent will be granted. However, the Authority will consider approving a licensed deficit to a school where it agrees that there are circumstances in which it would be unreasonable for that school to balance its budget in the current financial year.

Outside this provision, schools should ensure that total planned expenditure for the financial year should not exceed the budget share, adjusted by amounts carried forward from the previous financial year. The Authority has no power to write off the deficit balance of any school.

Deficit balances are carried forward every year by the deduction of the relevant amounts from the following year's budget share. The Authority has a licensed deficit guidance and procedure which schools must adhere to. |
| 1.07 | The Schools Finance Manager and Schools Accountant meet with schools in deficit to review and challenge their deficit plans. An application for a licensed deficit is reviewed and approved by the Corporate Finance Manager (s151 officer) and the Chief Officer, Education and Youth. Schools in a licensed deficit need to seek approval from the Authority prior to recruiting employees including making internal appointments. |
| 1.08 | Estyn Inspection of Local Government Education Services – June 2019

The inspection report stated the following:

'*The local authority's allocation of resources to its education services and schools reflects the high priority given to education in the corporate plan. However, the local authority has allowed a small number of schools to carry a financial deficit balance for too long*'. |

	Recommendation 4 - Manage the reduction in school budget deficits more effectively.
1.09	The Education and Youth Portfolio Management Team and Schools Finance Team have agreed a range of actions which will form part of the Authority's response to Estyn to address recommendation 4: **Key Actions:** • Task group created to lead this recommendation – Chief Executive, Leader of the Council, Chief Officer, Section 151 Officer, Finance Manager • Review the impact of the Autumn Spending Review and implications for schools funding • Regular meetings between Chief Executive, Leader & Chief Officer and Headteachers/Chairs of Governors to discuss financial position of the Council • Project plan for funding review approved by Schools Budget Forum • Detailed analysis/review of national statistics/benchmarking • Detailed statistical analysis of expenditure profiles for Flintshire schools • Identification of key policies which will underpin/inform the formula development • Development of revised funding formula factors • Consultation with all stakeholders • School Deficit Guidance reviewed and revised and shared with schools • Engage support from GwE to review school curriculum models alongside financial models to ensure optimum efficiency to underpin effective delivery of a quality education offer.

2.00	**RESOURCE IMPLICATIONS**
2.01	The impact of continuing austerity measures on the financial resilience of schools is an area of concern.

3.00	**CONSULTATIONS REQUIRED / CARRIED OUT**
3.01	The report will be submitted to the Schools Budget Forum on 26 September 2019 and Audit Committee on 20th November 2019. The report has been circulated to all Headteachers.

4.00	**RISK MANAGEMENT**
4.01	As funding levels to schools decrease as a consequence of the austerity measures facing local government, there is a risk that more schools will slip into a deficit position. The Schools Accounting Team have developed a risk rating process to identify schools where the financial position is a cause for concern so that they can target their support.

4.02	To balance budgets schools may need to review their staffing structures which may result in redundancies.
4.03	Continued pressure on school finances may result in increased class sizes, a reduced curriculum and falling standards.
4.04	Schools forecasting a significant deficit position will be required to apply for a licensed deficit. The application will be reviewed by the Finance Manager and approval granted by the Chief Officer.
4.05	Schools deficits are funded by the overall collective balances of schools, however there is a risk that the level of deficits will exceed the positive balances. This means that the Authority will have to consider how net deficit school budgets are funded.

5.00	APPENDICES
5.01	Appendix 1 – Final School Balances 2018-19

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. **Contact Officer:** Lucy Morris, Schools Finance Manager **Telephone:** 01352 704016 **E-mail:** Lucy.morris@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	**School Reserves** Reserves are sums of money that schools carry forward from one year to the next. They arise from underspends and overspends against school allocations over time. Schools are responsible for managing their own finances. The level of reserves held by an individual school will depend on a number of factors. These will include the timing of receipt of income and of payments, and the level of contingency fund the school governing body considers appropriate and the particular plans each school has for expenditure. **Estyn** Her Majesty's Inspectorate for Education and Training in Wales. **Flintshire County Council's Scheme for Financing Schools** The Scheme defines the financial relationship between Flintshire County Council and its maintained schools. The Scheme details the financial management arrangements to which the Authority and its schools are required to adhere. The framework for this Scheme is based on legislative provisions contained in sections 45-53 of the School Standards and Framework Act, 1998 and as further detailed in The School Funding (Wales) Regulations 2010.

Code	School	Delegated Budget	Balance 2018/19	% of budget	Balance 2017/18	Change in balance
123	Brynford	332,061	21,667	6.5%	35,179	-13,512
125	Westwood	806,187	31,670	3.9%	4,689	26,981
127	Southdown	1,236,949	22,140	1.8%	12,853	9,287
129	Mountain Lane	1,362,624	81,965	6.0%	92,497	-10,532
134	Ysgol Y Esgob	244,828	22,104	9.0%	16,663	5,442
135	Carmel	612,911	39,487	6.4%	16,609	22,878
145	Ysgol Y Foel	246,230	4,213	1.7%	2,190	2,023
151	Ysgol Parc Y Llan	456,904	28,059	6.1%	44,469	-16,410
156	Bryn Deva	1,004,038	77,197	7.7%	14,860	62,338
159	Golftyn	1,316,126	73,811	5.6%	62,864	10,947
161	Wepre	1,098,273	93,907	8.6%	55,770	38,137
162	Cae'r Nant	1,215,078	79,284	6.5%	96,483	-17,199
175	Drury	526,351	-25,140	-4.8%	-10,815	-14,325
181	Ewloe Green	1,172,550	75,386	6.4%	25,578	49,808
185	Bryn Garth	388,283	21,282	5.5%	22,797	-1,515
186	Cornist Park	1,046,825	99,161	9.5%	60,857	38,304
187	Ysgol Croes Atti	632,353	-26,046	-4.1%	5,545	-31,590
188	Gwynedd	1,550,835	115,417	7.4%	93,131	22,286
189	St Mary's	886,440	160,492	18.1%	78,019	82,473
201	Greenfield	925,242	42,369	4.6%	44,774	-2,405
202	Gronant	281,471	6,971	2.5%	28,090	-21,119
203	Gwernaffield	388,675	86,761	22.3%	77,471	9,290
204	Gwernymynydd	293,034	53,612	18.3%	57,718	-4,106
209	Ysgol Gymraeg Mornant	222,800	45,739	20.5%	32,145	13,594
215	Hawarden Village	1,381,270	86,635	6.3%	41,797	44,838
218	Penarlag	671,949	34,862	5.2%	20,841	14,021
221	Ysgol Derwen	643,967	59,047	9.2%	46,936	12,112
225	St Winefride's	606,479	-3,127	-0.5%	-15,360	12,233
226	Ysgol Gwenffrwd	613,767	64,903	10.6%	58,126	6,777
227	Ysgol Estyn	751,164	14,312	1.9%	2,390	11,922
245	Leeswood	479,684	4,447	0.9%	6,565	-2,119
246	Lixwm	277,049	22,183	8.0%	31,572	-9,389
287	Ysgol Glanrafon	1,074,478	47,906	4.5%	34,434	13,472
288	Bryn Coch	2,081,843	-16,987	-0.8%	48,838	-65,825
289	Bryn Gwalia	661,921	88,532	13.4%	86,046	2,486
291	St David's	334,395	14,996	4.5%	30,709	-15,713
292	Ysgol Bryn Pennant	496,111	24,371	4.9%	52,441	-28,069
301	Nannerch	256,931	12,807	5.0%	20,669	-7,861
302	Nercwys	220,433	21,940	10.0%	25,886	-3,946
305	Ysgol Owen Jones	480,660	33,836	7.0%	24,115	9,721
306	Northop Hall	658,707	57,496	8.7%	41,248	16,248
327	Penyfford Primary	901,987	110,148	12.2%	86,898	23,250
331	Pentrobin Aided School	415,064	5,278	1.3%	15,667	-10,389
344	Queensferry	629,378	18,184	2.9%	39,916	-21,732
355	Ysgol Rhos Helyg	526,002	33,216	6.3%	21,545	11,671
381	St Anthony's	517,217	17,164	3.3%	34,203	-17,039
382	Saltney Ferry	479,928	30,194	6.3%	17,992	12,202
383	Wood Memorial	596,146	29,391	4.9%	20,076	9,316
384	Sandycroft	1,143,408	21,243	1.9%	7,550	13,693
385	Sealand	717,394	21,602	3.0%	8,073	13,529
386	St Ethelwold's	406,856	8,224	2.0%	8,219	5
389	Venerable Edward Morgan	879,995	101,972	11.6%	69,134	32,839
391	Ty Fynnon	1,043,406	50,253	4.8%	61,009	-10,756
394	Sychdyn	631,200	42,622	6.8%	44,306	-1,684
406	Trelawnyd	345,833	68,085	19.7%	61,018	7,066
407	Trelogan	321,978	14,948	4.6%	7,322	7,626
409	Ysgol Terrig	261,770	18,875	7.2%	21,550	-2,675
421	Whitford	399,043	24,785	6.2%	38,862	-14,077
422	Abermorddu	667,754	34,223	5.1%	55,619	-21,395
423	Glan Aber	477,577	71,106	14.9%	95,795	-24,689
424	Ysgol Merllyn	609,868	-32,344	-5.3%	-31,105	-1,239
425	Broughton Primary	1,619,584	26,697	1.6%	21,131	5,566
426	Ysgol Mynydd Isa	1,977,344	10,427	0.5%	12,590	-2,163
427	Croes Atti (Glannau Dyffrdwy)	194,624	-17,874	-9.2%	0	-17,874
428	Ysgol Maes Y Felin	1,080,748	57,019	5.3%	147,849	-90,829
	Deficits	**46,781,983**	**-121,518**		**-57,280**	**-64,238**
	Surplus		**2,686,627**		**2,450,186**	**236,441**
	Net		**2,565,109**		**2,392,905**	**172,203**

Code	School	Delegated Budget	Balance 2018/19	% of budget	Balance 2017/18	Change in balance
503	Elfed High School	3,429,588	198,622	5.8%	53,223	145,399
509	Connah's Quay High School	4,546,369	-34,477	-0.8%	-164,379	129,902
515	Flint High School	3,579,830	55,680	1.6%	80,210	-24,531
517	St. Richard Gwyn	3,187,319	-508,276	-15.9%	-412,779	-95,497
521	Hawarden High School	4,865,822	47,808	1.0%	69,706	-21,898
523	Ysgol Trefynnon	2,204,124	-646,173	-29.3%	-585,964	-60,208
525	Castell Alun High School	5,530,317	-8,674	-0.2%	59,538	-68,212
529	Alun High School	6,590,352	122,466	1.9%	43,018	79,448
531	Maes Garmon	2,613,578	-173,177	-6.6%	-245,321	72,144
533	Argoed High School	2,563,587	-56,000	-2.2%	-26,002	-29,998
551	St. Davids High School	1,911,110	-452,609	-23.7%	-157,105	-295,504
	Deficits	**41,021,997**	**-1,879,387**		**-1,591,551**	**-287,836**
	Surplus		**424,576**		**305,695**	**118,881**
	Net		**-1,454,811**		**-1,285,856**	**-168,955**

Code	School	Delegated Budget	Balance 2018/19	% of budget	Balance 2017/18	Change in balance
601	Ysgol Pen Coch	1,849,387	145,830	7.9%	100,622	45,207
602	Ysgol Maes Hyfryd	2,001,578	78,960	3.9%	67,571	11,389
	Surplus	**3,850,965**	**224,789**		**168,193**	**56,597**

	Total Net Balances	**91,654,944**	**1,335,087**	**1.5%**	**1,275,242**	**59,845**

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CYNGOR
Sir y Fflint
Flintshire
COUNTY COUNCIL

AUDIT COMMITTEE

Date of Meeting	Wednesday, 20 November 2019
Report Subject	Outcome of Estyn Inspection
Cabinet Member	Leader of the Council & Cabinet Member for Education
Report Author	Chief Officer (Education & Youth)
Type of Report	Strategic

EXECUTIVE SUMMARY

The education services of Flintshire County Council have recently been subject to a full inspection by Estyn, Her Majesty's Inspectorate for Education and Training in Wales under the national framework for the inspection of local government education services.

This report provides an overview of that process and the final inspection report is attached as an appendix.

The Education and Youth (E&Y) Portfolio is very pleased with the positive nature of this report and the significant areas of strength acknowledged by the Estyn team in its provision for the learners of Flintshire. It also confirms strong leadership of education services across the Council.

As to be expected, the report also acknowledges areas of improvement and these are noted as recommendations for the Council to address. It is worth noting that these had already been identified as priorities through the Portfolio's own self-evaluation processes prior to the inspection.

The recommendations will now be collated into an appendix of the E&Y Portfolio Business Plan, called a Post Inspection Action Plan and progress on these recommendations will be reported regularly to Cabinet and to the Education and Youth Overview and Scrutiny Committee.

RECOMMENDATIONS

1	To receive the Estyn report on education services in Flintshire and acknowledge its findings.

REPORT DETAILS

1.00	INSPECTION OF LOCAL GOVERNMENT EDUCATION SERVICES
1.01	From September 2017 a new framework was issued by Estyn for the Inspection of Local Government Education Services and this will be used for the inspection of education services within all local authorities in Wales on a five year cycle between 2018 and 2023. Flintshire County Council received notification that its education services would be inspected between 3rd and 7th June 2019 with some preliminary inspection activity being undertaken on 22nd and 23rd May. An online survey was also launched via the Estyn website to collate the public's view of education services in Flintshire. The inspection team was led by a Reporting Inspector from Estyn and the team comprised of 12 inspectors in total. The team included both of the Local Area Link Inspectors (LALI) who visit the local authority on a termly basis, two representatives of the Welsh Audit Office (WAO) and two senior officers from other local authorities acting in a peer inspector role. The Local Authority also has representation on the inspection team, in the form of a Nominee. This role was undertaken very effectively by Vicky Barlow, Senior Manager for School Improvement who acted as the link between the Estyn inspection team and the senior managers of the Education Portfolio.
1.02	On the 22nd and 23rd May the two senior inspectors made a preliminary visit to the LA and met with a range of stakeholders to gather evidence to support the development of their lines of enquiry for the week of inspection. This included headteachers, governors, diocesan representatives and leaders/managers from other council services and wider partner organisations. They also met with the Youth Council and representatives from School Councils. On the first day of the inspection week, 3rd June, the whole inspection team met with the Chief Executive, Chief Officer, Leader and Cabinet Member for Education, Chair of Scrutiny and the senior managers of the Education and Youth Portfolio. The Chief Executive and the Chief Officer for Education and Youth made a 30 minute presentation outlining the context of education services in Flintshire and the challenges currently being faced. The Senior Managers for School Improvement and for Inclusion then made individual presentation to nominated inspectors on the five local questions that Estyn had identified as the focus for the inspection of education services in Flintshire. In addition to the standard focus on Outcomes and on Leadership and Management, five local questions focused on the following areas: • How well does the local authority work with schools to improve attainment across key stage 4? • How well does the local authority ensure appropriate support for schools and settings causing concern? • How effective is the local authority's work to improve school attendance and reduce exclusions? • How well do the local authority's services ensure suitable support for pupils Educated Other Than At School (EOTAS)?

	• How effective is the local authority's work in identifying, providing and monitoring statutory support for pupils with special educational needs?
1.03	Prior to the week of inspection the senior management team of the portfolio collated hundreds of pieces of evidence to demonstrate the effectiveness of the service and these were uploaded into Estyn's Virtual Inspection Room on a secure section of the Estyn website for the inspection team to access. During the week of the inspection itself, the Estyn team asked for further documentation to support their work.
1.04	During the full week of the inspection, small groups of inspectors interviewed a range of officers including the Chief Executive, Leader of the Council, Chair of Scrutiny, Chief Officer, GwE officers and the senior and middle managers of the portfolio to pursue their lines of enquiry and cross check evidence. Short feedback was given to the Chief Officer each evening and on the last day of the inspection, a verbal report outlining the first draft of the report was shared with the Council leadership, the Chief Officer and the senior managers of the portfolio. As the report is subsequently moderated by Estyn, its contents at that stage had to remain confidential until its final publication on 9th August 2019 on the Estyn website.
1.05	The full report is attached as an appendix to this report for Members' consideration. The report is positive with many strengths of the current educational provision identified. The local authority did not require any follow up Estyn activity. The local authority has also been asked to write a case study on its particularly effective practices in supporting the early language development of children and this will be published on the Estyn website to positively impact the work of other local authorities. Where Estyn felt improvements were necessary, these are reflected in the recommendations within the report. The recommendations were not a surprise to the Education Portfolio as they had mostly been identified as areas for improvement through its own self-evaluation processes and included as actions in the Portfolio Business Plan. The recommendations are: R1 Improve outcomes for learners in key stage 4. R2 Reduce exclusions and increase attendance in both primary and secondary schools. R3 Improve the ongoing monitoring and evaluation of the few front line education services identified in the report in order to provide more accurate information about the impact of the local authority's work. R4 Manage the reduction in school budget deficits more effectively. These recommendations will now be finalised into a Post Inspection Action Plan by the end of September and delivered through the work of the Portfolio. The plan will be regularly monitored and its impact evaluated with updates being shared routinely with Cabinet and the Education and Youth Overview & Scrutiny Committee.

2.00	**RESOURCE IMPLICATIONS**
2.01	The implementation of the action plan will be resourced mostly through the existing resources of the Education and Youth Portfolio but in the current economic climate the ongoing resilience of these core education services and of school budgets is increasingly threatened and could undermine its success. The addressing of the recommendation in relation to school deficit budgets has been escalated to a corporate level as it is beyond the resource of the Education Portfolio alone and is now the subject of a specific task group including the Chief Executive and the Leader of the Council.

3.00	**CONSULTATIONS REQUIRED / CARRIED OUT**
3.01	These were integral to the inspection process as outlined above.

4.00	**IMPACT ASSESSMENT AND RISK MANAGEMENT**
4.01	The risks associated with the implementation of the post inspection action plan will be incorporated into the risk register for the Education and Youth Portfolio. At this time all will be mitigated against with the appropriate actions.
4.02	Under the five delivery principles of the Well-being of Future Generations Act this report will have the following impacts:

Ways of Working Principle	Impact
Long-term	• positive with greater funding certainty for education
Prevention	• positive with implementation of the recommendations
Integration	• positive with the implementation of the recommendations
Collaboration	• positive – will continue to support effective working between LA, schools and other key partners
Involvement	• positive – will continue to support effective working between LA, schools and other key partners

4.03	Against the seven well-being goals of the Act, the potential impact of the report and its recommendations would be evaluated as follows:-

Well-being Goal	Impact
Prosperous Wales	• positive impact on the local economy by ensuring learners have the appropriate skills to progress to further/higher education then enter the workplace.

	Resilient Wales	• emotional wellbeing of individuals noted as being well supported by schools and LA services in the report which will support transition into adult life. Focus on improving school attendance and reducing school exclusion will improve resilience of young people. Safeguarding of young people noted as strength.
	Healthier Wales	• positive impact on physical and mental health of LA services acknowledged in the report.
	More Equal Wales	• positive impact through engagement of groups with recognised characteristics and strong pupil voice and ability to influence services acknowledged in the report.
	Cohesive Wales	• positive impact of quality of education and support services on young people and their ability to engage and succeed acknowledged in the report – will support transition to adulthood and community cohesion.
	Vibrant Wales	• positive impact on culture and bilingualism and opportunities accessed by children and young people acknowledged in the report.
	Globally Responsible Wales	• positive impact – no impact in relation to this report but school inspection reports highlight positive impact of Healthy & Eco Schools programmes in Flintshire.
4.04	Integrated impact assessments will be undertaken if needed due to change of service policy.	

5.00	APPENDICES
5.01	Appendix 1 - Estyn Inspection Report on Flintshire County Council.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Guidance Handbook for the Inspection of Local Government Education Services 2018. https://www.estyn.gov.wales/sites/www.estyn.gov.wales/files/documents/Guidance%20handbook%20for%20the%20inspection%20of%20LGES%202018_0.pdf **Contact Officer:** Claire Homard **Telephone:** 01352 704190 **E-mail:** claire.homard@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	**Estyn** - Her Majesty's Inspectorate for Education and Training in Wales. **Well-being of Future Generations Act** - legislation of the National Assembly for Wales which requires devolved public bodies to plan sustainably for the future.

Arolygiaeth Ei Mawrhydi dros Addysg a Hyfforddiant yng Nghymru

Her Majesty's Inspectorate for Education and Training in Wales

A report on

Flintshire County Council
County Hall
Mold
Flintshire
CH7 6NB

Date of inspection: June 2019

by

Estyn, Her Majesty's Inspectorate for Education and Training in Wales

About Flintshire County Council

Flintshire County Council is located in North Wales and has a total population of 155,155. The local authority maintains 78 schools. There are 64 primary schools, including five that provide Welsh-medium education. There are 11 secondary schools including one Welsh-medium school. In addition, there are two special schools and a portfolio pupil referral unit.

The Chief Executive took up his post in 2007 and the Chief Officer for Education and Youth, who fulfils the role of Statutory Director for Education, was appointed in June 2018. The Leader of the Council has been in his role since April 2019 and retains the cabinet lead role for education services, which he has held since May 2017. The local authority's last inspection was in October 2011.

Flintshire is one of six local authorities in the GwE Consortium region, which provides the school improvement services for the local authority.

In 2018-2019, the Council's net education budget was approximately £102 million. The delegated school budget per pupil is £4,671 per pupil, which is ninth lowest of all local authorities in Wales. The average per pupil schools budget in Wales is £4,776 per pupil.

Inspectors take account of a wide range of information about the local population when evaluating outcomes and the quality of education services. They consider this information alongside information about the national population. Some of the most useful information about children and young people in Flintshire is noted below:

- Over a three year average, 14.6 % of pupils aged five to fifteen are eligible for free school meals, which is lower than the Wales average of 17.9%
- 5.1 % of pupils aged five and over are fluent in Welsh, which is lower than the Wales average of 16.2%
- 7.3 % of pupils are from ethnic minorities, lower than the Wales average of 11.0%
- 20.0 % of pupils have special educational needs, lower than the Wales average of 22.6%
- 68 children per 10,000 were looked after by the local authority in 2018, which is lower than the Wales average of 102 children per 10,000

Summary

Overall pupils in Flintshire make sound progress during their time in schools. In 2018, standards in the main indicators across the local authority were comparable with those in other similar local authorities.

Pupils' attendance in primary and secondary schools does not compare well with that for similar local authorities. Fixed-term and permanent exclusions for pupils in secondary schools are higher than the Wales average.

The assessment of pupils who may require education other than at school (EOTAS) is good, with appropriate provision available to them. This provision is available for pupils from foundation phase to key stage 4.

Provision for pupils with special education needs is good, and the support available from the speech and language service is particularly effective.

The local authority's arrangements for identifying schools and non-maintained settings causing concern work well, and in most cases lead to effective actions. The working relationships between the local authority and its regional consortium are good and effective. The support provided by the regional school improvement service, GwE, has helped most schools to improve their outcomes at key stage 4 in 2018. Despite these improvements, around a half of secondary schools still did not perform as well as expected in many indicators.

Senior officers and elected members share a clear vision for education in Flintshire, which they express clearly in the local authority's strategic planning. The authority works well in partnership across services areas, with schools, and with external providers. This contributes well to improving support for vulnerable learners in particular.

The authority's ongoing performance management processes are effective, and provide good and up-to-date information regarding progress against its strategic plans and an accurate evaluation of headline performance indicators. However, the local authority does not monitor or evaluate the work of a few of its front line education services well enough to understand their impact on outcomes for learners.

The local authority's allocation of resources to its education services and schools reflects the high priority given to education in the corporate plan. However, the local authority has allowed a small number of schools to carry a financial deficict balance for too long.

Recommendations

R1 Improve outcomes for learners in key stage 4

R2 Reduce exclusions and increase attendance in both primary and secondary schools

R3 Improve the ongoing monitoring and evaluation of the few front line education services identified in the report in order to provide more accurate information about the impact of the local authority's work

R4 Manage the reduction in school budget deficits more effectively

What happens next

Following the publication of the inspection report, the local authority should update its plans to address the recommendations and to take account of shortcomings identified through the inspection process. The local authority should update its plans within three months of the publication of the inspection report.

We have requested that the local authority prepare an effective practice case study on its work in relation to early intervention within the speech, language and communication service and its impact on foundation phase learners. We will publish the case study on our web site.

Main findings

Outcomes

Overall, pupils in Flintshire make sound progress during their time in statutory education. Generally, standards in primary schools are stronger than those in secondary schools.

Over the last three years, Estyn has inspected 24 primary schools in Flintshire, and has judged many of these as 'good' for standards. This is similar to the Wales average, whilst the proportion of primary schools judged as excellent for standards is well above the Wales average. During this time, Estyn has not placed any primary school in a statutory category following an inspection. However, pupils' use and development of Welsh and ICT skills are often noted as areas for improvement in primary school inspection reports.

Estyn has inspected four of the eleven secondary schools over the last three years. Overall standards were judged to be good in one school, adequate in two schools and unsatisfactory in the other school. Standards at the end of key stage 4 in secondary schools, based on formal qualifications, over the last three years have fluctuated. In 2018, standards are comparable with those in similar local authorities, including performance in indicators that include English or Welsh and mathematics.

Pupils who are eligible for free school meals generally perform broadly in line with the same group of pupils across Wales. The performance of pupils with special educational needs is similar to that of their counterparts nationally, and standards in the maintained special secondary school are good. The performance of other vulnerable groups of pupils has improved over the last three years. In particular the percentage of looked after children that gain a recognised qualification has increased.

Over the last three years, the proportion of Year 11 leavers known not to be in education, employment or training has remained low and at the end of 2017 is in line with the Wales average.

Outcomes from Estyn inspection reports in all school sectors show that most pupils' wellbeing is good. Pupils who need support to improve their mental and emotional health benefit from the valuable strategies that the local authority implements. These include effective support for identified pupils from school-based counsellors.   The authority's analysis shows that pupils who have taken part in counselling sessions during the past three years have improved their emotional wellbeing.

Young people also have good opportunities to develop their self-esteem and social skills through the work of the Integrated Youth Provision. For example, a group of young people have taken part in a training programme to develop their leadership skills working in partnership with Glyndwr University. Following the training, these young leaders work in youth centres and at residential camps providing support for other young people. A few young leaders use their new skills to work with their local community councils to represent the young people in their local areas.

The attendance of pupils in both primary and secondary schools does not compare well with levels in similar local authorities. The attendance of pupils eligible for free school meals is weaker in Flintshire schools than that of similar pupils across Wales. In both primary and secondary schools, the percentage of pupils who are persistently absent has been above the Wales average for the last three years.

The number of permanent exclusions has increased over the last three years and is higher than the Wales average. The number of fixed-term exclusions in primary schools has reduced. However, in secondary schools, there is an increasing trend in the number of fixed-term exclusions of five days or less over the past three years. The number of fixed-term exclusions of five days or more has increased over the past three years but has reduced since the last inspection.

Young people have valuable opportunities to contribute to decisions about issues that affect them and the local authority takes good account of their views. Members of secondary school councils have been involved well in the local authority's work on the School Health Research Network. Pupils analysed the information collected from surveys about pupils' health and wellbeing to identify the concerns in their schools and produce school action plans to address these. Following this work, groups of school council members from each secondary school worked together with local authority officers to identify common issues in schools across the authority. Research officers from Cardiff University trained these pupils to help them to understand and interpret the data from the surveys effectively. This purposeful work has resulted in the development of a comprehensive local authority action plan to improve the health and wellbeing of young people in Flintshire.

Education services

Under Inspection Area 2, Estyn sets local inspection questions that are relevant to each local authority. Local inspection questions focus on education services that relate to the local authority's current strategic priorities or result from information that Estyn has about education services in the local authority.

How well does the local authority work with schools to improve attainment across key stage 4?

The local authority and the regional consortium (GwE) work well together to support those schools which need to improve the outcomes pupils achieve by the end of key stage 4. There is a strong working relationship between the authority's education officers, the consortium's supporting improvement advisers (SIAs) and the secondary schools, focused on improvement. This relationship is based on mutual respect, trust and understanding.

The authority, through this collaborative working, identifies clearly the needs of secondary schools. This partnership provides bespoke support that includes, in many cases, actions designed to address shortcomings in key stage 4. Subject supporting improvement advisers (SSIAs) provide helpful support for core subjects and work well with heads of department and teachers to develop their understanding of what is required to improve standards. This includes good access to professional learning opportunities and leadership training. SSIAs provide strong support for the analysis of data in individual schools, which enables teachers to know pupils' strengths and areas where they need to improve.

Senior local authority officers monitor the performance of secondary schools closely and scrutinise performance data thoroughly. They have identified specific areas for improvement accurately in key stage 4, including increasing the proportion of pupils that gain five or more grades A*-A or equivalent. Through regular meetings with core leads from the regional consortium, they consider progress in the schools carefully, enabling them to adapt plans and provide support where required in a timely manner.

Overall, school improvement services have helped to improve outcomes in most schools at key stage 4, although around a half of secondary schools still do not perform as well as expected in many indicators.

How well does the local authority ensure appropriate support for schools and settings causing concern?

Officers and elected members in Flintshire know their schools and settings well and can outline clearly the relative strengths and areas for improvement. They recognise specific issues facing individual schools causing concern and act in a timely way to put in place the most appropriate support in collaboration with GwE. Where appropriate, local authority officers raise matters of concern with their counterparts in GwE, and these issues are resolved quickly, generally resulting in more effective support.

Local authority officers and supporting improvement advisers (SIAs) from GwE collaborate to identify specific priorities for schools causing concern using a range of evidence and plan programmes of support. For example, together with subject supporting improvement advisers (SSIAs), SIAs provide helpful guidance and signpost schools and leaders to beneficial professional learning opportunities for teaching and leadership. They provide feedback regarding progress against these priorities regularly to the local authority. As a result, there have been improvements in the performance of the few primary schools and in the small number of secondary schools, identified as causing concern. This work has also resulted in a positive improvement in standards, for example in those indicators that include mathematics. Since 2017, no non-maintained setting has been identified as causing concern.

In parallel to the support of GwE, the local authority works with individual schools causing concern on other important aspects such as improving attendance and behaviour, and reducing deficit budgets. Both in schools causing concern and in schools generally, progress in these particular aspects has been more limited. Further, the precise nature of the support provided and how this work is monitored and evaluated is not always clear enough.

The local authority regularly considers the progress of schools causing concern at a suitable range of management boards. These enable useful exchanges of evidence regarding the full range of issues facing these schools and settings. As a result, at a strategic level elected members and officers are able to consider overarching improvements in the round and to make informed decisions regarding progress in these schools. The local authority has used its powers effectively in the very few schools where progress has been too slow.

Many schools causing concern have responded well to the support put in place and have made sound progress. However, in a minority of secondary schools the changes have not led to sustained improvements over time.

How effective is the local authority's work to improve school attendance and reduce exclusions?

The local authority has developed helpful guidance for schools, which supports their work to improve attendance and reduce exclusions. The guidance is helping schools to understand their responsibilities as key partners for improving attendance and when and how the local authority will intervene.

The education welfare officers (EWOs) engage effectively with many secondary schools and their partner primary schools to support them with any attendance and transition issues. This also allows officers to get to know and understand the families that need support well. They also helpfully signpost parents to further beneficial support from other organisations.

In cases of very poor attenders, the Education Welfare Service (EWS) arranges strategy meetings with parents, school staff and other relevant professionals to develop agreed ways to improve the attendance of targeted individuals. These actions are successful in making incremental improvements in the attendance of some of these pupils, although the overall rate of persistent absence in primary and secondary schools has not reduced over the last three years.

The EWS works well in partnership with other agencies, both supporting their work, and involving these agencies in activities to support attendance. For example, the EWS contributes well to the work of the Early Help Hub and team around the school to support pupils. Also, staff from the Integrated Youth Service contribute purposefully in engaging individual learners at risk of disengaging with education.

The EWS uses a broad range of strategies to support improvements in attendance and, where appropriate, the local authority uses its powers to issue fixed penalty notices and prosecutions to improve the attendance of individual pupils. As a result of its broad range of strategies, the EWS has successfully supported schools to maintain low levels of unauthorised absence.

Data sharing is not carried out effectively enough within the service and, as a result, individual officers and the EWS do not have a complete understanding of the challenges they face. Although EWOs can give examples of the impact of their intervention on the attendance rate of individual pupils, evaluation of work to support attendance is not strong enough. Officers do not have sufficient understanding of the impact of their services and why overall school attendance has not improved in recent years.

The authority has identified for itself the need to reduce the rate of fixedterm and permanent exclusions in the Education and Youth Portfolio Business Plan 2019-2020. The authority has in place clear protocols and procedures to manage fixedterm and permanent exclusion. For example, there is a managed moves protocol in place, which is agreed and understood well by headteachers. Since April 2019, the authority has changed its approach so that funding transfers to the new

school with pupils involved in a managed move, addressing a local barrier to the successful implementation of managed moves.

The authority's portfolio pupil referral unit (PPRU) and the behaviour support team provide targeted support for schools and their staff for dealing with pupils' behaviour issues, through advice, outreach and training.   The secondary intervention programme, a 12 week programme that works with individual learners to build their resilience and confidence, helps pupils to develop strategies to manage their own behaviour when they return to school. The PPRU maintains links with these pupils after they return to school.

How well do the local authority's services ensure suitable support for pupils Educated Other Than At School (EOTAS)?

The senior manager for inclusion and progression has a detailed working knowledge of the EOTAS service and a clear vision for developing this provision for vulnerable learners. Leaders have a shared vision for a supportive inclusive education provision where all pupils are equally valued. Staff within the authority and its schools understand well their responsibilities for this and demonstrate a strong commitment to the pupils with whom they work.

Self evaluation processes within EOTAS are robust and highlight well the strengths and appropriate areas for improvement. For example, senior managers highlighted the need to appoint an additional member of staff to address a strategic leadership need within the inclusion team.

The EOTAS panel meets regularly to identify learners who may benefit from specialist support, to monitor their progress, and to oversee the provision. EOTAS managers monitor closely that pupils receiving home tuition and pupils educated in specialist placements outside the local authority receive appropriate provision.

EOTAS service managers and officers collaborate well with a wide range of partners, such as Coleg Cambria, to ensure an effective range of alternative provision for learners educated other than at school, in order to ensure that they remain engaged. Staff working for these partners adapt courses effectively to maintain learners' engagement. They provide a valuable range of full and parttime provision to ensure that learners complete their courses.

The local authority has strong links with local further education colleges and other providers.

The PPRU provides an effective range of support for pupils with a range of social, emotional and behavioural difficulties from foundation phase to key stage 4. The EOTAS provision is flexible enough to support Welsh speaking pupils who access the range of services. Developments within the PPRU, such as the foundation phase provision at Canolfan yr Enfys, have expanded the local authority's offer, and increased its capacity to assess pupils and identify the best possible provision for the individual child at an early stage. Officers plan appropriate opportunities for pupils to access the provision on a fulltime, parttime or temporary basis according to their needs and for assessment purposes.

The local authority has a clear vision for the development of the PPRU, including future capital investment. The PPRU is a flexible resource that engages with schools to provide outreach training and support. For example, leaders and staff provide valuable support programmes for pupils with behavioural difficulties in mainstream schools. There are robust procedures in place to ensure that staff monitor these pupils' progress closely.

Local authority staff liaise closely with schools and EOTAS providers to ensure that pupils return to school when appropriate. Staff at all levels within the authority work successfully to ensure that learners remain engaged in their learning. The impact of this work is reflected in the low numbers of these pupils who at 16 go on to become NEET (not in education, employment or training).

Local authority staff provide useful resources to help parents to support their children with their learning where they receive EOTAS provision.

How effective is the local authority's work in identifying, providing and monitoring statutory support for pupils with special educational needs?

The local authority is committed to delivering good quality provision for pupils with special education needs. There is a clear link between the service delivery and the local authority's priority to improve 'the engagement, wellbeing and performance of vulnerable groups'. The special educational needs service is well resourced and its staff have significant expertise and experience. There is a strong sense of team working within the service and a valuable ethos of child-centred planning and provision.

The authority meets its statutory duties well. It is successful in completing statutory assessment within required timescales. A notable feature is that the authority provides extra financial resource to schools to support individual pupils whilst assessment and evidence gathering are taking place. Provision of assessment and support through the medium of Welsh is generally appropriate. Leaders ensure that parents are well informed about its services through the Parent Partnership service that is available to all parents of pupils with special educational needs. The local authority also provides comprehensive information about its support services through its website, and only a very few appeals have been made to the Special Educational Needs Tribunal Wales over time. Many pupils with special educational needs make good progress at school and move on to suitable further education, training or work.

The clear and comprehensive 'Additional Learning Needs Policy' includes helpful guidance to schools regarding the requirements of a graduated response to identifying pupil need and securing support. Moderation processes are consistent, well managed and transparent.

Service managers scrutinise outcomes of annual reviews carefully and make suitable amendments to provision. Senior leaders evaluate progress of pupils with special educational needs at the end of the foundation phase and other key stages. However, leaders' use of data and first-hand evidence to evaluate performance of the service is at an early stage of development.

There is a broad and comprehensive range of training for schools and early years settings to help them support individual pupils' needs. This includes enabling many teachers and learning support assistants to gain beneficial qualifications in delivering emotional literacy programmes and social communication interventions, and responding to attachment issues. Leaders consider emerging trends of difficulties for pupils across the authority well to provide relevant and timely training and support to school staff.

A notable feature in the local authority's work is its strong early intervention work in supporting children's speech, language and communication. For example, the Language Development Project enables well-resourced and effective universal, targeted and specialist support for younger pupils. The authority's language development assistants attend schools and work collaboratively with teachers to support individuals or small groups of pupils for fixed periods. In addition, the English as an additional language (EAL) service and the Language and Communication (CLASS) service deliver comprehensive and valuable training to teachers about early language acquisition for all pupils who have language difficulties. Initiatives such as these ensure early support for pupils and, in some cases, prevent the need for statutory assessment.

The local authority takes a lead role in several cross-authority projects. For example, managers chair regional ALN Transformation Groups and the effective Flintshire Sensory Service is now commissioned by two neighbouring authorities.

Leadership and management

Senior officers and elected members share a clear vision for ensuring effective education provision in Flintshire. They communicate this vision well across the authority, throughout the department, and to stakeholders and partners. The leadership of the education service by the chief officer for education and youth is inclusive and increasingly effective.

The authority's corporate plan demonstrates well the commitment to improving education, with one of its six core priorities being a 'learning council' with 'high performing education'. This priority is reflected well and further developed in the Education and Youth Portfolio's business plan. The business plan is generally clear, and sets out well the rationale for its priorities and actions for education services including non-formal education provision.

The corporate business planning and performance monitoring cycle is used well for ongoing strategic level monitoring of performance through the use of quarterly, half-yearly and annual reports. These reports provide good opportunities to identify the impact of the business plan's objectives, progress against actions, or slippage, and emerging risks. However, the authority's evaluation of a few front line services is not as rigorous, and therefore senior leaders are unclear about the full impact of these services. Also, it is not always clear how front line services plan to contribute to the progress of strategic objectives.

The local authority's annual self-evaluation processes are informed well through the intelligence generated by the business planning reports, and by consultation with a wide range of partners including its schools. As a consequence, the local authority's self-evaluation processes provide a generally accurate and ongoing understanding of the portfolio's performance.

Managers and senior leaders use the corporate performance management framework for staff effectively. The annual appraisal process is purposeful and identifies professional learning needs and individual strengths of staff well. Individual staff objectives link clearly to corporate and portfolio plans.

Officers show a strong commitment to their own professional learning, updating their knowledge and skills regularly. They do this within their own areas of responsibility through a range of well-considered activities. This ensures that staff have the skills to undertake their professional roles.

Services within the authority work well together to deliver their education duties, through the effective use of formal programme and project management procedures. The authority has a good working relationship with external partners, such as the local further education college, the local voluntary sector organisations and GwE. Officers also engage well with a wide range of regional and national networks, enabling them to exchange information and intelligence effectively and learn from colleagues working in other local authorities.

The authority's relationship with the primary and secondary headteacher federations is well established. The chief executive, chief education officer, other senior officers and the cabinet member for education and youth meet the headteacher federations regularly. This enables the authority to share its plans with headteachers and, as a consequence, headteachers' views contribute directly to planning and schools are integral to the decision-making process.

The authority has a strong working relationship with the regional consortium, and contributes well to its management, governance and scrutiny. The local authority and GwE share information frequently for operational purposes. This creates a shared understanding of school performance and ensures that the provision of bespoke packages of support is appropriate.

In most cases, reports to cabinet and scrutiny are well set out and contain useful information to help elected members understand the key issues under review. However, in a few cases, performance information and the key implications arising from this are not analysed clearly enough to help elected members focus on the most important areas for improvement.

The authority's scrutiny arrangements were recently reviewed by the Wales Audit Office. They concluded that scrutiny is well run but needed to adapt to meet future challenges. The Education and Youth Overview and Scrutiny Committee approaches its work in a variety of ways, generally through the traditional committee meeting, but also through closed workshops, occasional task and finish groups, and scrutiny committee members' attendance at school performance review meetings with specific schools. The Scrutiny work programme is proactive and covers a wide range of appropriate issues.

The local authority's Welsh in Education Strategic Plan (WESP) sets out well its commitment to promote the Welsh language and to increase the numbers of pupils receiving Welsh-medium education across all sectors. The strategy has responded to an identified need to expand Welsh-medium provision in the Mold, Flint and Buckley areas. The Welsh Advisory Team and the Early Years Team provide effective bespoke support to develop pupils' Welsh language skills from a very early age.

Flintshire local authority discharges its duties for safeguarding in education well. Child protection and safeguarding are a high priority within the authority. The local authority provides relevant training and support to education providers, which helps all staff to know and understand their safeguarding responsibilities, including those for preventing radicalisation. Safe recruitment procedures are well managed by the human resources team and there are consistent and stringent procedures in place for dealing with any allegations against staff.

The cross-service Safeguarding Group is beginning to influence positively the work of the Flintshire pioneer schools who are developing the health and wellbeing aspect of the new curriculum. For example, they have provided schools with useful resources to support them in identifying radicalisation, potential child sexual exploitation and unhealthy relationships. In addition, they have provided helpful materials to support National Safeguarding Week, such as model lessons on county lines.

The authority plans its annual budgets carefully and in accordance with its priorities. The Education and Youth portfolio has made significant budget savings in recent years, but the authority has prioritised protecting delegated school budgets. The funding delegated to schools has increased relative to other authorities and is now only slightly below average.

Officers and elected members monitor spending levels in detail every month. There is effective control of nearly all non-delegated budgets for which the education service is responsible, but the significant and recurring pressure on the demand-led out-of-county placement budget is a significant financial risk.

Officers have an appropriately detailed understanding of why some learners are placed in educational provision outside the county and how much that provision costs. Planning to consider potentially more cost-effective local provision for certain categories of learners is at an early stage. The Early Help Hub is a good example of effective joint working between different council services and other partners in a bid to prevent the needs of learners and their families from escalating, but it is too early to evaluate the Hub's effectiveness in supporting families and therefore reducing and avoiding future cost.

Senior council officers provide effective support to the School Budget Forum, which meets regularly. The Forum makes a valuable contribution in developing and adjusting the formula used to delegate funding to schools and in improving the quality of the agreements that govern the sale of services by the authority to its schools. Despite formula adjustments, however, a majority of secondary schools carried forward deficits into the 2019-20 financial year. The authority requires those schools planning to set deficit budgets to produce an agreed recovery plan, and to obtain the approval of senior officers before they appoint staff. However, the financial position in a small number of schools has continued to deteriorate year-on-year for longer than the maximum five-year period specified in the authority's scheme for financing schools.

The council makes good use of a range of sources of capital funding to improve both the quality and efficiency of its school estate. The decision-making process surrounding school reorganisation is thorough and comprehensive, and subsequent project management is rigorous in ensuring that projects are delivered on time and to

budget. Through a well-considered combination of school closure, new build and remodelling, the maintenance backlog has fallen significantly in recent years. Almost 90% of schools are deemed to be in at least satisfactory condition. School reorganisation has also reduced surplus capacity in schools, although the proportion of surplus places remains above the national target. The Welsh Government has approved the authority's ambitious £85 million proposals for the second phase of the 21st Century Schools programme which, subject to affordability, has the potential to sustain the progress made during the first phase.

Copies of the report

Copies of this report are available from the local authority and from the Estyn website (www.estyn.gov.wales)

The report was produced in accordance with Section 38 of the Education Act 1997, the Children Act 2004 and the Learning and Skills Act 2000.

Every possible care has been taken to ensure that the information in this document is accurate at the time of going to press. Any enquiries or comments regarding this document/publication should be addressed to:

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AUDIT COMMITTEE

Date of Meeting	Wednesday 20 November 2019
Report Subject	Asset Disposal and Capital Receipts Generated 2018/19
Report Author	Chief Officer (Housing and Assets)

EXECUTIVE SUMMARY

In relation to the report and attached information, this flows from interest received from Committee members previously in land disposals and the realisation of capital receipts.

Capital receipts arise when operational Council assets are declared surplus to requirements and are put forward for disposal, or where it is felt appropriate to dispose of assets from the non-operational estate.

Total asset disposals in 2018/19 amounted to £2.295m, of which £1.915m was from general properties and £0.380m from the agricultural estate. Corresponding figures for 2017/18 were £2.869m (£0.834m general, £2.035m agricultural estates).

The information in this report refers to Council Fund (CF) capital receipts only.

RECOMMENDATIONS	
1	Members are requested to note the report.

REPORT DETAILS

1.00	EXPLAINING THE ASSET DISPOSALS
1.01	**Background** The Council's Capital Programme is set according to the Council's strategic objectives and priorities, ensuring that the Council's capital assets are aligned to current and future service delivery, operating in the most cost efficient way.
1.02	Capital expenditure creates revenue implications for the longer term in the form of running costs and loan repayments if that expenditure is funded from borrowing and must therefore be considered carefully within the wider strategic context.
1.03	In recent years the availability of capital resources has diminished with Welsh Government (WG) reducing the amount of support for capital expenditure that Councils receive. For Flintshire this support has reduced from £10.364m in 2010/11 to £8.797m in 2018/19, a percentage reduction over this period of 15%. Capital receipts generated from asset disposals (assets and land) are therefore a key capital resource and are critical to the Council in supporting its overall strategic priorities.
1.04	Capital receipts, together with other sources of funding, are aggregated and applied to fund the capital programme as a whole regardless of where they have been generated or by which service and are not therefore ring-fenced to any particular portfolio.
1.05	When considering the disposal of an asset, its best and most valuable disposal method is considered with advice including a valuation sought from either the District Valuer or the private sector. When this has been received the optimum method of disposal is reported to the Capital and Asset Programme Board. Once support is received Agents are instructed to facilitate the sale.
1.06	The Council's policy regarding the Agricultural Estate is to sell to existing tenants only, if occupied, or on the open market if already vacant.
1.07	In line with current Council Policy, capital receipts are only available to fund capital expenditure once the asset has been disposed of and the receipt has been realised.
	Considerations
1.08	In relation to the report and attached information, this flows from interest received from Committee members previously in land disposals and the realisation of capital receipts.

1.09	Appendix 1 lists assets disposed of in financial years 2016/17 to 2018/19, by ward and within bands of the capital receipt value realised. This layout is consistent with previous reports; more detailed reports regarding capital expenditure and capital schemes are reported at Corporate Resources Overview and Scrutiny Committee.
1.10	Sale proceeds for individual disposals are not included as they can be commercially sensitive, particularly if future disposals are being considered for similar assets.

2.00	**RESOURCE IMPLICATIONS**
2.01	Further details on the resource implications of capital receipts can be found in the Capital Programme Monitoring 2018/19 (Outturn) report to Cabinet on 16 July, 2019.

3.00	**CONSULTATIONS REQUIRED / CARRIED OUT**
3.01	None as a result of this report.

4.00	**RISK MANAGEMENT**
4.01	Whilst the realisation of capital receipts continues to be a risk for the future funding of the capital programme, the information provided in this report is retrospective and therefore carries no future risk.
4.02	Asset disposals involve an element of risk, especially during times of property market volatility, however, the Council has a rigorous process which it follows when assets are disposed of, with careful consideration given to the strategic long term future service needs and the assets needed to deliver those services. This consideration includes references to Business Plans, Improvement Plans and the Medium Term Financial Strategy.

5.00	**APPENDICES**
5.01	Appendix 1 – Capital Receipts 2016/17 – 2018/19

6.00	**LIST OF ACCESSIBLE BACKGROUND DOCUMENTS**
6.01	Capital Programme 2018/19 monitoring papers **Contact Officer:** Liz Thomas, Strategic Finance Manager – Technical Accounting **Telephone:** 01352 702289 **E-mail:** liz.thomas@flintshire.gov.uk

7.00	**GLOSSARY OF TERMS**
7.01	**Capital Expenditure:** Expenditure on the acquisition of Non-current Assets or expenditure that extends the life or value of an existing asset **Capital Programme** - The Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme **Capital Receipt** - Receipts (in excess of £10,000) from the disposal of an asset **Capital Scheme** - An individual capital project which is monitored and managed in isolation. The aggregate of all schemes comprises the Capital Programme **Council Fund** - The fund to which all the Council's revenue and capital expenditure is charged **District Valuer** – The District Valuer is a member of staff within the District Valuer Services (DVS). The DVS is the specialist property arm of the Valuation Office Agency (VOA). It provides independent valuation and professional property advice to bodies across the entire public sector, and where public money or public functions are involved. **Financing** - The process of allocating resources to meet the cost of capital expenditure, which can be done on a project, asset or whole programme basis. This contrasts with making the invoice payments relating to capital expenditure, which should be managed within the authority's overall treasury management policy **Non-current Asset** - A resource controlled (but not necessarily owned) by an authority, from which economic benefits or service potential are expected to flow to the authority for more than 12 months **Unhypothecated Supported Borrowing (USB), commonly referred to as Supported Borrowing:** Each year Welsh Government provide Council's with a Supported Borrowing allocation. Council's borrow to fund capital expenditure equivalent to that annual allocation, Welsh Government then include funding to cover the revenue costs associated with the borrowing for future years within the Revenue Support Grant. The Council decides how this funding is spent

	Unsupported Prudential Borrowing: Borrowing administered under the Prudential Code, whereby authorities can set their own policies on acceptable levels and types of borrowing. The Prudential Framework allows authorities to take out loans in response to overall cash flow forecasts and other factors provided they can show that the borrowing is to meet planned capital expenditure in the current year or the next three years

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VALUE £000	2016/17		2017/18		2018/19	
	ASSET	AREA	ASSET	AREA	ASSET	AREA
Up to £100k	Land & Property	Holywell	Land & Property	Caerwys	Land & Property	Holywell
	Land	Hope	Land & Property	Connahs Quay	Land	Bagillt
	Land	Trelogan	Land	Buckley		
	Land	Hope	Land & Property	Greenfield		
	Land	Flint	Land	Sandycroft		
	Land	Mold	Land & Property	Holywell		
	Land	Talacre				
	Land	Bretton				
£100k - £150k	Land	Ffynnongroew				
£150k - £200k	Land & Property	Kinnerton				
£200k - £250k			Land & Property	Llanfynydd		
£250k - £300k			Land & Property	Alltami		
£300k - £350k						
£350k - £400k	Land & Property	Hendre	Land & Property	Halkyn	Land & Property	Sealand
£400k - £450k	Land & Property	Hawarden	Land & Property	Holywell		
			Land & Property	Buckley		
£450k - £500k						
£500k - £550k						
£550k - £600k						
£600k - £650k						
£650k - £700k	Land & Property	Brynford				
£700k - £750k						
£750k - £800k						
£800k - £850k						
£850k+			Land & Property	Bagillt	Land & Property	Connahs Quay
Annual Total (£k)		2,089		2,869		2,295

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AUDIT COMMITTEE

Date of Meeting	Wednesday 20th November 2019
Report Subject	Treasury Management Mid-Year Review 2019/20 & Quarter 2 update
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

This report presents the draft mid-year Treasury Management report 2019/20 for review and seeks the Committee's recommendation for approval to Cabinet.

The report provides an update on matters relating to the Council's Treasury Management activity during the period 1st June to 30th September 2019.

RECOMMENDATIONS
1	Members review the draft Treasury Management Mid-Year Report 2019/20 and identify any matters to be drawn to the attention of Cabinet on 17th December 2019.

REPORT DETAILS

1.00	EXPLAINING THE MID YEAR REVIEW
1.01	The Council has nominated Audit Committee to be responsible for ensuring effective scrutiny of Treasury Management Strategy and Policies. The Audit Committee has previously agreed to include Treasury Management as a standing item on each quarterly agenda to receive an update.
1.02	On 19th February 2019, the Council approved the Treasury Management Strategy 2019/20, following the recommendation of the Cabinet and consideration by the Audit Committee.

	Treasury Management Mid-Year Report 2019/20
1.03	The Treasury Management Mid-Year Report for 2019/20 is attached as Appendix 1 for review. As required by the Council's Financial Procedure Rules, this review will be reported to the Cabinet and Council.
	Summary of Key Points
1.04	The Bank of England made no change to monetary policy at its meetings and have maintained a Bank Rate of 0.75%.
	The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased dramatically.
	The Council's treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy.
	The Brexit leaving deadline has been extended to the 31st of January 2020. In readiness for Brexit, the Council will ensure the Council's investment portfolio will remain secure and liquid by only investing in Money Market Funds which are domiciled in the United Kingdom to avoid any international payment disruption that may occur in the few days after the leaving date. The remaining investment portfolio will be held with the Central Government Debt Management Account Deposit Facility (DMADF). In the outcome that another extension is agreed this operational policy at the new leave date will continue to apply.
1.05	New long term borrowing was arranged during the first half of the year 2019/20.
	The Council has taken two new long-term loans from the Public Works Loans Board (PWLB) in 19/20:
	£10m Equal instalment of Principle Loan at 1.65% for 15 years, and; £7.5m Equal instalment of Principle Loan at 1.28% for 18 years.
	The decision to take long term loans took into consideration our long term borrowing requirement resulting from our capital programme. As interest rates from central government borrowing were low at these points due to the volatility of Gilt yields, the PWLB rates were at a level which meant that fixing long term offered financial value to the Council.
	Short term borrowing was undertaken as necessary in accordance with the 2019/20 borrowing strategy. The total short term borrowing as at 30th September 2019 was £19.0m with an average rate of 0.76%. Section 4 provides more information on borrowing and debt management during the period.

1.06	The treasury function has operated fully within the limits detailed in the Treasury Management Strategy 2019/20.
1.07	Section 6 of the Mid-Year Report provides information on regulatory changes coming into force in the near future.
	Treasury Management 2019/20 – Quarter 2 update
1.08	Investments Update

A statement setting out the Council's investments as at 30th September 2019 is attached at Appendix 2. The investment balance at this time was £19.5m, spread across 8 counterparties and the average investment rate was 0.69% for the period. |
| 1.09 | Borrowing Update

Appendix 3 shows the Council's long term borrowing as at 30th September 2019. The total amount of loans outstanding was £290.2m with an average interest rate payable of 4.57%.

New long term borrowing of £7.5m was arranged during the quarter, an equal instalment of principle loan at 1.28% for 18 years.

Appendix 4 shows the Council's short term borrowing as at 30th September 2019. The total amount of loans outstanding was £19.0m with an average interest rate payable of 0.76%. |
| 1.10 | The Council's capital expenditure plans will continue to be monitored throughout 2019/20 to inform and assess the Council's long term borrowing need. This is to ensure that the Council does not commit to long term borrowing too early and refinance unnecessarily which will be costly and have significant revenue implications. The continued use of short-term borrowing will assist with this. This will be balanced against securing low long term interest rates currently being forecast and assessing the affordability of long-term borrowing in the short term against the savings made over the life of the loan. |
| 1.11 | Changes to Public Works Loans Board (PWLB) Rates:

As at the 9th of October 2019 the PWLB has increased the margin applied to loan rates by 100 basis points. Meaning the new margin above gilts is now 180 basis points for the certainty rate loans which the Council qualifies for.

This move has increased the cost of borrowing from PWLB. For example, on the day of the change a new 50-year maturity loan moved from an interest rate of 1.81% to 2.82% overnight. This move has been in response to Council's substantially increasing their use of PWLB loans, as the cost of borrowing had fell to record lows. This was done without any prior notice.

The Council has taken advantage of these low rates where they offered financial value long term during 2019/20 and the latter part of 2018/19. In the context of the Council's revenue budget, it has been assumed that new long-term loans will be borrowed at an average rate of 3% to finance the |

Capital Programme. Taking this prudent approach to the budget has meant whilst there has been an increase in rates, it does not exceed the amount forecasted for the future costs of financing the Council's Capital Programme at this time.

Consideration is being given to financing options from the market following the changes made by HM Treasury. Indications are that rates could be lower than borrowing from PWLB. This needs to be balanced against the increased administrative costs associated with lending from the market, which is driven by the additional lead in time to arrange borrowing (approximately 4 to 6 weeks) and higher brokerage costs. The creditworthiness of the Council will be assessed which will impact on rates offered. No such considerations are required when borrowing from the PWLB.

The Council will continue to assess all financing options when making long term borrowing decisions to achieve best financial value for the Council.

| 1.12 | Member Training – Treasury Management |
| | A Treasury Management Member training workshop has been arranged for 11th December 2019 10am – 12:30pm which will be presented by Arlingclose Ltd.   The session will be hosted by the Audit Committee but will be open to all Members. |

2.00	RESOURCE IMPLICATIONS
2.01	Financial implications are addressed in the report; no other resource implications directly as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Arlingclose Ltd, being the Council's treasury management advisors.

4.00	RISK MANAGEMENT
4.01	Risk Management directly addressed within the report and appendices including identification of risks and measures to mitigate likelihood and impact of risks identified.

5.00	APPENDICES
5.01	1. Draft Treasury Management Mid-Year Report 2019/20 2. Investment Portfolio as at 30th September 2019 3. Long term borrowing as at 30th September 2019 4. Short term borrowing as at 30th September 2019

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	**Contact Officer:** Liz Thomas – Strategic Finance Manager **Telephone:** 01352 702289 **E-mail:** Liz.Thomas@Flintshire.gov.uk
7.00	GLOSSARY OF TERMS
7.01	**Authorised Limit:** A statutory limit that sets the maximum level of external debt for the Council. **Balances and Reserves**: Accumulated sums that are held, either for specific future costs or commitments (known as earmarked) or generally held to meet unforeseen or emergency expenditure. **Bank Rate:** The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". **Basis Point:** A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in interest rates and bond yields. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points. **Bond:** A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life. **Capital Expenditure:** Expenditure on the acquisition, creation or enhancement of capital assets. **Capital Financing Requirement (CFR):** The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed. **Certificates of Deposits (CD's**): A savings certificate entitling the bearer to receive interest. A CD bears a maturity date, a specified fixed interest rate and can be issued in any denomination. CDs are generally issued by commercial banks. The term of a CD generally ranges from one month to five years. **Cost of Carry:** The "cost of carry" is the difference between what is paid to borrow compared to the interest which could be earned. For example, if one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%. **Consumer Price Index (CPI):** The UK's main measure of inflation (along with Retail Price Index or 'RPI') The Monetary Policy Committee of the

Bank of England set the Bank Rate in order to try and keep CPI at or close to the target set by the Government. The calculation of CPI includes many items of normal household expenditure but excludes some items such as mortgage interest payments and Council Tax.

Corporate Bonds: Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

Counterparty List: List of approved financial institutions with which the Council can place investments.

Credit Rating: Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.

Debt Management Office (DMO): The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the Debt Management Account Deposit Facility (DMADF). All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign credit rating.

Federal Reserve: The US central bank, the equivalent of the Bank of England. (Often referred to as "the Fed").

Financial Instruments: Financial instruments are tradable assets of any kind. They can be cash, evidence of an ownership interest in an entity, or a contractual right to receive or deliver cash or another financial instrument

Gilts: Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged'. They are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.

LIBID: The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks).

LIBOR: The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to borrow from those with surplus amounts. The banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.

Low Volatility Net Asset Value Money Market Funds (LVNAV MMFs): refers to highly liquid money market funds which aim to maintain the level of their worth by investing in very secure instruments.

LOBO: Stands for Lender Option Borrower Option. The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the

option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility.

IFRS: International Financial Reporting Standards.

Maturity: The date when an investment or borrowing is repaid.

Maturity Structure / Profile: A table or graph showing the amount (or percentage) of debt or investments maturing over a time period.

Monetary Policy Committee (MPC): Government Body that sets the Bank Rate. Its primary target is to keep inflation within 1% of a central target of 2%. Its secondary target is to support the Government in maintaining high and stable levels of growth and employment.

Money Market Funds (MMF): Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.

Minimum Revenue Provision (MRP): An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.

Non Specified Investment: Investments which fall outside the WG Guidance for Specified investments (below).

Operational Boundary: This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

Premiums and Discounts: In the context of local authority borrowing,
(a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and
(b) the discount is the gain arising when a loan is redeemed prior to its maturity date.

Prudential Code: Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.

Prudential Indicators: Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators

Public Works Loans Board (PWLB): The PWLB is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money

from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Quantitative Easing (QE): In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller's bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England (known as reserves). The end result is more money out in the wider economy.

Revenue Expenditure: Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.

Retail Price Index (RPI): A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent.

Term Deposits: Deposits of cash with terms attached relating to maturity and rate of return (Interest).

Specified Investments: Term used in the Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating.

Supported Borrowing: Borrowing for which the costs are supported by the government or third party.

Supranational Bonds: Instruments issued by supranational organisations created by governments through international treaties (often called multilateral development banks). The bonds carry an AAA rating in their own right. Examples of supranational organisations are the European Investment Bank, the International Bank for Reconstruction and Development.

Treasury Bills (T-Bills): Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. They are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have an AAA-rating.

Treasury Management Code: CIPFA's Code of Practice for Treasury Management in the Public Services, initially brought in 2003, subsequently updated in 2009 and 2011.

Treasury Management Practices (TMP): Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.

	Temporary Borrowing: Borrowing to cover peaks and troughs of cash flow, not to fund capital spending. **Unsupported Borrowing**: Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing. **Yield:** The measure of the return on an investment instrument.

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FLINTSHIRE COUNTY COUNCIL

DRAFT TREASURY MANAGEMENT

MID YEAR REPORT 2019/20

1.00 PURPOSE OF REPORT

1.01 To provide members with a mid-year update on matters relating to the Council's Treasury Management function.

2.00 BACKGROUND

2.01 Treasury management comprises the management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

2.02 The Council's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provision of local authority services is an important, but secondary, objective.

2.03 The Council's policy is to appoint external consultants to provide advice on its treasury management function. In September 2016 Arlingclose Ltd were reappointed as the Council's advisors for a period of 3 years, following a competitive tendering exercise. This period has been extended a further 12 months as per the contract terms to September 2020.

2.04 The Council has adopted the 2017 edition of the CIPFA Treasury Management in the Public Services: Code of Practice, which requires the Council to approve a treasury management strategy before the start of each financial year, a mid-year report, and an annual report after the end of each financial year.

2.05 In addition, the Welsh Government (WG) Guidance on Local Government Investments recommends that local authorities amend their investment strategies in light of changing internal or external circumstances.

2.06 This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the WG Guidance.

2.07 The Council approved the 2019/20 Treasury Management Strategy at its meeting on 19th February 2019.

3.00 ECONOMIC & INTEREST RATE REVIEW APRIL – OCTOBER 2019.

Provided by Arlingclose Ltd the Council's Treasury Management advisors.

Economic background: UK Consumer Price Inflation (CPIH) fell to 1.7%

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year/year in August 2019 from 2.0% in July, weaker than the consensus forecast of 1.9% and below the Bank of England's target. The most recent labour market data for the three months to July 2019 showed the unemployment rate edged back down to 3.8% while the employment rate remained at 76.1%, the joint highest since records began in 1971. Nominal annual wage growth measured by the 3-month average excluding bonuses was 3.8% and 4.0% including bonuses. Adjusting for inflation, real wages were up 1.9% excluding bonuses and 2.1% including.

The Quarterly National Accounts for Q2 GDP confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit. Only the services sector registered an increase in growth, a very modest 0.1%, with both production and construction falling and the former registering its largest drop since Q4 2012. Business investment fell by 0.4% (revised from -0.5% in the first estimate) as Brexit uncertainties impacted on business planning and decision-making.

Politics, both home and abroad, continued to be a big driver of financial markets over the last quarter. Boris Johnson won the Conservative Party leadership contest and has committed to leaving the EU on 31st October regardless of whether a deal is reached with the EU. Mr Johnson prorogued Parliament which led some MPs to put forward a bill requiring him to seek a Brexit extension if no deal is in place by 19th October. The move was successful and, having been approved by the House of Lords, was passed into law. The Supreme Court subsequently ruled Mr Johnson's suspension of Parliament unlawful.

Tensions continued between the US and China with no trade agreement in sight and both countries imposing further tariffs on each other's goods. The US Federal Reserve cut its target Federal Funds rates by 0.25% in September to a range of 1.75% - 2%, a pre-emptive move to maintain economic growth amid escalating concerns over the trade war and a weaker economic environment leading to more pronounced global slowdown. The euro area Purchasing Manager Indices (PMIs) pointed to a deepening slowdown in the Eurozone. These elevated concerns have caused key government yield curves to invert, something seen by many commentators as a predictor of a global recession. Market expectations are for further interest rate cuts from the Fed and in September the European Central Bank reduced its deposit rate to -0.5% and announced the recommencement of quantitative easing from 1st November.

The Bank of England maintained Bank Rate at 0.75% and in its August Inflation

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Report noted the deterioration in global activity and sentiment and confirmed that monetary policy decisions related to Brexit could be in either direction depending on whether or not a deal is ultimately reached by 31st October.

Financial markets: After rallying early in 2019, financial markets have been adopting a more risk-off approach in the following period as equities saw greater volatility and bonds rallied (prices up, yields down) in a flight to quality and anticipation of more monetary stimulus from central banks. The Dow Jones, FTSE 100 and FTSE 250 are broadly back at the same levels seen in March/April.

Gilt yields remained volatile over the period on the back of ongoing economic and political uncertainty. From a yield of 0.63% at the end of June, the 5-year benchmark gilt yield fell to 0.32% by the end of September. There were falls in the 10-year and 20-year gilts over the same period, with the former dropping from 0.83% to 0.55% and the latter falling from 1.35% to 0.88%. 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.65%, 0.75% and 1.00% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth remains a global risk. The US yield curve remains inverted with 10-year Treasury yields lower than US 3-month bills. History has shown that a recession hasn't been far behind a yield curve inversion. Following the sale of 10-year Bunds at -0.24% in June, yields on German government securities continue to remain negative in the secondary market with 2 and 5-year securities currently both trading around -0.77%.

Credit background: Credit Default Swap (CDS) spreads rose and then fell again during the quarter, continuing to remain low in historical terms. After rising to almost 120bps in May, the spread on non-ringfenced bank NatWest Markets plc fell back to around 80bps by the end of September, while for the ring-fenced entity, National Westminster Bank plc, the spread remained around 40bps. The other main UK banks, as yet not separated into ring-fenced and non-ringfenced from a CDS perspective, traded between 34 and 76bps at the end of the period.

Outlook for the remainder of 2019/20

The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased

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dramatically.

There appears no near-term resolution to the trade dispute between China and the US, a dispute that the US appears comfortable exacerbating further. With the 2020 presidential election a year away, Donald Trump is unlikely to change his stance.

Parliament appears to have frustrated UK Prime Minister Boris Johnson's desire to exit the EU on 31st October. The probability of a no-deal EU exit in the immediate term has decreased, although a no-deal Brexit cannot be entirely ruled out for 2019 and the risk of this event remains for 2020. The risk of a general election in the near term has, however, increased.

Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Our treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy.

	Dec 19	Mar 20	Jun 20	Sept 20	Dec 20	Mar 21	Jun 21	Sept 21	Dec 21	Mar 22	Jun 22	Sept 22	Dec 22
Upside Risk (%)	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Interest Rate (%)	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside Risk (%)	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

4.00   BORROWING REQUIREMENTS AND DEBT MANAGEMENT

4.01   PWLB (Public Works Loans Board) Certainty Rate Update.

The Authority submitted its application to WG along with the 2019-20 Capital Estimates Return to access this reduced rate for a further 12 months from 1st November 2019.

4.02   The total long term borrowing outstanding totals £290.17 million.

4.03   Loans with the Public Works Loans Board are in the form of fixed rate (£255.8m) and variable rate (£10m), £18.95m is variable in the form of Lobo's (Lender's Option, Borrower's Option) and £5.42m are interest free loans from government.

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The Council's average long term borrowing rate is currently 4.57%.

	Balance 01/04/2019 £m	Debt Maturing £m	New Debt £m	Balance 30/09/2019 £m
Long Term Borrowing	267.29	(0.04)	17.50	284.75
Government Loans	5.51	(0.10)	0.00	5.41
TOTAL BORROWING	272.80	(0.14)	17.50	290.16
Other Long Term Liabilities *	5.03	0.00	0.00	5.03
TOTAL EXTERNAL DEBT	277.83	(0.14)	17.50	295.19
Increase/ (Decrease) in Borrowing £m				17.36

relates to finance leases in respect of Deeside Leisure Centre and Jade Jones Pavilion

4.04   New long term borrowing has been arranged during 2019/20.

The Council has taken two new long-term loans from the Public Works Loans Board (PWLB) in 19/20:

£10m Equal instalment of Principle Loan at 1.65% for 15 years, and;
£7.5m Equal instalment of Principle Loan at 1.28% for 18 years.

The decision to take long term loans took into consideration our long term borrowing requirement resulting from our capital programme. As interest rates from central government borrowing were low at these points due to the volatility of gilt yields, the PWLB rates were at a level which meant that fixing long term offered financial value to the Council.

4.05   Loans at Variable Rates

The extent of variable rate borrowing the Council can potentially undertake is influenced by the level of Reserves and Balances. The interest rate on the Council's £10m variable rate loans averaged 0.9%.

The Council has determined that exposure to variable rates is warranted. It also assists with the affordability and budgetary perspective in the short-to-medium term.   Any upward movement in interest rates and interest paid on variable rate debt would be offset by a corresponding increase in interest earned on the Council's variable rate investments. The interest rate risk associated with the Council's strategic exposure of £10m is regularly reviewed with our treasury advisor against clear reference points, this being a narrowing in the gap between short and

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longer term interest rates. If appropriate, the exposure to variable interest rates will be reduced by switching into fixed rate loans.

4.06   Internal Borrowing and Short Term Borrowing

Given the significant cuts to local government funding putting pressure on Council finances, the borrowing strategy is to minimise debt interest payments without compromising the longer-term stability of the portfolio. With short-term interest rates currently lower than long-term rates, it has been more cost effective in the short-term to use internal resources, and to borrow short-term instead.

The differential between the cost of new longer-term debt and the return generated on the Council's temporary investment returns was significant at around 1.06%.

The use of internal resources in lieu of borrowing has therefore continued to be used over the period as the most cost effective means of funding capital expenditure. This has lowered overall treasury risk by reducing both external debt and temporary investments.

Short term borrowing was undertaken as necessary. The total short term borrowing as at 30th September 2018 was £19m with an average rate of 0.76%.

The Council's capital expenditure plans will continue to be monitored throughout 2019/20 to inform and assess the Council's long term borrowing need. This is to ensure that the Council does not commit to long term borrowing too early and refinance unnecessarily which will be costly and have significant revenue implications. The continued use of short-term borrowing will assist with such. This will be balanced against securing low long term interest rates currently being forecast and assessing the affordability of long-term borrowing in the short term against the savings made over the life of the loan.

4.07   Lender's Option Borrower's Option Loans (LOBOs)

The Authority holds £18.95m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. The option to change the terms on £18.95m of the Council's LOBOs was not exercised by the lender. The Authority acknowledges there is an element of refinancing risk even though in the current interest rate environment lenders are unlikely to exercise their options.

4.08   Debt Rescheduling

The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Authority's portfolio and therefore unattractive for

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debt rescheduling activity.   No rescheduling activity was undertaken as a consequence.

The Corporate Finance Manager, in conjunction with the Council's treasury advisors will continue to review any potential opportunities for restructuring the Council's debt in order to take advantage of potential savings as interest rates change and to enhance the balance of the long term portfolio (amend the maturity profile and/or the balance of volatility).

5.0   INTERIM INVESTMENT AND PERFORMANCE REPORT

5.01   The Welsh Government's Investment Guidance gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.

5.02   The maximum investments the Authority had on deposit at any one time totalled £50.5m.   The average investment balance for the period was £26.7m and the average rate of return was 0.65%, generating investment income of £89k.

5.03   Investments have been made with UK banks, building societies and other Councils up to periods of 35 days, as well as utilising investment opportunities afforded by money market funds and the Debt Management Office Deposit Account.

5.04   The average of long and short term borrowing was £288.0m generating interest payable of £6.73m in line with budget forecasts (to date).

	Investments		Borrowing	
	Interest received £'000	Interest rate %	Interest paid £'000	Interest rate %
Actual	89.0	0.65	6,732	4.57
Budget	40.0	0.80	6,950	4.46
Difference	49.0		218	

Year-end projections are as follows:

	Investments		Borrowing	
	Interest received £'000	Interest rate %	Interest paid £'000	Interest rate %
Actual	130	0.65	13,713	4.57
Budget	80	0.80	13,900	4.46
Difference	50		187	

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5.05   Credit Risk (security)

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating for institutions defined as having "high credit quality" is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

5.06   Liquidity

In keeping with the WG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds.

5.07   Yield

The Council sought to optimise returns commensurate with its objectives of security and liquidity. The Council's investment yield is outlined in 5.02.

6.00   REGULATORY UPDATES

6.01   The Welsh Government is consulting on proposed changes to its Statutory Guidance on Local Government Investments to be effective from the 2020/21 financial year. This involves a complete re-write along the lines of the guidance issued last year by the Ministry of Housing, Communities and Local Government (MHCLG) for local authorities in England.

The definition of investments is widened to include "all of the financial and non-financial assets a local authority has invested money into primarily or partially for the purpose of generating a surplus including investment property" providing it has been made using the power to invest contained in the Local Government Act 2003. In addition, loans to wholly-owned companies or associates, to a joint venture, or to a third party count as investments, irrespective of the purpose or legal power used.

6.02   **Readiness for Brexit**: The scheduled leave date for the UK to leave the EU is now 31st January 2020 and there remains little political clarity as to whether a deal will be agreed by this date and there is the possibility that the exit date is pushed back yet again. As the date approaches the Authority will ensure there are enough accounts open at UK domiciled banks and Money Market Funds to hold sufficient liquidity required in the near term and that its account with the Debt Management Account Deposit Facility (DMADF) remains available.

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7.00   COMPLIANCE

7.01   The Council can confirm that it has complied with its Prudential Indicators for the period April to September 2019. These were approved on 19ʰ February 2019 as part of the Council's 2019/20 Treasury Management Strategy.

7.02   In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the period April – September 2019. None of the Prudential Indicators have been breached and a prudent approach has been taking in relation to investment activity with priority being given to security and liquidity over yield.

8.00   OTHER ITEMS

8.01   Other treasury management related activity that took place during April – September 2019 includes:

- The Treasury Management Annual Report 2018/19 was reported to Audit Committee on 10ᵗʰ July 2019, Cabinet on 24ᵗʰ September 2019 will be reported to Council on 22ⁿᵈ October 2019.
- The Quarter 1 Treasury Management update was reported to the Audit Committee.
- The Council continues to be a member of the CIPFA Treasury Management Forum and the TM Network Advisory Group.

9.00   CONCLUSION

9.01   In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the first half of 2019/20.

9.02   As indicated in this report none of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

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Debt Maturity Profile - October 2019
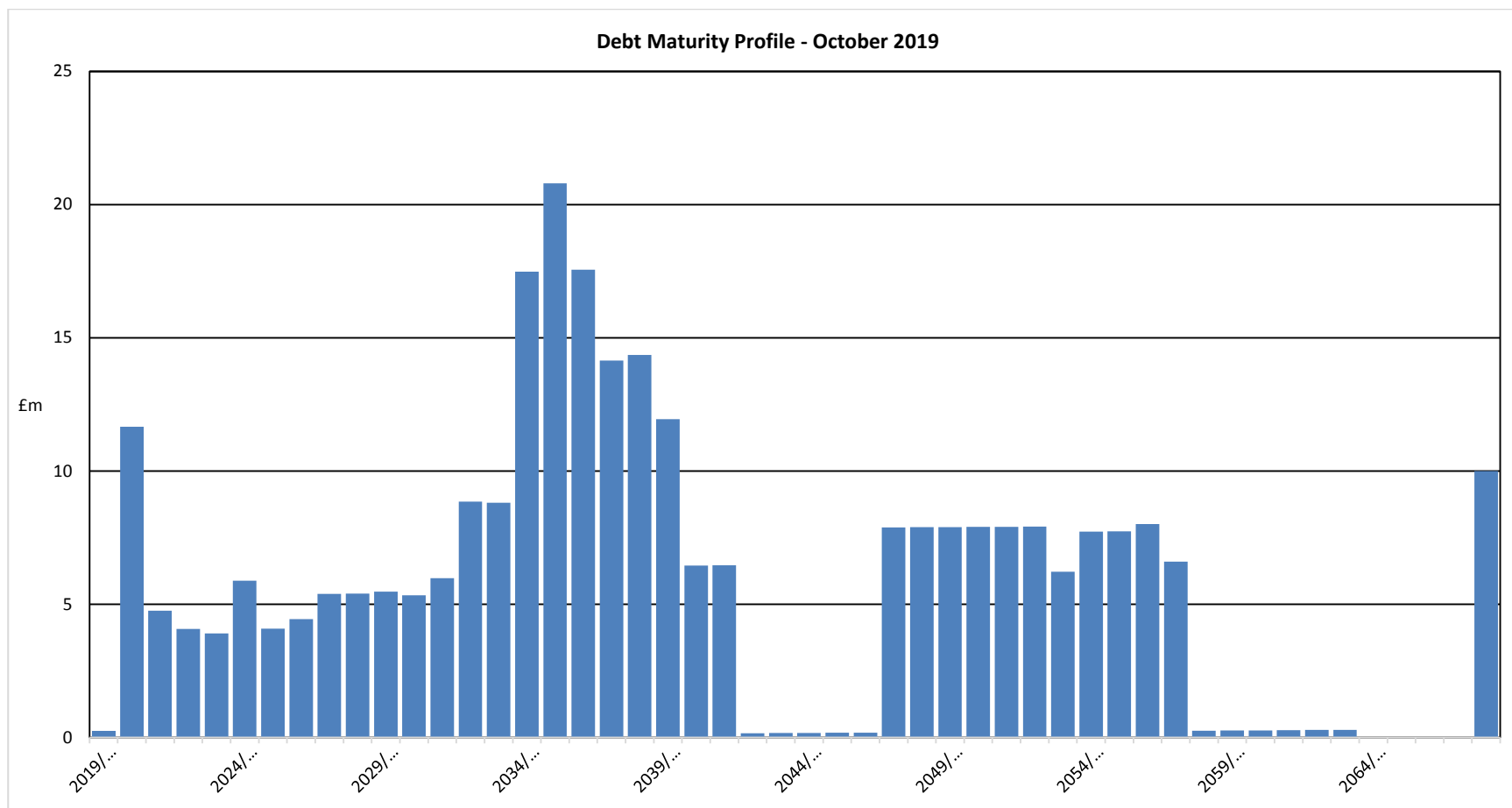
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FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO

30th SEPTEMBER 2019   <u>APPENDIX 2</u>

Counterparty Name	Amount Invested £m	Start Date	Maturity Date	Interest Rate	Investment Interest £	Type of Investment	Period to Maturity
ABERDEEN LIQUIDITY FUND	3.0	01/04/19	31/10/19	0.68%	11,905	MMF	1 month or less
ABERDEEN LIQUIDITY FUND	**3.0**						
AVIVA LIQUIDITY FUND	3.0	01/04/19	31/10/19	0.71%	12,430	MMF	1 month or less
AVIVA LIQUIDITY FUND	**3.0**						
CCLA PUBLIC SECTOR DEPOSIT FUND	3.0	01/04/19	31/10/19	0.72%	12,605	MMF	1 month or less
CCLA PUBLIC SECTOR DEPOSIT FUND	**3.0**						
COVENTRY BUILDING SOCIETY	2.0	02/09/19	02/10/19	0.53%	871	UK BS	1 month or less
COVENTRY BUILDING SOCIETY	**2.0**						
FEDERATED STERLING PRIME FUND	3.0	01/04/19	31/10/19	0.73%	12,780	MMF	1 month or less
FEDERATED STERLING PRIME FUND	**3.0**						
INSIGHT LIQUIDITY FUND	2.8	17/04/19	31/10/19	0.70%	10,579	MMF	1 month or less
INSIGHT LIQUIDITY FUND	**2.8**						
INVESCO INVESTMENT CO	1.7	01/04/19	31/10/19	0.71%	7,044	MMF	1 month or less
INVESCO INVESTMENT CO	**1.7**						
NATIONAL COUNTIES BUILDING SOCIETY	1.0	02/09/19	02/10/19	0.70%	575	UK BS	1 month or less
NATIONAL COUNTIES BUILDING SOCIETY	**1.0**						

| **TOTAL** | **19.5** | | | **0.69%** | **68,788** | | |

| **PREVIOUS REPORTS TOTALS (31st MAY 2019)** | **18.6** | | | **0.75%** | | | |

FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY

30th OCTOBER 2019   **APPENDIX 2**

Type of Investment	Total Amount Invested	% of Total Portfolio	Period to Investment Maturity			
			1 month or less	1 - 3 months	3 months +	12 months +
	£m		£m	£m	£m	£m
Debt Management Office (DMO	0.0	0%				
UK Bank	0.0	0%				
UK Building Society (UK BS)	3.0	15%	3			
Overseas	0.0	0%				
Local Authorities	0.0	0%				
CD's	0.0	0%				
T-Bills	0.0	0%				
Money Market Funds (MMF)	16.5	85%	16.5			
Total (£)	19.5		19.5	0.0	0.0	0.0
Total (%)		100%	100%	0%	0%	0%

Loan Start Date	Principal Loan Outstanding £	Interest Rate %	Annual Interest £	Loan Maturity Date
PWLB Fixed Rate Maturity Loans				
20/03/86	2,436,316	9.50	231,450	30/11/25
01/04/86	1,392,181	9.13	127,036	30/11/23
01/04/86	1,218,158	9.13	111,157	30/11/21
24/03/88	696,090	9.13	63,518	30/11/27
25/08/88	696,090	9.50	66,129	31/03/28
26/10/88	870,113	9.25	80,485	30/09/23
26/05/89	1,044,135	9.50	99,193	31/03/25
26/05/89	1,044,135	9.50	99,193	31/03/29
28/09/95	561,642	8.25	46,335	30/09/32
28/09/95	181,120	8.63	15,622	30/09/32
28/09/95	348,045	8.25	28,714	30/09/27
28/09/95	696,090	8.25	57,427	30/09/28
28/09/95	1,740,226	8.25	143,569	30/09/29
28/09/95	1,740,226	8.25	143,569	30/09/30
28/09/95	1,740,226	8.25	143,569	30/09/31
28/09/95	522,068	8.25	43,071	30/09/21
28/09/95	696,090	8.25	57,427	30/09/24
28/09/95	1,740,226	8.25	143,569	30/09/26
28/09/95	1,000,282	8.63	86,274	30/09/22
18/04/97	2,000,000	7.75	155,000	18/10/27
18/04/97	2,000,000	7.75	155,000	18/10/28
18/04/97	2,000,000	7.75	155,000	18/10/29
18/04/97	2,000,000	7.75	155,000	18/10/30
17/07/97	4,000,000	7.13	285,000	31/03/55
17/07/97	4,000,000	7.13	285,000	31/03/56
17/07/97	4,492,873	7.13	320,117	31/03/57
17/07/97	3,500,000	7.00	245,000	31/03/55
17/07/97	3,500,000	7.00	245,000	31/03/56
17/07/97	3,278,252	7.00	229,478	31/03/57
20/05/98	1,333,332	5.75	76,667	18/04/31
20/05/98	1,050,000	6.00	63,000	18/04/26
09/06/98	2,000,000	5.75	115,000	30/09/32
09/06/98	3,000,000	5.75	172,500	30/09/33
09/06/98	4,000,000	5.75	230,000	30/09/34
17/09/98	3,850,000	5.25	202,125	31/03/58
08/12/98	1,200,000	4.75	57,000	31/03/54
08/12/98	2,500,000	4.75	118,750	31/03/58
08/12/98	4,800,000	4.50	216,000	31/03/54
01/04/99	6,000,000	4.63	277,500	31/03/53
22/04/99	4,000,000	4.50	180,000	31/03/52
10/08/99	1,700,000	4.50	76,500	31/03/53
10/08/99	3,700,000	4.50	166,500	31/03/52
10/08/99	7,700,000	4.50	346,500	31/03/51
10/08/99	7,700,000	4.50	346,500	31/03/50
10/08/99	7,700,000	4.50	346,500	31/03/49
10/08/99	7,700,000	4.50	346,500	31/03/48
05/04/01	2,500,000	4.75	118,750	31/03/25
15/11/01	1,400,000	4.50	63,000	31/03/23
15/11/01	1,350,000	4.50	60,750	31/03/22
02/08/05	1,700,000	4.45	75,650	18/04/31
02/08/05	4,900,000	4.45	218,050	18/04/32
02/08/05	4,600,000	4.45	204,700	18/04/33
02/08/05	1,800,000	4.45	80,100	18/04/34
02/08/05	2,244,611	4.45	99,885	18/04/35
02/04/15	10,800,000	4.11	443,880	02/10/34
02/04/15	9,000,000	4.13	371,700	02/04/35
02/04/15	9,000,000	4.14	372,600	02/10/35
02/04/15	9,000,000	4.16	374,400	02/04/36
02/04/15	8,000,000	4.17	333,600	02/10/36
02/04/15	7,000,000	4.18	292,600	02/04/37
02/04/15	7,000,000	4.19	293,300	02/10/37
02/04/15	7,000,000	4.20	294,000	02/04/38
02/04/15	7,000,000	4.21	294,700	02/10/38
02/04/15	5,448,094	4.22	229,910	02/04/39
06/12/18	10,000,000	2.64	264,000	06/12/68
Total	**230,810,621**	**5.13**	**11,840,018**	

PWLB Fixed Rate Annuity Loans				
06/12/18	7,487,631	2.79	225,299	06/01/63
	7,487,631	**2.79**	**225,299**	

PWLB Fixed Rate Equal Installment of Principle Loans				
01/04/19	10,000,000	1.65	162,250	01/04/34
13/08/19	7,500,000	1.28	96,000	13/08/37
	17,500,000	**1.49**	**162,250**	

PWLB Variable Rate Maturity Loans				
05/05/10	10,000,000	0.89	89,000	05/05/20
	10,000,000	**0.89**	**89,000**	

Market Fixed Rate Loans (LOBOS)				
24/07/07	6,350,000	4.48	284,480	24/01/40
24/07/07	6,300,000	4.53	285,075	24/01/41
24/07/07	6,300,000	4.58	288,540	24/01/42
Total	**18,950,000**	**4.53**	**858,095**	

Other Government Loans				
08/06/17	543,544	0.00	0.00	01/04/21
21/09/17	350,000	0.00	0.00	01/04/22
19/12/17	350,000	0.00	0.00	01/04/23
27/03/18	1,729,128	0.00	0.00	01/10/28
21/10/15	460,000	0.00	0.00	31/03/30
20/10/16	400,000	0.00	0.00	31/03/31
04/12/18	107,625	0.00	0.00	01/10/22
27/03/19	1,478,966	0.00	0.00	01/04/19
	5,419,263	**0**	**0**	

Totals				
Fixed Rate	255,798,252		12,227,567	
Variable Rate	10,000,000		89,000	
LOBOs	18,950,000		858,095	
Other	5,419,263		0	
Grand Total	290,167,515	4.57	13,174,662	

HRAS Buyout Loans

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FLINTSHIRE COUNTY COUNCIL - SHORT TERM BORROWING

30th SEPTEMBER 2019 **APPENDIX 4**

Counterparty Name	Amount Borrowed £m	Start Date	Maturity Date	Interest Rate	Interest due £	Brokerage due £	Period to Maturity
BASINGSTOKE & DEANE BOR COUNCIL	5.0	25/07/19	28/10/19	0.75%	9,760	651	1 month or less
BASINGSTOKE & DEANE BOR COUNCIL	**5.0**						
NEATH PORT TALBOT CB	4.0	21/06/19	04/10/19	0.78%	8,975	575	1 month or less
NEATH PORT TALBOT CB	**4.0**						
OLDHAM COUNCIL	5.0	19/07/19	21/10/19	0.75%	9,658	644	1 month or less
OLDHAM COUNCIL	**5.0**						
YORKSHIRE PCC	4.0	18/06/19	04/10/19	0.78%	9,232	592	1 month or less
YORKSHIRE PCC	**4.0**						
VALE OF GLAMORGAN	1.0	25/07/19	25/10/19	0.75%	1,890	126	1 month or less
VALE OF GLAMORGAN	**1.0**						
TOTAL	**19.0**			**0.76%**	**39,515**	**2,588**	

SHORT TERM BORROWING SUMMARISED BY TYPE & MATURITY

30th SEPTEMBER 2019

APPENDIX 4

SHORT TERM BORROWING TYPE	Total Amount Borrowed	% of Total Portfolio	Period to Maturity			
			1 month or less	1 - 3 months	3 months +	12 months +
	£m		£m	£m	£m	£m
UK Bank	0.0	0%				
UK Building Society (UK BS)	0.0	0%				
Local Authorities	19.0	100%	19.0			
Total (£)	19.0		19.0	0.0	0.0	0.0
Total (%)		100%	100%	0%	0%	0%

AUDIT COMMITTEE

Date of Meeting	Wednesday, 20th November 2019
Report Subject	Submission of Certified Grants and Returns 2018/19
Cabinet Member	Cabinet Member for Finance
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

The purpose of the report is 1) to advise Members on the current progress for the submission of grant claims requiring grant certification from Wales Audit Office for the year ended 31st March, 2019, 2) to report on the progress made on the Action Plan arising from the 2017/18 certification process, and 3) to summarise the changes made to the Grant External Audit Process from 2019/20.

RECOMMENDATIONS	
1	To note the progress of the Grant Claim Certification progress for 2018/19.
2	To note the progress on actions arising from the 2017/18 report.
3	To note the changes made to the Grant External Audit Process from 2019/20.

REPORT DETAILS

1.00	**EXPLAINING GRANT CERTIFICATION SUBMISSIONS FOR 2018/19**
1.01	The Council's external auditors, the Wales Audit Office (WAO) are required to report annually on the certification of grant claims and returns and a report on the grant claim certification process for 2017/18 was considered by Audit Committee in March where a progress report on the process for 2018/19 was requested.
1.02	For 2018/19 there are 11 grant claims required to be submitted for external audit which are summarised in Appendix A. All grant claims have been submitted to Wales Audit Office by the specified deadline.
1.03	Wales Audit Office are currently auditing the 2018/19 grant claims and their annual report of findings and recommendations are scheduled to be submitted to Audit Committee in March 2020.
	Progress on actions arising from 2017/18 Report
1.04	The Finance Management Team and the services concerned have considered the 2017/18 report in detail and have addressed the specific findings contained in the report as required. Responses by each responsible officer are provided in the comment section of the table in blue type (see Appendix B).
1.05	The issues raised in the report were each given a risk rating. Priority 1: Issues that are fundamental and material to the overall arrangements for managing grants and returns or compliance with scheme requirements.
	Priority 2: Issues that have an important effect on the arrangements for managing grants and returns or complying with scheme requirements but do not need immediate actions.
	Within the WAO Report four recommendations received a Risk Rating of Priority 1 and five received a Risk Rating of Priority 2.
	Changes to the grant external audit process from 2019/20
1.06	A pilot has been undertaken by the Welsh Government in conjunction with Wales Audit Office, to trial new audit arrangements for grant schemes to Local Authorities.
	The pilot's objective was to consider the value of a move away from extensive financial transactional testing, to consider what activities were delivered through grants and concentrating the audit focus on whether outcomes had been achieved.

Following a review of the findings, the decision has now been taken to remove the need for Welsh Government to seek external audit scrutiny by Wales Audit Office in respect of these grant schemes. This decision was taken due to the small volume of observations across the schemes involved and the low financial values of the transactions involved. Therefore, from 2019/20 onwards, Local Authority grant schemes will no longer be audited by Wales Audit Office, however, for grants over £100,000, an Annual Statement of Expenditure will need to be completed and submitted to the Welsh Government official identified in the grant award letter.

If the funding is under £100,000, an Annual Statement of Expenditure will not be required and Welsh Government will be taking assurance from the information that is provided within the grant claim forms. Therefore, it is important that this information is accurate and verified before being submitted.

Appropriate internal arrangements will be considered in conjunction with Internal Audit and included in the Audit Plan for 2020/21.

2.00	RESOURCE IMPLICATIONS
2.01	This report reflects the recommendations as set out in the Audit Report.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	The report reflects the categories of risks covered in the main section of the report. These are risks that poor grant management arrangements result in grant claims that maybe qualified.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	None required.

5.00	APPENDICES
5.01	Appendix 1: List of Grants submitted to Wales Audit Office Appendix 2: Wales Audit Office Recommendations & Action Plan – updated position

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	-

7.00	CONTACT OFFICER DETAILS
7.01	**Contact Officer:** Gary Ferguson (Corporate Finance Manager) **Telephone:** 01352 702271 **E-mail:** gary.ferguson@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	**Wales Audit Office:** works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes. **Grant:** a financial assistance mechanism providing money, property, or both to an eligible entity to carry out an approved project or activity. **Certification:** a statement, signed by the applicant or grantee as a prerequisite for receiving funds, that it (1) meets or will adhere to certain conditions and/or (2) will undertake or not undertake certain actions. **Qualification:** where issues were identified concerning compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the Grant Paying body will require further information to satisfy itself that the full amounts of grant claimed are appropriate. **Financial Year:** the period of 12 months commencing on 1 April. **Revenue:** a term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure. **Budget:** a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.

Certified Grants submitted to Wales Audit Office (WAO) 2018/19

Summary of Grants 2018/19			
Ref	Grants and returns	Claim due	Claim given to WAO
1 – BEN01	Housing Benefit Subsidy	30/04/19	30/04/19
2 – LA01	NDR Non-Domestic Rates Return	31/05/19	31/05/19
3 – EDU18	21st Century Schools	30/09/19	20/09/19
4 – SOC07	Social Care Workforce Development Programme	*	*
5 – LA99	Single Summary of Grants	30/09/19	30/09/19
6 – TRA15	Local Transport Fund, Local Transport Network Fund and Active Travel Fund	30/09/19	27/09/19
7 – TRA28	Youth Travel Scheme	31/10/19	30/09/19
8 – TRA23	Free Concessionary Travel	30/09/19	27/09/19
9 – TRA27	Bus Services Support Grant	30/09/19	27/09/19
10 – RG03	Communities First	30/04/19	30/04/19
11 – PEN05	Teachers' Pensions	31/05/19	31/05/19

*No longer required to be submitted to WAO as Denbighshire CC are now the regional lead on this grant.

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WAO Recommendations and Action Plan

Priority 1	Priority 2	Priority 3
Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.	Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

Issue	Implication	Recommendation		Prio-rity	Comment	Responsible officer and target date
Claim not prepared correctly.	The Authority has not complied with the terms and conditions of grant.	R1	A lead should be nominated for the Single Summary of Grants with responsibility for compiling the return and ensuring it is completed in accordance with Welsh Government guidance.	1	A nominated grant co-ordinator lead is being incorporated into the new finance operating model. Response: A Principal Accountant has been the nominated lead for the Single Summary of Grants for the 2018/19 submission.	Dave Ledsham – Finance Manager 1 June 2019
Lack of effective monitoring of third party expenditure to ensure grant has been used for the intended purpose.	The Authority has not complied with the terms and conditions of grant.	R2	The Authority must have adequate procedures in place to satisfy itself, its auditor and the grant-paying body that only eligible expenditure incurred by third parties is included in the claim.	2	Revised and more robust monitoring arrangements have been put in place for the Bus Services Grant to evidence eligible expenditure for third parties. Response: The Transportation service have implemented the required new monitoring arrangements.	Dave Ledsham – Finance Manager 31 March 2019

Issue	Implication	Recommendation		Prio-rity	Comment	Responsible officer and target date
Contracts not awarded in accordance with procurement procedures.	The Authority has not complied with the terms and conditions of grant.	R3	Ensure evidence is retained to demonstrate contract procedure rules have been complied with and that this evidence is available for audit.	1	Service and Finance leads will be reminded of their responsibilities around contract procedure rules and the need to provide evidence for audit. Response: Raised within Portfolio Senior Management Team meetings by Finance Leads.	Sara Dulson – Finance Manager 1 June 2019
Welsh Government approval not sought for virements.	The Authority has not complied with the terms and conditions of grant.	R4	Approval to be sought in a timely manner from the grant-paying body for all virements, and evidence of the approval is retained.	2	The virement issue within the Communities First Grant was within the agreed 5% threshold and verbal approval received. It is noted the need to obtain better formal evidence. Response: Written formal evidence when required will be sought in future.	Lynne O Reilly – 31 March 2019
Housing subsidy overpayments misclassified.	Claims may be qualified.	R5	Review the existing quality assurance arrangements around housing benefit overpayments to determine whether they can be strengthened to reduce the number of errors in the housing subsidy claim.	2	A review of current arrangements will be undertaken. Response: Due to the complexity of the assessment of overpayments this continues to be an area for focussed Quality Assurance review each year	Jen Griffiths – 1 June 2019

Issue	Implication	Recommendation		Prio-rity	Comment	Responsible officer and target date
Housing benefit system issues resulting in errors in the housing subsidy claim.	Claims may be qualified.	R6	Continue to engage with the Authority's software supplier (Civica) to resolve all issues and correct affected claims as appropriate.	1	Response: These issues have now been resolved and claims corrected. The Authority will continue to work with the software supplier (Civica) to identify and resolve system issues.	Jen Griffiths – 1 June 2019
Earned income being incorrectly assessed for housing benefit claims.	Claims may be qualified.	R7	Review the effectiveness of quality assurance arrangements in place for checking earned income claims as errors are still being identified in the housing subsidy claim.	2	A review of current arrangements will be undertaken. Response: Earned income continues to be a high priority focus for testing during the year. WAO are satisfied with this process and review as part of the annual subsidy audit.	Jen Griffiths – 1 June 2019
Claim expenditure not fully reconciled to the Authority's financial ledger.	Any over claim may need to be recovered by the Welsh Government.	R8	Fully reconcile all claim expenditure to the financial ledger prior to submission to the Welsh Government.	1	This related to the NDR claim which is complex and historically difficult to reconcile. However, a full reconciliation will be undertaken prior to Welsh Government submission. Response: Neither issue had a financial or material impact on the grant claim for 2017/18 and the overall claim did not require an adjustment on what we were required to contribute into the national collection pool. The claim expenditure for the 2018/19 claim has been going	David Barnes – Revenues Manager 31 March 2019

Issue	Implication	Recommendation		Prio-rity	Comment	Responsible officer and target date
					through WAO review over recent weeks and the reconciliation in point 1 is currently within an acceptable audit threshold/tolerance which would not require repeated qualification by WAO.	
Bad debts not written off in accordance with the Authority's policies.	Claims may be qualified.	R9	Ensure the Corporate Debt Recovery policy is followed when debts are written off and evidence is retained to demonstrate this.	2	A reminder of the process to be followed when considering potential debt write offs to be provided to all relevant officers. Response: In terms of the write off procedures, during 2017/18, WAO identified one write off in excess of £25k that was written off prior to Cabinet approval. WAO accepted the case required write off as the company had entered into liquidation and had been subsequently dissolved by Companies House. WAO fully accepted the validity of the write off and did not adjust the NDR3 claim in 2017-18, but nevertheless qualified the claim to confirm that all write offs should be approved correctly. The current audit for the 2018-19 claim has not identified any further issues around write offs.	David Barnes – Revenues Manager 31 March 2019

AUDIT COMMITTEE

Date of Meeting	Wednesday, 20th November 2019
Report Subject	Risk Management Update
Portfolio Holder	Leader of the Council and Cabinet Member for Education
Report Author	Chief Executive

EXECUTIVE SUMMARY

This risk management update provides the current position of the strategic risks contained within the Council's 2019/20 Council Plan. It also provides an update on the current work in progress of re-establishing our risk management approach.

Council Plan risks
The Council Plan 2019/20 was adopted by the Council in June 2019; this report provides an initial overview of the strategic risks contained within the Plan.

The 42 strategic risks within the Council Plan are being managed with the majority being assessed as moderate 27 (64.3%) or minor/insignificant 9 (21.4%). 40% of the risks have decreased in significance in-year. Details around the 6 (14.3%) red risks are provided in the body of the report; the majority relating to the financial position of the Council.

Risk Management review
Work is progressing well at re-establishing the support framework and guidance for risk management. The framework and guidance will be reported at the next Audit Committee in January.

RECOMMENDATIONS	
1	To note the status of the initial overview of the strategic risks of the 2019/20 priorities of the Council.
2	To note the commitment to present the risk management framework and guidance at January's Audit Committee.

REPORT DETAILS

1.00	**EXPLAINING THE STRATEGIC RISKS**
1.01	<u>Council Priorities – Strategic Risks</u> The Council adopted the Council Plan for 2019/20 in June 2019. The adoption of the plan and its priorities provides the opportunity to monitor the strategic risks aligned to those priorities and sub priorities; this is done on a quarterly basis by each of the Overview and Scrutiny Committees and reported to Audit Committee at the mid-year point. This report is to assure the Committee that the risk levels are being managed.
1.02	The Audit Committee's role is to ensure that the process and approach for managing risks is robust. As part of this process the Overview and Scrutiny Committees receive the mid-year progress report against the Council Plan for 2019/20 in November. These included a template for each risk capturing: • the nature of each risk; • the initial and current RAG status for each risk; • current actions (management controls) already in place to mitigate the risk. The monitoring report (Appendix 1) also shows the direction of the risk trend. This is shown by a comparison with the initial assessment against the current assessment to identify any change in risk significance.
1.03	The Council Plan has a total of 42 risks which have been assessed as shown in Table 1. Table 1: Initial and Current assessment {table below} There has been a positive move to the improvement in risk status in-year with 17 of the 42 risks (40%) decreasing in significance. One risk has increased in significance - costs of placements for children with complex needs - which is outlined below.
1.04	The six areas of major (red) risk as assessed at the mid-year period (April to September) of the Council Plan are described below. The text contains the most current description of mitigation of the risk. **Priority: Caring Council** **Demand outstrips supply for residential and nursing home care bed availability.**

Net risk status	Initial Assessment	Current Assessment
Insignificant: (green)	0	3 (7.1%)
Minor: (yellow)	2 (4.7%)	6 (14.3%)
Moderate: (amber)	28 (66.7%)	27 (64.3%)
Major : (red)	12 (28.6%)	6 (14.3%)
Severe: (black)	0	0

The expansion of Marleyfield House to support the medium term development of the nursing sector remains on track, with a target date of 2021. We were actively involved in Care Week in September, with promotion sessions undertaken across the county, resulting in a significant number of expressions of interest from prospective care staff from non-traditional profiles. One care home is currently in escalating concerns.

Insufficient supply and escalating cost of placements for children with complex needs
We have recently developed a Support and Placement Strategy 2019 – 2022 which was endorsed by a joint Social Services Education and Scrutiny on 25 July 2019.The Strategy centres on 3 core work streams:

- To safely reduce the number of children who need to be looked after
- To support looked after children in local high quality placements
- To improve outcomes for looked after children

This Strategy will support the reduced reliance on future residential placement needs and therefore be key to securing cost avoidance.
The continued costs associated with the current cohort of children and young people living in expensive residential placements is a significant financial challenge. Any move from a placement will need to be carefully managed, be focussed on the child/young person and secure better medium/long term outcomes for them. There is scope to step some children to alternative arrangements but this is limited leaving continued financial pressures. This risk has increased in significance in-year.

Priority: Learning Council
Limited funding to address the backlog of known repair and maintenance works in Education & Youth assets
Continuation of the School Modernisation programme is one of the strategic options available to address the repair and maintenance backlog. The programme continuation will also i) Support a reduction of unfilled places ii) Provide a more efficient school estate and concentrate resources on teaching by removal of unwanted fixed costs in infrastructure and leadership iii) Ensure that the condition and suitability of the school estate is improved. Additionally, in future year's capital business cases will be submitted through the Council process to supplement the 21st Century Schools investment programme.

Priority: Green Council
Funding will not be secured for priority flood alleviation schemes
The Flood Risk Management Team continue to identify and secure funding for priority flood alleviation schemes. A service review is to be undertaken to find a more effective approach/structure that can both secure funding and resources to deliver flood alleviation works with the delivery of statutory duties under the Flood and Water Management Act. The intended implementation of Schedule 3 of the Flood & Water Management Act has compounded the matter further by placing an additional statutory duty on the team to act as the Sustainable Drainage Approving Body (SAB) as of January 7th 2019.

	Priority: Serving Council **The scale of the financial challenge** Council considered the final stage three of the budget in February and approved the setting of a balanced budget by utilising additional reserves of £0.321m (to bring the total amount funded from reserves to £2.221m) and an increase in Council Tax of 8.75%. The financial challenge will continue into 2020/21 and beyond with the Cabinet considering the financial forecast for 2020/21 to 2021/22 which is projecting an initial gap of £13.3m for 2020/21. An update to the financial forecast for 2020/21 reported to Cabinet in October 2019 shows that following an increase in pressures the gap has increased to £16.2m. Strategic solutions to meet the gap include Portfolio Business and Corporate Finance efficiencies, currently anticipated to be £1.784m, Local Taxation and Income, Organisational change and national funding from Welsh Government. The Council is anticipating receipt of the Provisional Settlement from Welsh Government at the end of November which will give an initial indication of the level of funding the Council will receive from Welsh Government in 2020/21. **Fully funding demand led services and inflationary pressures** The Council has developed its case through a Cross Party Working Group of Members and supporting officers to align with the work the Welsh Local Government Association (WLGA). The priorities for improved funding for local government in Wales include indexation of nationally agreed pay awards, increases in demand and nationally agreed legislative changes. The provisional financial settlement for 2020/21 is due to be received from Welsh Government at the end of November and this will determine whether these priorities have been funded in part or in full.
1.05	**Risk Management review** Work is progressing well at re-establishing the support framework and guidance for risk management. The framework references the recently developed risk register with its four different types of risks: portfolio strategic; portfolio operational; corporate strategic and corporate governance. The escalation protocol, previously shared with this Committee is also included as is a more evidenced description of trigger points, to aid escalation, de-escalation and management control. Internal Audit are supporting this work by providing objective challenge and review. The framework and guidance will be reported at the next Audit Committee in January. It is intended that this will be a practical and supportive document for all users.

2.00	**RESOURCE IMPLICATIONS**
2.01	There are no direct resource implications related to this report.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	The Council's strategic Council priority risks are being effectively managed through the adopted risk management approach.

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	Consultations with Chief Officers, senior managers and both Internal and external audit (Wales Audit Office) have been undertaken whilst addressing various aspects of this report.

5.00	APPENDICES
5.01	Appendix 1: Council Plan 2019/20 – Mid-Year Full Risk Register

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

7.00	CONTACT OFFICER DETAILS
7.01	**Contact Officer:** Karen Armstrong, Corporate Business and Communications Executive Officer **Telephone:** 01352 702740 **E-mail:** Karen.armstrong@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	**Council Plan:** the document which sets out the annual priorities of the Council. It is a requirement of the Local Government (Wales) Measure 2009 to set Council Objectives and publish a Council Plan. **Wales Audit Office:** works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes. **Risk Management** - the process of **identifying** risks, **evaluating** their potential consequences (impact) and **managing** them. The aim is to reduce the frequency (likelihood) of risk events occurring (wherever this is possible) and minimise the severity of their consequences (impact) if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.

Risk Matrix and narrative used in CAMMS (Appendix 1)

Risk Likelihood and Impact Matrix

Impact Severity		Unlikely (5%)	Very Low (15%)	Low (30%)	Significant (50%)	Very High (65%)	Extremely High (80%)
	Catastrophic	Y	A	R	R	B	B
	Critical	Y	A	A	R	R	R
	Marginal	G	Y	A	A	A	R
	Negligible	G	G	Y	Y	A	A
		Unlikely (5%)	Very Low (15%)	Low (30%)	Significant (50%)	Very High (65%)	Extremely High (80%)

Likelihood & Percentage of risk happening

Risks Narrative used in Appendix 1

Risk Title – Gives a description of the risk.
Lead Officer – The person responsible for managing the risk.
Supporting Officer – The person responsible for updating the risk.
Initial Risk Rating – The level of the risk at the start of the financial year (quarter 1). The risks are identified as follows; insignificant (green), minor (yellow), moderate (amber), major (red) and severe (black).
Current Risk Rating – The level of the risk at this quarter.
Risk Trend – This shows if the significance of the risk has increased (red, upward arrow), decreased (green, downward arrow) or remained the same between the initial risk rating and the current risk rating (amber, stable arrow).
Risk Status – This will either show as 'open' or 'closed'. If a risk is open then it is still a relevant risk, if the risk is closed then it is no longer a relevant risk; a new risk may be generated where a plan or strategy moves into a new phase.

Integrated Risk Manager

A CAMMS SOLUTION

Risk Report

Flintshire County Council

CYNGOR
Sir y Fflint
Flintshire
COUNTY COUNCIL

Print Date: 08-Nov-2019

Risk Summary

Strategic Risks

Initial Risk Assessment

Minor 4.76% (2)
Moderate 66.67% (28)
Major 28.57% (12)
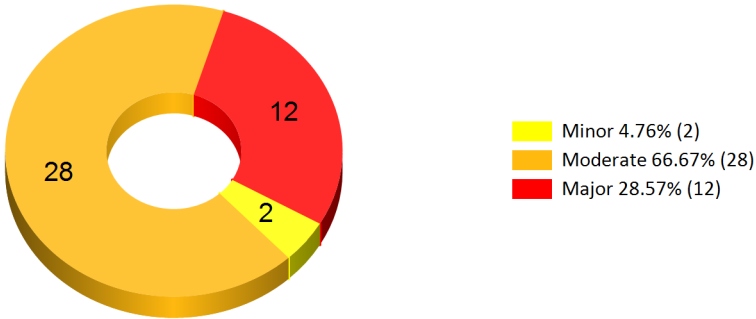
Current Risk Assessment

Insignificant 7.14% (3)
Minor 14.29% (6)
Moderate 64.29% (27)
Major 14.29% (6)

Page 96
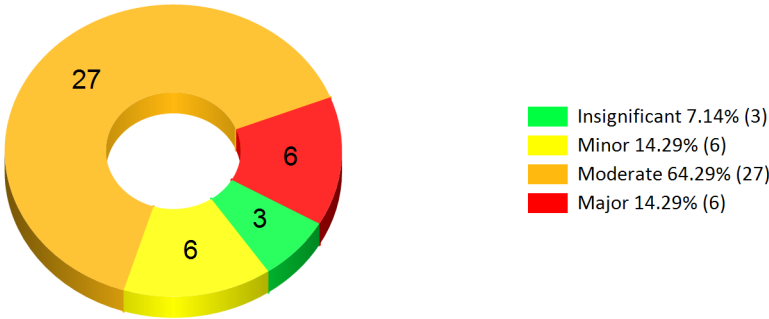
Strategic Risks

1 Caring Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST151	Homelessness will remain a growing area of demand due to the current economic climate	Strategic Risk	Jenni Griffith - Flintshire Connects Manager	Lesley Bassett - Housing Strategy Manager	Amber	Amber	⬌	Open

Potential Effects: Homelessness remains an area of risk. The lack of suitable, settled accommodation for those on welfare benefits has caused delays in being able to achieve positive outcomes for customers.

Management Controls: The Council has been awarded in year funding to assist with additional measures to develop Landlord incentives within the private rented sector and a strategic partnership with HAWs will commence in May 2019. The emergency beds provision is in place and is proving to be in demand. In addition there is an Outreach Worker in post, employed through Clwyd Alyn, who follows up on street homeless and individuals who attend the emergency bed provision.

Lead Supporting Officer Comments: Homelessness remains a risk as a result of a number of factors. The introduction of welfare reforms and Universal Credit has created additional barriers to being able to successfully discharge duties to customers. The number of people presenting to the authority for help has decreased slightly this quarter and requires close monitoring. The Council has been awarded in year funding to assist with additional measures to develop Landlord incentives within the private rented sector and a strategic partnership with HAWS Lettings Agency commenced in May 2019. The emergency beds provision pilot established a demand but unfortunately this pilot has ended and there is currently no emergency bed provision in place. This is a service priority for quarter three. There is an Outreach Worker in post, employed through Clwyd Alyn, who follows up on street homeless and offers support and assistance to access services.

Last Updated: 15-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST152	The supply of affordable housing will continue to be insufficient to meet community needs	Strategic Risk	Melville Evans - Senior Manager - Housing Programmes	Denise Naylor - Housing Programmes Support Manager	Red	Amber	⬇	Open

Potential Effects: i) Increase in homelessness ii) Increased pressure on the Housing Options Team iii) Increase in people sleeping rough

Management Controls: A Housing Strategy Manager is in post to monitor and manage Section 106 and Social Housing Grant programmes.

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Lead Supporting Officer Comments: This is, and will remain to be, an ongoing risk as the shortfall of affordable housing to meet local housing need as identified in the Local Housing Market Assessment is 238 per annum, which is rarely met year on year, therefore is a cumulative shortfall of affordable housing each year. Therefore, whilst the Council, our Housing Association partners and developers are committed to delivering significant number of affordable housing there will continue to be a shortfall for the foreseeable future.
To this effect, the Council's SHARP has delivered a total of 172 new social (110) and affordable rent (62) homes to date, whilst a further 102 units are under construction or scheduled to start. There have been issues at the scheme at Nant y Gro, Gronant which once resolved and approved will deliver a further 41 council and affordable homes. Three further schemes which will deliver a further 111 units are being worked up.
The Housing Associations are committed to delivering 229 affordable housing by 2021 through the Social Housing Grant programme.
In addition, NEW homes has a Council approved Development Strategy which is looking to deliver a further 200 units over the next two years.
In light of the findings of the Welsh Government's Affordable Housing Review, the Council is now working with other local authorities and North Wales Housing Associations to develop a North Wales Procurement Framework with North Wales based contractors which could enable it to deliver new housing schemes under new arrangements post the SHARP contract. This could enable the Council to engage with local developers and partner housing associations to deliver sites locally. It is proposed that the new Framework will be operational by April 2020.

Last Updated: 15-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST153	Department for Works and Pension's Welfare Reform Programme, including Universal Credit full service implementation which would place increasing demand on the Council for affordable and social housing	Strategic Risk	Cheryl Marland - Housing Access and Sarth Team Leader	Denise Naylor - Housing Programmes Support Manager, Lesley Bassett - Housing Strategy Manager	Amber	Amber	⬌	Open

Potential Effects: Welfare reforms may potentially impact the Council's ability to offer affordable housing to those affected. Examples of the types of reforms that will have may impact include: LHA Cap - Residents affected by the LHA cap who are already excluded form the private rented sector due to affordability may not be able to afford social rents Bedroom Tax - This has been in place for some time for those residents that are under occupying properties and in receipt of housing benefit and will continue under Universal Credit role out.

Management Controls: Developing innovative housing schemes that will aim to provide housing at a cost that under 35's can meet. The Common Housing Register recognises affordability as a housing need and gives priority to those who are suffering financial hardship in terms of housing costs due to the impacts of welfare reforms

Lead Supporting Officer Comments: This risk will be reviewed to consider whether the Welfare Reform Programme directly impacts the increasing demand for social and affordable housing.

Last Updated: 24-Oct-2019

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Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST154	Diminishing land supply for council housing construction	Strategic Risk	Melville Evans - Senior Manager - Housing Programmes	Denise Naylor - Housing Programmes Support Manager	Amber	Green	⬇	Closed

Potential Effects: i) Reduction in number of housing units delivered

Management Controls: On-going work to maximise the use of Council land and other publically owned land. Privately owned sites are reviewed for their potential use and purchase.

Lead Supporting Officer Comments: To date the number of new Council and affordable homes completed, being built or scheduled to be built has reached 305. The target of 500 by 2021 is within reach with work underway to identify land suitable for the construction of the remaining 195 new affordable and council homes. This could include development on sites which are not council owned in partnership with local developers and housing associations through the North Wales Development Framework.

Last Updated: 21-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST155	Capital borrowing limits for Council housing	Strategic Risk	Melville Evans - Senior Manager - Housing Programmes	Denise Naylor - Housing Programmes Support Manager	Amber	Green	⬇	Closed

Potential Effects: i) reduction in construction and delivery of Council houses

Management Controls: i) submit application to Welsh Government for increase in borrowing cap relating to specific schemes. ii) Lobby Welsh Government to remove borrowing limits following removal in England iii) seek increase in borrowing cap with the UK Government through the Growth Deal

Lead Supporting Officer Comments: The cap on borrowing within the housing revenue account ended May 2019. The ending of the cap means that Flintshire will continue to invest in building council homes.

Last Updated: 10-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status

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Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST156	Customer expectations for the timeliness of adaptations undertaken through Disabled Facilities Grants (DFGs) may not be met due to competing demands on resources	Strategic Risk	Neal Cockerton - Chief Officer - Housing and Assets	Jen Griffiths - Benefits Manager	Amber	Amber	⬇	Open

Potential Effects: There will be a reputational risk to the Council if adaptations fail to meet the expectations of customers. This in increased because of the national ranking of performance by Welsh Government.

Management Controls: i) Monitoring and management of adaptation cases. ii) Ongoing process review. iii) Continually seek ways to further increase cost-efficiency iv) Increase in budget allocation to meet demand

Lead Supporting Officer Comments: The performance on DFG timescales has been an area of challenge over time and a management board was established to improve and monitor progress.
The budget for the programme is currently on track.
There has been improved performance in relation to timescales for completing adaptations, which also improves the outcomes for our customers

Last Updated: 31-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST158	Universal Credit Full Service roll out: by working in partnership with the Department of Working Pensions (DWP) and other stakeholders to manage any negative impact from falling upon both residents and Council services.	Strategic Risk	Jen Griffiths - Benefits Manager	Dawn Barnes - Welfare Reform Manager	Red	Amber	⬇	Open

Potential Effects: The impact of Welfare Reform on Flintshire households increasing the demand for advice and support to unprecedented levels. Potential increases in rent arrears and decrease of Council Tax collection. Potential increased risk of homelessness and need for accommodation. Increased demand in existing support services

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Management Controls: Welfare Reform is undoubtedly impacting services. Work is taking place to identify why rent arrears have increased. Collaborative working is taking place to improve communication across the teams, this will help to identify opportunities for early intervention. Council Tax Collection continues to be under pressure and currently reviewing the claims process for Council Tax Reduction to make it easier and quicker. Although there is no evidence of links to increased presentations for homelessness, this remains a risk and will continue to monitor the rate of homelessness. From 1st April 2019 the Council will not be funded by the Department for Works & Pensions for providing Personal Budgeting and Assisted Digital Support which will be a risk for 2019-20. From April 2019, the Welfare Reform Response Team will continue to provide assistance and support to residents who are impacted by Welfare Reform.

Lead Supporting Officer Comments: Work is now well underway to identify and manage the impacts of Universal Credit on Council Tenants and their rent accounts. Work is concentrated around early intervention which enables support to be provided to those who need it, but a harder line to be taken with those who can pay but choose not to. This provides a more realistic chance of the rent account coming back under control and out of arrears.

There will inevitably always be an element of cash flow arrears on accounts due to the Universal Credit payments (whether direct to the Council or directly to the tenant) are made in arrears.

In April 2019 funding by the Department for Works & Pensions for providing Personal Budgeting Support and Assisted Digital Support ended. During 2019/20 the Welfare Reform Team continue to provide assistance and support to residents who are impacted by Welfare Reforms with a focus on early identification and intervention to prevent the problem from escalating.

Commencement in July 2019 of a Department for Works & Pensions Pilot of moving those in receipt of existing benefits or tax credits onto Universal Credit known as managed migration will be a risk of an increase in demand in services for 2019/20.

We are currently improving communications across teams to help identify customers who will require further support and guidance. Council Tax Collection remains under pressure.

Last Updated: 29-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST159	Demand for advice and support services will not be met	Strategic Risk	Jen Griffiths - Benefits Manager	Sian Humphreys - Welfare Reform Manager	Amber	Amber	↔	Open

Potential Effects: The impact of Welfare Reform on Flintshire households increasing the demand for advice and support to levels beyond what resource can handle in a timely manner.

Management Controls: The Flintshire Advice and Support Gateways are ensuring residents in need of help are referred to an appropriate service provider and maximising effective use of resources as far as possible.

Lead Supporting Officer Comments: The Council's Welfare Reform Response Team provides assistance and support with the implementation of Universal Credit. Referrals to wider support services remain high with a significant number of residents presenting with underlying debt issues. Managers across Customer Services, Neighbourhood Housing and Revenues and Benefits continue to work together to develop early intervention strategies.

Last Updated: 18-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST160	Debt levels will rise if tenants are unable to afford to pay their rent or council tax	Strategic Risk	David Barnes - Manager - Revenues	Sheila Martin - Income Team Leader	Amber	Amber	⬇	Open

Potential Effects: With the introduction of Universal Credit and reduction in benefits being paid it is anticipated that tenants will struggle to maintain their payments increasing the level of debt owed to the Council for Rent and Council Tax.

Management Controls: The deployment of Mobysoft is also helping to change working practices and target resources through a combination of early interventions to assist tenants in need of help and taking recovery action against tenants who fail to engage or pay. The formation of an early intervention team and the ongoing joint working between Housing teams in Rent Income and Supporting People is helping to ensure tenancies are sustained by preventing arrears building up and ensure tenants with complex needs or those in financial difficulty receive 'fast-tracked' support they need to address their rent payments.

Lead Supporting Officer Comments: Rent arrears are starting to stabilise and being brought under control, as a result of the measures introduced to tackle rent arrears through early intervention with tenants, but where necessary, also escalating cases to court quickly for those tenants who fail to engage or pay.
To ensure the rent recovery process is more efficient to meet the challenges of the future, the investment and'go-live' deployment of the Mobysoft Rent Sense solution in June 2019 now allows the Rent Income service to track and monitor rent arrears much more quickly through systems that will offer predictive analytics, trend-analysis and risk profiling, meaning that officer time will not be wasted on cases that do not require contact.

The unprecedented additional work generated by the launch of Universal Credit full service rollout from April 2017 continues to create a changing and challenging rent collection environment but on a positive note, the increasing reliance of managed/direct payments through the Department of Work and Pensions (DWP) is helping to stabilise the increase in rent arrears by ensuring those in receipt of UC are able to meet their obligations to pay rent, even though as a social landlord, the Council receives managed payments in arrears Council Tax collection rates have not been majorly impacted by the introduction of Universal Credit. In2018/19, the Council collected 'in-year' 98.2% of council tax which resulted in Flintshire achieving the highest collection level of any Welsh local authority.

Last Updated: 22-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status

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Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST161	The local economy will suffer if residents have less income to spend	Strategic Risk	Jen Griffiths - Benefits Manager	Sian Humphreys - Welfare Reform Manager	Amber	Amber	⬌	Open

Potential Effects: The local economy will see a decline if residents are not able to spend at current levels

Management Controls: The council is continuing to support residents to access advice and support to enable them to better manage their financial situation.

Lead Supporting Officer Comments: Welfare Rights and Supporting People teams continue to work with residents during the year to explore areas of income maximisation for residents of the County. This work is critical to ensure residents receive the correct levels of Social Security Benefits. Therefore allowing residents to be in a position to contribute more widely to the local economy.

Last Updated: 09-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST163	Demand outstrips supply for residential and nursing home care bed availability	Strategic Risk	Jane M Davies - Senior Manager, Safeguarding & Commissioning	Jacque Slee - Team Manager Performance	Red	Red	⬌	Open

Potential Effects: Increase in hospital admissions and delayed transfers from hospital. Increased pressure on primary care services leading to deteriorating relationship with local partners.

Management Controls: Working with Corporate colleagues to use capital investment to support the development of our in-house provision. Increase bed and extra care capacity for dementia/ learning disabilities. Joint marketing and recruitment campaign, including portals, sharing of candidates, shared approach. Rolling out the value-based recruitment programme to make advertising for care staff more appealing to a wider audience.

Lead Supporting Officer Comments: The expansion of Marleyfield House to support the medium term development of the nursing sector remains on track, with a target date of 2021.
We were actively involved in Care Week in September, with promotion sessions undertaken across the county, resulting in a significant number of expressions of interest from prospective care staff from non-traditional profiles.
No care homes are currently in Escalating Concerns.

Last Updated: 06-Nov-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status

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ST169	Failure to implement safeguarding training may impact on cases not being recognised at an early stage.	Strategic Risk	Fiona Mocko - Strategic Policies Advisor		Red	Amber	⬇	Open

Potential Effects: Employees will not identify potential safeguarding issues. Referrals will not be made through the right channels which may delay investigation or result in evidence being contaminated. Adults and children will not be safeguarded

Management Controls: Safeguarding training is included in induction programme ensuring all new employees receive training. Attendance on safeguarding training is a standing agenda item on the Corporate Safeguarding Panel.

Lead Supporting Officer Comments: Safeguarding is included in the corporate induction ensuring all new employees have a basic understanding of safeguarding. Safeguarding e-learning modules have been launched and are available for remployees to complete. All Portfolios contribute to the corporate safeguarding training budget which will fund a drama style workshop being developed by AFTA Thought. North Wales Police has provided County Lines and Modern Slavery training to ensure employees recognise the signs and know how to make a report.

Last Updated: 08-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST210	Insufficient supply and escalating cost of placements for children with complex needs	Strategic Risk	Craig Macleod - Senior Manager, Children's Services & Workforce	Jacque Slee - Team Manager Performance	Amber	Red	⬆	Open

Potential Effects: Increasingly difficult to secure appropriate placements for children with complex needs within budget constraints.

Management Controls: Supporting resilient families through the Early Help Hub Targeted support to families on the edge of care Combat exploitation through the Strategic and Operational MET (Missing, Exploitation, Trafficking) group Policies and models to attract new foster carers and expand the type of placements offered Working with local providers to reshape the residential market Maximising local housing options

Lead Supporting Officer Comments: We have recently developed a Support and Placement Strategy 2019 – 2022 which was endorsed by a joint Social Services Education and Scrutiny on 25 July 2019. The Strategy centres on 3 core work streams:
-To safely reduce the number of children who need to be looked after.
-To support looked after children in local high quality placements.
-To improve outcomes for looked after children.
This Strategy will support the reduced reliance on future residential placement needs and therefore be key to securing cost avoidance.
The continued costs associated with the current cohort of children and young people living in expensive residential placements is a significant financial challenge. Any move from a placement will need to be carefully managed, be focussed on the child/young person and secure better medium/long term outcomes for them. There is scope to step some children to alternative arrangements but this is limited leaving continued financial pressures. Management controls are in place to mitigate the risk, which at the present time is rising to RED.

Last Updated: 29-Oct-2019

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Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST211	Demand outstrips supply for domiciliary care	Strategic Risk	Jane M Davies - Senior Manager, Safeguarding & Commissioning	Jacque Slee - Team Manager Performance	Red	Amber	⬇	Open

Potential Effects: Delayed discharge from hospital; unable to fulfil need for care packages at home.

Management Controls: Utilising the Care@Flintshire portal to promote vacancies. Working with providers to establish appropriate fee rates. Regional Domicilliary Care Agreement in place. Value Based recruitment Investment in the Microcare model.

Lead Supporting Officer Comments: We are rolling out training on value based recruitment both in house and in the independent sector, and a task group is looking at recruitment and retention with Communities for Work.
Fee rates are being developed for 2019/20, with providers being consulted in December.
Recent work has focused on using our in house domiciliary and reablement resources flexibly to meet the demands of the market. This has enabled us to reduce the waiting list for domiciliary care. This has allowed us to review the current level of the risk to AMBER. However, pressures remain and with winter approaching, demand on services will inevitably increase.

Last Updated: 09-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST217	Relationship issues of families under stress and the impacts on relationship quality could increase due to additional financial pressures	Strategic Risk	Gail Bennett - Early Intervention Services Manager	Jacque Slee - Team Manager Performance	Amber	Amber	⬌	Open

Potential Effects: Deteriorating parental relationships and a resulting instability and negative experience for children, and possible escalation into statutory services. Exposure to parental conflict is estimated to feature in the lives of more than 1.2 million children nationally. It does huge damage to children through emotional and behavioral problems during childhood and impact on life chances. It is estimated that for 'intact' families 11% of all children are affected by parental conflict, rising to 28% in workless families. In separated families 50% of children experience levels of parental conflict that are potentially damaging and have longer term impacts on individuals, families, communities and services.

Management Controls: In-year mapping and assessment of child poverty to inform future programme and strategy development ensuring maximizing income and reducing family outgoings. Outline our commitments working with partner agencies to target interventions to reduce levels of child and family poverty. Effective planning, performance and implementation as the 'Delivery Authority' for the Childcare Offer for Flintshire, Wrexham and Denbighshire and of its supporting capital programme.

Lead Supporting Officer Comments: We are undertaking a high level mapping exercise to help us understand the issues around relationship conflicts
Plans going forward include the use of an element of the grant to increase the knowledge and skills of the workforce to meaningfully support parents with relationship difficulties, to reduce stress on the family and raise awareness and educate into the implications that parental conflict has on the child.

The grant will also be used to support innovative provision such as parenting groups and peer support groups.

Last Updated: 15-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST224	Failure to secure sufficient funding to meet the needs of vulnerable families	Strategic Risk	Gail Bennett - Early Intervention Services Manager	Jacque Slee - Team Manager Performance	Amber	Amber	⬌	Open

Potential Effects: Shows us that age 5 is the key age for intervention, before the opportunity is lost. Children's developmental needs will not be met.

Management Controls: In-year mapping and assessment of pathways to ensure that the needs of families are met. Outline our commitments working with partner agencies to target interventions to reduce levels need. Effective planning of services at various tiers of need.

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Lead Supporting Officer Comments: WG continue to progress the Funding Flexibilities Agenda, with two new Grants with 10 programmes of activity – Housing Support (3) and Children and Communities (7). This new approach is changing our way of thinking in terms of delivery and how grants operate and are managed. It is recognised by WG that this is not an easy task. An outcomes framework is being developed nationally with the aim to support strategic, cross-organisational alignment and ways of working across programmes to enhance the delivery of early intervention, prevention and support services whilst still meeting the terms of the Grant. Flintshire has been successful this year, through Early Years of becoming an Early Years Pathfinder and securing additional funding of£550k, as well as £16k for relationship support. We continue to use these Grants and additional Grants and funding, such as the Transformation Fund to build upon core services and keep in the fore our commitment to integrated services that support the needs of the vulnerable children and adults in our communities through a range of early intervention, prevention and support mechanisms. Despite funding reductions we aim to mitigate or remove disadvantages to vulnerable people to enable them to have the same life chances as others, contributing to a more equal Flintshire and Wales. We continually keep our eye on population needs and opportunities for funding.

Last Updated: 06-Nov-2019

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2 Ambitious Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST179	Number of school places not matching the changing demographics	Strategic Risk	Damian Hughes - Senior Manager, School Planning & Provision		Red	Amber	⬇	Open

Potential Effects: Higher teacher ratios, unfilled places, backlog maintenance pressures, inefficient estate

Management Controls: Continuation of school modernisation programme, will reduce unfilled places, reduce backlog maintenance, remove unwanted fixed costs and infrastructure

Lead Supporting Officer Comments: Reducing unfilled school places via school organisation change is an ongoing process. School change projects can take between three and five years from inception to delivery before reductions of unfilled places can be realised. This continues to be an ongoing process linked to the school modernisation programme. To supplement this the Council will continue to work closely with schools to consider innovative ways for reduction in capacity on a school by school basis (i.e. alternative use of school facilities by other groups) with the objective of meeting national targets of circa 10% unfilled places in all school sectors.

Last Updated: 18-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST214	Failure to obtain grant funding.	Strategic Risk	Kim Brookes - Senior Manager - Business Change and Support		Red	Amber	⬇	Open

Potential Effects: Larger class sizes in all phases and potential breach of infant class size regulations Challenge in meeting WG recommendations on staffing levels to deliver Foundation Phase curriculum Reduction in standards achieved by pupils – risk to Council reputation and risk of Estyn follow up for Education Services Reduction in quality of education delivered by schools resulting in more schools in Estyn categories Reduction in support for vulnerable pupils e.g. FSM, LAC, ALN Higher deficit budgets in schools – corporate finance risk Unsustainable schools in some communities Increasing redundancy costs for Council as schools cut staff Increasing challenge in recruiting senior leaders in schools Increasing sickness absence in the school workforce

Management Controls: Regular finance monitoring through various channels e.g. Cabinet; Chief Officer Team; Overview & Scrutiny; School Budget Forum; Portfolio Finance Team Regular interface with Headteachers & Chairs of Governors to maintain open communication to support strategic planning by school leaders Regular interface with Welsh Government and Welsh Local Government Association to maintain high profile on education spending Management of school estate through School Organisational Change Strategy Timely referrals to Occupational Health & Care First

Lead Supporting Officer Comments: The risk remains the same overall in that if we do not receive grant funding then core service delivery and impact on learners remains the same. However, at this time, there is no specific example of where we have not received a grant as expected.

Last Updated: 22-Oct-2019

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3 Learning Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST180	Limited funding to address the backlog of known repair and maintenance works in Education & Youth assets	Strategic Risk	Damian Hughes - Senior Manager, School Planning & Provision		Red	Red		Open

Potential Effects: The fabric of Education and Youth buildings will continue to decline

Management Controls: Continuation of School Modernisation Programme, Continuation of Repairs & Maintenance planned maintenance programme, Capital Business Cases for School improvement, implementation of Band A and Band B 21st Century Schools programmes and any other external funding which becomes available.

Lead Supporting Officer Comments: Continuation of the School Modernisation programme is one of the strategic options available to address the repair and maintenance backlog. The programme continuation will also i) Support a reduction of unfilled places ii) Provide a more efficient school estate and concentrate resources on teaching by removal of unwanted fixed costs in infrastructure and leadership iii) Ensure that the condition and suitability of the school estate is improved. Additionally, in future years capital business cases will be submitted through the Council process to supplement the 21st Century Schools investment programme.

Last Updated: 18-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST215	A failure to meet the duties on schools and the Council by the Additional Learning Needs and Education Tribunal (Wales) Act 2018	Strategic Risk	Jeanette Rock - Senior Manager - Inclusion and Progression		Amber	Amber		Open

Potential Effects: The Council does not have sufficient staff to discharge its duties in line with the published timelines and is challenged through the Education Tribunal system. The duties are extended to cover a wider age range, from 0-25 (previously 3-19) and to also now include young people who engage with further education. The Council currently has no funding allocated to cover the additional learning provision that may be required by the individuals covered by the extended age range. Failure to provide is challengeable through the tribunal system. This is likely to create a corporate financial risk. There are officer capacity issues associated with the transfer of responsibility for commissioning Post 16 specialist provision. Whilst a methodology for funding transfer is being developed, any provision costs which exceed the allocation will need to be funded through the Councils own budget creating a volatile financial risk similar to the current 'Out of County' expenditure. Schools do not have sufficient capacity to meet their duties towards pupils with ALN resulting in additional workload for Council officers and potential redress through tribunal. Increasing sickness absence in the workforce due to increase workload demands.

Management Controls: Development of Transformation Plan outlining actions against key WG/Council milestones, particularly in relation to finance. Monitoring of Plan activity on a monthly basis through DMT and Portfolio Finance meetings. Development of a communication strategy to ensure all key stakeholders are informed in a timely manner Escalation when factors become known to forums such as Programme Board and Overview & Scrutiny Committees. Monitoring through cross Portfolio Meetings/events to ensure wider corporate awareness and understanding of the potential implications

Lead Supporting Officer Comments: Implementation of the Bill has been delayed by a year which will reduce the risks associated with implementation

Last Updated: 23-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST216	Schools not have planned effectively for the introduction of the new curriculum and assessment model	Strategic Risk	Vicky Barlow - Senior Manager - School Improvement Systems		Yellow	Yellow	◀▶	Open

Potential Effects: Schools unprepared for significant changes to the curriculum and assessment models Lack of clarity for schools and individual teachers around areas of learning and experience Increasing challenge in recruiting and retaining senior leaders and teachers in schools Reducing standards in quality of education and learner outcomes Poor Estyn outcomes for LA and for schools Reputational damage to Council

Management Controls: Regular interface with the Regional School Improvement Service (GwE) and Welsh Government to maintain overview of progression of new curriculum introduction Identification of future school leaders & engagement in Regional School Improvement Service (GwE) professional offer for school leadership Regular monitoring of progress of individual schools in mapping and evaluation progress in line with national timelines through G6. Regular interface with Headteachers & Chairs of Governors to maintain open communication to support strategic planning by school leaders to meet the requirements of the new curriculum Regular Quality and Standards meetings with GwE Core Leads Regular monitoring of vacancies – schools

Lead Supporting Officer Comments: All schools are engaging positively with the changes currently underway in education, particularly with the new curriculum. They have responded very positively to working within the "clusters of schools" model adopted regionally to implement the new curriculum. They have good representation at national and local leadership development programmes. GwE and the six regional local authorities have consulted with headteacher representatives and are working with schools to establish a regional peer engagement model.

Last Updated: 22-Oct-2019

4 Green Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST181	Reduction of the Single Environment Grant	Strategic Risk	Tom Woodall - Access and Natural Environment Manager	Lynne Fensome - Management and Support Manager	Amber	Amber		Closed

Potential Effects: Income targets not met Potential reduction could impact staffing resource to maintain service delivery

Management Controls: Raised as a pressure for 2017/18.

Lead Supporting Officer Comments:
The grant ceased to exist in 18/19 and was replaced but the competitive Enabling Nature Grant. An application was made but was unsuccessful, therefor the shortfall in funding from the Single Environment Grant is having to be found from service budgets.

Last Updated: 04-Nov-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST183	Funding will not be secured for priority flood alleviation schemes	Strategic Risk	Ruairi Barry - Senior Engineer	Lynne Fensome - Management and Support Manager	Red	Red		Open

Potential Effects: Flooding of homes and businesses across the county Potential homelessness

Management Controls: Review our approach to funding capital projects

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Lead Supporting Officer Comments: Since 7th January 2019, the Council has a new statutory duty as a Sustainable Drainage Approving Body (SAB). This has placed significant resource demands on the relatively small Flood and Coastal Risk Management Team to implement, resource and fund this new statutory role. In the short-term (1-2 years) the impacts of developing this new service will lessen the ability of the Team to delivery non-statutory flood alleviation schemes. Welsh Government provided the Council with £20 000 to mitigate the impacts of this new responsibility. As the Council reviews the implications of its new role as a SAB, no major schemes will be programmed to be put forward to Welsh Government's 'national pipeline of projects' for delivery in 2019/20. However, additional funding for smaller more affordable local works that can be delivered through Welsh Government's small scale scheme grant will continue to be pursued.

The Service manager is currently reviewing resources in the team and is proposing recruitment to a currently vacant post to support the increased workload following the introduction of SAB.

Last Updated: 22-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST186	Insufficient funding to ensure our highways infrastructure remains safe and capable of supporting economic growth	Strategic Risk	Barry Wilkinson - Highways Network Manager	Lynne Fensome - Management and Support Manager	Amber	Amber	⬌	Open

Potential Effects: Deterioration of the condition of highways in Flintshire

Management Controls: Focussed investment through the funding of schemes that maintain or reduce the pace of deterioration of the condition of the main highway infrastructure. Road Safety Scheme identification for improvement to routes through available funding. Maximise funding received through the quality of the bid submission by aligning submissions to follow successful bid model techniques.

Lead Supporting Officer Comments: The funding provided for the highway infrastructure maintenance programmes has been allocated and will be spent by the end of the financial year. This funding remains below the level of funding required to maintain a Steady State in the condition of the road network, which would need to be ≥£2.7m per annum. Streetscene & Transportation agree strategies for investment in highway asset groups, and ensure improved highway asset management and best value for highways investment is achieved.

Condition surveys are undertaken and reviewed annually to produce the annual resurfacing programme for financial year. Priority is given to the areas of the network that require the investment whilst considering the local infrastructure.

Last Updated: 23-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status

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Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST187	Sufficient funding will not be found to continue to provide subsidised bus services.	Strategic Risk	Ceri Hansom - Integrated Transport Unit Manager	Lynne Fensome - Management and Support Manager	Amber	Amber	↔	Open

Potential Effects: Decrease in bus services to residents, particularly in rural areas

Management Controls: Develop services so that they become more commercially viable

Lead Supporting Officer Comments: The bus subsidy is now complete with 10 Local Travel arrangements in place. A review of the local travel arrangements is now taking place and alternative solutions have been recommended where utilisation and patronage on arrangements is particularly low. This will allow the routes to be sustainable going forward.

Last Updated: 30-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST188	Supply chain resilience of transport providers	Strategic Risk	Ceri Hansom - Integrated Transport Unit Manager		Amber	Yellow	↓	Open

Potential Effects: Transport services cannot be provided

Management Controls: i) Management of safety compliance checks. ii) Management of financially compliant contracts

Lead Supporting Officer Comments: The control measures have been put in place to mitigate against another major transport services provider going into administration or not able to meet the required operating standards. New processes have been established and officers are carrying out both safety compliance checks and also finance compliance checks on contractors.

Last Updated: 15-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST189	Adverse weather conditions on the highway network	Strategic Risk	Barry Wilkinson - Highways Network Manager	Lynne Fensome - Management and Support Manager	Amber	Amber	↔	Open

Potential Effects: Increase in cost to future planned repairs as network deteriorates beyond that can be rectified by planned maintenance Increase in insurance claims

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Management Controls: Targeting funding on those schemes that maintain or reduce the pace of deterioration of the condition of the main highway infrastructure.

Lead Supporting Officer Comments: Pothole repairs were undertaken in a countywide programme of patching to ensure that the Highway Network is in a safe condition for the travelling public.

Repairing the Council's roads is a priority for the service and Area Coordinators continue to identify safety defects on the network, and prioritise the roads in need of repair.

Last Updated: 23-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST190	Lack of community support for transport options	Strategic Risk	Ceri Hansom - Integrated Transport Unit Manager	Lynne Fensome - Management and Support Manager	Yellow	Yellow	⬌	Open

Potential Effects: i) Planned programme of community transport hubs not delivered. iii) Decreased passenger numbers on bus services. iii) Increase in individual car usage

Management Controls: Officer appointed to work full time on the Community Transport / Local Travel arrangement project. Review of schemes to be undertaken 2019/2020

Lead Supporting Officer Comments: Community based transport services can play an important part in an integrated passenger transport provision and transport network. Community Benefit clauses included in all new transport routes awarded (except local bus). This is a free service provided by the successful tenderer as a Community Benefit. A minimum of 1.5% of mileage per annum is required from each tenderer (capped at 150 miles per annum). Delivery is dependent on the ability and willingness of the local communities and transport operators to support and deliver sustainable transport arrangements.
Officer appointed October 2019 to review local travel arrangements implemented and develop work with demand responsive transport

Last Updated: 04-Nov-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST220	Public acceptance and support for recycling and re-use	Strategic Risk	Ruth Cartwright - Regulatory Services Manager		Amber	Amber	⬇	Open

Potential Effects: Increased financial pressure to pay for disposal of residual waste Failure to meet Welsh Government statutory recycling/re-use/composting targets

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Management Controls: Continued public engagement with Flintshire residents to educate on waste management issues. Monitoring of resident recycling participation rates. The use of enforcement to ensure compliance with recycling collection requirements.

Lead Supporting Officer Comments: The Council has achieved the statutory recycling target for 2024-5 and is currently consulting residents on the future of the service. Given the level of responses to the consultation process it is clear that residents are engaged and value the current service. Should remain as Amber.

Last Updated: 29-Oct-2019

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5 Safe and Clean Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST218	Increased demand on enforcement services with introduction of new legislation	Strategic Risk	Ruth Cartwright - Regulatory Services Manager	Vicky Plant - Support Services Manager	Amber	Amber	⬌	Open

Potential Effects: Lack of resilience to respond to parking contraventions or environmental crimes Increased environmental crimes resulting in deterioration of natural environment Decreased highway safety

Management Controls: Review upcoming legislative changes Improved time management of current enforcement team

Lead Supporting Officer Comments: Management Control in terms of Improving the Time Management of the Officers. The rota was changed Spring 2018 to effectively change the conflict of crossover within the job roles and allow the continuity of patrol to be more time effective. The team numbers have also increased from 4 no to 8 no, and flexible working hours have also been introduced.

Last Updated: 30-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST219	Lack of public support for enforcement services	Strategic Risk	Ruth Cartwright - Regulatory Services Manager	Vicky Plant - Support Services Manager	Red	Amber	⬇	Open

Potential Effects: Risk Trigger: Negative public perception of the work undertaken by the enforcement team Potential Effects: Lack of support for the enforcement services Rescinding of enforcement action leading to lack of confidence in service Abuse and aggression towards the enforcement team Increased traffic contraventions and environmental crime occurrences

Management Controls: Improved engagement with public via education and engagement events Improved understanding of what a parking or environmental crime is.

Lead Supporting Officer Comments: Ongoing Educational Campaigns have been progressed and the control measures put in place are currently in the process of being supported Corporately . However further work is still required.

Last Updated: 15-Oct-2019

6 Connected Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST191	The capacity and appetite of the community and social sectors	Strategic Risk	Cher Lewney - Digital Customer & Community Resilience Programme Manager	Jacque Slee - Team Manager Performance	Amber	Yellow	⬇	Open

Potential Effects: Lack of capacity to and desire of the sector resulting in unsustainable community and social sector projects such as Community Asset Transfers and Alternative Delivery Models

Management Controls: Work with Flintshire Community Voluntary Sector, Co-operative Wales, and local community groups and social enterprises to develop skills.

Lead Supporting Officer Comments: We continue to make progress in growing the social sector through the development of Community Asset Transfers and Alternative Delivery Models. Regular review meetings and partnership board meetings are in place.

The strategic role and importance of ADMs is a priority in the Council Plan for 2019/20, with work underway to ensure that the delivery is effective and sustainable.

Last Updated: 06-Nov-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST193	Market conditions which the new alternative delivery models (ADM's)face	Strategic Risk	Cher Lewney - Digital Customer & Community Resilience Programme Manager	Jacque Slee - Team Manager Performance	Amber	Yellow	⬇	Open

Potential Effects: More competition from other agencies or decreasing use of the services means they are in the future unsustainable

Management Controls: Continue to work with the Alternative Delivery Models (ADM's) to grow their entrepreneurial skills and meet with them annually at least to review progress

Lead Supporting Officer Comments: Aura, Newydd and Hft have now successfully taken forward their Business Plans. Regular reporting to the Council through the appropriate Scrutiny Committees continues to take place. The level of risk of unsustainability has reduced to yellow.

Last Updated: 30-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST194	Limitations on public funding to subsidise alternative models (ADM's)	Strategic Risk	Cher Lewney - Digital Customer & Community Resilience Programme Manager	Neil Ayling - Chief Officer - Social Services	Amber	Yellow	⬇	Open

Potential Effects: Reductions in funding to these models by the public sector resulting in the new to stop or close services and facilities

Management Controls: Support to Alternative Delivery Models (ADM's) to ensure their financial plans are resilient if public funding decreases

Lead Supporting Officer Comments: Review meetings are providing an update on the future financial context so organisations can plan for potential reductions when appropriate. Business Plans have been shared with the Council and show that funding levels for organisations moving forward into 2020/21 are sustainable.

The risk has been mitigatated to Yellow.

Last Updated: 15-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST196	Newly established Social Enterprises and Community Asset Transfers failing in their early stages of development.	Strategic Risk	Cher Lewney - Digital Customer & Community Resilience Programme Manager	Jacque Slee - Team Manager Performance	Amber	Amber	↔	Open

Potential Effects: Social enterprises cease trading and asset return to the Council.

Management Controls: Open book accounting by key social enterprises with the Council and where issues identified cooperative work to resolve these.

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Lead Supporting Officer Comments: Review meetings of Community Asset Transfers (CATs) have been ongoing and through these it has been identified that the new organisations running CATs are sustainable and well regarded social businesses. The programme of CAT review and support is ongoing to ensure that these social businesses continue to offer wel regarded services.

Last Updated: 15-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST225	Community Resilience	Strategic Risk	Cher Lewney - Digital Customer & Community Resilience Programme Manager	Jacque Slee - Team Manager Performance	Amber	Amber	⬄	Open

Potential Effects: Communities cannot capitalise on their resources and resort to support from statutory services.

Management Controls: Work with communities to identify key challenges and barriers that they face as individuals and collectively; and use a framework of tools to help them to design a local response to address them. Help communities, and leaders from within communities, to develop the skills and confidence to support their community to respond to challenges and optimise opportunities to thrive. Be smarter about securing and linking potential social investment to locally identified priorities. Work proactively with our supply chain to maximise the impact that our investment and collaboration has for communities across Flintshire.

Lead Supporting Officer Comments: The Council and other stakeholders have been proactive in maximizing the available funding to invest in communities. We are engaging and working with local alternative delivery models (ADM's) and other alternatives to improve community resilience. We are actively reviewing community asset transfer (CAT) projects to ensure that they are successful and pursue key priorities of the council.

Last Updated: 22-Oct-2019

7 Serving Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST197	The scale of the financial challenge	Strategic Risk	Gary Ferguson - Corporate Finance Manager	Sara Dulson - Corporate Accounting and Systems	Red	Red	⬌	Open

Potential Effects: Reduction in funding of Revenue Support Grant leading to challenging financial position for the Council in its ability to set a balanced budget.

Management Controls: In view of the significant financial challenge and in the absence of indicative future funding allocations from Welsh Government, the Council has primarily needed to focus on the year ahead. However, known pressures are able to be modeled for the life of the current Council term with the strategy to be reviewed during the period based on the best available intelligence and identification of solutions available.

Lead Supporting Officer Comments: Council considered the final stage three of the budget in February and approved the setting of a balanced budget by utilising additional reserves of £0.321m (to bring the total amount funded from reserves to £2.221m) and an increase in Council Tax of 8.75%. The financial challenge will continue into 2020/21 and beyond with the Cabinet considering the financial forecast for 2020/21 to 2021/22 which is projecting an initial gap of £13.3m for 2020/21.

An update to the financial forecast for 2020/21 reported to Cabinet in October 19 shows that following an increase in pressures the gap has increased to £16.2m. Strategic solutions to meet the gap include Portfolio Business and Corporate Finance efficiencies, currently anticipated to be £1.784m, Local Taxation and Income, Organisational change and National funding from Welsh Government.
The Council is anticipating receipt of the Provisional Settlement from Welsh Government at the end of November which will give an initial indication of the level of funding the Council will receive from Welsh Government in 2020/21.

Last Updated: 08-Nov-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST198	The capacity and capability of the organisation to implement necessary changes.	Strategic Risk	Gareth Owens - Chief Officer - Governance	Cher Lewney - Digital Customer & Community Resilience Programme Manager	Amber	Amber	⬌	Open

Potential Effects: That projects agreed as part of the DS will be hindered or delayed thereby delaying the potential benefits to residents or causing cost to be incurred in correcting mistakes

Management Controls: Capacity will be taken into account when selecting projects for inclusion in the action plan and will be timed to fit with the needs of the service and availability of employees. Each separate project will also undergo a risk assessment to establish the capacity and capability necessary to take it forward and any gaps that might need to be addressed

Lead Supporting Officer Comments: A detailed programme of works has been developed including all the council's aspirations. This has served to further highlight the very limited levels of resource available to achieve the aims within the current proposed timetable. Many of the projects are needed to support current service delivery and further work is being undertaken on how to find resource to support more transformational projects.

Last Updated: 28-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST213	Fully funding demand led services and inflationary pressures	Strategic Risk	Sara Dulson - Corporate Accounting and Systems	Gary Ferguson - Corporate Finance Manager	Red	Red	⬌	Open

Potential Effects: Reductions or cessation of services and high increases in Council Tax levels

Management Controls: National lobbying for improved funding for local government in Wales to include indexation of nationally agreed pay award, increases in demand and Nationally agreed legislative changes. Maximisation of business planning efficiencies from Portfolios and increases to fees and charges

Lead Supporting Officer Comments: The Council has developed its case through a Cross Party Working Group of Members and supporting officers to align with the work the Welsh Local Government Association (WLGA) the priorities for improved funding for local government in Wales to include indexation of nationally agreed pay award, increases in demand and Nationally agreed legislative changes.
The provisional financial settlement for 2020/21 is due to be received from Welsh Government at the end of November and this will determine whether these priorities have been funded whether in part or in full.

Last Updated: 18-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST221	Competing priorities and limited organisational capacity slow the pace of change	Strategic Risk	Cher Lewney - Digital Customer & Community Resilience Programme Manager	Aled Griffith - IT Infrastructure Manager	Amber	Amber	⬌	Open

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Potential Effects: It will delay implementation of projects and the improvements to service or income they might generate.

Management Controls: The Digital Strategy Board has ranked all the current projects based on organisational significance and is preparing work plan based on tha available capacity.

Lead Supporting Officer Comments: COT is due to consider the planned work programme based on the prioritisation exercise in November.

Last Updated: 28-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST222	Encouraging our customers to access services digitally results in some people finding it more difficult to get the support or service they need	Strategic Risk	Cher Lewney - Digital Customer & Community Resilience Programme Manager	Aled Griffith - IT Infrastructure Manager	Amber	Green	⬇	Open

Potential Effects: Sectors of our population could find it more difficult or be unable to access the services they need.

Management Controls: The Council will continue to provide services via its telephone contact centre and Connects offices.

Lead Supporting Officer Comments: Numbers of people accessing digital support from Connects centres continue to rise showing that people are seeking the help they require.

Last Updated: 28-Oct-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST223	A shift in technical and digital skill-sets is required to ensure we can support new digital ways of working.	Strategic Risk	Cher Lewney - Digital Customer & Community Resilience Programme Manager	Aled Griffith - IT Infrastructure Manager	Amber	Amber	↔	Open

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Potential Effects: It will sub-optimise the benefits or savings that might be achieved from digital services and will slow the pace of take up of digital services.

Management Controls: Each project will include its own staff development plan to ensure that skills exits to utilize new digital technology as it is installed. Digital skills will be included essential criteria when recruiting. The Council will need to consider building a team to support the website.

Lead Supporting Officer Comments: Each new project has embedded the skills to use the technology. The review of corporate website report has commenced.

Last Updated: 28-Oct-2019

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AUDIT COMMITTEE

Date of Meeting	Wednesday 20 November 2019
Report Subject	Contract Management
Cabinet Member	Cabinet Member for Corporate Management and Assets
Report Author	Chief Officer (Governance)
Type of Report	Operational

EXECUTIVE SUMMARY

The Internal Audit Service undertook a further review of contract management in January 2019.   The review found that, as a function, contract management is undertaken in each portfolio rather than centrally, and that there were differences in approach between services that had an impact on the quality of contract management across the Council as a whole. There are pockets of good practice within the Council and there also areas where contract management practice could be improved. The report sets out a minimum requirement for effective contract management and each Chief Officers has agreed to review practice within their portfolio and put in place an action plan to address any gaps.

The audit report also contained findings on the central systems that were implemented following the last Procurement audit review undertaken in January 2018:

a) a central register of contracts over £25,000 in value has been created, though it is not possible to ascertain whether every eligible contract that should has been recorded;

b) further training on contract management is required; and

c) further investigation is needed to see whether a central record of contractor performance is required.

RECOMMENDATIONS	
1	That the Internal Audit Service be asked to monitor the delivery of portfolio action plans to improve contract management and to undertake the further investigations identified within the report.

REPORT DETAILS

1.00	**CONTRACT MANAGEMENT**
1.01	Contract management is undertaken within each service/portfolio rather than by the Joint Procurement Service. This is so that the contracts are integrated with directly delivered services and so that the contract managers are embedded with similarly qualified professionals. A consequence of this dispersed approach is variation between services in the quality of how well the contract management function is undertaken.
1.02	The audit report has identified the minimum common standards that are required for effective contract management, and each Chief Officer has agreed to review practice within their portfolio against those standards. An action plan will then be put in place to address any areas that require strengthening. The deadline for the creation of the action plans is 31st December 2019, though the remedial actions may take longer to fully complete. Progress against, and completion of, those action plans will be monitored.
1.03	An audit of Procurement in 2017/2018 (reported to Committee in January 2018) identified the need to establish a central register of contracts. Since then all contracts over £25,000 in value have been recorded on Proactis. Purchase Orders over that value cannot be placed unless there is evidence of a written contract. The recent audit found possible evidence that this process is not being routinely or rigorously applied. Some exemptions have been given to this process where there would be service detriment to enforce it too rigidly provided and so further investigation is needed to establish whether the gaps in the register are exemptions or failures in the system.
1.04	Following the introduction of revised Contract Procedure Rules in 2017/2018 training was given on the rules and the requirements of contract management. Since then training has been offered on the use of the Proactis contract management module. However, further training will clearly be required to assist Chief Officers in ensuring that their contract managers are adequately trained. A mandatory programme of contract management will therefore be devised.
1.05	Contract managers frequently use proprietorial software systems (such as Paris, Tranman or Techforge) for recording the results of contract management meetings. This enables the information to be used for service delivery but does mean that it is not available to contract managers in other services who might utilise the same contractor (see below). It is possible that another service might unwittingly consider employing a contractor who has performed poorly for another service. Given the diverse range of functions undertaken by the Council, and the reasons for which the Council engages contractors, it is more likely that most contractors will be of a specialist nature and thus only employed by one service.

	Further analysis is therefore needed to establish whether different services do engage the same contractors.
1.06	The actions within the report's recommendations will be tracked through the usual mechanisms.

2.00	RESOURCE IMPLICATIONS
2.01	The management actions within the report can be accommodated within existing resources.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None.

4.00	RISK MANAGEMENT
4.01	Failure to address the findings in the Internal Audit risks the continuance of non-compliance with our rules and increases the potential for poorly performing contractors to continue to deliver under- performing services without consequence.

5.00	APPENDICES
5.01	Appendix A – Internal Audit Report

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None **Contact Officer:** Gareth Owens, Chief Officer (Governance) **Telephone:** 01352 70 2344 **E-mail:** gareth.legal@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	**Contract Procedure Rules** – rules and procedures that ensure that contracts are awarded based on open and transparent competition.

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Flintshire Internal Audit

Audit Report

Title: Contract Management
Portfolio: Governance
Issued Dated: OCTOBER 2019
Report No: 47 2018/19
Report Status: **FINAL**

Internal Audit engagements are conducted in conformance with the Public Sector Internal Audit Standards.

Audit Opinion

CYNGOR
Sir y Fflint
Flintshire
COUNTY COUNCIL
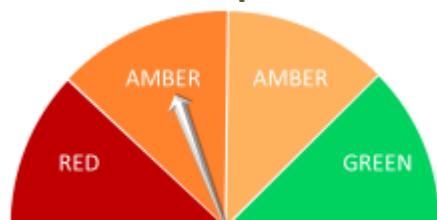
1 Executive Summary:

Introduction and Scope:

An audit of Contract Management was undertaken as part of the Strategic Internal Audit Plan for 2018/19 to assess the robustness of contract management activity across the Council.

As part of this piece of work we issued questionnaires to staff involved in Contract Management with the aim of identifying good practice, and areas in which there may be opportunity for improvement.

68 questionnaires were issued to Contract Managers of which 38 were returned (response rate 56%). The collective results from the questionnaires were used to scope the audit and focus detailed testing.

The audit focused on the following risks;

- Incomplete Contract Registers impacting on contract awareness and the effectiveness of contract management activity.
- Level of training and resources not supporting effective contract management.
- Inconsistent monitoring of contract performance.
- Inconsistency in the management of contract risk.
- Lack of effective monitoring of Community Benefits / Social Value.
- Lack of effective review and monitoring of sub-contractor arrangements.

Detailed testing focused on a sample of six contract managers (with outcomes of discussion and review compared to the collective questionnaire results) and recognised that within the Council there are examples of good practice (in particular around the civil engineering contracts) as well as areas in which improvements are required.

Some of the findings detailed within the audit report will not apply to all services or all portfolios, but have been included to highlight weakness that have been identified in the sample tested, which we consider may be replicated across a number of services.

Audit Opinion:

In each report we provide management with an overall assurance opinion on how effectively risks are being managed within the area reviewed. Appendix A of the report details our assurance levels:

Assurance:	Explanation
Amber Red - Some	Some Assurance – Significant improvement in control environment required • Controls exist but fail to address all key risks identified and/or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss Conclusion: key controls are generally inadequate or ineffective.

The table below highlights the number and priority of agreed actions to be implemented.

Priority	High (Red)	Medium (Amber)	Low (Green)	Total
No.	0	8	0	8

2 Summary Findings:

Areas Managed Well	Areas for Further Improvement
• Increasing number of contracts are now being added to the Proactis Contract Register. • Contract and relationship management is embedded in the day to day 'business as usual" activity carried out by services. • Appropriate and proportionate contract management activity is carried out (although this may not always be robustly documented). • Use of formal construction contracts (JCT & NEC3) provide formal construction management mechanisms. • Contract Managers are generally satisfied with the quality of the 'on the job' training they have received around contract management. • Community Benefits / Social Value routinely included in larger contracts.	• Inconsistency in contract management activity between services and portfolios, with weaknesses in process not being consistently addressed. • No mechanisms for identifying high and medium risk contracts, and ensuring the robustness of contract management around these contracts. • Without robust processes for managing and monitoring community benefits contract managers are not able to provide assurance that community benefits / social value are being appropriately delivered. • Contract Managers are relying on contract clauses to ensure the appropriate management of sub-contractors; use of sub-contractors is generally not considered as part of the contract management process. • Limited evidence of performance indicators being built into contracts. • As a Council we do not have a complete list of all contracts we hold, impacting on the effectiveness of procurement planning and budget forecasting. • Lack of functionality to share contractor performance data on Proactis. • Lack of robust Contract Management training.

3 Action Plan:

Priority	Description
High (Red)	Action is imperative to ensure that the objectives of the area under review are met.
Medium (Amber)	Requires action to avoid exposure to significant risks in achieving the objectives of the area.
Low (Green)	Action encouraged to enhance control or improve operational efficiency.

No.	Findings and Implications	Agreed Action	Who	When
1 (A)	Contract management is a cross portfolio activity which is managed by individual portfolios. There is no overall responsibility for the Council wide development of the contract management function, consequently there is inconsistency in the quality of contract management activity across services and portfolios, with pockets of good practice, and conversely some areas in which improvement is required. With limited sharing of knowledge, experience and best practice between services and portfolios, and no overall responsibility for the development of contract management, weaknesses in process are not being consistently addressed. Proactis is not currently being used to record contract management activity. Some services prefer to use operational systems (Capita One; Technology Forge; Paris, etc.) because they provide greater functionality or integration with the delivery of operational services. Other services are choosing not to use Proactis due to lack of training / system awareness. As such there is inconsistency in the robustness of evidence maintained to support contract management. Whilst community benefits / social value are included in contracts, contract managers are not consistently monitoring outcomes to ensure delivery in line with	Chief Officer, Governance to raise awareness of the weaknesses identified around contract management with the Chief Officer Team. URN 02727 Chief Officers to review contract management within their portfolios to ensure; • Staff have appropriate skills and experience, and have received appropriate training where required. • All contracts over £25k are recorded on the Proactis Contract Register / all contracts on Proactis e-sourcing have been closed down and 'pushed through' to the Proactis Contract Register. • Signed contracts are in place to support all contracts on the Proactis Contract Register. • Contract Management activity is recorded in the Proactis Contract Management module where appropriate. • The evidence retained to support contract management activity is appropriate and robust. • Delivery of Community Benefits / Social Value is appropriately monitored.	Gareth Owens All Chief Officers	31.10.19 31.12.19

No.	Findings and Implications	Agreed Action	Who	When
	contract (see further details at finding (3)). Contract managers are not seeking robust assurances from main contractors around compliance with contract terms & conditions re the use of sub-contractors (see further details at finding (4)). Aspects of contractor performance (financial performance; operational performance, etc.) are not always considered as part of the contract management process as performance management frameworks / performance data requirements are not being routinely built into contracts (see further details at finding (5)).	• Compliance with contract clauses around the use of sub-contractors is appropriately monitored. • Appropriate inclusion of performance indicators / performance data requirements within contract terms and conditions, and appropriate monitoring of contractor performance data. Chief Officers will develop Action Plans for each of their portfolios to ensure any issues identified in the reviews carried out (above) are appropriately addressed. URN 02771 – Colin Everett URN 02772 – Gareth Owens URN 02773 – Claire Homard URN 02774 – Neil Ayling URN 02775 – Steve Jones URN 02776 - Andy Farrow URN 02777 – Neal Cockerton		
2 (A)	Whilst Procurement Commissioning Forms require contract managers to assess the level of contract risk at the start of the procurement process (operational risk; financial risk & reputational risk) there are no mechanisms for capturing and reporting on this data, likewise there are no mechanisms in place for identifying and monitoring risk throughout the delivery of the contract. More robust levels of contract management should be evident around high and medium risk contracts, but with	Inclusion of high / medium risk contracts in the operational risk register templates (currently under development). URN 02713 Contract Management outcomes around high / medium risk contracts to feed into Portfolio management reporting structures. URN 02778 – Colin Everett URN 02779 – Gareth Owens	Karen Armstrong All Chief Officers	31.12.19 31.12.19

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No.	Findings and Implications	Agreed Action	Who	When
	no mechanisms for identifying these higher risk contracts it has not been possible to assess the adequacy of contract management activity in these areas. There is a risk of inadequate contract management around higher risk contracts, and lack of appropriate awareness and monitoring of the risks inherent in the delivery of these contracts.	URN 02780 - Claire Homard URN 02781 – Neil Ayling URN 02782 – Steve Jones URN 02783 – Andy Farrow URN 02784 – Neal Cockerton		
3 (A)	Whilst community benefits / social value are included in contracts, contract managers have confirmed that outcomes are not being consistently monitored to ensure delivery in line with contract. One instance was identified where community benefits have been included in a Framework Agreement, yet processes are still to be developed to monitor delivery of these benefits. In another case two years after contracts have been finalised processes which would allow the contractors to deliver the community benefits have still not been finalised. Without robust processes for managing and monitoring community benefits / social value contract managers are not able to provide assurance that community benefits / social value are being appropriately delivered.	In addition to delivery of the Action Plans developed by Chief Officers following the portfolio reviews agreed at finding (1), and development of Contract Management training agreed at finding (8); Cabinet approval has been received for the appointment of a new role for the management of Community Benefits / Social Value and the purchase of software to support this function. This will ensure appropriate management of Community Benefits / Social Value to ensure; • Development of an overarching process for the development of Community Benefits / Social Value, to allow a Council wide approach to addressing need within communities. • Development of monitoring processes at the contract specification stage to provide a clear understanding of how Community Benefits / Social Value will be measured. • Robust monitoring of the delivery of Community Benefits / Social Value to ensure delivery in line with contract.	Niall Waller	31.12.19

No.	Findings and Implications	Agreed Action	Who	When
		URN 02714		
4 (A)	Whilst formal construction contracts (JCT, NEC3) include mechanisms for the use of sub-contractors by the main contractor (and other contracts for works and services include references to the use of sub-contractors where relevant) contract managers are not seeking assurances (and supporting evidence where appropriate) from the main contractor that these terms and conditions are being complied with, instead relying solely on the inclusion of contract clauses to ensure the main contractor is appropriately managing the use of sub-contractors. Sub-contractor clauses within contracts would typically include reference to notification of changes to sub-contractors; sub-contractor payment terms; development of business continuity plans by sub-contractors; sub-contractor insurance requirements; sub-contractor compliance with Council policies (Equality & Diversity; Health & Safety; Modern Slavery, etc.). In relying solely on the inclusion of sub-contractor clauses in contracts to ensure the appropriate use of sub-contractors, without seeking assurances or evidence that these clauses have been complied with, the Council is failing to robustly manage the potential reputational risk to the Council around the inappropriate use of sub-contractors.	To be addressed through the delivery of the Action Plans developed by Chief Officers following the portfolio reviews agreed at finding (1) and the development of Contract Management training agreed at finding (8). URN 02715	See Para. 1	See Para. 1
5 (A)	Whilst contract management is generally focused on ensuring delivery of outcomes within timescales and budget, there are other aspects of contractor performance which may be relevant to some contracts.	To be addressed through the delivery of the Action Plans developed by Chief Officers following the portfolio reviews agreed at finding (1) and the development of Contract	See Para. 1	See Para. 1

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No.	Findings and Implications	Agreed Action	Who	When
	These other aspects of contractor performance (financial performance; operational performance, etc.) are not always considered as part of the contract management process as performance management frameworks / performance data requirements are not being routinely built into contracts.

Whilst it is recognised that performance data requirements may not be relevant for all contracts, it is unclear if delivery of outcomes within timescale and budget alone provides the Council with the performance information needed to robustly assess the success of contract delivery and the performance of contractors. | Management training agreed at finding (8).

URN 02716 | | |
| 6 (A) | Whist an increasing number of contracts are now being added to the Proactis Contract Register, and new processes have been introduced to ensure Purchase Orders (PO's) over £25k are only approved if a contract is in place, there remain a number of contracts over £25k which are not reflected in the contract register.

Whilst development of the contract register and the new processes around Procurement Business Partner approval of PO's over £25k are recognised to be 'work in progress', PO approval is based on receipt of a copy contract from the service (who are then advised to update the details onto the Contract Register) Procurement have no control over whether or not services action this advice. Likewise if services submit PO's for invoice value rather than total contract value, these contracts will not be identified by the Procurement Business Partners.

In addition to the register being incomplete, a number of entries on the Proactis Contract Register are not | In addition to delivery of the Action Plans developed by Chief Officers following the portfolio reviews agreed at finding (1) and the development of Contract Management training agreed at finding (8);

Review of the new processes for the approval of PO's over £25k by Procurement Business Partners to consider if they are robust and effective.

URN 02722 | Gareth Owens | 31.12.19 |

No.	Findings and Implications	Agreed Action	Who	When
	supported by copies of signed contracts. There is no evidence that Contract Registers are maintained at portfolio / service level to manage contracts which are not reflected in the Proactis Contract Register. As a Council we do not have a complete list of all contracts we hold, impacting on the effectiveness of procurement planning and budget forecasting.			
7 (A)	Whilst a supplier performance management template is currently under development by the Procurement team (for completion by Contract Managers at the close of contract) there is no functionality within Proactis to share this supplier performance information across services / portfolios to inform future procurement exercises. Likewise there is no scope to share the results of resident satisfaction questionnaires, or concerns arising from complaints received by the Council. Whilst the completeness and quality of the data on the Proactis Contract Register makes it difficult to determine whether multiple services are placing contracts with the same supplier, review of ledger spend suggests there is cross service / cross portfolio spend with contractors. The lack of functionality to share performance data has the potential to impact on the appropriateness of procurement spend.	A more detailed piece of work is required to establish the extent of any issue and to determine if any further action is required, this piece of work will be scoped out in conjunction with the Procurement team. URN 02724	Gareth Owens	31.12.19
8 (A)	There is inconsistency in the level of contract management training received by Contract Managers, with training limited to 'on the job' training and external training designed to support the use of formal construction contracts (JCT, NEC3).	In addition to delivery of the Action Plans developed by Chief Officers following the portfolio reviews agreed at finding (1); Development of a formal training programme	Gareth Owens	31.03.20

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No.	Findings and Implications	Agreed Action	Who	When
	Whilst training has been delivered on use of the Proactis Contract Management module, this training has not been rolled out to all contract managers, and supports use of the Proactis Contract Management module rather than the contract management function. A lack of robust Contract Management training may result in inconsistency in the delivery of contract management activity and inconsistency in the evidence retained to support this activity.	for contract managers to ensure; • Appropriate awareness of the issues to be considered in ensuring effective delivery of Community Benefits / Social Value. • Appropriate awareness of the risks around the use of sub-contractors in the delivery of contracts & understanding of the activity which should be carried out as part of the contract management process to ensure terms and conditions around the use of sub-contractors are being complied with. • Appropriate awareness of the use of performance indicators / performance data requirements within contract terms and conditions & the robustness of processes in place for the validation and monitoring of performance data. • Appropriate awareness of the requirement to include all contracts on the Proactis Contract Register and to ensure a robust understanding of the processes for uploading signed contracts onto Proactis. • Use of the Proactis Contract Management module. URN 02726		

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4 Distribution List:

Name	Title
Gareth Owens	**Officer Responsible for the Implementation of Agreed Actions**
Colin Everett	Chief Executive
Andy Farrow	Chief Officer – Planning; Environment & Economy
Claire Homard	Chief Officer – Education & Youth
Gareth Owens	Chief Officer - Governance
Neal Cockerton	Chief Officer – Housing & Assets
Neil Ayling	Chief Officer – Social Services
Steve Jones	Chief Officer – Streetscene & Transportation
Karen Armstrong	Business & Communications Executive Support Officer
Niall Waller	Enterprise & Regeneration Manager

Appendix A – Audit Opinion:

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Some** or **Limited** assurance audits will be reported to the Audit Committee.

Assurance	Explanation
Green - Substantial	**Strong controls in place (all or most of the following)** • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.
Amber Green – Reasonable	**Key Controls in place but some fine tuning required (one or more of the following)** • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments Conclusion: key controls generally operating effectively.
Amber Red – Some	**Significant improvement in control environment required (one or more of the following)** • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. Conclusion: key controls are generally inadequate or ineffective.
Red – Limited	**Urgent system revision required (one or more of the following)** • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. Conclusion: a lack of adequate or effective controls.

AUDIT COMMITTEE	

Date of Meeting	Wednesday, 20th November 2019
Report Subject	Use of Consultants
Portfolio Holder	Cabinet Member for Corporate Management & Assets
Report Author	Chief Executive
Type of Report	Operational

EXECUTIVE SUMMARY

The Audit Committee Forward Work Programme includes an annual review of compliance with the processes in place to ensure effective management and control of expenditure on consultancy.

This report considers compliance with processes and procedures around consultancy spend, and the accuracy of coding of consultancy spend on the general ledger for the period 2018/19.

RECOMMENDATIONS	
1	That the Committee be assured that expenditure on consultants is being controlled and the Council is achieving value for money.

REPORT DETAILS

1.00	EXPLAINING THE USE OF CONSULTANTS
1.01	A report on consultancy costs was presented to the Audit Committee in January 2016. At that time new processes for the authorisation and management of consultancy spend had been introduced. These processes included the completion of business cases for all consultancy engagements.
1.02	A review of compliance with the new processes and procedures was undertaken and a report was presented to the Committee meeting in July 2016 which found the new system had been effective in (a) identifying spend on consultants and (b) controlling the authorisation and monitoring of spend.
	Annual reports to Audit Committee since 2016 have confirmed continued compliance with processes and procedures and provided assurance that expenditure on consultants was being controlled.
1.03	The Council's transformation programmes at corporate and service level are principally designed and implemented within our own resources with consultants engaged sparingly. The Council makes maximum use of its own internal resources, and seeks to develop internal capability, before turning to the engagement of external consultancy for expert advice and support.
	Controls around Consultancy Spend
1.04	Prior to appointing a consultant a business case must be prepared assessing the need and specifying the requirements of the engagement.
	Business cases under £25k must be authorised by a Chief Officer, and proposed spend of £25k and above must also be approved by the Chief Executive. All consultants must be appointed in accordance with the Council's Contract Procedure Rules. Any significant amendments to order values (extensions to contracts, etc.) must be supported by an additional business case.
	A post assignment review is be undertaken at the end of each consultancy engagement to show how the project objectives have been met and expected benefits have been achieved, and to identify skills and knowledge for transfer into the Council.
	The expenditure on the general ledger is reviewed on a quarterly basis to ensure that consultancy costs have been properly coded (see 1.07).
	A file of all authorised consultancy business cases is maintained to ensure compliance with the agreed processes and Contract Procedure Rules.
	Internal Audit carry out periodic reviews of consultancy spend to ensure the accuracy of figures on the general ledger and compliance with processes and procedures around consultancy spend.

	Consultancy Business Cases 2018/19
1.05	**Table 1: Consultancy Business Cases approved in 2018/19**

Consultant	Local / Regional / National	Project	Value £
Mosaic Futures Ltd	N	Mold Business Improvement District	29,200

Note 1: This spend is 100% funded by Welsh Government as part of their Business Improvement District funding programme.

Note 2: the above figure represents the total costs incurred and expenditure committed to date for consultancy engagements approved in 2018/19.

1.06	The November 2018 report to Audit Committee showed expenditure against consultancy engagements of £38,500 approved in 2017/18. This shows an ongoing decrease in our spend.
	Accuracy of Coding of Consultancy Spend
1.07	The Finance Team monitor consultancy spend on the general ledger on a quarterly basis to ensure spend has been correctly coded and is supported by an approved business case. Any anomalies are raised and resolved, with miscoded spend transferred to the correct code. In addition, expenditure is monitored by individual budget managers as part of the monthly revenue budget monitoring process - providing additional assurance around the accuracy of coding, and providing an opportunity for miscoding to be identified and corrected. Internal Audit have carried out a review of the quarterly monitoring processes undertaken by the Finance Team during 2018/19 and are satisfied these processes are robust and consultancy spend recorded on the general ledger is accurate.
	Compliance with Processes & Procedures
1.08	Internal Audit have reviewed the database which holds the approved business cases supporting consultancy spend and are satisfied that appropriately approved business cases are in place for the few consultancy engagements entered into in 2018/19 and, where needed, additional business cases had been submitted for those engagements entered into in the previous financial year which have exceeded the agreed value on the initial case. Internal Audit understand that the post assignment review section of the consultancy business case has not been completed for the 2018/19 consultancy engagement reflected above as this project is still ongoing. Once this project comes to an end a post assignment review will be

	undertaken to ensure appropriate consideration of value for money, consultant performance and skills transfer.
	Consideration of Value for Money
1.09	The report to November 2018 Audit Committee made reference to a 2017/18 consultancy engagement due to be completed in 2018/19 - Korn Ferry Hay Group, Senior Management Reward Review – circa £30,000. This piece of work has now been completed, at a total cost of £16,500. As the contract value was less than £25,000 no value for money evaluation of this engagement has been included within this report.
1.10	The consideration of value for money is a judgement made by weighing up whether a competitive price for the work was obtained from the procurement, whether the consultancy project was completed on time and within budget, and whether the Council achieved its organisational objectives by engaging the consultant.

2.00	RESOURCE IMPLICATIONS
2.01	Consultancies are funded through one of several sources and all spend on consultants is subject to Procurement Rules, and Finance Procedure Rules.

3.00	RISK MANAGEMENT
3.01	The risk of excessive expenditure when employing consultants is being managed through the controls already mentioned in 2.01 and through the exercise of careful business planning.

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	Chief Officers, the Corporate Finance Manager and the Internal Audit Manager have been consulted in the preparation of this report.

5.00	APPENDICES
5.01	None.

6.00	**LIST OF ACCESSIBLE BACKGROUND DOCUMENTS**
6.01	Background papers held by the Corporate Finance Manager and the Internal Audit Manager. **Contact Officer:** Colin Everett **Telephone:** 01352 702101 **E-mail:** chief_executive@flintshire.gov.uk

7.00	**GLOSSARY OF TERMS**
7.01	**Consultancy**: The provision of objective advice relating to strategy, structure or management.

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CYNGOR
Sir y Fflint
Flintshire
COUNTY COUNCIL

AUDIT COMMITTEE	

Date of Meeting	Wednesday, 20 November 2019
Report Subject	Internal Audit Progress Report
Report Author	Internal Audit Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

Internal Audit produces a progress report for the Audit Committee every quarter. This shows the position of the team against the plan, changes to the plan, final reports issued, action tracking, performance indicators and current investigations. This meets the requirements of the Public Sector Internal Audit Standards, and also enables the Committee to fulfil the Terms of Reference with regards to Internal Audit. The current progress report is attached.

RECOMMENDATIONS	
1	To consider and accept the report.

REPORT DETAILS

1.00	**EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT**
1.01	Internal Audit gives a progress report to the Audit Committee every quarter as part of the normal reporting process. The report is divided into several parts.
1.02	The level of audit assurance for standard audit reviews is detailed within Appendix A. All reports finalised since the last Committee meeting are shown in Appendix B.
1.03	Appendix C provides an oversight to Audit Committee on the cumulative assurance throughout the year; however, it should be noted this will be fluid. A footnote has been included to list those reports issued with a Red / Amber Red assurance.

1.04	Since the last Committee meeting in September, no Red / Limited assurance report has been issued. Appendix D shows those reports with an Amber Red / Some assurance given. Copies of all final reports are available for members if they wish to see them.
1.05	The automated tracking of actions is completed through the use of the integrated audit software. All actions are tracked automatically and the system allows Managers and Chief Officers to monitor their own teams' outstanding actions and confirm they are being implemented.

E-mail alerts are generated by the system and sent to the responsible officer and their manager before the action is due. In the event an action is not completed within the agreed date, an e-mail is also sent to the responsible officer, their manager and copied to Chief Officer for awareness. Monthly reports are also sent to Chief Officers informing them of outstanding actions for their teams. The monthly report to Chief Officers now identifies the date of the last update provided (if any) for each action. Each Chief Officer is requested to review this.

Appendix E shows the current situation. Of 1145 actions entered into the system, 951 have been cleared and 194 remain live. There are 72 overdue actions to be reported, listed in Appendix F.

Appendix G lists all actions with a revised due date of six months from the original due date and a note on how the risk is being managed. For each revised due date entered onto the system, the officer is required to provide a reason to support this change.

To avoid repetition in the report, where an action is older than six months and overdue this action will be included within the Appendix F, Actions Overdue. |
| 1.06 | During the last meeting in September, the Committee raised concerns over the lack of progress made against the implementation of actions within two Portfolios. It was agreed that the Internal Audit Manager and the Chief Executive would meet both Chief Officers to discuss. Within para 1.07 and 1.08 provides an update from each Chief Officer in relation to the current status of their actions. |
| 1.07 | **Streetscene & Transportation:**

The stores team in Alltami has been utilising a stock control system developed from the fleet stock control system, Tranman, previously operated by the Council's in-house fleet team. Prior to this and before the commencement of the Streetscene Service, stock had been managed through a paper based system.

Following the outsourcing of fleet management in 2016, the level of support for the stock system reduced and there are now significant gaps in its functionality. Staff from the service are working with colleagues from ICT to identify and install a basic stock control system which will simplify stock issues and provider greater accountability and reporting functions. |

	Whilst ICT clearly have a backlog of service demands from across all of the Portfolios, work has progressed with the project and a number of potential options have been identified. It is expected that the new system will be in place and operational by June 2020 and that it will include a simple barcode scanning system. Scanning both the stock item and the employees' identity card will provide improved accountability and an audit trail for all issued goods. In the interim period, the level of physical stock checks have been increased and a full inventory stock check is now carried out every 6 months, rather than annually. Access to the stores has been restricted to only allow 'authorised' personnel.
1.08	**Planning, Environment & Economy:** The last two years have seen significant positive change within the enforcement team. Following the completion of the Development Management (DM) Team service re-structure, the Enforcement Officers are now embedded within the two area teams, under the management of a generic DM Team Leader (rather than working in an independent enforcement team). On-going enforcement cases are then reviewed on a regular basis with their Team Leader to ensure progress is maintained. Revised processes of recording, monitoring and closing enforcement complaints have been put in place. To provide confidence in the practices now in place, Planning Enforcement have asked Internal Audit to check a sample of delegated decisions. The Planning Enforcement Policy has been re-written, simplified and launched to all of our customers. Sessions have been held with Town and Community Councils to assist them in understanding its content. In addition, 53 County Councillors received training on the revised policy. It has had visibility at Cabinet and Environment Scrutiny Committee. We are beginning to see these changes produce positive performance improvements against Welsh Government indicators, in particular, the average time which it takes us to take positive performance action. In 2017/18, our average time to take positive action was 449 days. In 2018/19 this had reduced to 120 days. That puts us in the "fair" performance category as defined by WG. The 'good' category is our aim, which seeks to take action with 100 days, or less.
1.09	Appendix H shows the status of current investigations into alleged fraud or irregularities. The table includes the start date of the investigations.
1.10	Appendix I shows the range of performance indicators for the department. There has been some movement in the stats this quarter. • The average number of days to issue a final report has increased from 2 to 4 days. Whilst the increase in the number of days is minimal due to the performance indicators 20% tolerance the stat will always go from green to red. • The average number days from debrief meetings to the issue of draft report has reduced from last quarter; however, it is still over the target

	figure. This relates to two reviews where there are specific reasons for the additional time it has taken to issue the draft. • The average number of days for departments to return draft reports. This relates to one audit where the report was needed to be presented to the Chief Officers Team for discussion and commitment to the agreed action. As a consequence, this also impacted on the total days from end of fieldwork to issue of final report performance indicator. Productive time has improved from 67% to 83%. This exceeds the target of 75%. Feedback received on the client questionnaire has slightly decreased. This relates to one audit. This has been followed up with both the service and the auditor. At the last Committee meeting I highlighted the need to review the performance indicator to measure questionnaires returned by Portfolios. The performance indicator has now been changed to reporting cumulatively those questionnaires returned since the beginning of the financial year, excluding those where the target return date (two weeks from issue) has not been reached and the questionnaire has not been returned. Based on the revision of the performance indicator, 73% questionnaires have been returned compared to 40% (Qtr1), 0% (Qtr2) reported previously.
1.11	Appendix J shows the current position of work being finalised from the 2018/19 audit plan.
1.12	Appendix K shows the current position of the 2019/20 plan. The plan will continue to be reviewed with Chief Officers on a quarterly basis, reprioritised to accommodate any new requests for work, or to respond to emerging issues. Since the last Committee in September, there has been two new request for additional work. This is: • Contract Management (additional work) • Planning Enforcement – Governance & Regulatory Procedures Any new audits are highlighted in red within Appendix L.
1.13	Since the last Committee meeting there has been a need to review and reprioritise the audit plan to manage the reduction of available time due to a reduction in resources. The reasons for this: • The retirement of a Senior Auditor • The appointment of the Internal Audit Graduate Trainee to the position of Senior Auditor • Loss of the Graduate Trainee position

	The changes made to the audit plan are detailed below:		
	Audit	**Priority**	**Comments**
	Business Continuity	Medium	Defer until Qtr1 2020/21
	Social Value	High	Defer until Qtr1 2020/21
	Enforcement Agents	Medium	Defer until Qtr1 2020/21
	Housing Rent Arrears	High	Defer until Qtr1 2020/21 once the outcome of the WAO audit is known.
	Main Accounting AP/P2P	Annual	Agreed by S151 Officer and WAO to next review in 2020/21
	Main Accounting AR	Annual	Agreed to S151 Officer and WAO to next review in 2020/21
	Method Statements	Advisory	Combine with Budget Challenge Audit
	Notification of Leavers	High	Combine with Payroll Audit
	Collaborative Work / Partnerships	Medium	Review Qtr1 when information is available to review
	Parc Adfer	High	Review Qtr1 due to delay in commissioning
	O Licence	Medium	Defer until 2020/21
	Aura – 7 days	SLA	Defer until 2020/21 at the request of the Client
	Project Apple	Advisory	Combine with the Payroll Audit
	Waste Management Service	Medium	Undertaken Qtr2 2020/21 due to Waste Consultation Review
	North Wales Residual Contract	High	Review Qtr1 due to delay in commissioning

	These audits are highlighted in Green within Appendix K.
1.14	Since the review of the audit plan as detailed in 1.11, I have been informed that a Senior Auditor has been successful and appointed on a secondment to a new position within the Council for a period of 12 months. A further review of the last quarter of the plan will need to be undertaken and reported back to Audit Committee in January.

2.00	**RESOURCE IMPLICATIONS**
2.01	None as a direct result of this report.

3.00	**CONSULTATIONS REQUIRED / CARRIED OUT**
3.01	None required.

4.00	**RISK MANAGEMENT**
4.01	The work of Internal Audit provides assurance to the Council that adequate and effective controls are in place to mitigate risks.

5.00	**APPENDICES**
5.01	Appendix A Levels of Audit Assurance Appendix B Final Reports Issued Since September 2019 Appendix C Audit Assurance and Priority of Actions Appendix D Amber Red / Some Assurance Reports Issued since September 2019 Appendix E Action Tracking – Portfolio Statistics Appendix F Over Due Actions (including actions older than 6 months if overdue) Appendix G Actions with Revised Due Date Six Months Beyond Original Due Date and Not Overdue Appendix H Investigation Update Appendix I Performance Indicators Appendix J Operational Plan 2018/19 (Carry Forward) Appendix K Operational Plan 2019/20

6.00	**LIST OF ACCESSIBLE BACKGROUND DOCUMENTS**
6.01	**Contact Officer:** Lisa Brownbill, Internal Audit Manager **Telephone:** 01352 702231 **E-mail:** Lisa.brownbill@flintshire.gov.uk

7.00	**GLOSSARY OF TERMS**
7.01	**Internal Audit:** **Wales Audit Office:** works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes. **Corporate Governance:** the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes. **Operational Plan:** the annual plan of work for the Internal Audit team.

Flintshire
Internal Audit

Progress Report

November
2019

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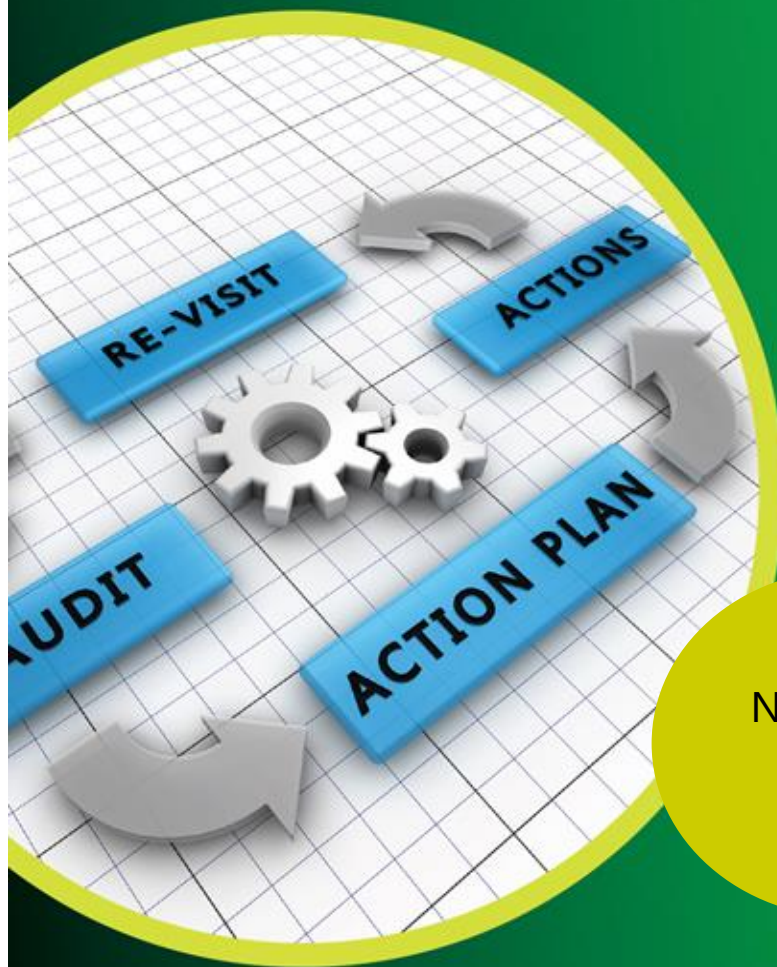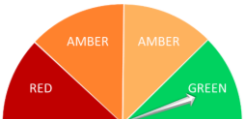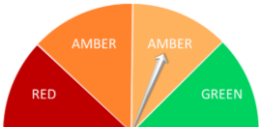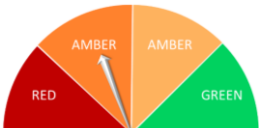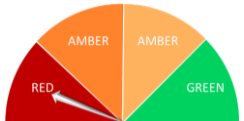
Contents

Levels of Assurance – Standard Audit Reports   Appendix A

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Red** assurance audits, and summary findings from Amber Red audits will be reported to the Audit Committee.

Level of Assurance	Explanation
Green – Substantial	**Strong controls in place (all or most of the following)**
	• Key controls exist and are applied consistently and effectively
	• Objectives achieved in a pragmatic and cost effective manner
	• Compliance with relevant regulations and procedures
	• Assets safeguarded
	• Information reliable
	Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.
	Follow Up Audit: 85%+ of actions have been implemented. All high priority actions have been implemented.
Amber Green – Reasonable	**Key Controls in place but some fine tuning required (one or more of the following)**
	• Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact
	• Some refinement or addition of controls would enhance the control environment
	• Key objectives could be better achieved with some relatively minor adjustments
	Conclusion: key controls generally operating effectively.
	Follow Up Audit: 51-85% of actions have been implemented. All high priority actions have been implemented.
Amber Red – Some	**Significant improvement in control environment required (one or more of the following)**
	• Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively
	• Evidence of (or the potential for) financial / other loss
	• Key management information exists but is unreliable
	• System / process objectives are not being met, or are being met at an unnecessary cost or use of resources.
	Conclusion: key controls are generally inadequate or ineffective.
	Follow Up Audits - 30-50% of actions have been implemented. Any outstanding high priority actions are in the process of being implemented.
Red – Limited	**Urgent system revision required (one or more of the following)**
	• Key controls are absent or rarely applied
	• Evidence of (or the potential for) significant financial / other losses
	• Key management information does not exist
	• System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources.
	Conclusion: a lack of adequate or effective controls.
	Follow Up Audit - <30% of actions have been implemented. Unsatisfactory progress has been made on the implementation of high priority actions.

Categorisation of Actions	Actions are prioritised as High, Medium or Low to reflect our assessment of risk associated with the control weaknesses
Value for Money	The definition of Internal Audit within the Audit Charter includes 'It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of resources.' These value for money findings and recommendations are included within audit reports.

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Final Reports Issued Since September 2019

Appendix B

The following reports and advisory work have been finalised since the last Audit Committee. Action plans are in place to address the weaknesses identified.

Project Reference	Portfolio	Project Description	Audit Type	Level of Assurance	Actions		
					High	Med	Low
55-2018/19	GOV	DPA 2018 Compliance	Risk Based	AR	2	1	1
10-2018/19	S&T	Highways – Cost Recovery	Risk Based	AR	3	2	0
47-2018/19	GOV	Contract Monitoring	Risk Based	AR	0	8	0
29-2019/20	P&R (F)	Company Credit Cards	Risk Based	AG	0	2	4
48-2018/19	GOV	Joint Procurement Unit Follow UP	Follow Up	AG	0	0	0
50-2018/19	P&R (F)	Main Accounting AR (2018/19)	System Based	AG	0	4	0
AC 04-2019/20	SS	Social Services Pre Paid Cards	Advisory	Advisory	-	-	-
42-2019/20	PE&E	Home Improvement Loans (Part 1)	Advisory	Advisory	-	-	-
15-2019/20	P&R (F)	Financial Management Accounting with Portfolios	Advisory	Advisory	-	-	-
AC 02-2019/20	H&A	Voids – Lean Review	Commissioned	Advisory	-	-	-
AC 03-2019/20	S&T	Garden Waste Charges Analysis	Advisory	Advisory	-	-	-
44-2019/20	Corp	Use of Consultants	Advisory	Advisory	-	-	-

Audit Assurance Summary

Appendix C

Portfolio	Number of Reports & Assurance						Priority & Number of Agreed Actions			
	Red	Amber Red	Amber Green	Green	Advisory / Grant - No Opinion Given	In Total	High	Medium	Low	In Total
Corporate					1	1				0
Education & Youth	1	2	2		1	6	4	14	11	29
Governance		2	1		1	4	2	9	1	12
Housing & Assets			1		1	2		2	3	5
People & Resources			2		3	5		6	4	10
Planning, Environment & Economy					2	2				0
Social Services				1	2	3			2	2
Streetscene & Transportation		2			1	3	4	6	1	11
External					1	1				0
Total	**1**	**6**	**6**	**1**	**13**	**27**	**10**	**37**	**22**	**69**

Footnote:	
Red Assurance:	Argoed High School
Amber Red Assurance:	School Funds – Overall; School Funds – Broughton Primary School; Alltami Stores Follow Up, DPA Act 2018 Compliance; Contract Monitoring and Highways Cost Recovery

Amber Red Assurance Opinions   Appendix D

Governance - Data Protection Act 2018 - Compliance

Areas Managed Well	Areas Identified for Further Improvement
• The governance arrangements to monitor and manage compliance are in place, both operationally with the Data Protection Representatives and Managerially with the Chief Officers and the Project Board. • Annual reminders are issued to asset owners to clarify and confirm assets contained within the Information Asset Register (IAR) still belong to them and the data is correct. • Each Portfolio has drawn up an action plan to identify their current position with regard to DPA. These are reviewed and challenged by the Project Board. • The DP Representatives continue to support, promote and manage DP issues within their Portfolios. • A large exercise to review all E-form Privacy Notices was carried out to ensure compliance with the DPA 2018, this was reported to the Project Board.	Opportunities for improvement to the control environment have been identified to ensure compliance is maximised. Our review identified: • Agreed Management Action: The current options for Data Protection training available to staff should ensure sufficient training exists to enable staff to comply with the DPA 2018. Ensure these are the only options are available for staff to update within iTrent. Categories of DP training attached to staff posts should be correct and reflect the correct level of DP training required. Consistency of training for staff in the same positions across teams. Staff should be trained and receive refresher training in the correct category of training stated. Training should be up to date and staff and Managers have an obligation to ensure this is carried out **Agreed Management Action:** Review DP Training. Agree process with HR for changing once portfolios have signed off correct training levels. Review ITrent for DP, and new post creation process to ensure DP is mandatory. **Due date for this action:** December 2019. • The IAR is not up to date when services change from one portfolio to another resulting in services detailed under incorrect Portfolios. **Agreed Management Action:** Further analysis of each system is required. **Due date for this action:** March 2020 • All Privacy Notices should comply with the Data Protection Act 2018, both electronic, non-electronic and automated telephone messages via the Council's main contact numbers. Privacy notices relating to other Councils but whose data is processed via Flintshire should be available should a customer request one, i.e. Housing Solutions Team. **Agreed Management Action:** Phase 2 GDPR Action Plan includes the following task: Update system to allow copies of privacy notices to be held against information assets. **Due date for this action:** December 2019 • 65 systems within the individual rights database, 30 systems are DP compliant and 35 systems are not fully DP compliant. Of the 35 systems, 8 of the systems have not completed any testing sheets. **Agreed Management Action:** The Phase 2 GDPR Action Plan includes the following task: Update system to allow copies of privacy notices to be held against information assets. **Due date for this action:** December 2019

Streetscene and Transportation – Highways Cost Recovery 2018/19

Areas Managed Well	Areas Identified for Further Improvement
• Documented procedures are in place for the reporting, identification, repairing and recovery of cost for damaged street furniture. • A master spreadsheet is used for monitoring all incidents reported and details the stages required for obtaining the recovery of costs. • Manual and electronic records are also held for each reported incident which both teams can access as each claim progresses. • Inspections are appropriately undertaken for all reported incidents. • The Highways Engineers are appropriately qualified in the undertaking of highways inspections / valuations and this was a requirement for the appointment of the role. • Insurance settlement offers for recovery claims are appropriately approved by the Finance Manager for Streetscene.	• Non-compliance with procedures was identified and there was a breakdown in the process and inconsistent understanding of responsibility for issuing invoices. There is a risk to the Council that a significant amount, potentially up to £100k, of income due may not have been recovered due to the processes not being followed. **Agreed Management Action:** The service will review how the process for identifying and recovering costs is being managed. Effective controls will be in place to simplify the process and ensure that all income due is monitored and recovered. **Due Date for this action**: 31/12/2019 • The recovery of claims was not being pursued and this was due to costs not being recorded, invoiced, not generated and pursuance not made. There is a risk that the service may have failed to recover income due to Council incidents are not managed appropriately in line with the procedure within a reasonable timeframe. **Agreed Management Action:** All claims will be reviewed and updated to ensure a clear audit trail exists and all outstanding claims will be pursued through to completion. **Due Date for this action**: 31/12/2019 • The reconciliation of income to repair costs is not undertaken on a regular basis. Variances were identified in the reporting of costs recovered to senior management due to inaccurate calculations used and incomplete information being held. **Agreed Management Action:** A reconciliation exercise will be undertaken on a regular basis of the income received and checks will be made to ensure the accuracy of data being reported. **Due Date for this action**: 31/12/2019 • The calculation of costs for repair works was inaccurate and there is a risk that as a consequence the service is failing to recover the actual costs incurred resulting in a loss of income to the Council. **Agreed Management Action:** The schedule of rates will be updated on an annual basis to ensure that actual costs can be recovered and are accurate. **Due Date for this action**: 31/12/2019 • Non-recoverable costs are not identified by the Service resulting in any analysis of costs incurred by the Council would be incomplete. The process for writing off costs is also not documented. **Agreed Management Action:** The procedures will be updated to include the process for managing incidents where costs are non-recoverable, including the approval to write-off costs, and all costs incurred will be calculated and reported. Consideration will also be given to reviewing the costs incurred for incidents involving fatalities. **Due Date for this action**: 31/03/2020

Governance – Contract Management

Areas Managed Well	Areas Identified for Further Improvement

• Increasing number of contracts are now being added to the Proactis Contract Register.
 	
• Contract and relationship management is embedded in the day to day 'business as usual" activity carried out by services.
 	
• Appropriate and proportionate contract management activity is carried out (although this may not always be robustly documented).
 	
• Use of formal construction contracts (JCT & NEC3) provide formal construction management mechanisms.
 	
• Contract Managers are generally satisfied with the quality of the 'on the job' training they have received around contract management.
 	
• Community Benefits / Social Value routinely included in larger contracts.
	• Inconsistency in contract management activity between services and portfolios. With limited sharing of knowledge, experience and best practice between services and portfolios, and no overall responsibility for the development of contract management, weaknesses in process are not being consistently addressed.
	
	Agreed Management Action: (a) Chief Officer, Governance to raise awareness of the weaknesses identified around contract management with the Chief Officer Team. **Due Date for this action:** 31.10.19
	
	(b) Chief Officers to review contract management within their portfolios to ensure;
	
	    ○ Staff have appropriate skills and experience, and have received appropriate training where required.
	
	    ○ All contracts over £25k are recorded on the Proactis Contract Register / all contracts on Proactis e-sourcing have been closed down and 'pushed through' to the Proactis Contract Register.
	
	    ○ Signed contracts are in place to support all contracts on the Proactis Contract Register.
	
	    ○ Contract Management activity is recorded in the Proactis Contract Management module where appropriate.
	
	    ○ The evidence retained to support contract management activity is appropriate and robust.
	
	    ○ Delivery of Community Benefits / Social Value is appropriately monitored.
	
	    ○ Compliance with contract clauses around the use of sub-contractors is appropriately monitored.
	
	    ○ Appropriate inclusion of performance indicators / performance data requirements within contract terms and conditions, and appropriate monitoring of contractor performance data.
	
	Chief Officers will develop Action Plans for each of their portfolios to ensure any issues identified in the reviews carried out (above) are appropriately addressed. **Due Date for this action:** 31.12.19
	
	• No mechanisms for identifying high and medium risk contracts, and ensuring the robustness of contract management around these contracts. There is a risk of inadequate contract management around higher risk contracts, and lack of appropriate awareness and monitoring of the risks inherent in the delivery of these contracts.
	
	Agreed Management Action: (a) Inclusion of high / medium risk contracts in the operational risk register templates (currently under development). **Due Date for this action:** 31.12.19
	
	(b) Contract Management outcomes around high / medium risk contracts to feed into Portfolio management reporting structures. **Due Date for this action:** 31.12.19
	
	• Without robust processes for managing and monitoring community benefits contract managers are not able to provide assurance that community benefits / social value are being appropriately delivered.
	
	Agreed Management Action: Cabinet approval has been received for the appointment of a new role for the management of Community Benefits / Social Value and the purchase of software to support this function. This will

Areas Managed Well	Areas Identified for Further Improvement
	ensure appropriate management of Community Benefits / Social Value to ensure;

ensure appropriate management of Community Benefits / Social Value to ensure;

- o Development of an overarching process for the development of Community Benefits / Social Value, to allow a Council wide approach to addressing need within communities.
- o Development of monitoring processes at the contract specification stage to provide a clear understanding of how Community Benefits / Social Value will be measured.
- o Robust monitoring of the delivery of Community Benefits / Social Value to ensure delivery in line with contract. **Due Date for this action:** 31.12.19

- Contract Managers are relying on contract clauses to ensure the appropriate management of sub-contractors; use of sub-contractors is generally not considered as part of the contract management process. In relying solely on the inclusion of sub-contractor clauses in contracts to ensure the appropriate use of sub-contractors, without seeking assurances or evidence that these clauses have been complied with, the Council is failing to robustly manage the potential reputational risk to the Council around the inappropriate use of sub-contractors.

  Agreed Management Action: To be addressed through the delivery of the Action Plans developed by Chief Officers following the portfolio reviews agreed at finding (1) and the development of Contract Management training agreed at finding (8). **Due Date for this action:** 31.03.20

- Limited evidence of performance indicators being built into contracts. Whilst it is recognised that performance data requirements may not be relevant for all contracts, it is unclear if delivery of outcomes within timescale and budget alone provides the Council with the performance information needed to robustly assess the success of contract delivery and the performance of contractors.

  Agreed Management Action: To be addressed through the delivery of the Action Plans developed by Chief Officers following the portfolio reviews agreed at finding (1) and the development of Contract Management training agreed at finding (8). **Due Date for this action:** 31.03.20

- As a Council we do not have a complete list of all contracts we hold, impacting on the effectiveness of procurement planning and budget forecasting.

  Agreed Management Action: In addition to delivery of the Action Plans developed by Chief Officers following the portfolio reviews agreed at finding (1) and the development of Contract Management training agreed at finding (8); Review of the new processes for the approval of PO's over £25k by Procurement Business Partners to consider if they are robust and effective. **Due Date for this action:** 31.12.19

- Lack of functionality to share contractor performance data on Proactis. The lack of functionality to share performance data has the potential to impact on the appropriateness of procurement spend.

  Agreed Management Action: A more detailed piece of work is required to establish the extent of any issue and to determine if any further action is required, this piece of work will be scoped out in conjunction with the Procurement team. **Due Date for this action:** 31.12.19

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Areas Managed Well	Areas Identified for Further Improvement

	• Lack of Contract Management training. A lack of robust Contract Management training may result in inconsistency in the delivery of contract management activity and inconsistency in the evidence retained to support this activity.
	
	Agreed Management Action: Development of a formal training programme for contract managers to ensure;
	
	  o Appropriate awareness of the issues to be considered in ensuring effective delivery of Community Benefits / Social Value.
	
	  o Appropriate awareness of the risks around the use of sub-contractors in the delivery of contracts & understanding of the activity which should be carried out as part of the contract management process to ensure terms and conditions around the use of sub-contractors are being complied with.
	
	  o Appropriate awareness of the use of performance indicators / performance data requirements within contract terms and conditions & the robustness of processes in place for the validation and monitoring of performance data.
	
	  o Appropriate awareness of the requirement to include all contracts on the Proactis Contract Register and to ensure a robust understanding of the processes for uploading signed contracts onto Proactis.
	
	  o Use of the Proactis Contract Management module. **Due Date for this action:** 31.03.20

Action Tracking – Portfolio Performance Statistics

Appendix E

Portfolio	November 2019 Statistics			Live Actions – November 2019			Actions beyond Original due date	
	Number of Actions Raised Since January 2016	Actions Implemented since Jan 2016 *(including Actions No Longer Valid)*	% of Actions Cleared To Date	Live Actions	Actions Beyond Due Date *(excludes Actions with revised due date)*	Actions with a Revised Due Date	Actions between 6 & 12 months	Actions Greater than 12 Months (13+)
							See Appendix F & G	
Chief Executives *	49	46		3	0	1	0	1
Education & Youth	93	65		28	8	18	0	1
Governance *	133	110		23	3	11	7	4
Housing & Assets *	161	132		29	7	7	1	3
People & Resources	219	184	83%	35	16	8	2	4
Planning, Environment & Economy *	62	48		14	6	8	1	5
Social Services	111	102		9	4	3	2	0
Streetscene & Transportation	111	93		18	6	4	0	0
External	69	68		1	0	1	0	1
Individual Schools	137	103		34	21	2	1	0
Total	**1145**	**951**		**194**	**71**	**63**	**14**	**19**

* **Actions removed and relocated within External e.g. Clwyd Pension Fund**

* **Actions removed from Community & Enterprise and reallocated between Governance, Housing & Assets and Strategic Programmes & Planning, Environment & Economy**

Actions Overdue   Appendix F

Audit	Ref	Action	Priority	Original Due Date	Revised Due Date	Age of Action from Original Due Date (Months)	Last Update Provided	Reason for Revised Due Date and Current Position	How Risk is Being Managed
Education & Youth									
Youth Justice (2016/17)	2045	Devise a contingency business case to identify and mitigate risks against statutory and non-statutory grants to assist with the business continuity. Review opportunities identified by the external review to develop a succession plan. Approval to be obtained for both of these initiatives from the Chief Executive.	M	31/03/2018	31/10/2018	19	15/08/2019	A Business Case has been submitted to the Chief Officer, Education and Youth and Chief Executive for consideration.	A Business Case has been submitted to the Chief Officer, Education and Youth and Chief Executive for consideration. Discussions has commenced with the Chair of Exec Board but awaiting for final budget confirmation (final grant amount from YJB pending). Discussions ongoing.
School fund 2018.19	2559	School Fund Regulations to be updated to clearly define all school fund governance requirements relating to the management, oversight and reporting of the school fund.	H	31/10/2019	-	0	-	No update	No update
School fund 2018/19	2560	School Fund Regulations to suggest each head teacher and their respective governing body consider the cost of insuring the school fund and document their decision and	L	31/10/2019	-	0	-	The Insurance team have now negotiated with the Authority's insurer's that Schools Fund is insured	

		rationale for doing so.	 							therefore the recommendation is no longer relevant. This has been included in the guidance to schools and will be issued to them shortly.	
School Fund 2018/19	2561	School fund regulations to be updated and to provide guidance on measures expected to mitigate the risk of loss of funds or fraud.	H	31/10/2019	-	0	-	No update	No update
School Fund 2018/19	2589	The School Fund Regulations which include the School Fund Constitution appendix to be updated with the purpose of the fund, appropriate expenditure, administration and audit requirements.	M	31/10/2019	-	0	-	No update	No update
School Fund 2018/19	2602	School Fund Regulations to suggest the approval of the independent auditor should be included in the minutes of the finance committee yearly and that schools should consider the rotation of auditors to maintain their independence.	L	31/10/2019	-	0	-	No update	No update
School fund 2018.19	2635	The School Fund Regulations should require that a reconciliation be completed yearly to ensure an audit trail is available for the amount transferred from the school fund to the delegated budget and this has been approved by the Governing Body in line with the School Fund Constitution.	M	31/10/2019	-	0	-	No update	No update

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School Fund 18/19	2670	•The School Fund Regulations to be prescriptive and to advise the reporting period for the school fund. Additionally, a cut off period should also be agreed on when the audited accounts certificate are required to be sent to accountancy. •The accountancy team to follow up with the schools which have not adhered to the agreed process and timescales.	M	31/10/2018	-	0	-	No update	No update
Governance									
Deferred Charges on Properties 2018/19	2412	A spreadsheet will be set up which records all legal charges that relate to the Council.	M	31/07/2019	-	3	10/05/2019	This is being introduced by Legal and need to determine who has access	No update
PCIDSS Compliance (2015/16)	1516	The officer working group should ensure that the self-assessment is completed drawing on the full range of professional expertise and experience of the group.	H	31/12/2016	31/10/2019	34	23/10/2019	A number of changes have already been implemented and the Council has now achieved full PCIDSS compliance for web and automated telephone payment channels following submission of SAQ's. There is a remaining area of non-compliance with payments taken over the phone (otherwise known as voice-to-voice payments) that would require major financial investment to achieve	To mitigate the low level of risk, there is still a requirement to submit an SAQ in respect of voice-to-voice payments and the workforce procedures have been updated to ensure good practice is followed by those members of the workforce who frequently take payments over the phone.

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			🟥					compliance. The cost of achieving full PCI compliance, particularly with the enhanced security requirement for voice to voice payments, is currently cost prohibitive. For this reason, the Council will not achieve full PCIDSS for all payment channels and will accept the low risks associated with not achieving compliance for voice-to-voice payments in the contact centres. Where possible, customers are also directed to make payment over the web or use the Councils automated telephone payment (ATP) service.	
Procurement 2016/17	1649	The supplier performance management template is now available in Proactis for completion by contract officers. Contract officers will receive a reminder from Proactis to use the contract management module. All relevant contract officers should receive notification so they know the supplier performance management template is available and must be used.	M	31/03/2018	31/10/2019	19	17/04/2019	With respect to action 1694 it is still work in progress, due to awaiting on PROACTIS to develop their product to allow more streamlined functionality to allow performance questionnaires to be undertaken. This has now been done a few weeks ago. We are	The Supplier & Contract Performance Management module within the PROACTIS system is currently being enhanced with new functionality that is due to be released for use before the end of this calendar year. Therefore, the

			M					also seeking clarifications from Helen Makin in how she wants to undertake contract / supplier performance management going forward in light she is revising the CPR's as well. Therefore to be on the safe side maybe a deferred implementation date of 31 October 2019 would be prudent, since I am not sure when the new CPR'S will be launched and what the expectation will be.	Council needs to take stock of the new functionality when it becomes available before we promote and remind officers to use the new performance management module. To promote the current functionality would be counterproductive in light of the need to re-train officers when new product release is launched.
Housing & Assets									
DFG 2016/17	2058	DFG spreadsheet not complete	M	31/05/2018	30/06/2019	17	19/08/2019	A revised completion date of 30th June is suggested to allow for this work to be completed.	There are still some outstanding issues in relation to budget reconciliation and projections which are currently being addressed.
Homelessness 2018/19	2399	Service standards to be developed and implemented across the Homeless Service.	L	30/06/2019	31/08/2019	4	26/07/2019	Draft standards have been drawn up and the service is currently undertaking wider research from customer involvement groups to ensure standards incorporate their views. The	

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									service aims to have their standards in place and operational by 1st September 2019	
Property Valuations 2018/19	2449	A folder of training undertaken has started to be compiled. Monitoring of the team's compliance with the required training will be undertaken at the six monthly appraisals with sample checks in place.	L	30/09/2019	-	1	26/07/2019	Individual training folders have been set up on the L: Drive and all officers have been advised to forward authorisation and attendance of training courses to administrator.	
Homelessness 2018/19	2494	Service capacity to meet the priorities will be considered as part of the pending restructure of this portfolio.	L	30/09/2019	-	1	-	No update	No update
NEW Homes Contract Management 2018/19	2650	The Development Strategy will be aligned to the Business Plan and these will be a standard agenda on the NEW Homes Board meetings. Work will be undertaken to develop the baseline indicators for the key measures for success	L	30/09/2019	-	1	29/10/2019	This task has now been completed.	
DFG 2016/17	2024	The policy context remains unchanged. However, the details of each programme of work changes frequently as funding programmes change. A simple programme summary with eligibility criteria will be created and approved to replace this section of the policy.	M	30/06/2018	31/10/2019	16	06/08/2019	The Policy needs to follow the governance route for consultation and ratification so a revised due date has been set to reflect the timescales associated with this. Due to the timetable of scrutiny committees it the next appropriate cabinet	

								meeting to review the policy is 22 October.	
Property Valuations	2464	A reminder will be issued to the team prior to the start of the valuation process of ensuring Gross External areas of schools are used for the school valuations except where the MEA methodology should be used. The Team will liaise with the Design and Consultancy Team to ensure these figures are available to the valuers at the start of the process. Clearer documentation of any assumptions will be presented with the valuations and a sample check undertaken on the correct methodology used and clarity of information provided.	M	31/10/2019	-	0	-	No update	No update
People and Resources									
Working Time Regulations 2017/18	2120	Payroll records were examined covering a 17 week period (April 2017 to July 2017) to determine if any employee had worked on average over the maximum 48 hours as defined within the regulations. This review included identifying employees contracted hours, overtime, additional hours worked and sleep ins. The review did not include employees leave or sickness during this period and therefore the outcome is an indicator over the actual figure. A total of 106 employees were	M	31/07/2018	-	15	13/03/2019	We prepared working time leaflets in advance of preparing and launching the policy. The policy is on the Infonet and from memory went out originally via workforce news. Managing working time is a management responsibility so we have targeted managers rather than staff. The TUs adopt the same approach. As you might expect,	

identified as working on average over 48 hours per week from April 2017 to July 2017 and therefore in breach of the regulations.						effort is concentrated on the areas where there are lots of additional hours and/or overtime worked - some services do not have any spend recorded in this record. We also run reports periodically to establish average hours worked over the 17 week reference period. The policy agreed with the TUs enables us to increase the reference period to accommodate seasonal peaks (for example Panto season, winter maintenance) which should mean going forward that there are fewer opportunities for non-compliance. This is an area that will remain under scrutiny as it is critical from a health and well-being perspective, especially when stress is recorded as the number one reason for absence (as working regular, long hours without the required rest breaks contributes).	

Working Time Regulations 2017/18	2123	An analysis of the 106 employees identified the majority of these employees working within two Portfolios (Social Services and Streetscene). It was established that controls are in place for monitoring working hours within these Portfolios. A review of the controls within Social Services identified weekly monitoring of working hours using contracted hours, overtime and leave. Notifications are issued to management to ensure that limits are not exceeded. It was noted that time undertaken for sleep ins is currently excluded from the monitoring and an action has been made within 4(A) on the action plan. The monitoring of Streetscene employees differs as warning levels are also reporting to management where an employee is working close to the limit and any overtime is discouraged. This has resulted in fewer breaches occurring and from September 2017 to January 2018, only one breach had occurred. Without an effective monitoring process in place across all Portfolios there is a risk that a number of breaches could occur and the Council would fail to comply with the regulations.	M	31/07/2018	-	15	13/03/2019	We prepared working time leaflets in advance of preparing and launching the policy. The policy is on the Infonet and from memory went out originally via workforce news. Managing working time is a management responsibility so we have targeted managers rather than staff. The TUs adopt the same approach. As you might expect, effort is concentrated on the areas where there are lots of additional hours and/or overtime worked - some services do not have any spend recorded in this record. We also run reports periodically to establish average hours worked over the 17 week reference period. The policy agreed with the TUs enables us to increase the reference period to accommodate seasonal peaks (for example Panto season, winter maintenance) which should mean	

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							going forward that there are fewer opportunities for non-compliance. This is an area that will remain under scrutiny as it is critical from a health and well-being perspective, especially when stress is recorded as the number one reason for absence (as working regular, long hours without the required rest breaks contributes).	
Working Time Regulations 2017/18	2201	Flintshire Council has taken a uniform approach where all employees should be working within the Working Time Regulations and promotes a work life balance across the workforce. It was noted that working time for "sleep-ins" has been excluded from monitoring within Social Services as management feel that this would have a significant impact on the service. Working to the regulations will make it difficult to maintain the current level of service for service users as many more employees would be required to cover the shifts and continuity in the level of care would be unsettled.	M	31/07/2018	-	15	-	No Update	-

		In accordance with the Working Time Regulations, Sleep-ins are recognised as working time and should be counted towards the 48 working hour limit. Exceptions to the regulations for sleep-ins would not be possible as this would then have an effect on compensatory rest periods which must be adhered to. This is an issue across a number of Council's which People and Resource are aware of. Flintshire Council will need to be continually monitored for the position and options to support compliance with the regulations.							
Main Accounting GL 2018/19	2376	Regular reconciliation of Control, Holding and Suspense Accounts is an important control to maintain integrity of accounts and detect any issues early prior to year-end. Spreadsheets detailing all the Control, Holding and Suspense Accounts are maintained by an Accounting Technician in Technical and Capital Accounting for Balance Sheet accounts and an Accountant in Corporate Finance for Revenue Accounts. Portfolios are not required to send reconciliations monthly but only for periods 6, 9, 11 and 12 and often these are in the format of a report to indicate that the reconciliation has been undertaken and that the account has balanced. We noted that for many of the	L	31/03/2019	-	7	-	No Update	No Update

		Revenue Holding, Control and Suspense accounts many of the required returns had not been received by Corporate Finance during the last financial year. We discussed these with the accountant responsible for maintaining the spreadsheet of accounts and return dates. Conflicting priorities during year end closedown added with reduced resources in-year meant not all spreadsheet entries had been completed. A decision on the process for monitoring the Revenue accounts should be made as to whether staying with the present system which results in control weaknesses or to adopt another approach. Although the main control is ensuring at the year-end the accounts are cleared and all variances resolved, this process would be more efficient if regular reconciliations are evidenced at regular intervals to ensure all appropriate actions have been taken.	L						
Main Accounting-General Ledger 2018/19	2401	A review of the internal recharges undertaken by IT, and for Occupational Health and Welsh Translation recharges, will be undertaken and a new and efficient process taken forward to be agreed by Chief Officers.	L	30/06/2019	-	4	-	No update	No update

Main Accounting AP &P2P 2017/18	2620	A new system of management oversight will be introduced to review the duplicate process and the performance of the revised systems put in place.	H	30/09/2019	01/10/2019	1	03/10/2019	Discussion time required to ensure the response is attainable and manageable	
Main Accounting AP&P2P	2621	Council no longer publish this data but it is available and from 2019/20 it will be included in the Key Performance Indicators reported as part of the MTFS.	M	30/09/2019	01/10/2019	1	03/10/2019	Needs to be discussed further with the Service Managers.	
Occupational Health Unit	2477	OH will work with the Senior Manager HR & OD and senior managers in order to provide data which will provide meaningful data to portfolios. This information is likely to include: • number of referrals • number of employees who failed to attend appointment(DNA) • reason for attendance(can be linked to absence data) • waiting times for appointments In addition to providing information of portfolios, this data will be included in an OH specific dashboard presented alongside the workforce information report on a quarterly basis to CROSC (see 1, above). In terms of national statistics, there are no national reporting requirements in terms of reports	M	31/08/2019	-	2	-	No update	No update

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		however FCC must show the results of Health Surveillance (HS) if requested by the Health and Safety Executive (HSE) This would be as part of HSE inspection. This information is both sent to managers on completion of HS activity i.e.- Hand Arm Vibration (HAVS) surveillance and is also held by OH							
Occupational Health Unit	2499	In the OH draft report, evidence has been provided to support a financial reduction to the provision of counselling. The cost saving has been attributed to the provision of the Employee assistance programme(EAP) Care First. OH plan to relaunch the care first awareness and in particular raise manager awareness of the service. A financial assessment will be undertaken in advance of any decision to provide an OH service to external organisations.	M	30/07/2019	-	3	-	No update	No update
Annual Leave - 2018/19	2441	Consideration will be given as to whether the Annual Leave & Bank Holiday Calculator can be reconfigured to output in hours and minutes.	M	31/10/2019	-	0	-	No update	No update
Annual Leave - 2018/19	2442	The guidance for managers will be reviewed to ensure it provides a clear conversion to real time for Etarmis.		31/10/2019	-	0	-	No update	No update

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Annual Leave - 2018/19	2454	The calculation of annual leave for new starters should be reviewed and consideration given to whether this is calculated upfront and notified to Etarmis by Employment Services.	M	31/10/2018	-	0	-	No update	No update
Annual Leave - 2018/19	2455	Review existing guidance and send out a communication to line managers re-iterating that it is their responsibility to accurately calculate the changes in hours and subsequent annual leave entitlement of officers under their control.	M	31/10/2019	-	0	-	No update	No update
Annual Leave - 2018/19	2501	Review existing guidance and send out a communication to line managers re-iterating that it is their responsibility to accurately calculate the annual leave entitlement of new starters under their control.	M	31/10/2019	-	0	-	No update	No update
Annual Leave - 2018/19	2502	The calculation of annual leave for employees that have changed their hours of working should be reviewed and consideration given to whether this is calculated upfront and notified to Etarmis by Employment Services.	M	31/10/2019	-	0	-	No update	No update
Payroll & Employment Services 2018/19	2590	Documented processes around the update of revised LGPS rates and bands will be put in place.	L	31/10/2019	31/10/2019	4	19/09/2019	Paul Jones was originally assigned the Action, he did not have opportunity to complete the task prior to his leaving. He did pass his knowledge on to a	

									colleague (Andrew Adams) but not in a user guide format. I have requested that Andrew compile such a guide.
Planning, Environment and Economy									
Planning Enforcement 2016/17	1892	Discussions held with Enforcement Officers identified that no specific training is available for staff undertaking enforcement investigations and the use of FLARE. Minimal guidance was provided to a seconded employee and further on the job training was required. There are no documented procedures in place for Enforcement Officers. There is a risk that officers would not be working uniformly and actions may be undertaken against legislation and without appropriate knowledge. It also became apparent that there is some reluctance to fully utilise the FLARE system by staff, however these concerns have not been formally raised.	L	30/11/2017	30/04/2019	23	14/01/2019	To bring in line with action 1885. Intended that the restructure will be complete by end of November 2017 then time required to complete lean process and set down in procedures for the service to rely on. Restructure completed 1st January 2018. The newly created teams need time to reflect on the processes recorded prior to the restructure and how to change and update these to reflect new and best practice. Following the restructure a Senior Officer has resigned and following interviews the existing Enforcement Officer has been promoted to that role. Further advertisement and	Newly appointed enforcement officer for the South Team and the North Team leader have been booked onto the Trevor Robert intensive enforcement training course in February 2019. The North Team enforcement officer remains on the waiting list. Formal training notes for the use of FLARE are have not yet been produced as time has instead been directly to the pursuit of the new software system.

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									interviews took place to appoint a new enforcement officer. This appointment commenced on 30th April 2018. During that time focus has been on dealing with other enforcement actions required.
Planning Enforcement 2016/17	1885	Audit testing identified a number of concerns regarding the documenting of planning enforcement referrals. • Records can be held in a number of locations (FLARE, enforcement file, shared drives) and no standard procedure existing for correctly documenting a referral. Without clear documented procedures in place it will be problematic to establish the current status of each referral, in particular for new staff. • Information recorded on the FLARE system is not kept up to date with a significant number of actions being recorded retrospectively. This makes the management of referrals difficult and in the event of staff absences the progression of each referral would not be clear. • Evidence from undertaking visits or holding discussions with persons may not always be documented depending what is	H	31/08/2017	30/04/2019	26	04/11/2019	The last two years have seen significant positive change within the enforcement team. Following the completion of the Development Management (DM) Team service re-structure, the Enforcement Officers are now embedded within the two area teams, under the management of a generic DM Team Leader (rather than working in an independent enforcement team). On-going enforcement cases are then reviewed on a regular basis with their Team Leader to ensure progress is maintained. Revised processes of	

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		seen / heard. All actions undertaken in investigating a referral should be recorded to ensure a clear trail exists. • Significant reliance is place on the Enforcement Officers knowledge to establish the status of each referral. All enforcement referrals received have the potential to be challenged in a Court of Law and without a clear trail, robust procedures and documentation in place to support the actions of the Council it could be difficult to defend a decision made.						recording, monitoring and closing enforcement complaints have been put in place. To provide confidence in the practices now in place, Planning Enforcement have asked Internal Audit to check a sample of delegated decisions. The procurement for the new system is underway with the hope it will be operational by December 2020.	
Deferred Charges on Properties 2018/19	2459	There was no formalised and evidenced reconciliation carried out by the Regeneration Programme Lead between the Civica System (or equivalent financial system), the Grants & Loans spreadsheet and Land Registry charge extracts to confirm a charge was in place for all relevant properties. Testing was undertaken to ensure that there was a charge in place for all 2018 grants and loans (this was verified via Internal Audit obtaining Land Registry extracts for all the properties detailed on the Grants and Loans spreadsheet. A formalised and evidenced reconciliation against Land Registry	M	30/04/2019	-	6	-	No Update	No Update

			extracts would provide assurances that charges are in place against all relevant properties. This service has transferred over to Community and Business Protection (part of the Planning, Environment and Economy Portfolio) on 1st January 2019. Under these new arrangements the operational responsibilities have been assigned to the Health and Safety Team Leader.						
Section 106 - 15/16	285		The Local Planning Guidance Notes are currently being brought up to date to allow continued use of the Unitary Development Plan (UDP). Whilst the UDP has technically expired, the intention is to keep the plan 'alive' for as long as possible. The bulk of the 'comments' from the LPGN consultation process were reported to the Planning Strategy Group on 25th February 2016. LPGN 22 will be reviewed as required following the adoption of the updated LPGN's. The updated LPGN's (which are still in the consultation period) will be adopted by 30th April 2016. If it is determined that further update to LPGN 22 is required (in particular to take account of the adoption of LPGN 23, Education Contributions - adopted July 2012) then we could expect the adoption of an updated	M	31/07/2016	30/06/2019	39	04/11/2019	Clearly LPG 22, as overarching guidance, can only be updated once all individual LPGs have been updated, and there is still work to be done to update LPG13 (see below). Lastly, as each individual LPG is up to date (except LPG 13) each can be applied to the consideration of planning applications and any developer obligations that arise.	The risk in not updating LPG 22 is therefore very low and can be managed in due course once individual LPGs are updated. This must therefore be a 'green' in terms of risk status.

		LPGN 22 by 31st July 2016.								
Section 106 - 15/16	313	Leisure to discuss the inclusion of an upfront specification for play equipment in the LPGN with the Planning Policy team. This would allow specifications to be built into the planning application (as such any changes to specification would require an amended planning application).	M	31/07/2016	30/09/2019	39	04/11/2019	Given Leisure are now a separate organisation to the Council. Further consultation will be needed to ensure a joined up approach.

Revised due date set was unrealistic and unachievable given circumstances reported below for LPG 13 update. | The revised SPG has not been completed whilst work on the production of the LDP is prioritised. |
| Pollution Control 2017/18 | 2048 | A new computer system is being considered for Planning and Environment which should address or improve the issues. However IT have reported that this is still in its infancy and could take a long time to implement. In the interim 'smarter' ways of working should contribute to avoiding duplications. | L | 31/03/2019 | 31/05/2019 | 19 | 26/09/2019 | Original date provided was incorrect.

Computer system will take a length of time to be agreed upon and implemented, and further impacted by move to Ewloe. Smarter apps for efficient working practices are being considered in the meantime. | Smarter apps for efficient working practices are being considered in the meantime. |
| **Social Services** | | | | | | | | | |
| Deferred Charges on Properties 2018/09 | 2438 | The Business Manager (Social Services) will liaise with the Senior Housing Officer to formalise the information needed from Housing Officers and what proof they require i.e. a screen shot to prove whether | L | 30/04/2019 | 28/06/2019 | 6 | 23/10/2019 | Awaiting information from on progress. | The FACT Team cannot have access to the Housing system however we have had a meeting with Legal to ensure |

		or not the applicant lives in a Council owned property.							that the process is as watertight as possible. We also now meet with Legal on a regular basis to discuss any outstanding cases.
Corporate Health & Safety-Near Misses including Plant, Machinery and Equipment	2508	The induction pack will be shared as good practice to service areas	L	31/05/2019	-	5	31/10/2019	The induction pack has been shared with older people's service's. In addition the Service User Guide and welcome pack are being updated and this will be completed by the end of September 2019. This information will be added into and amended to be appropriate for staff as well as people who use our services.	
Corporate Health & Safety-Near Misses, including Plant, Machinery and Equipment	2509	It is recognised that there have been weaknesses in the systems for recording training within the Portfolio and there has been a change in the process to have uniformity collecting information. As a result significant improvements have been seen	M	31/05/2019	-	5	26/09/2019	The training database is being established across the whole of regulated services. It is expected that this will be completed by October 2019 and will also form part of the ongoing regulatory requirements that form part of the annual return for the Regulations and Inspection of Social Care (Wales) Act 2016.	

Corporate Health & Safety-Near Misses, including Plant, Machinery and Equipment 2018/19	2510	A separate risk assessment for staff will be created for Llys Eleanor, incorporating the generic ones and to update for all risks	L	30/06/2019	-	4	26/09/2019	Individual risk assessments for staff have been completed and are the responsibility of the manager and the senior care. An overarching generic risk assessment based on an example shared as part of this audit process has also been established and is now operational.	
Streetscene & Transport									
ITU Procurement of Contracts 2017/18	2281	Documented procedures will be produced for the route optimisation process to ensure that that the correct processes are followed.	M	31/08/2019	-	2	04/11/2019	Bespoke procurement training has now been provided to all officers within ITU. Attendance at Contract management sessions has also been mandatory for all staff within streetscene working with contracts	
ITU Procurement of Contracts 2017/18	2284	The team will be undertaking proactive monitoring of suppliers.	M	31/08/2019	-	2	01/11/2019	Routine monitoring of routes now undertaken by ITU officers.	Schedule from November 2019 attached. Monitoring is recorded and saved in a tab on the attached spreadsheet and any penalty points issued recorded

ITU Procurement of Contracts 2017/18	2287	Submissions from new suppliers can be sent at any time during the six year DPS project. There is an obligation to evaluate these responses within 10 working days. If a company is successful they are added into the contract and will automatically receive notifications of mini competitions or RFQ's going forward. The respective service area will be notified of all suppliers who have been approved and it will be their responsibility to ensure that the suppliers have been added to the contract.	M	30/06/2019	-	3	-	No Update	No Update
Corporate Health and Safety-Use of Plant, Machinery and Equipment in the Workplace	2462	The inventory is under review and all service schedules are being updated.	M	30/09/2019	-	1	04/11/2019	Process has been implemented for Hand Arm Vibration which is contained in the Operational Procedures booklet and is a controlled document. The process for maintaining the inventory is in the booklet and was implemented June 2019	
Alltami Stores Follow Up 2018/19	2657	Sign in and out items from the cages are of the stores. Regular Compliance checks to take place to ensure new processes are being adhered to. IT access reports to be run	H	01/07/2019	-	4	05/09/2019	During July and August 2019, the cages in the Grounds Shed at Alltami Depot have been cleared out and all items of powered plant and equipment	Email sent to Mandy Humphreys and Richard Ashley in ICT Services requesting that access is restricted to Stores to

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		regularly.	M					have been recorded on the Plant Inventory for the service and also inspected and HAV tested. Subsequently, the cages have been allocated to Highways Areas for the grass cutting teams and area team has its own cage and own allocated plant and equipment. All the locks have been changed on the cages and are now controlled by Stores with a daily signing out/in process each morning and afternoon when the crews leave and return to the depot.	designated Streetscene staff only. Also requested automated monthly reports as per internal audit recommendation.
Corporate Health and Safety-Use of Plant, Machinery and Equipment in the Workplace 18/19	2470	The service monitors the exposure limit for the individual items of equipment to prevent over exposure. However this process needs to be reviewed to improve compliance. The current annual random monitoring will be increased in frequency for high risk groups to quarterly to tie in with safety day inspections	M	31/10/2019	-	0	04/11/2019	The frequency of compliance checks has been increased to quarterly since August 2019. We have also employed an independent external assessor to undertake some compliance and monitoring checks for us to establish a baseline and it is intended that this exercise will be repeated on an annual basis to supplement the quarterly	

			M					compliance checks undertaken in-house.	
Schools									
Ysgol Penyffordd Risk Based Thematic Review 2017/18	2249	Monitor the agreed responsibilities of the outsourced Data Protection Officer via the Service Level Agreement, when updated SLA is received.	M	31/12/2019	31/07/2019	10	24/04/2019	The DP contract is discussed as an agenda item at GB and will be discussed at Consortium, several schools have reported difficulty in contacting provider and other options are being reviewed.	HT and Senior staff have all had DP training and would seek advice from current provider and Council in the event of DP issue arising.
Risk Based Thematic Review 2018/19 - Ysgol Merllyn	2524	The school will ensure that an appropriate person is appointed to the role of Data Protection Officer in line with the Act.	M	31/07/2019	-	3	-	Update from Tracy Jones 05/11/19 - multiple attempts made to contact Dave Bridge but no contact/SLA received.	No DPO in place
Risk Based Thematic Review 2018/19	2539	A signed copy of the Service Level Agreement has now been obtained. Compliance checks against the agreement will be undertaken during the summer term.	L	31/07/2019	-	3	-	No update	No update
Risk Based Thematic Review 2018/19	2547	The Privacy Notice will be amended to include School Suppliers or Catering and Leisure Providers which will cover NEWYDD and AURA.	L	31/07/2019	-	3	-	No update	No update
Risk Based Thematic Review	2552	A security review of all portable devices will be undertaken to ensure that all devices used are	L	30/09/2019	-	1	-	No update	No update

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2018/19		either password protected or encrypted.							
Risk Based Thematic Review 2018/19	2554	CCTV signage at the school will be updated in line with the Data Protection Act.	L	30/09/2019	-	1	-	No update	No update
Risk Based Thematic Review 2018/19	2572	The school will arrange for the Service Level Agreement to be signed by both parties.	L	30/06/2019	31/07/2019	4	05/11/2019	Update from Sue Leonard 04/11/19 - Unable to contact DP officer to get SLA signed. The Heads are getting together to formally ask the Authority to consider offering an SLA as Flintshire CC.	DPO still in place but no signed agreement
School Fund 2018/19	2676	School fund mandates to be rectified to reflect current business practice. Future changes to school fund mandates to be reviewed and updated prior to personnel leaving the role/school. School to keep a copy of their school fund mandate on file and should review it annually.	H	30/09/2019	-	1	04/10/2019	Evidence provided is not sufficient to close the action. As advised previously we would require a copy of the bank mandate. E-mail sent to business manager to advise.	
School Fund 2018/19	2677	Argoed to ensure a school fund constitution is approved by the governing body, controls are in place to demonstrate adherence and is reviewed yearly to ensure it is fit for purpose.	M	30/09/2019	-	1	04/10/2019	The school fund constitution provided as evidence is still out of date and it still has the previous business manager listed. Additional queries have been raised in relation to when it was approved by the	

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								governing body and whose signature it is on the form. The action will remain open.	
School Fund 2018/19	2679	The Head Teacher and Business Manager to complete a review of current practices, possibly seeking advice from other schools, and revise these to incorporate findings from this review. Head Teacher/Business Manager to visit schools with best practice or to be shared at Business Manager Forums. Procedural documents to be drafted to include actions taken by the school to adhere to the school fund regulations, action owners, reporting and reconciliation requirements as well as approval mandates.	M	30/09/2019	-	1	-	No update	No update
School Fund 2018/19	2682	School fund mandate to be reviewed and updated prior to personnel leaving the role/school. Only one cheque book to be used at a time and this should be kept in a locked safe.	H	30/09/2019	-	1	-	No update	No update
School Fund 2018/19	2684	Broughton Primary school to document the procedures followed in relation to the management of the school fund. This should include actions completed, owners, reporting and reconciliation requirements as well as approval mandates.	M	30/09/2019	-	1	-	No update	No update

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School Fund 2018/19	2687	Approval of the independent auditor should be included in the minutes of the finance committee yearly. The governing body should also consider how to maintain the independence of the appointed auditors.	L	30/09/2019	-	1	-	No update	No update
Risk Based Thematic Review 2018/19	2546	The school will undertake the necessary checks to ensure the provider is compliant to the agreement.	L	31/10/2019	-	0	-	No update	No update
Risk Based Thematic Review 2018/19	2548	The school will contact their Data Protection Officer and arrange for an Information Asset Register to be in place.	M	31/10/2019	-	0	-	No update	No update
Risk Based Thematic Review - 2L018/19	2553	The schools CCTV policy will be presented to the governing body for approval.	L	31/10/2019	-	0	-	No update	No update
Risk Based Thematic Review 2018/19	2571	A Terms of Reference for the Performance Management panel will be created and approved by the governing body.	L	31/10/2019	-	0	-	No update	No update
Risk Based Thematic Review 2018/19	2600	A Scheme of Delegation will be produced and approved by the governing body in line with the controls in place.	L	31/10/2019	-	0	-	No update	No update
school fund 2018/19	2671	•The balance of the School Fund to be reported to the governing body regularly as well as parents. •Head teachers to review the	M	31/10/2019	-	0	-	No update	No update

		reconciliation of the funds accounts on a monthly basis and to sign and date the statements and income and expenditure forms reviewed.							
school fund 2018/19	2680	The Head Teacher and the Governing Body to consider the cost of insuring the school fund and document their decision and rationale for doing so.	L	31/10/2019	-	0	-	No update	No update
school fund 2018/19	2685	The Head Teacher at Broughton Primary school to ensure the school fund constitution is updated, has been approved by the governing body and is reviewed on a yearly basis.	L	31/10/2019	-	0	-	No update	No update

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Actions with a Revised Due Date Six Months Beyond Original Due Date (Not Overdue)   Appendix G

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Governance									
PCIDSS Compliance (2015/16)	1516	The officer working group should ensure that the self-assessment is completed drawing on the full range of professional expertise and experience of the group.	H	31/12/2016	29/07/2019	08/03/2019	The Council has implemented the necessary changes to ensure compliance with web payments and with payments taken via kiosks in Connects Centres. There is a remaining area of non-compliance with payments taken over the phone that will require new software. The council is looking at how many licences it needs and whether to simply divert some payments from phone to web prior to purchasing and implementing the new software. If/when funding is agreed the council will be able to commission a software supplier and establish a firm date for implementation and thus achieving compliance	A PCIDSS review was undertaken by a specialist QSA provider, ECSC, on 4th October 2017. The review has identified areas of compliance and areas of risk. Overall, the Council is deemed to be 50% compliance to PCIDSS. The findings of the report are now being considered by the Project Group and Chief Officer to identify what measures are required to increase compliance but this will undoubtedly require substantial investments in IT to achieve 100% compliance.	The completed detailed SAQ'S will be completed in Q1 of 2019/20. Revised workforce procedures have now been introduced as part of managing risks associated with PCIDSS (aligned to another audit recommendation) and work to complete the SAQ'S will now commence in January 2018 as part of a join
Flintshire Connects (2017/18)	1505	Services accessed by Flintshire Connects cannot always be	M	30/09/2017	31/03/2020	02/05/2019	A fundamental review of all customer facing services has not commenced as the priority for Customer Contact	The review group have now finished the initial analysis and met with all portfolio's to determine	A Programme Manager to lead this transformation project has now

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Page 194		delivered in full. A fundamental review of all customer facing services will be undertaken to explore the best future method of delivery, including face to face, through Connects centres backed up by feasibility studies for areas where greatest efficiency could be achieved. This review will look in the first instance at service delivery methods across all Portfolios and assess if they are sufficiently lean and a decision made on what services could be delivered through Connects without overlap and duplication. Following the review a strategy will be formulated on how services will be delivered in the future.					is telephone access to Council services. The Customer Service Strategy is aligned to the Customer Work stream of the Digital Strategy and the current focus is on merging Contact Centre teams and relocating a single team at Ty Dewi Sant, Ewloe. The decision to transform telephone contact superseded the Audit of Flintshire Connects and resources have had to be reprioritised. A review of face to face services is a commitment within the Customer Services Strategy and this acknowledges the work undertaken by Audit. It is important that the face to face services delivered by Flintshire Connects are appropriate in order to support our most vulnerable customers. A new post has been established within Customer Contact and the Customer Contact Manager is expected to be recruited by the end of May 2019. This person will have managerial responsibility for Flintshire Connects and Contact	where change is required. The work carried out by the group has identified a number of areas across the council where the digital offer needs to be improved to enable reduction in both telephone calls and face to face provision for a number of services, examples include, logging repairs and Streetscene general report it type functions. It has also identified tasks that could be better delivered by Connects and release back office efficiencies. The work completed has identified that the delivery of the Customer Service Strategy and the Customer Workstream of the Digital Strategy need to be closely aligned and also that the scale of the work that needs to be done to deliver the transformation across the council is beyond	been appointed.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
			M				Centre. This role will oversee the successful merger of Contact Centres team and after a period of stability will be able to focus on undertaking a fundamental review of customer facing services as described in the audit recommendations.	what the review group can deliver in the timescales required. It has been agreed that a dedicated resource is required to programme manage this transformational project going forward and work is now underway to recruit to this position so that the work required can be driven forward.	
Flintshire Connects (2017/18)	1514	Services are not always being delivered in the most efficient ways. Services delivered through Flintshire Connects Centres will be evaluated for the most appropriate, efficient and effective delivery methods.	M	30/09/2017	31/03/2020	02/05/2019	Following this audit and the revision of the Customer Service Strategy a Customer Service Strategy Review Group was formed and tasked to begin reviewing all customer contact across the Council with a focus on how we currently deliver services (face to face, telephone and digital) and looking at the aspirations of how we could deliver differently to ensure we are utilising the most appropriate channels for services/customer contact.	The review group have now finished the initial analysis and met with all portfolio's to determine where change is required. The work carried out by the group has identified a number of areas across the council where the digital offer needs to be improved to enable reduction in both telephone calls and face to face provision for a number of services, examples include, logging repairs and Streetscene general report it type functions.	A Programme Manager to lead this transformation project has now been appointed. The customer transformation work this post will lead on is a three year project. For this reason the revised implementation date has been amended to 01.09.19 where a more detailed update on both work completed and planned works for future will be

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
			M					It has also identified tasks that could be better delivered by Connects and release back office efficiencies.	available.
								The work completed has identified that the delivery of the Customer Service Strategy and the Customer Work stream of the Digital Strategy need to be closely aligned and also that the scale of the work that needs to be done to deliver the transformation across the council is beyond what the review group can deliver in the timescales required. It has been agreed that a dedicated resource is required to programme manage this transformational project going forward and work is now underway to recruit to this position so that the work required can be driven forward.	
Procureme	1649	The supplier performance	M	31/03/2018	31/10/2019	11/03/2019	To promote the current functionality would be	With respect of action 1649, it is still a work in	

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
nt 2016/17		management template is now available in Proactis for completion by contract officers. Contract officers will receive a reminder from Proactis to use the contract management module. All relevant contract officers should receive notification so they know the supplier performance management template is available and must be used.					counterproductive in light of the need to re-train officers when new product release is launched.	progress, due to awaiting on PROACTIS to develop their product to allow more streamlined functionality to allow performance questionnaires to be undertaken. This has now been done a few weeks ago. We are also seeking clarifications from the Procurement Manager in how she wants to undertake contract / supplier performance management going forward in the light she is revising the CPRs as well.	
Joint Corporate Procurement Unit 2017/18	2253	Our review of Governance arrangements identified; • There is inadequate scrutiny of JCPU objectives and outcomes by Joint Procurement Board (JPB) and by relevant Council committees to	M	31/10/2018	21/12/2019	13/05/2019		CPRs have been re drafted and are being considered by Chief Officer Governance	CPRs have been re-drafted particularly in relation to variations, extensions and exceptions, but the opportunity has been taken to make other changes to the Rules to update them. This has included changes

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Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Page 198		address lack of progress with achieving the primary objectives of the JCPU business case around Efficiency, Capacity and Markets (1.1). • Delays in the alignment of procurement strategy and procurement activity across the two Councils. Recent changes, e.g. board membership and corporate priorities, means that the strategy contains out of date information (1.2). • Limited processes in place for measuring and recording efficiency savings achieved through collaborative procurement. There is no evidence that efficiency savings and benefits have been reported to the							to reflect Brexit and to emphasise the importance of local supplier opportunities (so that for example, the emphasis on using frameworks has been removed). The revised CPRs are being considered by Officers prior to a consultation. In addition, some further changes may be required to reflect procurement arrangements post Brexit and also the transitional arrangements.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Page 199		JPB (1.3). • Limited evidence of reporting of KPI's to the JPB / no robust targets in place for KPI's (1.4). • Insufficient systems for recording and monitoring the split of procurement staff time across the two Councils (1.5). • Meetings of the JPB not taking place on a regular basis, agendas for the JPB meetings not prepared and circulated in advance of meetings and JPB minutes not available for all meetings / minutes not circulated on a timely basis (1.6). • Limited monitoring and evaluation of expenditure by category and aggregated spend (across services and/or Councils) by the JCPU to ensure							

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		opportunities for efficiency savings through collaborative procurement exercises are identified (1.7). • Due to limited availability of data, monitoring of contract end dates by the JCPU cannot take place to ensure opportunities for efficiency savings through collaborative procurement or alternative procurement models are appropriately explored (1.8).							
Housing & Assets									
SARTH 2017/18	1995	Controls relating to SLA adherence require enhancement. Investigate system developments through the utilisation of new system codes to assist with the automation of cancellations due to	L	29/06/2018	28/12/2019	10/05/2019	The majority of the issues identified with the CRM Integration works have now been resolved and seem to be working well. The service is noticing a partial reduction in processing time and as such more focus is now being applied to ensuring	Integration work was delayed and went partially live in early February 2019. There are faults with the implementation and these have been reported to ICT and are being worked through	Low risk (green)

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		non-receipt of evidence. KPIs to be set to measure adherence to process.					other tasks are completed within the SLA guidelines. This will be closely monitored by the Housing Access and SARTH Team Leader. The solution implemented still requires further work and a meeting has been scheduled to scope these works with Capita. As the solution does not yet meet all the initial requirements it has therefore not fully released the expected capacity to undertake all the other duties. Whilst there will be an improvement in performance against SLA it is not possible to guarantee full adherence to all SLA timescales and maintain this performance level until all the integration work is complete.	with Capita. The solution implemented still requires further work and therefore released the expected capacity to undertake other duties. Without additional resource it is not possible to fully adhere to SLA timescales and maintain this performance level until the integration work is completed and working correctly.	
DFG 2016/17	2024	The current Private Sector Housing Renewal and Improvement Policy is out of date and was due for review by 30 June 2015. The policy also does not align to current practices in operation within the	M	30/06/2018	31/10/2019	06/08/2019	Due to all DFG activities having to be approved by the DFG oversight board, this action date has been extended to facilitate review of all documentation by the board members. The revised policy has been drafted and will be tabled at	The Policy will be drafted once the service has been realigned and will reflect the recommendations from the WG consultation on Housing Adaptations Service Standards. Due to the timetable of Overview and Scrutiny	

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		service. An example of this is the condition of the DFG Relocation Grant where the property must be occupied by the applicant as their main residence for a period of 5 years. Currently there is no process to facilitate the measurement or assessment of this condition.					Informal Cabinet on Tuesday 30th April 2019. This will then be followed by consultation with Community and Enterprise and Health and Social Care Scrutiny committees at the appropriate stage in the scrutiny cycle. The final stage will be to take the policy to Formal Cabinet for adoption and ratification - date not yet known as this will be dependent on the agenda availability of the scrutiny committees. - Action can be set to complete	committees, the next Cabinet meeting to receive this policy will be 22 October.	
DFG 2016/17	2058	Not all DFG applications which have been approved are reflected in the DFG spreadsheet which is utilised to track application progress and budget spend. Internal audit were provided with a list of all approved DFGs which was generated from the FLARE system. This list formed the basis for the sample testing	M	31/05/2018	30/06/2019	19/08/2019	Due to all DFG activities having to be approved by the DFG oversight board, this action date has been extended to facilitate review of all documentation by the board members.	Extensive work has been completed to develop accurate contractor reporting processes and for performance of the service. The new reporting mechanism will be fully implemented ready for the new financial year	

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		selection.							
Travellers - 2018/19	2354	Repairs carried out to the amenity blocks should be subject to the same standards of measurement and be recorded in the same format on the Open Housing system as for other forms of social housing.	L	30/04/2019	31/12/2019	01/08/2019	No update	We have secured Welsh Government Sites capital grant funding to undertake a redevelopment of the site - the contract to undertake this work is out for tender and it is anticipated it will be completed by March 2021. Please BF action for six months to provide a progress update. The programme of works is being managed by a project management board	
People & Resources									
Payroll 2017/18	2218	Data Protection and GDPR Compliance A process to remove leaver information from i-Trent in line with the Retention Policies and GDPR has not been implemented. Management have not been able to provide a detailed plan of what activities have been	H	30/09/2018	31/01/2020	19/08/2019	The functionality still requires testing, further issues/defects may be found during testing and would need reporting to MHR for their investigation. I have requested 30.04.18 to take into account that possibility.	Conflicting priorities within the team continue to prevent the required further testing of the MHR GDPR software being fully undertaken. Pauline (Connolly) has identified a potential defect and has raised the issue with MHR.	

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		completed to assist with demonstrating adherence to Data Protection requirements. The consequence to the Council of non-compliance will be greater with the introduction of GDPR in May as the Council may be subject to fines.							
School Funding Formula 2018/19	2348	A revised consistent approach will be adopted with the individual school budgets and where estimated figures are included these will be stated as such. The examples stated are not incorrect, depending on the timing of the production of the budget plan may or may not include NNDR and ALN. It is a matter of presentation. ALN funding has been		31/03/2019	31/01/2020	26/09/2019	Due to review with auditor (Jan).	Work on this continues however it will not be introduced to schools until the start of the spring time to take account of the busy times within the school year.	Work on this continues however it will not be introduced to schools until the start of the spring time to take account of the busy times within the school year.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		delegated to schools for 3 years. There are no plans to change the way ALN is allocated – the methodology has been negotiated and agreed with schools and the Schools Budget Forum by the Head of the Inclusion Service	R						
Planning and Environment									
Section 106 - 15/16	285	The Local Planning Guidance Notes are currently being brought up to date to allow continued use of the Unitary Development Plan (UDP). Whilst the UDP has technically expired, the intention is to keep the plan 'alive' for as long as possible. The bulk of the 'comments' from the LPGN consultation process were reported to the Planning Strategy Group on 25th February 2016.	M	31/07/2016	30/06/2019	18/12/2018	The LPG 22, as overarching guidance, can only be updated once all individual LPGs have been updated, and there is still work to be done to update LPG13 (see below). Lastly, as each individual LPG is up to date (except LPG 13) each can be applied to the consideration of planning applications and any developer obligations that arise. The risk in not updating LPG 22 is therefore very low and can be managed in due course once individual LPGs	Follow up audit report 18.5.18: LPGN 22 Planning Obligations (adopted by the Council in February 2007) has not been updated. Discussion with Planning Strategy has suggested that as LPGN 22 acts as a signpost to other planning guidance around developer contributions, it can only be updated once the full suite of planning guidance is in place. LPGN 13, Outdoor Playing Space & New Development, is in the	Monitoring progress with LPG13 via service manager and with reports to S106 working group.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Page 206		LPGN 22 will be reviewed as required following the adoption of the updated LPGN's. The updated LPGN's (which are still in the consultation period) will be adopted by 30th April 2016. If it is determined that further update to LPGN 22 is required (in particular to take account of the adoption of LPGN 23, Education Contributions - adopted July 2012) then we could expect the adoption of an updated LPGN 22 by 31st July 2016.	M				are updated. This must therefore be a 'green' in terms of risk status.	process of being revised. Once the revised planning guidance is adopted LPGN 22 can be updated. Following discussion of the Follow Up audit findings the due date for this Agreed Action has been revised to 31/12/18.	
Section 106 15/016	313	Update of SPG 13 Open Space Requirements	M	31/07/2016	30/09/2019	13/03/2019	The revised SPG has not been completed whist work on the production of the LDP is prioritised.		
Pollution Control 2017/18	2048	Not all tasks relating to reviewing planning enquiries for potential statutory nuisance are logged or monitored.	L	31/03/2018	31/05/2019	01/06/2018	Computer system will take a length of time to be agreed upon and implemented, and further impacted by move to Ewloe. Smarter apps for efficient working practices are	A revised due date of 31/05/2019 has been made for the new computer system. In the meantime they are pursuing ways of	

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
							being considered in the meantime.	working smarter through the purchasing of apps.	
Section 106 Follow Up 2017/18	2232	The Section 106 working group was tasked with considering; 'Section 106 linkages across the Authority, the information needs of each service area, and the information currently held by service areas to determine where there is scope for efficiencies through the sharing of information (including the scope for sharing information on the Planning DEF database)'. The potential for use of the DEF system to manage s106 balances was considered and subsequently discounted. A piece of work was subsequently undertaken to look at other systems which could be used for the management of s106	M `	31/10/2018	30/09/2019	13/03/2019	Business case for the new back office has been developed and procurement is underway with a view to implementing in September 2020.	Business case for the new back office has been developed and procurement is underway with a view to implementing in September 2020.	

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Page 208		balances (together with the management and enforcement of all legal agreements across the portfolio). A capital bid was submitted for new software in December 2017 but was not successful. In the absence of a central system for the management of s106 balances, suites of spreadsheets are maintained by services impacted by s106 across the Council. Whilst the primary spreadsheet is maintained by Finance, s106 spreadsheets are also maintained by Planning Enforcement and Education (as the data they require differs from the data maintained by Finance). Whilst the use of spreadsheets within each service ensures appropriate							

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		management of s106 balances there is clearly duplication of effort and scope for the achievement of further efficiencies through the streamlining of processes.	M						
External									
CPF Investment 2016/17	1943	An Operational Plan will be devised to assign roles and responsibilities for the core functions within the Clwyd Pension Fund team. This will assist with the identification of single points of failure within the team. Individuals to be trained outside of their core role in order to facilitate the delivery of service in the event of long term absence or attrition. Succession planning will also be considered given the relative age of individuals completing these	M	31/12/2017	31/12/2019	03/10/2019	New team bedding in. Operational plan is next priority Work is continuing with HR for a revised structure to the section which will accommodate the ongoing needs of the section. The 2018/19 Business Plan includes a structure review of the Finance Team. Work is still on-going with HR to finalise the structure and carry out recruitment. This should be substantially complete in Q1 2018 but full completion may take to Q3 2018.	Work is continuing with HR for a revised structure to the section which will accommodate the ongoing needs of the section. New accountant appointed start date 1st April 2019 Investment trainee post advertised interviews to be held mid-April.	The risks are being managed by outsourcing essential work to third parties.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		functions relative to retirement age.							

Investigation Update

Appendix H

Ref	Date Referred	Investigation Details
1. New Referrals		
1.1	1/10/2019	A whistle blow was received by Internal Audit. It has been referred to the service area and an IO has been appointed. Internal Audit has provided initial assistance.
1.2	1/11/2019	A referral has been received relating to the delay to salary payments.

Ref	Date Referred	Investigation Details
2. Reported to Previous Committees and still being Investigated		
2.1	25/05/2019	An allegation has been received concerning the governance arrangement of the Governance Body at a School. The investigation is ongoing.
2.2	25/05/2019	A referral was received concerning the job evaluation of a position. The investigation is ongoing.
2.3	25/05/2019	Internal Audit has been asked to look into a license agreement. The investigation is ongoing.
2.4	25/05/2019	Planning Application. The investigation is ongoing.
2.5	01/08/2019	A referral has been received concerning the accuracy of an individual's Etarmis records. The investigation is ongoing.
2.6	16/10/2018	A complaint was received concerning the awarding of contracts where there is a potential conflict of interest of a member of staff with a contractor. The investigation is ongoing.
2.7	20/08/2018	An allegation was received concerning the awarding of work to a company being run by a former employee of the Authority. The investigation is ongoing.

Ref	Investigation Details	
3. Investigation Completed		
3.1	A whistle blow was received concerning a Council contract. Report issued to management for improvements to be made to the control environment.	
3.2	A whistle blow was received by Internal Audit. It has been referred to the service area and an IO has been appointed. Internal Audit has provided initial assistance.	

Internal Audit Performance Indicators   Appendix I

Performance Measure	Qtr 1 19/20 (as at 24/5)	Qtr 2 19/20 (as at 19/8)	Qtr 3 19/20 (as at 4/11)	Target	RAG Rating	
Audits completed within planned time	80%	89%	83%	80%	G	↓
Average number of days from end of fieldwork to debrief meeting	10	6	19	20	G	↓
Average number of days from debrief meeting to the issue of draft report	4	18	9	5	R	↓
Days for departments to return draft reports	6	0	18	7	R	↓
Average number of days from response to issue of final report	3	1	4	2	R	↓
Total days from end of fieldwork to issue of final report	22	33	50	34	R	↓
Productive audit days	78%	67%	83%	75%	G	↑
Client questionnaires responses as satisfied	100%	100%	91%	95%	A	↓
Return of Client Satisfaction Questionnaires to date	40%	0%	73%	80%	A	↑

Key					
R	Target Not Achieved	A	Within 20% of Target	G	Target Achieved
↑	Improving Trend	➡	No Change	⬇	Worsening Trend

Internal Audit Operational Plan 2018/19 – Carry Forward

Appendix J

Audit	Internal Audit Priority Rating	Status of Work	Supporting Narrative
Corporate			
Income from Fees and Charges / Efficiency Savings	H	On Hold	On hold pending the completion of the consultancy work – transferred to 19/20 plan
Governance			
Cloud Computing	H	Deferred	
Procurement - Contract Monitoring (Joint Working - Denbighshire)	H	Complete	
GDPR	Annual	Complete	
Housing & Assets			
Empty Property (Void) Mgt	M	Complete	Scope of this has changed to provide a commissioned advisory service to support a lean review.
Property Maintenance	M	In Progress	
Technology Forge (TF)	M	Mgt Returned Draft	
People & Resources			
Main Accounting - Accounts Payable (AP) and P2P	Annual	Draft Report	
Main Accounting - Accounts Receivable (AR), include Debt Management	Annual	Complete	
Planning, Environment & Economy			
Disabled Facility Grants (DFGs)	Follow Up	Ongoing	Oversight board
Social Services			
Safeguarding - Children's	M	In Progress	
Streetscene & Transportation			
Fleet Management	M	Draft report with Service	Additional work requested and currently in progress
Highways - Cost Recovery	H	Complete	
Regional Transport	M	In Progress	

Internal Audit Operational Plan 2019/20

Appendix K

Audit	Priority	Status of Work	Supporting Narrative
Corporate			
Business Planning, Risk & Performance Management	H	Draft Report	To include Impact Assessments
Voluntary Sector Grants - Revised Funding Arrangements	H	In Progress	
Integrated Impact Assessments	M	Combine	Combine with Business Planning, Risk & Performance Management Audit
Business Continuity	M	Defer to 20/21	Defer to 1 QTR of 20/21
Use of Consultants	Annual	Complete	Quarter 3
Education & Youth			
Schools Admissions, Allocation, Unfilled Places, Change in Demographics	H	In Progress	
Schools Budgeted Licenced Deficit	H	In Progress	
Early Entitlement	M	Not Started	Quarter 3
Risk Based Thematic Reviews	Annual	In Progress	Change of approach to full school audits
Education Grant – Education Improvement Grant (EIG)	Annual	No Longer Required	As confirmed by GWe
Education Grant – Professional Development Grant (PDG)	Annual	Complete	
Education Grant – School Uniform Grant	Annual	Complete	
Governance			
Procurement Hardware and Software	H	Not Started	Quarter 3
Community Benefits (Social Value)	H	Defer to 20/21	Defer until 1QTR of 20/21
Enforcement Agents	M	Defer to 20/21	Defer until 1QTR of 20/21
Digital Strategy	Advisory	On going	
PCIDSS Compliance - Follow Up	Follow Up	Not Started	Quarter 4
Data Protection (GDPR) Compliance	Annual	Not Started	Quarter 4
Council Tax and NNDR (incl. grant)	Annual	Not Started	Quarter 3
Housing & Assets			
Housing Rent & Arrears - (and impact of UIC)	H	Defer to 20/21	Defer until 1QTR of 20/21 due to WAO Audit

Audit	Priority	Status of Work	Supporting Narrative
Land - Ownership, Surplus to Requirements & Disposal	H	In Progress	
Right to Buy (buyback) / Home Loans	M	Not Started	Quarter 4
Housing Benefits (including Subsidy Grant)	Annual	Not Started	Quarter 3
Care and Repair SLA	New	No Longer Relevant	Confirmed by the Department
Framework Value for Money	New	No Longer Relevant	Confirmed by the Department
Supporting People (grant)	Grant	Complete	
Support People (grant claim assurance)	Grant	Complete	
Voids – Lean Process	New	Complete	Commissioned work
SARTH	Follow Up	Not Started	Quarter 4
People & Resources			
Corporate Grants	H	In Progress	
Capital Programme	H	In Progress	
Write Offs	M	Defer to 20/21	Defer to 20/21
Financial Management Accounting within Portfolios	M	Complete	
Main Accounting - Accounts Payable (AP) and P2P	Annual	Defer to 20/21	Defer to 20/21 as agreed by S151 Officer & WAO
Main Accounting - Accounts Receivable (AR), incl. Corporate Debt Mgt	Annual	Defer to 20/21	Defer to 20/21 as agreed by S151 Officer & WAO
Main Accounting - General Ledger (GL)	Annual	Not Started	Quarter 3
Method Statements	Advisory	Combined	Combined with Budget Planning Challenge Audit
Budget Planning Challenge	Advisory	In Progress	
Corporate Credit Cards	New	Complete	
Notification of Leaver to Clwyd Pension Fund	H	Combined	Combined with Payroll Audit
Pay Deal 19/20	H	Complete	
Project Apple	H	Combined	Combined with Payroll Audit
Organisational Ethics and Values	M	Not Started	Quarter 4
Payroll	Annual	Not Started	Quarter 3
Planning, Environment & Economy			
Communities4work (grant) & C4W Plus Grant	H	Complete	

Audit	Priority	Status of Work	Supporting Narrative
Flood Alleviation Scheme	H	Not Started	Quarter 3
Pest Control	H	In Progress	Quarter 3
Climate Change / Carbon Reduction	M	Not Started	Quarter 4
Planning Enforcement – Governance & Regulatory Procedures	New	Not Started	Quarter 4
Home Improvement Loans	M	Completed	
Social Services			
Flying Start - WG Funding	H	In Progress	
Foster Care (Payments to Carers)	H	Not Started	Quarter 4
Sessional work	H	Not Started	Quarter 4
Collaborative Work / Partnerships	M	Defer to 20/21	Defer – The service is not in position to progress
Client Finance, (Deputyship) Receivership & including Community Living	M	Not Started	Quarter 4
Streetscene & Transportation			
Highways - Condition of infrastructure	H	Completed	Quarter 2
Concessionary Travel including Bus Services Support (grant)	H	In Progress	Quarter 2
Parc Adfer	H	Defer to 20/21	Defer to Qtr1 2020/21 due to delay in commission
School Bus Passes	H	In Progress	
O Licence	M	Defer to 20/21	Defer to 1QTRE of 20/21
Community Transport	M	Not Started	Quarter 4
Garden Waste Charges Analysis	New	Complete	
Waste Management Service	M	Defer to 20/21	Defer to 2QTR of 20/21 due outcome of public consultation
External			
North Wales Residual Waste Project - Contract Management	H	Defer to 20/21	Defer to Qtr1 2020/21 due to delay in commission
Pensions Administration & Contributions	H	In Progress	Quarter 3
SLA - Aura - 13 days	Annual	Complete	Quarter 3
SLA - Aura - 7 days	Annual	Defer to 20/21	Deferred at the request of the service
SLA - NEWydd - 10 days	Annual	Not Started	Quarter 3
Advisory / Project Groups			
New Flare System Development Group	Ongoing	Not Started	

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Audit	Priority	Status of Work	Supporting Narrative
Corporate Governance Working Group	Ongoing	Ongoing	
Accounts Governance Group	Ongoing	Ongoing	
Financial Procedures Rules	Ongoing	Complete	
E Procurement Working Group	Ongoing	Ongoing	
Programme Coordinating Group	Ongoing	Ongoing	
Corporate Health & Safety Group	Ongoing	Ongoing	
Corporate Data Protection Group	Ongoing	Ongoing	
County Hall Campus Working Group	Ongoing	No Longer Required	No Longer Required
North Wales Residual Waste Project	Ongoing	Ongoing	
Financial System	Ongoing	Defer	Defer to 20/21

Glossary	
Risk Based Audits	Work based on strategic and operational risks identified by the organisation in the Improvement Plan and Service Plans. Risks are linked to the organisation's objectives and represent the possibility that the objectives will not be achieved.
Annual (System Based) Audits	Work in which every aspect and stage of the audited subject is considered, within the agreed scope of the audit. It includes review of both the design and operation of controls.
Advice & Consultancy	Participation in various projects and developments in order to ensure that controls are in place.
VFM (Value For Money)	Audits examining the efficiency, effectiveness and economy of the area under review.
Follow Up	Audits to follow up actions from previous reviews.
New to Plan	Audits added to the plan at the request of management. All new audits to the plan are highlighted in red.
Audits to be Deferred	Medium priority audits deferred. These audits are highlighted in green within the plan.

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AUDIT COMMITTEE

Date of Meeting	Wednesday, 20th November 2019
Report Subject	Action Tracking
Report Author	Internal Audit Manager
Category	Advisory

EXECUTIVE SUMMARY

The report shows the action points from previous Audit Committee meetings and the progress made in completing them. The majority of the requested actions have been completed, with some still outstanding. They will be reported back to a future meeting.

RECOMMENDATIONS	
1	The Committee is requested to accept the report.

REPORT DETAILS

1.00	EXPLAINING THE ACTION TRACKING REPORT
1.01	In previous meetings, requests for information, reports or actions have been made. These have been summarised as action points. This paper summarises those points and provides an update on the actions resulting from them. Full action tracking details within Appendix A.

2.00	RESOURCE IMPLICATIONS
2.01	None as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Action owners contacted to provide an update on their actions.

4.00	RISK MANAGEMENT
4.01	None as a result of this report.

5.00	APPENDICES
5.01	Appendix A – Action Points.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. **Contact Officer:** Lisa Brownbill, Internal Audit Manager **Telephone:** 01352 702231 **E-mail:** lisa.brownbill@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	None.

AUDIT COMMITTEE – ACTION SHEET

Presented Wednesday, 20th November 2019

10th September 2019				
Agenda Item No.	**Report**	**Action Required**	**Responsible Officer**	**Action Taken**
26	Internal Audit Progress Report	Alltami Stores Follow-Up to be raised at the next liaison group meeting for referral to the Environment Overview & Scrutiny Committee.	L Brownbill	This will be raised at the next Liaison Group between the Chairs and Vice Chairs.
26	Internal Audit Progress Report	Review meeting with CE, LB and Chief Officer on outstanding actions for Alltami Stores follow-up.	L Brownbill	A meeting was held on the 4 November between CE, LB and the Chief Officer for Streetscene & Transportation. Following the meeting the Chief Officer has provided a detailed update on the work to date within the service. This update is included within para 1.07 of the covering report for the Internal Audit Progress Report for November 2019 committee.
26	Internal Audit Progress Report	Review meeting with CE, LB and Chief Officer on outstanding actions for Planning Enforcement. Update to be provided to the Committee, aiming for the November meeting.	L Brownbill	A meeting was held on the 4 November between CE, LB and the Chief Officer for Planning, Environment & Economy. Following the meeting, the Chief Officer has provided a detailed update on the work to date within the service. This update is included within para 1.08 of the covering report for the Internal Audit Progress Report for November 2019 committee.

29	Strategic Risk Management Update	That the Committee receives a revised version of the Risk Management Strategy at the next meeting.	K Armstrong	This will be provided to the January 2020 Audit Committee.
31	Audit Committee Annual Report	That the Committee endorses the annual report for 2018/19 prior to its submission to Council for approval on 22 October 2019.	L Brownbill	The Annual Report for Audit Committee was presented to Council on the 22 October where the report was approved.

AUDIT COMMITTEE

Date of Meeting	Wednesday, 20 November 2019
Report Subject	Forward Work Programme
Report Author	Internal Audit Manager
Category	Advisory

EXECUTIVE SUMMARY

The Audit Committee presents an opportunity for Members to determine the Forward Work Programme of the Committee 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 A for Members' consideration which has been updated following the last meeting.

The Committee is asked to consider, and amend where necessary, the Forward Work Programme for Audit Committee.

RECOMMENDATION	
1	That the Committee considers the draft Forward Work Programme and approve/amend as necessary.
2	That the Internal Audit Manager, in consultation with the Chair and Vice-Chair of the Committee, be authorised to vary the Forward Work Programme between meetings, as the need arises.

REPORT DETAILS

1.00	EXPLAINING THE FORWARD WORK PROGRAMME
1.01	Items feed into a Committee's Forward Work Programme from a number of sources. Many items are standard every quarter, six months or annually, and Members can also suggest topics for review by the Committee. Items can also be referred by the Cabinet, County Council or Chief Officers.

1.02	In identifying topics for future consideration, it is useful for 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. Is it an area of major change or risk? 3. Are there issues of concern in governance, risk management or internal control? 4. Is it relevant to the financial statements or financial affairs of the Council? 5. Is there new government guidance or legislation? 6. Is it prompted by the work carried out by Regulators/Internal Audit?
1.03	Following the Committee meetings September, and in consultation with the Chair and the Vice Chair of the Committee, there has been the need for some movement within the Forward Work Programme. This is detailed within 1.04 of the report.

1.04	**Report**	**Reason for Movement**	**New Report Date**
	Financial Procedural Rules	There is still some outstanding work that is required before the updated FPRs can be presented to Audit Committee.	January 2020
	Anti-Fraud and Corruption Strategy & Fraud Response Plan	These documents have been updated within this financial year. Proposal to review biennial unless an earlier review is prompted.	January 2021
	Whistleblowing Policy	This policy has been updated within this financial year. Proposal to review biennial unless an earlier review is prompted.	January 2021

2.00	**RESOURCE IMPLICATIONS**
2.01	None as a result of this report.

3.00	**CONSULTATIONS REQUIRED / CARRIED OUT**
3.01	Publication of this report constitutes consultation.

4.00	**RISK MANAGEMENT**
4.01	None as a result of this report.

5.00	**APPENDICES**
5.01	Appendix A - Draft Forward Work Programme.

6.00	**LIST OF ACCESSIBLE BACKGROUND DOCUMENTS**
6.01	None. **Contact Officer:** Lisa Brownbill Internal Audit Manager **Telephone:** 01352 702231 **E-mail:** lisa.brownbill@flintshire.gov.uk

7.00	**GLOSSARY OF TERMS**
7.01	**Governance -** The system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes. **Risk Management -** The process of identifying risks, evaluating tier potential consequences and managing them. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation. **Internal Control -** Appropriate procedures and processes are in place to mitigate any risk which may prevent the organisation from achieving its objectives and service delivery. **Financial Management -** The planning, organising, directing and control the financial activities of the Council to ensure sufficient resources are available to delivery its intended outcomes. **Wales Audit Office -** Works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.

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AUDIT COMMITTEE - FORWARD WORK PROGRAMME 2019/20

Presented to Committee – Wednesday, 20th November 2019

Meeting Date	Agenda Item	Author
20th November 2019	School Reserves – Annual Report on School Balances	Claire Homard / Lucy Morris
	Estyn Report	Claire Homard
	Contract Management	Gareth Owens
	Asset Disposals and Capital Receipts	Neal Cockerton
	Grant Claim Certification	Gary Ferguson
	Treasury Management 2019/20 – Mid Year Report	Liz Thomas
	Risk Management Update – Mid Year Report	Karen Armstrong
	Financial Procedural Rules	Sara Dulson
	Use of Consultancy Report	Colin Everett
	Internal Audit Progress Report 2019/20	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill

Meeting Date	Agenda Item	Author
29th January 2020	Treasury Management 2019/20 Q3 Update and 2020/21 Strategy	Liz Thomas
	Risk Management Update	Karen Armstrong
	Code of Corporate Governance	Lisa Brownbill
	Financial Procedural Rules (Biennial)	Gary Ferguson
	Annual Audit Letter	Gary Ferguson
	Internal Audit Progress Report 2019/20	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill
25th March 2020	Treasury Management 2019/20 Q4 Update	Liz Thomas
	Audit Plan (WAO)	WAO
	Annual Report on External Inspections 2018	Karen Armstrong
	Certification of Grants and Returns Report (WAO)	Gary Ferguson
	Internal Audit Strategic Plan 2020/2023	Lisa Brownbill
	Public Sector Internal Audit Standards Compliance 2019/20	Lisa Brownbill
	Internal Audit Progress Report 2019/20	Lisa Brownbill

Meeting Date	Agenda Item	Author
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill
	Private Meeting (WAO and Internal Audit)	
June 2020	Draft Annual Governance Statement	Karen Armstrong
	Internal Audit Annual Report 2019/20	Lisa Brownbill
	Internal Audit Progress Report 2020/21	Lisa Brownbill
	Audit Charter	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill
July 2020	Treasury Management 2020/21 Q1 Update and Annual Report 2019/20	Liz Thomas
	Supplementary Financial Information to Draft Statement of Accounts 2019/20	Liz Thomas
	Risk Management update 2020/21	Karen Armstrong
September 2020	Statement of Accounts 2019/20	Gary Ferguson
	Annual Improvement Report (WAO) (2019/20)	Karen Armstrong

Meeting Date	Agenda Item	Author
	Audit Committee Annual Report	Cllr Chris Dolphin / Lisa Brownbill
	Internal Audit Progress Report 2020/21	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill

Biennial Reviews

Meeting Date	Agenda Item	Author
January 2021	Anti-Fraud and Corruption Strategy & Fraud Response Plan	Lisa Brownbill
January 2021	Whistleblowing Policy	Lisa Brownbill
January 2021	Financial Procedural Rules (Biennial)	Sara Dulson