



Audit and Scrutiny Committee

Agenda

Part One

Council Chamber - Town Hall

Wednesday, 26 November 2014 at 7.00 pm

Membership (Quorum – 3)

Councillors

Cllrs Clark (Chair), Barrett (Vice-Chair), Chilvers, Mrs Hones, Kerslake, Dr Naylor, Sleep and Mrs Squirrell

Committee Co-ordinator: Claire Hayden (01277 312741)

Additional Information:

Substitutes

The names of substitutes shall be announced at the start of the meeting by the Chair and the substitution shall cease at the end of the meeting.

Substitutes for quasi judicial Committees must be drawn from members who have received training in quasi-judicial decision making. If a casual vacancy occurs on a quasi judicial Committee it will not be filled until the nominated member has been trained.

Rights to attend and speak

Any Member may attend any body to which these Procedure Rules apply.

A Member who is not a member of the committee may speak at the meeting. The Member may speak at the Chair's discretion, it being the expectation that a member will be allowed to speak on a ward matter.

Point of Order/Personal explanation/Point of Information

8.3.14 Point of order

A member may raise a point of order at any time. The Chair will hear them immediately. A point of order may only relate to an alleged breach of these Procedure Rules or the law. The Member must indicate the rule or law and the way in which they consider it has been broken. The ruling of the Chair on the point of order will be final.

8.3.15 Personal explanation

A member may make a personal explanation at any time. A personal explanation must relate to some material part of an earlier speech by the member which may appear to have been misunderstood in the present debate, or outside of the meeting. The ruling of the Chair on the admissibility of a personal explanation will be final.

8.3.16 Point of Information or clarification

A point of information or clarification must relate to the matter being debated. If a Member wishes to raise a point of information, he/she must first seek the permission of the Chair. The Member must specify the nature of the information he/she wishes to provide and its importance to the current debate. If the Chair gives his/her permission, the Member will give the additional information succinctly. Points of Information or clarification should be used in exceptional circumstances and should not be used to interrupt other speakers or to make a further speech when he/she has already spoken during the debate. The ruling of the Chair on the admissibility of a point of information or clarification will be final.

Information for Members of the Public

Access to Information and Meetings

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Webcasts

All of the Council's meetings are webcast, except where it is necessary for the items of business to be considered in private session (please see below).

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Private Sessions

Occasionally meetings will need to discuss some of its business in private. This can only happen on a limited range of issues, which are set by law. When a Board or Committee does so, you will be asked to leave the meeting.

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The council welcomes the filming, photography, recording and use of social media at council and committee meetings as a means of reporting on its proceedings because it helps to make the council more transparent and accountable to its local communities.

Where members of the public use a laptop, tablet device, smart phone or similar devices to make recordings these devices must be set to 'silent' mode to avoid interrupting proceedings of the council or committee.

If you wish to record the proceedings of a meeting and have any special requirements or are intending to bring in large equipment then please contact the Communications Team before the meeting.

The use of flash photography or additional lighting may be allowed provided it has been discussed prior to the meeting and agreement reached to ensure that it will not disrupt proceedings.

The Chair of the meeting may terminate or suspend filming, photography, recording and use of social media if any of these activities, in their opinion, are disrupting proceedings at the meeting.

Access

There is wheelchair access to the Town Hall from the Main Entrance. There is an induction loop in the Council Chamber.

Evacuation Procedures

Evacuate the building using the nearest available exit and congregate at the assembly point in the North Front Car Park.

Part I

(During consideration of these items the meeting is likely to be open to the press and public)

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12	Urgent Business An item of business may only be considered where the Chair is of the opinion that, by reason of special circumstances, which shall be specified in the Minutes, the item should be		

considered as a matter of
urgency.

13 **Local Government Act
1972 - Exclusion of Press
and Public**



Acting Chief Executive

Town Hall
Brentwood, Essex
18.11.2014

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¹ Note: In accordance with the planned timetable, quarter 3 complaints will be reported to the January meeting of the Committee

Minutes

Audit and Scrutiny Committee Tuesday, 28th October, 2014

Attendance

Cllr Clark (Chair)	Cllr Mrs Hones
Cllr Barrett (Vice-Chair)	Cllr Kerslake
Cllr Chilvers	

Substitute Present

Cllr Cloke (Substitute) (substituting for Sleep)
Cllr Parker (Substitute) (substituting for Dr Naylor)
Cllr Quirk (Substitute) (substituting for Mrs Squirrell)

Also Present

Cllr Aspinell
Cllr Hirst
Cllr Hossack
Cllr Mrs Hubbard
Cllr Mynott
Cllr Reed
Cllr Ms Sanders
Cllr Sapwell
Cllr Tee

Officers Present

Ben Bix	Corporate and Democratic Services Manager
Claire Hayden	Governance and Member Support Officer
Jo-Anne Ireland	Acting Chief Executive
Philip Ruck	Contracts & Corporate Projects Manager
Sue White	Risk and Insurance Manager

214. Apologies for Absence

Apologies were received by Cllr Dr Naylor, Cllr Sleep and Cllr Mrs Squirrell.

215. Minutes of the previous meeting

The Minutes of the Audit and Scrutiny Committee meeting held on 30th September 2014 were approved and signed by the Chair as a correct record.

216. Risk Management Training and Awareness

The Chair welcomed Sue Fretwell from Zurich Engineering UK, who delivered a high level training presentation on Risk Management.

The training was well received by the Members present.

217. Report of the William Hunter Way Lessons Learned Task and Finish Group

The Lessons Learned Report was created by the William Hunter Way Lessons Learned Task and Finish Group of Councillors Clark, Kerlake and Mynott. The report recorded and shared lessons learned from the William Hunter Way Project 2005-2014. The purpose of the report was to:-

- Describe the areas where issues arose;
- Propose mitigation against those issues arising again;
- Improve on project delivery standards by adopting proven good practice; and
- Contribute to organisational growth and maturity by effecting long-term improvements in the way the organisation embeds and shares project management best practice.

The themes considered by the group included:

- Project management processes;
- Risk Management;
- Resource issues;
- Strategic issues that could be of use to the next William Hunter Way project.

The Chair thanked Cllr Mynott, Cllr Kerlake, Ben Bix and Sam Broughton for their work on this report.

A motion was **MOVED** by Cllr Clark and **SECONDED** by Cllr Kerlake to receive the recommendations in that report.

After a full discussion Cllr Quirk **MOVED** an amendment to the motion. Cllr Chilvers **SECONDED** the motion.

The meeting was suspended for 5 minutes to discuss this amendment.

Cllr Quirk then withdrew that motion and an amendment to recommendation 2.1 was MOVED by Cllr Clark and SECONDED by Cllr Kerslake.

2.1 The report be received and the actions contained within are acknowledged by the Audit and Scrutiny Committee.

A vote was taken by a show of hands and it was **RESOLVED UNANIMIOUSLY** that:

2.1 The report be received and the actions contained are acknowledged by the Audit and Scrutiny Committee.

2.2 The report be presented by the Acting Chief Executive to the William Hunter Way Delivery Group; and

2.3 A report detailing the implementation of the future actions identified be added to the work programme of the Audit and Scrutiny Committee in October 2015 or at the next meeting thereafter.

218. Report of the Hutton Community Centre Task and Finish Group

A presentation on the findings of the Task and Finish Group was delivered by Cllr Barrett, Cllr Mrs Hubbard and Cllr Ms Sanders to the committee.

Within the report it was outlined that the Hutton Community Centre now exists as a community asset that we welcomed and appreciated by the local residents. Its use was steadily increasing and the commitment of both Council staff and volunteers was clear. It was hoped and expected the centre would go on to be an unqualified success. The project was delivered in a reasonable timeframe and within the allocated budget. The Hutton Community Centre Working Group functioned well within significant contributions from the local community.

The Hutton Community Centre Task and Finish Group had found some significant challenges in understanding the entire process due to the lack of availability of webcasts and the timeframe between the start of the project and the review. However, officers and those involved were commended for making available all information that they had.

Despite the overall positive outcome of the project, the roof at the Centre had areas that were in of urgent replacement (though the majority was secure for five years or more). The Council also currently had a financial liability for staffing and business rates at the time of the report, although that could be overcome by the granting of a lease to a community group.

The Task and Finish Group thanked all officers and Members for their contribution to this report.

A Motion was **MOVED** by Cllr Barrett and **SECONDED** by Cllr Parker to receive the recommendation set out within in the report.

A vote was taken by a show of hands and was **RESOLVED UNANIMIOUSLY** that:

- 2.1 The Audit and Scrutiny Committee note the content of the report and the conclusions made;**
- 2.2 The Finance and Resources Committee should consider the financial implications of the elements of roof replacement indicated in the independent report of August 2014;**
- 2.3 The budgetary implications of the Council's liability for Business Rates whilst operations still lay within the Council's remit, be considered by the Finance and Resource Committee.**
- 2.4 The Finance and Resources Committee should further consider the staff costs currently being supported by Brentwood Borough Council for the Centre; Manager and Assistant when ownership is transferred to a community group.**
- 2.5 The Housing and Health Committee consider the costs of developing the former cellar into a resource for tenants and the community regarding council services; and**
- 2.6 The Asset and Enterprise Committee should offer assurance on the future management and operation of the centre at the earliest opportunity to offer stability and confirm the long term future of the Centre.**

Termination of Meeting

During the preceding item, in accordance with Rule 28 of Part 4.1. – Council Procedure Rules, the business of the meeting not having concluded by two hours after its start, Members voted to agree to continue with the meeting for a further 30 minutes.

219. Scrutiny Work Programme

The work of the Audit and Scrutiny Committee would be delivered both through Members working in groups and through formal Committee reports. The Audit and Scrutiny Committee would make recommendations to decision making committees and Council as necessary. The Audit and Scrutiny Committee was invited to consider its 2014/15 scrutiny work programme.

A motion was **MOVED** by Cllr Clark and **SECONDED** by Cllr Kerlake to receive the recommendation set out within the report.

A vote was taken by a show of hands and was **RESOLVED** that:

2.1 The Audit and Scrutiny Committee agree its scrutiny work programme 2014/15.

Termination of Meeting

During the preceding item, in accordance with Rule 28 of Part 4.1. – Council Procedure Rule, the business of the meeting not having concluded by two hours after its start, Members voted to agree to continue with the meeting for a further 30 minutes.

220. Urgent Business

Scrutiny Work Programme 2014/15

The report before Members outlined the requirement for an additional item to be added to the Work Programme for 2014/15 and the requirements for an urgent review in order to consensually address the perceived requirement for an Extraordinary Council meeting.

A motion was **MOVED** by Cllr Clark and **SECONDED** by Cllr Chilvers to receive the recommendation in the report.

A vote was taken by a show of hands and was **RESOLVED UNANIMIOUSLY** that:

- 2.1 To prioritise a review on the William Hunter Way project as outlined in Section 4 of the report.**
- 2.2 A Task and Finish Group comprising two members of the Administration and two members of the Opposition Group be formed to lead the review.**
- 2.3 A report on the findings of the review be presented to the Audit and Scrutiny Committee on 26 November 2014.**
- 2.4 A report be made from Audit and Scrutiny to the Council Meeting on 10 December 2014, including any recommendations arising from the review.**

221. Local Government Act 1972 - Exclusion of Press and Public

There was none.

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26 November 2014

Audit and Scrutiny Committee

Annual Audit Letter 2013/14

Report of: *Jo-Anne Ireland, Acting Chief Executive*

Wards Affected: *None*

This report is: *Public*

1. Executive Summary

- 1.1 This report presents the Annual Audit Letter for 2013/14 following the conclusion of the audit work undertaken by Ernst & Young.

2. Recommendation(s)

- 2.1 To receive the Annual Audit Letter 2013/14.**

3. Introduction and Background

- 3.1 The draft Statement of Accounts were presented to the External Auditors (Ernst & Young) by the statutory deadline of 30 June 2014 and to this Committee on 1 July 2014.
- 3.2 The accounts were available for public inspection from 7 July to 1 August, although no member of the public exercised the right to inspect.
- 3.3 Following completion of the audit work, the accounts were signed off by Ernst & Young by the statutory deadline of 30 September 2014.

4. Issue, Options and Analysis of Options

- 4.1 Further to the conclusion of the audit of the Accounts for 2013/14, Ernst & Young have issued the Annual Audit Letter 2013/14 which summarises the audit work undertaken. A copy of this letter is attached as Appendix A to this report.
- 4.2 The key messages contained within the Annual Audit Letter repeat those presented within the Annual Results Report in a public facing document. In summary:

- The Council has received an unqualified opinion on the 2013/14 financial statements including the Statement of Accounts.
- Ernst & Young have concluded that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- The work on the Whole of Government Accounts (WGA) has been completed and an assurance statement issued.

5. Reasons for Recommendation

- 5.1 A system of sound financial control and governance arrangements underpins all of the services and priorities of the Council.

6. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Acting Chief Executive & S151 Officer

Tel & Email: 01277 312712 / jo-anne.ireland@brentwood.gov.uk

- 6.1 There are no direct financial implications arising from this report.

Legal Implications

Name & Title: Chris Potter, Monitoring Officer and Head of Support Services

Tel & Email: 01277 312860 / christopher.potter@brentwood.gov.uk

- 6.2 All relevant legal considerations have been taken fully into account in compiling this report.

7. Appendices to this report

Appendix A – Annual Audit Report 2013/14

Report Author Contact Details:

Name: Jo-Anne Ireland, Acting Chief Executive

Telephone: 01277 312712

E-mail: jo-anne.ireland@brentwood.gov.uk

Brentwood Borough Council

Year ending 31 March 2014

Annual Audit Letter

20 October 2014



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The Members
Brentwood Borough Council
Town Hall
Ingrave Road
Brentwood
CM15 8AY

20 October 2014

Dear Members,

Annual Audit Letter

The purpose of this Annual Audit Letter is to communicate to the Members of Brentwood Borough Council and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to their attention.

We have already reported the detailed findings from our audit work to those charged with governance of Brentwood Borough Council in the following report:

**2013/14 Audit results report for
Brentwood Borough Council**

Issued 30 September 2014

The matters reported here are the most significant for the Authority.

I would like to take this opportunity to thank the officers of Brentwood Borough Council for their assistance during the course of our work.

Yours faithfully

Debbie Hanson
Director
For and behalf of Ernst & Young LLP
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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Executive summary

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan we issued on 17 February 2014 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Authority reports publicly on an annual basis on the extent to which they comply with their own code of governance, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements;
- ▶ reviewing the Annual Governance Statement;
- ▶ forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of Brentwood Borough Council for the financial year ended 31 March 2014 in accordance with International Standards on Auditing (UK & Ireland).	On 30 September 2014 we issued an unqualified audit opinion in respect of the Authority's financial statements.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 30 September 2014 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Authority (the Audit and Scrutiny Committee) communicating significant findings resulting from our audit.	On 30 September 2014 we issued our report in respect of the Authority.
Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 30 September 2014.
Consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.	No issues to report.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	No issues to report.
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	No issues to report.

Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.	On 30 September 2014 we issued our audit completion certificate.
Issue a report to those charged with governance of the Authority summarising the certification (of grant claims and returns) work that we have undertaken.	Work on the Authority's Housing Benefit Claim is still ongoing. Our annual certification report in respect to the 2013/14 financial year will be issued to those charged with governance on completion of this work in December 2014.

1.1 Audit Fees

The table below sets out the scale fee and our final proposed audit fees.

	Proposed final fee	Scale fee
Code audit work	88,775	£89,775
Certification of claims and returns *	£15,794	£15,794

* Work on the certification of claims and returns is not yet complete. We will report our final fee for the certification work after we completed our work in December 2014.

We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

2. Key findings

2.1 Financial statement audit

We audited the Authority's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified audit report on 30 September 2014.

In our view, the quality of the process for producing the accounts, including the supporting working papers was generally good. However, we identified a number of errors in accounting for fixed assets as outlined below. The main issues identified as part of our audit were:

Significant risk 1: Localisation of Business Rates

There have been significant changes in the arrangements for business rate arrangements from April 2013. The detailed accounting arrangements for the new arrangement were not clear at the time the Authority was preparing its accounts, and this was therefore presented as a risk in terms of the financial statements. One of the main changes is that individual local authorities now need to provide for rating appeals. This includes not only claims from 1 April 2013 but claims that relate to earlier periods.

Our audit work confirmed that the accounting treatment adopted by the Council for business rates was appropriate and in compliance with the CIPFA Code of Practice.

In addition we are satisfied that the provision for NNDR appeals has been calculated on a reasonable basis in line with accounts requirements.

Significant risk 2: Accounting for fixed assets

The changes in the asset system and valuer in 2012/13, along with the history of errors in accounting for fixed assets, contributed to the errors identified in the 2012/13 accounts. We are still resolving the prior year issues and, in discussion with Capita, we are coming close to a resolution. No other issues were identified

The Council also appointed a new valuer again for 2013/14. Late information received from the Valuer resulted in material changes being made to the accounts, for which the Council amended the accounts for the largest of these. Their review identified significant change in values of a number of assets and we requested that management confirm their agreement with the findings of the valuer.

Significant risk 3: General Ledger System Change

Our audit work did not identify any issues and we were able to place reliance on the controls operating within the new General Ledger system.

Significant risk 4: Management Override

ISA (UK&I) 240 requires that we plan our audit work to consider the risk of fraud. This includes consideration of the risk that management may override controls in order to manipulate the financial statements.

Our audit procedures and testing did not identify any instances of misstatement due to fraud and error.

Other key findings:

We identified five misstatements within the draft financial statements, which management has chosen not to adjust. None of which were individually or in aggregate material to the presentation and disclosures of the financial statements. Management, in agreement with the Audit and Scrutiny Committee provided a rationale as to why these misstatements were not corrected

Our audit identified a number of further misstatements which the audit team highlighted to management for amendment. All of these were corrected during the course of our work. We considered two of these misstatements to be significant, which we reported separately in our Audit Results Report. None of the adjustments affected the Council's financial position or level of useable reserves.

The Council have completed their review of the single status and all necessary accounting entries and provisions have been correctly made.

2.2 Value for money conclusion

We are required to carry out sufficient work to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In accordance with guidance issued by the Audit Commission, in 2013/14 our conclusion was based on two criteria:

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

We issued an unqualified value for money conclusion on 30 September 2014. Our audit did not identify any significant matters.

We did however note that, along with many other local authorities, Brentwood is facing significant financial challenges over the next three to four years. The Authority's external funding sources are reducing and are subject to change and uncertainty in future years. Some of the main areas of uncertainty relate to:

- ▶ Future levels of business rates income;
- ▶ Future funding through the New Homes Bonus; and
- ▶ Level of Government funding through the Revenue Support Grant (RSG) and Baseline Funding (business rates).

The Council is clearly aware of the challenges it faces and is continuing with its Transformation Programme. It has a strong track record of delivering savings and meeting its budget. Good progress has already been made on identifying savings to bridge the budget gap of around £0.86 million in 2016-17. Members need to be aware of the future financial pressures the Authority is facing and consider carefully the impact of any decisions they make on the ongoing sustainability of the Authority's financial position and its ability to maintain service levels in future years.

2.3 Whole of government accounts

We reported to the National Audit office on 30 September 2014 the results of our work performed in relation the accuracy of the consolidation pack the Authority is required to prepare for the whole of government accounts. We did not identify any areas of concern.

2.4 Annual governance statement

We are required to consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA / SOLACE guidance. We completed this work and did not identify any areas of concern.

2.5 Certification of grants claims and returns

We have not yet completed our work on the certification of grants and claims. We will issue the Annual Certification Report for 2013/14 in December 2014.

3. Control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal of internal control, we are required to communicate to those charged with governance at the Authority, any significant deficiencies in internal control.

We have not identified any significant weakness in the design of operation of an internal control that might result in a material error in your financial statements of which you are not aware.

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26 November 2014

Audit and Scrutiny Committee

Internal Audit Progress Report

Report of: *Greg Rubins, Head of Internal Audit*

Wards Affected: *All*

This report is: *This report is public*

1. Executive Summary

- 1.1 This report details the progress to date against the internal audit plan that was agreed with in the Audit Committee in March 2014.
- 1.2 The report also includes an update on the progress of the implementation of the recommendations raised by the previous internal auditors.

2. Recommendation(s)

- 2.1 To receive and note the contents of the report.**

3. Introduction and Background

- 3.1 The Audit Committee approved the 2014/15 Annual Audit Plan on 11 March 2014. Progress reports on the delivery of the plan are presented at each Committee meeting.

4. Issue, Options and Analysis of Options

- 4.1 Not applicable.

5. Reasons for Recommendation

- 5.1 To monitor the progress of work against the internal audit plan.

6. Consultation

- 6.1 Not applicable.

7. References to Corporate Plan

- 7.1 Good financial management underpins all priorities within the Corporate Plan.

8. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Acting Chief Executive & S151 Officer

Tel & Email: 01277 312712 / jo-anne.ireland@brentwood.gov.uk

- 8.1 There are no direct financial implications arising from this report.

Legal Implications

Name & Title: David Lawson, Deputy Monitoring Officer

Tel & Email: 01277 312860 / david.lawson@brentwood.gov.uk

- 8.2 There are no direct legal implications arising from this report

9. Appendices to this report

Appendix A – Internal Audit Progress Report

Report Author Contact Details:

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Telephone: 023 8088 1892

E-mail: greg.rubins@bdo.co.uk



Brentwood Borough Council

INTERNAL AUDIT PROGRESS REPORT

November 2014

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PROGRESS AGAINST PLAN

Internal Audit

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2014/15 internal audit plan which was approved by this Committee in March 2014. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in section 2 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

Work outside of the Internal Audit Plan

No additional work has taken place.

Overview of 2014/15 work to date

Since the previous Audit and Scrutiny Committee in September, we have completed and finalised the report for Performance Management.

The following reviews are underway and the final reports will be brought to the Audit and Scrutiny Committee in January:

- Property Management
- Housing System
- Repairs and Maintenance
- Car Park and Gold Club income

We are also currently planning the Main Financial Systems audit, which will cover the general ledger, payroll, revenues and housing benefits.

The review of Partnership Arrangements continues to be underway. We have continued to experience delays with this audit due to the availability of key staff. Management are aware of the delays.

Note that a review on Affordable Housing was originally agreed in the Audit Plan, however we agreed with the Interim Head of Housing and the Acting Chief Executive that it would be more useful for us to look at the processes in place for repairs and maintenance instead. We will look at Affordable Housing in future years.

PROGRESS AGAINST PLAN

Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
A Modern Council					
Customer Service	20	Q1	Complete	Moderate	Moderate
Transformation Programme	20	Q4	Agreed to move to Q4 due to change in staffing arrangements in this area.		
Performance Management	20	Q2	Complete	Moderate	Moderate
Financial systems	95	Q3/4	Planning		
Risk and Governance	20	Q4			
IT strategy, governance and data security	40	Q4	Agreed to move to Q4 due to current review in this area.		
Counter Fraud	15	Q4			
Car Parking and Golf Income	15	Q3/4	In progress		
	245				
A Safe Borough					
Partnership Working	20	Q1/Q2	In progress - continued delays with key staff.		
	20				
Assurance - System Design					
Assurance - Operating Effectiveness					

PROGRESS AGAINST PLAN

Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
A Prosperous Borough					
Capital developments	25	Q3/4	Planning		
	25				

Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Housing, Health and Wellbeing					
Housing systems	30	Q3/4	In progress		
Repairs and Maintenance	20	Q3	In progress		
Property management	20	Q3	Draft report		
	70				

PROGRESS AGAINST PLAN

Area	2014/15	Description of the Review
Planning/ liaison/ management	20	
Recommendation follow up	10	We will follow up high and medium priority recommendations raised by the previous internal auditors.
Audit Committee		
Contingency	10	
Total	40	
Total	400	

SUMMARY AUDIT REPORT: Performance Management

COUNCIL STRATEGIC RISKS	
Risk	Lack of strategic direction <ul style="list-style-type: none">• Poor performance management.• Poor delivery of priorities.• Failure to communicate effectively. <p>RR Reference: 9</p>
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)	
Design	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	A small number of exceptions found in testing of the procedures and controls.
OVERVIEW	

The performance management and project delivery frameworks were reviewed as part of this audit. As at October 2014 the project management framework was under review and had not been fully implemented and we were able to review and provide moderate assurance over the design of the process at the current stage, but were not able to review the effectiveness of the controls in place as these had not been implemented in practice.

Our review found the following areas of good practice:

- The Contract and Corporate Projects Manager has a clear vision for the structure and framework that they wish to see in place for the managing of performance indicators and projects, and is already implementing improvements to the processes
- The Corporate Plan's objectives are set out in a clear and concise way such that they can guide the setting of key performance indicators and the Corporate Leadership board
- The framework proposed for the implementing, monitoring and delivery of projects is well structured, appropriate for the Council and should improve the Council's selection of key projects to further its corporate priorities and the outcomes from these projects.

We also found a number of areas for improvement or development:

- The key performance indicators set were in some cases not in line with the Corporate Plan and there was little evidence that the Corporate Plan was embedded in the performance management process, e.g. recycling targets were lower. (High priority)
- Performance targets set were not always consistent in the level of challenge set, some had been set at a high level to challenge and push staff, where as others were set at a level to be achievable with limited work towards improvement. The targets set also lacked specific timescales. (High priority)
- There is no additional corporate action taken when performance is not being met, eg no additional corporate monitoring (High priority)
- The performance targets and management of the targets was not well embedded in the organisation and with staff; some senior officers were unaware of policy documents and IT software that the Council had in place to set and monitor targets. There were inconsistent strategies employed by management in the setting and monitoring of targets; some departments had an inclusive approach that meant targets were discussed by the team as whole on a regular basis, in other departments only senior officers were involved in the setting and monitoring of targets. (Medium priorities)

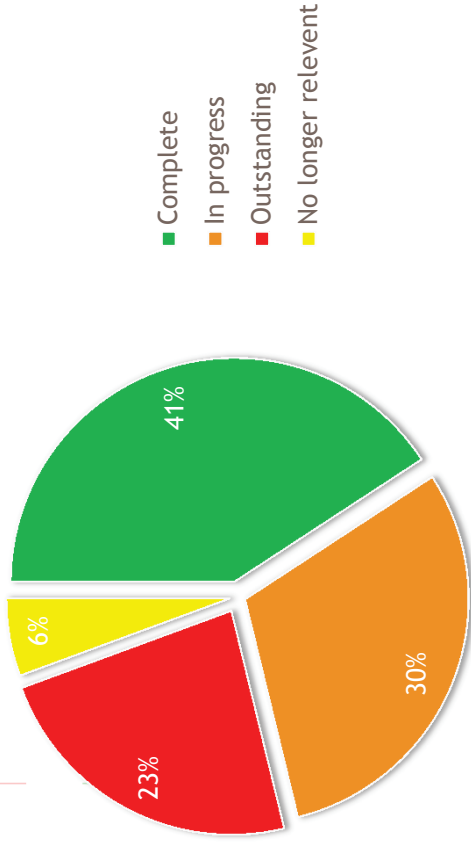
Overall, we have provided moderate assurance, which reflects that the Council is making progress to date but recognises that these processes are still currently being improved. We raised 10 recommendations in total (3 high priority and 7 medium) and an action plan has been agreed to address the recommendations.

FOLLOW UP ON RECOMMENDATIONS

Follow up of prior year recommendations

We have followed up and gained evidence on the progress made against the high and medium recommendations raised during 2013/14 by the previous internal auditors, which are due to be completed before this Audit and Scrutiny Committee.

The diagram on the right shows the percentage of recommendations in progress and implemented. Since the previous Audit and Scrutiny Committee we have been able to verify the status of all recommendations and the progress being made to implement them. We will continue to monitor the status of these recommendations. 10 high priority recommendations are either in progress or outstanding.



	Number	Percentage
Complete	51	41%
In progress	38	30%
Outstanding	29	23%
No longer relevant	7	6%
Total prior year recommendations	125	100%

Recommendations not Implemented

Audit	Recommendation made	Priority Level	Council Comments	Manager Responsible	Due Date	Internal Audit Comments
Data/ Information Security	Review and Update of Incident Management Policy - The Incident Management policy should be fully updated to ensure all job titles are current and up to date and that there is full coverage on how to deal with a loss or breach of data. This review should include: ensuring job roles in the policy align to those in BBC; the who and how of the incident management team should be defined; review if the BERR Process is suitable for BBC to handle and if not, what should be done about the elements that are not; and there should be included details on how to handle and report an information breach or loss as well as a technical security incident.	H	The Executive support officer has been in post for two weeks - work will be underway to update the policy.	Laura Needham (formally Lee Taylor)	31/03/14	From discussions with the new Executive officer we noted that work was underway to identify the policies that require updating. We will follow this up in December 2014 to ensure that the policy has been updated.
Business Continuity	Formalised Timetable for Plan Testing - A formal timetable of testing should be put in place covering different aspects of the plans to ensure it will function correctly if required. This testing and the results can then inform any plan revisions and amendments.	H	Testing of Business Continuity plans will only commence once all plans have been revised and managers made aware of their respective roles and responsibilities. Testing of the plans will occur by 30/07/2015.	Ashley Culverwell	15/05/14	We will follow up on this recommendation in August 2015, once the plans have been revised.
Business Continuity	Centralised Committee of BCP Owners - There should be established a regular (suggest quarterly or six monthly) meeting of plan owners to discuss changes to plans in relation to organisational changes and ensure best practice is shared.	H	Once all plans are completed then plan-owner meetings are to be arranged. Plans will be discussed by 31/05/2015 and ahead of testing.	Ashley Culverwell	31/05/14	We will follow up this recommendation in June 2015, once the plan owners have been identified.

Recommendations in Progress

Audit	Recommendation made	Priority Level	Council Comments	Manager Responsible	Due Date	Internal Audit Comments
Planning Applications & Enforcement	Procedures (1) - The Planning Charters should be reviewed and updated in line with current legislation and the latest planning procedures. An up to date Validation Checklist should be produced and used by all staff responsible for validating and processing a planning application. The checklist should be signed and dated when the application has been assessed as valid. The procedures should be periodically reviewed and updated if necessary with the date of review recorded on the document.	H	The new administrative processes have been implemented as far as the core planning application processing is concerned. The renewed focus on these has contributed to much improve performance in processing times. However, there are several areas of less priority that have suffered as a consequence. For example, back scanning of applications has been delayed and needs to be addressed corporately.	Tony Pierce	30/04/13	From discussions with Tony Pierce we confirmed that the Planning Charters are going to be reviewed in November. A Validation Checklist has not been completed - There have been changes to the national regulations so a checklist has not been completed. It was noted that information requirements would be more useful than a checklist as all plans are different and therefore a one size fits all checklist would not be suitable. This recommendation will be revisited at the end of the year.
Planning Applications & Enforcement	Procedures (2) - The Council should continue the efforts to fill the vacant posts and prioritise existing resources appropriately.	H	The Council should continue the efforts to fill the vacant posts and prioritise existing resources appropriately.	Tony Pierce	30/08/12	We can confirm from discussions with Tony Pierce that at present there are 6 vacancies. For 5 vacancies staff have been employed and are waiting to start, however 1 vacancy has not been filled and the vacancy closing date has passed. Planning are currently suffering from a high turnover of staff.

Recommendations in Progress

Audit	Recommendation made	Priority Level	Council Comments	Manager Responsible	Due Date	Internal Audit Comments
Data/ Information Security	The Incident Management policy should be fully updated to ensure all job titles are current and up to date and that there is full coverage on how to deal with a loss or breach of data. This review should include: ensuring job roles in the policy align to those in BBC; the who and how of the incident management team should be defined; review if the BERR Process is suitable for BBC to handle and if not, what should be done about the elements that are not; and there should be included details on how to handle and report an information breach or loss as well as a technical security incident.	H	Policies reviewed and currently in draft	Laura Needham (formally Lee Taylor)	31/03/14	At the time of the review we were not provided with the policy, as a result we were unable to verify if the policy was at a draft stage. This recommendation will be revisited at the end of the year.
Planning Enforcement	Planning Enforcement Policy - The Draft Planning Enforcement Policy should be updated to ensure that all amendments are addressed. The policy should be presented to members for consideration and agreement and produced as a final version when approved. The targets and timeframes endorsed within the Draft Planning Enforcement Policy should be embedded within the Councils working practices. It should be ensured that robust version control is maintained and any changes are formally documented.		A draft planning enforcement plan has been approved and published setting out revised targets and response times for investigation. As part of implementation of the plan, it is hoped that all future reporting of cases will be through the public website. However, this requires the purchased middleware between the web site and Uniform to be implemented. Once this is done, monitoring of performance using Uniform can be put into place, including key indicators set out in the draft planning enforcement plan.	Tony Pierce	30/09/14	The Planning Enforcement Policy has been drafted and is going to committee in November for sign off. However, for this policy to be effective the officer delegation must be changed as this is out of date. In addition, middleware software must be purchased in order to input the information from the website to Uniform. As middleware software is yet to be purchased records are not comprehensive. This recommendation will be revisited at the end of the year.

Recommendations in Progress

Audit	Recommendation made	Priority Level	Council Comments	Manager Responsible	Due Date	Internal Audit Comments
Business Continuity	<p>Revision of BC Plan - The template and supporting guidance should be fully revised prior to an organisational refresh of BC arrangements. This review should include: key contacts in relation to BCP; staff roles throughout the Council; Evacuation arrangements and alternative accommodation; Current P-Card holders; and Details of virtual communications. As part of a refresh and review of the BC plans, once the correct plan managers are in place, a review of the battle boxes and their contents should be undertaken. It should be noted that it is not sufficient to have a battle box available only online as there needs to be information available in the event of a loss IT and/or power. The 42 other staff should be identified or removed from the BIA.</p>	H	<p>The Brentwood Business Continuity Plan is being totally revised along with the individual service plans which are not fit for purpose. The plans will follow the systemised approach taken by Braintree DC. The location and contents of all battle boxes have been checked and a contents list has been provided to all Heads of Service. New battle boxes have been obtained where any have been found missing.</p> <p>The Brentwood BCP will be completed by 30/04/2015 together with all service BCP's.</p>	Ashley Culverwell	30/06/14	<p>From review of the Business Continuity work plan we can confirm that work is underway to revise the council's business continuity arrangements. We have also noted that the battle box content record was circulated to all managers on the 7th May 2014.</p> <p>We will follow up this recommendation in May 2015 to ensure that the Business Continuity Plan has been revised and is complete.</p>

Recommendations in Progress

Audit	Recommendation made	Priority Level	Council Comments	Manager Responsible	Due Date	Internal Audit Comments
Business Continuity	Detailed IT BCP - The IT BC plan should contain far more detail on restoring the IT and infrastructure. This should include the where and how computers can be sourced and paid for, how many as a minimum would be required in what circumstances, who has the ability to work remotely and how people (including how many) can be set up quickly in the time of a BC event to do so. Similarly, the use of the Brentwood Centre needs to be detailed with the amount of people that could be supported there, how many points and ports are available, etc. to enable priority planning over who should get the facilities available.	H	Once all plans are completed then plan-owner training is to be arranged.	Ashley Culverwell	30/09/14	We will check progress in April/May 2015.
Business Continuity	Centralised Record of BC Priorities - Once all plan priorities have been reviewed and revised, there should be out in place one overarching plan for BBC that can be accessed in the time of an event affecting all or several parts of BBC that shows the priorities for the whole Council to enable the correct prioritisation of resources.	H	An overarching plan is currently in development. The Brentwood Business Continuity Plan will be completed by 30/04/2015 together with all service Business Continuity Plans.	Ashley Culverwell	31/08/14	From discussion with the Environmental Health manager we can confirm that the overarching plan is being developed, which the individual plans will be informed by. We will follow up this recommendation in May 2015 to ensure that the Business Continuity Plan has been revised and is complete.

KEY PERFORMANCE INDICATORS

Performance measures for internal audit

Coverage		
Audits completed against the Annual Audit Plan.	We expect to complete the audit plan by the end of the financial year, however we have experienced some delays with current work due to staff turnover and absence of key staff at the Council.	
Actual days input compared with Annual Audit Plan.	All days are in line with the plan.	
Reporting		
Issuance of draft report within 3 weeks of fieldwork 'closing' meeting.	All draft reports have been issued within 3 weeks of the closing meeting.	
Finalise internal audit report 1 week after management responses to report are received.	All draft reports have been finalised within 1 week of management responses being received.	
Relationships and customer satisfaction		
Customer satisfaction reports - overall score at least 70% for surveys issued at the end of each audit.	Good feedback has been received on all audits completed.	
Annual survey to Audit Committee to achieve score of at least 70%.	A year end customer satisfaction questionnaire will be issued to key stakeholders, the results of which will be included in our year end plan.	
Staffing & training		
At least 60% input from qualified staff.	100% of staff working on the Customer Services review have been qualified. 60% of qualified staff have been used on the audits.	
Audit Quality		
Reliance on work by EY where appropriate.	Not applicable at this stage.	
Positive result from any external review.	Not applicable at this stage.	

KEY PERFORMANCE INDICATORS

Performance measures for management and staff

<p><i>Response to reports</i></p>	
<p>Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.</p>	<ul style="list-style-type: none"> • Partnership Review: Terms of reference was agreed by the audit sponsor within two weeks of receipt. Draft report not yet issued as audit work is in progress. • All other terms of reference and draft reports have been agreed within the timescale.
<p><i>Implementation of recommendations</i></p>	
<p>Audit sponsor to implement all audit recommendations within the agreed timeframe.</p>	<p>Not applicable at this stage.</p>
<p><i>Co-operation with internal audit</i></p>	
<p>Internal audit to confirm to each meeting of the Audit Committee whether appropriate co-operation has been provided by management and staff.</p>	<p>Appropriate co-operation has been provided by management and staff to date.</p>

SECTOR UPDATE

Publications and articles

- **Government published response on local authority parking strategies:** The government launched a consultation paper on local authority parking enforcement in 2013. The consultation closed in February 2014 and the government has now responded with a number of proposals, including:
 - Amending guidance to make it clear that motorists parking at an out-of-order meter should not be issued a penalty charge where there are no alternative ways to pay;
 - Banning the use of CCTV cameras to enforce parking contraventions in the vast majority of cases, but with some exceptions (eg restricted areas outside of schools);
 - Widening the powers of parking adjudicators. This could include, for example, measures to protect drivers where adjudicators have repeatedly identified a problem at a specific location (such as inadequate signage) and parking tickets have repeatedly been issued; and
 - Introducing a mandatory 10 minute free period at the end of paid-for on-street parking either through amendments to statutory guidance or regulations.
- 2.2% pay deal for local government staff gets the go ahead.
http://www.lgcplus.com/5076775.article?WT.tsrc=email&WT.mc_id=Newsletter33
- Record levels of fraud being detected by English Councils, fraud detection at it s highest rate in 25 years according to the audit commission.
<http://www.publicfinance.co.uk/news/2014/10/record-levels-of-fraud-being-detected-by-english-councils-report-finds/>
- **Rebuild 'Broken' finance system:** Will full retention of business rates make councils self-sufficient?
<http://www.publicfinance.co.uk/news/2014/10/rebuild-broken-local-government-finance-system-says-commission/>

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APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

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26 November 2014

Audit & Scrutiny Committee

Fraud Statistics

Report of: *Rick Steels, Revenues & Benefits Manager*

Wards Affected: *None*

This report is: *Public*

1. Executive Summary

- 1.1 This report provides Members with details of the work of the Fraud Investigation team for the period September 2014 through to October 2014. The number of completed investigations and the subsequent sanctions applied to offenders bears no relation to the number of investigations opened during the same period.
- 1.2 86 referrals of potential fraud were reported between September 2014 and October 2014. With the exception of 1 potential housing tenancy fraud, 85 of the referrals were for suspected Housing Benefit (HB) and/or Local Council Tax Support (LCTS) fraud.
- 1.3 7 cases were successfully investigated during this period, all for benefit fraud. The Fraud Investigation team applied sanctions to all 7 cases.

2. Recommendation(s)

- 2.1 **That Members note the contents of this report.**

3. Introduction and Background

- 3.1 The Council is committed to providing a proactive approach to the prevention and detection of Housing Benefit, Local Council Tax Support and Housing Tenancy fraud.
- 3.2 The Fraud Investigation team will also investigate potential cases of fraud that are referred to it from a variety of sources, to ensure public funds are protected.
- 3.3 Not all referrals however are investigated as the information provided may not be sufficient or robust enough for an investigation to be opened

- 3.4 The following table provides Members with details of the number of referrals of potential Housing Benefit and/or Local Council Tax Support fraud and potential Housing Tenancy Fraud received for the period 1st September 2014 to 31st October 2014 as well as the number of those referrals that were opened for investigation.

Description	Sep14/Oct14
Number of HB/LCTS referrals received	85
Number of Housing Tenancy referrals received	1
Total number of referrals received	86
Number of cases closed during the period	85
Number of referrals opened for investigation	68
Number of opened investigations referred by the DWP data matching exercise	15
Number of opened investigations referred by an internal source e.g. staff/members	42
Number of opened investigations referred by an external source e.g. the public	11

- 3.5 The length of a fraud investigation can vary significantly depending upon the type of alleged fraud that is being committed. A case where a single claimant is suspected of having a partner resident in their household they have not told us about could take many months.
- 3.6 The process of evidence gathering, interviewing the claimant/tenant and preparing a case for Court has to follow strict legal guidelines and any failure to follow these guidelines will almost certainly render the case useless.
- 3.7 Where an investigation concludes that a fraud has been committed the Fraud Investigation team will apply a sanction. The type of sanction will depend on the seriousness of the crime, the level of benefit overpaid and also whether the claimant has committed an offence for the first time.
- 3.8 The following table provides Members with details of cases that were opened some months ago but have successfully been completed with a sanction applied during the period 1st September 2014 to 31st October 2014.

Description	Jun14/Aug14
Number of HB/CTB sanctions applied during the period	7
Number of Housing Tenancy sanctions applied during the period	0
Total number of sanctions applied during the period	7

3.9 There are three types of sanction that the Fraud Investigation team can impose on the claimant.

- a) Local Authority Caution
- b) Administrative Penalty
- c) Prosecution

3.10 A Local Authority Caution is usually applied to first time offenders and where the offence is not deemed to be of sufficient seriousness to go straight for a prosecution and providing they have not been cautioned by another body such as the police for a separate crime.

3.11 An Administrative Penalty which is equal to 30% or 50% (depending on when the overpayment commenced) of the value of the overpaid benefit is usually applied to first time offenders who have failed to disclose savings or the commencement of employment in a well paid job. Only those offenders who could reasonably be expected to repay any overpaid benefit promptly would be offered this sanction.

3.12 In all other cases the Fraud Investigation team would seek to prosecute offenders in a Court of Law. Additionally if an offender refuses to accept the offer of a Local Authority caution or an administrative penalty the offender will be prosecuted.

3.13 The following table provides Members with a list of the sanctions applied during the period 1st September 2014 to 31st October 2014 and the amount of benefit identified which the claimants had fraudulently claimed.

No.	Description	Amount
50023885	This case was opened on 3 rd July 2014 and closed on 1 st September 2014. A Local Authority Caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid £3,690.06 Housing Benefit to which she was not entitled. She accepted the caution.	£3,690.06

50027135	This case was opened on 28 th July 2014 and closed on 3 rd September 2014. A Local Authority Caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare a change in her household make-up. The claimant was overpaid £617.79 Housing Benefit to which she was not entitled. She accepted the caution.	£617.79
50027112	This case was opened on 9 th June 2014 and closed on 11 th September 2014. A Local Authority Caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid £1,208.61 Housing Benefit to which she was not entitled. She accepted the caution.	£1,208.61
50026023	This case was opened on 30 th June 2014 and closed on 16 th September 2014. A Local Authority Caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to give a prompt notification of a change in his income. The claimant was overpaid £2,670.74 Housing Benefit to which he was not entitled. He accepted the caution	£2,670.74
50023703	This case was opened on 4 th July 2014 and closed on 14 th October 2014. The claimant was offered an Administrative Penalty of £1,622.63 under Section 112 (1A) of the Social Security Administration Act 1992 for failing to declare an increase in her income. The claimant was also overpaid £5,408.77 Housing Benefit to which she was not entitled.	£7,031.40
50025471	This case was opened on 4 th July 2014 and closed on 17 th October 2014. The claimant was offered an Administrative Penalty of £533.22 under Section 112 (1A) of the Social Security Administration Act 1992 for failing to declare an increase in his income. The claimant was overpaid £1,777.41 Housing Benefit to which she was not entitled.	£2,310.63
50018538	This case was opened on 10 th July 2014 and closed on 27 th October 2014. The claimant was offered an Administrative Penalty of £1,017.98 under Section 112 (1A) of the Social Security Administration Act 1992 for failing to declare an increase in her income. The claimant was overpaid £2,035.97 Housing Benefit to which she was not entitled.	£3,053.95

	Total amount of benefit fraudulently claimed and identified during the period 1 st September 2014 to 31 st October 2014.	£20,583.18
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4. Overpayment recovery

- 4.1 An updated table of overpayments that have been identified at the time a sanction was applied since 1st April 2013 can be found at Appendix A to this report.
- 4.2 Members will recall that fraudulent overpayments receive a 40% subsidy from the Department for Work & Pensions. Any recovery of an overpayment in excess of 60% therefore is treated as additional income for the authority.

5. Reasons for Recommendation

- 5.1 To provide Members with an up date of the work of the Fraud Investigation Team.

6. Consultation

- 6.1 Not applicable

7. References to Corporate Plan

- 7.1 None

8. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Acting Chief Executive & S151 Officer

Tel & Email: 01277 312712 /jo-anne.ireland@brentwood.gov.uk

- 8.1 The financial implication are set out in the report.

Legal Implications

Name & Title: Chris Potter, Monitoring Officer and Head of Support Services

Tel & Email: 01277 312860 / christopher.potter@brentwood.gov.uk

- 8.2 Whether a person is prosecuted will depend upon whether or not there is sufficient evidence for a realistic prospect of conviction ('the evidential

test') and if so whether or not it is in the public interest to prosecute ('the public interest test') and the report should be read accordingly.

9 Background Papers (include their location and identify whether any are exempt or protected by copyright)

9.2 Background papers are held by the Revenues & Benefits service.

Report Author Contact Details:

Name: Rick Steels – Revenues & Benefits Manager
Telephone: 01277 312855
E-mail: rick.steels@brentwood.gov.uk

Appendix A

Date	Case	Sanction	Overpayment	Ad pen	Total	Paid	Outstanding	% recovered
1st May 13	1	Admin Pen	£1,132.04	£443.89	£1,575.93	£939.32	£636.61	60
1st Apr 13	2	Prosecution	£3,300.00		£3,300.00	£0.00	£3,300.00	0
1st Apr 13	3	Prosecution	£1,661.40		£1,661.40	£1,661.40	£0.00	100
25th Apr 13	4	Caution	£982.60		£982.60	£982.60	£0.00	100
1st May 13	5	Caution	£1,566.67		£1,566.67	£603.39	£963.28	39
14th May 13	6	Caution	£609.00		£609.00	£609.00	£0.00	100
14th Jun 13	7	Caution	£2,758.70		£2,758.70	£0.00	£2,758.70	0
3rd Jul 13	8	Caution	£2,720.45		£2,720.45	£2,720.45	£0.00	100
21st Jun 13	9	Caution	£6,166.96		£6,166.96	£936.36	£5,230.60	15
20th Jun 13	10	Caution	£3,190.50		£3,190.50	£1,570.50	£1,620.00	49
8th Jul 13	11	Caution	£632.32		£632.32	£312.32	£320.00	49
12th Jul 13	12	Caution	£1,608.48		£1,608.48	£1,004.07	£604.41	62
1st Aug 13	13	Admin Pen	£2,354.51	£903.44	£3,257.95	£654.58	£2,603.37	20
9th Sep 13	14	Caution	£1,269.20		£1,269.20	£0.00	£1,269.20	0
9th Sep 13	15	Caution	£2,458.10		£2,458.10	£974.68	£1,483.42	40
9th Sep 13	16	Caution	£3,606.28		£3,606.28	£3,606.28	£0.00	100
16th Sep 13	17	Caution	£9,797.84		£9,797.84	£0.00	£9,797.84	0
19th Sep 13	18	Caution	£3,538.07		£3,538.07	£539.71	£2,998.36	15
4th Oct 13	19	Caution	£6,092.46		£6,092.46	£543.00	£5,549.46	9
25th Oct 13	20	Caution	£1,996.45		£1,996.45	£1,792.05	£204.40	90
15th Nov 13	21	Caution	£10,327.71		£10,327.71	£1,995.91	£8,331.80	19
28th Nov 13	22	Caution	£2,273.89		£2,273.89	£0.00	£2,273.89	0
5th Dec 13	23	Caution	£786.46		£786.46	£786.46	£0.00	100
5th Dec 13	24	Caution	£1,969.24		£1,969.24	£815.50	£1,153.74	41
6th Dec 13	25	Caution	£634.15		£634.15	£634.15	£0.00	100
6th Jan 14	26	Caution	£3,801.10		£3,801.10	£172.80	£3,628.30	5
20th Jan 14	27	Prosecution	£2,336.71		£2,336.71	£280.00	£2,056.71	12
22nd Jan	28	Caution	£1,291.17		£1,291.17	£405.45	£885.72	31
23rd Jan 14	29	Caution	£1,338.68		£1,338.68	£115.00	£1,223.68	9
23rd Jan 14	30	Prosecution	£5,274.86		£5,274.86	£0.00	£5,274.86	0
7th Feb 14	31	Caution	£715.00		£715.00	£65.00	£650.00	9
19th Feb 14	32	Caution	£1,956.87		£1,956.87	£806.15	£1,150.72	41
11th Mar 14	33	Caution	£2,998.17		£2,998.17	£597.41	£2,400.76	20
17th Feb 14	34	Admin Pen	£2,077.90	£772.48	£2,850.38	£2,077.90	£772.48	73
17th Feb 14	35	Admin Pen	£5,757.52		£5,757.52	£346.66	£5,410.86	6
28th May 14	36	Caution	£1,421.19		£1,421.19	£0.00	£1,421.19	0
23rd Apr 14	37	Prosecution	£2,066.98		£2,066.98	£0.00	£2,066.98	0
1st Apr 14	38	Admin Pen	£1,940.58		£1,940.58	£503.42	£1,437.16	26
14th Jun 14	39	Caution	£893.77		£893.77	£170.37	£723.40	19
23rd Jun 14	40	Caution	£4,383.03		£4,383.03	£231.70	£4,151.33	5
27th Jun 14	41	Caution	£3,697.49		£3,697.49	£3,678.24	£19.25	99
1st Jul 14	42	Prosecution	£6,585.75		£6,585.75	£0.00	£6,585.75	0
1st Jul 14	43	Prosecution	£6,801.34		£6,801.34	£0.00	£6,801.34	0
7th Jul 14	44	Caution	£9,221.97		£9,221.97	£0.00	£9,221.97	0
14th Aug 14	45	Caution	£865.45		£865.45	£193.00	£672.45	22
1st Sep 14	46	Caution	£3,690.06		£3,690.06	£1,025.52	£2,664.54	28
3rd Sep 14	47	Caution	£617.79		£617.79	£617.79	£0.00	100
11th Sep 14	48	Caution	£1,208.61		£1,208.61	£263.98	£944.63	22
16th Sep 14	49	Caution	£2,670.74		£2,670.74	£1,070.74	£1,600.00	40
14th Oct 14	50	Admin Pen	£5,408.77	£1,622.63	£7,031.40	£422.10	£6,609.30	6
17th Oct 14	51	Admin Pen	£1,777.41	£533.22	£2,310.63	£0.00	£2,310.63	0
27th Oct 14	52	Admin Pen	£1,541.19	£1,017.98	£2,559.17	£131.89	£2,427.28	5

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26 November 2014

Audit & Scrutiny Committee

Strategic Risk Review

Report of: *Jo-Anne Ireland, Acting Chief Executive*

Wards Affected: *None*

This report is: *Public*

1. Executive Summary

- 1.1 The Strategic Risk Register has been reviewed and is submitted to the Committee for approval.
- 1.2 The report updates the Committee on recent risk management activity undertaken by the Council.

2. Recommendation(s)

- 2.1 To agree the Strategic Risk Register and that the risk scores recorded for each risk accurately represents the current status of each risk.**

3. Introduction and Background

- 3.1 The governance arrangements set out in the 'Insurance & Risk Management Strategy' require the Audit Committee to review the strategic risks every quarter and the operational risks every six months.
- 3.2 The strategic risk register is attached at Appendix A. The strategic risk register is monitored quarterly by the Corporate Leadership Board who consider the risks, the mitigations and agree the content. It will be the responsibility of the Audit Committee to review the strategic risks and confirm they are confident that the risks associated within this register are those which are strategic and relevant to the organisation at this point in time and the considered future.

- 3.3 On 28 October, Sue Fretwell, our Zurich Strategic Risk Consultant met with the Senior Management Team (SMT) to update on progress against the internal audit report recommendations and also to discuss the Strategic Risk Register, which was reviewed in detail at the last Corporate Leadership Board meeting on 28 August 2014.
- 3.4 Sue Fretwell is currently working with Sue White on the operational risk registers and it was agreed that following the review of these registers, stronger links to the Strategic Risks would be identified to ensure; two way communication between officers and managers on both Strategic and Operational risk and also to establish a more comprehensive view of the organisation's exposure to risk, at all levels.
- 3.5 It was a useful session for SMT to discuss the process and links to the Corporate Plan and it is anticipated that an exercise will take place at the start of the new financial year to assess and map Strategic risks more closely to the Corporate Plan objectives. In the meantime, the SMT will continue to review the risks and monitor the effectiveness of the control measures to ensure they are fit for purpose and are effective.
- 3.6 Following this session, Sue Fretwell delivered a training and awareness session on Strategic Risk Management to Members. This session formed part of the Scrutiny Meeting for the Audit and Scrutiny Group but the invitation was extended to all Members. This session is available via the normal channels on the Internet. This session meets one of the actions outlined in the improvement plan and continuing support for Members will be available.
- 3.7 A full report on activities delivered to improve Strategic Risk Management arrangements will be presented to the SMT in December and will be reported at the next Audit and Scrutiny Committee.
- 3.8 Quarterly insurance reports are presented to the Corporate Leadership Board to identify areas for future risk control, leading to risk improvements in the areas of training, systems of working and security.

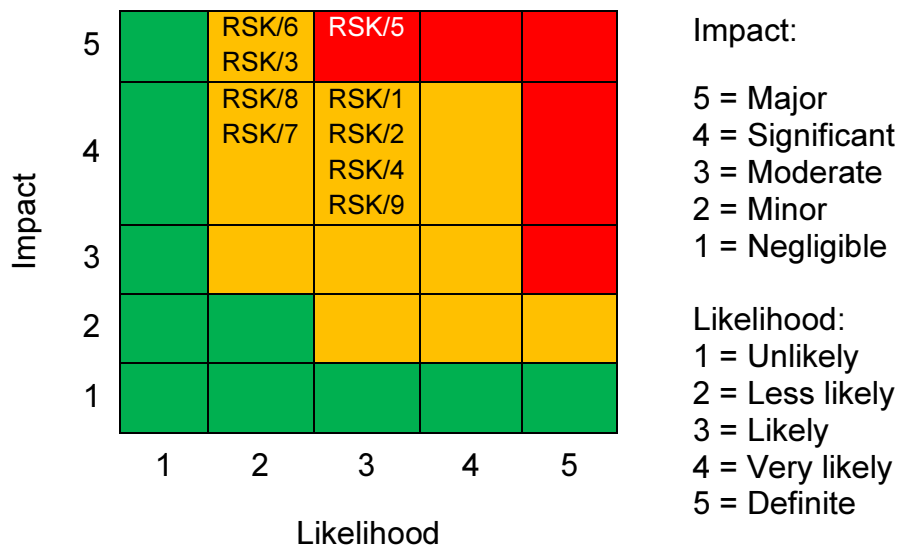
4. Issue, Options and Analysis of Options

Strategic Risks

- 4.1 In line with the Council’s Insurance and Risk Management Strategy, risk owners have reviewed their risks and risk scores. The Strategic Risks have been updated and amended where necessary to reflect the actions being taken to manage the risks. Audit & Strategy Committee is asked to consider and agree the amendments.
- 4.2 An update on the action required can be found on the Strategic Risk Summary sheet attached at Appendix B.

Risk Matrix

- 4.3 The nine risks are plotted on the risk matrix below. The current assessment identifies that one risk will remain in the red area of the risk matrix.



5. Reasons for Recommendation

- 5.1 Risk Management continues to be embedded quarterly within the Senior Management Team reports, where Directors and Heads of Service discuss the top level risks for their service areas to ensure that the risks are updated to reflect the ongoing changes.

5.2 In addition the Risk & Insurance Officer will work with managers to ensure that any new or emerging risks are identified, assessed and managed appropriately.

6. Consultation

6.1 None.

7. References to Corporate Plan

7.1 Effective risk management arrangements will support the Council to achieve its corporate priorities. The process will enable identification of risks and issues enabling informed decision making to removed or reduce them in order for the priorities to be achieved.

8. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Acting Chief Executive & S151 Officer
Tel/ Email: 01277 312712 / jo-anne.ireland@brentwood.gov.uk

8.1 There are no financial implications arising from this report.

Legal Implications

Name & Title: Christopher Potter, Monitoring Officer and Head of Support Services
Tel/ Email: 01277 312860 / christopher.potter@brentwood.gov.uk

8.2 The Council has insurance cover against the range of risks to which it is exposed, in particular, public liability, employer liability, property, computer risks, local land charges, public health, professional indemnity, fidelity guarantee, motor insurances, libel and slander, engineering inspections and terrorism. These are maintained annually.

9. Appendices to this report

Appendix A –Strategic Risk Register
Appendix B – Strategic Risk Register Summary Sheet

Report Author Contact Details:

Name: Sue White, Risk and Insurance Manager
Telephone: 01277 312821
E-mail: sue.white@brentwood.gov.uk

Strategic Risk Register and Action Plan

Risk Number 1	Risk Owner: Jo-Anne Ireland	DATE: August 2014
Business Risk Description: Finance Pressures		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> Failure or significant reduction of income streams and external funding Significant change in priorities – influenced by either demand, political vision or legislation Unplanned expenditure as a result of urgent works Expenditure incurred where no budgetary provision exists Target levels for income are not achieved Target efficiency savings are not achieved 	<ul style="list-style-type: none"> Council unable to meet budget requirements Staffing and service level reductions Greater use of reserves to maintain a balanced budget Working balance levels fall below the risk assessed level Increased Council Tax Increase in charges 	<ul style="list-style-type: none"> Medium Term Financial Planning is undertaken on an annual basis Monthly Budget Monitoring Half year reports to Members A Funding Volatility Reserve has been created to specifically address the uncertainty of Government funding levels Healthy reserves and working balance levels held 	3	4	12
					Retain

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
In year savings are proving to be a challenge for 2014/15.	<ul style="list-style-type: none"> Additional work required in the following areas: <ol style="list-style-type: none"> Revenues and Benefits Customer Contact Centre Longer term MTFP to be developed Develop a strategy for delivery or savings, additional income 	31/03/2015 04/03/2015	Steve Summers, Head of Customer Services Jo-Anne Ireland, Acting Chief Executive Jo-Anne Ireland, Acting Chief Executive

Risk Number 2	Risk Owner: Gordon Glenday	DATE: August 2014
Business Risk Description: Local Development Plan		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> Failure of Council to adopt a Plan in line with National Planning Policy Framework (NPPF) Lack of formal agreement through Duty to Cooperate Failure to adopt Community Infrastructure Levy (CIL) Loss/long term absence of staff Recruitment difficulties 	<ul style="list-style-type: none"> Planning applications judged against NPPF 'in favour of sustainable development' Development permitted in locations on an ad-hoc basis Potential appeal costs Staff resource implications to deal with increased applications Lack of necessary infrastructure funding Delay to Plan preparation and lack of necessary expertise & experience 	<ul style="list-style-type: none"> Meeting targets set out in the Plan timetable (Local Development Scheme) Ongoing discussion with neighbouring Local Planning Authorities Recruitment of permanent staff to fill posts in Planning Policy Team (August 2014), reduced reliance on agency & temp staff 	3	4	12
					Reduce

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
Current adopted Plan timetable now out of date, CIL Preliminary Charging Rates agreed by Strategy & Policy Board (19.03.14) but consultation has yet to take place	<ul style="list-style-type: none"> Agreement of a new Plan timetable Agreement through Duty to Cooperate with neighbouring Local Planning Authorities regarding cross-boundary issues Agreement of key issues to inform proposed spatial strategy for quantum and locations of new development Completion of technical evidence to inform emerging Plan policies Consultation on CIL Preliminary Draft Charging Schedule and further work to enable CIL adoption by April 2015 deadline 	<p>LDP – Dec 2015</p> <p>CIL – April 2015</p>	<p>Tony Pierce, Interim Head of Planning</p> <p>Gordon Glenday, Head of Planning</p> <p>Phil Drane, Planning Policy Team Leader</p> <p>Alex Bird, Senior Planning Policy Officer</p>

Risk Number 3	Risk Owner: Ashley Culverwell & Steve Summers (re IT requirements)	DATE: August 2014
Business Risk Description: Disaster Recovery/Continuity Planning		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> Failure to respond effectively to an incident/event (e.g IT loss, virus/flu pandemic) Failure to provide critical services Failure to identify critical suppliers Lack of resilience of local businesses 	<ul style="list-style-type: none"> Ineffective response to an incident causes service disruption Unable to deliver key services Possible loss of income Staff absence Vulnerable residents at risk through lack of service delivery 	<ul style="list-style-type: none"> Most services already have Business Continuity Plans in place Civil Contingency Act Insurance cover Alternative fuel stocks/supplies Pandemic flu plan 	2	5	10
					Reduce

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
Plans in place have not been updated regularly and testing infrequent.	<ul style="list-style-type: none"> Corporate and service Business Continuity Plans to be updated Exercises to test the adequacy of Business Continuity Plan and capacity to deliver the Plan Intranet development for Business Continuity and Emergency Planning information Need to test resilience of Gold Command & Emergency Planning/Business Continuity measures that are in place Update IT Disaster Recovery Plan 	March 2015	Mark Stanbury, Senior Environmental Health Officer Sue White, Risk & Insurance Officer Departmental managers Risk Management/CLB Steve Summers, Head of Customer Services & Tim Huggins, ICT Manager

Risk Number 4	Risk Owner: Jo-Anne Ireland	DATE: August 2014
Business Risk Description: Organisational Capacity		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> Lack of capacity to effectively govern the organisation Loss/sickness of key staff Failure to focus on staff wellbeing and development Failure to build relationships with residents and business communities 	<ul style="list-style-type: none"> Poor staff morale Poor communications Inability to deliver effective and efficient services Poor delivery of aspirations and priorities Inefficient use of resources Breakdown of Officer and Member relations 	<ul style="list-style-type: none"> MTFP Communications Protocol and Strategy Workforce Strategy Staff Survey (and Action Plan) Peer Review (and Action Plan) Regular meetings between Senior Members and Officers Staff Bulletins and Briefings Review options for alternative service delivery models 	3	4	12
					Reduce

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
<p>As a small Authority – changes in priorities will always present a challenge in terms of flexibility and capacity to deliver.</p> <p>Financial constraints (also set out in RSK 1) places pressure on maintaining effective service delivery</p>	<ul style="list-style-type: none"> Develop a clear and concrete vision for the Council in order that resource requirements can be scoped Continuous programme of service reviews to evaluate alternative options for service delivery 	<p>31/03/2015</p> <p>Ongoing</p>	<p>Jo-Anne Ireland, Acting Chief Executive</p> <p>Relevant Managers</p>

Risk Number 5	Risk Owner: Chris Potter	DATE: August 2014
Business Risk Description: Information Management and Security		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> Data held by the Council ends up in inappropriate hands Little or no awareness of data collected internally – poor information sharing Lack of resources for IT integration 	<ul style="list-style-type: none"> Breach of corporate governance Increased costs and legal implications Reputation damaged 	<ul style="list-style-type: none"> Data Protection Policy 	3	5	15
					Reduce

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
Weak, arising from a lack of an integrated approach to information management across the Council.	<ul style="list-style-type: none"> Review existing Data Protection Policy Raise awareness of the importance of information to the Council and the individual Produce a co-ordinated approach to information management and security Deliver training and embed within the culture of the organisation 	31/03/2015	Christopher Potter, Monitoring Officer and Head of Support Services

Risk Number 6	Risk Owner: Steve Summers	DATE: August 2014
Business Risk Description: Customer Access Strategy		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> No Customer Access Strategy produced and approved by end Dec 2014 Target efficiency savings are not achieved Unable to provide/meet customer service performance levels 	<ul style="list-style-type: none"> Non realization of savings/ benefits if this is not in place £250K of savings at risk by 31 March 2015 Failure to provide effective Customer Service Lack of integration with other Council services Failure to align ICT and Customer Access Strategies will inhibit ability to transform Customer Services 	<ul style="list-style-type: none"> Not in place as Customer Access Strategy not produced Resources now in place. 	2	5	10
					Reduce

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
Not applicable until Customer Access Strategy approved	<ul style="list-style-type: none"> Draft Customer Access Strategy to be reported to Finance & Resources Committee on 14th January 2015 	31/01/2015	Steve Summers, Head of Customer Services

Risk Number 7	Risk Owner: Jo-Anne Ireland	DATE: August 2014
Business Risk Description: Commercial Activities		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> • Business plans not agreed • Individual service income not realised or income generation below projections • Business models reveal poor market prospects or fail • Income not realized due to weak commercial company arrangements (including poor Governance) 	<ul style="list-style-type: none"> • Council unable to meet budget requirements • Staffing and service level reductions • Spending/service cutbacks • Greater use of reserves if required net savings are not achieved • Increased Council Tax • Increase in charges • Ineffective application of business model and company fails (services move back in-house) 	<ul style="list-style-type: none"> • Medium Term Financial Planning is undertaken on an annual basis with monitoring arrangements • Monthly Budget Monitoring • Quarterly monitoring arrangements • Regular reports to Asset and Enterprise committee to provide close monitoring • Robust business modeling and financial projections 	2	4	8
					Reduce

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
In early stages but all aspects of this are being closely monitored by all parties (senior officers and Members)	<ul style="list-style-type: none"> • More reporting on progress • Services to include updates within their service plans • Sound legal and financial advice to support the creation of a commercial company • Agree commercial vehicle requirements for the Council • Develop a business case to support the commercial activity 	April 2015 04/03/2015 04/03/2015	Brett Regan, Commercial Programme Manager Phil Ruck, Contract & Corporate Projects Manager Phil Ruck, Contract & Corporate Projects Manager Phil Ruck, Contract & Corporate Projects Manager & Steve Summers, Head of Customer Services

Risk Number 8	Risk Owner: Phil Ruck	DATE: August 2014
Business Risk Description: Contract/Partnership Failure		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> Key partnership fails or services provided via arrangements lacking adequate governance 	<ul style="list-style-type: none"> Lack of accountability Resources wasted Financial losses Objectives not met 	<ul style="list-style-type: none"> SLA's embedded within contract and penalties in place for non performance Regular reporting on contract performance Escalation and governance in place 	2	4	8
					Reduce

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
Controls are governed by contract and are in a good situation	<ul style="list-style-type: none"> Continue to fine tune reporting Hold regular meetings with suppliers Engage relevant HoS (where applicable) New performance reports established and submitted to F&R Committee 	31/12/2014	Phil Ruck, Contract & Corporate Projects Manager

Risk Number 9	Risk Owner: Jo-Anne Ireland	DATE: August 2014
Business Risk Description: Lack of Strategic Direction		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> Lack of long term strategic planning Lack of relationship with residents, business communities and partners 	<ul style="list-style-type: none"> Failure to adapt to policy/legislative changes Poor performance management Poor morale Poor delivery of priorities/aspirations Inefficient use of resources Reputation undermined Failure to communicate effectively Lack of community engagement 	<ul style="list-style-type: none"> Corporate Plan Training and Development for Officers and Members Code of Conduct Consultation/Surveys Project and Performance Management Framework 	3	4	12
					Reduce

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
Some improvements required	<ul style="list-style-type: none"> Develop a clear and concrete vision for the Council in order that resource requirements can be scoped and the vision can be communicated internally and externally 	31/03/2015	Jo-Anne Ireland, Acting Chief Executive

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Strategic Risk Register Summary Sheet

Risk Number	Risk Description	Risk Owner	Likelihood [1 to 5]	Impact [1 to 5]	Risk Rating Aug	Risk Response/Update on action required November 2014	Likelihood [1 to 5]	Impact [1 to 5]	Risk Rating Nov	Movement
RSK1	Finance Pressures	Jo-Anne Ireland	3	4	12	Savings/Income Strategy required to underpin the MTFP.	3	4	12	↔
RSK2	Local Development Plan	Gordon Glenday	3	4	12	Subject to Council approving the LDP consultation documents in December, the LDP is on track.	3	4	12	↔
RSK3	Disaster Recover/Business Continuity	Ashley Culverwell	2	5	10	Updated BC and EP Workplans have been produced to identify all the arrangements needed to be put in place to mitigate failure in critical services. Over-arching and Service specific recovery plans are in development with all HoS. Resilience will be tested through planned scenarios. Business Continuity will be extended out to external businesses through the provision of key information.	2	5	10	↔
RSK4	Organisational Capacity	Jo-Anne Ireland	3	4	12	Develop a programme of service reviews.	3	4	12	↔
RSK5	Information Management and Security	Chris Potter	3	5	15	Limited move forward.	3	5	15	↔
RSK6	Customer Access Strategy	Steve Summers	2	5	10	Draft Customer Access Strategy to be reported to Finance & Resources Committee on 14 January 2015	2	5	10	↔
RSK7	Commercial Activities	Jo-Anne Ireland	2	4	8	A task force group has been formed to review activities and address potential risks	2	4	8	↔
RSK8	Contract/Partnership Failure	Philip Ruck	2	4	8	New performance reports established and submitted to F&R committee. Continue to review approach and metrics.	2	4	8	↔
RSK9	Lack of Strategic Direction	Jo-Anne Ireland	3	4	12	No change.	3	4	12	↔

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26 November 2014

Audit and Scrutiny Committee

Budget Scrutiny Role

Report of: *Jo-Anne Ireland, Acting Chief Executive*

Wards Affected: *All Wards*

This report is: *Public*

1. Executive Summary

- 1.1 Effective scrutiny can add considerable value to how the Council makes decisions on the allocation of resources. This has become increasingly important as the Council continues to set budgets against a background of tough economic conditions and severe funding cuts from Central Government. The medium term financial planning process will need to address these continued financial challenges and develop a strategic approach to address funding gaps.

2. Recommendation(s)

2.1 That a Task and Finish Group is created to deal with the 4 main areas of the Budget:

- (i) Proposed Savings**
- (ii) Proposed Budget Investment**
- (iii) Working Balance & Reserves**
- (iv) Council Tax**

2.2 That the Task and Finish Group report back to this Committee on 27 January 2015.

3. Introduction and Background

- 3.1 The Finance and Resources Committee is responsible for the formulation of the policy and budgetary framework for approval by Council. It makes recommendations to Council on all strategic financing matters including proposing an overall revenue budget and capital programme and recommending the amount of Council Tax to be set.
- 3.2 After consulting stakeholders in a manner appropriate to the matter under consideration, the Finance and Resources Committee draws up initial principles and assumptions in relation to the budget.
- 3.3 The Audit and Scrutiny Committee will formulate responses to the Finance and Resource Committee's initial principles and assumptions.
- 3.4 The Finance and Resource Committee will then finalise its proposals for submission by way of recommendation to the Council taking into account the comments from the Audit and Scrutiny Committee. The report to Council must show the Finance and Resource Committee response to those comments.
- 3.5 Attached as Appendix A to this report is a copy of the timetable for the Budget process for 2015/16 detailing the key areas of responsibility in the process.

4. Issue, Options and Analysis of Options

- 4.1 The role of the Audit & Scrutiny Committee is *not* to review every single figure, but to test the choices made regarding resource allocation and how well resources are being used to deliver policy objectives¹. The Committee should however focus on the strategic issues in the context of its area and local challenges.
- 4.2 The Committee must seek to understand the relationship between costs and performance:
 - Does greater investment or higher costs equal greater customer satisfaction?
 - Do lower costs or disinvestment have a negative impact on service delivery or on perception only?

¹ The current Corporate Plan covers the period 2013 – 2016.

4.3 Due to the large scale of the budget exercise, it is proposed to divide the work into key areas, with specific outcomes. These are as follows:

Work Area	Expected Outcome
1) Review Savings Proposals	<ul style="list-style-type: none"> • Evaluate the impact of any savings proposed (see 4.2) • Test if the anticipated savings are realistic and achievable
2) Review Budget Growth Proposals	<ul style="list-style-type: none"> • Evaluate the impact of any new investment proposals (see 4.2) • Confirm that robust business plans are in place for new initiatives (and test the assumptions within them)
3) Review the working balance and reserve levels	<ul style="list-style-type: none"> • Review the risk assessments undertaken to inform the levels • Test the levels through benchmarking data with similar authorities
4) Review the Council Tax proposals	<ul style="list-style-type: none"> • Evaluate the financial impact of the proposal

4.4 It is therefore recommended that a Task & Finish Group is created to review each of the areas identified above. The Group could then report back on each of the 4 themes to the next meeting of this Committee scheduled for 27 January 2015. The feedback (and additional comments) arising from the meeting can then form the basis of the response to Finance & Resources Committee (as per paragraph 3.3).

4.5 It is not proposed that Audit & Scrutiny will look at the Housing Rent levels, as this will be considered separately by the Housing & Health Committee.

4.6 The Task & Finish Group (particularly Themes 1 and 2) will consider both General Fund and Capital. This is primarily because the two items are intrinsically linked. For example;

- Capital investment may attract on going revenue implications (e.g. Maintenance)
- New capital investment may require borrowing, and the financing costs of any such borrowing will be a pressure on the General Fund.

5. Reasons for Recommendation

5.1 Effective financial management underpins all of the priorities for the Council.

6. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Acting Chief Executive

Tel & Email 01277 312712 / jo-anne.ireland@brentwood.gov.uk

6.1 There are no direct financial implications arising from this report.

Legal Implications

Name & Title: Chris Potter, Monitoring Officer

Tel & Email 01277 312860 / christopher.potter@brentwood.gov.uk

6.2 There are no direct legal implications arising from this report.

7. Appendices to this report

Appendix A – Budget Timetable 2014/15

Report Author Contact Details:

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Telephone: 01277 312712

E-mail: jo-anne.ireland@brentwood.gov.uk

Appendix A

BUDGET TIMETABLE 2015/16

Date	Responsibility	Key Actions
14 January 2015	Finance & Resources	<ul style="list-style-type: none"> • Agree the Planning Assumptions to be used in the MTFP • Funding levels • Outline budget proposals • Reserves and working balance levels
27 January 2015	Audit & and Scrutiny	<ul style="list-style-type: none"> • To consider and challenge the Planning Assumptions used in the MTFP • To test if all budget and service pressures have been considered • To review progress with 2014/15 savings targets and challenge anticipated savings for future years • To review and comment on the appropriateness of working balance and reserve levels • To test if the Council is directing its resources effectively to meet its priorities and is achieving value for money
11 February 2015	Finance & Resources	<ul style="list-style-type: none"> • To consider and respond to feedback from Audit & Scrutiny • To receive any updates on funding announcements or other additional information received since the January meeting • Final budget proposals • Council Tax proposals
24 February 2015	Opposition Group	Deadline for submission of any amendments to the Budget to be submitted to the Section 151 Officer and Monitoring Officer
4 March 2015	Council	Finance & Resources will present their detailed proposals for: <ul style="list-style-type: none"> • General Fund

		<ul style="list-style-type: none"> • Housing Revenue Account • Capital Programme <p>Opposition Groups will present any amendments.</p> <p>Council Tax will be set.</p>
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NB. Confidential meetings can be scheduled for the Opposition Group to discuss budget plans and proposals up to the deadline of 24 February 2015. These need to be arranged separately and are therefore not shown on the timetable above.

Key

MTFP – Medium Term Financial Plan

26 November 2014

Audit and Scrutiny Committee

William Hunter Way – Procurement

Report of: *The William Hunter Way Procurement Task and Finish Group*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

1.1 It was agreed at the Audit and Scrutiny committee meeting 28th October 2014, that a Task and Finish Group be established to review the documentation and communication between consultants; Leadership and Management (L&M) and the Council or any member of the Administration.

1.2 The Task and Finish Group was convened and established the following scope:

1.2.1 To identify whether, through the actions of Members or Officers, the Council has been put at risk of legal action through its relationship with Leadership & Management.

1.2.2 To investigate whether proper procurement procedures have been followed .

1.2.3 To identify whether any actions have compromised the integrity of the council or members thereof, particularly if an appointment has been made, official or unofficial.

1.2.4 To identify whether any actions have breached the constitution.

1.2.5 To make appropriate recommendations to the appropriate Officers and/or Committees.

2. Recommendation(s) that:

2.1 The report be received by the Audit and Scrutiny Committee.

2.2 A unit on public procurement procedures is added to the Councillor training programme to improve understanding and give confidence in processes.

2.3 The Monitoring Officer refers this report to the “Constitution Working Group” who should consider how 3rd parties can interact with both members and officers in the performance of their duties, so that any such contact or communication is not seen to favour the 3rd party or prejudice others who might wish to transact with the Council.

2.4 The Audit and Scrutiny Committee conclude that no further report to Council is required as a result of its findings.

3. Approach

3.1 The members of the Task and Finish Group were as follows:

- Cllr Clark (Chair)
- Cllr Barrett
- Cllr Hones
- Cllr Kerlake

3.2 The Task and Finish Group met 3 times in preparation of this report.

3.3 The Task and Finish Group were provided with copies of emails and reports from Members and Officers.

3.4 The Task and Finish Group received assistance from the following in compiling evidence for their findings

- Cllr Russell Quirk (Chair of the William Hunter Way Working Group)
- Philip Ruck – Contract and Corporate Projects Manager for the Council
- David Lawson – Deputy Monitoring Officer - Brentwood Council

3.5 The Audit and Scrutiny Committee will receive this report on 26 November 2014.

4. Findings of the Task and Finish Group

4.1 Relationship

There exists no evidence or indication of any form of inappropriate relationship between members, officers and any company who may seek to tender for work on the William Hunter Way project. Members were especially clear on their relationship, providing personal emails to underline the full background and status of the relationship.

4.2 Financial Commitments

No financial commitment was made; no financial costs have been accrued to potential partners being considered by this review. No financial liability will be held if any partner who has provided pro-bono or equivalent support is not chosen through the procurement process.

4.3 Procurement/Tender

Officers informed potential partners of relevant procurement procedures via email and reinforced this at public meetings. All organisations co-operated fully with this and acknowledged the procedure, acting appropriately. There is no cause for legal concern regarding prejudice either in favour or against any organisation that has provided pro-bono or equivalent support through the procurement process.

The Council (via the appropriate Officer/Committee), can proceed with the procurement process as planned, without need for concern that any inappropriate behaviour or relationship exists within the William Hunter Way Working Group.

4.4 'Appointment in Principle'

Given the status of Working Groups, the legal position of 'appointment in principle' was sought from the Monitoring Officer. The Group were advised that "the authority can proceed with a robust, transparent and objective procurement exercise, without being exposed to legal action in connection with this "appointment in principle", which is of no effect or relevance and even if interpreted as an advisory recommendation must be ignored in favour of the authority's specified procurement processes."

5. Reasons for Recommendation

- 5.1** To demonstrate the effective discharge of the '*Overview and Scrutiny*' function at Brentwood Borough Council.

6. Consultation

- 6.1** The Task and Finish Group met 3 times in preparation of this report.

7. References to Corporate Plan

- 7.1** The priority area *A Prosperous Borough* provides the 2013-14 action to: '*Deliver the William Hunter Way development scheme*'.

8. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Acting Chief Executive

Tel & Email: 01277 312712 / jo-anne.ireland@brentwood.gov.uk

- 8.1 The financial implications of “*Overview and Scrutiny*” recommendations would only be assessed if those recommendations were to be accepted by the decision maker (Council, Committee, Sub Committee or an Officer). Should recommendations be accepted by a decision making body, a separate report may be produced by that body to enact those recommendations.

Legal Implications

Name & Title: David Lawson, Deputy Monitoring Officer

Tel & Email: 01277 312860 / david.lawson@brentwood.gov.uk

- 8.2 The function of Audit and Scrutiny as an Overview and Scrutiny committee is under the Local Authorities (Committee System) (England Regulations 2012 SI 2012/1020) to recommend what action (if any) is required.
- 8.3 **Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 8.4 None.

9. **Background Papers** (include their location and identify whether any are exempt or protected by copyright)

- 9.1 Publicly available reports on William Hunter Way are available on the Council’s website.

<http://www.brentwood.gov.uk/index.php?cid=2571>

10. Appendices to this report

None.

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26 November 2014

Audit & Scrutiny Committee

ICT Resilience and Business Continuity - Update

Report of: *Tim Huggins, ICT Manager*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 At the Audit & Scrutiny Committee on the 28 October 2014 it was agreed as part of the Scrutiny Work Programme that a report on ICT Resilience and Business Continuity be placed before this Committee for consideration.
- 1.2 ICT Resilience is defined as the ability of the Council's equipment, machines, or systems to absorb the impact of the failure of one or more components or a significant disturbance in its environment, and to still continue to provide an acceptable level of service to users. This encompasses Disaster Recovery.
- 1.3 Business continuity is defined as the capability of the Council to continue delivery of services at acceptable predefined levels following a disruptive incident.
- 1.4 ICT Resilience and Business Continuity should always be the subject of regular review and scrutiny, due in the main to the pace of change but is particularly relevant following on from the major incident in May 2014 where ICT service was lost for a number of days. (See section 3.5 of this report).

2. Recommendation(s)

- 2.1 **That Members note the report with regard to the current and proposed arrangements for IT Resilience and Business Continuity.**
- 2.2 **That Members consider the actions being undertaken by the ICT service as set out within Section 4.5 of this report.**

3. Introduction and Background

3.1 The ICT Resilience and Business Continuity Plan forms part of the Council's Business Continuity arrangements.

3.2 The Council has been implementing a number of ongoing technical projects to improve and optimise the Council's ICT infrastructure to support the changes and demands from its services and customers.

3.3 Progress has been made on both the technical infrastructure and officer facing services in supporting modern ways of working. The following approaches have been chosen not only to optimise services but also to simplify the complex provision of disaster recovery and business continuity services:

- Majority of "Line of Business" Applications have been replaced with modern Business Applications. This removes the reliance on specialists for bespoke software, and allowing the option of using hosted environments where suppliers provide this service and full disaster recovery facilities. In addition access to user groups and being involved in Application roadmaps allows improved service planning for the customer facing services.
- Most of the Council's desktop estate has moved over to cost effective thin client terminals removing local data storage and moving to central data storage which allows more robust, efficient and cost effective protection of data. This protection is provided through centrally managed backups, and offsite replication of data.
- Moving to thin client allows the Council to adopt the modern approach of "Desktop as a Service" (DaaS) to deliver Officers desktop environment using a Citrix solution (a market leader in this field), allowing the centralisation of desktop management, more efficient deployment and updating of Business Application software for Officers and improved protection of Officers data.
- Secure remote access solution has been updated and expanded to allow more flexible and agile working.
- In the data centre there have been several iterations of Server and Storage virtualisation, again providing the opportunities for more cost effective and efficient working practices. Using server and

virtualisation we can reduce the physical foot print of hardware, allow duplication of hardware offsite and allow the virtual server and storage to be replicated offsite. Recent advancements in technology has given the Council the opportunity to update this environment further, so that much more automation of business continuity can be achieved. We are currently working with two London Borough Authorities to help us implement this new technology. Design and hardware provision has already been carried out and the work to complete this is targeted for March 2015.

- Members of the ICT team are undertaking ITIL (Information Technology Infrastructure Library) training. ITIL is an internationally accepted and accredited as a best practice framework for IT Service Management (ITSM). This ensures that knowledge of ICT Resilience and Business Continuity becomes part of the process not an add-on.
- The aforementioned improvements are part of an overarching strategy to position the Council so that it can take advantage of emerging and maturing cloud services, whether this be private, community or commercial. In doing so the facilitation of Business Continuity and Disaster Recovery is embedded in the nature of the service provision.

4. Major Incident – May 2014

- 4.1 During May of this year the Council was affected by a major incident which caused disruption to many of the IT systems. The issue was caused by an extremely large power surge which entered the Council's data centre damaging Uninterruptable Power Supplies (UPS) ceasing power provision to key parts of the IT technical service.
- 4.2 After systems were restored and UPS systems were replaced the current power service to the data centre was reviewed. Inline power surge protectors were installed onto the Councils electricity supply to mitigate against any further power surge incidents.
- 4.3 Further work identified the need to replace some of the under floor network cabling using an overhead cable management system, which also improved circulation from the under floor air conditioning system. After this has been completed the power feeds to critical IT systems will be re-configured to ensure that dual feeds from separate powers feeds are in place. All this work is planned to be completed by January 2015.

- 4.4 In addition expert external IT advice was sort to review the suitability of the current IT infrastructure, comment on short and medium term plans and make recommendations to help improve the robustness of current services.
- 4.5 The results of this external advice following consultation with ICT Officers included the following:
- Continuing with the current approaches of modern cloud technologies.
 - Simplify and automate as much of the Disaster Recovery provision, subject to prioritisation, as possible.
 - Identify suitable partners to share disaster recovery services. This reduces the cost of such provision as well as supporting best practice.
 - Embed Business Continuity arrangements as part of future infrastructure and business applications developments. (This has started with the ITIL training referred to in section 3.3 of this report).
 - Hold regular meetings with Heads of Service to review Business Continuity arrangements.
 - Establish a regular “Business Continuity Report” to be received and considered by CLB on a quarterly basis.

5. Issue, Options and Analysis of Options

- 5.1 To embrace the “New Ways of Working”; allow the Council to provide high performing services and ensure operational continuity, we must ensure that robust and dependable information technology underpins the way we work. Concerns centring on the availability and access to information need to be removed so that business services can operate on their terms rather than technology dictating how this can be achieved.
- 5.2 The approaches that are set out in Section 3.3 of this report have been chosen to simply the complex provision of disaster recovery and business continuity services. By grouping areas of service provision into technical segments we can replicate these technical segments off site at our

chosen second data centre, with suitable local authority partners or commercial organisations.

- 5.3 In addition suitable partners will be investigated to share disaster recovery services; appropriate technical and business application services will be commissioned, and partnerships will be developed with local authority and commercial IT service providers, to allow a cost effective approach for providing flexible IT resources which can “burst” up and down when required. In addition “Smart Sourcing” will be considered to help fill potential gaps – for example the Council’s firewall management is full-filled using a security specialist with extensive local and central government knowledge.
- 5.4 A high level project plan has been developed to continue to progress work to aid manage workloads and resources to support the delivery and implementation of this vital work. This is not isolated to business continuity but dove tailed into a works programme so that work is not duplicated and remains focused.

6. Reasons for Recommendation

- 6.1 To enable the Council to deliver robust, dependable, effective and efficient ICT services.

7. Consultation

- 7.1 No consultation required.

8. References to Corporate Plan

- 8.1 Delivering an effective and efficient ICT service will help meet the Modern Council key priority.

9. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Acting Chief Executive

Tel & Email: 01277 312712/ jo-anne.Ireland@brentwood.gov.uk

- 9.1 There are no direct financial implications arising from this report, other than development and training costs that are met from within existing budgets.

Legal Implications

Name & Title: Christopher Potter, Monitoring Officer and Head of Support Services

Tel & Email 01277 312860/ christopher.potter@brentwood.gov.uk

- 9.2 This report demonstrates that the Audit and Scrutiny Committee is conducting its work programme under the Local Authorities (Committee System) (England) Regulations 2012 to 'review or scrutinise decisions made, or other actions taken, in connection with the discharge of any functions of the authority'.

Other Implications (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 9.3 None

10. **Background Papers** (include their location and identify whether any are exempt or protected by copyright)

11. **Appendices to this report**

- None

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26 November 2014

Audit & Scrutiny Committee

Customer Services Transformation – Customer Contact Centre

Report of: *Steve Summers, Head of Customer Services*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 The Customer Services Transformation Outline and Detailed Business Cases to provide a fully integrated Customer Contact Centre, offering high quality customer service was approved at the Strategy and Policy Boards on the 26 June and 20 November 2013 respectively.
- 1.2 The Detailed Business Case identified that the Council was offering very traditional outdated opportunities for customers to access its services. The concept of the new Contact Centre was to move away from the traditional reception/telephone service offered by the Council to a new model that offered a wide range of modern and efficient access channels for customers.
- 1.3 The service would consist of three main strands as follows;
 - A modern, and customer friendly website with increasing options to transact on-line with the Council;
 - An effective and efficient telephone service with direct access to trained advisors able to resolve most queries without the need to refer the customer on.
 - The Contact Centre would also handle other contact channels such as post, emails, text messaging and social media.
- 1.4 In addition to the customer benefits identified above the Business Case proposed that savings of £250k were to be achieved through a number of methods as set out below;

- Lower transaction costs by encouraging customers to shift to less costly contact channels. e.g. Self-Service
 - Increased economies of scale through generic front of house and telephony services, achieved by migrating enquiry handling and related staff roles into the Customer Service, and reducing overall staff numbers required.
 - Streamlined processes for more efficient enquiry handling.
- 1.5 The Contact Centre was opened 23 April 2014 as part of a 'soft launch' with a target date for full implementation of 1 April 2015.
- 1.6 Following a review of the Detailed Business Case by Officers it has been established that the proposed savings in 2014/15 would not be achieved. This is due largely to the amount of training and reorganisation required to make the Contact Centre effective and the lack of a Customer Access Strategy and detailed action plan to identify how and when financial benefits would be realised.
- 1.7 With regard to the non-financial benefits set out in the Business Case for 2014/15 the Contact Centre has been implemented and the provision of a new customer services approach continues to progress. The business process mapping exercise which was undertaken successfully centralised transactions within the Contact Centre and succeeded in streamlining processes, where possible.
- 1.8 The Customer Contact Centre are currently handling telephone enquiries and general email enquiries for Streetscene & Environment, Planning & Building Control, Licensing, Housing Estates, Housing Re-registration, Environmental Health and Electoral Services.
- 1.9 A report will be made to the Finance & Resources Committee on the 14 January 2015 identifying possible future developments and savings that could be delivered over the medium term. This will include a Customer Access Strategy which will identify channel shift and the types of channels which should be promoted.
- 1.10 Following consideration of this report Members may wish to identify any matters they wish to be reported to Finance & Resources Committee on the 14 January 2015.

2. Recommendation(s)

2.1 That Members note the report in relation to the progress of the Customer Contact Centre.

2.2 That Members identify any matters to be reported to the Finance & Resources Committee on the 14 January 2015.

3. Introduction and Background

3.1 The Customer Services Transformation Outline and Detailed Business Cases to provide a fully integrated Customer Contact Centre, offering high quality customer service was approved at the Strategy and Policy Boards on the 26 June and 20 November 2013 respectively.

3.2 The Detailed Business Case identified that the Council was offering very traditional outdated opportunities for customers to access its service, which included a number of separate reception areas; a mix of direct line and switchboard facilities for telephone enquiries and limited access for our customers to transact with the council through web based facilities and restricted opening hours.

3.3 The concept of the new Contact Centre was to move away from the traditional reception/telephone service offered by the Council to a new model that offered a wide range of modern and efficient access channels for customers, complimented by extended opening hours to allow, in some instances, 24/7 contact.

3.4 The service would consist of three main strands;

- A modern, and customer friendly website with increasing options to transact on-line with the Council;
- An effective and efficient telephone service with direct access to trained advisors able to resolve most queries without the need to refer the customer on.
- The Contact Centre would also handle other contact channels such as post, emails, text messaging and social media.

3.5 Both revenue and capital investment was required to set up the Contact Centre. Key to the success of the service would be highly trained motivated staff; which would require investment in staff training and development.

- 3.6 In addition to the customer benefits identified above the Business Case identified that savings of £250k were to be achieved through
- Economies of scale – generic trained staff able to answer multiple enquiries, removing the need for each service to retain separate admin teams;
 - Reduction in repetition caused by numerous staff ‘touching’ a query.
 - Integration of IT systems – removing the need for resource intensive manual intervention.
 - Savings to be achieved through reducing overall staffing levels.
- 3.7 The Contact Centre was opened 23 April 2014 as part of a ‘soft launch’ with a target date for full implementation for 1 April 2015.
- 3.8 At the Audit & Scrutiny Committee, 30 September, Members received a report on progress to date against the Internal Audit Plan. The report provided information on the review of Customer Services which had been completed in quarter 1 of 2014/15 and had given a ‘moderate’ assurance which reflected the Council had made some progress but was still in the early stages of development of the Customer Contact Centre. An action plan had been agreed to address the audit recommendations.
- 3.9 Members requested that the Business Case for the Customer Services Transformation be circulated to the Committee and that a report be presented to the Audit & Scrutiny Committee on 26 November 2014 with progress to date. A copy of the Detailed Business Case is also attached as Appendix A to this report.

4. Issue, Options and Analysis of Options

- 4.1 The original Business Case identified a number of financial and non-financial benefits from developing a Customer Contact Centre as part of the Council’s Customer Services Transformation programme.
- 4.2 In terms of return on investment the Business Case identified that by using the Council’s 2012-13 customer contact statistics, potential savings in the region of £335,000 over 3-5 years could be achieved as a cautious estimate and £587,000 as an optimistic estimate over 3-5 years. This was based on using standard costs from the Society of Information Technology Management (SOCITM) for each contact channel.

- 4.3 The Business Case identified that there was a need to make £250,000 of savings on current costs which was to be achieved in the year 2014/15 and ongoing thereafter.
- 4.4 Following a review of the Business Case it has been established that no savings are expected to be provided in 2014/15, largely due to the amount of training and reorganisation required to make the Contact Centre effective and the lack of a Customer Access Strategy and detailed action plan to identify how and when financial benefits would be realised.
- 4.5 The Head of Customer Services is currently reviewing the work undertaken to date, identifying possible future developments and the evaluation of potential savings that could be delivered over the medium term. This will be reported to the Finance and Resources Committee on 14 January 2015 including a Customer Access Strategy which will identify channel shift and the types of channels which should be promoted.
- 4.6 Whilst the 2014/15 savings identified within the Business Case have not been delivered due to the reasons set out above the Contact Centre has been implemented and the provision of a new customer services approach continues to progress. The business process mapping exercise successfully centralised transactions within the Contact Centre and streamlined some processes.
- 4.7 The Customer Contact Centre is currently handling over 4,500 telephone enquiries per month that were previously dealt with by individual services. The target for responding to enquires was 80% and the Contact Centre's current performance is 70%.
- 4.8 Through comprehensive training and access to various back office systems, the Customer Service Advisors (CSA's) have significantly reduced the need for calls to be transferred to service areas thus providing services with the ability to concentrate on other areas and improve quality of their service.
- 4.9 At present the Customer Contact Centre are handling telephone enquiries and general email enquiries for Streetscene & Environment, Planning & Building Control, Licensing, Housing Estates, Housing Re-registration, Environmental Health and Electoral Services. The CSA's retain a vast amount of knowledge and deal with a wide range of enquiry types, such as reporting a missed refuse collection to arranging a housing tenant's rent payment contribution.

- 4.10 Officers have and continue to monitor statistics on calls received and dealt with on a continual basis in order to manage performance and identify areas of improvement. Work is now underway to develop and enhance these performance reports and statistics to enable a greater understanding of the work of the Contact Centre and drive future developments and to remove avoidable contact in the future.
- 4.11 Monthly feedback meetings are held with the above service areas to identify areas of improvement and/or additional enquiries that could be undertaken. Future work with other service areas, including Housing Needs and Finance is in progress to enable the Customer Contact Centre to handle their enquiries. In addition, other areas of customer contact are to be explored such as webchat and expanding the SMS text service currently provided.
- 4.12 As advised elsewhere in this report the Customer Access Strategy will identify future priority areas for channel shift to enable further resident self service through the Council's website providing future benefits.
- 4.13 Once the strategy has been approved investigations into a suitable Customer Relationship Management (CRM) will take place to ensure that an appropriate system is selected to meet business needs. Future work will also be required on providing end-to-end transactions, and linking those transactions to the council's back office processes through the use of middleware.

5. Reasons for Recommendation

- 5.1 To enable the Council to deliver effective and efficient customer services.

6. Consultation

- 6.1 No consultation required.

7. References to Corporate Plan

- 7.1 Delivering an effective and efficient customer services will help meet the Modern Council key priority.

8. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Acting Chief Executive

Tel & Email: 01277 312712/ Jo-Anne.Ireland@brentwood.gov.uk

- 8.1 The Half Year Review (reported to Finance & Resources Committee - 29 October 2014) recognised the non delivery of the anticipated savings for 2014/15. Further work regarding the recalculation of potential savings will be incorporated within the Medium Term Financial Plan.

Legal Implications

Name & Title: Christopher Potter, Monitoring Officer and Head of Support Services

Tel & Email 01277 312860/ christopher.potter@brentwood.gov.uk

- 8.2 This report demonstrates that the Audit and Scrutiny Committee is conducting its work programme under the Local Authorities (Committee System) (England) Regulations 2012 to 'review or scrutinise decisions made, or other actions taken, in connection with the discharge of any functions of the authority'.

Other Implications (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 8.3 None

9. Background Papers (include their location and identify whether any are exempt or protected by copyright)

- 9.1 28 June 2013 Strategy and Policy Board – Customer Services Transformation (Outline Business Case)
- 9.2 20 November 2013 Strategy and Policy Board – Customer Services Transformation (Detailed Business Case)
- 9.3 30 September 2014 Audit and Scrutiny Committee – Internal Audit Progress Report
- 9.4 29 October 2014 Finance and Resources Committee - (Half Year Budget Review 2014/15)

10. Appendices to this report

Appendix A - Detailed Business Case

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Strategy and Policy Board 20.11.2013

9. CUSTOMER SERVICES TRANSFORMATION – DETAILED BUSINESS CASE (Agenda Item 9, Appendix 1)

Report of Head of Business Transformation

Author Paul Knight

Telephone Number 01277 312749

Email paul.knight@brentwood.gov.uk

Wards Affected All Wards

1 Executive Summary

- 1.1 As set out in the Council's Corporate Plan 2013-2016, Brentwood Borough Council has committed itself to modern and effective customer services that meet at least 80% of our customers' needs at the first point of contact.
- 1.2 At the meeting of the Strategy and Policy Board held on 26 June 2013 Members were presented with an outline business case, which set out for Members a vision of how Brentwood Borough Council can achieve this aim by transforming its customer services.
- 1.3 Members resolved that the proposal for the provision of a fully integrated contact centre service, offering high quality customer service as set out in the outline business case be agreed and requested that a detailed business case was brought to Members.

2 Recommendation(s)

- 2.1 That the proposal for the provision of a fully integrated customer contact centre, offering high quality customer service as set out in the detailed business case be agreed.

3 Background

- 3.1 The Council currently offers very traditional outdated opportunities for customers to access its services. Despite the fact that we deliver the majority of services from one building – the Town Hall – we operate a number of separate reception areas; a mix of direct line and switchboard facilities for telephone enquiries and limited access for our customers to transact with us through web based IT facilities and restricted operating hours.

- 3.2 In terms of resourcing the above options, we know that there is often a duplication of tasks – a number of staff dealing with very similar queries – and the need for our customers to often be referred to a second or sometimes a third person to get an answer often to a very basic enquiry.
- 3.3 From the data we have collected of the top 100 most frequently asked questions by our customers we know that the majority of enquiries made are relatively easy to answer and do not require a high level of technical knowledge.
- 3.4 In addition, research available from the 2012 Mosaic data confirms that 70% of our customers would be happy to access our services through the Council website, which has recently undergone a re-design to improve accessibility, improve the customer experience and importantly, encourage channel shift.
- 3.5 Enabling and encouraging our customers to self serve by developing automated, simple processes can both improve the customer experience and significantly reduce costs.
- 3.6 Changing the behaviour of our customers to support a channel shift will require an investment in our IT service and a robust marketing campaign. This would need to be supported by making IT facilities available at the Contact Centre for customers to use and staff available to guide users through the process.
- 3.7 The Detailed Business Case recognises the importance of face to face contact. For this reason we are adopting a cautious estimate for the savings target based on Channel shift. We anticipate that this target would be achieved over a 3 to 5 year period and maintains the level of face to face contact at the current level to accommodate those who can contact us in person.

4 Context

- 4.1. The new Contact Centre Service will move away from the traditional reception/telephone service currently offered by the Council, to a new model that offers a wide range of modern and efficient access channels for customers, complimented by extended operating hours to allow, in some instances, 24/7 contact.
- 4.2. The service will have three main strands:
 - Website - A modern, and customer-friendly website with easily accessible and up to date information about the full range of Council services. Increasing options to transact on-line with the Council, through

paying bills, requesting, applying and in some instances receiving services, receiving updates and information, and the ability to track progress with outstanding requests.

- Telephone Service - An effective and efficient telephone service for customers wishing to speak to the Council direct by phone; with direct access to trained advisers able to resolve most queries without the need to refer the customer on.
- Face to Face - A modern reception area, staffed by trained customer service advisers, resolving queries quickly and effectively.

4.3. In addition to the above, the Contact Centre Service will also handle other contact channels such as post, emails, text messaging and social media.

4.4. Investment and Savings

4.5. The setting up of the Contact Centre will require both revenue and capital investment to accommodate the IT, telephony and structural changes needed to the reception area. Key to the success of the service will be highly trained motivated staff; this too will require investment in staff training and development.

4.6. Savings will be achieved through:

- a) Economies of scale – generic trained staff able to answer multiple enquiries, removing the need for each service to retain separate admin teams;
- b) Reduction in repetition caused by numerous staff ‘touching’ a query.
- c) Integration of IT systems – removing the need for resource intensive manual intervention.

Ultimately the savings will be achieved through reducing overall staffing levels.

4.7. The Way Forward

4.8 A change project of this scale will have an impact on the organisation both culturally and structurally and therefore careful project planning will be necessary to ensure the outcome is to provide our customers with a first class customer experience.

4.9 Appended to the Detailed Business Case are the Project Definition Form, Outline Costs, High Level Timeline and Risk Log.

4.10 The Contact Centre Service will be initially operational on 1st April 2014 with a target date for full implementation by 1st April 2015.

5 Financial Implications – Comment from S151 Officer

- 5.2 The initial set up costs (currently estimated at £53,340) can be met from within existing earmarked budgets including the Organisational Transformation Reserve.

6 Implications and References to Corporate Plan

- 6.1. Modern Council
- 6.2. Between 2013 and 2016 the way the council looks and works will be transformed. We will make it easier for customers to access services and information, cut out bureaucracy that doesn't add value and make sure taxpayers money is even more wisely used. We will become more entrepreneurial. We will have services delivered by those best placed to deliver excellence and value-for-money, whilst holding onto and enhancing our role, duties and powers as local council and community leader.

Corporate plan target:

More modern and effective customer services that meet at least 80% of our customers' needs at the first point of contact.

7 Background Papers

None

**CUSTOMER
SERVICES
TRANSFORMATION
DETAILED
BUSINESS CASE**

November 2013.

Customer Service Transformation

Introduction

As set out in the Council's Corporate Plan 2013-2016, Brentwood Borough Council has committed itself to modern and effective customer services that meet at least 80% of our customers' needs at the first point of contact.

The key aims of this project are to improve the customer experience and satisfaction; and drive down costs through economies of scale and joined up processes.

This document sets out the business case for the project to create Brentwood Borough Council Contact Centre services. It sets out:

- The case for change
- The vision and priorities for the contact centre services
- Indicative savings and investments
- Staffing levels – initial assessment

Why change?

Service - Brentwood Borough Council's approach to Customer Contact has developed somewhat haphazardly over the years, adapting to changing demands and responding to service changes and financial contexts. The result, today, include:

- Separate receptions for different services, in different parts of the building.
- Internal telephone enquiry lines.
- Unpleasant interview rooms.
- Information not always easy to find - different levels of information on the website.
- Restricted operating hours.

The above often results in customers having to find their way to the people who can help them, rather than the other way around.

Our staff work hard to help customers, and we have continued to make some improvements; but we do not have the approach or systems in place to allow us to resolve customer queries at the first point of contact. There is, therefore a need for the Council to consider how to best provide a holistic customer contact service that handles enquiries via any access channel, providing a flexible service that can readily accommodate any channel shift and which offers the customer a high quality service.

Research has found that on-site contact centres tend to be better integrated with back-office services, offering a consistent and high standard customer experience. On-site contact centres also have the added advantage of combining with reception and face-to-face services, offering further economies of scale.

Customer Contact – how much does it cost

Analysis across the public sector shows that the cost of delivering a service via an electronic channel (£0.21p per transaction) is far less than a human one (average £7.40 per face to face transaction, £2.90 per phone, post or email transaction as calculated by the Society of Information Technology Management (SOCITM)). Time wasted where customers are not speaking to the people who can resolve their queries increases our costs and their frustration. We believe that we can make a 25% saving through implementation of the services set out in this business case. We can save costs in three ways:

- Lower transaction costs by encouraging customers to shift to less costly contact channels. E.g. Self-Service.
- Increased economies of scale through generic front of house and telephony services, achieved by migrating enquiry handling and related staff roles into the Customer Service, and reducing overall staff numbers required.
- Streamlined processes for more efficient enquiry handling.

Vision for Contact Centre Services

The Council's vision is to offer an excellent first point of contact for customers, accessible to all, which promotes self –service and focusing officer resources away from routine enquiries to customers with higher levels of need.

The Council's new approach to Customer Contact Services will be to handle all customer contact channels such as website, telephony, face to face, emails, post, text messaging and social media. These strands will be interwoven, supported by ICT systems and a professional, trained Contact Centre Team.

At the heart of the Contact Centre Service technology will be contact management software. . Having a system that can track customer interaction will provide valuable insight helping us to provide a more efficient and improved service to our customers.

Technology will also comprise of a light touch Customer Relationship Management (CRM) system. Though, not essential to be in place for the Contact Centre Service to operate, this will provide the organisation with a single customer record to act as the connection point for all the information held on a particular customer across each of the Council departments, thus further enabling customer enquiries to be dealt with efficiently and at less cost. Investigations into suitable CRM systems will occur once the Contact Centre is functioning to ensure the appropriate system is selected to meet business requirements.

The ability for customers to be able to access multiple services outside routine office hours and achieve enquiry resolution at the first point of contact is key to delivering an efficient service.

Website

Key to success is a modern, and customer-friendly website with easily accessible and up to date information about the full range of Council services, offering the user a personalised web experience – where all ‘Frequently Asked Questions’ can be found. Increasing options to transact on-line with the Council. Paying bills, requesting and applying for services, receiving updates and information, tracking progress with issues. This will be supported by increasing automation in the ‘back office’, enabling real time transactions and making services faster and more responsive.

Customers can expect:

- A well-designed and modern website that gives easily accessible information about Brentwood , the Council and up to the minute information about Council news and service changes.
- When registered with us, to be contacted by the Council electronically (SMS, e-mail) to advise of service changes or issues that affect them personally, such as changes to refuse collections or responses to reported issues.
- To access council services via a p.c., smartphone or tablet.
- The facility for a resident to create an on line account with a single ‘log-in’ name and password that allows access to the fullest range of council services, transaction history, financial payments, service requests, reporting problems etc.

Telephony

We will provide an effective and efficient telephone service for customers wishing to speak to the Council direct by phone; with direct access to trained advisers able to resolve most queries without the need to refer the customer on.

There is no doubt that many people will wish to continue to engage with the Council by telephone and in person; and this project commits us to providing excellent ‘in-person’ and telephony support for those who desire it and at times better suited to modern business practices.

Customers telephoning can expect:

- To ring a single number to access all Brentwood Council services and information, at convenient times, with minimal option selection.
- For the call to be answered quickly and be given clear information if there is to be any delay.
- To have their questions and requests dealt with by a courteous, friendly, knowledgeable member of staff.
- To have most of their issues and questions resolved by the first person they speak to (target 80%).
- To be advised how to access services and information on line if the customer wishes to.

- Where their query needs to be passed on (target < 20%), to have their call transferred to the correct person, or receive a commitment to be called back at a time convenient to them.
- To be asked what they think of the service they have had.

Face to face

A modern reception area, staffed by trained advisers, resolving queries quickly and effectively.

Customers visiting can expect:

- To be greeted on arrival in a modern 'fit for purpose' environment.
- To be seen with minimum delay, by a courteous, friendly, knowledgeable member of staff.
- To have most of their issues and questions resolved by Contact Centre staff (target 80%).
- Not to have personal details discussed where others can easily hear.
- To be shown how to access services and information on line and have the facilities to do so.
- Where their query needs to be passed on (target < 20%), to have an officer come to them, or have an appointment made for them to return at a future convenient date.
- To be asked what they think of the service they have had.

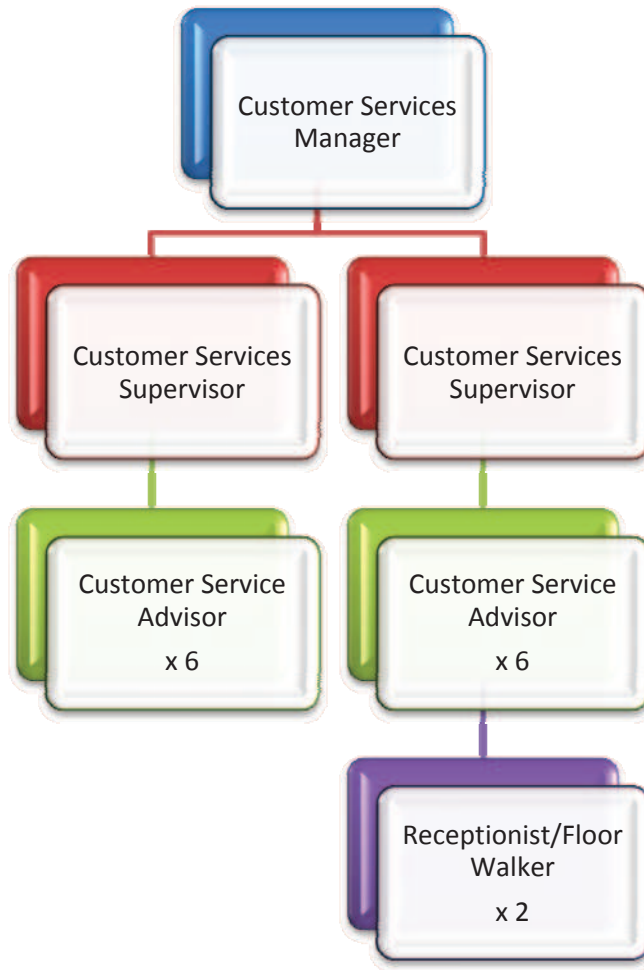
Links to Town Hall Project

A key issue here is the Town Hall Project, with its implications for the future design and siting of Council reception services. Although the two projects are linked they are not mutually dependant on each other and therefore can be progressed independently. The two project teams will work closely to agree the specification of the design of the new contact centre and technology.

The Contact Centre Team

The staffing structure for the Contact Centre has been assessed through comparisons with other contact centres based on contact volumes, spectrum of services and by calculating number of calls per hour, average talk time (4.5 mins) and wrap up time (1.5 mins). These comparisons give us an initial guide as to officer numbers to meet demand based on current levels, but are limited in terms of the detail of services handled and hand-over points; as well as the level of automation of related business processes.

The Contact Centre Team



Staffing numbers

The final core team is anticipated to be made up of:

1 fte Customer Services Manager

2 fte Customer Services Supervisors

12 fte Customer Service Advisors (1 fte could equal 2 x .5 fte) Exact no. dependant on service provision

2 fte Receptionists/Floor Walkers

The implementation of the Contact Centre Service is to be based on a phased approach and therefore the team will be built as the number of calls handled by the service increases.

The team will manage all Contact Centre functions, and experience from elsewhere shows that working broadly in two teams is useful for training, development and

supervision; with the supervisors working together on staffing and rotas to ensure sufficient levels of staffing to provide good levels of service performance.

Key to the success of the service will be highly trained motivated staff. To support the introduction of the new service, the Council will need to commit resources to ensure that staff receive training and that future training and development opportunities are available.

Customer self-serve - channel shift

Enabling and encouraging our customers to self serve by developing automated, simplified processes can make significant savings; without the need for one-on-one assistance. As technology moves on, transacting 'on-line' becomes more the norm and we can expect this trend to continue. In the first quarter of 2012 14% of users accessed the Council website via mobile phones; in 2013 this had risen to 28%.

By providing our customers with a better on line experience than the off line option will ensure they come back next time and inform others, thus encouraging more customers to use on line facilities.

Channel shift has been effective in all sorts of socio-economic contexts. For example, in South Tyneside (which has some of the poorest wards in the country) the average cost of a transaction in one service area fell from £2.97 in November 2008 to just £1.25 in April 2009, a drop of 58% and which was achieved by encouraging their customers to self serve. Mosaic' analysis shows that of the 32,000 households in Brentwood; nearly 70% (22,000 households) are likely to use self-serve. Achieving this would require not just high quality technology being in place, but a programme of communication, education and signposting to encourage channel shift.

Progress has already been made on making services and service requests available on-line via the Council's new website. Work is currently being undertaken for the implementation of Benefit (housing and council tax) e-forms to be made available on-line, serving some 6,000 claimants. Staff will be on-hand in person and on the telephone to support customers in making their on-line applications and providing all necessary supporting documentation to ensure a speedy and high quality service.

Key to this transformation is putting key customer-facing processes into electronic format so they can be 'self-served' by customers who want remote access; and used by the Council's Customer Service Advisors to support customers on the telephone and in person.

Streamlining our ways of working is key to successful e-processes. Looking at the flow of work, simplifying and automating back office as well as front of house. The ability to manage relatively complex processes in an automated way is demonstrated in areas such as 'on-line' tax returns etc; and authorities that are much further down the road than us in this area have seen huge growth in demand for on-line approaches – giving the customer the ability to conduct their business with the council on a 24/7 basis, 365 days a year.

Contact Volumes Analysis

This section draws together available information and estimates on contact volumes across channels and services. As work develops we will continue to build our understanding of customer demands and plan and track the shifts as the service develops.

The following customer contact statistics has been identified for the period 1st April 2012 to 31st March 2013. These have also been used to model the channel shift savings opportunities set out below in the 'Return on Investment' section.

Chart 1.1

Shows an estimated 401,434 contacts per annum by channel

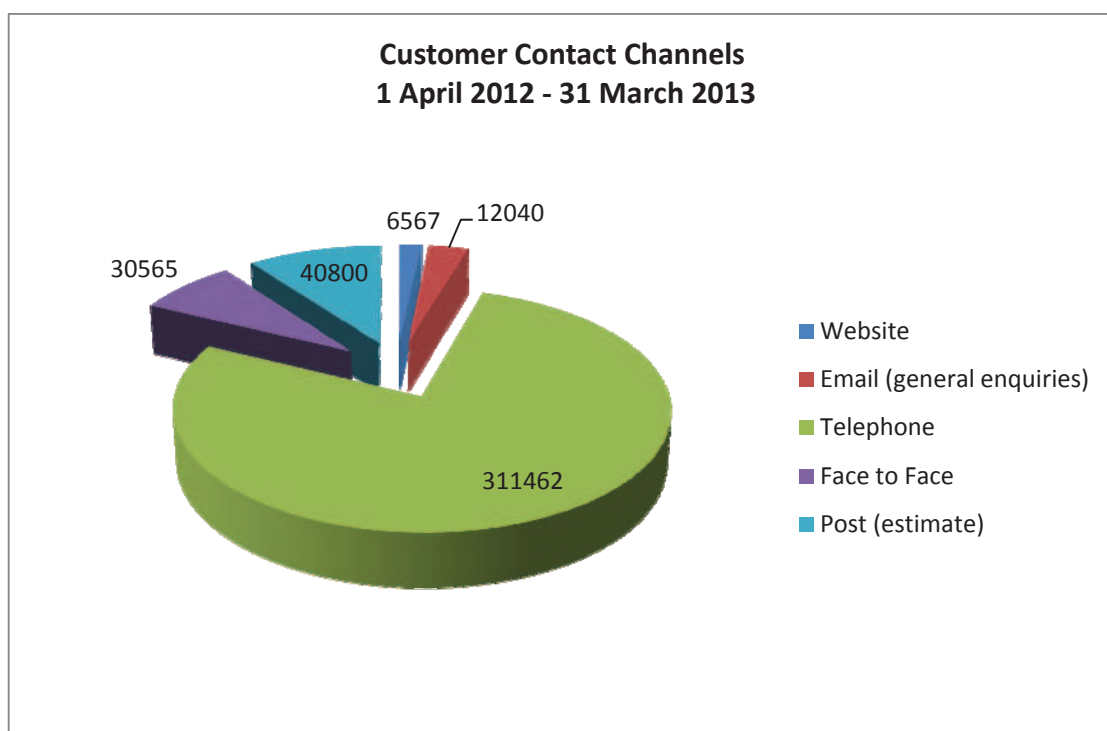
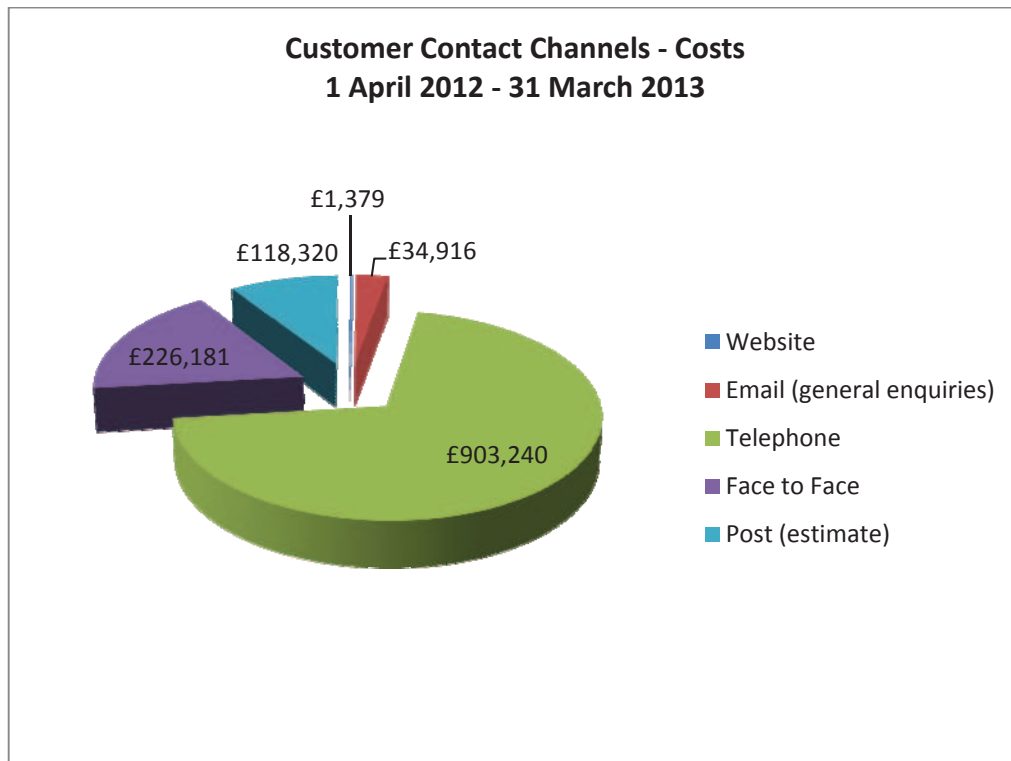


Chart 1.2

Shows the costs associated with these contacts using industry standard costs (SOCITM) for each contact channel. The total estimated cost is £1.28m per annum.



Frequently Asked Questions

The approach underway to develop the Contact Centre service is based on identification of the most common questions and service requests reported by all services across the Council. We have initially identified over 100 separate questions that represent basic enquiries members of the public are contacting us for and usually need limited technical input from officers.

Work is currently being undertaken to:

- Monitor contact volumes across all channels for each frequently asked question.
- Identify the staffing resources in services currently engaged in responding to the enquiries and service requests.
- Reviewing and documenting (i.e. process maps), the process for responding to each query, which will form the basis of the training manual and service level arrangements.

Return on Investment

Recent review work undertaken by Mouchel into the Council's ICT service looked at the savings possible from channel shift and identified savings in the region of £230,000 over a period of 3 – 5 years (as previously reported in the Outline Business Case). Applying similar calculations using the 2012-2013 customer contact statistics detailed in this Business Case show savings in the region of £335,000 for the same period (Table 1). It can be viewed as a cautious estimate.

Table 1

Channel shift savings calculation 3 to 5 years								
Contacts per year 401,434								
Channel	Cost per transaction	Today			Tomorrow			(Cost)/Saving
		%	Volume	Total cost	%	Volume	Total cost	
Website	£0.21	2%	6,567	£1,379	30%	120,430	£25,290	(£23,911)
Email (general enquiries)	£2.90	3%	12,040	£34,916	3%	12,040	£34,916	£0
Telephone	£2.90	78%	311,462	£903,240	54%	216,774	£628,646	£274,594
Face to Face	£7.40	7%	30,565	£226,181	6%	24,086	£178,237	£47,944
Post	£2.90	10%	40,800	£118,320	7%	28,103	£81,499	£36,821
Totals		100%	401,434	£1,284,036	100%	401,434	£948,587	£335,448

Table 2 uses the same base data for Brentwood as the panel above. However, it has a more ambitious channel shift target and should be viewed as a 'best-case' scenario.

Table 2

Savings calculation - Optimistic 3 to 5 years								
Contacts per year 401,434								
Channel	Cost per transaction	Today			Tomorrow			(Cost)/Saving
		%	Volume	Total cost	%	Volume	Total cost	
Website	£0.21	2%	6,567	£1,379	50%	200,717	42,151	(£40,772)
Email (general enquiries)	£2.90	3%	12,040	£34,916	3%	12,040	34,916	£0
Telephone	£2.90	78%	311,462	£903,240	40%	160,577	465,673	£437,567
Face to Face	£7.40	7%	30,565	£226,181	4%	16,057	118,824	£107,357
Post	£2.90	10%	40,800	£118,320	3%	12,043	34,925	£83,395
Totals		100%	401,434	£1,284,036	100%	401,434	696,489	£587,547

The more cautious of the two models above shows savings from channel shift are realistic and in line with our own savings targets.

The budgetary position is that we need to make £250k of savings on current costs to be achieved in the year 2014/15 and ongoing thereafter. This will be achieved through a mix of:

- Lower transaction costs by encouraging customers to shift to less costly contact channels. E.g. Self-Service.
- Increased economies of scale through generic front of house and telephony services, achieved by migrating enquiry handling and related staff roles into the Customer Service, and reducing overall staff numbers required.
- Streamlined processes for more efficient enquiry handling.

Investment

To enable the future vision for Customer Services we need to invest in several elements of infrastructure, and ensure that we have the ICT capability and support implemented and operational to make it quick and easy for customers to channel shift.

Work undertaken as part of the ICT review identified outline infrastructure costs for the Customer Services project. The Mouchel analysis demonstrates that due to previous ICT investment and work in related areas, investment cost required has been reduced by in excess of £70,000.

Building on the Mouchel analysis and through the ICT Strategy Group, the preferred way forward and outline costs are set out in the documents listed below and are appended to this Business Case:

Project Definition Form (Appendix 1)

Outline Costs (Appendix 2)

High Level Timeline (Appendix 3)

Risk Log (Appendix 4)

Project Definition Form [or PID]	
Project Title:	Customer Services Transformation
Sponsor:	Jo-Anne Ireland
State below the link with the corporate agenda – the actual wording please.	
<p>A Modern Council</p> <ul style="list-style-type: none"> • More modern and effective customer services that meet at least 80% of our customers' needs at the first point of contact. • A new way of working for the council, improving service delivery and reducing the 'back office' and unnecessary bureaucracy. 	
Project Background:	<p>As set out in the Council's Corporate Plan 2013-2016, the Council has committed itself to modern and effective customer services that meet at least 80% of the Council's customers' needs at the first point of contact.</p> <p>At the meeting of the Strategy and Policy Board held on 26th June 2013, Members resolved that the proposal for the provision of a fully integrated customer contact centre, offering high quality customer service as set out in the outline business case be agreed. A detailed business case for agreement by Members is to be presented at the November meeting of the Strategy and Policy Board.</p> <p>Research has found that on-site contact centres tend to be better integrated with back office services, offering a consistent and high standard customer experience. On-site contact centres also have the added advantage of combining with reception and face-to-face services, offering further economies of scale.</p> <p>The Council's approach to Contact Centre Services will be to handle all customer contact channels such as website, telephony, face to face, post, emails, text messaging and social media. These strands will be interwoven, supported by ICT systems and a professional, trained Customer Services Team.</p> <p>Dovetailing the contact centre project is the drive to enable and encourage our customers to self serve by developing automated, simplified processes without the need for one-on-one assistance. By actively encouraging channel shift towards electronic contact the Council can provide an improved service at a reduced cost.</p> <p>The Council website has recently been modernised and has changed to being 'task' driven to promote and achieve channel shift. Work is currently being undertaken with services to review their processes and to identify those tasks that can be handled by</p>

	<p>the contact centre and those that can be transfigured to a self serve option for customers. This will be an ongoing project as top tasks will change and therefore the future contact centre service will need to be flexible and scalable to adapt to rises and reductions in contact volumes via different access channels.</p>
<p>Project Benefits:</p>	<ol style="list-style-type: none"> 1. Improved customer service - Achieved by providing a professional customer service; simplified, automated processes; a reduction in repetition caused by numerous staff `touching` a query; enabling officers to deal with customers with higher levels of need. 2. Cost Savings – Achieved by moving customers to less costly access channels (channel shift); creating efficiencies in back office processes; reducing back office staff.
<p>Project Objectives:</p>	<ol style="list-style-type: none"> 1. To deliver the implementation of, and the seamless transition to, the Council's new customer contact centre service, internally managed and located on-site, by no later than April 1st 2014. 2. To deliver and promote an increased range of cost effective access channels to meet increasing customer expectations, and optimise value for money within the budget set in the Medium Term Financial Strategy. 3. To deliver a fluid and flexible customer contact centre service, scalable to meet rising or reducing customer contact volumes and/or providing a service to partner organisations and/or changes in customer access channel usage (channel shift). 4. To deliver a customer contact centre service accessible to all whilst promoting self-service and focusing officer resources away from routine enquiries to customers with higher levels of need. 5. To deliver a customer contact centre service that resolves at least 80% of enquiries at first contact and avoids repeat contact, ensuring only those queries that require professional expertise are referred on to service areas. 6. To deliver a first class customer contact centre service, through appropriately skilled, motivated and experience officers, working within clear and transparent service standards. 7. To deliver an integrated customer contact centre and back office service, both staff and systems, to ensure a one-team approach and seamless customer experience. 8. To deliver a staffed customer contact centre service no longer than 9hrs each weekday (e.g. 8:30 – 5:30), with further research into the need for one late night a week and/or Saturday mornings.

	<ol style="list-style-type: none"> 9. To deliver an improved customer experience and maximise efficiency through the use of a Customer Relationship Management system or equivalent, capable of being used throughout the Council and with the capacity to link with partners. 10. To deliver a contact centre service that reflects the Council's priorities, particularly those regarding new ways of working and providing a modern and effective customer service. 11. To deliver a resilient and sustainable contact centre service through the procurement of appropriate technology.
Project Deliverables:	<ol style="list-style-type: none"> 1. Through the provision of a fully integrated, scalable and adaptable contact centre service, the Council will provide a first class customer experience that offers value for money and improved access to services. 2. From 1st April 2014 the project is to contribute savings circa of £250k pa towards the medium term financial strategy savings targets.
This project will include:	This project will not include:
<ol style="list-style-type: none"> 1. The procurement and implementation of products and services to support the transition to, and the delivery of, the new contact centre service. 2. The recruitment of officers to deliver the day-to-day management and operation of the new contact centre service. 3. The design of the new contact centre service including the officer structure, supporting technology, physical layout and scope and scale of the services provided. 4. The review and optimisation of existing services to enhance the customer experience and maximise value for money. 5. The transition of the existing reception service to the new contact centre service. 6. The transition of existing staff from service areas and/or the external recruitment of staff for the new contact centre service. 7. The launch of the new contact centre service and subsequent period of support to embed the 	<p>Town Hall Project.</p> <p>Although the two projects are linked they are not mutually dependant on each other and therefore can be progressed independently. The two project teams will work closely to agree the specification of the design of the new contact centre and technology.</p>

<p>service.</p> <p>8. The project manager will provide a highlight report to the Project & Performance Corporate Leadership Board.</p> <p>9. Corporate communications will be made using existing mechanisms including the Council intranet, Managing Director's blog, Members' Newsletter and service areas team meetings.</p> <p>10. External communications will be made as appropriate using existing mechanisms including; website, social media and press releases.</p>	
<p>Success Criteria:</p>	<ol style="list-style-type: none"> 1. The launch of the Council's new contact centre on or before April 1st 2014. 2. Meeting the operational and capital service budget as set out in the medium term financial strategy. 3. An increased range and increasing usage of cost efficient customer access channels against a reduction in contact via more expensive access channels such as face-to-face and telephone. 4. Meeting customer expectations and the agreed contact centre service standards. 5. Positive customer feedback. 6. The ability of the service to adapt to changes in contact volume and customer access channels. 7. The recruitment of highly skilled, motivated and experienced officers to deliver the service. 8. The successful integration of the contact centre service with back office services leading to a consistent and high standard customer experience.
<p>Constraints:</p>	<ol style="list-style-type: none"> 1. The new contact centre must be fully operational no later than 1st April 2014. 2. A good compliment of service provision will be provided by the customer contact centre service from 1st April 2014, with further services brought in over time. 3. The number of services undertaken by the contact centre service will be dependent on the number of service process reviews completed. 4. The contact centre service will procure cloud-based technology to meet the requirements of the medium term financial strategy.

Key Assumptions:		<ol style="list-style-type: none"> 1. The contact centre service will not operate longer than 9hrs each weekday (e.g. 8:30 – 5:30), with investigation into the potential of one late night a week and/or Saturday morning. Further research to be conducted. 2. The contact centre service will be located on the ground floor at the Town Hall. 3. The contact service will assimilate the reception service, its officers and associated budgets. 	
Project Manager:		Paul Knight, Head of Business Transformation	
Project Sponsor:		Jo-Anne Ireland, Director of Strategy and Corporate Services	
Project Board/Steering Group Members:	Who fulfils these roles and what they do. NOTE: may not be appropriate for <u>all</u> projects	Project Team Members:	Paul Knight – Head of Business Transformation Lorraine Jones – Project Manager Contact Centre Service Development Greg Campbell – Project Manager Customer Transformation Tim Huggins – ICT Manager Shelley King – Business Transformation Administration Assistant
Budget①			
Resource Costs:		Other Costs:	
Capital Costs - £54k (details attached)			
Support needed:			
<ol style="list-style-type: none"> 1. ICT support (advice, procurement of technology, integration of contact centre software with back office systems, systems support) 2. HR support (evaluation of job descriptions, recruitment process support, staff contracts) 3. Procurement (procurement of hardware and software) 4. Communications (external and internal communication support) 5. Asset management (contact centre location, alignment with Town Hall project) 			
Start Date:	1 st July 2013	Completion Date:	1 st April 2015
Signature of Project Manager:		Date:	

Approval from Sponsor:		Date:	
Approval from CLB: (attach minutes)		Date:	

Impact	Likelihood
5 Extreme	5 Almost certain
4 High	4 Likely
3 Medium	3 Possible
2 Low	2 Unlikely
1 Insignificant	1 Rare

PROJECT RISK LOG (PRL)

Project Name: Customer Transformation – Implementation of Contact Centre		Date Issued:	Version Number:						
		01/10/13	1.0						
Ref.	Title and Description of risk The risk event, leading to consequence for project, resulting in possible outcome(s).	Control measures in place	Risk score Impact X Likelihood	Direction of travel	Risk owner / Review frequency	Additional control measures	Additional cost resources required	Adjusted risk score (where relevant)	Timeline to progress
1	Project Team Resources Insufficient capacity within the project team, leading to delays in the implementation of the service, Resulting in a delay to achieve the expected savings in the future.	1. Recruitment of further customer services project manager ongoing	Impact Likelihood Total 4 2 8	new	Paul Knight Monthly	None at present	None at present	Impact Likelihood Total	N/a
2	Support Services Resources Insufficient capacity within support services including ICT and HR, leading to delays in the implementation of the service Resulting in failure to have the contact centre open on time and a delay to achieve the expected savings in the future.	1, Working with ECC HR to develop recruitment plan and using their resource as per contract	Impact Likelihood Total 4 4 16	<input type="checkbox"/>	Paul Knight Monthly	1. Identify resource plan for the project for HR and ICT 2. Agree who will be assisting with HR function		Impact Likelihood Total 4 3 12	N/a
3	Staff & Member Engagement Failure to adequately engage with service areas leading to a lack of buy-in and a poor customer experience. Resulting in failure to meet the needs of residents.	1. Communications plan being developed 2. Plan to include early roll out to ensure everyone (customers, Members, and staff) are aware of changes.	Impact Likelihood Total 2 4 8	new	Paul Knight Monthly	Work with communications to ensure the communication is pitched right, will reach the target audience and is of appropriate frequency	None	Impact Likelihood Total 2 2 4	N/a

Ref.	Title and Description of risk The risk event, leading to consequence for project, resulting in possible outcome(s).	Control measures in place	Risk score Impact X Likelihood	Direction of travel	Risk owner / Review frequency	Additional control measures	Additional cost resources required	Adjusted risk score (where relevant)	Timeline to progress
4	Procurement There is a risk that the Council's procurement procedure will be challenged by a supplier, leading to projects delays and possible prosecution, Resulting in additional expenditure of no more than £250k.	<ol style="list-style-type: none"> The Procurement Officer will provide advice to ensure we use the most cost effective methods and is compliant to ensure the Council is not challenged Existing contracts set up by other LA's will be used as well as moving to cloud/remote services to reduce expenditure on hardware reducing the likelihood of reaching procurement thresholds 	Impact 3 Likelihood 2 Total 6	<input type="checkbox"/>	Paul Knight Monthly	None	None	Impact Likelihood Total	N/a
5	Technology installation That the contact centre technology is not implemented and tested within time, leading to project delays. Resulting in failure to meet the needs of residents.	<ol style="list-style-type: none"> Technology is being procured as early as possible ICT Contact Centre/telephony consultants assisting with purchase and installation which will increase the speed of delivery Using technology already in place at other LA so should reduce project timeline compared to normal procurement route Technology being used locally at other LA and therefore already partly tried and tested 	Impact 4 Likelihood 3 Total 12	new	Paul Knight Monthly	1. Testing schedule to be drawn up based within the timeframe presently in place	None	Impact Likelihood Total	2 2 4

Ref.	Title and Description of risk The risk event, leading to consequence for project, resulting in possible outcome(s).	Control measures in place	Risk score Impact X Likelihood	Direction of travel	Risk owner / Review frequency	Additional control measures	Additional cost resources required	Adjusted risk score (where relevant)	Timeline to progress
6	Budget deficit There is a risk that the budget does not match the required outlay to set up and run a contact centre. Resulting in overspend or failure to procure and deliver the desired contact centre.	<ol style="list-style-type: none"> Budget set aside for contact centre development Budget monitoring regularly reviewed Procurement route to purchase goods and services used to reduce costs 	Impact Likelihood Total 4 2 8	new	Paul Knight Monthly			Impact Likelihood Total	N/a
7	Recruitment Failure to recruit staff within timescales or transfer staff within timescales. Resulting in failure of contact centre to be resourced adequately on opening and therefore fail to deliver against its targets.	<ol style="list-style-type: none"> Early expressions of interest from staff ascertained. HR requirements (JD's, adverts) will be prepared ready for use 	Impact Likelihood Total 4 3 12	new	Paul Knight monthly			Impact Likelihood Total	N/a
8	Redundancy Fewer staff transfer to contact centre resulting in increased redundancy within services, (eventually), increasing cost to the council from redundancy payouts and recruitment of new staff.	<ol style="list-style-type: none"> Early expressions of interest from staff ascertained. Enabling Council to review its financial projection early Positive communication of Contact centre; its role and staff role in its success 	Impact Likelihood Total 4 2 8	new	Paul Knight Monthly			Impact Likelihood Total	N/a
9	Training Lack of time to undertake adequate training resulting in poor performance and failure to reach contact centre targets.	<ol style="list-style-type: none"> Services to initially provide support until embedded into contact centre Seek ongoing support/training from within services Training schedule to be drawn up for contact centre staff prior to going live and following go live date 	Impact Likelihood Total 3 3 9	new	Paul Knight Monthly			Impact Likelihood Total	N/a

Ref.	Title and Description of risk The risk event, leading to consequence for project, resulting in possible outcome(s).	Control measures in place	Risk score Impact X Likelihood	Direction of travel	Risk owner / Review frequency	Additional control measures	Additional cost resources required	Adjusted risk score (where relevant)	Timeline to progress
10	<p>The risk event, leading to consequence for project, resulting in possible outcome(s).</p> <p>Service Expectations Services expecting too much transition too soon. Resulting in perceived failure, lack of confidence and services taking back their operations. Failure of services to meet performance targets.</p>		Impact 3 Likelihood 4 Total 12	new	Paul Knight Monthly	1 Draft simple SLA with each department agreeing performance, targets and capacity 2 Agree which services will be transferred to the contact centre and in which order (Develop calendar of transition)	None	Impact 3 Likelihood 2 Total 6	N/a
11	<p>Financial Expectations Member and CLB expectation to reduce back office too soon. Resulting in increased pressure on contact centre to undertake services too early, potentially leading to corners being cut, inadequate training, resulting in poor customer service and the failure of the contact centre to meet performance targets.</p>	Service level agreements to be agreed to enable monitoring of contact centre service in readiness for back office efficiencies.	Impact 3 Likelihood 4 Total 12	New	Paul Knight Monthly	1 Set up regular meetings between contact centre and services to discuss performance and manage expectations etc to enable services to consider back office reductions. 2. Financial service to give at least six months notice to services of potential budget cuts.	None	Impact 2 Likelihood 3 Total 6	

PROJECT TIMELINE (PT) High Level Milestones

Appendix 3

Project Name: Customer Transformation – Implementation of Contact Centre

 Indicates when milestone should be completed

Date Issued: 01/10/13

Version Number:

1.0

Task	AUG-13	SEP-13	OCT-13	NOV-13	DEC-13	JAN-14	FEB-14	MAR-14	APR-14	MAY-14	JUN-14	JUL-14
People 1 Communication plan agreed and commenced												
People 2 Staff structure and recruitment exercise agreed (including JD's, operating numbers etc)												
Physical 3 Temporary contact centre design, office furniture procured and space agreed												
Physical 4 Telephony solution agreed, purchased, tested and installed												
Physical 5 Internal infrastructure tested, upgraded (Wireless Application Network) where necessary and ready for operation												
Physical 6 Reorganisation of reception area complete												
People 7 Training and Development												
Process 8 Contact centre takes on first service												
Process 9 Contact Centre takes on second service												
Physical 10 Procure , implement, test and use Customer Relationship Management system (CRM)												
Process 11 Initial Lean review of services complete with scoping of services to be delivered by contact centre. 1. Planning & BC/Depot 2. Revs and Bens 3. Housing 4. Licensing 5. Env Health 6.Finance												

APPENDIX 4

PROJECT RISK LOG (PRL)

Project Name: Customer Transformation – Implementation of Contact Centre

Date Issued: 01/10/13 Version Number: 1.0

Ref.	Title and Description of risk The risk event, leading to consequence for project, resulting in possible outcome(s).	Control measures in place	Risk score Impact X Likelihood	Direction of travel	Risk owner / Review frequency	Additional control measures	Additional cost resources required	Adjusted risk score (where relevant)	Timeline to progress
1	Project Team Resources The risk event, leading to consequence for project, resulting in possible outcome(s). Insufficient capacity within the project team, leading to delays in the implementation of the service, resulting in a delay to achieve the expected savings in the future.	1. Recruitment of further customer services project manager ongoing	4 2 8	new	Paul Knight Monthly	None at present	None at present	Impact Likelihood Total	N/a
2	Support Services Resources Insufficient capacity within support services including ICT and HR, leading to delays in the implementation of the service. Resulting in failure to have the contact centre open on time and a delay to achieve the expected savings in the future.	1. Working with ECC HR to develop recruitment plan and using their resource as per contract	4 4 16	<input type="checkbox"/>	Paul Knight Monthly	1. Identify resource plan for the project for HR and ICT 2. Agree who will be assisting with HR function		Impact Likelihood Total 4 3 12	N/a
3	Staff & Member Engagement Failure to adequately engage with service areas leading to a lack of buy-in and a poor customer experience. Resulting in failure to meet the needs of residents.	1. Communications plan being developed 2. Plan to include early roll out to ensure everyone (customers, Members, and staff) are aware of changes.	2 4 8	new	Paul Knight Monthly	1. Work with communications to ensure the communication is pitched right, will reach the target audience and is of appropriate frequency	None	Impact Likelihood Total 2 2 4	N/a
4	Procurement There is a risk that the Council's procurement procedure will be challenged by a supplier, leading to projects delays and possible prosecution. Resulting in additional expenditure of no more than £250k.	1. The Procurement Officer will provide advice to ensure we use the most cost effective methods and is compliant to ensure the Council is not challenged 2. Existing contracts set up by other LA's will be used as well as moving to cloud/remote services to reduce expenditure on hardware reducing the likelihood of reaching procurement thresholds	3 2 6	<input type="checkbox"/>	Paul Knight Monthly	None	None	Impact Likelihood Total	N/a

APPENDIX 4

Ref.	Title and Description of risk The risk event, leading to consequence for project, resulting in possible outcome(s).	Control measures in place	Risk score X Likelihood	Direction of travel	Risk owner / Review frequency	Additional control measures	Additional cost resources required	Adjusted risk score (where relevant)	Timeline to progress
5	Technology Installation The risk event, leading to consequence for project, resulting in possible outcome(s). That the contact centre technology is not implemented and tested within time, leading to project delays. Resulting in failure to meet the needs of residents.	<ol style="list-style-type: none"> Technology is being procured as early as possible ICT Contact Centre/telephony consultants assisting with purchase and installation which will increase the speed of delivery Using technology already in place at other LA so should reduce project timeline compared to normal procurement route Technology being used locally at other LA and therefore already partly tried and tested 	4 Impact Likelihood Total 3 12	new	Paul Knight Monthly	1. Testing schedule to be drawn up based within the timeframe presently in place	None	Impact Likelihood Total 2 2 4	N/a
6	Budget deficit There is a risk that the budget does not match the required outlay to set up and run a contact centre. Resulting in overspend or failure to procure and deliver the desired contact centre.	<ol style="list-style-type: none"> Budget set aside for contact centre development Budget monitoring regularly reviewed Procurement route to purchase goods and services used to reduce costs 	4 Impact Likelihood Total 2 8	new	Paul Knight Monthly			Impact Likelihood Total	N/a
7	Recruitment Failure to recruit staff within timescales or transfer staff within timescales. Resulting in failure of contact centre to be resourced adequately on opening and therefore fail to deliver against its targets.	<ol style="list-style-type: none"> Early expressions of interest from staff ascertained. HR requirements (JD's, adverts) will be prepared ready for use 	4 Impact Likelihood Total 3 12	new	Paul Knight monthly			Impact Likelihood Total	N/a

APPENDIX 4

Ref.	Title and Description of risk The risk event, leading to consequence for project, resulting in possible outcome(s).	Control measures in place	Risk score Impact X Likelihood	Direction of travel	Risk owner / Review frequency	Additional control measures	Additional cost resources required	Adjusted risk score (where relevant)	Timeline to progress
8	Redundancy Fewer staff transfer to contact centre resulting in increased redundancy within services, (eventually), increasing cost to the council from redundancy payouts and recruitment of new staff.	<ol style="list-style-type: none"> 1 Early expressions of interest from staff ascertained. Enabling Council to review its financial projection early 2 Positive communication of Contact centre; its role and staff role in its success 	Impact Likelihood Total 4 2 8	new	Paul Knight Monthly			Impact Likelihood Total	N/a
9	Training Lack of time to undertake adequate training resulting in poor performance and failure to reach contact centre targets.	<ol style="list-style-type: none"> 1 Services to initially provide support until embedded into contact centre 2 Seek ongoing support/training from within services 3 Training schedule to be drawn up for contact centre staff prior to going live and following go live date 	Impact Likelihood Total 3 3 9	new	Paul Knight Monthly			Impact Likelihood Total	N/a
10	Service Expectations Services expecting too much transition too soon. Resulting in perceived failure, lack of confidence and services taking back their operations. Failure of services to meet performance targets.		Impact Likelihood Total 3 4 12	new	Paul Knight Monthly	<ol style="list-style-type: none"> 1 Draft simple SLA with each department agreeing performance, targets and capacity 2 Agree which services will be transferred to the contact centre and in which order (Develop calendar of transition) 	None	Impact Likelihood Total 3 2 6	N/a

APPENDIX 4

Ref.	Title and Description of risk The risk event, leading to consequence for project, resulting in possible outcome(s).	Control measures in place	Risk score Impact X Likelihood	Direction of travel	Risk owner / Review frequency	Additional control measures	Additional cost resources required	Adjusted risk score (where relevant)	Timeline to progress
11	<p>The risk event, leading to consequence for project, resulting in possible outcome(s).</p> <p>Financial Expectations Member and CLB expectation to reduce back office too soon. Resulting in increased pressure on contact centre to undertake services too early, potentially leading to corners being cut, inadequate training, resulting in poor customer service and the failure of the contact centre to meet performance targets.</p>	Service level agreements to be agreed to enable monitoring of contact centre service in readiness for back office efficiencies.	Impact 3 Likelihood 4 Total 12	New	Paul Knight Monthly	1 Set up regular meetings between contact centre and services to discuss performance and expectations etc to enable services to consider back office reductions. 2. Financial service to give at least six months notice to services of potential budget cuts.	None	Impact 2 Likelihood 3 Total 6	

26 November 2014

Audit and Scrutiny Committee

Scrutiny Work Programme 2014/15

Report of: *Ben Bix, Corporate and Democratic Services Manager*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 The work of the Audit and Scrutiny Committee will be delivered both by Members working in groups and through formal Committee reports. The Audit and Scrutiny Committee will make recommendations to decision making committees and Council as necessary. The Audit and Scrutiny Committee is invited to consider its 2014/15 scrutiny work programme.

2. Recommendation(s) That:

- 2.1 The Audit and Scrutiny Committee agree its scrutiny work programme 2014/15**

3. Introduction and Background

- 3.1 At the beginning of the municipal year, the Audit and Scrutiny Committee agreed its work programme.
- 3.2 Committee members are invited by the Chair and Vice-Chair to consider progress of the work programme.
- 3.3 The Audit and Scrutiny Committee will have particular regard to the Budget, Corporate Plan, Forward Plan, Council policy and significant national issues. The Committee will also seek to include the scrutiny of external facing matters that are of significant interest to local communities.
- 3.4 The work programme of the Audit and Scrutiny Committee should not include management or staffing issues which are the responsibility of the Head of Paid Service.

3.5 The Committee noted at its meeting of 1 July 2014 that the Town Hall Delivery Group, the Local Development Plan Working Group, The William Hunter Way Delivery Group and the Constitution Working Group were **not** scrutiny task and finish groups.¹

4. Issue, Options and Analysis of Options

4.1 The Scrutiny function works best when the committee undertakes its work both in member groups and by receiving formal committee reports. The benefits of a Task and Finish approach were outlined at the 1 July 2014 meeting of the Committee.

4.2 It was proposed and agreed at the Audit & Scrutiny Committee on 1 July 2014 that the scrutiny work programme 2014/15 include the following:

- William Hunter Way Lessons Learned
- Crossrail
- Member/Officer Communications/ Members Casework
- Local Council Tax Support Scheme
- IT Resilience and Business Continuity
- Budget Scrutiny
- Community Safety Partnership Annual Review

4.3 Post the Audit & Scrutiny Committee 1 July 2014, the work programme was updated under Overview and Scrutiny procedure rule 5.4 to include a Hutton Community Centre Scrutiny Review

4.4 At its meeting on 30 September 2014, the Committee prioritised *IT Resilience and Business Continuity* as its next review. Due to the technical nature of the subject matter, the Committee would consider this as an officer report, rather than a task and finish group.

4.5 Minute 154 of the Audit and Scrutiny Committee 30 September 2014, *Internal Audit Progress Report* requires that an officer report on the Customer Contact Centre be added to the Committee work programme for its meeting of 26 November 2014.

4.6 Minute 220 of the Audit and Scrutiny Committee 28 October 2014 amended the work programme of the committee to include a new task and finish group on *William Hunter Way Procurement*. The review was prioritised to mitigate the perceived need for an extraordinary council meeting.

¹ The William Hunter Way delivery group, 7 April 2014 Extraordinary Council Agenda Item 11, 2.8 Governance

4.7 As at 26 November 2014, the Committee will note that it has completed the following reviews:

- Section 106 Agreements (from 2013/14) work programme
- Local Council Tax Support Scheme
- William Hunter Way Lessons Learned
- Hutton Community Centre Review
- Customer Contact Centre Review
- IT and Business Continuity Review
- William Hunter Way Procurement Review

5. Reasons for Recommendation

5.1 To enact the provisions of Part 4.4 of the Constitution that the Audit and Scrutiny Committee agrees its scrutiny work programme at each meeting of the Committee.

6. Consultation

6.1 The Chair and Vice-Chair of the Audit and Scrutiny Committee were consulted about the work programme of the Committee.

6.2 The Chair has a regular dialogue with the Shadow Chair.

6.3 This report seeks to consult with the Audit and Scrutiny Committee on its work programme.

7. References to Corporate Plan

7.1 The priority area *A Modern Council* includes an action to improve the Council's governance arrangements, leading to faster, more effective decision-making. An effective scrutiny function is an essential element of that priority.

8. Implications

Financial Implications

Name & Title: Jo-Anne Ireland, Acting Chief Executive

Tel & Email: 01277 312712 / jo-anne.ireland@brentwood.gov.uk

8.1 There are no direct financial implications arising from this report

Legal Implications

Name & Title: Chris Potter, Monitoring Officer and Head of Support Services

Tel & Email: 01277 312860 / christopher.potter@brentwood.gov.uk

8.2 There are no legal implications at present.

Other Implications (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

8.3 Risk Management: The committee need to allow enough time and resource to complete their work programme and be mindful of potential duplication of matters elsewhere within the governance structure.

9. Background Papers (include their location and identify whether any are exempt or protected by copyright)

9.1 All scrutiny work programmes, and annual reports for previous years are available at www.brentwood.gov.uk

10. Appendices to this report

Appendix A – Scrutiny Work Programme 2014/15

Report Author Contact Details:

Name: Ben Bix, Corporate and Democratic Services Manager

Telephone: 01277 312550

E-mail: ben.bix@brentwood.gov.uk

Scrutiny Work Programme 2014-15

Work programme agreed by the Audit & Scrutiny Committee, 1 July 2014

Topic	Committee Date	Lead Member (s)	Commentary (01/07/14)	Status and Commentary (30/09/14)	Status and Commentary (28/10/2014)	Status and Commentary 26/11/2014
Annual Work Programme	1 July 2014	Councillors Clark and Barrett	The Chair and Vice-Chair consult the Committee on the scrutiny work programme 2014/15 at each Committee meeting.			
William Hunter Way Lessons Learned Task and Finish Group	1 July 2014	Councillor Clark	It has been agreed that a group should be formed to consider the lessons learned from the William Hunter Way project.	Scoping: The William Hunter Way Lessons Learned Group has been assembled, and is in the process of scoping its work using a project management methodology. The members of the group are Cllrs Clark, Kerlake and Mynott.	Complete. The task and finish group met 7 times in preparation of its report to the Audit and Scrutiny Committee 28/10/14.	
Crossrail Task and Finish Group	1 July 2014	Councillor Clark	To provide a reporting line for the Crossrail project.	Closed: After reconsideration, there is an existing Crossrail Working Group which Councillor Clark Chairs. A scrutiny review would potentially duplicate the work of that group		
Member/Officer Communications/ Members Casework Task and Finish Group	1 July 2014	Councillors Morrissey, Mynott and Reed	That Member/Officer communications and casework management be reviewed.	Evidence gathering: The group has met three times since 1 July and have reviewed the Member casework system. The remainder of the scope for the group will be completed by the November 2014 meeting of the Audit and Scrutiny Committee. The	Evidence gathering: A further meeting of the group is scheduled for 12 November 2014.	Evidence gathering: A verbal update will be provided on 26/11/2014.

Topic	Committee Date	Lead Member (s)	Commentary (01/07/14)	Status and Commentary (30/09/14)	Status and Commentary (28/10/2014)	Status and Commentary 26/11/2014
				members of the group are Councillors Morrissey, Mynott and Reed.		
Section 106 Agreements	1 July 2014	N/A	Required by 2013/14 Overview and Scrutiny Committee work programme	Complete: This was reported at the July meeting of the Audit and Scrutiny Committee.		
Local Council Tax Support Scheme Task and Finish Group	30 September 2014	Councillors Morrissey and Reed	A short Task and Finish Group is required as a consultative forum on proposed changes to LCTS	Complete: This group was formed well ahead of schedule and reported on 30 September 2014, for recommendation to Council in December 2014. The group was Councillors Davies, Morrissey and Reed.		
IT Resilience and Business Continuity	26 November 2014	Councillor Sleep	To understand the implications of the IT challenges faced in May 2014 and make recommendations to improve resilience	Pending: This group will convene once William Hunter Way and Hutton Community Centre reviews are complete.	Prioritised: This review was prioritised at the Audit and Scrutiny Committee 30/09/14. Councillor Sleep expressed an interest in the review.	Complete: Report to Committee 26/11/2014
Budget Method	26 November 2014	All Committee Members	Pending: The Section 151 Officer will notify the Committee on the Budget setting method in preparation for the Budget Scrutiny meeting 27 January 2015	Complete: A task and finish group will be formed at the meeting of 26/11/2014		

Topic	Committee Date	Lead Member (s)	Commentary (01/07/14)	Status and Commentary (30/09/14)	Status and Commentary (28/10/2014)	Status and Commentary 26/11/2014
Budget Scrutiny	27 January 2015	All Committee Members	The Audit and Scrutiny Committee will be consulted on the proposed budget	Pending: A report on the Budget will be considered at the January meeting of the Committee.		
Community Safety Partnership Annual Review	27 January 2015	All Committee Members	To review the Annual Report of the Partnership	Pending: To meet the requirements of The Crime and Disorder (Overview and Scrutiny) Regulations 2009		
Annual Report of the Audit and Scrutiny Committee	June 2015	Councillors Clark and Barrett	The constitution requires an annual report on the discharge of overview and scrutiny functions be prepared for Council.	Pending: On the completion of the 2014/15 municipal year.		

Work programme additions post Audit & Scrutiny Committee, 1st July 2014 (Overview and Scrutiny procedure rule 5.4)

Topic	Committee Date	Lead Member (s)	Commentary (01/07/14)	Commentary (30/09/14)	Status and Commentary (28/10/2014)	Status and Commentary 26/11/2014
Hutton Community Centre Scrutiny Review	Asset and Enterprise Committee of 15 July 2014	Councillor Barrett	<p>It was resolved that:</p> <ol style="list-style-type: none"> 1. An investigation be taken by the Audit and Scrutiny Committee on how, why and whether the funds were allocated in the correct fashion for the refurbishment of the building 2. Report to a future Finance and Resources Committee with regard to the funding of any necessary further repairs 3. To undertake a Health and Safety inspection on Hutton Community Centre immediately and report back to either the Audit and Scrutiny or Asset and Enterprise Committee 	<p>The Hutton Community Centre Scrutiny Review Group has been assembled, and is in the process of reviewing the project. It has met 5 times.</p> <p>The members of the group are Cllrs Barrett (Chair), Faragher, Hubbard and Sanders.</p> <p><i>Note:</i> 3) was reported to Asset and Enterprise 17 September 2014.</p>	<p>Complete: The task and finish group presented its report to the Audit and Scrutiny Committee 28/10/14.</p>	

Brentwood Community Transport	Pending	Councillor Kerslake	Councillor Kerslake proposed this item in liaison with the Chair post Audit and Scrutiny Committee 1 July 2014.	Pending: The Chair will liaise with the Shadow chair about scheduling a review of Community Transport.	Pending: The Committee should note that there was a task and finish group in 2011. No recommendations were made.
Customer Contact Centre	26 November 2014	All Committee Members		New: Minute 154 of the Audit and Scrutiny Committee 30/9 (<i>Internal Audit Progress Report</i>) stated that an Officer report be presented to the 26 November meeting. The report will review the work undertaken so far and evaluate the anticipated savings over the medium term.	Complete: Report to Committee 26/11/2014.
William Hunter Way Procurement	26 November 2014	All Committee Members	A task and finish group of Councillors Clark, Barrett, Hones and Kerslake was formed	Complete: Report to Committee 26 November 2014 <ul style="list-style-type: none"> To prioritise a review on the William Hunter Way project as outlined in Section 4 of the report. A Task and Finish Group comprising two members of the Administration and two members of the Opposition Group be formed to lead the review. A report on the findings of the review be presented to the Audit and Scrutiny Committee on 26 November 2014. A report be made from Audit and Scrutiny to the Council Meeting on 10 December 2014, including any recommendations arising from the review. 	

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Members Interests

Members of the Council must declare any pecuniary or non-pecuniary interests and the nature of the interest at the beginning of an agenda item and that, on declaring a pecuniary interest, they are required to leave the Chamber.

- **What are pecuniary interests?**

A person's pecuniary interests are their business interests (for example their employment trade, profession, contracts, or any company with which they are associated) and wider financial interests they might have (for example trust funds, investments, and asset including land and property).

- **Do I have any disclosable pecuniary interests?**

You have a disclosable pecuniary interest if you, your spouse or civil partner, or a person you are living with as a spouse or civil partner have a disclosable pecuniary interest set out in the Council's Members' Code of Conduct.

- **What does having a disclosable pecuniary interest stop me doing?**

If you are present at a meeting of your council or authority, of its executive or any committee of the executive, or any committee, sub-committee, joint committee, or joint sub-committee of your authority, and you have a disclosable pecuniary interest relating to any business that is or will be considered at the meeting, you must not :

- participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting participate further in any discussion of the business or,
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

- **Other Pecuniary Interests**

Other Pecuniary Interests are also set out in the Members' Code of Conduct and apply only to you as a Member.

If you have an Other Pecuniary Interest in an item of business on the agenda then you must disclose that interest and withdraw from the room while that business is being considered

- **Non-Pecuniary Interests**

Non –pecuniary interests are set out in the Council's Code of Conduct and apply to you as a Member and also to relevant persons where the decision might reasonably be regarded as affecting their wellbeing.

A 'relevant person' is your spouse or civil partner, or a person you are living with as a spouse or civil partner

If you have a non-pecuniary interest in any business of the Authority and you are present at a meeting of the Authority at which the business is considered, you must disclose to that meeting the existence and nature of that interest whether or not such interest is registered on your Register of Interests or for which you have made a pending notification.

Audit and Scrutiny Committee Terms of Reference

General Powers of Committees

This scheme of delegation sets out the functions of the Council to be discharged by its Committees and Sub- Committees and includes the terms of reference of statutory and non statutory bodies set up by the Council.

Each committee or sub committee will have the following general powers and duties:

- (a) To carry out the duties and powers of the Council within current legislation;
- (b) To comply with the Council's standing orders and financial regulations;
- (c) To operate within the budget allocated to the committee by the Council.
- (d) To guide the Council in setting its policy objectives and priorities including new initiatives, and where appropriate make recommendations to Council
- (e) To develop, approve and monitor the relevant policies and strategies relating to the Terms of Reference of the Committee;
- (f) To secure satisfactory standards of service provision and improvement, including monitoring of contracts, Service Level Agreements and partnership arrangements;
- (g) To consider and approve relevant service plans;
- (h) To determine fees and charges relevant to the Committee;

Audit and Scrutiny Committee

The Audit and Scrutiny Committee provides advice to the Council and the Committees on the effectiveness of the arrangements for the proper administration of the Council's financial affairs, including all relevant strategies and plans.

Audit Activity

- 1) To approve the Annual Internal Audit risk based Plan of work.
- 2) To consider the Head of Internal Audit's annual report and opinion, and a summary of Internal Audit activity and the level of assurance it can give over the Council's corporate governance, risk management and internal control arrangements.

- 3) To consider regular progress reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale.
- 4) To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
- 5) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 6) To consider the arrangements for the appointment of the Council's Internal and External Auditors.

Regulatory Framework

- 1) To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
- 2) To review any issue referred to it by a Statutory Officer of the Council or any Council body.
- 3) To monitor the effective development and operation of risk management and corporate governance in the Council.
- 4) To monitor Council policies and strategies on
 - Whistleblowing
 - Money Laundering
 - Anti-Fraud and Corruption
 - Insurance and Risk Management
 - Emergency Planning
 - Business Continuity
- 5) To monitor the corporate complaints process.
- 6) To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- 7) To consider the Council's compliance with its own and other published standards and controls.

Accounts

- 1) To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

- 2) To review the Council's Annual Governance Statement.
- 3) To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

Scrutiny

- 1) To prepare the annual overview and scrutiny work programme taking into account items put forward by members and the Corporate Leadership Board ensuring that such items relate to the Council's functions and corporate priorities.
- 2) To propose 'place based' or local scrutiny for issues where a local investigative approach with a range of people or organisations is an appropriate way forward.
- 3) To manage scrutiny resources efficiently and effectively so that the outcomes of scrutiny are likely to lead to real improvements for the people of Brentwood.
- 4) To establish working groups (in line with agreed protocols) to undertake the work programme, including setting their terms of reference, the reporting arrangements, and to co-ordinate and review the work of the working groups.
- 5) To receive reports and other evidence from organisations, individuals and partnerships which the Committee or working groups considers relevant to their work.
- 6) To deal with those decisions that are subject to the Council's Call In Procedure for decisions made by Committees.
- 7) To deal with those issues raised through the 'Councillor Call for Action' scheme in line with agreed protocols and procedures.
- 8) To review matters of local community concern including partnerships and services provided by 'other' organisations such as the National Health Service and Essex County Council.
- 9) To make reports or recommendations to Council or the policy committees on matters which affect Brentwood or the inhabitants of Brentwood.
- 10) To be responsible for scrutiny of the Council's strategic and budgetary framework and its implementation.
- 11) To report annually to Council on the progress of the work programme and to make relevant recommendations.

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