





**Brighton & Hove  
City Council**

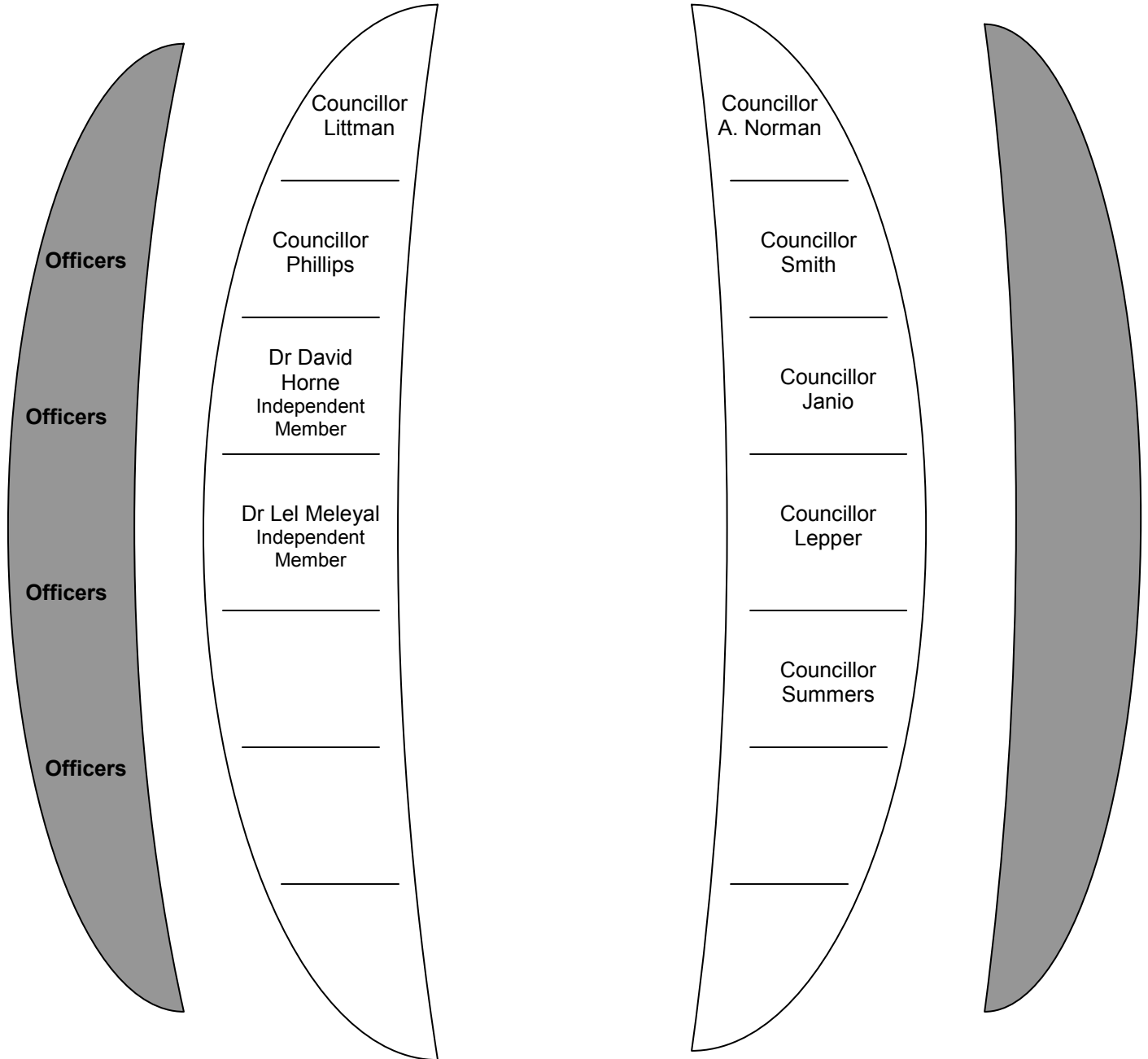
# Audit & Standards Committee

Title:	<b>Audit &amp; Standards Committee</b>
Date:	<b>24 June 2014</b>
Time:	<b>4.00pm</b>
Venue	<b>Committee Room 1, Hove Town Hall</b>
Members:	<p><b>Councillors:</b> Hamilton (Chair), A Norman (Opposition Spokesperson), Janio, Lepper, Littman (Opposition Spokesperson), Smith, Summers and Phillips</p> <p><b>Co-opted Members:</b> Dr David Horne and Dr Lel Meleyal</p>
Contact:	<p><b>Lisa Johnson</b>  <b>Senior Democratic Services Officer</b>  <b>01273 291228</b>  <b><a href="mailto:lisa.johnson@brighton-hove.gov.uk">lisa.johnson@brighton-hove.gov.uk</a></b></p>

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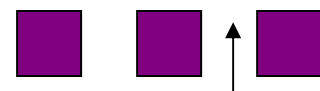
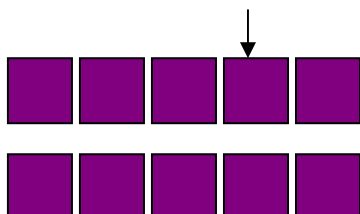
# Democratic Services: Audit & Standards Committee

Head of Law	Councillor Hamilton Chair	Director of Finance	Democratic Services Officer
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Presenting Officer	Presenting Officer
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Public Seating



Press

## AGENDA

### 1. PROCEDURAL BUSINESS

**(a) Declaration of Substitutes:** Where Councillors are unable to attend a meeting, a substitute Member from the same Political Group may attend, speak and vote in their place for that meeting.

**(b) Declarations of Interest:**

- (a) Disclosable pecuniary interests not registered on the register of interests;
- (b) Any other interests required to be registered under the local code;
- (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

- (i) the item on the agenda the interest relates to;
- (ii) the nature of the interest; and
- (iii) whether it is a disclosable pecuniary interest or some other interest.

If unsure, Members should seek advice from the committee lawyer or administrator preferably before the meeting.

**(c) Exclusion of Press and Public:** To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

**NOTE:** Any item appearing in Part Two of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.

*A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.*

### 2. MINUTES

1 - 10

To consider the minutes of the meeting held on 25 March 2014 (copy attached).

### 3. CHAIR'S COMMUNICATIONS

## AUDIT & STANDARDS COMMITTEE

### 4. PUBLIC INVOLVEMENT

To consider the following matters raised by members of the public:

- (a) **Petitions:** to receive any petitions presented to the full council or at the meeting itself;
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 17 June 2014;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 17 June 2014.

### 5. MEMBER INVOLVEMENT

To consider the following matters raised by councillors:

- (a) **Petitions:** to receive any petitions submitted to the full Council or at the meeting itself;
- (b) **Written Questions:** to consider any written questions;
- (c) **Letters:** to consider any letters;
- (d) **Notices of Motion:** to consider any Notices of Motion referred from Council or submitted directly to the Committee.

### JOINT ITEMS

#### 6. AUDIT AND STANDARDS COMMITTEE ANNUAL REPORT 11 - 26

Report of the Executive Director for Finance & Resources (copy attached)

*Contact Officer: Mark Dallen Tel: 29- 1314*  
*Ward Affected: All Wards*

#### 5. AUDIT & STANDARDS COMMITTEE WORK PROGRAMME 2014/15 27 - 34

Report of the Executive Director for Finance & Resources (copy attached)

*Contact Officer: Mark Dallen Tel: 29- 1314*  
*Ward Affected: All Wards*

### STANDARD ITEMS

#### 8. COMPLAINTS UPDATE – MEMBERS AND CORPORATE (JUNE 2014) 35 - 58

Report of the Head of Law & Monitoring Officer (copy attached)

*Contact Officer: Brian Foley Tel: 291229*  
*Ward Affected: All Wards*

## AUDIT & STANDARDS COMMITTEE

### 9. STANDARDS PANEL TRAINING 59 - 64

Report of the Head of Law & Monitoring Officer (copy attached)

Contact Officer: Brian Foley

Tel: 291229

Ward Affected: All Wards

### INFORMATION ITEMS FROM THE POLICY & RESOURCES COMMITTEE

### 10. GOVERNANCE OF VALUE FOR MONEY PHASE 4 65 - 88

Report of the Executive Director for Finance & Resources (copy attached).

Contact Officer: Nigel Manvell

Tel: 29-3104

Ward Affected: All Wards

### 11. TARGETED BUDGET MANAGEMENT (TBM) PROVISIONAL OUT-TURN 2013/14 89 - 178

Report of the Executive Director for Finance & Resources (copy attached).

Contact Officer: Jeff Coates

Tel: 29-2364

Ward Affected: All Wards

### AUDIT ITEMS

### 12. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT ANNUAL REPORT 179 - 204

Report of the Executive Director for Finance & Resources (copy attached).

Contact Officer: Sue Mooman

Tel: 01273 293629

Ward Affected: All Wards

### 13. REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT 205 - 214

Report of the Executive Director for Finance & Resources (copy attached).

Contact Officer: Mark Dallen

Tel: 29- 1314

Ward Affected: All Wards

### 14. INTERNAL AUDIT ANNUAL REPORT AND OPINION 215 - 238

## AUDIT & STANDARDS COMMITTEE

Report of the Executive Director for Finance & Resources (copy attached).

Contact Officer: Mark Dallen Tel: 29- 1314  
Ward Affected: All Wards

### 15. ANNUAL GOVERNANCE STATEMENT 2013/14 239 - 256

Report of the Executive Director for Finance & Resources and Monitoring Officer (copy attached)

Contact Officer: Mark Dallen Tel: 29- 1314  
Ward Affected: All Wards

### 16. EY - 2014/15 AUDIT FEE LETTER 257 - 262

Report of the External Auditors: EY (Copy Attached)

Contact Officer: Simon Mathers Tel: 07776349851  
Ward Affected: All Wards

### 17. EY - AUDIT PROGRESS REPORT AND SECTOR UPDATE 263 - 274

Report of the External Auditors: EY (Copy Attached)

Contact Officer: Simon Mathers Tel: 07776349851  
Ward Affected: All Wards

### 18. STRATEGIC RISK REGISTER REVIEW 2014 -15 & RISK MANAGEMENT ACTION PLANS – UPDATED MAY 2014 275 - 310

Report of the Executive Director for Finance & Resources (copy attached).

Contact Officer: Jackie Algar Tel: 29-1273  
Ward Affected: All Wards

### 19. STRATEGIC RISK MANAGEMENT ACTION PLAN FOCUS: SR2 FINANCIAL OUTLOOK; AND SR18 EFFECTIVE USE OF TECHNOLOGY 311 - 312

Report of the Executive Director for Finance & Resources (copy attached).

Contact Officer: Jackie Algar Tel: 29-1273  
Ward Affected: All Wards

### 20. STATEMENT OF ACCOUNTS 2013/14 313 - 316

Report of the Executive Director for Finance & Resources (copy attached).

## AUDIT & STANDARDS COMMITTEE

Contact Officer: Jane Strudwick  
Ward Affected: All Wards

Tel: 01273 291255

### 21. ITEMS REFERRED FOR COUNCIL

To consider items to be submitted to the 17 July 2014 Council meeting for information.

*In accordance with Procedure Rule 24.3a, the Committee may determine that any item is to be included in its report to Council. In addition, any Group may specify one further item to be included by notifying the Chief Executive no later than 10am on the eighth working day before the Council meeting at which the report is to be made, or if the Committee meeting take place after this deadline, immediately at the conclusion of the Committee meeting*

The City Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public. Provision is also made on the agendas for public questions to committees and details of how questions can be raised can be found on the website and/or on agendas for the meetings.

The closing date for receipt of public questions and deputations for the next meeting is 12 noon on the fifth working day before the meeting.

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Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

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Therefore by entering the meeting room and using the seats around the meeting tables you are deemed to be consenting to being filmed and to the possible use of those images and sound recordings for the purpose of web casting and/or Member training. If members of the public do not wish to have their image captured they should sit in the public gallery area.

If you have any queries regarding this, please contact the Head of Democratic Services or the designated Democratic Services Officer listed on the agenda.

## AUDIT & STANDARDS COMMITTEE

For further details and general enquiries about this meeting contact Ross Keatley, (01273 291064, email [ross.keatley@brighton-hove.gov.uk](mailto:ross.keatley@brighton-hove.gov.uk)) or email [democratic.services@brighton-hove.gov.uk](mailto:democratic.services@brighton-hove.gov.uk).

Date of Publication - Monday, 16 June 2014



**BRIGHTON & HOVE CITY COUNCIL**

**AUDIT & STANDARDS COMMITTEE**

**4.00pm 25 MARCH 2014**

**COUNCIL CHAMBER, HOVE TOWN HALL**

**MINUTES**

**Present:** Councillors Hamilton (Chair), A Norman (Opposition Spokesperson), Lepper, Smith, Summers, Sykes and Wealls

**Independent Persons & Co-opted Members:** Dr Lel Meleyal

**PART ONE**

**73. PROCEDURAL BUSINESS**

**73a Declarations of substitutes**

73.1 There were no declarations of substitutes.

**73b Declarations of interests**

73.2 There were no declarations of interests.

**73c Exclusion of the press and public**

73.3 In accordance with Section 100A of the Local Government Act 1972 (“the Act”), the Committee considered whether the public should be excluded from the meeting during consideration of any item of business on the grounds that it is likely in view of the business to be transacted or the nature of the proceedings, that if members of the public were present during it, there would be disclosure to them of confidential information as defined in Section 100A (3) of the Act.

73.4 **RESOLVED** - That the public are excluded from the meeting from items listed on Part 2 of the agenda.

**74. MINUTES**

74.1 **RESOLVED** – That the Chair be authorised to sign the minutes of the meeting held on 21 January 2014 as a correct record.

**75. CHAIR'S COMMUNICATIONS**

- 75.1 The Chair noted an error in the agenda in relation to the covering report for Item 105 and clarified the correct recommendations.

**76. PUBLIC INVOLVEMENT**

- 76.1 The Chair noted a public question had been received from Mr Roy Pennington; as Mr Pennington was not present at the meeting it was agreed that the response to the question would be sent after the meeting.
- 76.2 The Chair noted there were no other petitions, written questions or deputations.

**77. MEMBER INVOLVEMENT**

- 77.1 The Chair noted there were no items from Members.

**78. REVIEW OF THE EFFECTIVENESS OF THE AUDIT & STANDARDS COMMITTEE - FINAL REPORT**

- 78.1 The Committee considered a joint report of the Executive Director of Finance & Resources and the Monitoring Officer concerning a review of the effectiveness of the Committee. The Committee had been created at the beginning of 2012/13 municipal year, and at the last meeting the Committee had received the first report on the effectiveness of the Committee. This report concluded the review and recommended actions.
- 78.2 In response to Councillor Wealls the Head of Financial Services explained that generally speaking the value for money (VFM) savings were monitored through the TBM process where they were defined and approved as part of the budget setting process. In assessing and determining VFM savings the Council would look at comparative costs and an assessment of overheads. In response Councillor Wealls asked if Officers could investigate a more robust methodology to identify where something was a budget reduction and where it was a VFM saving.
- 78.3 Councillor Summers asked a series of questions and the following responses were provided: Work was currently being undertaken to look at Member training and the induction onto new Committees. Championing and influencing had been raised in regard to the Standards work of the Committee and the Committee could focus on topics by reviewing internal protocols and other similar documents. The work of future reviews would seek to assess the value the work of the Committee added to the organisation.
- 78.4 Councillor Sykes stated that if VFM was confused with service pressure then the level of service pressure could increase, but this could be reduced through early intervention. It was highlighted that the Executive Director of Finance & Resources had suggested the role of the Committee in understanding and influencing ethics in the organisation could be developed, and where there were concerns individual Officers could be invited to the Committee. The Monitoring Officer added that there was a role for the Committee to fill in regard to functions previously performed by the now defunct Governance Committee.

78.5 In response to Councillor A. Norman the Monitoring Officer explained that there had been a general discussion in relation to the core knowledge and skills framework of the Committee when assessed using the desktop exercise. He stated that the Committee Members were very experienced and the Committee benefited hugely from the talent bought by the Independent Persons, and the term 'satisfactory' which was used in report did not do justice to the level of skill.

78.6 **RESOLVED** – That the Committee:

- (1) Note the findings of the Review of Effectiveness of the Audit & Standards Committee; and,
- (2) Agree the recommendation as set out in paragraph 3.11.

## 79. WHISTLEBLOWING POLICY

79.1 The Committee considered a joint report of the Executive Director of Finance & Resources and the Monitoring Officer concerning the Whistleblowing Policy. At the meeting on 24 September 2013 the Committee considered a report detailing the Council's existing whistleblowing arrangements and it was agreed a review would be undertaken to ensure they were fit for purpose. The report sought to brief the Committee on the findings and the proposals for ensuring that the whistleblowing arrangements remained effective and robust.

79.2 Councillor Summers asked a series of questions and the following responses were given: Currently the online training module was not compulsory for new employees, but was recommended as part of the corporate checklist. There was a role for staff in understanding the public interest and the policy gave examples of the type of issues that it would cover. In relation to the unions they had not been involved in the drafting of the policy, but had previously been supportive of such work; their greater involvement could be considered for the future.

79.3 **RESOLVED** - That the Committee:

- (1) Note the findings of the recent review of the council's Whistleblowing Policy, as set out in paragraphs 3.5-3.11;
- (2) Note the proposed actions, set out at paragraph 3.12, intended to improve the effectiveness of that Policy; and,
- (3) Agree the slight amendments to the policy as shown in the tracking in Appendix 1.

## 80. MEMBER COMPLAINTS UPDATE

80.1 The Committee considered a report of the Head of Law & Monitoring Officer in relation to the Complaints Update; the paper sought to provide the regular update to the Committee in relation to allegations about Member conduct. The report did not cover corporate complaints as an annual report would be brought to the Committee in July.

80.2 The Monitoring Officer made a general comment that that the majority of complaints about Members were resolved informally and usually an apology was the most effective way to do this.

80.3 **RESOLVED** – That the Committee note the report.

### **81. REVIEW OF CODE OF CONDUCT COMPLAINTS PROCEDURE**

81.1 The Committee considered a report of the Monitoring Officer in relation to the review of procedure for dealing with alleged breaches of the Members' Code of Conduct. The report sought agreement to the proposals of the cross-party working group tasked with reviewing the Council's procedure for dealing with alleged breaches of the Code of Conduct for Members. Since the introduction of the current procedure in 2012 a more full review was necessary to address certain issues including those highlighted in a recent case decided by the Council's Standards Panel. At the previous meeting the Committee agreed to the formation of a cross-party working group to review the procedure and to report back to the subsequent Committee meeting. By way of introduction both Dr Meleyal and the Monitoring Officer spoke to the report.

81.2 The Monitoring Officer clarified that the proposed change to the status of the Standards Panel was a technical change and the usual rules in relation to 'access to information' would apply. The Chair noted the two key changes were the status of the Panel and the appointed of one of the independent persons as the chair.

81.3 In response to Councillor Summers the Monitoring Officer explained that the Localism Act had removed the previous structure of the Standards regime; the act was no longer prescriptive and the Council only had to adopt a procedure. It was also important to note that the new regime had no formal sanctions and was simply expressive or could make recommendations; this changed the need for the decision making body to be a Sub-Committee.

81.4 In relation to the collective decision of the Panel the Monitoring Officer explained that consideration of matters such as human rights and freedom of speech had been undertaken, but the working group was of the view that the strength of the system required the Panel to collectively own the decision. There was concern that if the decision of the Panel was not cross-party then the process could be open to accusations of being driven by party politics, and the preference would be for the process to be driven by consensus; this needed to be weighed against the desire of a particular Member to speak out.

81.5 Councillor Lepper stated that the working group had been extremely useful, and its work had formed part of a regular review process. She considered it appropriate that the Panel be chaired by an independent person and that they not have a vote in the process. If there was a difference of opinion of the Members on the Panel then only the collective decision should be reported; as with the practice with Licensing Panels and Personnel Appeals where Members were free to express their opinion in the decision making process and then reach the final decision collectively. It was felt that if a clear difference of opinion were publicised then this could undermine the whole process.

- 81.6 Councillor A. Norman noted that she agreed with the comments made by Councillor Lepper and felt strongly that the process would be undermined if the decision were not owned collectively. She highlighted how important this piece of work had been and thanked the input of Officers and the independent persons. She was happy with the recommendations and felt that they were fair, and hoped they would be accepted by the Committee.
- 81.7 Councillor Sykes suggested that the wording of decision notices could give an indications of where the decision making had not been unanimous with the use of phrases such as 'on balance'.
- 81.8 **RESOLVED** – That the Committee:
- (1) Subject to recommendation 2.2, agree to the amended procedure for handling alleged breaches of the Members' Code of Conduct, as set out in Appendix 2, based on the proposals of the Standards cross-party working group set out in Appendix 1;
  - (2) Recommend to Policy & Resources Committee that the Standards Panel's designation be altered from a sub-committee to a panel; and,
  - (3) Instruct the Monitoring Officer to co-ordinate a review of the Members' code of conduct later in 2014 and, in consequence of that review, to bring a report with recommendations to the Committee.

## 82. ERNST & YOUNG - 2013/14 AUDIT PLAN

- 82.1 The Committee considered a report of the External Auditors in relation to the 2013/14 Audit Plan. The report set out the work the External Auditors planned to provide the authority with in relation to the audit opinion and the conclusion around the Council's arrangements to secure economy, efficiency and effectiveness. The report summarised the progress to date and the assessment of the key risks which drove the development of an effective audit.
- 82.2 In response to Councillor A. Norman the Executive Director of Finance & Resources explained that the existing partnerships in the city were better placed to address the changes proposed through the Better Care Fund, and this would be supported through the changes to the Health & Wellbeing Board. A workshop was currently being set up on this issue which would provide an opportunity for Members to engage in this process. The Annual Governance presentation listed on the agenda was also part of the oversight of this matter and it was noted that the issue had become important recently in the scope of the Committee's work.
- 82.3 In response to Councillor Sykes the Executive Director of Finance & Resources explained that there were choices, that could be political, to be made around reducing services; however, there were others where demand fluctuated and the VFM savings looked specifically at services for lower costs or the same costs with more output.
- 82.4 **RESOLVED** – That, having asked any relevant questions, the Committee note the report.

**83. ERNST & YOUNG - AUDIT PROGRESS REPORT AND SECTOR UPDATE**

- 83.1 The Committee considered a report of the External Auditors in relation to Audit Progress Report and Sector Update. The report also contained the most recent sector briefing outlining current issues and developments affecting local government for the Committee's information.
- 83.2 **RESOLVED** – That the Committee note the report.

**84. ERNST & YOUNG: HOUSING & COUNCIL TAX BENEFIT CLAIM CERTIFICATION - FINAL CONFIRMATION OF AUDIT FEE**

- 84.1 The Committee considered a report of the External Auditors in relation to the 2012/13 Housing and Council Tax subsidy benefit certification fee confirmation. The report set out the final audit fees in respect of the certification of grants and returns annual report; subject to any variations to be agreed by the Audit Commission. The letter confirmed the Audit Commission had formally approved the audit scale fee variation of £2,192 in relation to Housing and Council Tax Subsidy Benefit Claim.
- 84.2 It was confirmed for Councillor Summers that the housing capital receipt was agreed at the January meeting of the Committee.
- 84.3 **RESOLVED** – That the Committee note the letter and the final fee for the 2012/13 Housing and Council Tax Subsidy claim certification audit.

**85. PRESENTATION - ANNUAL GOVERNANCE STATEMENT 2013/14**

- 85.1 The Executive Director of Finance & Resources gave a presentation in relation to the Annual Governance Statement 2013/14. The presentation covered the approach to the Annual Governance Statement; the areas for improvement; the key themes for 2013/14 and the emerging priorities for 2014/15.

**86. STRATEGIC RISK MAP FOCUS: SR15 KEEPING CHILDREN SAFE FROM HARM AND ABUSE; AND SR17 SCHOOL PLACES PLANNING**

- 86.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Strategic Risk MAP Focus: SR15 keeping children safe from harm and abuse; and SR17 School Places Planning. The Committee had a role to monitor the effectiveness of risk management and internal control by oversight of the Strategic Risk Register and a Risk Management Action Plan for each risk which is owned by a member of the Executive Leadership Team. The Committee had agreed to focus on two strategic risks at each meeting so that over the course of a year all the MAPs received attention. The Risk Owner responsible for both would be the Executive Director of Children's Services.
- 86.2 The Executive Director introduced both risks and stated that SR15 would always be in the register as it related to keeping children safe from harm and abuse; the authority would always do its very best to mitigate against this and it was hoped that the Multi-Agency Safeguarding Hub would be fully up and running in the next few months. The

number of children and young people on child protection plans and in care was higher than might be expected; however, rather than create artificial targets more work had been done on early intervention. The Executive Director then went on to discuss SR17 and explained that the city had a growing population of children and there was a lot of work to consider admission arrangements already being undertaken.

- 86.3 In response to Councillor Sykes the Executive Director for Children's Services explained that the number of adolescents moving into care had increased; work was being undertaken to look at the pathway around this as it was a key issue to focus on.
- 86.4 In response to the Chair it was confirmed by the Executive Director of Children's Services that changes under the Children and Families Act had increased the system of support for young people had been extended to 21, and the authority would continue to support key post 18 issues such as accommodation.
- 86.5 It was confirmed for Councillor Wealls that the spend on youth services had been maintained.
- 86.6 In response to the Chair the Executive Director of Children's Services explained that the situation in relation to school places in the city was constrained by the situation of parental preference and there had been an increase in the number of families in central Hove; whilst the population in Portslade had remained largely static. Over the last few years work had been undertaken to look at where capacity could be increased, but some schools were reluctant to do this. It was projected that admissions this year and next would reach their peak followed by a very gradual, but not significant, decline. This would need to be managed across the city. There were also issues in terms of secondary school places and where the academies in the city were below numbers the best use needed to be made of their capacities in the next few years.
- 86.7 In response to Dr Meleyal the Executive Director of Children's Services explained that the number of children with special educational needs was not increasing across the city; there were six special schools in the city. There were some issues with the funding around these special schools, and there were greater risks that could affect their budget. A full scale review was due to start in relation to the special educational needs provision. It was important the funds spend in this area were used in the best possible way.
- 86.8 The Executive Director of Children's Services responded to Councillor Smith's questions and explained that the Saltdean Primary School served the community of Saltdean; however, half of the town was located in the city and the other half within the jurisdiction of East Sussex Country Council. Parental preference preferred Saltdean Primary School and the authority was working with the school to increase the intake number. It was explained that the funding for pupils came through the dedicated schools grant from Central Government and was based on the number at the school.
- 86.9 In response to Councillor Sykes the Executive Director of Children's Services explained that there was a lot of hard work going in relation to secondary school places, and the geographical set up of the city created further problems. There was confidence that a solution would be reached through a range of different options.

86.10 **RESOLVED** – That, having asked any relevant questions, the Committee note the report.

## 87. INTERNAL AUDIT PROGRESS REPORT 2013/14

87.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Internal Audit Progress Report 2013/14; the report sought to inform the Committee of the progress made against the Internal Audit Progress Plan 2013/14 – including the outcomes of specific reviews completed and the tracking of the implementation of recommendations. The report also included information on the work undertaken by the Corporate Fraud Team.

87.2 In response to the Chair the Acting Head of Internal Audit explained that part of the purpose of the report was to facilitate an open discussion with the Committee about the progress of the audit plan; the current forecast projected that 85% of the original plan would be completed by the year end. The Committee has agreed to the deletion of some work through the year, and the work had been impacted on by resources within the team and the production of more in-depth work in some areas.

87.3 The Chair asked about ‘establishment control’ and in response the Executive Director of Finance & Resources explained that this was a new process, but was not being utilised to its full potential. Until now there had not been an established central control for budget availability, and these new changes would create tighter controls. Whilst the long-term prospect would be a fully joined up HR and finance system this was not currently possible due to the high costs of the software to do this; instead it was proposed to merge the HR and finance teams with some single management to better control this area.

87.4 In response to Councillor Summer’s question about the collection of outstanding debt the Executive Director of Finance & Resources explained that very large areas for collection such as business rates and council tax were corporate and an assumption was made about the level that would be collected. In areas such as parking there was an assumption about the level of penalty notices and this was accounted for in the parking services budget. In relation to the cancellation of debts there was further work to be progressed in particular opportunities to consolidate debt arrangements.

87.5 In response to Councillor Wealls the Executive Director of Finance & Resources confirmed that there was a protocol in place in relation to the recommendations from audits and how they would be progressed through tracking. Where these were not progressed the ultimate responsibility was with service managers. It was also noted that the Committee could play a role in holding Officers to account were recommendations were not implemented.

87.6 **RESOLVED** – That the Committee notes the progress made in delivering the Annual Internal Audit Plan 2013/14.

## 88. INTERNAL AUDIT STRATEGY AND PLAN 2014/15



- 88.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Internal Audit Strategy and Plan 2014/15. The report detailed the objectives and priorities of Internal Audit for the 2014/15 financial year. It also summarised the priorities and resources of the Corporate Fraud Team.
- 88.2 In response to Councillor Wealls the Acting Head of Internal Audit explained that the working methodology calculated the days spent and the costs; however, the distribution of the costs was less sophisticated as the service was treated as a central service in the larger recharging of the Council.
- 88.3 In response to Councillor Sykes it was explained that there was regular joint pieces of work with health partners and work in relation to understanding where the responsibility sat for governance arrangements, and which areas the Council had responsibility to audit. In relation to a further query it was explained that the Department for Work & Pensions (DWP) was progressing work to move housing benefit investigators to the DWP and as such the Council would lose part of its anti-fraud capacity – this would impact on virtually all local authorities.
- 88.4 **RESOLVED** – That the Committee approve the Internal Audit Strategy and Annual Audit Plan for 2014/15.

#### **89. RISK MANAGEMENT STRATEGY 2014 - 2017**

- 89.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Risk Management Strategy 2014-2017. The report proposed the Council's approach to Risk Management over the next three years. The approval of the Risk Management Strategy was the responsibility of the Policy & Resources Committee, and this had been approved on 20 March 2014; the report was referred the Audit & Standards Committee for information.
- 89.2 In response to Councillor Sykes the Risk & Opportunity Manager explained that there were two sides to risk and opportunity and some of this was about diverting resources. Using the colour coding in the programme opportunities could be drawn out the make the best use of the Council's resources. It was also hoped that there was the appropriate escalation procedures in place to enable the Council to make these choices. It was noted that the primary role of the document was to manage risk. It was also added by the External Auditor that these was a role for the Council to consider its own level of risk appetite.
- 89.3 **RESOLVED** – That the Committee note the report.

#### **90. TARGETED BUDGET MANAGEMENT (TBM 9)**

- 90.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Targeted Budget Management (TBM) Provisional Outturn 2013/14. Targeted Budget Monitoring (TBM) reports were a key component of the Council's overall performance monitoring and control framework. TBM reports were periodically presented to Policy & Resources Committee and were subsequently provided to the next available Audit & Standards Committee for information and consideration in the context of the Committee's oversight role in respect of financial governance and risk

management. The TBM report set out the provisional outturn position on the Council's revenue and capital budgets for the financial year 2013/14.

90.2 **RESOLVED:** That the Committee note the report referred from the Policy & Resources Committee.

**91. ITEMS REFERRED FOR COUNCIL**

91.1 There were no items referred to Council.

**92. PART TWO MINUTES**

92.1 **RESOLVED** – That the Chair be authorised to sign the Part 2 minutes of the meeting held on 21 January 2014 as a correct record.

**93. PRESENTATION: ANNUAL GOVERNANCE STATEMENT 2013/14 (EXEMPT ITEMS)**

93.1 The Executive Director of Finance & Resources gave a presentation in Part 2 in relation to the Annual Governance Statement 2013/14.

**94. PART TWO PROCEEDINGS**

94.1 **RESOLVED** – That the Part 2 Items remain exempt from disclosure from the press and public.

The meeting concluded at 7.32pm

Signed

Chair

Dated this

day of

<b>Subject:</b>	<b>Audit &amp; Standards Committee Annual Report</b>		
<b>Date of Meeting:</b>	<b>24 June 2014</b>		
<b>Report of:</b>	<b>Executive Director of Finance and Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Mark Dallen, Acting Head of Internal Audit</b>	<b>Tel: 29-1314</b>
	<b>Email:</b>	<b>mark.dallen@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The draft report at Appendix 1 is a summary of the Audit & Standards Committee's work, performance and achievements during 2013/14. It has been prepared on behalf of Audit & Standards Committee members.
- 1.2 The production of an annual report is recognised as best practice for Audit Committees by the Chartered Institute of Public Finance and Accountancy (CIPFA) and provides assurance to the Council about the Committee's role in supporting good governance.

**2. RECOMMENDATIONS:**

It is recommended that the Audit and Standards Committee:

- 2.1 Consider the draft report in Appendix 1 and make any amendments or additions.
- 2.2 Refer the finalised report to Full Council for information.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The Audit & Standards Committee has been in place since June 2012. Its purpose is contained in the Terms of Reference which is attached as Appendix A to the Annual Report.
- 3.2 Although it is not a statutory requirement for a local authority to have an Audit Committee, its existence is implied by the Accounts and Audit (England) Regulations 2011. In addition, a committee of this nature is recognised as best practice and a key component of good governance in both the public and private sectors.
- 3.3 Important benefits of an Audit and Standards Committee include:-

- Developing and communicating the council's governance arrangements;
- Increasing public confidence in the council's control, risk and governance arrangements;
- Emphasising the importance of internal and external audit and risk management; and
- Providing a framework for developing and establishing codes of conduct and robust arrangements for investigating complaints about member conduct.

#### **4. FINANCIAL & OTHER IMPLICATIONS:**

- 4.1 The Audit & Standards Committee is an essential element of good financial governance, the costs its work programme including officer support and training is met from existing budgetary provision.

*Finance Officer Consulted James Hengeveld*

*Date: 02/06/14*

- 4.2 There are no specific legal implications associated with this report. Submitting an annual report to full Council on the Committee's activities is good practice in terms of accountability.

*Lawyer Consulted: Oliver Dixon*

*Date: 29/05/14*

#### Equalities Implications:

- 4.3 There are no equalities implications arising.

#### Sustainability Implications:

- 4.4 There are no sustainability implications arising.

#### Crime & Disorder Implications:

- 4.5 There are no crime and disorder implications arising.

#### Risk and Opportunity Management Implications:

- 4.6 There are no direct risk and opportunity management implications arising.

#### **Appendices:**

Appendix 1: Audit and Standards Committee Annual Report 2013/14

## **Background Documents**

1. Reports to the Audit and Standards Committee June 2013 to March 2014





# AUDIT & STANDARDS COMMITTEE

## ANNUAL REPORT 2013/14

Councillor L. Hamilton, Chairman

## Foreword by the Chair of the Audit & Standards Committee



This is the second year of the Audit & Standards Committee, merged from the former Audit Committee and Standards Committee.

I am pleased to present the Audit & Standards Committee's Annual Report for the 2013/14 financial year. The report demonstrates how the Audit & Standards Committee has successfully achieved its objectives contained in its terms of reference, developed its role and continued to make a positive contribution to the Council's governance and control environment.

Our terms of reference give us a wide remit including advising and reviewing all the Council's arrangements for internal audit, internal control, risk management, financial management, standards and corporate governance. The Committee has an important role in ensuring public money is spent wisely and in accordance with the Council's priorities.

The Committee has a role in reviewing the work and performance of internal audit and external audit. These reports provide information to provide assurance to the public that the council is complying with the law, that the council has an effective control framework in place and it provides quality services in line with corporate priorities.

I would like to take the opportunity to thank both the Committee members listed and the officers that support the Committee's work for their contributions. Again the members of the Committee have been both supportive and provided constructive challenge to ensure our governance processes are effective and transparent. This has been assisted by our two independent persons on the Committee.

I would also like to thank EY the Council's external auditors, for their support and regular attendance at meetings.

I have continued to enjoy leading the Committee and working with officers to further enhance the Council's governance arrangements. I am looking forward to 2014/15. With the ongoing financial pressures on the Council for this year the need for an effective Audit & Standards Committee remains.

Cllr Les Hamilton



## **Introduction**

1. This report provides an overview of the Audit & Standards Committee's (the Committee) activity during the financial year 2013/14. It is produced in accordance with latest best practice and details the work and outcomes of the Committee in 2013/14 and that the Council is committed to working effectively, delivering quality services and operating to the highest standards of governance.
2. The Committee's role underpins the Council's governance processes by providing independent challenge and assurance of over the adequacy of risk management, internal control (including Internal Audit, External Audit and counter fraud), ethical standards, and financial reporting frameworks.
3. The Council's Standards Panel is a sub-committee of the Audit & Standards Committee, and determines allegations of breaches of the Members' Code of Conduct, on a reference from the Monitoring Officer.
4. A copy of the Committee's Terms of Reference for the 2013/14 financial year is shown at Appendix A.
5. Meetings are held in public and papers are available on the Council's website. The meetings are generally scheduled around the key dates for council business such as the statement of accounts, audit planning process and the annual governance statement.
6. To meet statutory requirements for Standards and to give the Committee additional expertise, two independent persons were appointed during the year with a financial and inspection background.

## **Committee Work Programme and Membership**

7. During the 2013/14 financial year there were five meetings of the Committee. All had full agendas and in total considered 59 reports.
8. The work programme covers the Committee's main areas of activity which is continually reviewed and amended to reflect changes in policies, priorities and risks. A summary of the work undertaken during 2013/14 is shown in Appendix B.
9. The Committee membership consists of eight Members and two independent persons, as follows:

## Membership of the Audit & Standards Committee 2013/14

Membership	Role
Councillor Les Hamilton	Member - Chair
Councillor Ann Norman	Member - Opposition Spokesperson
Councillor Lizzie Deane	Member
Councillor Ollie Sykes	Member
Councillor Jeane Lepper	Member
Councillor David Smith	Member
Councillor Andrew Wealls	Member
Councillor Christina Summers	Member
Dr David Horne	Non-Voting Co-Optee
Dr Lel Meleyal	Non-Voting Co-Optee

10. A work programme was agreed in June 2013 for the Committee's main areas of activities.

### Training & Development

11. In order to be effective members of the Committee should have a clear understanding of their role in relation to standards, internal control and governance issues, Internal and External Audit, risk and opportunity management and the operation of these frameworks across the council.
12. In April there was a briefing session for Committee Members on the Audit Commission's "Protecting the Public Purse" fraud analysis and a second session on the Better Care Fund. A Statement of Accounts training workshop for members was also held.
13. During the year the Committee specifically requested reports on Whistleblowing, Member Complaints and Settlement Agreements.

### Core Activities 2013/14

14. The Committee's Terms of Reference contain a number of functional responsibilities and these have been summarised into seven core activity areas. The Committee's work and outcomes in each of these areas are shown below:

#### Internal Audit Assurance

15. Internal Audit is a key component of the Council's governance framework and to provide assurance on the council's control environment. This Committee has a responsibility for ensuring that Internal Audit is effective in the provision of that assurance role.

During the year the Committee has:

- Reviewed and approved the Internal Audit Strategy & Annual Plan for 2013/14;
- Received regular Internal Audit progress reports from the Acting Head of Audit which detail work undertaken highlighting significant control issues particularly with Limited Assurance Reports.
- Considered the Acting Head of Audit's Annual Report and Opinion.
- Reviewed and considered the annual review of the system of Internal Audit.
- Reviewed the alignment between Internal Audit and External Audit as well as to risk management work;
- Supported the Internal Audit service with regard to the escalation of control concerns and to ensure management is responsive to recommendations made and agreed.

### **External Audit Assurance**

16. The External Audit function is provided by EY. The provision of effective External Audit is an essential part of accountability for public funds, providing an independent opinion on the financial statements as well as arrangements for securing value for money across the council.
17. During the year the Committee has:
  - Considered EY's Annual Audit Plan;
  - Considered progress reports against the audit plan and sector information updates;
  - Considered and reviewed the audit fee and Audit Fee Letters;
  - Received and considered the Annual Governance Report;
  - Received the Annual Grant Certification Letter and
  - Received and considered the Annual Audit Letter for 2012/13.

### **Risk Management**

18. During the year the Committee:
  - Received and considered the Strategic Risk Register updates;
  - Considered the outcomes of the Risk Management Programme;
  - Received the Annual Risk Management Report and
  - Received and undertook detailed scrutiny of risk maps relating to specific strategic risks.

### **Governance Framework**

19. A key role of the Committee is its work in supporting an effective governance framework for the management of the council. This includes

supporting corporate policies and frameworks that promote good governance, as well as the control assurance work carried out by Internal Audit.

20. During the year the Committee:

- Reviewed the 2012/13 Annual Governance Statement.
- Received and considered reports on the following areas of corporate governance
  - Settlement agreements
  - Whistleblowing policy (2 reports)
- Promoted and communicated the importance of effective internal control and governance across the council and of the need to ensure audit recommendations for improvement are implemented.
- Considered updates on the 2012/13 Annual Governance Statement actions.
- Reviewed proposed issues for inclusion in the 2013/14 Annual Governance Statement

### **Counter Fraud**

21. During 2013/14 a Corporate Fraud Team was established and this Committee received and considered updates on its performance and outcomes during the year. These updates were incorporated in the Internal Audit progress reports and included:

- Regular updates on fraud investigations, including Housing Benefit and Tenancy fraud;
- Considered the outcome of counter fraud activity as part of the Annual Internal audit Report and Opinion 2012/13;
- Monitored and supported the actions of officers in particular those by Audit & Business Risk to counter fraud;
- Updates on the results of the latest National Fraud Initiative (NFI) data matching exercise ;
- A workshop of the outcomes of the Audits Commission's national study "Protecting the Public Purse" that included details of national trends and comparative data about potential fraud risks to the Council;
- A presentation on the role and contribution of the NAFN (National Anti Fraud Network) service that is hosted by the Council.

### **Financial Management and Reporting**

22. During the year the Committee:

- Considered and approved the Annual Statement of Accounts, asking a number of questions on the content;
- Considered the External Auditor's report on the accounts and Council's response to comments; and

- Received periodic reports for information, on the Council's budget performance (TBM) asked questions and helped to inform the approval of end of year Statement of Accounts.
- Considered Treasury Management Mid and Year End review reports.

## Standards

23. In January 2014 the Committee resolved, having reviewed the effectiveness of its own functions, to set up a cross-party working group to consider the procedure for dealing with member complaints. The procedure had by then been in force for over 12 months and, although fine-tuned in the meantime, was in need of a more comprehensive review to ensure fitness for purpose. Further, a Standards Panel hearing in December 2013 had highlighted certain difficulties with the procedure, for which corrective action was needed.
24. The Standards Procedure working group, comprising 4 Members and both Independent Persons (one of whom was Chair), met three times and reported back to the Committee in March 2014. The group reaffirmed the overriding principles of the procedure were:
- (i) To engender public confidence in the process and outcome
  - (ii) For panels to reach findings fairly and independently
  - (iii) A presumption of openness in panel hearings
25. The group's key recommendations can be summarised as:
- (i) All parties to a complaint to be discouraged from seeking to publicise the matter before the Monitoring Officer has formally considered the complaint.
  - (ii) Members to co-operate with informal resolution where this method of settlement has been agreed.
  - (iii) Status of Standards Panel to change from sub-committee to panel.
  - (iv) Independent Person to Chair the Panel
  - (v) Panel decision to be owned collectively by all its members
  - (vi) All members of Audit & Standards Committee to be trained on Standards Panel procedure at least once a year.

The Committee agreed all these recommendations. Policy & Resources Committee approved the change of Panel status in May 2014. The revised procedure came into effect immediately.

26. A review of the Code of Conduct for Members was outside the working group's terms of reference. They did, however, recommend that a review be undertaken later in 2014. The Committee agreed, and a review has been scheduled for the autumn.

## Other Activities

27. During the year the Committee also undertook a review of its own effectiveness, the outcomes of which were reported at the January and March meetings in 2014. The review included a workshop and self-assessment against best practice.
28. The results of the review were discussed and included the following actions to be considered during 2014/15.
  - Review approach to assessing satisfactory performance by the committee;
  - Review committee's approach to Value for Money;
  - An annual review of Members training needs.
29. The Committee also considered a report on the ICT Code of Connection.

## Looking Forward

30. The Committee will continue to develop its role and build on current status. For 2014/15 it will:
  - Continue to review governance arrangements and improvements; ensuring they are robust with a focus on change and the challenges facing the council;
  - Ensure the effectiveness of the council's response to existing and key risks emerging including financial pressures and transformation;
  - Support the work of Internal and External Audit and ensure appropriate management responses to recommendations made;
  - Ensure the council maintains and further improves the standards in relation to the production of accounts;
  - Ensure the council continues to manage the risk of fraud and corruption;
  - Equip existing and new Members to fulfil responsibilities by providing training, briefings and good practice guidance;
  - Provide effective oversight of the arrangements for addressing identified shortfalls in the council's control environment
  - Keep up to date with developments and respond as required to changes in the Public Audit Agenda.

**Audit & Standards Committee Terms of Reference****Explanatory Note**

The Audit functions of this Committee relate to the Council's arrangements for the discharge of its powers and duties in connection with financial governance and stewardship, risk management and audit. The Committee makes recommendations to the Council, Policy & Resources Committee, Officers or other relevant body within the Council.

The Standards functions of this Committee seek to ensure that the Members, Co-opted Members and Officers of the Council observe high ethical standards in performing their duties. These functions include advising the Council on its Codes of Conduct and administering related complaints and dispensation procedures. In addition to the Councillors who serve on the Audit and Standards Committee, the Committee includes at least two independent persons who are not Councillors. They are appointed under Chapter 7 of the Localism Act, or otherwise co-opted, and act in an advisory capacity with no voting powers.

In the terms of reference of this Committee a "Member" is an elected Councillor and a "Co-opted Member" is a person co-opted by the Council, for example to advise or assist a Committee or Sub-Committee of the Council.

**General Audit and Standards Delegated Functions**

To review such parts of the constitution as may be referred to the Committee by the Policy and Resources Committee and to make recommendations to the Policy Resources Committee and the Council.

To appoint, co-opt or (in any case where only the Council has power) to recommend the appointment or co-option of a minimum of two independent persons: to give general assistance to the Committee in the exercise of its functions; and to give views on allegations of failure to comply with a Code of Conduct as required by Chapter 7 of the Localism Act.

To have an overview of: the Council's Whistleblowing Policy

Complaints handling and Local Ombudsman investigations

To deal with any audit or ethical standards issues which may arise in relation to partnership working, joint committees and other local authorities or bodies.  
To ensure arrangements are made for the training and development of Members, Co-opted Members and Officers on audit, ethical and probity matters, including Code of Conduct issues. 11/09/12

(Source: B&HCC Constitution)

**Summary of the Audit & Standards Committee work in 2013/14**

<b>Meeting Date</b>	<b>Report</b>	<b>Area</b>
26 <sup>th</sup> June 2013	Audit & Standards Committee work programme 2013/14	Other Items
	Audit & Standards Committee Annual report 2012/13	Other Items
	Substitution on Audit & Standards Committee	Other Items
	Complaints update	Standards
	Unaudited Statement of Accounts 2012/13	Financial Management and Reporting
	Annual Governance Statement 2012/13	Governance
	EY: progress report 2012/13	External Audit
	Targeted Budget Management provisional outturn 2012/13	Financial Management and Reporting
	Strategic risk review 2013-14 & risk management action plans– updated May 2013	Risk Management
	Strategic risk management action plan focus SR2 Financial Outlook; SR11 Welfare Reform	Risk Management
	Internal Audit Annual Report & Opinion 2012/13	Internal Audit
	Review of the effectiveness of Internal Audit 2013	Internal Audit
24 <sup>th</sup> September 2013	Settlement Agreements	Governance
	Whistleblowing policy	Governance
	Implementation of member recommendations	Standards
	Complaints update September 2013	Standards
	EY: audit results report 2014	External Audit
	Statement of Accounts 2012/13	Financial Management and Reporting
	Internal Audit Progress Report 2013/14	Internal Audit
	HR and Payroll audit issues update	Internal Audit
	Targeted Budget Management (TBM 2)	Financial Management and Reporting
	Treasury management policy statement 2012/13 - end of year review	Financial Management
	Strategic risk map focus: SR12 Maintaining the Seafront; and SR14 Pay & Allowances Modernisation - Exempt Category 3	Risk Management
	ICT Code Of Connections - Exempt Category 3	Other Items
	Internal audit progress report 2013/14 - Exempt Category 3	Internal Audit
19th November 2013	Complaints update - November 2013	Standards
	The new standards regime - one year on	Standards
	Presentation - the role of the National Anti Fraud Network)	Counter Fraud
	Internal audit progress report	Internal Audit
	EY: annual audit letter 2012/13	External Audit
	EY - audit progress report and sector update	External Audit
	Targeted Budget Management (TBM 5)	Financial Management and Reporting
	Strategic risk register review - October 2013	Risk Management
	Strategic risk map focus: SR 4 Economic Resilience and sustainable economic growth, and sr8 becoming	Risk Management



Meeting Date	Report	Area
	a more sustainable city	
21st January 2014	Review of the effectiveness of the Audit & Standards Committee	Standards
	Complaints update - January 2014	Standards
	EY: annual certification report 2012/13	External Audit
	EY: progress report 2013/14	External Audit
	Internal Audit progress report	Internal Audit
	Annual governance statement 2012/13 - action plan progress update	Governance
	Strategic risk management action plan focus SR16 Wider modernisation of social care; and SR13 Keeping vulnerable adults safe from harm and abuse	Risk Management
	Targeted budget management (TBM 7)	Financial Management and Reporting
	Treasury management policy statement 2013/14 - mid year review	Financial Management and Reporting
	Internal audit progress report - exempt category 3	Internal Audit
25th March 2014	Review of the effectiveness of the audit & standards committee - final report	Other item
	Whistleblowing policy	Governance
	Member complaints update	Standards
	Review of code of conduct complaints procedure	Standards
	EY - 2013/14 audit plan	External Audit
	EY - audit progress report and sector update	External Audit
	EY: housing & council tax benefit claim certification - final confirmation of audit fee	External Audit
	Presentation - Annual Governance Statement 2013/14	External Audit
	Strategic risk map focus: SR15 Keeping children safe from harm and abuse; and SR17 school places planning	Risk Management
	Internal audit progress report 2013/14	Internal Audit
	Internal audit strategy and plan 2014/15	Internal Audit
	Risk management strategy 2014 - 2017	Risk Management
	Targeted budget management (TBM 9)	Financial Management and Reporting
	Presentation: Annual Governance Statement 2013/14 (Exempt Items)	Governance



<b>Subject:</b>	<b>Audit and Standards Committee Work Programme 2014/15</b>		
<b>Date of Meeting:</b>	<b>24 June 2014</b>		
<b>Report of:</b>	<b>Executive Director of Finance and Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Mark Dallen, Acting Head of Internal Audit</b>	<b>Tel: 29-1314</b>
	<b>Email:</b>	<b>mark.dallen@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The report presents the proposed Audit & Standards Committee work programme for 2014/15 for consideration.

**2. RECOMMENDATIONS:**

It is recommended that the Audit & Standards Committee:

- 2.1 Notes the proposed work programme for 2014/15 as set out in Appendix 1, and comments on any items.
- 2.2 Notes that the acting Head of Internal Audit will keep the work programme updated as new items and changes are identified.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 In order to assist Members to identify and plan key areas of the work for the Committee, a work programme has been prepared and is attached as Appendix 1.
- 3.2 The work programme sets out the reports proposed for Audit and Standards Committee meetings throughout 2014/15. It is intended that it is flexible enough to incorporate changes arising during the year.
- 3.3 The work plan will be regularly reviewed and updated. This should ensure it remains aligned to the Committee's priorities and to provide a basis for agenda planning.
- 3.4 The work programme categorises agenda items under four headings as follows:-

Category A = Statutory or other implied requirement

Category B = Topics decided by the Committee

Category C = Other

Category D = Training and Awareness

#### **4. CONSULTATION**

- 4.1 This work programme has been circulated to key officer and discussed by the Officers Governance Board.
- 4.2 Members of the Committee are requested to give their comments on the work programme which will then be updated as required.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

The Audit and Standards Committee is an essential element of good financial governance. The costs of its work programme including officer support and training are met from existing budgetary provision.

Finance Officer Consulted: Name James Hengeveld Date: 13/06/14

##### Legal Implications:

The proposed agenda items in the Work Programme as set out in Appendix 1 are consistent with the Committee's terms of reference.

*Lawyer Consulted: Oliver Dixon Date: 13/06/14*

##### Equalities Implications:

There are no equalities implications arising

##### Sustainability Implications:

There are no sustainability implications arising.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Audit and Standards Committee Work Programme 2014/15





## Audit & Standards Committee Work Programme 2014/15

## Appendix 1

Category A = Statutory or other implied requirement  
 Category B = Topics decided by the Committee  
 Category C = Other  
 Category D = Training & Awareness

Meeting Date	Agenda Item	Category	Decision Item Yes/No	Lead Officer/s
<b>24<sup>th</sup> June 2014</b>	Complaints Update	C	No	Brian Foley
	Audit and Standards Committee Work Programme 2014/15	C	Yes	Mark Dallen
	Targeted Budget Management (TBM) Provisional Outturn 2013/14	B	No	Nigel Manvell
	Unaudited Statement of Accounts 2013/14	A	Yes	Nigel Manvell & Jane Strudwick
	Review of the Effectiveness of Internal Audit 2013/14	A	No	Mark Dallen
	Draft Annual Governance Statement 2013/14	A	Yes	Mark Dallen
	Ernst & Young: Progress Report 2014/15	A	No	Helen Thompson and/or Simon Mathers
	Ernst & Young: Local Government Sector Update Report	C	No	Helen Thompson and/or Simon Mathers
	Audit & Standards Committee Annual Report 2013/14	A	Yes	Mark Dallen
	Internal Audit Annual Report and Opinion 2013/14	A	No	Mark Dallen
	Strategic Risk Register Update	A	No	Jackie Algar
	Strategic Risk Map Focus - exact SR MAP tbc - exact SR MAP tbc	A	No	Jackie Algar
	Governance of VFM Phase 4	O	No	Catherine Vaughan
<b>23<sup>rd</sup> September 2014</b>	Complaints Update	C	No	Brian Foley
	Review of Code of Conduct Training	C	No	Oliver Dixon
	Ernst & Young: Progress Report 2014/15	A	No	Helen Thompson and/or Simon Mathers



## Audit & Standards Committee Work Programme 2014/15

## Appendix 1

Category A = Statutory or other implied requirement  
 Category B = Topics decided by the Committee  
 Category C = Other  
 Category D = Training & Awareness

Meeting Date	Agenda Item	Category	Decision Item Yes/No	Lead Officer/s
	Ernst & Young: Audit Results Report 2013/14	A	Yes	Helen Thompson and/or Simon Mathers
	Statement of Accounts 2013/14	A	Yes	Nigel Manvell & Jane Strudwick
	Targeted Budget Management (TBM) 2014/15	B	No	Nigel Manvell
	Internal Audit Progress Report 2014/15	A	No	Mark Dallen
	Corporate Fraud Update and Risks	O	No	Mark Dallen
	Strategic Risk Map Focus -exact SR MAP tbc -exact SR MAP tbc	A	No	Jackie Algar
<b>18<sup>th</sup> November 2014</b>	Complaints Update	C	No	Brian Foley
	Review of Audit & Standards Committee	C	Yes	Mark Dallen
	Ernst & Young: Progress Report 2014/15	A	No	Helen Thompson and/or Simon Mathers
	Ernst & Young: Annual Audit Letter 2013/14	A	No	Nigel Manvell
	Internal Audit Progress Report 2014/15	A	No	Mark Dallen
	Targeted Budget Management (TBM) 2014/15	B	No	Nigel Manvell
	Strategic Risk Register Review	A	No	Jackie Algar
	Strategic Risk Map Focus - exact SR MAP tbc - exact SR MAP tbc	A	No	Jackie Algar
<b>13<sup>th</sup> January 2015</b>	Complaints Update	C	No	Brian Foley
	Annual Governance Statement 2013/14 - Action Plan Progress Update	A	No	Jackie Algar
	Treasury Management Policy Statement 2014/15 (including	A	No	James Hengeveld





## Audit & Standards Committee Work Programme 2014/15

## Appendix 1

Category A = Statutory or other implied requirement

Category B = Topics decided by the Committee

Category C = Other

Category D = Training & Awareness

Meeting Date	Agenda Item	Category	Decision Item Yes/No	Lead Officer/s
	Annual Investment Strategy 2014/15) – Mid-year review			
	Ernst & Young: Annual Certification Report 2013/14	A	No	Helen Thompson and/or Simon Mathers
	Ernst & Young: Progress Report 2014/15	A	No	Helen Thompson and/or Simon Mathers
	Internal Audit Progress Report 2014/15	A	No	Mark Dallen
	Targeted Budget Management (TBM)	B	No	Nigel Manvell
	Strategic Risk Map Focus -exact SR MAP tbc -exact SR MAP tbc	A	No	Jackie Algar
<b>10<sup>th</sup> March 2015</b>	Complaints Update	C	No	Brian Foley
	Ernst & Young: External Audit Plan 2015/16	A	No	Helen Thompson and/or Simon Mathers
	Ernst & Young: Audit Fee Letter 2014/15	A	No	Helen Thompson and/or Simon Mathers
	Internal Audit Strategy and Annual Plan 2015/16	A	No	Mark Dallen
	Risk Management Strategy Annual Progress Report 2014	B	No	Jackie Algar
	Strategic Risk Map Focus - Exact Risk MAP tbc - Exact Risk MAP tbc	A	No	Jackie Algar



**Subject: Complaints Update – Members and Corporate****Date of Meeting: 24 June 2014****Report of: Monitoring Officer****Contact Officer: Name: Brian Foley Tel: 293109****E-mail: brian.foley@brighton-hove.gov.uk****Wards Affected: All****FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This paper updates the Audit and Standards Committee on allegations about Member conduct following the last report to Audit and Standards Committee on 24 March 2014.
- 1.2 This paper gives a detailed breakdown of complaints received about services and shows what service improvements have arisen as a result of customer feedback.
- 1.3 The paper comments on the process being introduced to share customer feedback across the organisation.

**2. RECOMMENDATION:**

- 2.1 That the Committee note the report.

**3. RELEVANT BACKGROUND INFORMATION**

- 3.1 The current status of Code of Conduct complaints is:
  - o Active complaints
    - a. An elected Member has complained about a tweet that another member sent during a council meeting. The Member found the tweet deeply offensive. At the end of the meeting the Member who sent the tweet apologised to the member who had been offended but the apology was not taken as sincere. The Monitoring Officer referred the matter for investigation. During the process of investigation an attempt has been made to find a Local Resolution and the Member complained about has agreed to make a public apology at the next Council meeting.

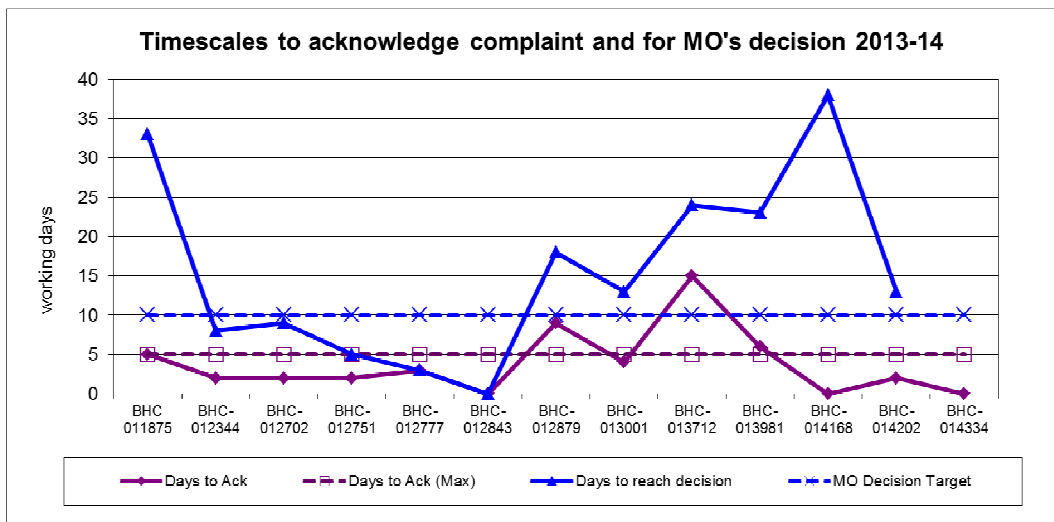
- Closed complaints:
  - a. A complaint was received from an elected Member about the accuracy of information supplied by another Member to a Committee. The Monitoring Officer was able to refer to published minutes which demonstrated that a lengthy and detailed discussion had taken place with residents. The minutes showed the contribution the Member had made to the discussion and that the comments were consistent with those reported to the Committee. On reading the minutes and receiving the feedback from the officers present the Monitoring Officer was not persuaded that this constituted a potential breach that required further investigation under the Code of Conduct.
  - b. A complaint was received from an elected Member about an alleged offensive remark made to a member of the public by another Member. This case was resolved by local resolution in that the Member apologised in person and shook hands with the member of the public. The Member's apology was also forwarded to people who had overheard the remark.
  - c. A complaint was received by a member of the public who alleged that an elected Member made physical threats against him. The Member made similar counter allegations. The initial background research carried out by the Monitoring Officer indicated there were witnesses who would support the statements made by the complainant and by the Member. The Monitoring Officer reasoned that the balance of evidence was unlikely to be conclusive and would not support a finding of a breach of the Code of Conduct in terms of the allegations made.
  - d. A member of the public believed his views on a consultation issue had been dismissed out of hand by an elected Member. The Member apologised but the member of the public felt this had not been sincere and raised the issue as a complaint. Having reviewed the emails supplied with the complaint the Monitoring Officer did not think the comments could be described as rude or disrespectful. It was noted that the Member said that officers would see the comments the person had made and were therefore not being dismissed out of hand. Furthermore an apology has been given "for any offence" caused by the subject Member for which she has said she is "truly sorry".

3.2 The Council's performance in dealing with individual complaints is illustrated in the chart below.

- Complaints about Member conduct should be acknowledged as soon as possible and within a maximum of 5 working days. This is

achievable in most instances but there have been three occasions where acknowledgement has taken longer than 5 working days.

- It is our intention that the complainant will normally be informed within 10 working days how the matter will be dealt with. This is not always possible because there are occasions when it is helpful to gain some background information before reaching a decision.
- There have been 13 complaints about Member conduct in 2013-14 which is similar to that in the previous year. However four complaints in 2013-14 related to the same matter. There has therefore been a reduction in the number of issues complained about.
- Following the introduction of a new complaint process under the Localism Act in 2012 complaints about Member conduct by other Members ceased. However, since January 2014 there have been three complaints of this type.



### Complaints about Council Services

- 3.3 Customers and service users can give feedback to the council about the service they receive by making complaints, comments or compliments in person to the service provider or by contacting the Standards and Complaints team by using online forms, email, telephone, letter or printed forms.
- 3.4 The Council has three complaint processes that members of the public may use:
  - Adult Social Care statutory procedure; this is a single stage process called 'Listening, Responding, Improving'. A senior manager usually responds to complaints and great emphasis is placed on resolving the problems raised and making service improvements so that similar

issues do not re-occur. If a person remains dissatisfied they may approach the Local Government Ombudsman (LGO).

- Children's Social Care statutory procedure; this is a three stage process called 'Getting the best from complaints'. Service managers respond to complaints raised and will identify where service improvements can be made.

If a person remains unhappy they can request a Stage Two Investigation which will be undertaken by an Independent Investigator and an Independent Person who will produce a report with findings and recommendations for service improvement. The Assistant Director provides an Adjudication Letter outlining what actions the Council will take.

If the person continues to be dissatisfied they can request a Hearing Panel composed of three Independent People who will listen to what the person raising the complaint has to say. The Panel will put questions to the Independent Investigator and a Council Officer. The Panel will produce a report with recommendations to resolve the complaint and the Director will provide an Adjudication Letter outlining what actions the Council will take. If the person remains dissatisfied they may approach the Local Government Ombudsman.

- Corporate Complaint procedure; this is a two stage process. A service manager will respond to the complaints raised and identify specific actions to resolve and remedy the complaint. They will also identify any service improvements that could be made. If the person remains unhappy a Standards and Complaints Officer carries out a Stage Two Investigation and will make recommendations for service improvements. If the person remains dissatisfied they may approach the Local Government Ombudsman.

- 3.5 Information on complaints activity is provided to key service areas either monthly or quarterly in the form of detailed reports which summarise all the complaints received stating whether the complaints were founded or unfounded, and gives details of any remedial action taken. During the complaint review meetings a discussion takes place about potential service improvements and response times. Aggregated information is used to show the themes and trends that arise for complaints and compliments received which is further way in which service improvements can be identified.
- 3.6 The Council's Executive Leadership Team receive a quarterly report showing the numbers of complaints received at each stage of the complaints process including the number of complaints received from the Local Government Ombudsman and Independent Housing Ombudsman. The report shows the proportions which are founded or unfounded.
- 3.7 During 2014-15 it is intended that customer feedback received from complaints, compliments and other sources will be provided to the Council's

Management Team every quarter so that Directors and Heads of Service can compare and share information about customer satisfaction and service improvements. It is intended that any significant improvements identified will then be included in Business Plans; progress on implementing improvements can then be monitored through the performance framework.

- 3.8 A programme of training has been introduced for managers in 2014-15 which focuses on developing Complaint Investigation Skills and Identifying Service Improvements. The purpose of this training is to enable managers to be able to better establish the cause of complaints and to identify suitable remedies and service improvements.
- 3.9 This is being supplemented with targeted coaching for specific teams and groups of managers.

Complaints Performance 2013-14

- 3.10 The following tables show the complaints performance for 2013-14 and provide a comparison with the preceding two years. The Appendix gives a more detailed description of complaints activity for key services delivered by Brighton and Hove City Council during 2013-14.
- 3.11 There has been a noticeable decline in correspondence performance during quarters 1, 3 and 4 of 2013-14.

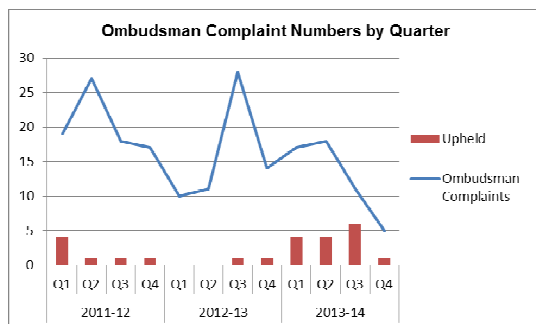
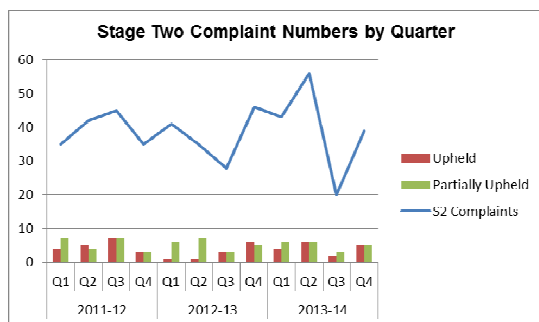
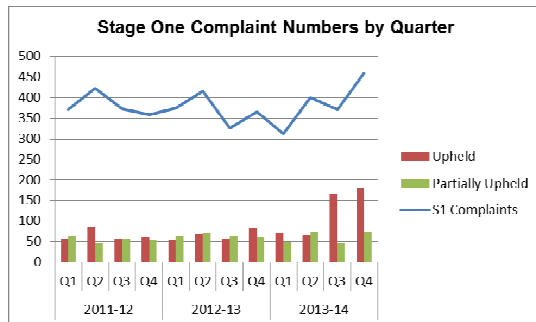
	2011-12				2012-13				2013-14			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Av. Response time (days)	12	11	10	11	17	15	21	17	21	11	19	19
Within 10 working days	71%	73%	72%	74%	72%	82%	72%	67%	65%	74%	47%	44%

- 3.12 In May 2013 (Q1) City Clean staff dealt with unusually high volumes of calls regarding the industrial action and this had an impact on their ability to reply to complaints in a timely manner. Transport and Network Management received coaching in May 2013 and this brought improvements in their response times. During this period the average response times in Housing Management and Housing Strategy were affected by a small number of specific cases that took an extraordinarily long time to resolve.
- 3.13 For Quarters 3 and 4 City Clean received very high level of complaints and their capacity to reply within 10 working days was seriously affected. During this time City Clean closely monitored their responses, gave training to additional team member to assist with giving responses and sought assistance from members of staff outside their service area.
- 3.14 In Quarter 4 the Housing Maintenance Team were affected by unusually high service demands because of the winter weather and this had a brief

effect on their ability to respond to complaints in a timely manner. The Maintenance Team have made provision for next winter to enable them to better respond to extreme weather conditions which should reduce the level of complaints.

- 3.15 The single stage Adult Social Care process does not have an average response target because the emphasis is on resolving the complaints. Such matters are often complex and involve a range of services therefore response times can be lengthy.
- 3.16 For Development Control, one third of complaints are about a disagreement with the planning decision. Their delayed responses are related to the need to consider an appeal in advance of responding to the complaint. There is a strong argument for not including such complaints as there is an alternative mechanism for dealing with such issues.

	Complaint Numbers by Stage											
	2011-12				2012-13				2013-14			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>S1 Complaints</b>	372	423	373	359	374	416	326	366	313	400	372	459
Upheld	56	86	58	61	54	68	58	82	72	66	166	181
Partially Upheld	62	45	57	54	63	72	65	61	48	74	46	75
<b>S2 Complaints</b>	35	42	45	35	41	35	28	46	43	56	20	39
Upheld	4	5	7	3	1	1	3	6	4	6	2	5
Partially Upheld	7	4	7	3	6	7	3	5	6	6	3	5
<b>Ombudsman Complaints</b>	19	27	18	17	10	11	28	14	17	18	11	5
Upheld	4	1	1	1	0	0	1	1	4	4	6	1



- 3.17 The number of Stage One complaints has remained fairly consistent over the three Council years from 2011 to 2014 (1527, 1428, 1544). However



there is an increase in the proportion of complaints upheld or partially upheld by the managers responding to the complaints. (31%, 35%, 47%).

- 3.18 The information in the Appendix shows that service areas such as City Clean had a disproportionately high number of Stage One complaints upheld or partially upheld during 2013-14; the reasons for this are well documented and were about failure to collect refuse or recycling during the introduction of round changes. Adult Social Care, Children Services, Housing Repairs, Revenues and Benefits each had about 50% of their complaints upheld or partially upheld. The remaining services all had significantly less than half their complaints upheld or partially upheld.
- 3.19 The proportion of complaints that escalate to Stage 2 has consistently been slightly above 10% for each of the three years (157, 150, 158). Of the Stage Two complaints received the proportions upheld or partially upheld have remained fairly constant (25%, 21%, 23%).
- 3.20 The information in the Appendix shows that in 2013-14 about 40% of Stage Two complaints about City Clean were upheld or partially upheld. In all other services the proportion of upheld or partially complaints were about 25% or considerably less.
- 3.21 There were 81 Ombudsman investigations in 2011-12 compared to 64 and 63 during the last two Council years. The Ombudsman has made changes to the way they deal with complaints which makes it difficult to draw direct comparisons with previous years.
- 3.22 The Ombudsman has introduced an Assessment stage where on receipt of a complaint initial enquiries are made with the local authority and a decision is reached on whether the matter should be referred for Investigation. This is likely to have accounted for the reduction in complaints investigated by the Ombudsman.
- 3.23 The Ombudsman has changed the decision categories it uses and for 2013-14 introduced a new category 'Investigation completed, satisfied with LA Actions'. This can have a number of meanings. For example, the Ombudsman may recommend a remedy within its provisional letter which the Local Authority accepts and carries out, or it may mean that the Ombudsman is satisfied with actions previously taken by the Local Authority to remedy a case during Stage One or Two.
- 3.24 This category will be replaced in 2014-15 with three categories which say whether the complaint is Upheld (with or without Injustice) or Not Upheld. It is felt this will be less ambiguous and far more in tune with what members of the public, officers and Councillors understand.

- 3.25 During 2013-14 there were 10 cases concluded with this decision. The main themes that occurred in these cases were:
- Delay in carrying out actions
  - Suitable compensation had been offered by the Council
  - Shortcomings in record keeping
  - Council had taken sufficient action to try to resolve the issue of complaint
- 3.26 Where complaints have resulted in the Ombudsman recommending remedial action the Council is keen to remedy the problem in the way set out by the Ombudsman. This may be in the form of specific action for an individual. In some instances an apology and an acknowledgement that we did not get things right has been sufficient to close the case.
- 3.27 The number of complaints where there has been a finding of maladministration increased in 2013-14. The Ombudsman has explained that in the past, the term maladministration was generally reserved for situations where the fault was likely to have been significant. However, it is no longer the case that the fault has to be significant before the Ombudsman decides there is maladministration. If there has been administrative fault, then it is maladministration. The Ombudsman says this is fairer for the complainant and easier for everyone to understand. The remedy will give an indication of the significance of the fault.
- 3.28 During 2013-14 there have been 5 findings of maladministration. The remedies associated with those cases were:
- The Council paid a resident £100 in recognition of the delay in installing central heating. The team were reminded of the need to keep electronic records to the same standard as the paper records it used to keep.
  - There had been some inconsistency in offering noise recording equipment to a resident but the Council will install it now.
  - The Council was at fault because it missed two waste collections and failed to return the next day in line with its policy. The monitoring of present performance remedied the injustice.
  - The Council was at fault for failing to ensure continuity of care for a person when she decided to live permanently in Brighton and Hove. This was resolved with an apology and financial compensation. The Council amended its processes for people making transitions from one Local Authority to another.
  - The Council could have checked suitability of temporary accommodation more quickly.
- 3.29 The Appendix gives examples of the sort of service improvements that are being identified when complaints are received. During 2014-15 we will be working on how we can become better at identifying service improvements

from customer feedback of all kinds and how we then share that information with colleagues, Councillors and members of the public.

#### **4. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 4.1 The costs of complaints in terms of administration and compensation awards (where appropriate) are met within the allocated budget.

*Finance Officer Consulted: James Hengeveld Date: 10/06/14*

##### Legal Implications:

- 4.2 The Council's arrangements under which complaints about Member conduct are investigated and decided conform with the relevant provisions of the Localism Act 2011 and local procedures agreed by Audit & Standards Committee .

*Lawyer Consulted: Oliver Dixon Date: 10/06/14*

##### Equalities Implications:

- 4.3 There are no Equalities implications

##### Sustainability Implications:

- 4.4 There are no Sustainability implications

##### Crime & Disorder Implications:

- 4.5 There are no Crime and Disorder implications

##### Risk and Opportunity Management Implications:

- 4.6 There are no Risk and Opportunity Management implications

##### Corporate / Citywide Implications:

- 4.7 There are no Corporate or Citywide implications

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Analysis of complaints activity and service improvements

### **Documents in Members' Rooms**

1. None

### **Background Documents**

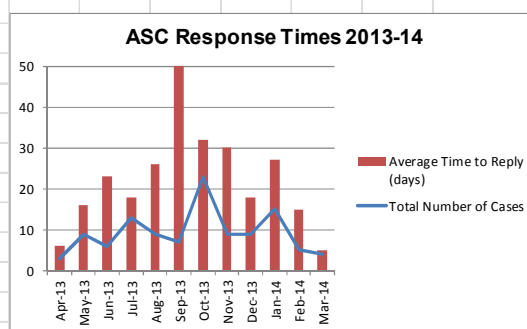
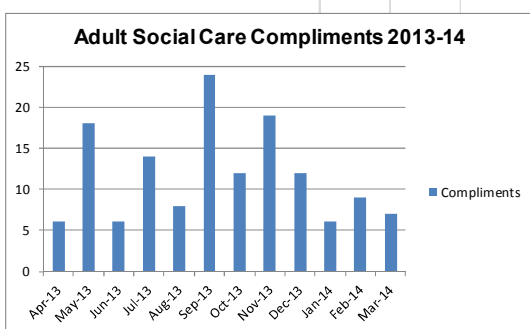
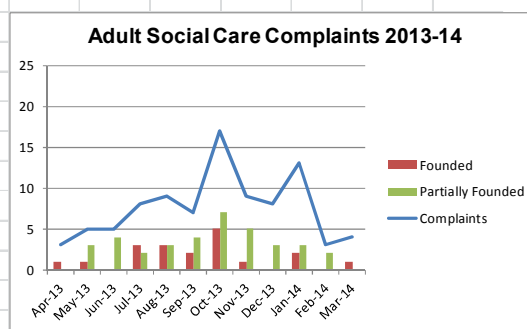
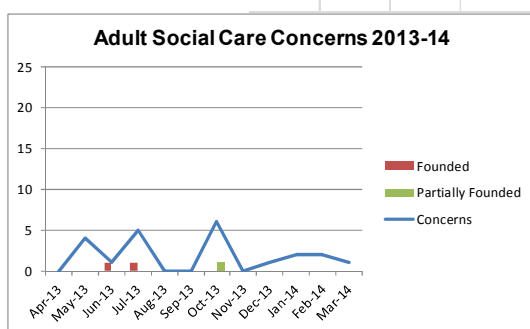
1. None

## Appendix – Analysis of complaints activity and service improvements

### ASC Annual Report - 2013/14

#### 1. Complaints Numbers by Stage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Enquiries	2	0	1	0	2	0	2	1	0	0	3	3	14
Concerns	0	4	1	5	0	0	6	0	1	2	2	1	22
Founded	0	0	1	1	0	0	0	0	0	0	0	0	2
Partially Founded	0	0	0	0	0	0	1	0	0	0	0	0	1
Complaints	3	5	5	8	9	7	17	9	8	13	3	4	91
Founded	1	1	0	3	3	2	5	1	0	2	0	1	19
Partially Founded	0	3	4	2	3	4	7	5	3	3	2	0	36
LGO	0	0	1	1	0	0	0	0	0	1	0	0	3
Not to initiate investigation	0	0	0	1	0	0	0	0	0	1	0	0	2
Discontinue investigation	0	0	0	0	0	0	0	0	0	0	0	0	0
Satisfied with LA Action	0	0	0	0	0	0	0	0	0	0	0	0	0
Maladministration	0	0	1	0	0	0	0	0	0	0	0	0	1
Compliments	6	18	6	14	8	24	12	19	12	6	9	7	141



#### 2. Correspondence Performance

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Total Number of Cases	3	9	6	13	9	7	23	9	9	15	5	4	23
Average Time to Reply (days)	6	16	23	18	26	50	32	30	18	27	15	5	14.4
Completed within 10 days	100.0%	44.0%	50.0%	54.0%	33.0%	14.0%	46.0%	33.3%	67.0%	39.0%	25.0%	75.0%	47.8%

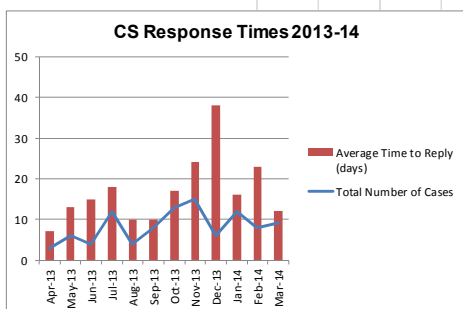
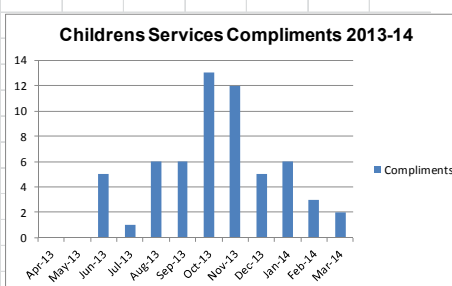
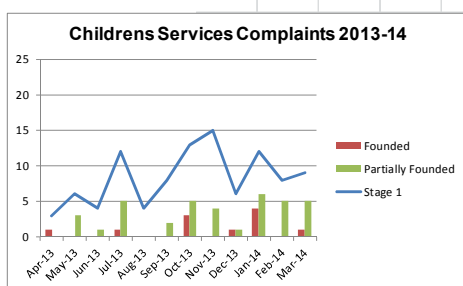
#### 3. Top 3 Issues of Complaint

Quality of Service	13 (38%)
Staff Attitude	6 (18%)
Staff Competency	5 (15%)
Unsatisfactory Service	5 (15%)

# Children Services Annual Report - 2013/14

## 1. Complaints Numbers by Stage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Enquiries	1	5	4	6	7	7	10	9	4	8	2	7	70
Stage 1	3	6	4	12	4	8	13	15	6	12	8	9	100
Founded	1	0	0	1	0	0	3	0	1	4	0	1	11
Partially Founded	0	3	1	5	0	2	5	4	1	6	5	5	37
Stage 2	2	0	1	1	1	1	0	3	1	2	0	0	12
Founded	0	0	1	0	0	0	0	1	0	1	0	0	3
Partially Founded	0	0	0	1	0	0	0	0	0	0	0	0	1
Stage 3	0	0	0	1	0	0	0	1	0	0	0	0	2
Founded	0	0	0	0	0	0	0	0	0	0	0	0	0
Partially Founded	0	0	0	1	0	0	0	1	0	0	0	0	2
LGO	0	2	1	0	3	0	0	0	1	0	0	0	7
Not to initiate investigation	0	0	1	0	2	0	0	0	0	0	0	0	3
Discontinue investigation	0	1	0	0	0	0	0	0	0	0	0	0	1
Satisfied with LA Action	0	1	0	0	1	0	0	0	1	0	0	0	3
Maladministration	0	0	0	0	0	0	0	0	0	0	0	0	0
Compliments	0	0	5	1	6	6	13	12	5	6	3	2	59



## 2. Correspondence Performance

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
<b>Total Number of Cases</b>	3	6	4	12	4	8	13	15	6	12	8	9	100
<b>Average Time to Reply (days)</b>	7	13	15	18	10	10	17	24	38	16	23	12	18.0
<b>Completed within 10 days</b>	67.0%	33.0%	25.0%	25.0%	75.0%	75.0%	24.0%	27.0%	17.0%	33.0%	0.0%	44.0%	35.0%

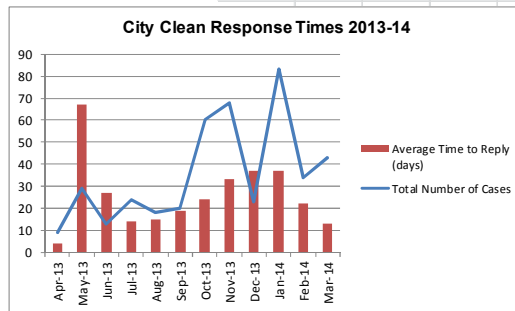
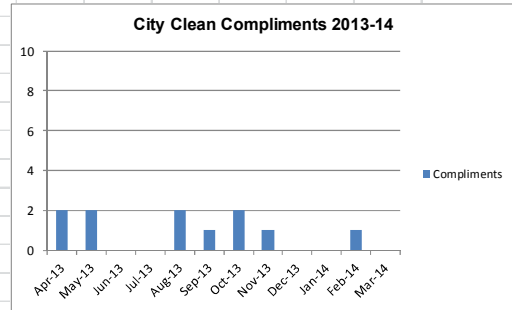
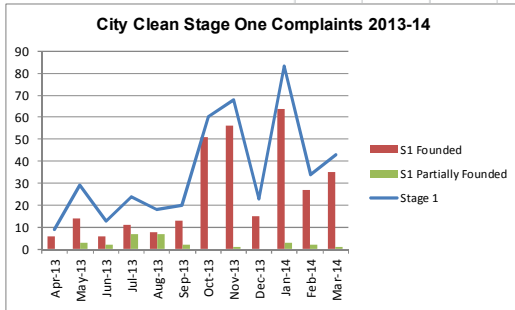
## 3. Top 3 Issues of Complaint

Disputes Report Content	7 (20%)
Failure to Support Parent	4 (11%)
Unhappy with SW	4 (11%)

# City Clean Annual Report - 2013/14

## 1. Complaints Numbers by Stage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Enquiries	1	14	2	3	3	1	4	1	0	4	2	3	38
Stage 1	9	29	13	24	18	20	60	68	23	83	34	43	424
S1 Founded	6	14	6	11	8	13	51	56	15	64	27	35	306
S1 Partially Founded	0	3	2	7	7	2	0	1	0	3	2	1	28
Stage 2	4	0	3	7	3	2	1	0	1	0	4	2	27
S2 Founded	1	0	1	3	0	0	0	0	0	0	1	2	8
S2 Partially Founded	1	0	1	0	1	0	0	0	0	0	0	0	3
Escalated for S1	44%	0%	23%	29%	17%	10%	2%	0%	4%	0%	12%	5%	6%
LGO	1	0	1	0	0	1	0	0	1	0	0	0	4
Not initiate	0	0	1	0	0	1	0	0	0	0	0	0	2
Discontinue	0	0	0	0	0	0	0	0	0	0	0	0	0
Satisfied with LA Action	1	0	0	0	0	0	0	0	0	0	0	0	1
Founded (Maladministration)	0	0	0	0	0	0	0	0	1	0	0	0	1
Compliments	2	2	0	0	2	1	2	1	0	0	1	0	11



## 2. Correspondence Performance

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Total Number of Cases	9	29	13	24	18	20	60	68	23	83	34	43	424
Average Time to Reply (days)	4	67	27	14	15	19	24	33	37	37	22	13	26.0
Completed within 10 days	88.9%	37.9%	38.5%	62.5%	72.2%	50.0%	15.0%	8.8%	8.7%	2.4%	11.8%	32.6%	23.3%

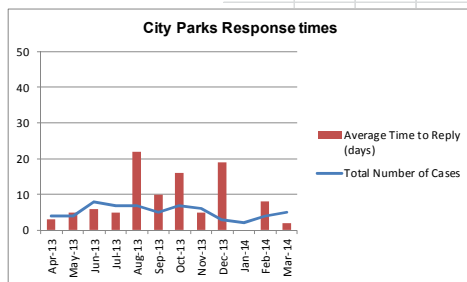
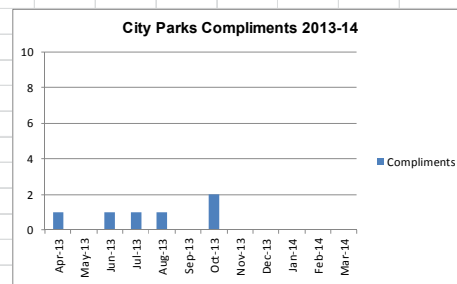
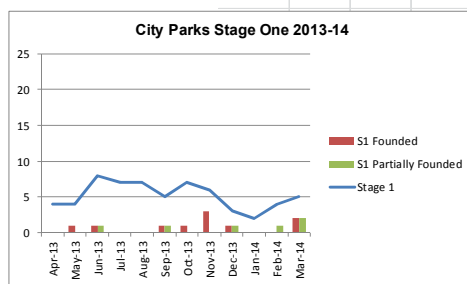
## 3. Top 3 Issues of Complaint

Missed Refuse	106 (22%)
Missed Recycling	90 (19%)
Insufficient Refuse Collections	21 (5%)

# City Parks Annual Report - 2013/14

## 1. Complaints Numbers by Stage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Enquiries	2	2	1	2	2	0	0	0	0	0	0	0	9
Stage 1	4	4	8	7	7	5	7	6	3	2	4	5	62
S1 Founded	0	1	1	0	0	1	1	3	1	0	0	2	10
S1 Partially Founded	0	0	1	0	0	1	0	0	1	0	1	2	6
Stage 2	1	1	0	1	0	1	1	0	0	0	1	0	6
S2 Founded	0	0	0	0	0	0	0	0	0	0	0	0	0
S2 Partially Founded	0	0	0	0	0	0	0	0	0	0	0	0	0
Escalated from Stage 1	25%	25%	0%	14%	0%	20%	14%	0%	0%	0%	25%	0%	10%
LGO	0	0	0	1	0	0	0	0	0	0	0	0	1
Not initiate	0	0	0	1	0	0	0	0	0	0	0	0	1
Discontinue	0	0	0	0	0	0	0	0	0	0	0	0	0
Satisfied with LA Action	0	0	0	0	0	0	0	0	0	0	0	0	0
Founded (Maladministration)	0	0	0	0	0	0	0	0	0	0	0	0	0
Compliments	1	0	1	1	1	0	2	0	0	0	0	0	6



## 2. Correspondence Performance

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Total Number of Cases	4	4	8	7	7	5	7	6	3	2	4	5	62
Average Time to Reply (days)	3	5	6	5	22	10	16	5	19	0	8	2	8.4
Completed within 10 days	100.0%	100.0%	100.0%	71.4%	71.4%	60.0%	71.4%	66.7%	66.7%	100.0%	25.0%	80.0%	75.8%

## 3. Top 3 Issues of Complaint

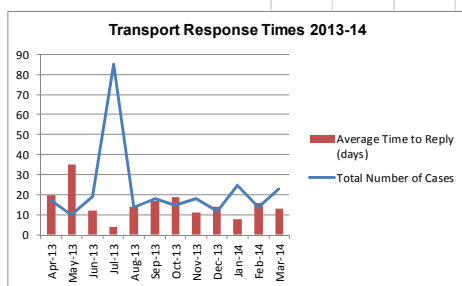
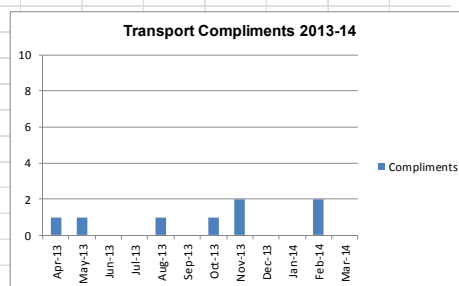
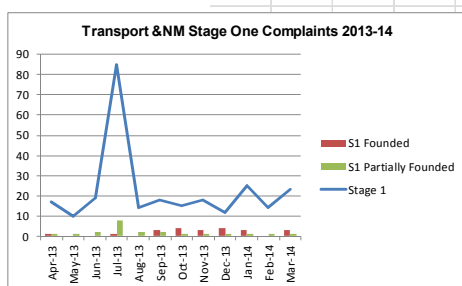
Arboriculture service	16 (26%)
Grass Verge Cutting	13 (21%)
Other	11 (18%)



# Transport & Network Management Annual Report - 2013/14

## 1. Complaints Numbers by Stage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Enquiries	4	3	2	2	3	1	3	2	0	3	2	4	29
Stage 1	17	10	19	85	14	18	15	18	12	25	14	23	270
S1 Founded	1	0	0	1	0	3	4	3	4	3	0	3	22
S1 Partially Founded	1	1	2	8	2	2	1	1	1	1	1	1	22
Stage 2	1	3	3	6	1	3	0	0	1	3	2	3	26
S2 Founded	0	0	0	1	0	0	0	0	0	0	0	0	1
S2 Partially Founded	0	0	1	0	0	0	0	0	0	0	0	0	1
Escalated from Stage1	6%	30%	16%	7%	7%	17%	0%	0%	8%	12%	14%	13%	10%
LGO	1	0	1	0	1	0	0	2	0	0	1	0	6
Not to initiate	0	1	0	0	1	0	0	2	0	0	0	0	4
Discontinue/No Maladministration	1	0	0	0	0	0	0	0	0	0	1	0	2
Satisfied with LA Action	0	0	0	0	0	0	0	0	0	0	0	0	0
Founded (Maladministration)	0	0	0	0	0	0	0	0	0	0	0	0	0
Compliments	1	1	0	0	1	0	1	2	0	0	2	0	8



## 2. Correspondence Performance

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Total Number of Cases	17	10	19	85	14	18	15	18	12	25	14	23	270
Average Time to Reply (days)	20	35	12	4	14	17	19	11	14	8	16	13	15.3
Completed within 10 days	41.2%	50.0%	47.4%	85.9%	78.6%	38.9%	33.3%	50.0%	41.7%	52.0%	21.4%	30.4%	57.0%

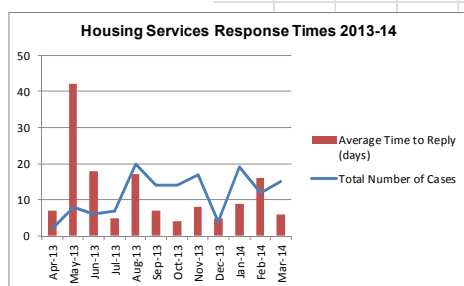
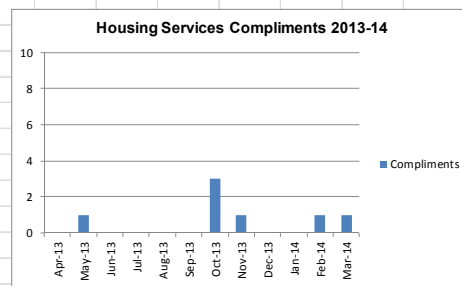
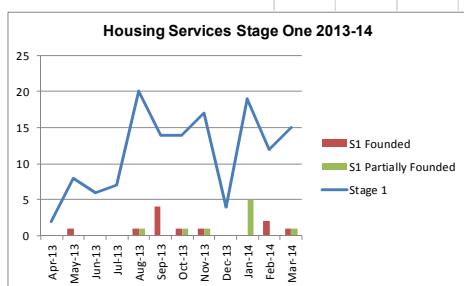
## 3. Top 3 Issues of Complaint

Policy / Consultation Issues	86 (31%)
Enforcement Officers	21 (6%)
PCN Maladministration	14 (5%)

# Housing Services Annual Report - 2013/14

## 1. Complaints Numbers by Stage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
<b>Enquiries</b>	8	7	10	15	11	12	20	10	11	21	28	32	<b>185</b>
<b>Stage 1</b>	2	8	6	7	20	14	14	17	4	19	12	15	<b>138</b>
S1 Founded	0	1	0	0	1	4	1	1	0	0	2	1	<b>11</b>
S1 Partially Founded	0	0	0	0	1	0	1	1	0	5	0	1	<b>9</b>
<b>Stage 2</b>	1	0	0	2	3	2	0	0	0	1	0	7	<b>16</b>
S2 Founded	0	0	0	1	0	0	0	0	0	0	0	0	<b>1</b>
S2 Partially Founded	0	0	1	0	0	0	0	0	0	0	0	2	<b>3</b>
Escalated from Stage1	50%	0%	0%	29%	15%	14%	0%	0%	0%	5%	0%	47%	<b>12%</b>
<b>Ombudsman</b>	0	1	0	1	0	0	0	1	0	1	0	0	<b>4</b>
Not to initiate	0	0	0	1	0	0	0	0	0	0	0	0	<b>1</b>
Discontinue/No Maladministration	0	1	0	0	0	0	0	0	0	0	0	0	<b>1</b>
Satisfied with LA Action	0	0	0	0	0	0	0	1	0	1	0	0	<b>2</b>
Founded (Maladministration)	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Compliments</b>	0	1	0	0	0	0	3	1	0	0	1	1	<b>7</b>



## 2. Correspondence Performance

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
<b>Total Number of Cases</b>	2	8	6	7	20	14	14	17	4	19	12	15	<b>138</b>
<b>Average Time to Reply (days)</b>	7	42	18	5	17	7	4	8	5	9	16	6	<b>12.0</b>
<b>Completed within 10 days</b>	60.0%	37.5%	16.7%	57.1%	50.0%	28.6%	78.6%	47.1%	75.0%	63.2%	41.7%	66.7%	<b>52.2%</b>

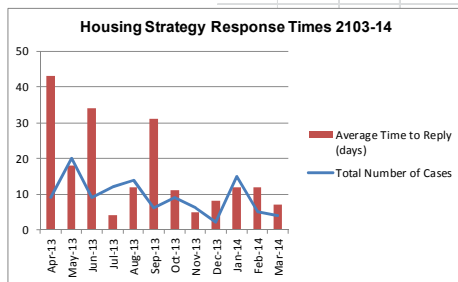
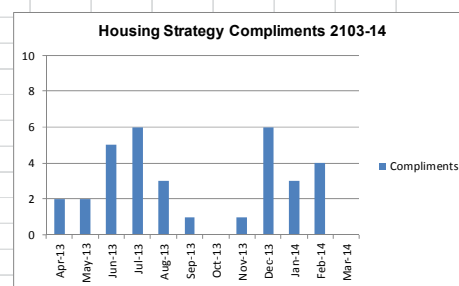
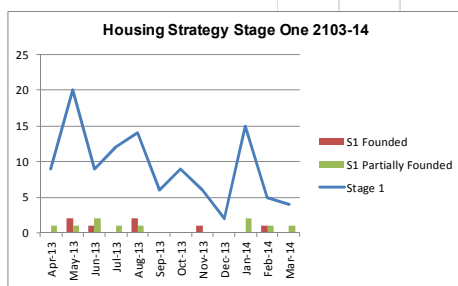
## 3. Top 3 Issues of Complaint

N'hoods - Staff Conduct 9 (6%)  
 ASB - Lack of Action 8 (6%)  
 Tenancy - Staff Conduct 7 (5%)

## Housing Strategy Annual Report - 2013/14

### 1. Complaints Numbers by Stage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Enquiries	30	21	30	13	24	23	29	13	11	18	20	21	253
Stage 1	9	20	9	12	14	6	9	6	2	15	5	4	111
S1 Founded	0	2	1	0	2	0	0	1	0	0	1	0	7
S1 Partially Founded	1	1	2	1	1	0	0	0	0	2	1	1	10
Stage 2	3	2	1	4	2	3	0	0	1	2	0	0	18
S2 Founded	0	0	0	0	0	0	0	0	1	0	0	0	1
S2 Partially Founded	0	0	1	1	0	1	0	0	0	0	0	0	3
Escalated from Stage1	33%	10%	11%	33%	14%	50%	0%	0%	50%	13%	0%	0%	16%
Ombudsman	1	1	1	1	1	0	0	1	1	0	0	0	7
Not to initiate	0	1	1	0	0	0	0	0	0	0	0	0	2
Discontinue/No Maladministration	0	0	0	1	1	0	0	0	0	0	0	0	2
Satisfied with LA Action	1	0	0	0	0	0	0	0	0	0	0	0	1
Founded (Maladministration)	0	0	0	0	0	0	0	1	0	0	0	0	1
Compliments	2	2	5	6	3	1	0	1	6	3	4	0	33



### 2. Correspondence Performance

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Total Number of Cases	9	20	9	12	14	6	9	6	2	15	5	4	111
Average Time to Reply (days)	43	18	34	4	12	31	11	5	8	12	12	7	16.4
Completed within 10 days	55.6%	40.0%	44.4%	50.0%	50.0%	50.0%	33.3%	66.7%	50.0%	73.3%	60.0%	75.0%	52.3%

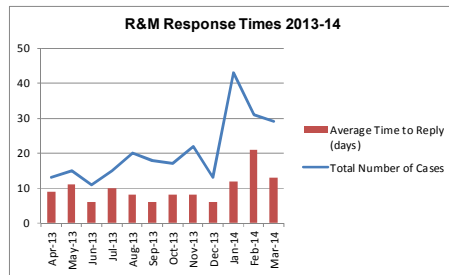
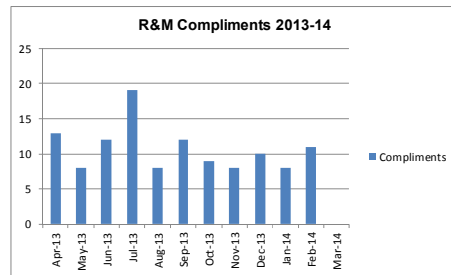
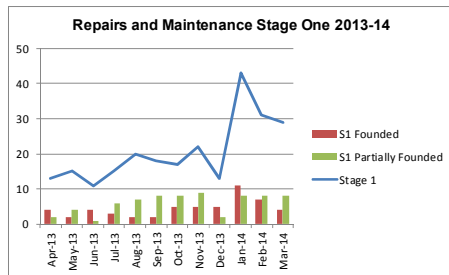
### 3. Top 3 Issues of Complaint

Temp. Accommodation	19 (16%)
H'ing Options Staff Conduct	10 (8%)
Application Processes	10 (8%)

## Repairs & Maintenance Annual Report - 2013/14

### 1. Complaints Numbers by Stage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
<b>Enquiries</b>	13	17	6	14	19	7	18	11	6	20	15	16	<b>162</b>
<b>Stage 1</b>	13	15	11	15	20	18	17	22	13	43	31	29	<b>247</b>
S1 Founded	4	2	4	3	2	2	5	5	5	11	7	4	<b>54</b>
S1 Partially Founded	2	4	1	6	7	8	8	9	2	8	8	8	<b>71</b>
<b>Stage 2</b>	4	0	3	3	3	3	1	1	1	2	0	6	<b>27</b>
S2 Founded	1	0	0	2	0	0	0	0	0	0	0	1	<b>4</b>
S2 Partially Founded	0	0	0	0	0	0	1	0	0	0	0	0	<b>1</b>
Escalated from Stage 1	31%	0%	27%	20%	15%	17%	6%	5%	8%	5%	0%	21%	<b>11%</b>
<b>Ombudsman</b>	1	0	0	0	0	0	0	0	0	0	2	1	<b>4</b>
Not initiate	1	0	0	0	0	0	0	0	0	0	na	na	<b>1</b>
Discontinue	0	0	0	0	0	0	0	0	0	0	na	na	<b>0</b>
Satisfied with LA Action	0	0	0	0	0	0	0	0	0	0	na	na	<b>0</b>
Founded (Maladministration)	0	0	0	0	0	0	0	0	0	0	na	na	<b>0</b>
<b>Compliments</b>	13	8	12	19	8	12	9	8	10	8	11	0	<b>118</b>



### 2. Correspondence Performance

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
<b>Total Number of Cases</b>	13	15	11	15	20	18	17	22	13	43	31	29	<b>247</b>
<b>Average Time to Reply (days)</b>	9	11	6	10	8	6	8	8	6	12	21	13	<b>9.8</b>
<b>Completed within 10 days</b>	77%	67%	91%	80%	80%	83%	71%	91%	100%	51%	35%	45%	<b>66%</b>

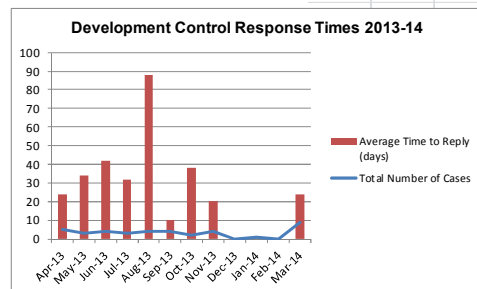
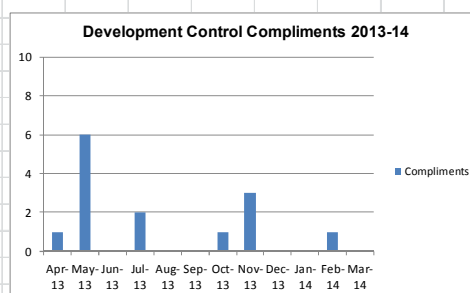
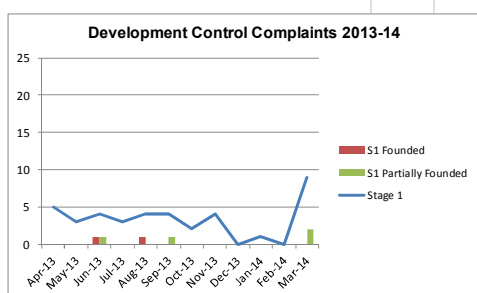
### 3. Top 3 Issues of Complaint

Poor Communications	42 (13%)
Poor diagnosis/repair	36 (11%)
Protecting Tenants Property	30 (9%)

# Development Control Annual Report - 2013/14

## 1. Complaints Numbers by Stage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Enquiries	1	0	1	1	0	1	2	1	0	0	0	0	7
Stage 1	5	3	4	3	4	4	2	4	0	1	0	9	39
S1 Founded	0	0	1	0	1	0	0	0	0	0	0	0	2
S1 Partially Founded	0	0	1	0	0	1	0	0	0	0	0	2	4
Stage 2	1	0	2	0	1	0	2	0	0	0	1	0	7
S2 Founded	0	0	0	0	0	0	0	0	0	0	0	0	0
S2 Partially Founded	0	0	0	0	1	0	0	0	0	0	0	0	1
Escalated from Stage 1	20%	0%	50%	0%	25%	0%	100%	0%	0%	0%	100%	0%	18%
LGO	0	0	0	2	0	1	0	1	1	0	0	0	5
Not initiate	0	0	0	2	0	0	0	1	1	0	0	0	4
Discontinue	0	0	0	0	0	0	0	0	0	0	0	0	0
Satisfied with LA Action	0	0	0	0	0	1	0	0	0	0	0	0	1
Founded (Maladministration)	0	0	0	0	0	0	0	0	0	0	0	0	0
Compliments	1	6	0	2	0	0	1	3	0	0	1	0	14



## 2. Correspondence Performance

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Total Number of Cases	5	3	4	3	4	4	2	4	0	1	0	9	39
Average Time to Reply (days)	24	34	42	32	88	10	38	20	0	0	0	24	26.0
Completed within 10 days	20.0%	33.3%	25.0%	33.3%	25.0%	50.0%	0.0%	50.0%	100.0%	0.0%	100.0%	11.1%	25.6%

## 3. Top 3 Issues of Complaint

Disagree With Decision	14 (34%)
Incomp/Negligent Officer	9 (22%)
Unhappy With Consultation	7 (17%)

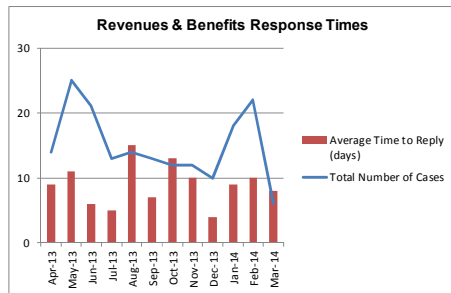
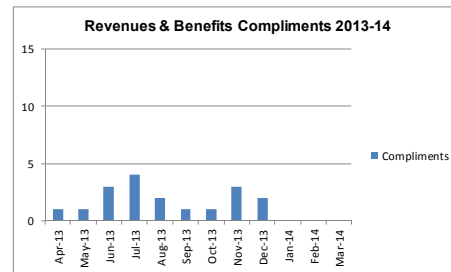
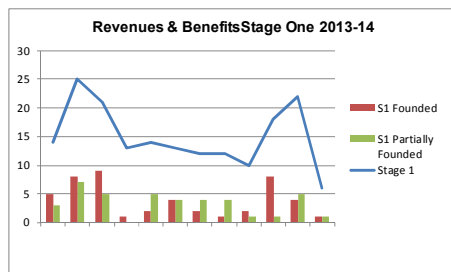
## Revenues & Benefits Annual Report - 2013/14

### 1. Complaints Numbers by Stage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
<b>Enquiries</b>	2	2	2	1	2	2	0	2	0	1	3	0	17
<b>Stage 1</b>	14	25	21	13	14	13	12	12	10	18	22	6	180
S1 Founded	5	8	9	1	2	4	2	1	2	8	4	1	47
S1 Partially Founded	3	7	5	0	5	4	4	4	1	1	5	1	40
<b>Stage 2</b>	1	1	0	1	3	0	1	2	1	1	0	3	14
S2 Founded	0	0	0	0	0	0	0	0	0	0	0	0	0
S2 Partially Founded	0	0	0	0	1	0	0	0	1	1	0	0	3
Escalated from S1	7%	4%	0%	8%	21%	0%	8%	17%	10%	6%	0%	50%	8%
<b>LGO</b>	0	1	2	0	0	2	0	2	0	0	0	0	7
Not initiate	0	1	0	0	0	1	0	1	0	0	0	0	3
Discontinue	0	0	2	0	0	0	0	0	0	0	0	0	2
Satisfied with LA Action	0	0	0	0	0	0	0	1	0	0	0	0	1
Founded (Maladministration)	0	0	0	0	0	1	0	0	0	0	0	0	1
<b>Compliments</b>	1	1	3	4	2	1	1	3	2	0	0	0	18

### 2. Correspondence Performance

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
<b>Total Number of Cases</b>	14	25	21	13	14	13	12	12	10	18	22	6	180
<b>Average Time to Reply (days)</b>	9	11	6	5	15	7	13	10	4	9	10	8	8.9
<b>Completed within 10 days</b>	71.4%	64.0%	95.2%	92.3%	42.9%	61.5%	58.3%	58.3%	80.0%	61.1%	50.0%	50.0%	66.1%



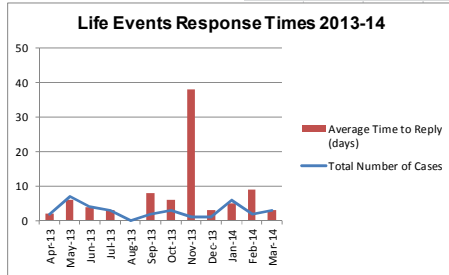
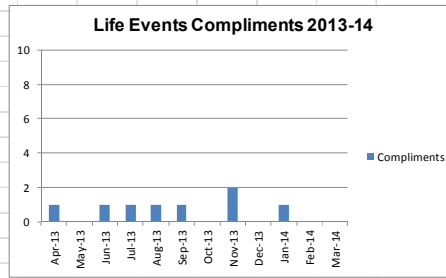
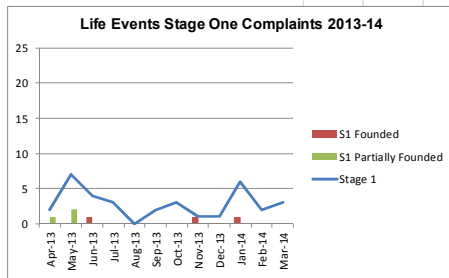
### 3. Top 3 Issues of Complaint

Unwarranted/Illegal Action	45 (18%)
Poor Communication	32 (13%)
Excessive Charges	21 (9%)

## Life Events Annual Report - 2013/14

### 1. Complaints Numbers by Stage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Enquiries	0	1	0	1	0	0	0	1	0	0	1	0	4
Stage 1	2	7	4	3	0	2	3	1	1	6	2	3	34
S1 Founded	0	0	1	0	0	0	0	1	0	1	0	0	3
S1 Partially Founded	1	2	0	0	0	0	0	0	0	0	0	0	3
Stage 2	0	0	0	0	0	0	0	0	0	0	0	0	0
LGO	0	0	0	0	0	0	0	0	0	0	0	0	0
Compliments	1	0	1	1	1	1	0	2	0	1	0	0	8



### 2. Correspondence Performance

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Total Number of Cases	2	7	4	3	0	2	3	1	1	6	2	3	34
Average Time to Reply (days)	2	6	4	3	0	8	6	38	3	5	9	3	7.3
Completed within 10 days	50.0%	71.4%	100.0%	66.7%	100.0%	50.0%	66.7%	0.0%	100.0%	83.3%	50.0%	33.3%	67.6%

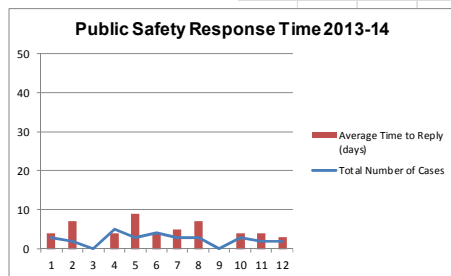
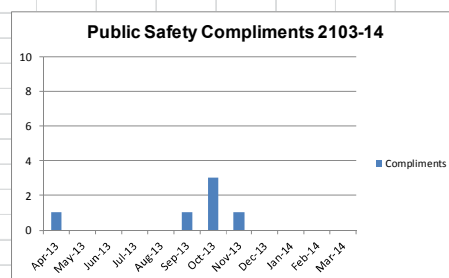
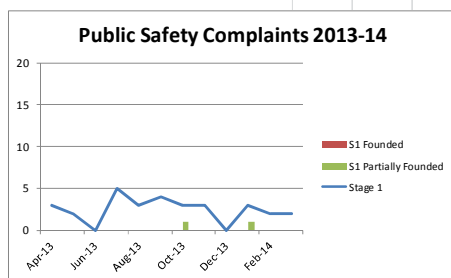
### 3. Top 3 Issues of Complaint

Poor Quality of Service	12 (35%)
Staff Conduct	5 (15%)
Uncaring Staff	4 (12%)

## Public Safety Annual Report - 2013/14

### 1. Complaints Numbers by Stage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
<b>Enquiries</b>	0	2	2	0	1	0	1	0	0	0	0	0	<b>6</b>
<b>Stage 1</b>	3	2	0	5	3	4	3	3	0	3	2	2	<b>30</b>
S1 Founded	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
S1 Partially Founded	0	0	0	0	0	0	1	0	0	1	0	0	<b>2</b>
<b>Stage 2</b>	0	3	0	0	1	0	1	0	0	0	0	0	<b>5</b>
S2 Founded	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
S2 Partially Founded	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Escalated from S1	0%	150%	0%	0%	33%	0%	33%	0%	0%	0%	0%	0%	<b>17%</b>
<b>LGO</b>	0	0	0	1	0	0	0	0	1	1	0	0	<b>3</b>
Not initiate	0	0	0	1	0	0	0	0	1	0	0	0	<b>2</b>
Discontinue	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Satisfied with LA Action	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Founded (Maladministration)	0	0	0	0	0	0	0	0	0	1	0	0	<b>1</b>
<b>Compliments</b>	1	0	0	0	0	1	3	1	0	0	0	0	<b>6</b>



### 2. Correspondence Performance

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
<b>Total Number of Cases</b>	3	2	0	5	3	4	3	3	0	3	2	2	<b>30</b>
<b>Average Time to Reply (days)</b>	4	7	0	4	9	4	5	7	0	4	4	3	<b>4.3</b>
<b>Completed within 10 days</b>	66.7%	100.0%	100.0%	100.0%	66.7%	75.0%	100.0%	66.7%	100.0%	66.7%	50.0%	50.0%	<b>76.7%</b>

### 3. Top 3 Issues of Complaint

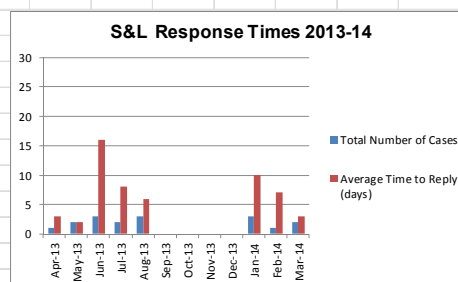
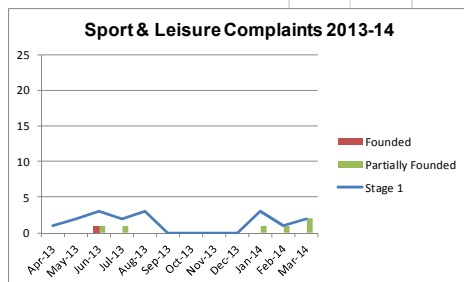
Noise Pollution	6 (19%)
Environment Issues	4 (13%)
Animal Welfare	3 (10%)



## Sport & Leisure Annual Report - 2013/14

### 1. Complaints Numbers by Stage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Enquiries	0	0	1	0	1	0	0	0	0	0	0	1	3
Stage 1	1	2	3	2	3	0	0	0	0	3	1	2	17
Founded	0	0	1	0	0	0	0	0	0	0	0	0	1
Partially Founded	0	0	1	1	0	0	0	0	0	1	1	2	6
Stage 2	0	0	0	0	0	0	0	0	0	0	0	0	0
LGO	0	0	0	0	0	0	0	0	0	0	0	0	0
Compliments	0	0	0	0	0	0	0	0	0	0	0	0	0



### 2. Correspondence Performance

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Total Number of Cases	1	2	3	2	3	0	0	0	0	3	1	2	17
Average Time to Reply (days)	3	2	16	8	6	0	0	0	0	10	7	3	4.6
Completed within 10 days	100.0%	100.0%	33.3%	100.0%	66.7%	100.0%	100.0%	100.0%	100.0%	66.7%	100.0%	100.0%	76.5%

### 3. Top 3 Issues of Complaint

Disagree With Decision	4 (24%)
Poor Quality of Service	2 (12%)
Disrepair	2 (12%)



<b>Subject:</b>	<b>Standards Panel Training and Code of Conduct Review</b>		
<b>Date of Meeting:</b>	<b>24 June 2014</b>		
<b>Report of:</b>	<b>Monitoring Officer</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Oliver Dixon</b>	<b>Tel: 01273 291512</b>
	<b>Email:</b>	<b>oliver.dixon@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

### FOR GENERAL RELEASE

#### 1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report informs the Committee about proposed training to enable all its members to serve on Standards Panels.
- 1.2 The report also seeks Committee approval to establish a cross-party working group tasked with reviewing the council's Code of Conduct for Members.

#### 2. RECOMMENDATIONS:

- 2.1 That the Committee notes the Standards Panel training scheduled for July 2014.
- 2.2 That the Committee grants delegated authority to the Monitoring Officer to establish a cross-party member working group to review the council's Code of Conduct for Members and to submit recommendations to a subsequent meeting of the Committee.

#### 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 On 25 March 2014 Audit & Standards Committee agreed a revised procedure for dealing with complaints about alleged breaches of the Code of Conduct for Members. Under the agreed procedure, the only members entitled to serve on a Standards Panel are those who –
  - (i) are a member of the Audit & Standards Committee; and
  - (ii) have attended the necessary training and re-training specific to these Panels.
- 3.2 The training referred to in 3.1(ii) consists of mandatory training for all Audit & Standards Committee members every 12 months, or sooner, if appropriate.
- 3.3 Accordingly, members of this Committee have been invited to attend one of two sessions taking place in July 2014.

- 3.4 Training will consist of a practical workshop involving Members (in their capacity as Standards Panel members) in a fictitious case study featuring complex but realistic issues commonly encountered in standards cases. The session will begin with a very short presentation on the underlying principles and legal framework for the revised procedure. The full list of topics which the training will address is set out in Appendix 1.
- 3.5 The council's Independent Persons will between them attend each session, to explain his/her role as Standards Panel Chair, and to offer general advice on best practice for Panel hearings.
- 3.6 Those Members who come to the training with prior experience of Standards Panels will be invited to share learning with those less familiar with the regime.
- 3.7 At their March 2014 meeting, the Committee also directed the Monitoring Officer to co-ordinate a review of the Code of Conduct for Members later in the year. Accordingly, Committee approval is now sought to establish a cross-party member working group for this purpose. Their recommendations will be submitted to a future meeting of this Committee prior to consideration by full Council.

#### **4. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 4.1 There are no financial implications associated with the Standards Panel training and the cross party review of the Code of Conduct, as they involve only a series of meetings on council premises.

*Finance Officer Consulted: James Hengeveld*

*Date: 10/06/14*

##### Legal Implications:

- 4.2 Both the Standards Panel training and the Code of Conduct review will support the council in meeting its obligations under Part 1, Chapter 7, of the Localism Act 2011.

*Lawyer Consulted:*

*Oliver Dixon*

*Date: 08/06/14*

##### Equalities Implications:

- 4.3 The Code of Conduct review will consider all provisions under the existing Code, including the obligation on Members not to do anything which may cause their authority to breach any of its equality duties (in particular as set out in the Equality Act 2010).

##### Sustainability Implications:

- 4.4 None arising directly from this report.

##### Any Other Significant Implications:

4.5 None.

### **SUPPORTING DOCUMENTATION**

#### **Appendices:**

1. Topics covered by Standards Panel training to be held in July 2014

#### **Documents in Members' Rooms**

None.

#### **Background Documents**

1. Code of Conduct for Members



## **Audit & Standards Committee: Topics for Standards Panel Training, July 2014**

### **1. Legal framework for –**

- a. Code of conduct.
  - Requirement to have one; and one which...
  - promotes and maintains high standards of conduct
  - is consistent with the 7 principles of public life
  - provides for the registration and declaration of interests
- b. Investigating and deciding allegations of breach of Code
- c. Statutory role of Independent Person (IP)
- d. Criminal offences in relation to Code of Conduct

### **2. Principles underpinning code of conduct complaints procedure**

- a. Instilling member and public confidence in process
- b. Panels to reach findings fairly and independently
- c. Panel hearings to be conducted openly

### **3. Overview of complaints process**

- a. Making a complaint
- b. Preliminary assessment (role of MO and IP)
- c. Formal investigation
- d. Standards Panel hearing
- e. Scope of permitted outcomes and sanctions
- f. Appeals

### **4. Standards Panel arrangements**

- a. Appointment of Members and Chair
- b. Nature of hearing and values expected of Panel members
- c. Hearing procedure
- d. Reaching and owning a decision
- e. Security and privacy
- f. Publicity before and after the hearing





**Subject:** Governance of Value for Money Phase 4  
**Date of Meeting:** 24 June 2014  
**Report of:** Head of Law  
**Contact Officer:** Name: **Ross Keatley** Tel: **29-1064**  
E-mail: ross.keatley@brighton-hove.gov.uk  
**Wards Affected:** All

**FOR GENERAL RELEASE**

***Action Required of the Audit & Standards Committee:***

To receive the item referred from the Policy & Resources Committee for information:

**Recommendation:**

That the report be noted.

**POLICY & RESOURCES COMMITTEE**

**4.00 pm 12 JUNE 2014  
COUNCIL CHAMBER, HOVE TOWN HALL**

**DRAFT MINUTES**

**Present:** Councillor J Kitcat (Chair) Councillors Sykes (Deputy Chair), G Theobald (Opposition Spokesperson), Morgan (Group Spokesperson), Lepper, A Norman, Peltzer Dunn, Pissaridou, Randall and Shanks.

**PART ONE**

**8. GOVERNANCE OF VALUE FOR MONEY PHASE 4**

- 8.1 The Committee considered a report of the Executive Director for Finance & Resources in relation to Governance of Value for Money Phase 4. The report set out the proposals for the next phase of the Council's Value for Money approach, Phase 4, together with arrangements for oversight for effective governance of the programme. This was TO ensure the aims of the programme were clear and the arrangements for the oversight were robust and appropriate to the scale of the challenge. The Value for Money programme was a key component of the delivering the Council's Corporate Plan Priority

of Modernising the Council. It was also a crucial building block for the Council's budget planning for 2015/16 and its Medium Term Financial Strategy.

- 8.2 Councillor Sykes referenced the enormity of the challenge for the Council stating that the budget would reduce by £90M in the next 5 years, and last year the value for money programme had delivered £9.4M of savings. The report referenced the need for strength in central services to monitor and push this process, and there would be an expanded group of elected Members involved to oversee it.
- 8.3 Councillor A. Norman thanked Officers for the work to support this report, and noted that EY had confirmed the view of her Group that there were bigger savings to be made through value for money in the organisation. She added that this was contrary to the view of both the Green and Labour Groups that there were no more significant efficiency savings to be made and it was necessary to raise Council Tax. Councillor A. Norman went on to add that she had believed there was more scope for procurement based savings and she welcomed more work around debt recovery.
- 8.4 In response to specific questions from Councillor A. Norman the Executive Director for Finance & Resources explained that the Council was following to advice from EY and giving a clear and consistent message that that all staff had to play a part in contributing and owning the changes, and this would be a challenge for Senior Officers and Members. It was added that EY had been aware of some of the politically different views, and felt it was important there was political consensus around value for money.
- 8.5 The Executive Director went on to add that in relation to the modernisation of adult social care there was discussion around the opportunity for a local authority trading company, and much greater savings had been identified across health and social care. The report listed later in the agenda discussed the local authority trading company, and made a judgement around the scale of change, and the focusing of resources into the statutory requirements of the Care Bill and the Better Care Fund.
- 8.6 In response to Councillor G. Theobald the Executive Director for Finance & Resources explained that EY had reported back on the progression of the Worksyles programme in terms of its delivery within time and on budget. There had been challenge on whether the physical changes to buildings needed to be accompanied by greater consideration and change of how staff worked. It was also noted that other local authorities had invested much greater sums in terms of technology.
- 8.7 The Chair noted the budgetary challenge for the next financial year; the organisation would need to be very clear around this, and it was hoped the value for programme would deliver. The Chair then put the recommendation to the vote.
- 8.8 **RESOLVED:**
- 1) That the committee note the scope and savings opportunities identified for phase 4 of the council's Value for Money programme.
  - 2) That the committee approve the cross-party member oversight arrangements for the programme as set out in paragraph **Error! Reference source not found.**

- 3) That the committee note the minimum one-off resources of £1.450m anticipated to be required to achieve success and the further work required to quantify additional resources for key enabling projects.
- 4) That together with £0.350m already approved for 2014/15, the committee agree:
  - a) the early drawdown of the 2015/16 Modernisation Fund (£0.700m) to support the programme in 2014/15;
  - b) the set aside of £0.400m of the 2013/14 revenue budget underspend to support the programme in 2014/15, and;
  - c) to set aside the remaining £1.624m resources from 2013/14 to support the programme in 2015/16.
- (5) To agree additional recurrent investment of £0.300m in the council's procurement capacity as set out in paragraph **Error! Reference source not found.** and appendix 1.



<b>Subject:</b>	<b>Governance of Value for Money Phase 4</b>
<b>Date of Meeting:</b>	<b>12 June 2014</b>
<b>Report of:</b>	<b>Catherine Vaughan, Executive Director of Finance &amp; Resources</b>
<b>Contact Officer:</b>	<b>Nigel Manvell, Assistant Director – Finance Tel: 293104 Email: nigel.manvell@brighton-hove.gov.uk</b>
<b>Ward(s) affected:</b>	<b>All</b>

**FOR GENERAL RELEASE**

**1 PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The report sets out proposals for the next phase of the council's Value for Money approach, Phase 4, together with arrangements for effective governance of the programme. This is to ensure the aims of the programme are clear, and arrangements for oversight are robust and appropriate to the scale of the challenge.
- 1.2 The Value for Money programme is a key component of delivering the Council's Corporate Plan Priority of Modernising the Council. It is also a crucial building block for the council's budget planning for 2015/16 and its Medium Term Financial Strategy.

**2 RECOMMENDATIONS:**

- 2.1 That the committee note the scope and savings opportunities identified for phase 4 of the council's Value for Money programme.
- 2.2 That the committee approve the cross-party member oversight arrangements for the programme as set out in paragraph 3.18.
- 2.3 That the committee note the minimum one-off resources of £1.450m anticipated to be required to achieve success and the further work required to quantify additional resources for key enabling projects.
- 2.4 That together with £0.350m already approved for 2014/15, the committee agree:
- a) the early drawdown of the 2015/16 Modernisation Fund (£0.700m) to support the programme in 2014/15;
  - b) the set aside of £0.400m of the 2013/14 revenue budget underspend to support the programme in 2014/15, and;
  - c) to set aside the remaining £1.624m resources from 2013/14 to support the programme in 2015/16.
- 2.5 To agree additional recurrent investment of £0.300m in the council's procurement capacity as set out in paragraph 7.3 and appendix 1.

### **3 CONTEXT/ BACKGROUND INFORMATION**

#### **Reviewing the current Value for Money Approach**

- 3.1 The council's current Value for Money (VfM) programme has been running for four years and as at the end of 2013/14 has achieved cumulative savings of approximately £56m, which has generated ongoing savings of approximately £24m per annum. A further £8.9m is planned in 2014/15 bringing annual savings up to circa £33m. The programme has targeted savings on specific services, where it has had most success, but it has also included more cross-cutting initiatives which have also achieved substantial savings.
- 3.2 The changing financial situation for local authorities and the significantly increased scale of the anticipated budget gap over coming years has led to a need to reconsider the current programme and the approach to VfM savings. The Medium Term Financial Strategy identifies a budget gap of £100m over a 4 to 5 year period. It is important to ensure that the contribution made to meeting that gap from VfM is maximised, while also ensuring clarity about the size of the remaining budget gap that will need to be filled through more fundamental service prioritisation, re-design and commissioning and de-commissioning decisions.
- 3.3 To help review the VfM position, the council engaged consultants EY to undertake a 6-week, fast-paced review of the current programme to help identify opportunities and define the scope of a next phase of the programme. EY were also asked to develop a high level business case indicating the range of expected financial benefits and the costs of implementing change, as well as provide advice on structuring the programme and its governance to assure success.
- 3.4 EY's view was that the council's VfM programme and approach, "has succeeded in establishing itself within the organisation and has consistently delivered savings whilst maintaining or improving service delivery. This provides the council with a good platform to continue the programme to deliver broader savings and also support the modernisation priority". EY consider that directorates should continue to be challenged to deliver savings within service areas, but that opportunities to achieve greater efficiencies across the whole council exist.
- 3.5 In conducting the review, EY looked at the council's comparative cost and performance profile, management and organisational structure and commissioning and delivery approaches. This information was used to explore potential opportunity areas through discussions with service management and Executive Leadership Team (ELT) and then followed up by EY to look at available case studies and good practice developed elsewhere.
- 3.6 EY also reviewed the governance and structure of the VfM approach which identified that a clearer, more consistently applied corporate governance structure would be required to take advantage of these opportunities over the medium term. There was also a view that the resources provided to support the VfM programme were small in scale by comparison with other large corporate change programmes, which may impact on the scale of efficiencies and savings achievable. The council has worked hard to reduce the costs of central services

and management overheads as part of its budget approach but there is now a risk that there is insufficient capacity to support major change programmes. Distinguishing between the costs of providing “business as usual” central services and management capacity as opposed to the costs of supporting major change needs a more sophisticated approach in future budget planning rounds. However it is important to be clear that additional investment in change must be backed by rigorous business cases, clear benefits tracking methodologies and the right political and managerial leadership to drive through the programme.

- 3.7 EY were also clear that VfM and Modernising the council go hand-in-hand. Their experience of working with many different types of organisations, including local government, shows that supporting and implementing different ways of working is important to being able to achieve the greatest savings and other benefits. EY describe these changes as ‘enablers’. The council’s Corporate Plan identifies key activities to support modernisation but the approach in future will be to ensure a much stronger link between the implementation and support for these ‘enablers’ and the next phase of the VfM programme.

#### **Phase 4 VfM Opportunities and Enablers**

- 3.8 Through an iterative approach to the exploration of opportunities with EY described above, the following programme of opportunities are considered to offer the greatest opportunities for efficiencies and savings while also supporting the modernisation of the council. EY recognised the importance of the Council’s support for major infrastructure projects in the Medium Term Financial Strategy because of links to increased council tax, business rates and the economic success of the city but concluded that this was best considered outside of the more internally focussed VfM and Modernisation agendas.
- 3.9 Their recommended areas of focus do not preclude the council from working on many other fronts to achieve savings and efficiencies but indicate those areas where investing additional resources and support could have the greatest return on investment. The VfM Phase 4 programme opportunities and ‘enablers’ are as follows:

VfM programme opportunities:

- Adult Social Care Modernisation
- Children’s Services VfM
- Income & debt management
- Third party spend
- Client Transport
- Cultural Services
- Workstyles

Corporate ‘enabling’ opportunities for Modernising the Council

- Digital Customer Experience (DiCE)
- People Plan & Culture Change
- Targeted ICT investment
- Business Process Improvement (BPI)
- Multi-agency integrated working

All of the above opportunities are explored in more detail in Appendix 1. The potential savings opportunities as defined in the high level business case prepared by EY and refined in subsequent weeks are given in low to high ranges which indicate potential financial benefits of between £8m to £14m per annum subject to further work to define the resources and savings possible through the above 'enablers'.

3.10 The success of each opportunity and enabler is likely to depend on a combination of the following factors:

- Effectiveness of the leadership and governance of the programme at all levels;
- Availability/funding of appropriate resources to support implementation;
- Demographic and other demand changes and trends;
- Impact of other initiatives and programmes e.g. Better Care Fund, Partnership working;
- Other factors e.g. legislative changes, welfare reform impact, impact of managing the budget gap i.e. other savings decisions.

These are key risks that are identified and will be managed proactively by ELT within the governance framework of the programme.

#### **Implementing the Phase 4 VfM Programme and Approach**

3.10 EY worked closely with the Executive Leadership Team (ELT) to review their findings and work through the possible opportunities and options for supporting the next phase of VfM to ensure success. In particular, ELT have reviewed officer governance arrangements to ensure that more time can be devoted by ELT to the collective management and oversight of the programme. A new senior officer structure has also been implemented within the Finance & Resources Directorate to better align support to the programme and make sure we are organised in the right way, with the right capacity to lead this and other linked changes.

3.11 ELT have also identified lead officers (SRO's) for each of the VfM opportunities together with project management support to help develop detailed project documents, business cases and project initiation plans. Finance and HR leads have also been assigned to each opportunity. Further consideration is being given to the appropriate resourcing for each opportunity as the business cases are developed and reviewed.

3.12 In setting up the arrangements for the next phase of the VfM programme and approach it is also recommended that a number of principles are adopted and rigorously adhered to in order to maximise the identified opportunities and ensure their achievement. These are described in more detail below:

<b>Theme</b>	<b>Principle</b>	<b>Rationale/Impact</b>
Decision-making	Members should have greater oversight of the programme on a cross-party basis.	Decisions can be made quicker with Members better sighted on delivery to inform decision-making.
Accountability	There should be clear lines of accountability for projects and the overall programme. Overall	The programme will have clearly defined governance and clear reporting lines, with managers being



Theme	Principle	Rationale/Impact
	accountability should sit with ELT.	personally responsible for successful delivery.
Programme discipline	The VfM projects should follow a programme discipline whereby projects will report into programme boards and links between projects are clearly identified and managed.	VfM projects will sit within an overarching VfM programme which will evaluate the projects, provide steer and escalate risks quickly for resolution.
Project delivery	Savings should be targeted in such a way that does not create double-counting over the 'claiming' of savings.	Responsibility for delivering each project will sit with the Senior Responsible Officer (SRO) in each Directorate with clear targets.
Attitude	The VfM programme should have credibility, sponsorship and visibility across the organisation through a clear commitment from senior leadership.	There will be no 'opt out' from staff or services and there will be a risk and performance management approach to resolving obstacles and roadblocks to maintain the pace of delivery.

### Resources and Savings

- 3.13 The potential resources for supporting the achievement of the programme and associated savings are set out in Appendix 1. This indicates that substantial resources are required if the programme is to be effectively mobilised, supported and driven at pace given the immediacy of the financial challenges facing the authority. The resources for supporting VfM opportunities and 'enablers' are discussed separately below.

#### Savings and Resources for VfM Opportunities:

- 3.14 In their high level business case EY recommended that a minimum resource investment of £2.4m would be needed to deliver savings of up to £11.4m. These resource assumptions and savings have been carefully scrutinised to maximise the use of existing resources and the current estimates indicate that circa £1.0m would be sufficient to mobilise and deliver the phase 4 VfM opportunities with likely savings of between £6.0m to £9.7m. However, of these resources, £0.3m for additional procurement capacity (across the corporate procurement and legal and audit teams) would need to be recurrent as this is about an ongoing higher level of work and support, not one-off interventions to make changes. This would be an ongoing commitment on the 2015/16 budget.

#### Savings and Resources for 'Enablers':

- 3.15 The resourcing and savings associated with 'enablers' needs more consideration as the detailed business cases are worked through. Ideally, the significant capital and revenue investments in Workstyles and ICT should work alongside the Digital Customer Experience (DiCE), Business Process Improvement (BPI), and People Plan & Culture Change enablers to achieve Modernisation. EY have suggested that organisations of this size attempting significant change on this scale would need to invest between £3m to £9m on these enablers depending on the scale of savings and efficiencies required. While there is already significant capital and revenue investment in Workstyles and ICT, there may therefore need

to be greater investment in the enablers if substantial savings are to be achieved from Modernisation. Currently, a minimum additional resource requirement of £0.5m has been identified but further work will be undertaken to look at the resources needed to achieve savings of between £2.0m to £4.0m per annum from Modernisation.

- 3.16 Savings in the range of £8.0m to £13.7m could therefore be achievable with the resources identified. All resources will need to be kept under review to ensure, as mentioned earlier, that we do not compromise the opportunity presented through failing to resource the programme sufficiently.

### **Programme Delivery**

- 3.17 To ensure the programme is properly supported and can maximise the identified opportunities we will need to finalise the detailed business cases for each area that flow from the overall high level business case to determine:

- Savings targets over the medium term;
- Resource requirements;
- Key milestones and timelines;
- Defined Benefits and Outcomes to be tracked and measured;
- Links and dependencies with other programmes;
- Risks and their mitigation.

- 3.18 The governance arrangements for the programme also need to be confirmed including Member engagement. To support the principles above and given the size and complexity of the programme and its importance to the organisation over the next 5 years, it is recommended that a cross-party group of Members have oversight of the programme and its delivery. Rather than create another board or panel and mindful of multiple demands on Member time, it is recommended that the current cross-party 'Budget Review Group' take a lead role in this oversight. However it is also proposed that alongside the particular finance expertise on that group there is broader membership from each party to ensure wider engagement and strong links to the other Corporate Plan priorities and service strategies.

- 3.19 It is recommended that this Extended Budget Review Group meets monthly, at least initially, possibly moving to bi-monthly meetings once the programme is established. The formal reporting line will be to Policy & Resources Committee through the Targeted Budget Management (TBM) reporting framework but a detailed update on the programme will be brought to the December meeting of this committee alongside the latest budget planning information for 2015/16. This report and that proposed for December will also be provided to the Audit & Standards Committee for information as they have an important role to play in ensuring the adequacy of the council's arrangements to secure economy, efficiency and effectiveness in the use of resources.

## **4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The council's VfM approach has made good progress to date but there is a need to build upon its success and generally increase momentum. Some service areas, in particular Children's Services have met and exceeded their VfM targets. One option, therefore, could be to continue with a service focus to further exploit

this approach, however, this would not on its own meet the scale of the financial challenge, particularly as savings are becoming increasingly challenging to achieve in these areas.

- 4.2 The preferred approach is therefore to continue with the services generating the greatest VfM savings but to also exploit opportunities that cut across services including the potential for greater partnership working. It is hoped that the inclusion of the identified 'enablers' will provide the infrastructure to support delivery of the savings.

## **5 COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 None specifically in relation to this report.

## **6 CONCLUSION**

- 6.1 The VfM opportunities and enablers identified for the phase 4 VfM programme will provide significant savings to help the council manage future budget gaps. These savings will principally be through efficiencies, better demand management, growing income, or achieving more cost effective outcomes (e.g. Early Help strategies). However, potential savings of between £8m to £14m will not close the projected budget gaps of £20m to £25m per annum over the next 5 years. The programme can therefore only complement other decisions and activity to help close the gap.
- 6.2 A governance structure with cross-party Member representation will provide robust oversight of this significant programme of work. Together with more focused leadership from ELT and clear lines of accountability for delivery, it signals the importance of the programme and supports transparency of decision making.

## **7 FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 7.1 Savings and resource projections are set out in the body of the report as far as possible but there are still some questions to be answered once detailed business cases have been finalised. Appendix 1 sets out the known and estimated resource requirements to deliver the phase 4 VfM programme. Some of this investment will be recoverable through return on investment while some will need to be covered from the Modernisation Fund. In some areas, such as Adult Social Care and Children's Services, resources will be provided from core budgets, previously approved funds, or new funding sources (e.g. Better Care Fund). Some areas, for example ICT and Workstyles, include some capital funding and financing requirements which have been approved elsewhere. Currently, £1.450m additional resources are estimated to be required in 2014/15.
- 7.2 To fund the programme, the 2014/15 budget included an additional £0.350m for the Modernisation Fund for 2014/15 together with £0.700m for 2015/16. The resource requirement identified in the report, £1.450m, would therefore require early drawdown of the 2015/16 Modernisation Fund together with a contribution of approximately £0.400m from the 2013/14 revenue budget underspend reported elsewhere on the agenda.

- 7.3 Resourcing the programme in future will need to be considered in budget planning rounds. As mentioned in the report, additional investment in procurement capacity of £0.300m will be funded from one-off resources in 2014/15 but would need to be ongoing and needs to be built into the council's 2015/16 budget planning as a recurrent commitment. Further one-off resources are likely to be required to continue to support delivery of the phase 4 programme in 2015/16 and the remaining resources of £1.624m available from 2013/14 outturn could be set aside for this purpose.
- 7.4 The report identifies potential savings opportunities in the range of £8.0m to £13.7m per annum subject to further analysis of the potential savings relating to Modernisation 'enablers'. As mentioned, this will not fully address projected budget gaps of £20m to £25m per annum over the next 4 to 5 years.
- 7.5 The 2014/15 budget includes VfM savings targets of £8.9m as shown in Appendix 1. These will need to be delivered as the VfM programme transitions from phase 3 into phase 4 during 2014/15. The primary focus of phase 4 will therefore be on achieving savings from 2015/16 and beyond.

*Finance Officer Consulted: Nigel Manvell*

*Date: 23/05/14*

Legal Implications:

- 7.6 Policy & Resources Committee is the appropriate decision-making body for the resolutions recommended in this report, given the sums involved and the strategic importance of the Value for Money programme to the council.

*Lawyer Consulted:*

*Oliver Dixon*

*Date: 23/05/14*

Equalities Implications:

- 7.7 The principle thrust of value for money is to improve either economy, effectiveness or efficiency of services or a combination of these. The value for money approach can therefore help in tackling inequality by enabling services to provide more for less money or maintain important services and outcomes with less money. Alternatively, services can be provided in a different way to achieve the same outcomes at a lower cost.

Sustainability Implications:

- 7.8 There are many areas of the Value for Money Phase 4 programme that will not only contribute to financial sustainability and resilience but will also reduce carbon emissions (e.g. Workstyles, Client Transport, ICT investment) and paper and printing volumes (e.g. DiCE and BPI).

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Value for Money Phase 4 Opportunities and 'Enablers'



**Value for Money Phase 4 Opportunities and ‘Enablers’**

VfM Phase 4 Opportunity High Level Business Case	High Level Benefits	Savings in 2014/15 Budget	Potential Savings Opportunity per annum from 2015/16 (range)	Estimated Investment Required (Resources)
<b>Adult Social Care Modernisation Programme</b>				
<p>This is a large service and budget area where there is considerable change emanating from the Care Bill and the Better Care Fund initiative.</p> <p>The Better Care Fund plan and associated ‘frailty pilots’ have the potential to help manage demand and reduce care costs while improving outcomes. Conversely, the Care Bill introduces major changes that could have a major impact on demand if not managed effectively.</p> <p>This VfM area will therefore be linked to the wider modernisation of Adult Social Care. This will look at how the service is organised and integrated with health but there will also be a strong emphasis on commissioning and procurement of community care services.</p>	<ul style="list-style-type: none"> <li>• Reductions in emergency admissions to hospital and delayed transfers of care.</li> <li>• Increase in the proportion of our most frail patients with an appropriate integrated care plan in place.</li> <li>• Earlier identification and diagnosis of a range of health conditions including dementia.</li> <li>• Reduction in the number of residential and long term placements.</li> <li>• Provision of a streamlined and consistently responsive 24x7 service.</li> <li>• Reduction in the cost of care placements and acute care costs.</li> </ul>	<p>£3.2m</p>	<p>£0.9m to £1.5m</p>	<p>£0.5m one-off resources provided in 2014/15 budget for ASC Modernisation.</p> <p>Better Care Fund includes circa £1.0m in 2014/15 for implementation of the plan.</p>
<b>Children’s Services VfM</b>				
<p>This is also a large service and budget area and VfM phase 4 will continue to build on the work to date to manage</p>	<ul style="list-style-type: none"> <li>• Reduced care costs and care placements through Early Help interventions.</li> </ul>	<p>£2.5m</p>	<p>£1.4m to £2.0m</p>	<p>Project management support and specialist support is expected to funded from existing Children’s</p>

VfM Phase 4 Opportunity High Level Business Case	High Level Benefits	Savings in 2014/15 Budget	Potential Savings Opportunity per annum from 2015/16 (range)	Estimated Investment Required (Resources)
demand through improved prevention and collaboration across agencies but with more explicit links to the Early Help Strategy and the multi-agency safeguarding approach (MASH). The programme will also review special educational needs and disability services.	<ul style="list-style-type: none"> <li>• Improved care planning and data sharing protocols across agencies.</li> <li>• Improved workforce programme including identifying skills gaps for early help services.</li> <li>• Improved response to safeguarding concerns through MASH development.</li> <li>• Improved commissioning and outcomes for Special Education Needs (SEN)/Disability services.</li> </ul>			Services and Stronger Families, Stronger Communities funding.
<b>Third Party Spend</b>				
<p>The council spends very substantial sums with third party suppliers and providers. An opportunity has been identified to further increase value for money from third party suppliers through the following approaches:</p> <ul style="list-style-type: none"> <li>• Contract Optimisation – i.e. ensuring contracts are managed well and that the council receives and pays for what it has contracted;</li> <li>• Category Management – for larger areas, ensuring that suppliers are</li> </ul>	<ul style="list-style-type: none"> <li>• Overall reduction of circa 3% in the cost of buying goods and services.</li> <li>• Reduction in duplication, waste and 'off-framework' spend and better co-ordination of multi-functional purchasing projects.</li> <li>• Longer-term, greater control over procurement / suppliers leading to better</li> </ul>	£2.3m	£1.8m to £2.9m	Approx £0.300m including Category Management specialists, additional contract management and contract auditor capacity and contract lawyer support. This support is considered to be a recurrent requirement and would need to be considered in future budget planning.



VfM Phase 4 Opportunity High Level Business Case	High Level Benefits	Savings in 2014/15 Budget	Potential Savings Opportunity per annum from 2015/16 (range)	Estimated Investment Required (Resources)
<p>managed holistically across the council rather than by individual services who may not be aware of poor performance elsewhere or other similar contracts provided by the same supplier within the council;</p> <ul style="list-style-type: none"> <li>Commercial Excellence – ensuring that procurement processes are support by appropriate commercial expertise and developing this more widely.</li> </ul>	<p>market shaping.</p> <ul style="list-style-type: none"> <li>Reduced risk of fraud and/or non-performance of contracts.</li> <li>Improved compliance with Contract Standing Orders and procurement regulations.</li> <li>Improved links with commissioning strategies.</li> <li>Improved procurement and contract management skills and optimal use made of those.</li> </ul>			
<b>Income &amp; Debt Management</b>				
<p>Delivering long-term financial benefits through different approaches to managing income and collection as follows:</p> <ul style="list-style-type: none"> <li>Income Optimisation – pursuing opportunities to grow income e.g. business rates, fees and charges, etc.</li> <li>Debt Collection – improving income collection wherever possible, in particular, through financial inclusion initiatives to help people avoid getting into arrears in the first</li> </ul>	<ul style="list-style-type: none"> <li>Increased income (circa 1% per annum) as a proportion of the council's gross expenditure.</li> <li>Improved 'ultimate' collection rates across all income areas including reduced debt write off and bad debt provisions across all areas.</li> <li>Reduced cost of collection and recovery across all areas.</li> </ul>	£1.1m	£1.3m to £2.5m	Approx. £0.2m including an external Financial Inclusion 'Health Check', fraud expertise and Business Process Improvement support.

VfM Phase 4 Opportunity High Level Business Case	High Level Benefits	Savings in 2014/15 Budget	Potential Savings Opportunity per annum from 2015/16 (range)	Estimated Investment Required (Resources)
instance; <ul style="list-style-type: none"> <li>Fraud reduction – looking at potential approaches to fraud risk to identify areas where targeted intervention may produce financial benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Greater Financial Inclusion for personal debtors evidenced through reduced arrears cases.</li> <li>Improved customer satisfaction through better process design and improved customer journeys and access to information.</li> <li>Improved mapping and understanding of potential fraud risks.</li> <li>Increased detection rates for fraud and corruption.</li> </ul>			
<b>Client Transport and Fleet</b>				
The aim is to develop a holistic approach to client transport including effective management of demand and improved organisation, deployment and procurement of fleet.	<ul style="list-style-type: none"> <li>Improved commissioning and planning of client transport operations leading to improved demand management.</li> <li>Reduction in the cost of fleet procurement and management.</li> </ul>	£0.3m	£0.2m to £0.4m	Approx. £0.1m (to be confirmed)
<b>Cultural Services</b>				
Cultural services are vital to the City and are of significant public and Member interest. There could be opportunities to	<ul style="list-style-type: none"> <li>Help to protect the City's nationally and internationally significant</li> </ul>	£nil	Not quantified at this stage – subject to	To be confirmed

VfM Phase 4 Opportunity High Level Business Case	High Level Benefits	Savings in 2014/15 Budget	Potential Savings Opportunity per annum from 2015/16 (range)	Estimated Investment Required (Resources)
<p>deliver services differently to reduce costs while maintaining or improving service quality including the work underway on the future model for the Royal Pavilion and Museums and associated lottery fund bid. This area will also look at options for community hubs and how and where they could be operated.</p>	<p>cultural heritage assets by ensuring the resilience and viability of services.</p> <ul style="list-style-type: none"> <li>• Boost the Royal Pavilion estate's capacity to deliver BHCC's Economic, Tourism and Cultural Strategies, securing the impact and contribution of the sector on the local economy.</li> <li>• Improve access to council services at low cost.</li> </ul>		detailed business case	
<b>Workstyles</b>				
<p>Continuation of the approach to Workstyles which supports greater opportunities for flexible working while also ensuring the council can maximise the value for money of its office accommodation and reduce footprint and accommodation costs where possible.</p>	<ul style="list-style-type: none"> <li>• Reduction in the council's office accommodation footprint.</li> <li>• Reduced carbon emissions.</li> <li>• Improved flexible working choices contributing to staff welfare and business process changes.</li> <li>• Facilitates improved partnership working.</li> </ul>	£0.1m	£0.4m Also see paragraph 3.14.	Resources are provided for in each phase of the Workstyles business cases.
<b>Digital Customer Experience (DiCE)</b>				
<p>Building on the existing Digital Customer Experience (DiCE) programme with</p>	<ul style="list-style-type: none"> <li>• Increased opportunities for shared delivery with</li> </ul>	£nil	Not quantified at this stage –	£0.3m in 2014/15 provided from existing Modernisation Funds.

VfM Phase 4 Opportunity High Level Business Case	High Level Benefits	Savings in 2014/15 Budget	Potential Savings Opportunity per annum from 2015/16 (range)	Estimated Investment Required (Resources)
further targeted investment to accelerate this initiative and bring more services on-line within a shorter timeframe.	partners. <ul style="list-style-type: none"> <li>• Enhanced proactive services available to vulnerable households.</li> <li>• Providing 'Assisted Digital' services to ensure that those who lack the skills, confidence or access to the internet are not disadvantaged in accessing services.</li> <li>• Improved customer satisfaction through quicker turnaround times, reduced failures and improved information.</li> <li>• Overall reduced costs of supporting customer access through a 'channel shift' to digital services.</li> </ul>		subject to detailed business case. Also see paragraph 3.14.	Further resources likely to be identified in the detailed business case in order to accelerate the project.

VfM Phase 4 'Enablers'- Rationale	Benefits	Investment Required (Resources)	Potential Savings
<b>People Plan &amp; Culture Change</b>			
<p>Modernising the council must be supported by a relevant and appropriately trained and developed workforce. The People Plan will focus on embedding the council's values and supporting cultural change through the Living Our Values development programme. There will be 4 key workstreams:</p> <ul style="list-style-type: none"> <li>• Job families</li> <li>• Workforce Planning</li> <li>• Talent Management</li> <li>• Culture Change and Performance Improvement (CCPI)</li> </ul>	<ul style="list-style-type: none"> <li>• Job Families is about implementing a job structure that:               <ul style="list-style-type: none"> <li>○ develops a clearer organisational structure and career pathways;</li> <li>○ supports workforce planning and analysis;</li> <li>○ rewards by what is known not what is managed, and;</li> <li>○ integrates organisational competencies.</li> </ul> </li> <li>• Workforce Planning will mean producing organisational tools to develop good links to business planning, to gather and analyse workforce intelligence and information and to identify opportunities through integrated working. A pilot will be conducted.</li> <li>• Talent Management will mean producing a talent / resource management toolkit that enables managers to:               <ul style="list-style-type: none"> <li>○ recruit, retain and deploy our workforce;</li> <li>○ ensure staff have the right skills to do their jobs;</li> <li>○ manage performance effectively, and;</li> <li>○ maximise opportunities for</li> </ul> </li> </ul>	<p>Approx. £0.3m. Every effort will be made to utilise current HR &amp; OD and other support service resources.</p>	<p>See paragraph 3.14</p>

VfM Phase 4 'Enablers'- Rationale	Benefits	Investment Required (Resources)	Potential Savings
	<p>integrated working.</p> <ul style="list-style-type: none"> <li>The CCPI approach is designed to improve performance management across the organisation through targeted organisational development e.g. the Living our Values development programme.</li> </ul>		
<b>Targeted ICT Investment</b>			
<p>A service-led and requirements-based approach to ICT investment should reduce the cost of service provision, create a clearer investment case and improve the council's operations and customer experience.</p> <p>The purpose of the Targeted ICT Investment workstream is to deliver the 'Control' section of the council's ICT Strategy. This includes the alignment of ICT operating principles and organisational design principles, the design and implementation of a new financial model and the continual improvement of ICT governance.</p>	<ul style="list-style-type: none"> <li>Improved governance and control over ICT investment across the council.</li> <li>Improved business decisions and service design leading to improved customer service.</li> <li>Maximising the use of ICT Investment Plan resources and investments.</li> </ul>	<p>£6m capital and £1m revenue funding provided within the ICT Investment Plan approved by Council.</p> <p>This VfM project will identify and prioritise further ICT investment requirements.</p>	<p>See paragraph 3.14</p>
<b>Business Process Improvement (BPI)</b>			
<p>Many of the changes arising from DiCE, Workstyles, ICT investment and other changes will need processes to be reviewed and re-engineered to make the most of these investments. There will also be many areas where service redesign will be required to improve value for money and BPI can be used to help implement this. BPI's primary focus is on improving processes and services from the customer's perspective.</p>	<ul style="list-style-type: none"> <li>Where BPI support is prioritised, to identify opportunities for cashable and non-cashable savings through reduced processing costs and improved 'customer journeys'.</li> <li>Generally, to increase awareness and use of BPI methodology across all services through provision of corporate toolkits and advice.</li> <li>Improved approach to continuous improvement from a customer perspective.</li> </ul>	<p>£0.2m BPI resources. Currently provided with existing Modernisation Funds until March 2015. BPI resources may be up-scaled subject to demands and inter-dependencies with other programmes (e.g. DiCE).</p>	<p>See paragraph 3.14</p>

VfM Phase 4 'Enablers'- Rationale	Benefits	Investment Required (Resources)	Potential Savings
<b>Integrated Multi-agency Working</b>			
<p>Partnership working is complex and can present a number of challenges. The purpose of this task and finish project is to develop the infrastructure to enable the organisation to more effectively plan and implement partnership projects to deliver integrated services.</p>	<ul style="list-style-type: none"> <li>• Generate solutions to problems that single agencies cannot solve;</li> <li>• Improve the services that users receive from multi-agency services;</li> <li>• Enhance the co-ordination of services across organisational boundaries, and;</li> <li>• Deliver efficiencies through economies of scale and the removal of duplication and overlap.</li> </ul>	<p>At this stage, anticipated to be deliverable within existing resources.</p>	<p>See paragraph 3.14</p>





**Subject:** Targeted Budget Management (TBM) Provisional Out-turn 2013/14  
**Date of Meeting:** 24 June 2014  
**Report of:** Head of Law  
**Contact Officer:** Name: **Ross Keatley** Tel: **29-1064**  
E-mail: ross.keatley@brighton-hove.gov.uk  
**Wards Affected:** All

**FOR GENERAL RELEASE**

***Action Required of the Audit & Standards Committee:***

To receive the item referred from the Policy & Resources Committee for information:

**Recommendation:**

That the report be noted.

**POLICY & RESOURCES COMMITTEE**

**4.00 pm 12 JUNE 2014  
COUNCIL CHAMBER, HOVE TOWN HALL**

**DRAFT MINUTES**

**Present:** Councillor J Kitcat (Chair) Councillors Sykes (Deputy Chair), G Theobald (Opposition Spokesperson), Morgan (Group Spokesperson), Lepper, A Norman, Peltzer Dunn, Pissaridou, Randall and Shanks.

**PART ONE**

**7. TARGETED BUDGET MANAGEMENT (TBM) PROVISIONAL OUT-TURN 2013/14**

7.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to Targeted Budget Management (TBM) Provisional Out-turn 2013/14. TBM was a key component of the Council's overall performance monitoring and control framework; the report set out the provisional outturn position (Month 12) on the Council's revenue and capital budget for the financial year 2013/14. The final outturn position was subject to the annual external audit review, and the final position would be

shown in the Council's financial statements which had to be signed by the Chief Financial Officer by 30 June 2014 and the audited set approved by the Audit & Standards Committee by 30 September 2014.

- 7.2 Councillor Sykes thanked Officers for the work that had gone into the report, and noted that the underspend was good news which showed the change of position since the 2014/15 budget had been agreed. The pressure area in relation to the Code of Connection provision was also noted.
- 7.3 Councillor Morgan noted the expenditure on homelessness had been lower than expected, but queried this against the growing number of homeless in the city; he also asked if the underspend in the City Parks service could be put back into the service. In response to the first matter the Executive Director of Finance & Resources confirmed that not all of the additional funding for homelessness had been needed, and the overall spend had been increased in this area. It was not certain if this trend would continue; a lot of work had put in to help mitigate the impact of welfare reforms, and there was a degree of reliance on discretionary funds – not all of which would continue in future years. In response to the second point the Executive Director of Environment, Development & Housing; noted that the underspend in the parks service could be explored further, but this would need to be considered against the risk that the underspend would be realised by the end of the financial year – there would further information on this in the TBM report to the July meeting.
- 7.4 Councillor A. Norman welcomed the reported underspend in the budget, and noted there was indication, to her, in the report that the number of people in work in the city was increasing. In relation to business rates the reduced number of successful appeals was welcomed, and it was referenced that the Council no longer needed support from the Safety Net. With the addition of grant funding that had been lobbied for it was noted that there was a significant financial boost for the Council, and Councillor A. Norman queried if there had been a need to increase Council Tax as part of the 2014/15 budget.
- 7.5 In response to specific questions from Councillor A. Norman the Executive Director for Finance & Resources explained that the public health reserve had to be ring fenced specifically for that service; currently the Director of Public Health was considering options to secure long term finance gains. In relation to discretionary funds it was clarified that there had been an underspend in the previous financial year and the decision had been made to take some recurrent funding out of this to stretch these resources over a longer period. The carry forward on 'Living Our Vales Everyday' related to the corporate plan modernisation agenda and the range of activities that had been rolled out for all managers in the organisation to equip them with the skills to work through the change process.
- 7.6 The Executive Director for Environment Development & Housing clarified for Councillor A. Norman that there was an overspend in the City Clean budget in one area, but this was considered in the context of a very difficult year for the service. There had been some serious problems with vehicle breakdowns, but the Executive Director had full confidence that this would be addressed when the new vehicles became operational later in the year.

- 7.7 The Executive Director for Adult's Service explained to Councillor A. Norman that work was being undertaken to consider a range of supported living options and this included extra care schemes.
- 7.8 Councillor Sykes noted the late receipt of £400k from central government, and stated that this was contrary to good financial planning; the Chair agreed with this, but Councillor A. Norman noted that in her experience local authority finance had always been complicated.
- 7.9 Officers agreed to provide Councillor G. Theobald with additional information in relation to Patcham Court open access scheme outside of the meeting.
- 7.10 In response to Councillor Pissaridou the Executive Director for Finance & Resources explained that for the funds for short breaks for children had been a capital grant; the voluntary sector had since been invited to put forward ways to use these funds which had not had proposals in place.
- 7.11 The Chair noted the ongoing difficult position of the budget in the next year and referenced the amount of work that the organisation needed to undertake. The Chair then put the recommendation to the vote.
- 7.12 **RESOLVED:**
- (1) That the Committee note the total provisional outturn position for the General Fund, which is an underspend of £1.085m. This consists of an underspend of £1.190m on council controlled budgets and an overspend of £0.105m on the council's share of the NHS managed Section 75 services;
  - (2) That the Committee note the provisional outturn for the Housing Revenue Account (HRA), which is an underspend of £0.766m.
  - (3) That the Committee note the provisional outturn position for the Dedicated Schools Grant which is an underspend of £1.447m.
  - (4) That the Committee approve the carry forward requests totalling £7.176m as detailed in Appendix 2.
  - (5) That the Committee note the provisional outturn position on the capital programme.
  - (6) That the Committee approve the following changes to the capital programme.
    - i. The variations and reprofiles in Appendix 4 and the new schemes as set out in Appendix 5.



<b>Subject:</b>	<b>Targeted Budget Management (TBM) Provisional Outturn 2013/14</b>		
<b>Date of Meeting:</b>	<b>12 June 2014</b>		
<b>Report of:</b>	<b>Executive Director of Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jeff Coates</b>	<b>Tel: 29-2364</b>
	<b>Email:</b>	<b>Jeff.coates@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1 PURPOSE OF REPORT AND POLICY CONTEXT:**

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out the provisional outturn position (Month 12) on the council's revenue and capital budgets for the financial year 2013/14.
- 1.2 The final outturn position is subject to the annual external audit review. The final position will be shown in the council's financial statements which must be signed by the Chief Finance Officer by 30 June 2014 and the audited set approved by the Audit & Standards Committee by 30 September 2014.

**2 RECOMMENDATIONS:**

- 2.1 That the Committee note the total provisional outturn position for the General Fund, which is an underspend of £1.085m. This consists of an underspend of £1.190m on council controlled budgets and an overspend of £0.105m on the council's share of the NHS managed Section 75 services.
- 2.2 That the Committee note the provisional outturn for the Housing Revenue Account (HRA), which is an underspend of £0.766m.
- 2.3 That the Committee note the provisional outturn position for the Dedicated Schools Grant which is an underspend of £1.447m.
- 2.4 That the Committee approve the carry forward requests totalling £7.176m as detailed in Appendix 2.
- 2.5 That the Committee note the provisional outturn position on the capital programme.
- 2.6 That the Committee approve the following changes to the capital programme.
  - i) The variations and reprofiles in Appendix 4 and the new schemes as set out in Appendix 5.

### 3 CONTEXT / BACKGROUND INFORMATION

#### Targeted Budget Management (TBM) Reporting Framework

- 3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy & Resources Committee. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending together with more regular monitoring of high risk 'corporate critical' areas as detailed below.
- 3.2 The TBM report is normally split into 8 sections as follows:
- i) General Fund Revenue Budget Performance
  - ii) Housing Revenue Account (HRA) Performance
  - iii) Dedicated Schools Grant (DSG) Performance
  - iv) NHS Controlled S75 Partnership Performance
  - v) Capital Investment Programme Performance
  - vi) Capital Programme Changes
  - vii) Implications for the Medium Term Financial Strategy (MTFS)
  - viii) Comments of the Director of Finance (statutory S151 officer)

#### General Fund Revenue Budget Performance (Appendix 1)

- 3.3 The table below shows the provisional outturn for Council controlled revenue budgets within the General Fund. More detailed explanation of the variances can be found in Appendix 1.

Month 9 Forecast Variance £'000	Directorate	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(1,727)	Children's Services	55,488	53,812	(1,676)	-3.0%
2,348	Adult Services	62,744	64,570	1,826	2.9%
237	Environment, Development & Housing	34,834	34,144	(690)	-2.0%
223	Assistant Chief Executive	12,033	12,161	128	1.1%
10	Public Health	1,166	1,148	(18)	-1.5%
(976)	Finance, Resources & Law	36,862	35,939	(923)	-2.5%
115	Sub Total	203,127	201,774	(1,353)	-0.7%
638	Corporate Budgets	3,764	3,927	163	-4.3%
753	Total Council Controlled Budgets	206,891	205,701	(1,190)	-0.6%

- 3.4 The General Fund includes general council services, corporate budgets and central support services. Corporate budgets include centrally held provisions and budgets (e.g. insurance) as well as some cross-cutting value for money savings targets. General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Although part of the General Fund, financial information for the Dedicated Schools Grant is shown separately as this is ring-fenced to education provision (i.e. Schools).

#### Corporate Critical Budgets

- 3.5 There are a number of budgets that carry potentially higher financial risks and therefore could have a material impact on the council's overall financial position. These are significant budgets where demand or activity is difficult to predict and where relatively small changes in demand can have significant implications for the council's budget strategy. These therefore undergo more frequent and detailed analysis.
- 3.6 They are based on current activity levels and commitments but these can fluctuate significantly over the year. Mitigating recovery actions can change the financial outlook substantially, even for small changes in activity levels but the opposite also applies, hence the reason for closer scrutiny of these areas.

Month 9 Forecast Variance £'000	<b>Corporate Critical</b>	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(1,058)	Child Agency & In House	19,471	18,200	(1,271)	-6.5%
1,875	Community Care	41,381	43,015	1,634	3.9%
(84)	Sustainable Transport	(15,860)	(16,093)	(233)	-1.5%
(257)	Temporary Accommodation	1,539	675	(864)	-56.1%
0	Housing Benefits	(569)	(706)	(137)	-24.1%
476	Total Council Controlled	45,962	45,091	(871)	-1.9%

#### **Carry Forward Requests (Appendix 2)**

- 3.7 Under the council's Financial Regulations, the Director of Finance may agree carry forwards of up to £0.050m per member of the Corporate Management Team service area (up to a maximum of £1m in total) if it is considered that this incentivises good financial management. A total of £0.050m has been agreed for one of the service areas due to its contribution to the overall underspend.
- 3.8 Policy & Resources approval is required for carry forward requests in excess of £0.050m. These include grant funded and non-grant funded carry forwards totalling £7.176m and have been included in the outturn figures above. An analysis of this is provided in Appendix 2.
- 3.9 The non-grant funded element of this totals £3.569m and a detailed breakdown of this is provided in Appendix 2. These items have been proposed where funding is in place for existing projects or partnership working that crosses over

financial years and it is therefore a timing issue that this money has not been spent in full before the year end.

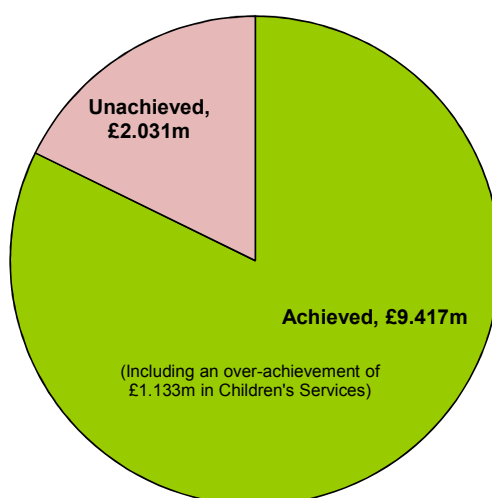
- 3.10 The element relating to grant funding totals £3.607m. Under current financial reporting standards, grants received by the council that are unringfenced or do not have any conditions attached are now recognised as income in the financial year they are received rather than in the year in which they are used to support services. Prior to 2011/12 these unspent grants would have automatically rolled into the next financial year to fund the commitments against them but now they need to be agreed as part of the carry forward requests.
- 3.11 Within the total of £3.607m, a sum of £1.447m relates to the Dedicated Schools Grant. Under the Schools Finance Regulations, the unspent part of the DSG must be carried forward to support the schools budget in future years.

### **Value for Money (VfM) Programme (Appendix 3)**

- 3.12 TBM reports also provide updates on the council's Value for Money programme. The VfM programme contains a number of large, complex projects which include additional temporary resources (e.g. Project Managers) to ensure they are properly planned and implemented. Projects can have significant financial and non-financial targets attached to them and their successful implementation is therefore important to the overall financial health of the authority.
- 3.13 Some VfM projects carry significant risks and may need specialist advice or skills that can be in short supply or they may need to navigate complex procurement or legal processes. Therefore, each month the TBM report has quantified progress in terms of those savings that have been achieved, those that were anticipated to be achieved (i.e. low risk) and those that remained uncertain (i.e. higher risk). For the outturn report, this is reported as Achieved and Unachieved.
- 3.14 As reported through second half of the year, there have been two key areas of risk regarding Accelerated Service Redesign, which was supported by a Voluntary Severance Scheme, and category spend on IT hardware and software outside of the ICT service. Accelerated Service Redesign has underachieved by £1.126m (£1.295m full year) while IT category spend has underachieved by £0.229m. In addition, pressures across Adult Social Care have also had an impact on the VfM savings in this area which has under-achieved by £0.650m although this has been mitigated by increased Continuing Health Care funding. Overall, the VfM programme has achieved savings of £9.417m (91.3%) against an original savings target of £10.315m. Further information about the risks and actions relating to these unachieved savings is given in Appendix 3.



Value for Money Programme (All Phases) - 2013/14 Monitoring



Original VfM Target 2013/14 = £10.315m

### Housing Revenue Account Performance (Appendix 1)

- 3.15 The Housing Revenue Account is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents. The provisional outturn on the HRA is summarised in the table below. More detail is provided in Appendix 1.

Month 9 Forecast Variance £'000	HRA	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Provisional Variance Month 12 %
(328)	Expenditure	56,295	55,565	(730)	-1.3%
19	Income	(56,295)	(56,331)	(36)	-0.1%
(309)	Total	-	(766)	(766)	

### Dedicated Schools Grant Performance (Appendix 1)

- 3.16 The Dedicated Schools Grant (DSG) is a ring-fenced grant which can only be used to fund expenditure on the schools budget. The schools budget includes elements for a range of services provided on an authority-wide basis including early years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The provisional outturn is an underspend of £1.447m and more details are provided in Appendix 1. Under the Schools

Finance Regulations any underspend must be carried forward to support the schools budget in future years.

### NHS Managed S75 Partnership Performance (Appendix 1)

- 3.17 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and Sussex Community NHS Trust (SCT) and include health and social care services for Adult Mental Health, Older People Mental Health, Substance Misuse, AIDS/HIV, Intermediate Care and Community Equipment.
- 3.18 These partnerships are subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements can result in financial implications for the council should a partnership be underspent or overspent at year-end and hence the performance of the partnerships is reported as a memorandum item under TBM throughout the year.

Month 9 Forecast Variance £'000		2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
186	<b>Section 75</b> NHS Trust managed S75 Services	12,046	12,151	105	0.9%

### Capital Programme Performance and Changes

- 3.19 Capital programme performance needs to be looked at from 5 different viewpoints at the end of the year as follows:
- i) **Forecast Variance:** The 'variance' for a scheme or project indicates whether it is expected to be break-even, underspent or overspent. Information on how forecast overspends will be mitigated is given in Appendix 4. If the project is completed, any underspend or overspend will be an outturn variance. Generally, only explanations of significant forecast variances of £0.050m or greater are given.
  - ii) **Budget Variations:** These are changes to the project budget within year, requiring members' approval, and do not change future year projections. The main reason for budget variations is where capital grant or external income changes in year.
  - iii) **Slippage:** This indicates whether or not a scheme or project is on schedule. Slippage of expenditure from one year into another will generally indicate overall delays to a project although some projects can 'catch up' at a later date. Some slippage is normal due to a wide variety of factors affecting capital projects however substantial amounts of slippage across a number of projects could result in the council losing capital resources (e.g. capital grants) or being unable to manage the cashflow or timing impact of later payments or related borrowing. Wherever possible,

the council aims to keep slippage below 5% of the total capital programme.

- iv) **Reprofiling:** Reprofiling of expenditure from one year into another is requested by project managers when they become aware of changes or delays to implementation timetables due to reasons outside the council's control. Reprofiling requests are checked in advance by Finance to ensure there is no impact on the council's capital resources before they are recommended to Policy & Resources.
- v) **IFRS changes:** These accounting changes are necessary for the council to comply with International Financial Reporting Standards (IFRS) for the Statement of Accounts. This concerns the determination of items of expenditure as either capital or revenue expenditure. Only items meeting the IFRS definition of capital expenditure can be capitalised; expenditure not meeting this definition must be charged to the revenue account. This accounting exercise is undertaken as part of the closure of accounts process and therefore IFRS changes only appear in the outturn TBM report. Where significant changes have occurred an explanation is contained in Appendix 4.

3.20 The table below provides a summary of capital programme performance by Directorate and shows that there is an overall underspend of £0.213 m which is detailed in Appendix 4.

Month 9 Forecast Variance £'000		2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Outturn Month 12 %
	<b>Capital Budgets</b>				
0	Children's Services	19,041	19,034	(7)	0.0%
0	Adult Services	2,222	2,225	3	0.1%
0	Environment, Development & Housing – General Fund	17,847	17,801	(46)	-0.3%
(435)	Environment, Development & Housing - HRA	28,603	28,530	(73)	-0.3%
(160)	Assistant Chief Executive	8,005	7,991	(14)	-0.2%
(32)	Finance, Resources & Law	6,063	5,987	(76)	-1.3%
(627)	<b>Total Capital</b>	<b>81,781</b>	<b>81,568</b>	<b>(213)</b>	<b>-0.3%</b>

(Note: Summary may include minor rounding differences to Appendix 4)

3.21 Appendix 4 shows the changes to the budget and Appendix 5 provides details of new schemes for 2014/15 to be added to the capital programme. Policy & Resources Committee's approval for these changes is required under the council's Financial Regulations. The following table shows the movement in the capital budget since approval in the Month 9 report.

<b>Capital Budget Movement</b>	<b>2013/14 Budget £'000</b>
<b>Summary</b>	
Budget approved at Month 9	93,330
Changes reported through other Committees	314
IFRS/Other Changes (to be noted)	(1,398)
Reprofiling to Budget (to be approved)	(7,679)
Slippage (to be approved)	(2,786)
<b>Total Capital</b>	<b>81,781</b>

- 3.22 Appendix 4 also details any slippage into next year. In total, project managers have forecast that £2.786m of the capital budget may slip into the next financial year and this equates to 3.4% of the reprofiled budget.

### **Implications for the Medium Term Financial Strategy (MTFS)**

- 3.23 The council's MTFS sets out resource assumptions and projections over a longer term. It is periodically updated including a major annual update which is included in the annual revenue budget report to Policy & Resources Committee and Full Council. This section highlights any potential implications for the current MTFS arising from in-year TBM monitoring above and details any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies. Details of Capital Receipts and Collection Fund performance are also given below because of their potential impact on future resources.
- 3.24 The forecast outturn position at Month 9 is a key factor in the budget setting process. At Month 9, TBM showed a forecast overspend of £0.939m. This was accounted for in assessing the level of one-off resources available to support the 2014/15 budget. At provisional outturn, this has now improved to a position of £1.085m underspend. This means that there is no impact on the 2014/15 one-off resource assumptions and provides an additional £2.024m to support future budget planning.

### Capital Receipts Performance

- 3.25 Capital receipts are used to support the capital programme. For 2013/14 a total of £11.149m capital receipts (excluding 'right to buy' sales) have been received in connection with the completion of the disposal of Amex House, the Ice Rink at Queens Square, the caretaker's house at Westdene Primary School, 110 The Highway, The Cottage at Easthill and the sale of the Council's civic car number plate.
- 3.26 The Government receives a proportion of the proceeds of 'right to buy' sales with a proportion required by the council to repay debt; the remainder is retained by the council and used to fund the capital programme. The total net usable receipts from 'right to buy' sales in 2013/14 is £4.346m including £3.923m available for replacement homes.

- 3.27 A total of £3.163m receipts from the housing Local Delivery Vehicle (LDV) have been received in 2013/14. The net receipts are ring-fenced to support investment in council owned homes.

#### Collection Fund Performance

- 3.28 The collection fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council, Sussex Police and East Sussex Fire Authority whereas any forecast deficit or surplus relating to business rates is shared between, the council, government and East Sussex Fire Authority.
- 3.29 The collection fund surplus position at 31<sup>st</sup> March 2014 on council tax is (£1.925m) and the council's share of this is (£1.644m). This includes the brought forward surplus from 2012/13 of (£0.497m) and the majority of the remaining surplus relates to a lower than budgeted caseload on council tax reduction discounts (£1.162m) and increased liability from new properties. The surplus is lower than anticipated in January due to some unexpected band reductions that have been backdated several years and unoccupied exemptions.
- 3.30 The surplus on the collection fund for business rates at 31<sup>st</sup> March 2014 is (£11.347m) and the council's share of this is (£5.560m). However after allowing for repayment of the Safety Net grant of £3.970m the council's share of the surplus reduces to (£1.590m). The council has now received vastly improved information from the Valuation Office on both outstanding and settled appeals. This data has been analysed in detail to show what has happened in each financial year starting in 2005/06 in relation to the 2005 and 2010 valuation lists. This analysis shows that the number of appeals is on a downward trend. There are significantly less appeals against the 2010 list than at the equivalent time in 2005 and the proportion of successful appeals and the consequent reduction in rateable value is not as high as anticipated when the budget was set. In addition, appeals relating to material change of circumstance are not on average backdated as far as originally thought. All of these changes mean that the level of successful appeals that occurred during 2013/14 and the provision for future successful appeals is well below the level originally budgeted and the council no longer needs support from the Safety Net. This will provide the council with additional resources in future years.
- 3.31 In the short term, the repayment of the Safety Net will create an accounting anomaly in that the council will need to recognise a creditor for this sum owing to Central Government. This will require matching resources which will be met from the council's General Fund balance of £9m. The debtor will be reversed, partly in 2014/15 and fully in 2015/16, replenishing the General Fund balance accordingly. This accounting treatment will be dealt with in the Financial Statements and detailed in full in the Financial Statements and accompanying report to Audit & Standards Committee.
- 3.32 The financial impact of the outturn position on the collection fund will be incorporated into the January 2015 calculation of the forecast outturn position for 31<sup>st</sup> March 2015 which forms part of the 2015/16 budget calculations.

## **4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The provisional outturn position on council controlled budgets is an underspend of £1.190m. In addition, the council's share of the provisional overspend on NHS managed Section 75 services is £0.105m. The underspend of £1.085m will be added to general reserves and the £0.939m set aside in general reserves to fund the expected overspend at TBM 9 will also be released giving a total of £2.024m additional one-off resources available to aid budget planning for future years. Recommendations for the use of these resources is given in the report on the Governance of Value for Money Phase 4 which is also on this Policy & Resources Committee agenda.

## **5 COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 No specific consultation has been undertaken in relation to this report.

## **6 CONCLUSION AND COMMENTS OF THE DIRECTOR OF FINANCE (S151 OFFICER)**

- 6.1 The underlying position at outturn has improved considerably since month 9 with improvements being seen across a range of services. There are three significant contributing factors. The first is an underspend on the Public Health Grant, part of which has been used to offset eligible Adult Social Care expenditure. The underlying trends on the Adult Social Care budget remain concerning and there are demanding savings targets to be achieved in 2014/15 in addition to savings not yet achieved from 2013/14. There is a request to carry forward the remainder to 2014/15 in order to ensure that the ring fenced grant conditions can be met. The underspend was caused partly by lower than anticipated costs on NHS sexual health contracts and also money set aside because of concerns about the responsibility for certain prescribing costs which has now been resolved in the council's favour. A close review of the Public Health budget commitments in 2014/15 and beyond may provide some additional flexibility for the council in its budget planning, particularly ensuring investment in preventative services can be sustained.
- 6.2 The second key change since month 9 has been lower than expected expenditure on homelessness. Additional service pressure funding was provided in 2013/14 because of concerns about the impact of rising temporary housing costs, lower local housing allowance rates and the broader impact of welfare reform. It is too early to tell whether the more modest impact will continue into 2014/15 but this will remain closely scrutinised as a corporate critical budget.
- 6.3 Thirdly the council received notification of an additional £0.400m government grant funding in the last week of the financial year. This is because the government had top-sliced too much grant funding for capitalisation costs. This had been repeatedly raised by the council and the Local Government Association (LGA) but was not recognised until very close to the year end. While this is welcome additional resourcing it could not have been forecast any earlier.
- 6.4 Collective management of the financial position has therefore ensured that the council has remained within budget with an underspend variance of less than 1%, ensuring that resources have been used for the purposes for which they were allocated.

- 6.5 A detailed explanation has been provided for the change in the income from business rates predominantly because a much lower provision for appeals has been needed. The challenge of forecasting the business rates income in year 1 of a major new funding model has been reported to members on many occasions. The positive news is that the clarity of information from the Valuation Office has improved dramatically over the year which will help future forecasting although we still only have limited experience of monitoring this income in this way. More importantly for the council's overall financial position is that the taxbase itself is in a stronger position than previously anticipated and a further update will be provided in July as part of the Budget Update report.
- 6.6 As mentioned earlier, recommendations for the use of these resources are given in the report on the Governance of Value for Money Phase 4 which is also on this Policy & Resources Committee agenda.

## **7 FINANCIAL AND OTHER IMPLICATIONS**

### Financial Implications:

- 7.1 The financial implications are covered in the main body of the report.

*Finance Officer Consulted: Jeff Coates Date: 29/05/14*

### Legal Implications:

- 7.2 Decisions taken in relation to the budget must enable the council to observe its legal duty to achieve best value by securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The council must also comply with its general fiduciary duties to its Council Tax payers by acting with financial prudence, and bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts.

*Lawyer Consulted: Oliver Dixon Date: 16/05/14*

### Equalities Implications:

- 7.3 There are no direct equalities implications arising from this report.

### Sustainability Implications:

- 7.4 There are no direct sustainability implications arising from this report.

### Risk and Opportunity Management Implications:

- 7.5 The Council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a recommended minimum working balance of £9.000m to mitigate these risks. The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Revenue Budget Performance
2. Carry Forward Requests
3. Value for Money Programme Performance
4. Capital Programme Performance
5. New Capital Schemes

### **Documents in Members' Rooms:**

None.

### **Background Documents**

None.



Children’s Services - Revenue Budget Summary

Month 9 Forecast Variance £'000	Service	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
0	Director of Children's Services	1,951	1,945	(6)	-0.3%
(98)	Education & Inclusion	2,531	2,322	(209)	-8.3%
(852)	Children's Health, Safeguarding and Care	32,888	32,246	(642)	-2.0%
(777)	Stronger Families, Youth & Communities	18,118	17,299	(819)	-4.5%
(1,727)	Total Revenue - Children	55,488	53,812	(1,676)	-3.0%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Effect on 2014/15 Budget
<b>Director of Children’s Services</b>			
(6)	Other	Minor underspend variance	
<b>Education &amp; Inclusion</b>			
(234)	Home to School Transport	There is an underspend of <b>£0.234m</b> which reflects the reduction in numbers transported during the year.	The 2014/15 Children’s services budget strategy includes savings of £0.263m in this service.
100	Adult Social Care moves	As part of the Connaught provision it has been agreed that Children’s Services will contribute <b>£0.100m</b> towards the costs relating to Adult Social Care moves.	
(75)	Other	Minor underspend variances	
<b>Children’s Health, Safeguarding &amp; Care</b>			
(151)	Social Work Teams	The Social Work Teams underspent by <b>£0.151m</b> due to a number of vacant posts within the teams.	The 2014/15 Children’s services budget strategy includes savings of £0.315m across this service.

## Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Effect on 2014/15 Budget
114	Care Leavers	The care leavers budget of £967k has overspent by <b>£0.114m</b> in 2013/14. During the year there were 55.21 FTE 'placements' for which BHCC is funding accommodation costs. This is broken down as 45.05 Care Leavers and 10.16 FTE Ex-Asylum Seekers. Costs are incurred on a number of different headings although nearly 80% of total expenditure is related to accommodation costs.	It is anticipated that the new commissioning arrangements with Housing, due to start in June, will reduce the overall spending on this service.
19	Adoption Payments	The government has instituted a number of changes and new requirements for the adoption service. Linked to this, a new Adoption Reform grant has been made available partly to fund increases in fees for inter-agency adoptions and partly to facilitate the required changes in processes. The increase in both the number and cost of inter-agency adoptions has resulted in an overspend of £0.088m. There was an underspend relating to regular adoption support payments and allowances of £0.069m for which numbers are currently slightly below budgeted levels.	
(370)	Corporate Critical-In House Foster Payments	Part of the VFM budget strategy was to switch the emphasis of fostering placements from IFA to in-house carers. The budgets were based on an increased number of in-house placements with a corresponding reduction in IFA numbers. This has not progressed as quickly as anticipated resulting in the overspend in IFAs (below) and an underspend of <b>£0.370m</b> in in-house placements.	This service is included within the children's Services Vfm 4 programme which has an overall savings target of £2.539m in 2014/15.
(372)	Contact Service	The underspend in this service is predominantly due to the use of sessional and agency staff being considerably less than anticipated in the budget. In addition there is a smaller underspend in the car mileage budget, which also reflects the more efficient use of resources than was anticipated in the budget.	The 2014/15 Children's Services budget strategy includes savings of £0.200m from this service and this budget forms part of the ongoing social work restructure review which will feed into the 2015/16 budget strategy.
27	Data	The overspend relates to work commissioned to improve data	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Effect on 2014/15 Budget
	Retrieval/IT	retrieval systems within Children's Services and the purchase of IT equipment for social work teams.	
107	Section 17 Preventive	The majority of this overspend <b>£0.053m</b> relates to the predicted cost of homelessness/housing charges.	
(148)	Early Years	The underspend in early years services represents preparation for, and partial early achievement of 2014/15 budget savings.	The 2014/15 Children's services budget strategy includes savings of £0.513m across this service, of which £0.265m relates to extending the use of the DSG.
125	16+Support Staff	The overspend in this service predominantly relates to staffing, including the extensive use of agency staff, charges from Sussex Community NHS Trust for a LAC Nurse, and significant costs relating to transport and parking at Lavender Street.	This service forms part of the ongoing social work restructure review which is looking at the deployment of resources across all social work teams to address budget pressures and will eventually feed into the 2015/16 budget strategy.
7	Other	Minor overspend variances	
<b>Stronger Families, Youth &amp; Communities</b>			
(901)	Corporate Critical - Children's Agency Placements	The final number of residential placements (26.20FTE) is broken down as 22.45FTE social care residential placements (children's homes), 3.44 FTE schools placements, 0.30 FTE family assessment placements and 0.00 FTE substance misuse rehabilitation placements. The budget allowed for 22.20 FTE social care residential care placements, 6.00 FTE schools placements, 1.50 FTE family assessment placements and 0.60 FTE substance misuse rehab placements. The number of children's home placements was slightly higher than the budget although 1.20 FTE of these were in 'semi independence' with a considerably reduced unit cost. Other residential placement types were low compared with historic averages, although numbers have increased in recent months. Overall the number of placements were 4.10 FTE below the budgeted level, and this combined with the unit cost savings described above resulted in	This service is included within the Children's Services Vfm 4 programme which has an overall savings target of £2.539m in 2014/15.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Effect on 2014/15 Budget
		<p>an underspend of <b>£0.836m</b>.</p> <p>The numbers of children placed in independent foster agency (IFA) placements began to fall during 2012/13 and that trend continued in 2013/14, although numbers have ceased to fall in recent weeks. During 2013/14 there were 165.76 FTE placements. Although this represents a reduction of 10.8% on last year, the budget strategy included a target for switching the emphasis from IFA to in-house carers which has not been achieved. On that basis the budget for IFA placements was 154.00 FTE which has been exceeded by 11.76 FTE placements resulting in an overspend of <b>£0.059m</b>.</p> <p>The final number of disability placements was 16.63 FTE with an average unit cost of £1,885.73. The number of placements was 3.13 FTE above the budgeted level. The average weekly cost of these placements was £332.53 lower than the budgeted level and the combination of these two factors together with the underspend of £0.059m on respite placements results in an overspend of <b>£0.015m</b>.</p> <p>During 2013/14 there were 1.15 FTE secure (welfare) placements and 1.56 FTE secure (justice) placements. The budget allowed for 1.25 FTE welfare and 0.75 FTE justice placements during the year. There are currently 2 children in a secure (welfare) placement and one in a secure (criminal) placement resulting in a projected underspend of <b>£0.139m</b></p>	
82	Other	Minor overspend variances	

## Appendix 1 – Revenue Budget Performance

### Adult Services – Revenue Budget Summary

Month 9 Forecast Variance £'000	Service	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
1,480	Adults Assessment	48,393	50,086	1,693	3.5%
1,094	Adults Provider	14,698	15,811	1,113	7.6%
(226)	Commissioning & Contracts	(347)	(1,327)	(980)	-282.4%
2,348	Total Revenue - Adult	62,744	64,570	1,826	2.9%

### Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Effect on 2014/15 Budget
		The key variances across Adult Social Care are as detailed below:	.
<b>Adults Assessment</b>			
see below	Assessment Services	Assessment Services is showing an overspend of £1.693m (3.5% of net budget) at outturn, which is an increase of £0.233m from Month 9. The overspend is broken down as follows: -	
2,086	Corporate Critical - Community Care Budget (Older People)	The pressure on the Older People community care budget relates largely to the Supported Living and Extra Care Housing savings target of £1.640m jointly commissioned with Housing which was not delivered in year. The target included options around Sheltered Housing, Shared Lives and other accommodation. These options were complex and meant there were significant service, legal, financial and commissioning considerations to work through for each option that required a greater lead-in time than originally anticipated. There was also a significant increase in actual homecare costs at year-end and	The application of £0.8m 2014/15 service pressure funding o reflects underlying activity levels and will partly address this issue. The Adults VfM 4 programme is targeting high cost placements. There is a 2014/15 savings target of £1.1m against Older People's services.  Options for Extra Care schemes

**Appendix 1 – Revenue Budget Performance**

<b>Key Variances £'000</b>	<b>Service</b>	<b>Description</b> (Note: FTE/WTE = Full/Whole Time Equivalent)	<b>Effect on 2014/15 Budget</b>
		forecasting methods for 2014/15 will be reviewed to ensure a more accurate picture is obtained earlier.	continue to be explored but there will remain unachieved savings in 2014/15 that need to be addressed.
(859)	Corporate Critical - Community Care Budget (Learning Disabilities)	Learning Disabilities are reporting an underspend of £0.859m at outturn, which is a positive movement of approximately £0.800m from Month 9. The main reason for the improvement is delays in concluding Ordinary Residence (OR) claims. OR Claims are built into the forecast when applications are received and a proportion of these will be disputed. Transitions costs were £142k less than anticipated & forecast growth has not materialised. Overall there has been a decrease of approximately 14 whole time equivalent client numbers from Month 9.	The Adults VfM 4 programme is targeting high cost placements. There is a 2014/15 savings target of £0.7m against Learning Disability services. Service pressure funding of £0.500m has been allocated for transitions growth, and a further £0.200m to support provider initiatives (e.g. Day Care).
451	Corporate Critical - Community Care Budget (Under 65's)	Under 65's are reporting an overspend of £0.451m, 6.5% of the total budget (a decrease of £0.114m from Month 9). The underlying pressure is largely due to the full-year effect of the increased complexity (e.g. Acquired Brain Injury, Multiple Sclerosis) of high cost placements against homecare and direct payments. Of the overspend £0.312m is attributable to 4 complex cases, one new high cost placement at £0.104m, and a further 3 cases where costs have changed in the year by £0.208m to reflect increased levels of need. A review of high cost placements and funding sources across the U65's service is underway.	The application of £0.500m 2014/15 service pressure funding reflects underlying activity levels and anticipated growth.. The Adults VfM 4 programme is targeting high cost placements.
(44)	Corporate Critical - Community Care Budget (HIV)	The underspend is a continuation of the activity and spending levels experienced over the last 2 financial years.	
59	Support & Intervention Teams	Mainstream budgets overspent by £0.058m (0.8% of net budget).	

## Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Effect on 2014/15 Budget
<b>Adults Provider</b>			
1,113	Adults Provider	<p>The provisional overspend includes an under-achievement of £0.795m against the savings target of £1.640m (2013/14 targets and unachieved targets in 2012/13). Achievement of the savings is dependent on the commissioning review of day options, the corporate VFM programme on transport, the review of options for different service models, and the Learning Disabilities accommodation review, all of which are on-going.</p> <p>The overspend also includes additional pressures on Adults Provider budgets due to increased staffing in the Resource Centres for Older People (£0.592m) which has been partly offset by one off and recurrent Department of Health Social Care funding (£0.262m) and projected shortfalls on Residents Contributions (£0.049m) and other areas are underspent by £0.061m.</p>	<p>There is a significant risk of delivery of savings in 2014/15. The service has developed a Financial Recovery Plan which shows unachieved savings in previous years in addition to the savings target of £0.765m in 2014/15 and the full year effect of the 2013/14 savings at £0.583m. Based on current service plans (at May 2014) savings of up to £0.5m could be achieved in 2014/15 leaving a potential shortfall of £1.6m.</p>
<b>Commissioning &amp; Contracts</b>			
(980)	Commissioning & Contracts	<p>Commissioning &amp; Contracts are reporting a provisional underspend of £0.980m at outturn, reflecting an improvement of £0.754m from Month 9. Of this, £0.628m relates to preventative contracts that were funded from the Public Health grant in accordance with the grant conditions. The remainder of the variance reflects one-off savings from the initiatives budget and vacancy management savings.</p>	<p>These were mainly one off savings and funding arrangements that will not be available in 2014/15. There is a savings target of £0.125m against these services.</p>

## Appendix 1 – Revenue Budget Performance

### Environment, Development & Housing - Revenue Budget Summary

Month 9 Forecast Variance £'000	Service	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
184	Transport	(4,550)	(4,449)	101	-2.2%
0	City Infrastructure	21,775	21,770	(5)	0.0%
33	City Regeneration	1,146	1,145	(1)	-0.1%
27	Planning & Public Protection	4,568	4,567	(1)	0.0%
244	Total Non Housing Services	22,939	23,034	95	0.4%
(7)	Housing	11,895	11,110	(785)	-6.6%
237	Total Revenue - Environment, Development & Housing	34,834	34,144	(690)	-2.0%

### Explanation of Key Variances:

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
<b>Transport</b>			
42	Head of Transport	This overspend largely relates to consultancy costs for one-off projects and additional agency staff costs.	
(233)	Corporate Critical – Parking Operations	<p>The main components of the underspend are:</p> <ul style="list-style-type: none"> <li>• London Road car park overachievement of budget by (£0.186m) largely as a result of letting an additional 220 season ticket spaces to a large local business.</li> <li>• Surplus permit income of (£0.185m). This has been caused by increased demand for permits, partially trader permits where removal of the waiting list has increased</li> </ul>	



Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
		<p>demand and also a general migration from on-street parking to permits.</p> <ul style="list-style-type: none"> <li>• A surplus of £0.133m on leased car park income.</li> <li>• A surplus of £0.205m for On-street parking income.</li> <li>• There is a net overspend variance of £0.480m relating to Penalty Charge Notices (PCN) income and an increase in the bad debt provision.</li> <li>• There is an under-achievement of income of approximately £0.259m relating to other Off-street car parks. It is possible that changes in prices have resulted in greater movement to On- street parking.</li> <li>• Other underspends of £0.263m including previously reported underspends on unsupported borrowing of £0.109m and cash collections services of £0.049m.</li> </ul>	<p>There is a 2014/15 budget saving of £0.195m in respect of the introduction of Pay by Phone. There are 2014/15 budget savings of £0.250m in respect of extended CCTV enforcement of bus lanes and £0.027m in respect of improved debt collection.</p> <p>There is a 2014/15 budget saving of £0.020m relating to maintenance.</p>
58	Highways Engineering	<p>This mostly relates to Highways Engineers' employee costs where the value of works rechargeable to capital was less than the budgeted recovery target.</p> <p>There were also additional costs of £0.011m for coast protection where additional works were required as a result of the adverse weather conditions during the winter months.</p> <p>Within this service area a contribution of £0.619m has been made to the Surface Water Action Management Plan (SWAMP) Reserve. This has been funded from unspent grants and Council budgets and will be used to fund the Surface Water</p>	<p>This pressure has been addressed as part of the 2014/15 budget setting process.</p>

## Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
		Management Plan agreed at the November Environment, Transport & Sustainability Committee.	
40	Highways	There is an overspend of £0.191m on the routine repairs and street works budgets largely as a result of increased repairs following recent storm and adverse weather damage. This has been largely offset by additional income generated through inspection work and licences as well as managed underspends on other services.	At the end of March the council received a Severe Weather Recovery revenue grant of £0.187m to be spent on repairing flood damaged roads. This is included in the carry forward requests in Appendix 2. There is a budget saving of £0.020m in 2014/15 in respect of increased licence income.
138	Transport Planning and Road Safety	Overspends within the Transport Planning service include £0.050m due to the recharge of employee costs to project budgets being less than the budgeted recovery target and £0.025m on consultants fees in respect of one-off projects.  There is a £0.040m overspend on the Public Transport budget where payments due to bus operators were greater than budgeted and other minor overspends of £0.023m.	
56	Transport Policy	The variance is due to under achievement of staff costs rechargeable to capital projects of £0.029m and unfunded one off costs relating to trunk road junction assessments for the City Plan of £0.027m.	
<b>City Infrastructure</b>			
(171)	City Infrastructure Management & Admin	Various underspends were reported in previous TBM reports in relation to employee budgets (£0.112m) supplies and services (£0.057m) and partnership contributions from other local authorities for management and administration support in the year. The overall underspend in this area has increased by £0.010m since Month 9.	

**Appendix 1 – Revenue Budget Performance**

<b>Key Variances £'000</b>	<b>Service</b>	<b>Description</b>	<b>Effect on 2014/15 Budget</b>
263	CityClean	This largely relates to a £0.196m overspend within the City Clean Operations section. The majority of this relates to the impact of industrial action and additional costs to the service resulting from new rounds bedding in and service redesign. There is also a £0.075m overspend on fleet management, which is also largely due to the additional costs of new rounds and service redesign.	There are savings of £0.119m for CityClean in the 2014/15 Budget.
(97)	City Parks	<p>There is a £0.075m underspend within the Parks and Green Spaces Operations service. This is largely due to delays in expenditure with the Tree Management service and management of staffing vacancies. There were other underspends of £0.063m on Fleet Management and £0.026m on financing costs</p> <p>There was a £0.067m under-achievement of income at Roedean and Rottingdean golf courses as highlighted in previous TBM reports. This is due to leases ending and reduced rental values reflecting the economic downturn.</p>	<p>There are savings of £0.099m for City parks in the 2014/15 Budget.</p> <p>This on-going income pressure has been addressed as part of the 2014/15 budget setting process.</p>
<b>City Regeneration</b>			
(14)	Economic Development	The Economic Development outturn position has improved from a forecast overspend of £0.018m at Month 9. The movement is largely due to external grant funding being used to fund existing staff costs.	
13	Sustainability	The overspend is due to the unrecoverable income budget to cover the cost of staff time.	This pressure has been funded as part of the 2014/15 budget setting process.
<b>Planning &amp; Public Protection</b>			
2	Development Planning	The outturn overspend position of £0.079m within the Development Management services was	There are 2014/15 budget savings of £0.137m relating to management reshaping and service

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
		<p>£0.016m greater than anticipated at Month 9. This movement largely relates to employee costs arising from covering long term sickness and maternity absences.</p> <p>This has been partially offset by an underspend of £0.053m on Planning Strategy consultancy budgets. There are other minor underspends of £0.024m.</p>	redesign.
(3)	Public Protection	<p>There is a £0.071m overspend within Environmental Health and Licensing mainly due to an income shortfall of £0.033m and employee pressures of £0.023m. This overspend is offset by salary and supplies &amp; services underspend of £0.074m within the Trading Standards service where vacancies are currently being managed.</p>	<p>The on-going income pressure has been addressed as part of the 2014/15 budget setting process.</p> <p>There is a 2014/15 budget saving of £0.032m for Trading Standards in respect of a reduced establishment and refocusing on core statutory enforcement functions.</p>
<b>Housing</b>			
(864)	<b>Corporate Critical</b> Temporary Accommodation & Allocations	<p>The main reason for the improved 2013/14 outturn position is due to uncertainty in the original budget and the forecasting of the potential impact of welfare reforms. While the full impacts are still emerging, in 2013/14 the impact has been, financially, lower than expected on homelessness budgets. The improvement since Month 9 is therefore a result of unutilised service pressure funding of a further £0.374m, received in 2013/14, an underspend on bad debt provisions of £0.044m, and other underspends totalling £0.129m including a £0.090m underspend for a deposit guarantee scheme.</p> <p>Costs related to the 'spot purchase' of Bed &amp; Breakfast have increased as a result of the ending of a contract of alternative block booked provision</p>	<p>It remains prudent to closely monitor the impact of welfare reforms (including Universal Credit) and to anticipate a need for bad debt provision in 2014/15 in respect of potential rent defaults and/or evictions of tenants in private rented sector accommodation.</p> <p>The 2014/15 budget includes £0.640m service pressure funding which will be reviewed and monitored as part of the TBM process.</p>

## Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
		and more owners than anticipated requiring leased properties back in order to sell as the housing market picks up. These additional costs of £0.103m have been managed by an improved collection of Housing Benefits of (£0.164m).	
(181)	Local Delivery Vehicle	<p>The outturn position has improved by £0.181m from Month 9 due primarily to:</p> <ul style="list-style-type: none"> <li>• £0.083m of provision made in 2012/13 for the rent guarantee not now being required as any payments made under the rent guarantee are now treated as a long term debtor in the accounts</li> <li>• there was an underspend of £0.056m on the management fees (mainly on responsive repairs and cyclical maintenance).</li> </ul>	Underspend not expected to occur in 2014/15.
117	Travellers	The outturn position has improved by £0.017m compared to Month 9 mainly as a result of vacancy management. A significant part of the overspend reported at Month 9 was due to major investment required into the Horsdean temporary drainage solution in order to enable the transit site to remain open but these costs came in slightly lower than anticipated. Security costs were slightly increased and were over budget due to the incursion in November and threats to evict.	Service pressure funding of £0.100m has been included in the 2014/15 Budget to reflect the ongoing costs in this service.
169	Supported Accommodation	The overspend has increased by £0.150m from Month 9 due to unachieved savings of £0.092m which had not previously been forecast. There were also increased premises related costs from landlord rents of £0.030m and responsive repairs of £0.026m. The balance of £0.002m is a combination of minor changes across the individual services under Supported Accommodation	There is expected to be a similar pressure in 2014/15 which is increased by the savings target of £0.080m for Supported Accommodation included in the 2014/15 budget strategy. A review is currently underway to identify the options to address these issues and develop the financial recovery plan.

**Appendix 1 – Revenue Budget Performance**

<b>Key Variances £'000</b>	<b>Service</b>	<b>Description</b>	<b>Effect on 2014/15 Budget</b>
(26)	Other Housing	Overall, these areas have improved by £0.123m since Month 9. The Housing Strategy & Development position has improved by £0.027m mainly from income generation. Private Sector Housing has improved by £0.076m mainly from recovering appropriate costs at year end for work completed on the Additional HMO Licensing scheme. Fee income is used to fund this service over the 5 year term of the scheme. There has been an improvement of £0.020m within other service areas mainly from vacancy management.	

## Appendix 1 – Revenue Budget Performance

### Assistant Chief Executive - Revenue Budget Summary

Month 9 Forecast Variance £'000	Service	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
3	Communications	811	819	8	1.0%
0	Royal Pavilion, Arts & Museums	3,806	3,828	22	0.6%
231	Tourism & Venues	1,599	1,836	237	14.8%
(11)	Policy, Civic, Performance & Communities	5,039	4,904	(135)	-2.7%
0	Sport & Leisure	778	774	(4)	-0.5%
223	Total Revenue - Assistant Chief Executive	12,033	12,161	128	1.1%

### Explanation of Key Variances

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
<b>Communications</b>			
8	Communications	The provisional outturn for Communications is a minor overspend of £0.008m.	
<b>Royal Pavilion, Arts &amp; Museums</b>			
22	Royal Pavilion, Arts & Museums	Significant pressures against retail income have been covered by tight financial controls across the service, including vacancy management and essential spending only. The provisional overspend is £0.022m, equating to 0.6% of the net budget.	
<b>Tourism &amp; Venues</b>			
237	Tourism & Venues	Tourism & Venues are reporting a pressure of £0.237m at outturn, which is a slight increase from Month 9 and is broken down as follows: - Venues: As a result of the action taken to help	The review of ticketing arrangements in 2014/15 is expected to deliver an increase in revenue and potentially enhanced opportunities for marketing

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
		<p>secure further bookings and maximise future business opportunities the overall pressure reported this financial year compared to the previous financial year is much improved at £0.198m.</p> <p>There is an overspend of £0.039m against Tourism relating to a pressure on staffing costs and reduced advertising receipts against Marketing.</p>	
<b>Policy, Civic ,Performance &amp; Communities</b>			
(135)	Policy, Civic, Performance & Communities	Savings have been made across the service from both pay and non-pay budgets to deliver a much improved position of £0.135m underspend, compared to £0.011m reported at Month 9.	
<b>Sport &amp; Leisure</b>			
(4)	Sport & Leisure	Sport & Leisure is reporting a minor underspend.	



Appendix 1 – Revenue Budget Performance

Public Health – Revenue Budget Summary

Month 9 Forecast Variance £'000	Service	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
0	Public Health	(410)	(410)	0	0.0%
0	Community Safety	1,399	1,389	(10)	-0.7%
10	Civil Contingencies	177	169	(8)	-4.5%
10	Total Revenue - Public Health	1,166	1,148	(18)	-1.5%

Key Variances £'000	Service	Description	Effect on the 2014/15 Budget
<b>Public Health</b>			
0	Public Health	This is a ring-fenced grant of £18.2m from the Department of Health, which has been provided to local authorities to discharge their new public health responsibilities. Adults contracts of £0.628m relating to preventative contracts were funded from the Public Health grant following a review of the grant balance available in 2013/14. At the end of the financial year there was an underspend of £0.576m (3.2% of grant amount) which has been carried forward, as part of a public health reserve, into the next financial year. In utilising these funds next year, the grant conditions will still need to be complied with.	Commitments against the Public Health grant will be monitored through the TBM process.
<b>Community Safety</b>			
(10)	Community Safety	Community Safety is reporting a small underspend.	
<b>Civil Contingencies</b>			

**Appendix 1 – Revenue Budget Performance**

<b>Key Variances £'000</b>	<b>Service</b>	<b>Description</b>	<b>Effect on the 2014/15 Budget</b>
(8)	Civil Contingencies	Civil Contingencies is reporting a small underspend.	

## Appendix 1 – Revenue Budget Performance

### Finance & Resources and Law - Revenue Budget Summary

Month 9 Forecast Variance £'000	Service	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(506)	City Services	12,288	12,056	(232)	-1.9%
0	Housing Benefit Subsidy	(569)	(706)	(137)	-24.1%
(20)	HR & Organisational Development	4,220	4,219	(1)	0.0%
225	ICT	7,355	7,681	326	4.4%
(462)	Property & Design	4,047	3,527	(520)	-12.8%
(139)	Finance	6,213	6,017	(196)	-3.2%
(74)	Legal & Democratic Services	3,308	3,145	(163)	-4.9%
(976)	Total Revenue - Resources & Finance	36,862	35,939	(923)	-2.5%

### Explanation of Key Variances

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
<b>City Services</b>			
(232)	City Services	<p>Revenues and Benefits are reporting a final underspend of £0.404m after transferring £0.250m to the Welfare Reform Reserve to support the longer term budget planning for discretionary funds .</p> <p>This is the first year of budgeting for the new welfare reforms, and the delays and complexities of the schemes have been difficult to project accurately. The underspends have been mostly from payments from the Local Discretionary</p>	<p>A saving of £0.200m being a reduction in the recurrent funding for discretionary funds was included in the 2014/15 budget and in addition it has been planned to spread their use into 2015/16 due to the unexpected ending of national government funding for the local discretionary social fund.</p> <p>Other savings of £0.284m were made in the 2014/15 budget for Revenues and Benefits including the absorption of additional administration costs for the local Council Tax</p>

## Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
		<p>Social Fund (£0.358m), Council Tax Relief (£0.224m) and other discretionary discounts and payments (£0.155m) due to initial take up being lower than anticipated.</p> <p>Elsewhere in the service, there are higher than expected staff costs of £0.061m (mainly due to overtime costs incurred in covering vacancies), a shortfall of £0.041m in income recovery (due to the policy of trying to avoid court action where possible) and other variances of net underspends of £0.018m.</p> <p>Income pressures from the Crematorium, mostly due to the impact of major works from the Mercury Abatement scheme, are at £0.235m. However, vacancy management and other one off resources offset this by £0.170m to assist with the revenue implications of the works. The works are now complete and the capacity of the service is expected to return to normal in 2014/15. Elsewhere in Bereavement Services, plot sales at the Woodland Valley Burial Site have been less than expected, resulting in a shortfall of £0.147m. Registrars service continued to show a pressure of £0.073m and this has prompted a thorough cost effectiveness review which may result on the re-shaping of the service in 2014/15. Elsewhere there were underspends and efficiencies of £0.102m which offset the pressures due mainly to</p>	<p>Reduction Scheme (£0.194m) and a reduction in the discount period allowed for Class C properties (£0.090m).</p> <p>A financial recovery plan for Life Events has been drawn up by the service within the year and as a further action plan a monthly activity analysis will be developed and compared to previous years to give an earlier indication of reduced or increased income. This will provide improved management information about demands and trends over the year and between years, taking into account exceptional factors. The full effect of the recovery plan is expected to be seen in 2014/15. Life Events have a further savings target in 2014/15 of £0.226m, being a further increase to their income targets of £0.100m and restructuring savings, including reduction in staff costs, of £0.126m.</p>

**Appendix 1 – Revenue Budget Performance**

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
		<p>higher than expected underspends in the Coroner's and Legal Charges services.</p> <p>The library service underspent during the year by £0.010m which was mainly due to vacancy management.</p>	
<b>Housing Benefit Subsidy</b>			
(137)	Corporate Critical - Housing Benefit Subsidy	The outturn on Housing Benefits Subsidy budget was an underspend of £0.137m compared to the breakeven position forecast at Month 9. The main reason for this improvement is that the net position on the recovery of overpaid benefit was £0.116m better than previously forecast.	
<b>HR &amp; Organisational Development</b>			
(1)	HR & Organisational Development	Human Resources and Organisational Development underspent by £0.001m in 2013/14; a significant turnaround on previous years. The service had identified a pressure following an analysis of the service's budget to realign staff estimates and income. This pressure has now been fully addressed for 2013/14 through a range of measures including holding vacancies, business process improvement efficiencies and reductions in the numbers attending training and professional qualifications for 2013/14.	Strong financial management will continue throughout 2014/15 to manage ongoing pressures. Savings of £0.232m have been included in the budget for 2014/15, including efficiencies of £0.145m resulting from joint working arrangements, efficiency savings from the new allowances system and introduction of self-service in the Learning Resource Centre. There is also a reduction in spending of £0.087m in Adult Social Care and Children's workforce development budgets.
<b>ICT</b>			
325	ICT	<p>The overspend for 2013/14 for ICT is £0.325m made up of:</p> <ul style="list-style-type: none"> <li>Pressures on VFM savings targets (Microsoft Enterprise agreement and</li> </ul>	The service is developing a financial recovery plan in the context of planning the delivery of the ICT Investment Plan and meeting new demands for increased information security

**Appendix 1 – Revenue Budget Performance**

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
		<p>telephony) of £0.140m.</p> <ul style="list-style-type: none"> <li>• The additional security costs relating to the Public Services Network Code of Compliance (PSN CoCo) of £0.150m including additional staffing, contracts and increased storage and backup costs.</li> <li>• Improvements to the internet feed to enhance internet performance in order to protect core business use of £0.035m.</li> </ul>	<p>following the government's recent announcement of a 'zero tolerance' approach. There are ongoing costs of the tighter security regime which have been factored into the 2014/15 budget.</p>
<b>Property &amp; Design</b>			
(520)	Property & Design	<p>The commercial rent forecasts are being maintained with income collection performing well despite the uncertain economic climate for rental properties on the high street. Higher income resulting from rent reviews, and lease renewals on the agricultural estate, increased rentals and occupation at New England House , some of which has been allocated to reserves, and negotiated rental increases on the contracted property portfolio have resulted in the underspend.</p>	
<b>Finance</b>			
(196)	Finance	<p>The overall underspend results partially from vacancies, in particular in Internal Audit, and partially from lower than anticipated implementation costs for service developments relating to banking, income and 'e-Budgeting'.</p>	

**Appendix 1 – Revenue Budget Performance**

<b>Key Variances £'000</b>	<b>Service</b>	<b>Description</b>	<b>Effect on 2014/15 Budget</b>
<b>Legal &amp; Democratic Services</b>			
(163)	Legal & Democratic Services	The service is underspent in 2013/14 by £0.163m. This was mainly within Democratic Services, £0.102m, due to vacancy management and savings on supplies and services budgets. Legal Services also underspent £0.061m due to improved income generation/collection and vacancy control.	Savings of £0.209m have been included in the budget for 2014/15. Legal Services will contribute £0.126m of this mostly due to a reduction in posts and also from external fee income. Democratic Services are expected to save £0.083m next year due mainly to a reduction in the number of staff in the service.

## Appendix 1 – Revenue Budget Performance

### Corporate Budgets - Revenue Budget Summary

Month 9 Forecast Variance £'000	Service	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(250)	Bulk Insurance Premia	3,420	3,056	(364)	-10.6%
54	Concessionary Fares	10,144	10,188	44	0.4%
0	Capital Financing Costs	6,504	6,504	0	0.0%
0	Levies & Precepts	164	163	(1)	-0.6%
1,355	Corporate VfM Savings	(1,355)	0	1,355	100.0%
(567)	Risk Provisions	531	0	(531)	-100.0%
46	Other Corporate Items	(15,644)	(15,984)	(340)	-2.2%
638	Total Revenue - Corporate Budgets	3,764	3,927	163	-4.3%

### Explanation of Key Variances

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
<b>Bulk Insurance Premia</b>			
(364)	Bulk Insurance Premia	The underspend relates to a lower level of insurance claims paid during the year.	A saving of £0.100m has been built into the 2014/15 budget to reflect lower payments on claims based on current trends.
<b>Concessionary Fares</b>			
44	Concessionary Fares	The overspend is slightly less than forecast at Month 9 as bad weather over the Winter led to lower than anticipated concessionary journeys on routes where there is not a fixed deal in place.	The overall budget for reimbursing local bus operators for the cost of free travel for pensioners and the disabled is forecast to increase by 4.6% to £10.600m in 2014/15. Additional funding of £0.269m has been provided in the 2014/15 budget to manage this impact.
<b>Capital Financing Costs</b>			
0	Capital Financing	The council did not undertake new external	



Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
	Costs	borrowing during 2013/14, and has funded schemes such as the Keep and the Workstyles programme temporarily from internal reserves saving an estimated £0.210m on the Financing Costs Budget in 2013/14. The council will eventually have to undertake new external borrowing before the reserves are spent when money market conditions are assessed to be optimal. The underspend has been transferred to the Financing Costs reserve which covers future borrowing and investment interest rate risks.	
<b>Corporate VFM Projects</b>			
1,355	Corporate VFM Projects	The overspend relates to the level of uncertain savings resulting from Accelerated Service Redesign (voluntary severance (VSS) scheme) process and IT category spend outside of the ICT service. Details are provided in Appendix 2 (VFM Programme).	
<b>Risk Provisions</b>			
(531)	Risk Provisions & contingency	At Month 9 the budget included £1.934m for Pay & Pension provisions. A further £0.034m has been allocated for pay related issues and the remaining £1.900m has been transferred to reserves. There were Contingency and other items of £0.509m, mostly relating to Welfare Reform. Of this, £0.350m is included on the carry forward schedule to support ongoing Welfare Reform and Non Domestic Rates work and the remainder has been allocated in year. There was a previously forecast underspend	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
		of £0.567m on Risk Provisions which has reduced to £0.531m at the year end.	
<b>Other Corporate Items</b>			
(340)	Other Corporate Items	The position on Other Corporate budgets improved by £0.386m compared to Month 9. This was mainly a result of receiving the Capitalisation Grant of £0.409m in late March which was not anticipated and could not therefore be utilised in the current financial year.	

Appendix 1 – Revenue Budget Performance

Housing Revenue Account - Revenue Budget Summary

Month 9 Forecast Variance £'000	Housing Revenue Account	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(58)	Employees	8,660	8,591	(69)	-0.8%
29	Premises – Repair	11,029	10,837	(192)	-1.7%
(193)	Premises – Other	3,286	3,066	(220)	-6.7%
37	Transport & Supplies	2,236	2,000	(236)	-10.6%
112	Support Services	1,969	2,021	52	2.6%
(3)	Third Party Payments	147	127	(20)	-13.6%
0	Revenue contribution to capital	23,203	23,203	-	0.0%
(252)	Capital Financing Costs	5,765	5,720	(45)	-0.8%
(328)	Net Expenditure	56,295	55,565	(730)	-1.3%
17	Dwelling Rents (net)	(49,234)	(49,180)	54	0.1%
(64)	Other rent	(1,269)	(1,387)	(118)	-9.3%
95	Service Charges	(4,932)	(4,874)	58	1.2%
(15)	Supporting People	(465)	(484)	(19)	-4.1%
(14)	Other recharges & interest	(395)	(406)	(11)	-2.8%
19	Net Income	(56,295)	(56,331)	(36)	-0.1%
<b>(309)</b>	<b>Total</b>	<b>-</b>	<b>(766)</b>	<b>(766)</b>	

Explanation of Key Variances

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
<b>Housing Revenue Account</b>			
(69)	Employees	This is due to vacancy underspends across the Housing Management Service.	This underspend is not set to continue into 14/15 – budgets have been zero based.
(192)	Premises - Repairs	The main variations within the Premises Repairs area include an underspend of £0.100m for Responsive repairs and £0.087m for Empty Property Repairs as a result of cost efficiencies achieved with the Repairs Partnership. There is also an underspend of £0.085m relating to the Housing Centre repairs and maintenance costs being lower than budgeted for. These are partially offset by an overspend of £0.089m for fire risk surveys.	The budget for 2014/15 reflects efficiencies made by the repairs partnership with regard to empty property repairs. The budget for fire risk surveys has not been changed so this is a possible pressure to be managed within the HRA TBM process.
(220)	Premises- other	This relates to an underspend of £0.130m for electricity and gas costs due to lower contract inflationary increases and lower consumption than originally budgeted for, in part, due to the mildness of this winter. The other major underspend of £0.090m relates to a charge for property insurance due to a lower level of claims, particularly for house fires.	Some of these underspends will continue into 2014/15 as the billing data was not available at budget setting time.
(236)	Transport & Supplies	This budget was originally forecast to overspend by £0.037m at month 9. However, it has now underspent by £0.236m. The major changes that have caused this swing are: the HRA budgeted contribution to discretionary housing payments of £0.070m was not required by the general fund and this was not known until the year end. There have been many small underspends throughout the service including a £0.153m underspend on general office, print and design costs and further underspends of £0.036m on the transfer incentive scheme and £0.034m on legal costs. These are partially offset by additional Homeless Bed & Breakfast payments of £0.053m due to additional decants.	Some of these underspends will continue into 14/15 and finance will be working with budget holders to report these underspends at an early stage and maximise efficiency savings in these areas for the 15/16 budget.
52	Support Services	Additional Legal support of £0.050m required by Housing Services due to additional work requirements resulting from welfare reform and capital programme major projects.	This has been built into the budget for 14/15.

## Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Effect on 2014/15 Budget
0	Revenue Contribution to Capital	An amount of £1.276m revenue contribution to capital has been transferred into the HRA capital reserves towards funding reprofiled capital expenditure in 2014/15. The revenue contribution to capital also includes the use of £0.373m to set up an earmarked HRA reserve for Renewable Energy Projects. The funding of this reserve is financed from Feed-In Tariff income (£0.028m) from solar PV installations on council dwellings and renewable heat incentive monies (£0.345m) received during 2013/14. The proposal is that the earmarked reserve is set up with ongoing contributions from the HRA Feed-In Tariff income and energy grants received each year being used to fund HRA renewable energy projects, which would fall mainly within the HRA Capital Investment Programme.	
(45)	Capital Financing Costs	There was a reduction in capital financing costs amounting to £0.244 million as a result of lower levels of borrowing than originally budgeted for. An amount of £0.150 million has been transferred to the revenue contribution to capital and subsequently transferred to capital reserves towards funding reprofiled HRA capital schemes. The underspend was offset further by the cost of revaluation losses of £0.046m from the commercial property portfolio.	This budget is zero based each year so underspends in 2013/14 will not affect 2014/15.
54	Dwellings rents	This minor (0.1%) reduction in rent income relates to a slightly higher level of Right to Buy sales than was originally budgeted for.	This budget is zero based each year so this overspend will not affect 14/15
(118)	Rents-Other	This over-achievement of income relates to car park income from private users of £0.024m and increased income of £0.094m from the HRA commercial rent portfolio due to rent levels being revised after the original budget was set.	The 2014./15 budget reflects increases in commercial rental income as part of the 14/15 HRA savings package.

**Appendix 1 – Revenue Budget Performance**

<b>Key Variances £'000</b>	<b>Service</b>	<b>Description</b>	<b>Effect on 2014/15 Budget</b>
58	Service Charges	The major variances relate to a slight under recovery of income from service charges to leaseholders of £0.036m (a variance of 2.8%) which relates to the actual cost of capital works billed being lower than estimated. TV Aerial income is £0.027m less than budgeted as a result of charges not being applied to as many tenants as originally anticipated.	This is not set to continue for 14/15.

## Dedicated Schools Grant - Revenue Budget Summary

Month 9 Forecast Variance £'000	Dedicated Schools Grant (DSG)	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
0	Individual Schools Budget (ISB) <i>(This does not include the £7.114m school balances brought forward from 2012/13)</i>	120,369	120,369	0	0.0%
(65)	Early Years Block (excluding delegated to Schools) including Private Voluntary & Independent (PVI) <i>(Early Years 3 &amp; 4 year old funding for the 15 hours free entitlement to early years education)</i>	11,837	11,896	59	0.5%
(281)	High Needs Block (excluding delegated to Schools); <i>(This includes the £1.089m underspend brought forward from 2012/13)</i>	17,074	16,212	(862)	-5.0%
(668)	Exceptions and Growth Fund	4,594	3,950	(644)	-14.0%
0	Grant Income	(152,810)	(152,810)	0	0.0%
(1,014)	Net DSG Budget	1,064	(383)	(1,447)	-136.0%

## Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Effect on 2014/15 Budget
<b>Early Years Block</b>			
123	Funding for Three & Four Year Olds	Overspend relating to increase in pupil numbers from January 2014.	The higher pupil numbers will result in additional DSG funding in 2014/15. This is also a departmental critical budget
(64)	Funding for Two Year Olds	This relates to a lower than anticipated take up of early years free entitlement for 2-year olds.	This is also a departmental critical budget
<b>High Needs Block</b>			
123	Sick Children	Estimated overspend in the budget for educating children	The High Needs Block is currently

**Appendix 1 – Revenue Budget Performance**

<b>Key Variances £'000</b>	<b>Service</b>	<b>Description</b> (Note: FTE/WTE = Full/Whole Time Equivalent)	<b>Effect on 2014/15 Budget</b>
		who are unable to attend school due to illness and are taught in hospital.	being fully costed and a revised split of funding will be agreed early in this financial year.
(242)	Educational Agency Placements	Costs in children's education agency placements being less than anticipated due to a lower than budgeted number of placements. This was identified at £0.200m for Month 9.	As above.
(172)	Special Educational Needs (SEN)	An underspend in High Needs top up payments to other local authority schools and Further Education colleges. This is the first year of the new DSG funding arrangements – split into the relevant blocks, and for many of the changes there were many unknown outcomes – The budget provision for some of the high cost areas such as education agency placements and FE colleges was made on the basis of Autumn 2012 student numbers and, as part of the new funding process, the onus moved to providers with regard to invoicing the LA for high needs support	As above.
(151)	SEN	An underspend in Early Help provision. This was planned to be allocated to clusters of schools, however not all clusters submitted bids and some of those that did were not successful	As above.
(127)	Unspent balance brought forward from 2012/13	Half of this was planned to be allocated in year, however this did not transpire	As above.
(123)	School Inclusion	This was planned to be allocated in year, however the level of need was not as much as anticipated	As above.
(117)	Inter Authority Recoupment	Lower level of recoupment payments to other local authorities than anticipated. Only £10k was identified as at month 9, and this is one of those areas where there were unknown outcomes.	As above.
(39)	Education of Looked After Children	Average unit costs are lower than originally budgeted.	As above.



## Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Effect on 2014/15 Budget
(14)	Various	Other minor underspends.	
<b>Exceptions &amp; Growth Fund</b>			
		The total underspend of £0.644m in this area relates to items specifically approved by the Schools Forum and is therefore not available for general DSG spending:	This will be reviewed as part of the review of 2014/15 and planning for 2015/16.
(318)	Early Years	This relates to increasing the capacity of providers and must be spent on this area subsequently in 2014/15.	This will be spent in 2014/15.
(159)	Exceptions	This central budget is held to meet historical commitments, for example, schools' equal pay and combined services costs, together with other statutory items paid on behalf of schools. The allocation of the Exceptions budget is approved by the Schools Forum. This small underspend relates to the currently unallocated exceptions budgets.	This will be reviewed as part of the review of 2014/15 and planning for 2015/16.
(122)	Carbon Reduction Commitment (CRC)	£0.122m relates to the CRC underspend in 2013/14.	The CRC scheme has ended for 2014/15.
(121)	Admissions & Transport	Staffing and other savings.	Funding of £0.191m has been transferred into the High Needs block for 2014/15.
76	Various	Other minor overspends.	

## NHS Trust Managed S75 Budgets - Revenue Budget Summary

Month 9 Forecast Variance £'000	S75 Partnership	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
139	Sussex Partnership Foundation NHS Trust (SPFT)	11,405	11,522	117	1.0%
47	Sussex Community NHS Trust (SCT)	641	629	(12)	-1.9%
186	Total Revenue - S75	12,046	12,151	105	0.9%

## Explanation of Key Variances

Key Variances £'000	Service	Description (Note WTE = Whole Time Equivalent)	Effect on the 2014/15 Budget
<b>Sussex Partnership Foundation NHS Trust</b>			
117	SPFT	Sussex Partnership NHS Foundation Trust are reporting an overspend of £0.234m at outturn (a decrease of £0.044m from Month 9). The overspend reflects pressures from a lack of affordable residential and nursing placements across the board, potentially leading to increased use of high cost placements and waivers within Older People Mental Health. There continues to be a pressure from an increase in need and complexity in Adult Mental Health and forensic services within residential and supported accommodation. Overall activity shows that there are 72 whole time equivalent clients more than budgeted (increase of 9%). In line with the agreed risk-share arrangements for 2013/14 the overspend has been shared 50/50 between SPFT and BHCC and this has been reflected in the overspend of £0.117m reported here.	The risk sharing arrangement for 2014/15 will continue on a 50:50 basis. Financial recovery measures deployed in the latter part of the year will continue in 2014/15 to manage the pressures on residential and nursing placements alongside action to improve commissioning options locally. Service pressure funding of £0.500m has been allocated in 2014/15 to address underlying issues and expected demographic growth.
<b>Sussex Community NHS Trust</b>			
(12)	SCT	The Integrated Community Equipment Store (ICES) budget is showing an underspend of £0.012m at outturn, representing an improvement of £0.059m from Month 9. It should be noted that the specific budget line for purchase of equipment was overspent by £0.031m.	

## Carry Forward Requests 2013/14

Directorate	Unit	Service Area		Proposed Carry Forward Amount (£'000)
<b>Non Grant Funded Areas</b>				
Children's Services	Education & Inclusion	Educational Psychology	The carry forward requested of £0.015m is for a one-off bursary payment to Southampton University which will guarantee Brighton & Hove a Trainee Educational Psychologist (TEP) for next year. The TEP will have one day a week at university and 4 days a week on placement with the Council. The TEP will undertake supervised casework in our schools and will carry out Local Authority directed research for their doctoral thesis. The 4 days a week placement will add valuable additional capacity at a very low cost and the research will link in to one of our key priority areas in the Brighton & Hove Special Educational Needs Partnership Strategy.	15
Children's Services	Child Health, Safeguarding & Care	Family Support	Carry forward of Adaptations underspend in contribution to proposed capital scheme in respect of a new residential disability service.	40
Children's Services	Child Health, Safeguarding & Care	Adoption	Non-ringfenced Adoption Reform Grant element required for continued development of the adoption process and funding of inter-agency fee increase.	419
Children's Services	Child Health, Safeguarding & Care	Social Work	Carry forward is requested to meet the associated costs of the 1st stage of rationalisation and reconciliation of data and documentation held on IDOX/Care First systems.	60
Children's Services	Child Health, Safeguarding & Care and Stronger Families, Youth & Communities	Social Work	To fund the initial set up costs of the Multi Agency Safeguarding Hub (MASH). To include building modifications, BT fees and charges, IT, Telephony, Furniture & Equipment, removal fees and a MASH module for the Carefirst system. Includes Carefirst upgrade and unlimited user licenses.	168
Children's Services	Stronger Families, Youth & Communities	Youth Offending	OFSTED Youth Inspection Service Implementation. Following the Ofsted thematic inspection in December there is considerable work that needs to be undertaken to address issues around vulnerable young women coming into the criminal justice system. In effect we need to address whether our pathways and services are developed in a way to identify the risk and work effectively around prevention of exploitation and associated offending and early help with young girls. Carry forward is requested to undertake a project as part of Stronger Families, Stronger Communities, led by the Youth Offending Service, to identify those young women at risk and develop pathways that link to the emerging early help	35
Environment, Development & Housing	City Regeneration	Economic Development	The Portas Pilot grant funding was awarded to the council by the Department for Communities and Local Government in July 2012. The majority of the unspent funds have been allocated to new and existing projects which are contributing to the regeneration of the London Road area; this has the additional benefit of reducing vacancy rates, generating more employment and entrepreneurship and potential for additional business rates income for the council.	57
Environment, Development & Housing	City Regeneration	Economic Development	This budget has been used for the Greater Brighton City Deal and includes contributions from other local authority partners for the Greater Brighton Economic Board and City Deal programme. Partners would expect us to carry forward the funding to 2014/15 to enable delivery of the Greater Brighton Economic Board and Investment Programme.	15

Directorate	Unit	Service Area		Proposed Carry Forward Amount (£'000)
Environment, Development & Housing	City Regeneration	Economic Development	Contributions from reserve to fund consultancy fees for Super Connected Cities Project was made during 2013/14. The carry forward request represents a timing delay in the works initially funded.	5
Environment, Development & Housing	Planning & Public Protection	Public Protection	Funding for Health Development programmes refundable to the commissioner (formally Primary Care Trust, now Public Health) if not spent. The commissioner has agreed to the carry forward of funding.	106
Environment, Development & Housing	Planning & Public Protection	Public Protection	Funding for smoking cessation programme refundable to the commissioner (formally Primary Care Trust, now Public Health) if not spent. The commissioner has agreed to the carry forward of funding.	31
Environment, Development & Housing	Planning & Public Protection	Public Protection	Funding for the Health Trainer programme, refundable to the commissioner (formally Primary Care Trust, now Public Health) if not spent. Commissioner has agreed to the carry forward of funding.	72
Environment, Development & Housing	Planning & Public Protection	Development Planning	Balance of funding for City Plan examination made available as a one-off funding allocation. Additional costs are anticipated following the Planning Inspector's initial conclusion on the City Plan. These include further studies required by the Planning Inspector. These will result in further public consultation, changes to the plan to address the Inspector's concerns and the possibility of re-opening the examination. The inspector will recharge costs for producing the final report and any additional sitting days.	120
Environment, Development & Housing	Housing General Fund	Private Sector Housing	Balance of £0.030m legal fees for pursuing a Compulsory Purchase Order on 87 Chester Terrace.	26
Environment, Development & Housing	Housing General Fund	Homelessness	The Preventing Offender Accommodation Loss (POAL) project (originally funded by the Ministry of Justice and then the National Offender Management Service) has extended its scope to women offenders (currently only open to men) serving prison or community rehabilitation orders connecting with the Inspire Project. The extension will also allow Multi Agency Public Protection Arrangements (MAPPA) for high risk offenders in the community to locate accommodation in the private rented sector. In 2014/15 the project will look to work with women with children in care as a way of reuniting these families and reducing the cost to the local authority. These initiatives will feature in the new Homelessness Strategy 2014 – 2019. The amount requested has been carried forward for the previous two financial years which is why the scope of the scheme has been extended.	62
Environment, Development & Housing	Housing General Fund	Homelessness	To support continued work on the Housing Options IT package for the management of the Homelessness and reporting function to Central Government that has been partially implemented in the current financial year and requires modification to meet service requirements (Void reporting)	17
ACE	Royal Pavilion Arts & Museums	Arts	As per Budget Council amendment - £0.010m to be carried forward from the 2013/14 allocation to support the Parade and Village party.	10
ACE	Royal Pavilion Arts & Museums	Arts Programme budgets	White Night (originally an Interreg scheme) - legacy project Late Night	19

Directorate	Unit	Service Area		Proposed Carry Forward Amount (£'000)
ACE	Royal Pavilion Arts & Museums	Arts Programme budgets	Remaining funds relating to externally funded projects which roll forward e.g. Film City and work of the Arts and Creative Industries Commission from bodies such as Arts Council, University of Brighton, Section 106.	29
ACE	Policy Civic Perfm & Communities	Partnerships & External Relationships	Partnership funding from Police, Clinical Commissioning Group (NHS) and other partners held by BHCC on behalf of the Strategic Partnership. These projects are resourced from the City Management Board (CMB) partnership fund and are either new initiatives agreed by CMB / Brighton and Hove Connected or are longer term projects under way but not yet completed. Details of this year's committed allocations: - £0.010m Community Insight (replacement partnership intelligence service) - £0.030m City Tracker Survey (agreed new approach for 14/15 and 15/16) - £0.080m Black & Minority Ethnic (BME) / Transgender / Disability Needs Assessment Programmes (the first two projects are underway and the disability assessment has been committed through the Corporate plan). - £0.015m Apprentice - £0.020m Resourcing of Brighton & Hove Connected (ongoing partnership funding for the partnership) - £0.053m CMB Projects and Initiatives (ongoing resourcing of CMB projects).	208
ACE	Policy Civic Perfm & Communities	Communities, Equality & Third Sector	Balance of funding from partners and council underspend for Diversity Mentoring Scheme.	50
ACE	Policy Civic Perfm & Communities	Communities, Equality & Third Sector	Third Sector contract extensions (P&R 05/12/13) required to deliver the new prospectus in 2014 (a multi-year project).	80
ACE	Policy Civic Perfm & Communities	Communities, Equality & Third Sector	Financial Inclusion commissions 2013-2016. (This is a multi-year project where funding could only be released once commissions have been agreed. These are the last commissions which will cover 2014/15-2015/16) - £0.0356m Community Banking Commissions starting April 2014 - £0.067m East Sussex Credit Union contract/funding	423
ACE	Policy Civic Perfm & Communities	Communities, Equality & Third Sector	Specific Department of Health funding and committed revenue contribution for Healthwatch (multi-year project).	110
ACE	Sport & Leisure	Sports Development	Active for Life - the funds to be carried forward have been sourced from external partners and will enable further community engagement programmes to be delivered targeting the least active and improving health and wellbeing.	21
ACE	Sport & Leisure	Sports Development	TAKEPART - balance of external funding received from various partners to help increase sport and physical activity participation levels of residents, delivering the priorities identified in the Joint Needs Assessment and Sport and Physical Activity Strategy. The funding will enhance accessible opportunities for people of all ages and abilities.	9

Directorate	Unit	Service Area		Proposed Carry Forward Amount (£'000)
Public Health	Community Safety	Community Safety	A corporate commitment was made to carry out a BME Needs Assessment which is being led & delivered by the BME Community Partnership. Financial contributions are made from CCG (£0.015m); Housing (£0.010m) and Communities & Equalities Team (£0.010m). Community Safety is not contributing to costs, but holds the budget. The underspend has arisen as the development phase for the project is taking longer than anticipated. Further project costs are expected to be £0.032m in 2014/15.	32
Public Health	Community Safety	Community Safety	Income achieved from increased pan-Sussex working and from European funding for CAFTA project (Communities & Families Tackling Addiction). Match funding is required for continuing high performing work of CAFTA from October to March 2015 .	50
Finance, Resources & Law	HR & Organisational Development	Workforce Development	Carry forward of the 2013/14 underspend is requested to support 2014/15 expenditure on the "Living Our Values Everyday" project as it spans more than one year.	82
Finance, Resources & Law	ICT	ICT	Due to the expiry of the current Multi Function Device (MFD) contract (i.e. printers) it is expected that there will be some end of contract costs for the machines. This and the delay in the implementation of the new contract means that these costs will now be incurred in 2014/15.	38
Finance, Resources & Law	Property & Design	Property & Design	The Hangleton Community Centre project was originally planned to be funded from 2013/14. The request is that the funds be carried forward to 2014/15.	21
Finance, Resources & Law	Property & Design	Estates Team	Carry forward of the remainder outstanding on the Farm Maintenance contract is requested.	164
Finance, Resources & Law	Property & Design	Estates Team	Carry forward of unspent funds for the refurbishment of toilets at New England House is requested.	196
Finance, Resources & Law	Finance	Modernisation Fund	Carry forward of the balance of 2013/14 Modernisation Fund resources, which are already committed to the Modernisation Programme and VFM Projects for 2014/15.	275
Corporate	Contingency	Contingency	Carry Forward of unspent Contingency budget to support ongoing Welfare Reform work.	297
Corporate	Contingency	Contingency	Carry Forward of unspent contingency to support the Non Domestic Rates Income Collection Project as agreed by Policy & Resources Committee on 16th January 2014.	53
Various	Various	Various	A carry forward of £0.154m is requested to support various projects currently subject to ICT related delays. These include Adults Services (Customer management Software £0.020m), ACE (Interplan system £0.025m), Children's (new Youth Offending Service system £0.070m) and Finance Resources & Law (ICT) (schools and children's related projects £0.039m).	154
<b>Total Non Grant Funded Areas</b>				<b>3,569</b>

#### Grant Funded Areas

Children's Services	Education & Inclusion	Dedicated Schools Grant (DSG)	Under the Schools Finance Regulations the unspent part of the DSG must be carried forward to support the Schools Budget in future years.	1,447
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Directorate	Unit	Service Area		Proposed Carry Forward Amount (£'000)
Children's Services	Stronger Families, Youth & Communities	EU funded "Daphne" protecting children project.	Carry forward balance of 2 year funding allocation in respect of EU grant. This grant spans a 2 year period (2013/14 being year 1) and the carry forward figure relates specifically to the profiled amount required to complete all funded activities in the final year.	84
Children's Services	Stronger Families, Youth & Communities	Stronger Families Stronger Communities Grant	The carry forward results from developing a 3 year budget plan (2013/14 being year 2) and as confirmed by the Troubled Families Unit, significantly more income being realised in relation to payment by results funding in 2013/14. From the total carry forward requested up to £0.650m is requested to be further carried forward in 2015/16. This funding will be used to complete the existing programme in line with the National Troubled Families Unit (TFU) requirements including ensuring sustainability. There is no constraint from the funding source (TFU) regarding carry forward.	858
Environment, Development & Housing	Transport	Highways	Additional Highways Maintenance Grant / Severe Weather Payment not received until 28th March 2014. BHCC will have to publish details of how it has been spent on repairing roads.	187
Environment, Development & Housing	City Infrastructure	City Clean	DCLG Weekly Collection Support Grant for waste collection. Grant income is to fund the capital and revenue setup up costs of city centre communal recycling as agreed at ETS Committee. Carry forward value represents unspent funds of the scheme still to be used for project and further recycling incentives and engagement campaigns.	161
Environment, Development & Housing	Housing General Fund	Housing Related Support	Positive Transitions project. Funding from DCLG via a Section 31 grant which does not carry any conditions.	15
Public Health	Public Health	Public Health	Any funds left over at the end of the financial year can be carried forward as part of a public health reserve - in line with the grant conditions. All the conditions that apply to the use of the grant will continue to apply to the funds being carried forward.	576
Finance, Resources & Law	HR & Organisational Development	Workforce Development	This is residual funding from the Children's Workforce Development Council (CWDC) to support social work development. The CWDC was abolished 31 March 2012 with no mechanisms to repay any unused funding. We are working closely with the service to exhaust the residual CWDC funds (£0.167m) in 2014/15, but are likely to have a much smaller carry over requirement for education support and Assessed & Supported Year in Employment (ASYE) funding which is linked to academic years.	167
Finance, Resources & Law	HR & Organisational Development	Workforce Development	Assessed & Supported Year in Employment (ASYE) for Children's Services - To support the implementation of the ASYE development and support programme for newly qualified social workers (NQSWS) in Children's Services. Funding is calculated by the Department for Education (DfE) as an amount per NQSW.	32
Finance, Resources & Law	HR & Organisational Development	Workforce Development	Assessed & Supported Year in Employment (ASYE) for Adult's Services - as above but in Adult's Services and funding provided by Skills for Care.	8

Directorate	Unit	Service Area		Proposed Carry Forward Amount (£'000)
Finance, Resources & Law	HR & Organisational Development	Workforce Development	Education Support Grant (previously Daily Placement Fees) from the Universities of Sussex and Brighton - a fee paid to social work placement providers for providing placements for social work students. This is claimed on behalf of placement providers by Higher Educational Institutes (University of Sussex, University of Brighton and Open University) and then passed on to placement providers. These fees used to be paid by the General Social Care Council until they closed this year and the Department of Health (DoH) is currently undertaking this role.	72
<b>Total Grant Funded Areas</b>				<b>3,607</b>
<b>Total Carry Forward Requests</b>				<b>7,176</b>



## Value for Money Programme Performance

Projects	Savings Target £m	Achieved £m	Unachieved £m	Achieved %
Adult Social Care	2.284	1.634	0.650	71.5%
Children's Services	2.660	3.793	0.000	142.6%
ICT	0.410	0.181	0.229	44.1%
Procurement *	1.396	1.396	0.000	100.0%
Workstyles	0.440	0.440	0.000	100.0%
Business Process Improvement *	0.320	0.320	0.000	100.0%
Accelerated Service Redesign (VS Scheme)	2.500	1.374	1.126	55.0%
Additional Management Savings 2012/13 (FYE)	0.175	0.149	0.026	85.1%
Client Transport	0.130	0.130	0.000	100.0%
<b>Total All VFM Projects</b>	<b>10.315</b>	<b>9.417</b>	<b>2.031</b>	<b>91.3%</b>

\* These savings are retained by the service areas in which they occur.

## Explanation of 'Uncertain' VFM Savings:

Key Variances £'000	Description	Mitigation Strategy for Uncertain Savings
<b>Accelerated</b>	<b>Service Redesign</b>	
1,126	Accelerated Service Redesign required services to identify opportunities to accommodate staffing reductions through applications to a Voluntary Severance Scheme (VSS). The savings target of £3m (full year) was known to be challenging and at the conclusion of the process there is a shortfall of £1.126m (£1.295m full year shortfall).	As previously reported, Directorates have been requested to revisit service redesign proposals and have been given indicative targets to meet in order to address the shortfall in 2014/15 of £1.295m.
<b>Adult Social</b>	<b>Care</b>	
650	The Adult Social Care service has been under pressure throughout the financial year. Although VFM measures have	Although the VFM programme has under-achieved in 2013/14 due to pressures across the service, it is still a

Key Variances £'000	Description	Mitigation Strategy for Uncertain Savings
	continued to be successful, the success of measures such as re-ablement and Telecare has been impacted partly by delays in other developments across Adult Social Care including Extra Care Housing and partly by additional demands on the service.	successful programme that has delivered £1.6m savings in 2013/14 and ongoing savings of almost £6m per annum over 3 years. The shortfall in 2013/14 has also been mitigated by additional Continuing Health Care funding for placements of £0.801m, some of which may be ongoing.
<b>ICT</b>		
229	A review of spending across all IT hardware and software categories in all services outside of the ICT service identified that spending has not always been consistent with corporate ICT strategy and also that potential procurement economies could be achieved. It was planned to allocate this saving across the council but was found to be unworkable due to the variable timing of contract renewals and licensing.	This does not mean that savings cannot be made in this area but this will now become part of a new Value for Money approach on 'third party spending' in 2014/15 which will adopt a more robust Category Management procurement approach and increased governance of ICT expenditure across the council.
<b>Additional Management Savings 2012/13</b>		
26	There is a small shortfall against the £0.400m Additional Management Savings 2012/13 of which the full-year effect of £0.175m has been achieved in 2013/14. The achieved savings of £0.374m resulted from two senior management restructures implemented by the Interim Chief Executive and subsequently completed and refined by the newly appointed permanent Chief Executive. The restructures resulted in a considerable number of changes which were originally estimated to meet the savings target in full but which, after all posts and costs were in place and known, resulted in a small shortfall, mainly due to variances in estimated employee on-costs.	This small shortfall was met from unallocated contingency.

## Children's Services – Capital Budget Summary

Forecast Variance Month 9 £'000	Service	2013/14 TBM 9 Budget £'000	Reported at Other Committees £'000	IFRS / Other Changes £'000	Variation, Slippage / reprofile £'000	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
0	Children's Health Safeguarding & Care	648	0	0	(635)	13	10	(3)	-23.1%
0	Education and Inclusion	13,808	0	(744)	(581)	12,483	12,482	(1)	0.0%
0	Schools	8,424	0	(659)	(1,220)	6,545	6,542	(3)	0.0%
<b>0</b>	<b>Total Children's Services</b>	<b>22,880</b>	<b>0</b>	<b>(1,403)</b>	<b>(2,436)</b>	<b>19,041</b>	<b>19,034</b>	<b>(7)</b>	<b>0.0%</b>

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
<b>Children's Health Safeguarding &amp; Care</b>				
Budget Slippage	(90)	Two Year Olds	The capital funding was made available to local authorities to help attract new entrants to the early education and childcare sector, particularly in areas where the childcare market is less developed. Only £0.010m was used in 2013/14 so the remainder of the budget will be carried forward in 2014/15.	
Budget Slippage	(471)	Short Breaks for Disabled Children	Children and young people in Brighton and Hove are eligible for short breaks if they have a severe learning and/or physical disability or have moderate learning difficulties, where it is assessed that their needs in terms of challenging behaviour/mental health issues can be met only through the input of specialist	The council is looking to develop the Early Help Agenda and further integrate the education/health/social care programme by developing a more holistic approach to meeting the

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			services.	needs of children, young people and their families. The council are now inviting applications for funding for projects from organisations and from other areas of the council who provide leisure or short break facilities.
Budget Reprofile	(74)	Various	Turner Lift project (£0.008m), Children's Social Services (£0.049m), 55 Drove Road - new vehicle (£0.017m). Reprofile is requested due to factors outside of the council's control.	
Variance	(3)	Various	Some minor underspends: Youth Capital Fund (£0.002m), Cherry Tree Nursery (£0.001m)	
<b>Education and Inclusion</b>				
IFRS/Other Changes	(744)	Various	Please see paragraph 3.19 (v) of the main report for a general explanation of IFRS changes. For the refurbishments within school buildings some of the costs are of a day-to-day servicing nature and are not capital expenditure. It would be impracticable for an authority to assess every item of expenditure when it is incurred as to whether it has enhanced an asset. The practical situation is instead that at the year-end an assessment is made by programme managers and finance to make sure that expenditure is correctly classified as capital or revenue. The capital budgets are reduced by the same amount as the items that are subsequently charged to revenue.	
Budget Reprofile	(188)	Devolved Formula Capital	Devolved Formula Capital is a financial resource that is devolved to schools by the LA. Part of the terms of this DfE grant provides schools the option to accrue the money for a maximum of 3 years. However, accrued funds are normally retained by the LA. The outstanding balances are funds that schools have chosen not to take this year. These outstanding	

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			budgets are to be carried forward and made available in 2014/15.	
Budget Reprofile	(17)	Capital Maintenance 2012-13	There are a small number of modest outstanding commitments left against this budget. As a result, carry forward of £0.017m is requested to meet these commitments in 2014/15.	
Budget Reprofile	(317)	Capital Maintenance 2013-14	At TBM month 7 and month 9 problems with a number of major mechanical replacement projects were highlighted. The degree of design work for these projects has been quite considerable and has needed to take account of work in future years. However, the remaining projects have now been tendered and the first phase of work started over the Easter period. This has added to the underspend on this year's budget. A large asbestos removal and reinstatement project was started at a Junior School during the year. Unfortunately the contractor undertaking the work ceased trading halfway through the project. We are currently trying to resolve the issues raised by this and complete the work. Carry forward of a total of £0.317m unspent budget is requested to meet these outstanding commitments in 2014/15.	
Budget Reprofile	(10)	Structural Maintenance 2013/14	There are some modest outstanding commitments left against this code. As a result, carry forward of £0.010m unspent budget is requested to meet these commitments in 2014/15.	
Budget Reprofile	(49)	New Pupil Places	Carry forward of New Pupil Places capital funding (£0.049m).	
Variance	(1)	Various	Net underspend of (£0.001m) from various schemes of under (£0.050m).	

**Appendix 4 – Capital Programme Performance**

<b>Detail Type</b>	<b>£'000</b>	<b>Project</b>	<b>Description</b>	<b>Mitigation Strategy</b>
<b>Schools</b>				
IFRS/Other Changes	(659)	Various	Please see paragraph 3.19 (v) of the main report for a general explanation of IFRS changes. For the refurbishments within school buildings some of the costs are of a day-to-day servicing nature and are not capital expenditure. It would be impracticable for an authority to assess every item of expenditure when it is incurred as to whether it has enhanced an asset. The practical situation is instead that at the year-end an assessment is made by programme managers and finance to make sure that expenditure is correctly classified as capital or revenue. The capital budgets are reduced by the same amount as the items that are subsequently charged to revenue.	
Budget Reprofile	(481)	Portslade Community Academy	The PACA contract has over-run and there is a need to hold retention payments until 12 months after the completion date. Owing to delays it is now unlikely to be completed until mid 2014/15. At that time we will be making the final payment and releasing 50% of the retention. We will be holding the remainder of the retention until the end of the defects period which will be 12 months after the completion date i.e. sometime in May 2015.	
Budget Reprofile	(129)	PACA Sustainable Transport	As part of the planning consent for PACA we were required to pay £0.129m towards the cost of transport infrastructure under a S106 agreement. This work is due to start in 2014/15.	
Budget Reprofile	(42)	Fairlight Primary Solar Panels	Carry forward of budget for Fairlight Primary Solar Panels (£0.042m).	
Budget Slippage	(68)	Hillside School Extension	Hillside School extension had a budget allocated to it of £0.250m of which £0.053m expenditure has occurred and the remaining budget needs to be carried forward to cover costs in 2014/15.	

**Appendix 4 – Capital Programme Performance**

<b>Detail Type</b>	<b>£'000</b>	<b>Project</b>	<b>Description</b>	<b>Mitigation Strategy</b>
Budget Slippage	(500)	Cardinal Newman School Extension	The total cost of the scheme is £3.7m and the school has used £0.5m of the £1m allocated from the council to part fund the scheme. The remaining £0.5m is needed in 2014/15.	
Variance	(3)	Various	Minor underspends under (£0.050m).	

Adult Services – Capital Budget Summary

Forecast Variance Month 9 £'000	Service	2013/14 TBM 9 Budget £'000	Reported at Other Committees £'000	IFRS / Other Changes £'000	Variation, Slippage/ reprofile £'000	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
0	Adults Assessment	424	0	0	(49)	375	375	0	0.0%
0	Adults Provider	723	0	0	(81)	642	642	0	0.0%
0	Commissioning and Contracts	1,181	0	50	(26)	1,205	1,208	3	0.2%
<b>0</b>	<b>Total Adult Services</b>	<b>2,328</b>	<b>0</b>	<b>50</b>	<b>(156)</b>	<b>2,222</b>	<b>2,225</b>	<b>3</b>	<b>0.1%</b>

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
<b>Adults Assessment</b>				
Budget Reprofile	(49)	Various	Carry forwards for Adaptations for the disabled (£0.041m) and Telecare (£0.008m).	
<b>Adults Provider</b>				
Budget Reprofile	(81)	Various	Carry forwards for Learning Disability Accommodation (£0.034m), Belgrave Centre - Link Extension (£0.038m), DH Dementia Environment - Day Services (£0.003m), and DH Dementia Environment – CSTS (£0.006m).	
<b>Commissioning and Contracts</b>				
IFRS/Other Changes	50	ASC Vehicle Procurement	Transferred from Reserves.	
Budget Reprofile	(26)	Adult Social Care Reform	Reprofiling of budget for Adult Social Care Reform Grant (£0.026m).	
Variance	3	Various	Net overspend of £0.003m on various schemes.	The overspend will be met by either revenue or grant funding.



## Environment, Development &amp; Housing (General Fund) – Capital Budget Summary

Forecast Variance Month 9 £'000	Service	2013/14 TBM 9 Budget £'000	Reported at Other Committees £'000	IFRS / Other Changes £'000	Variation, Slippage/ reprofile £'000	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
0	City Infrastructure	5,373	0	398	(1,778)	3,993	4,027	34	0.9%
0	City Regeneration	607	0	(11)	(352)	244	226	(18)	-7.4%
0	Planning & Public Protection	18	0	0	0	18	20	2	11.1%
0	Transport	10,668	0	114	(1,229)	9,553	9,565	12	0.1%
0	Housing	3,974	0	0	65	4,039	3,963	(76)	-1.9%
<b>0</b>	<b>Total Environment, Development &amp; Housing GF</b>	<b>20,640</b>	<b>0</b>	<b>501</b>	<b>(3,294)</b>	<b>17,847</b>	<b>17,801</b>	<b>(46)</b>	<b>-0.3%</b>

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
<b>City Infrastructure</b>				
IFRS/Other Changes	398	Various	In order to reduce the impact of a new development and to make sure it does not place additional pressure on existing infrastructure such as roads, health or council services, the council's planning officers may seek contributions from the developer. These are secured through a 'Section 106' legal agreement or 'S.106 unilateral undertaking'. Usually developer contributions (through Section 106 agreements) are for highways; transport	

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			<p>improvements and travel initiatives; community or recreation facilities; education; health; or affordable housing.</p> <p>Planning officers negotiate with the developer so that the proposed development is acceptable in planning terms. Developers are asked to pay for, or contribute towards, the cost of additional infrastructure needed to service the new development.</p> <p>The level of contribution will be related to the scale of the new development and its impact on the local environment. In 2013/14 some S106 monies were not known until after month 9 so these have to be included in the outturn report.</p>	
Budget Reprofile	(550)	Heritage Lottery Fund - The Level	The building element of the Level Restoration project is now complete, however there is a potential for additional expenditure for disputed sums in relation to the café building works. These disputed amounts are currently in the process of contract negotiation. All of the building contracts have residual monies held back as retention; these will be paid later on in this financial year.	
Budget Reprofile	(750)	Hollingdean Depot Capital Costs	There have been delays on the Hollingdean Depot scheme pending site evaluations. The service is now working up a refurbishment option of the existing workshop. The costs will be lower than the original full replacement option and when they are finalised, the capital programme will be amended.	
Budget Reprofile	(107)	Communal Recycling Project - Capital	There have been some minor delays to this project which is now due to finish in July 2014. Some expenditure was also significantly less than originally anticipated following effective	

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			procurement processes; the funds available from the procurement savings are due to be used for recycling initiatives and incentive funds.	
Budget Reprofile	(35)	Woodingdean Allotments	Reprofiling of budget under (£0.050m).	
Budget Reprofile	(42)	Various	Carry forward of Queens Park Playground (£0.014m) and Stoneham Park S106 Works (£0.028m).	
Budget Slippage	(202)	Download Initiative Project	This budget is used to fund improvements in line with the Downland initiatives to facilitate the new open access areas. There has been limited expenditure to date due to previous schemes being funded from alternative sources, however commitments have been made for this budget in the 2014/15 financial year including the Patcham Court open access scheme.	
Budget Slippage	(92)	Various	Underspends on Saunders Park Playground (£0.025m), St Ann`s Well Gardens S106 (£0.016m), Tarner Park S106 (£0.012m) and Knoll Recreation Ground (£0.039m).	
Variance	(34)	Various	Net underspend on various schemes of under (£0.050m).	
<b>City Regeneration</b>				
IFRS/Other Changes	(11)	Redevelopment of King Alfred Swimming Pool	Please see paragraph 3.19 (v) of the main report for a general explanation of IFRS changes. For City Regeneration there is a watershed for capitalisation between the feasibility stage and the development stage of a project. In the feasibility stage, an authority is considering possible strategies for addressing a service issue and options that might be implemented. In the development stage, the authority has an objective to acquire, construct or enhance a particular fixed	

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			asset. These are activities being undertaken to bring a particular asset into use. Until the development stage commences, expenditure would not normally be capitalised.	
Budget Reprofile	(94)	Open Market	The regeneration of the Open Market is nearing completion. The old Open Market has been demolished and the building works for the new market is now expected to be completed in early 2014/15.	
Budget Reprofile	(94)	Super Connected Cities	The Connection Voucher Scheme was not cleared for opening by the Department for Culture, Media and Sport until late February. As a result, there have been fewer vouchers issued in the 2013/14 financial year than originally forecast.	
Budget Reprofile	(164)	Various	Reprofiling of various small schemes is requested including: Improvements to New England House (£0.030m), Circus Street Development (£0.019m), Falmer Released Land (£0.044m), Regeneration of Black Rock (£0.015m), Redevelopment of King Alfred Swimming Pool (£0.036m), i360 project (£0.020m).	
Variance	(18)	Various	Net underspend from various schemes under (£0.050m).	
<b>Planning and Public Protection</b>				
Variance	2	Emergency Vehicle - Civil Contingencies	Small overspend on Emergency Vehicle – civil contingencies.	The overspend was funded by an increase in unsupported borrowing.
<b>Transport</b>				
IFRS/Other Changes	114	Various	Please see paragraph 3.19 (v) of the main report for a general explanation of IFRS changes. For Transport there is a watershed for capitalisation between the feasibility stage and the development stage of a project. In the feasibility stage, an	

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			<p>authority is considering possible strategies for addressing a service issue and options that might be implemented. In the development stage, the authority has an objective to acquire, construct or enhance a particular fixed asset. These are activities being undertaken to bring a particular asset into use. Until the development stage commences, expenditure would not normally be capitalised.</p>	
Variation	300	Local Safety Schemes (LTP)	<p>The DFT has awarded the council £0.300m from its Cycle Safety Fund for the Seven Dials Roundabout Improvement Scheme. This grant was notified and received after TBM 9 so it had not been reported to Members. Expenditure was incurred during the 2013/14 financial year, and the grant amount has now been claimed and received.</p>	
Budget Reprofile	(1,463)	Better Bus Areas	<p>The Valley Gardens Bus Scheme has had to be redesigned as the original concept did not fit the road layout and would have called for loss of extensive on-street parking leading to a member decision to redesign the scheme.</p> <p>The Eastern Road/Edward Street Bus scheme has taken longer to build than originally planned as a result of delayed recruitment of the project manager and late build start, plus the scheme expanding in scale and scope as a result of member and public consultation.</p>	
Budget Reprofile	(92)	Controlled Parking Schemes	<p>It is not possible to be entirely accurate with regard to the cost of parking schemes until they have been designed and consulted upon, through several different stages. The greatest expenditure is for Pay &amp; Display machines but the capital costs also include signing, lining, traffic orders and other works associated with implementing parking</p>	

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			schemes which are not known with accuracy until the final detailed design and Traffic Order stage prior to going live. An element of costs of the implementation of the Preston Park Station North parking scheme originally anticipated for 2013/14 will now be spent in 2014/15.	
Budget Reprofile	(170)	Access to SDNP - Ditchling Road	This budget was set-up to cover the life of the project over two financial years. Works are continuing in line with the planned programme.	
Budget Reprofile	405	Various	<p>There are various variations to budget within the LTP programme which require budget carry forwards. The major variations are:</p> <ul style="list-style-type: none"> <li>• The Seven Dials project overspent for a combination of reasons such as design changes to extend footways improvements, an increase in design costs following the decision to build round the elm tree, and extension of the construction period due to adverse weather.</li> <li>• The reconstruction of the seafront arches is a complicated task due to their location and the way they were originally built. Some works have been carried out in advance of the original programme and there have been some additional costs due to unforeseen works; for example at the former shelter hall site following structural surveys suggesting the site to be structurally unsafe.</li> <li>• Unspent developer contributions for schemes relating to development of St Nicholas, Aldrington and West Hove schools require carry forward; the reason for these funds being unspent is due to the works being dependent on the development</li> </ul>	

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			<p>timetable at each school. Reprofile of the unspent budget is required as the contributions are ring-fenced to the individual developments.</p> <p>This overspend was funded from LTP Unapplied Grant from previous years.</p>	
Budget Reprofile	(15)	Various	Carry forward of Brighton Marina to River Adur Study (£0.010m), LSTF - Sustainable Transport Solutions (£0.005m).	
Budget Slippage	(194)	Local Sustainable Transport Fund	The real-time information extension and upgrade to GPRS is technologically complex and the procurement process has taken longer than expected.	The contract is now finalised and final on-site testing is taking place. The remainder of the project is on target to be delivered in 2014/15.
Variance	12	Various	Net overspend from various schemes under £0.050m each.	The overspend will be met by either revenue or grant funding.
<b>Housing</b>				
Budget Reprofile	(507)	LDV - Ongoing Costs	This capital scheme relates to capital works on Seaside Homes Properties, subsequent to development works and under the management of Temporary Accommodation. This scheme is funded by a management fee paid to the council from Seaside Homes and managed within the funding limits. There is a programme in place which estimated the majority of this budget to be spent by 2013/14. These costs have not materialised in 2013/14 due to the development works that were already completed, therefore limited ongoing works were required.	A review will be carried out in 2014/15 to see where and if these costs will materialise, and profiling of budgets will be updated accordingly.
Budget Reprofile	494	LDV - Post Lease Refurbishment	This capital scheme relates to capital works on properties that have been leased to Seaside Homes to bring homes across the city to a decent standard before being handed to Temporary Accommodation to nominate and manage the	This overspend will be managed by a reduced average cost of refurbishment in batches 8-10 of £0.018m per property to reflect a break-even position after

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			<p>properties. This scheme is funded by a development fee paid to the council from Seaside Homes at an average cost of £0.021m per property (inflated by 5% on anniversary of the overarching agreement) and managed within these funding limits. As at 31st March 2014, 461 properties had been leased to Seaside Homes, of which 316 required refurbishment works after the lease date. The main reason for the re-profile on this budget is due to high cost of refurbishments in batches 5 &amp; 6 with a combined average cost of £0.036m per property (160% over the funding received).</p>	<p>refurbishing all 499 properties.</p>
Budget Reprofile	64	Permanent Travellers' Site	<p>The budget of £0.012m was the remaining balance of £0.020m drawn down upon the Homes &amp; Community Agency (HCA) grant in 2011/12 to cover preliminary costs on the permanent travellers' site. The additional costs incurred in 2013/14 relate to a small overspend against this drawdown (£0.004m) and cost associated with the planning application and architect fees (£0.060m) on the new permanent travellers site that will be funded by the HCA grant.</p>	
Budget Reprofile	52	Disabled Facilities Grants	<p>Although approved by the council, the completion of these works is dependent on the applicant proceeding and the appointed contractor completing the works. Due to the long lead in periods for some private sector grant aided major adaptations, the council has significant commitments against this budget. At Month 9, a budget re-profile was agreed to carry forward £0.189m to top-up the DCLG grant for 2014/15. However some of the significant commitments become payable in 2013/14 and 27% of the approved carry forward agreed at month 9 will be</p>	



## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			required to cover these costs.	
Budget Reprofile	(38)	Renovation Grants	Reprofiling of budget under £0.050m.	
Variance	(85)	Empty Homes Programme	Further to the update report to Housing Committee on 30th April 2014, the Homes and Community Agency (HCA) grant funding allocation for the Empty Homes Programme, £0.900m for Round 1 (of which £0.225m for Lewes DC) and £0.640m for Round 2 (of which £0.120m for Lewes DC), has been declined and returned to the HCA for re-allocation. This is due to the fact that despite extensive efforts to make the scheme work, homeowners did not proceed to the point of taking the funding on offer and consequently the deadlines and guarantees required by the HCA could not be met. The capital programme will therefore be updated and the budgets in both 2013/14 and 2014/15 removed. No funds had actually been received.	
Variance	9	Various	Net overspend from various schemes under £0.050m each.	The overspend will be met by either revenue or grant funding.

## Environment, Development &amp; Housing (Housing Revenue Account) – Capital Budget Summary

Forecast Variance Month 9 £'000	Service	2013/14 TBM 9 Budget £'000	Reported at other Committees £'000	IFRS / Other Changes £'000	Variation, Slippage/ reprofile £'000	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
0	City Regeneration	390	0	0	(63)	327	327	0	0.0%
(435)	Housing	29,416	0	536	(1,676)	28,276	28,203	(73)	-0.3%
<b>(435)</b>	<b>Total Environment, Development and Housing HRA</b>	<b>29,806</b>	<b>0</b>	<b>536</b>	<b>(1,739)</b>	<b>28,603</b>	<b>28,530</b>	<b>(73)</b>	<b>-0.3%</b>

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
<b>City Regeneration</b>				
Budget Reprofile	(63)	Various	Reprofiling of budget for schemes under (£0.050m) each: Redevelopment of HRA vacant garage sites (£0.049m), Feasibility and Design - Housing Investment (£0.014m).	
<b>Housing</b>				
IFRS/Other Changes	536	Various	Capitalisation of Property and Investment Team salaries allowable under IFRS regulations.	
Budget Reprofile	(94)	Roofing	£0.094m is required to be reprofiled for the Chates Farm Court project as this was a project that was expected to cross 2 financial years.	There is no negative impact on residents. Works to be completed during the first half of 2014/15.
Budget Reprofile	(333)	Fire Safety (Capital)	A programme of works at Craven Vale and Bates Estate was identified in partnership with East Sussex Fire & Rescue Service in 2013. The works required would need to be carried out over 2 financial years,	There is no negative impact to residents.

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			we therefore require funds to be reprofiled to 2014/15.	
Budget Reprofile	(54)	Cladding	Due to adverse weather effecting progress of the Essex Place investment programme, the remaining funds from 2013/14 will need to be reprofiled.	There is no negative impact to residents with the programme now expected to be completed in 2014. Please see comments for Cladding under Variance.
Budget Reprofile	(142)	Structural Repairs	£0.042m will need to be reprofiled to 2014/15 for Stevens Court as this is a project that is programmed over 2 financial years. St Aubyns project needs £0.100m to be reprofiled as this project was identified later in the financial year and is currently under review to see what works are required.	Residents are being kept up to date on what is happening and consulted as appropriate.
Budget Reprofile	(638)	Lifts	Following initial survey works it was decided that it would be more prudent to move the St James House lift replacement to 2014/15 to allow more structural surveys, due to the type of construction and the presence of asbestos. The replacement programmes at Leach Court, Nettleton Court and Hereford Court were delayed to allow for further negotiations on price, with Hereford starting on the 10th February and Leach/Nettleton starting on the 17th March. Philip Court will now start May 2014.	These delays are not expected to impact on the current 7 Year replacement programme.
Budget Reprofile	(70)	Balchin Court	The scheme was completed last year. Final construction retention sums to be agreed in 2014/15.	There will be no impact on scheme delivery.
Budget Reprofile	(106)	Various projects	There are a few capital budgets requiring reprofiling below £0.050 million as follows: Garages & Car Parks £0.042m, Brookmead Site Development £0.008m, Feasibility and Design – P&I £0.017m, Capital Works assessment £0.029m, Pre-Lease Conversion Refurbishment £0.010m.	
Budget Slippage	(239)	Solar PV Wide	With the solar PV procurement having some unforeseen delays, although works have now begun,	With the contractor now in place it is anticipated that the spend is

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			there is a requirement for £0.239m to be reprofiled to 2014/15, and added to the 2014/15 PV budget.	unlikely to be held up again. By allocating the budget to 2014/15, the anticipated overall amount approved for Solar PV can be delivered.
Variance	191	Condensation & Damp	Due to more emergency and urgent works being identified in the year, the budget is overspent.	There is no negative impact to residents. Levels of works required will be monitored during 2014/15 to see if the budgets need to be adjusted.
Variance	(101)	Cyclical Decorations	Due to the Park Royal blocks being sold a saving was identified in this financial year. This will be used to finance overspends in other areas.	There is no impact for residents. Funds have been reinvested in other parts of the programme.
Variance	61	Dwelling Doors	Due to the drive to make sure that the partnership hit decency in December 2013, more works were identified than previously anticipated when the budgets were set. This has caused an overspend in 2013/14.	This should have a positive impact for residents and mean that future works programmes should be reduced.
Variance	(68)	Asbestos	Due to the reactive nature of the works, not all the budget was required this year to complete the works identified.	There is no impact for residents. Monitoring is in place to ensure residents are not at risk.
Variance	(100)	Empty properties (capital)	All works identified to be carried out under this budget this year have been completed or had funds reprofiled and this has resulted in a £0.100m saving. This will be used to finance overspends in other areas of the programme.	There is no impact for residents. Funds reinvested in other parts of the programme.
Variance	355	Kitchens & Bathrooms	Due to the drive to make sure that the partnership hit decency in December 2013, more works were identified than previously anticipated when the budgets were set. This has caused an over spend in 2013/14.	This should have a positive impact for residents and mean that future works programmes should be reduced.
Variance	301	Rewiring	Due to the drive to make sure that the partnership hit decency in December 2013, more works were	There is no impact for residents. Levels of works required will be

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			identified than previously anticipated when the budgets were set. This has caused an over spend in 2013/14.	monitored during 2014/15 to see if budgets need to be adjusted.
Variance	178	Cladding	Variance due to the Bristol Estate (Phase 2) programme catching up with works that were delayed due to the adverse weather last year and working on Phase 3 which has brought forward costs.	There is no impact for residents. Delay caused by weather but this project is now back on target.
Variance	(84)	Communal Boilers	Due to the required works at Nettleton, Dudeney, Jubilee & Linfield coming in under budget savings have been made in the year.	There is no impact for residents. Funds will be reinvested in other parts of the programme.
Variance	173	Windows	The cost of works carried out in the high rise blocks in the North Whitehawk area have come in higher than the original budget estimates for 2013/14. However the projects are still within the overall resources and are within the Agreed Maximum Prices (AMPs).	There is no impact for residents. This has been covered by other underspends within the programme
Variance	190	Citywide Loft Conversions & Extensions Project	Due to a very high demand for extensions to help high priority families that were living in overcrowded homes, and also to facilitate the delivery of extensive adaptations to the dwellings during the works, which helped ease disruption and deliver a joined-up project, there was the requirement for some additional extension projects to be delivered. In addition, due to the extremely wet weather during the winter months, additional resources were required to undertake greater damp and drainage alleviation and management works than originally anticipated.	For 2014/15, much earlier involvement with other council departments has been agreed in order to better anticipate demand, including the need for large scale adaptations.
Variance	(279)	Major Voids	A lower than estimated amount of major voids work during 2013/14 due to refurbishments on empty properties being carried out on properties transferring to Seaside Homes and paid for through the HRA pre-release conversion budget.	There is no impact for residents. Funds will be reinvested in other parts of the programme.
Variance	(152)	ICT Fund	A lower than expected number of projects were	Funding is available in the

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			identified during 2013/14.	2014/15 budget allocation.
Variance	(402)	Partnership Establishment costs.	A reduction of partnership establishment costs in the capital programme is partly due to the reclassification of expenditure between revenue and capital of £0.172 million and less than estimated expenditure of £0.230 million as a result of reprofiling major projects works during the year.	
Variance	(353)	Estates Development Budget	A number of projects identified by the EDB board were not delivered within the financial year. This variance was added to an earmarked reserve rather than carried forward to next year.	A review of the process for the delivery of EDB projects is underway with the objective of speeding up delivery. These funds are ring-fenced and will be held to deliver the identified projects in future years.
Variance	17	Various projects	Net overspend of £0.018m relating to a number of schemes across the HRA capital programme under £0.050m.	

## Assistant Chief Executive - Capital Budget Summary

Forecast Variance Month 9 £'000	Service	2013/14 TBM 9 Budget £'000	Reported at other Committees £'000	IFRS / Other Changes £'000	Variation, Slippage/ reprofile £'000	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
0	Corporate Policy Performance & Communities	10	0	0	(10)	0	0	0	0.0%
(0)	Royal Pavilion Arts & Museums	4,702	0	0	(172)	4,530	4,730	200	4.4%
(160)	Sports & Leisure	3,422	0	90	(37)	3,475	3,261	(214)	-6.2%
0	Tourism & Venues	0	0	0	0	0	0	0	0.0%
<b>(160)</b>	<b>Total Assistant Chief Executive</b>	<b>8,134</b>	<b>0</b>	<b>90</b>	<b>(219)</b>	<b>8,005</b>	<b>7,991</b>	<b>(14)</b>	<b>-0.2%</b>

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
<b>Corporate Policy Performance &amp; Communities</b>				
Budget Reprofile	(10)	Interplan System	Minor reprofiling of budget for Interplan (£0.010m)	
<b>Royal Pavilion Arts &amp; Museums</b>				
Budget Reprofile	(172)	New Historical Records Office	A reprofile of budget into 2014/15 is required to reflect the slightly revised cash flow with ESCC.	

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Variance	205	Royal Pavilion Estate	In the 2014/15 budget agreed by Members in February there was a paragraph about the development phase of the Royal Pavilion Estate's regeneration. The initial stage involved the Dome incurring expenditure in 2013/14 relating to the joint project which has already been funded by the Arts Council. This expenditure was transferred to the Council along with the funding (the Council is the Lead on the project with the Dome acting as the contractor for VAT reasons).	
Variance	(5)	Various	Other variances of (£0.005m) for various schemes under (£0.005m) each.	
<b>Sports &amp; Leisure</b>				
IFRS/Other Changes	90	Withdean Capital Scheme	Please see paragraph 3.19 (v) of the main report for a general explanation of IFRS changes. For Sports & Leisure there is a watershed for capitalisation between the feasibility stage and the development stage of a project. In the feasibility stage, an authority is considering possible strategies for addressing a service issue and options that might be implemented. In the development stage, the authority has an objective to acquire, construct or enhance a particular fixed asset. These are activities being undertaken to bring a particular asset into use. Until the development stage commences, expenditure would not normally be capitalised.	
Budget Reprofile	(37)	West Pier Arches fit-out	Reprofiling of budget to 2014/15 for West Pier Arches fit out (£0.037m).	
Variance	(160)	Withdean Athletics Track	Underspend due to the actual cost of the works being much less than the budget estimate provided by the consultant working on the project.	
Variance	(57)	Volks Railway Solar Project	The funding for the Volks Railway Solar Project was coming from the Coastal Communities Fund.	



**Appendix 4 – Capital Programme Performance**

<b>Detail Type</b>	<b>£'000</b>	<b>Project</b>	<b>Description</b>	<b>Mitigation Strategy</b>
			Unfortunately the funding application was unsuccessful and so the project will not be progressing any further.	
Variance	3	Various	Net overspend from various schemes under £0.050m each.	All overspends have been funded from available revenue resources.

## Finance, Resources and Law - Capital Budget Summary

Forecast Variance Month 9 £'000	Service	2013/14 TBM 9 Budget £'000	Reported at other Committees £'000	IFRS / Other Changes £'000	Variation, Slippage/ reprofile £'000	2013/14 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(32)	City Services	2,111	273	0	(220)	2,164	2,146	(18)	-0.8%
0	HR Organisational Development	43	0	0	0	43	36	(7)	-16.3%
0	ICT	1,826	0	(286)	(758)	782	782	0	0.0%
0	Property & Design	5,535	41	(886)	(1,643)	3,047	2,995	(52)	-1.7%
0	Finance	27	0	0	0	27	28	1	3.8%
(32)	<b>Total Finance, Resources and Law</b>	<b>9,542</b>	<b>314</b>	<b>(1,172)</b>	<b>(2,621)</b>	<b>6,063</b>	<b>5,987</b>	<b>(76)</b>	<b>-1.2%</b>

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
<b>City Services</b>				
Reported at other Committees	273	CEM Parking	Previously agreed at P&R Committee 17/10/13 – implementation of the Customer Experience Management (CEM) system for Parking.	
Budget Slippage	(198)	CEM Parking	The budget was allocated to invest in a Parking Permit project over 6 months and kick off the rollout for the CEM system. A portion was based on an estimate to back-fill staff in ICT (and Communications). A further portion was for Application Programming Interfacing APIs to integrate to our Northgate	Judging the resourcing for this complex and new area was difficult and resulted in some delays. ICT are now recruiting staff for CEM projects in line with their wider resource planning for the website and CEM teams. The

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			systems. Advice from Procurement colleagues was to wait and buy them as part of the re-contracting bundle which is currently underway. This has added to the slippage but has saving £0.020m on the project cost.	Communications Team, are going through a restructure following a saving that needed to be made and staff will be backfilled once this is complete.
Budget Reprofile	(22)	Woodingdean Library	Reprofile of budget to 2014/15.	
Variance	(18)	Various	Net underspend from various schemes under (£0.050m) each.	
<b>HR Organisational Development</b>				
Variance	(7)	Human Resources System	Underspend of (£0.007m) on Human Resources System.	
<b>ICT</b>				
IFRS/Other Changes	(286)	Workstyles Phase 2 - ICT Resources	Please see paragraph 3.19 (v) of the main report for a general explanation of IFRS changes. For the Workstyles project some of the costs are of a day-to-day servicing nature and are not capital expenditure. It would be impracticable for an authority to assess every item of expenditure when it is incurred as to whether it has enhanced an asset. The practical situation is instead that at the year-end an assessment is made by programme managers and finance to make sure that expenditure is correctly classified as capital or revenue. The capital budgets are reduced by the same amount as the items that are subsequently charged to revenue.	
Budget Reprofile	(150)	Workstyles Phase 2 - ICT Resources	To support corporate ICT investment including Phase 3.	The ICT support for Workstyles Phase 2 is dependent on other ICT investment and infrastructure changes.
Budget Reprofile	(53)	Various	Reprofiling of budget for several schemes under £0.050m: Communications (£0.023m), ICT	

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			Workstyles Planning (£0.023m), ICT Governance & Security (£0.007m).	
Budget Slippage	(53)	Information Management	Due to internal project delays with the implementation of new information systems.	
Budget Slippage	(65)	Internal Customer Access to Information	Slippage due to later than planned completion of the desktop migration project.	
Budget Slippage	(50)	ICT Compliance	This project commenced later than expected as a result of other projects taking priority.	
Budget Slippage	(387)	ICT Core Infrastructure	This project is linked to the Internal Customer Access to Information project above and the delays were due to the later than planned completion of the desktop migration project.	
<b>Property &amp; Design</b>				
Reported at other Committees	41	Hollingdean Depot Health & Safety	Reversal from TBM month 7 decision as work is being completed faster than anticipated earlier in the year.	
IFRS/Other Changes	(886)	Workstyles Phase 2 - Accommodation Strategy	Please see paragraph 3.19 (v) of the main report for a general explanation of IFRS changes. For the Workstyles project some of the costs are of a day-to-day servicing nature and are not capital expenditure. It would be impracticable for an authority to assess every item of expenditure when it is incurred as to whether it has enhanced an asset. The practical situation is instead that at the year-end an assessment is made by programme managers and finance to make sure that expenditure is correctly classified as capital or revenue. The capital budgets are reduced by the same amount as the items that are subsequently charged to revenue.	The profile of the original budget was dependent on a wide range of factors including decisions about accommodation units by services. The budget now needs reprofiling to reflect an updated payment profile
Budget Reprofile	(75)	Brighton Museum - replacement fire system	The fire alarm system covers both Brighton Museum and the Dome Complex. Funding is split between BHCC and the Brighton Dome Festival Trust. The	Agreement has been reached on the preferred contractor and a meeting is planned for early May

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			project has been tendered with several options and these have resulted in protracted discussions around specification and associated costs.	to agree the final split of costs and the works programme to be delivered this summer.
Budget Reprofile	(336)	Workstyles Phase 2 - Accommodation Strategy	Project Resources to support Phase 3 and Bartholomew House investment in phase 2.	
Budget Reprofile	(281)	Workstyles Phase 3 - ICT Costs	The Workstyles Phase 3 project is being implemented over 4 years with a total of £2.0m set aside for ICT investment. This phase commenced toward the end of the financial year whilst Phase 2 ran in parallel and is being finalised. The majority of the spend for ICT will commence in 2014/15 and will be required to be reprofiled into 2014/15.	The ICT support for Workstyles Phase 3 is dependent on ICT investment and infrastructure changes.
Budget Reprofile	(436)	Workstyles Phase 3 - Backscanning Equipment	The Workstyles Phase 3 project is being implemented over 4 years with a total of £1.5m set aside for back-scanning and /or EDRM investment. This phase commenced toward the end of the financial year whilst Phase 2 ran in parallel and is being finalised. The majority of the spend for EDRM will commence in 2014/15 and will be required to be reprofiled into 2014/15.	The back-scanning support for Workstyles Phase 3 is dependent on ICT investment, office moves and infrastructure changes.
Budget Reprofile	(106)	Workstyles Phase 3 - Project Resources	The Workstyles Phase 3 project is being implemented over 4 years with a total of £1.482m set aside for project resourcing. This phase commenced toward the end of the financial year whilst Phase 2 ran in parallel and is being finalised. The majority of the spend relates to support for implementing Phase 3 and retains a number of staff that worked on Phase 2 and will be required to be reprofiled into 2014/15.	The resourcing of Workstyles Phase 3 is dependent on Phase 2 completing with the majority of support being retained and a transition to Phase 3.
Budget Reprofile	(98)	Legionella Works	Major Works to irrigation systems were to be carried out at Stanmer Nurseries, in February/March but the start was delayed for operational reasons. The work	

## Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			will now be undertaken in 2014/15. Major works were also identified at Hove Town Hall relating to water pipes risers, water tanks and removal of the cooling tower, however, in the 2013/14 financial year, approval was given to the third phase of Workstyles which approved major building works at Hove Town Hall which would not be starting until January 2015. It therefore made sense for both projects to be combined to avoid disruption to the building users and get economy of scale on costs.	
Budget Reprofile	(54)	Solar Panel Implementation Plan	Budget to be reprofiled to support Workstyles Phase 3 and solar panels on Hove Town Hall.	
Budget Reprofile	(81)	Various	Budget reprofiling for several schemes under £0.050m: Corporate Fire Risk Assessments (£0.026m), Madeira Terrace Structural Repairs & Resurface (£0.017m), Replacement swipe card security system (£0.038m).	
Budget Slippage	(176)	Various	Budget slippage for several schemes under £0.050m: Brighton Town Hall - basement improvement (£0.038m), Preston Manor Extension Repair & Redecoration Phase 2 (£0.011m), Holy Trinity - external stonework enhancement (£0.039m), King Alfred - Landlords responsibility (£0.039m), Passenger Lift H&S Works (£0.011m), Mechanical Boiler Replacements (£0.038m).	
Variance	(52)	Various	Net underspend from several schemes all under (£0.050m) each.	

<b>New Capital Project Approval Request</b>				
<b>Service:</b>	Transport			
<b>Project title:</b>	Resident Parking Schemes			
<b>Total Project Cost (All Years)</b>	£600,000.			
<b>Purpose, benefits and risks:</b>				
<p>To provide capital budget in the 2014/15 financial year for potential parking schemes in accordance with the planned programme. As required, the capital budget is financed through revenue generated by each scheme. The parking scheme timetable agreed at Transport Committee in January 2013 outlined a programme of consultation in various areas across the city up to 2017.</p>				
<b>Capital expenditure profile (£'000):</b>				
Year	2014/15	2015/16	2016/17	TOTAL
Unsupported Borrowing	600	0	0	600
Total estimated costs and fees	600	0	0	600
<b>Financial implications:</b>				
<p>The creation of new and extensions to existing resident parking schemes in the 2014-15 financial year include the Preston Park Triangle (£250,000), Wish Road (£130,000), Lewes Road Triangle (£100,000), and others areas (120,000). Expenditure will include the costs of consultation, Traffic Regulation Orders, signing, lining and purchase and instalment of pay and display machines.</p> <p>The capital costs associated to the creation and extension of parking schemes are funded by unsupported borrowing, with appropriate repayments made over a seven year period funded from the revenue income generated. Total costs are dependent on public acceptance of some of the schemes following consultation. Any variation to budget will be reported to Committee as part of the TBM process.</p>				

**New Capital Project Approval Request**

<b>Service:</b>	City Regeneration
<b>Project title:</b>	Brighton Digital Exchange
<b>Total Project Cost (All Years):</b>	£0.686m

**Purpose, benefits and risks:**

As part of the City Deal the council is exploring the option to create the Brighton Digital Exchange (BDX) at New England House to provide businesses with cost effective access to high bandwidth connectivity. It would provide:

- Affordable, high bandwidth connectivity to the internet;
- Competitive local hosting that will allow flexible, on site development of new products and services;
- Connectivity to members of the London Internet Exchange (LINX) to allow peering with other CDIT companies in London and elsewhere in the UK.

The Super Connected Cities Plan was approved at Policy & Resources Committee on 21st March and confirmed that up to £3.307m funding has been awarded toward the project. Revenue funding has been set aside within the budget to support the development of the bid for the project. An outline business case has been prepared and presented to Broadband Development UK (Department of Culture, Media & Sport) to establish the viability of the proposed BDX and approve the £0.686m allocation from the SCC funding. The BDX will be located and run within New England House initially rent free with the intention that the operation will be reviewed annually and rent will be charged when it becomes economically viable.

**Capital expenditure profile (£'000):**

Year	2014/15	2015/16	2016/17	TOTAL
Grant	686			686
Total estimated costs and fees	686			686

**Financial implications:**

This is to be met from the funding from part of the Super Connected Cities project (£3.3m).



<b>New Capital Project Approval Request</b>				
<b>Unit:</b>	Adults Assessment			
<b>Project title:</b>	Telecare			
<b>Total Project Cost (All Years):</b>	£450,000			
<b>Purpose, benefits and risks:</b>				
<p>This project will support the continued growth in Telecare which is provided as a preventative service. It will continue to support more people living in the community supported by a range of Telecare devices such as falls sensors, lifeline equipment, GPS locators and environmental sensors (flood/fire/CO). An additional 350 people are expected to be supported each year.</p>				
<b>Capital expenditure profile (£'000):</b>				
Year	2014/15	2015/16	2016/17	TOTAL
Grant (Community Capacity Grant from Dept of Health)	225	225		450
Total estimated costs and fees	225	225		450
<b>Financial implications:</b>				
<p>The funding will be met from specific Department of Health capital grant funding. Telecare is more cost effective and less intrusive alternative to traditional homecare. The risks of not investing in technology are that this will increase costs of alternative care and increase admissions into residential care.</p>				

<b>New Capital Project Approval Request</b>				
<b>Unit:</b>	Public Health			
<b>Project title:</b>	Public Health England Drug & Alcohol Recovery Grant			
<b>Total Project Cost (All Years):</b>	£252,000			
<b>Purpose, benefits and risks:</b>				
<p>This project supports the Public Health England capital investment programme in drug and alcohol recovery services within the community. The funding awarded to Brighton &amp; Hove City Council is £0.252m split between 4 local service providers. The projects are supported by the local authority and all demonstrate that the funding will be used to encourage the growth and effectiveness of recovery-orientated drug or alcohol treatment and recovery support services.</p>				
<b>Capital expenditure profile (£'000):</b>				
Year	2014/15	2015/16	2016/17	TOTAL
Grant (please state)	252			252
Total estimated costs and fees	252			252
<b>Financial implications:</b>				
<p>The capital expenditure will be covered by the grant from Public Health England (received 31st March 2014). The bids were assessed and schemes agreed by Public Health England and grant agreements have been issued to the 4 successful providers to ensure that the PHE grant conditions are complied with.</p>				

<b>Subject:</b>	<b>Human Resources and Organisation Development Annual Report</b>		
<b>Date of Meeting:</b>	<b>24<sup>th</sup> June 2014</b>		
<b>Report of:</b>	<b>Catherine Vaughan</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Sue Moorman</b>	<b>Tel:</b>
	<b>Email:</b>	<b>Sue.moorman@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The Human Resources & Organisational Development (HROD) service has been under new managerial leadership since July 2013. The service comprises Human Resources, Health and Safety and Workforce and Organisational Development.
- 1.2 The purpose of the report is to highlight the contribution the service has made in supporting the organisation over the last 12 months and set out the focus of our activity this year to support the Council delivering the Corporate Plan, particularly the priority of Modernising the Council. This is in response to feedback from members and senior management that there was not a sufficient profile or understanding of the work the function undertook.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee note the annual report of activity, assurance and business plan priorities from the Human Resources & Organisational Development (HROD) Service.
- 2.2 That the Committee consider whether key performance updates from HROD would be welcome on a regular basis.

**3. CONTEXT/ BACKGROUND INFORMATION**

The HROD service is a key enabler for delivery of the modernisation programme for the Council as defined by Priority 4 of the Corporate Plan. It plays a key role in ensuring that the council is high performing providing well defined policies, insightful management information and advice and training and development on workforce issues. It is also a key component of our overall corporate governance arrangements.

- 3.3 It is important that HR/OD has a visible role in the organisation and is able to add challenge, provide solutions and define activities that will enable the council to meet its priorities. The challenging landscape for the council in delivering services against restricted budgets means that HR/OD needs to add value to the planning and options and to effective implementation.
- 3.4 The recent structural change which moved the function to be part of the Finance and Resources Directorate has provided better opportunity for greater collaboration across support services. This ensures that the use of people, technology and finance are more effectively scrutinised. We know that in particular more joined up working between HR and Finance functions provides better outcomes for the organisation.
- 3.5 The annual report provides an overview of the broad range of activities undertaken by the HROD service including information on:
- Training and Development
  - The Culture Change programme
  - How we have supported managers with complex casework
  - An outline of the strategic HR support provided particularly in relation to workforce planning
  - Recruitment activity
  - Provision of Occupational Health support
  - Health and Safety advice and assurance
  - Payroll and pension activities
  - Policy and project work.
- 3.6 It includes many achievements as well as the challenges faced. In addition, it sets out the current Business Plan priorities and how people can get involved by providing feedback on their experiences and help to influence how we shape our service for the future.
- 3.7 The Council's workforce is the greatest resource it has and the report provides context and assurance on what is done to support this resource. This is the first annual report but it is expected this will be continued from this point to build up a benchmark of activity.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

Not applicable

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 This report is intended to provide information only at this stage and to seek the views of the committee for further performance reporting.

#### **6. CONCLUSION**

- 6.1 Obtaining the views of the committee on future performance data will enable Human Resources to provide assurance on the arrangements in place.

## 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

7.1 Not applicable

*Finance Officer Consulted: Name Nigel Manville*

*Date: 12/06/14*

### Legal Implications:

7.2 Not applicable

*Lawyer Consulted: Name Oliver Dixon*

*Date: 12/06/14*

### Equalities Implications:

7.3 The report includes reference to the work undertaken on workforce equalities.

### Sustainability Implications:

7.4 HR & OD are supporting the councils sustainability strategies by supporting the Health and Happiness objective of the One Planet Living plan.

### Any Other Significant Implications:

7.5 None identified

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. HR&OD Annual report for 2013/14

### **Documents in Members' Rooms**

1. None

### **Background Documents**

1. None

Crime & Disorder Implications:

1.1 Not applicable

Risk and Opportunity Management Implications:

1.2 Not applicable

Public Health Implications:

1.3 Not applicable

Corporate / Citywide Implications:

1.4 Not applicable

# Human Resources and Organisational Development

Annual Report 2013-14



Brighton & Hove  
City Council

# **Human Resources & Organisational Development**

## **Annual Report 2013 - 2014**

Report of: Head of Human Resources and Organisational  
Development (HROD)

Committee: Audit & Standards Committee

Subject: HROD Annual Report  
April 2013 to March 2014

Date: 24 June 2014



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## 1. Introduction

This is the first published Human Resources and Organisational Development (HR&OD) annual report. It highlights the contribution and achievements the service has made in supporting the organisation over the last 12 months, and sets out the focus of our activity for 2014-15.

Under the new leadership for HR&OD, our priority has been to ensure HR is fully contributing its professional expertise and providing services that effectively support the Corporate Plan priority of modernising the council.

### **HR's ambition is to:**

- Invest in a skilled, trained and motivated workforce
- Provide value for money and efficient services
- Shape and drive workforce priorities
- Facilitate the development of organisation culture to match ambition
- Learn from our experiences and celebrate our successes

We recognise there are challenges for the service and improvements we can continue to make to ensure a more efficient and effective service that is meeting customer expectations. We hope that the broad range of activities set out in this report outlines our contribution over the last 12 months, provides an insight into the support, initiatives and developments we have been involved in and demonstrates our clear focus on providing the best HR&OD service we can to the organisation.

### **Our priorities and how we've been supporting you by living our values every day**

One of our key roles has been supporting the roll out of our values and behaviours. As a team we have ensured these reinforce what we do and the service we offer.

#### ***Customer Focus***

We have adopted the customer promise and actively seek feedback on our service. Feedback is taken seriously and helps us to identify improvements to services. We are developing a managers reference group, as part of our people plan and culture change work as another feedback mechanism.

#### ***Collaboration***

The Head of HR & OD is a member of Finance & Resources Departmental Management Team (DMT), we work closely with colleagues in Finance and ICT to ensure that the use of people, technology and finance are more effectively joined up.

We work closely with managers, union representatives and workers fora representatives to develop the workforce improvement activities that will make a difference to organisational performance and ensure effective engagement is embedded in how we plan and deliver our service.

#### ***Respect***

We act as a role model for the values and behaviours of the organisation. We set expectations of what we can offer as part of the service and if we cannot do things, explain why this is not possible. If our service falls short of agreed expectations we will ensure we respond in a timely and informed way. We also expect to be treated with respect and will challenge behaviour if it falls short of what the organisation expects.

#### ***Efficiency***

In the last 12 months the HR Leadership team have worked together to reduce the overspend on our budget. An ongoing challenge will be balancing the available budget with the level of resourcing required to support the council in delivering the modernisation programme.

We continue to work with Business Process Improvement (BPI) methodology to review and enhance our services and improve customer experience. This is balanced with making the best use of our systems and technology to automate as much of the paper-based interventions as possible to give managers more control of information.

### ***Creativity***

We are continually seeking ways of working with partners to enhance our skills and knowledge and make the best use of opportunities to develop and share our services and work with other partners in the city and beyond.

### ***Openness***

We are working hard to ensure our data is open and to improve the content and accessibility of our workforce information. We are encouraging improved understanding of our services by being clear about what we can offer and encourage managers, staff and staff representatives to get involved with our services through working groups, focus groups and customer improvement groups.

### ***Our Workforce***

We provide services across our workforce, including to our community schools and academies. The headcount of staff employed across the organisation at 31 March 2014 was **9,478** (including 4,578 employed by schools). These figures exclude casual workers.

## 2. The Management and Structure of HR & OD

The Human Resources and Organisational Development service provides technical, professional and advisory support for the organisation to ensure consistent high quality employment practices to assist all council services to deliver the commitment contained within the corporate plan.

Our service includes the following delivery teams:

**HR Business Partnering:** provides HR support through a dedicated HR Business Partner working with each directorate. The role of the HR Business Partners is to provide strategic support challenge and advice to the Directorate Management Team to support the achievement of corporate and business plans. An example of the support provided around workforce planning is activity undertaken to deliver a customer lead service redesign and culture change programme in the planning department. In addition HR Business Partners will commission support from across HR to ensure an effective service is provided that meets the needs of services.

**HR Advisory Services:** provides a comprehensive professional service to managers across the organisation and in schools on a wide range of HR issues. This includes providing advice and support with HR procedures and related case work such as attendance management, discipline, grievance, and performance management, change management and reorganisations/restructures.

The team also provide advice and support to managers and staff in resolving disputes and conflict informally through access to a workplace mediation scheme. We also contribute to development of the people management skills of managers through a range of training interventions and coaching for managers.

**People Centre:** provide human resource administration for the council's directly employed workforce. This covers maintenance of the staffing establishment on the HR & Payroll System (PIER), advertising vacant roles, administering and tracking recruitment processes and pre-employment checks, issuing contracts of employment. Amendments to the contracts of existing employees, inputting, up-dating and taking people off the council's payroll as individuals are appointed, move/change jobs, take leave such as maternity or are absent due to sickness. The team also manage the processes for leavers. In addition a small team deal with all administration for the council's two pension schemes; the Local Government Pension Scheme and the Teachers' Pension Scheme.

**Policy and Projects** is a mix of specialisms from HR policy, equalities, pay and job evaluation and undertakes a range of project work and research / advisory activities in order to provide a coherent framework of policies and processes to ensure that the council is regarded as a good employer able to attract, retain and motivate a skilled workforce.

**Health and Safety** undertake a range of assurance activities such as audits, inspections and accident investigations. The team are the first point of contact with enforcement and regulatory agencies. Other functions include providing advice and guidance through a duty officer scheme and ensuring appropriate policies and guidance are in place. The team work with city partners as part of the Safety Advisory Group and the Major Incident Support team to plan and respond to incidents and events in the city.

**Occupational Health and Wellbeing:** support the welfare of staff through the provision of an occupational health service and employee support program which includes health surveillance, monitoring and promotion. The service is based on a model of early referral and intervention to provide advice to support employees to remain in the workplace.

The team also provide a wellbeing service linked closely with Public Health to provide information and advice on key issues affecting health and wellbeing. In addition a staff counselling, information and advice service is available to all employees to offer support on a wide variety of subjects and issues.

**Workforce Development** provides the majority of learning and development, qualifications and elearning across the organisation and wider adult and children's social care workforces. Policy development and project work are also a feature of our work eg revised supervision policies for social care and work staff.

### 3. Supporting Corporate Priorities

#### What have we been doing this year and how have we been supporting you?

##### We provide support to services in planning and managing their workforce

We have supported services and management teams by:

- Running a voluntary severance scheme across the council. A total of 111 staff took advantage of the scheme resulting in a saving of £1,765,874.
- Supporting DMTs with analysis of their staff survey results by providing bespoke support to each directorate to help them understand their results and plan actions to address issues identified.
- Negotiating and implementing a new pay and allowances scheme for the council's local government National Joint Council (NJC) workforce, that was fair, transparent and consistent.
- Supported the organisation through the process of consultation and dispute when putting in place the new allowances.
- Supporting DMTs with budget proposals, Value for Money (VFM) targets. The HR implications of the 2014/15 budget proposals have been assessed by the HRBP team and support has been provided to directorates to manage the implementation of these proposals. A full equality impact assessment was completed on the proposals using more detailed data than in previous years. This supported both decision making on proposals and planning for implementation.
- Advertising approximately 1,000 posts, issuing new or amended contracts to approximately 3,000 individuals and undertaking all necessary pre-employment checks.
- Providing directorates with workforce data and management information highlighting trends/patterns within the data to identify future action.

We have supported and overseen the council's vacancy management process and facilitated the recruitment of new employees to vacancies. We have also worked with services and employees to co-ordinate redeployment activity finding suitable job matches for staff.

We have supported key organisational changes to meet corporate and business plan priorities. Through working in partnership with services to plan and implement their changes, we have supported effective outcomes. Major change we have supported include:

- integration of Adult Services with Health,
- implementing major initiatives in Children's Services such as the MASH and Early Help Hub
- the future delivery model for our cultural services
- round changes in Cityclean
- service re-design in Planning,
- Supported 58 restructures/reorganisations across the council (33% of these in schools)
- Provided advice and support to managers on a range of employee relations case work in the workforce as follows:

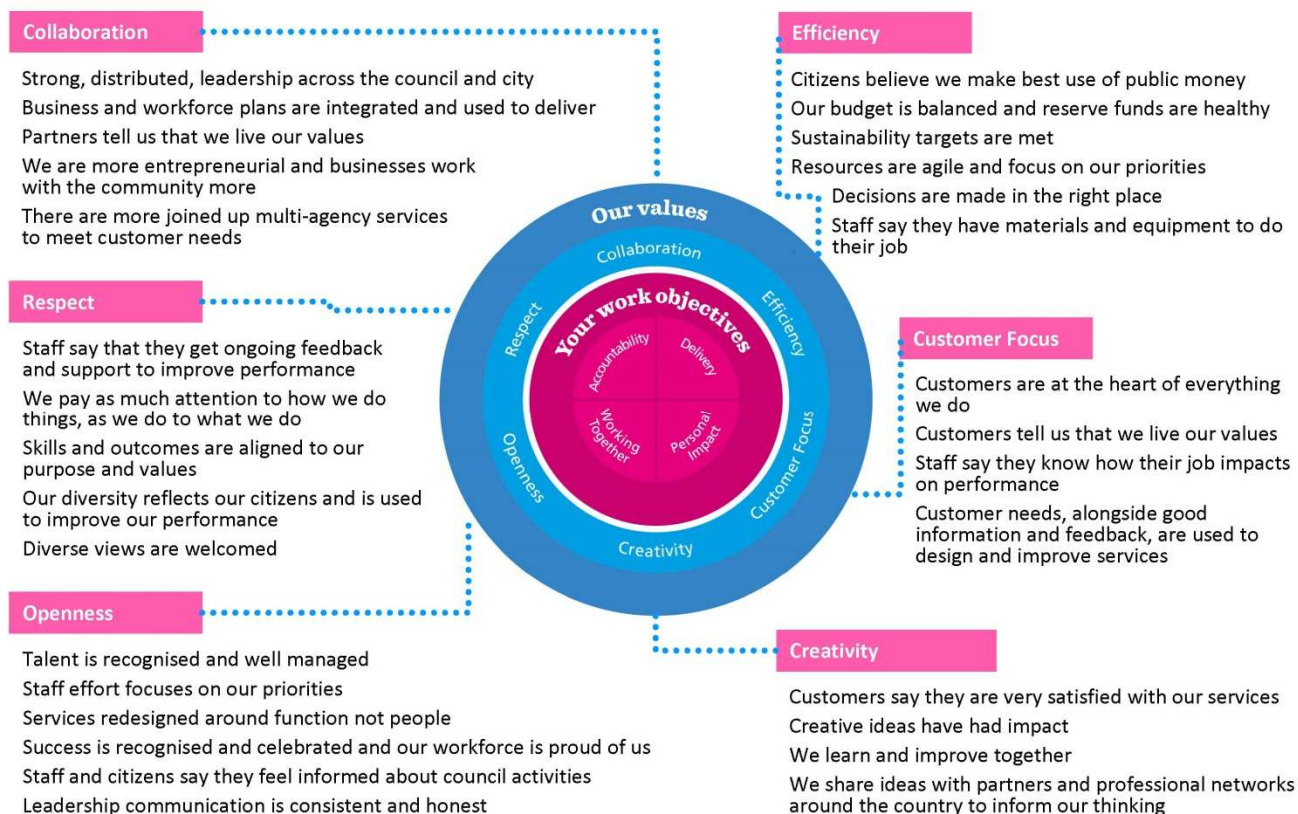
Disciplinary	154
Performance/Capability	29
Grievances	60
Probationary	10
Sickness Absence	163
<b>Total</b>	<b>416</b>

(26% of these cases were for schools staff)

## We helped agree an approach to changing the culture of the council

We worked with the organisation and the Executive Leadership Team (ELT) to understand the current culture within the organisation and describe the required future culture.

ELT endorsed an approach to culture change and performance improvement in November 2013. Our approach to cultural change is known as 'Living our values, every day', it has 14 key activities and it exists to help modernise the council – Priority 4 of the Corporate Plan.



## We worked to embed our values through the way we manage individual performance

Our time has been spent supporting leaders and senior managers to advocate, demonstrate and develop a culture within the organisation that improves performance.

In March 2013 we launched new Performance Management Guidance and forms. The new process is more user-friendly and is formed around our work priorities and values.

In July we ran pulse survey to 170 staff, the results told us:

56% of respondents felt more motivated after their PDP and 121 conversations.

45% of respondents felt our values have made a difference to their PDP and 121 conversations and 45% stating they had made no difference.

From this we believe the organisation is halfway toward people knowing about the values and them having a positive impact on into people performance conversations.

## We have lead on the development of an Equalities Action Plan following GHPO report

The publication of the Global HPO Report on the council's relationship with its BME staff and the communities of Brighton & Hove has led to significant work being undertaken. We have taken ownership to lead and coordinate the Workforce Equalities action plan developed in response to the Global HPO report.

This area of work has a core focus in the Corporate Plan and we have worked with representatives from our trades unions and workers forums through the Workforce Equalities Group, to seek feedback and challenge on our action plan. The progress on the plan is regularly reported to ELT and is overseen by Executive Director of Finance & Resources in her capacity as the Executive Leadership Team's Equalities Champion.

We have recognised that the Global HPO report highlighted that some of the perception of HR was not positive and we have worked through the Workforce Equality Group and to create more positive trusting relationships and continue to do so.

Some of the comments were related to management actions and processes and it was recognised that the term "HR issues" was in some cases being used as shorthand for these. It has been important to set expectations of how HR policy and advice supports managers but does not override the line manager accountability to manage workforce issues.

The first year action plan was designed to provide a sound base of transparent management information on which to then establish informed actions in year 2. Work has included improvements in how our workforce profile is broken down and now includes information by grade and contract type. The new OPD report enables senior managers to compare their workforce profile against the council as a whole, which supports directorates in meeting their new equalities targets.

The completed BME needs assessment is influencing how we engage with the communities of Brighton & Hove to ensure that we work towards a council that reflects the communities it serves.

It is accepted that the first year focus, whilst the right one, has meant that the equalities profile of the workforce will not have been greatly changed. A full report on the progress of the Workforce Equalities Action Plan in 13/14 was presented to the Policy and Resources Committee on 12 June 2014.

### **We have lead on the review and implementation of a new allowance and expenses scheme**

Following the 2010 implementation of Single Status for all employees on NJC terms and conditions, we have implemented a new allowance and expenses scheme for these staff in October 2013.

There were many months of preparation and consultation with the unions starting in February 2013. Managers met with affected staff to explain the new scheme and assess the impact on them. This information along with feedback received directly from staff was collated centrally and fed into the final stage of the negotiations. This was a challenging time during which industrial action was taken at Cityclean. Ongoing negotiations resulted agreement and implementation.

The new scheme is transparent and simple. It is easier to understand, easier to administer and easier to submit claims, with fewer opportunities for incorrect payment, giving greater assurance over the council's financial affairs.

### **We have undertaken a review of our casual and agency staffing**



Our work in mapping the council's casual workforce alongside its use of agency staff provides a much clearer picture and facilitates better workforce planning as well as providing improved recruitment and management of these individuals.

Casual Workers – Considerable work has been undertaken to understand our casual workforce and align them to our permanent and temporary workforce. Casual recruitment now follows our normal recruitment processes to ensure good practice and enable data collection and analysis. We have also implemented the council's new allowance and expenses package for our casual workforce. The roll-out of new employment contracts has started, following consultation with local managers and trade unions, in April 2014.

The casuals process was also mapped last year and the normal recruitment process is now followed for all casual appointments across the Council.

Care Crew and Admin All Areas and Contact Supervisors are the largest groups of individuals who work flexibly across the council. All staff now have an identified manager to provide supervision and ensure the relevant training needs are identified and completed. We are working with Adult Social Care services in trialling the use of peripatetic contracts within the service to ensure we have a flexible workforce for the future that can quickly adjust to service changes.

**Agency Workers and Interim staff** – These workers are provided through a managed service contracted through Guidant Group. Detailed reporting is provided to directorates on a monthly basis to enable them to monitor and manage use of agency workers within their areas.

## 4. Staff Engagement

### We implemented the 2013 Staff Survey

The 2013 Staff Survey ran during 4 – 22 November 2013 and we had largest response rate ever. All staff had the opportunity to complete the survey either online or on paper. In total 2,563 responses were received out of a total of 5,277 staff, giving an overall response rate of 49%.

We facilitated conversations with the Chief Executive, Executive Directors and Corporate Management Team (CMT) to look at the feedback and agree the main priorities for the organisation.

Our three main priorities are:

- Improving management capability - through training, and providing the right tools for the job
- Improving the reach and effectiveness of communication and engagement with our staff community
- Building personal resilience - in particular to support during times of change

We influenced these three priorities to be stated as ‘key areas of focus’ in our 2014/15 Corporate Plan and are therefore in every business plan to encourage action and improve staff confidence that their feedback is being listened to and acted on.

The staff survey is now an annual exercise and will be used to monitor our progress on cultural change and modernisation.

### GOOD NEWS

#### In your role:



I KNOW HOW TO GO ABOUT GETTING MY JOB DONE **95%**

I AM CLEAR WHAT MY DUTIES AND RESPONSIBILITIES ARE **89%**

I AM CLEAR WHAT IS EXPECTED OF ME **84%**

I AM AWARE OF THE COUNCIL'S PRIORITIES

UP 16% TO **48%**



#### Communications:

I THINK COMMUNICATIONS WITHIN MY SERVICE AREA ARE GOOD

UP 12% TO **48%**



I REGULARLY HEAR NEWS OF WHAT'S HAPPENING FROM MY MANAGER

UP 10% TO **63%**

I FEEL INFORMED ABOUT COUNCIL ACTIVITIES, NEWS AND EVENTS



### TO WORK ON

**48%** (DOWN 13%)  BELIEVE THE SURVEY IS A VALUABLE EXERCISE

**26%** (DOWN 4%) ARE CONFIDENT THE COUNCIL WILL ACT ON THE ISSUES RAISED



#### I FEEL VALUED BY THE COUNCIL



#### I FEEL THERE IS A CLEAR SENSE OF DIRECTION IN THE COUNCIL



## **We have aligned the key engagement activities**

The organisation engages staff in variety of ways. During 2013 we have worked with ELT and colleagues in internal communications to align our cross council engagement activities to ensure they are integrated, consistent and supportive of one another.

Engagement Activities include:

- Senior Mangers Forum – three times a year
- Staff Survey – October each year
- Staff Roadshows – October each year
- Staff Consultation Forum – meets quarterly
- Departmental Consultation Groups
- Corporate Health & Safety Committee – meets quarterly

## 5. Partnerships

### What have we been doing this year and how have we been supporting you?

#### **We provided Organisational Development expertise to the Neighbourhood Governance / Community Collaboration approach**

We supported the transfer of learning from the Neighbourhood Governance pilots into ongoing ways of working in Community Collaboration through supporting colleagues, external partners and residents. This involved facilitating interactive exercises to help understand the culture of how we all worked, looking at learning under the headings of:

- Structure
- Systems/Processes
- People
- Engagement and Communications

One of the key outcomes has been the increased reference to our Values and all parties beginning to increase discussing what contribution we will all make to culture change and improving ways of working in collaboration. OD is continuing with its support for the community collaboration agenda as a key aspect of BHCC's modernisation

#### **We are working on the agenda for integrated working with health**

We are supporting the Better Care programme in Brighton & Hove by chairing the HR partnership workstream. Better Care offers the opportunity to improve services to some of the most vulnerable residents in the city, placing them and their carers at the centre of their own care. It will transform how local health & social care services are delivered so that people are provided with better integrated care and support.

#### **We have worked with job centre plus and the leaving care team to increase apprenticeships and work placements for young people.**

The council has committed to embedding 70 apprenticeships across the council. Presentations have been undertaken to engage young unemployed people in the apprenticeship opportunities offered by the council through our partnership arrangements with Job Centre Plus. All our opportunities are communicated to areas such as: Leaving Care Team, Youth Employability Service and Youth Offending Service.

We have worked with our partners to prioritise individuals such as lone parents, those leaving care and the long term unemployed and have a process which guarantees interviews for children leaving care for whom we have a corporate parent responsibility.

The National Apprenticeship Service continues to be a partner in sourcing training providers for our apprenticeships. The numbers of apprenticeships continues to rise with 37 apprenticeships in place and a further 30 in planning.

#### **We have worked with our partners to ensure the health and safety of those living in, working in and visiting the city.**

The health and safety team work closely with **East Sussex Fire and Rescue Service** to discuss any potential deficiencies as they conduct their audit programme

**Safety Advisory Group** we attend all the Safety Advisory Group meetings and working with partners such as emergency services and transport organisations. We advise on the potential impacts as the calendar of events unfolds in the city.

**Major Incident Support Team** we advise on issues during incidents that may affect the safety of our residents, visitors and our staff. During the last year we have provided support in responding to the following:

- Storm surge and the Patcham floods,
- Advising on the health & safety implications during Fire Service and Cityclean industrial action.
- Planning and councils incident liaison for March for England
- Advising on planning for major incident planning exercises in partnership with the Civil Contingencies team
- Responding to major incidents in the city including – chemical incident at Cardinal Newman High School

**Risk Management Steering Group** – working together with Civil Contingencies, Public Health, Insurance and the Risk Manager this group ensures effective co-ordination of risk management issues, resources and strategies. The work of the group has helped to inform the organisation's strategic risk register.

**We have worked successfully with schools to provide services through our SLA**

We work in partnership with schools and Academies in the city providing a range of traded services to including HR advice, HR, payroll and pensions administration, Health & Safety and Occupational Health and Wellbeing services.

The Teacher Pay & Appraisal Model Policy and guidance documents incorporating the government performance management and pay reforms were formulated during 2013 involving detailed consultation with head teachers and teacher unions.

We provided timely advice to headteachers and governing bodies on managing industrial action during October 2013 and March 2014. Schools have been kept up to date with HR issues via the School Bulletins, termly Heads HR Briefing and more regular Business Manager & Bursar Briefings.

We also work closely with Education & Inclusion to provide specialist support to Governors and schools that the council is working with to provide additional support to improve standards.

Through established Service Levels Agreements we provide HR support to the Citizen's Advice Bureau, South Down's National Park and the Bilingual School for payroll services.

## 6. Wellbeing

### What have we been doing this year and how have we been supporting you?

#### **We have been managing the contract for Occupational Health service and employee assistance programme**

The Occupational Health and Counselling Services contract was awarded to Team Prevent UK in March 2012. Since that time we have been working to embed the contract and we have delivered:

- A secure Occupational Health online portal to submit & receive occupational health information for management & HR.
- Improvements to Staff Counselling service, the provision includes unlimited freephone telephone access, **24hours a day, 365 days a year**, including information & advice from citizen advice bureau trained staff.
- Formalised contract review and improvement meetings

#### **Through the Occupational Health we have:**

- Provided **1426** appointments (referrals and reviews) and 114 staff Did Not Attend
- Undertaken analysis of the **top three reasons** for referral which were, **medical condition, work-related stress** and **depression**.
- Focused on awareness raising to reduce the referral time (absent to point of referral), which has reduced to **35 days** from **54 days** last year.

#### **Through our Employee Assistance Programme:**

- **871** people have contacted the service, 367 for telephone counselling, 460 face to face counselling, 25 online counselling and 1 episode of critical incident debriefing.

#### **We are supporting the council's sustainability strategies**

We are implementing actions as part of the Health & Happiness objectives of the One Planet Living strategy which includes; initiatives on emotional wellbeing, active living, stop smoking, increasing uptake of flu vaccinations.

#### **We are supporting the effective management of absence and stress in the workplace**

We have reviewed our absence management practice across services and have involved key stakeholders through surveys for staff and managers, attendance at the workers forums and meetings with the unions. As a result of this work a revised approach to attendance management is being implemented across the council.

## 7. Corporate learning & development

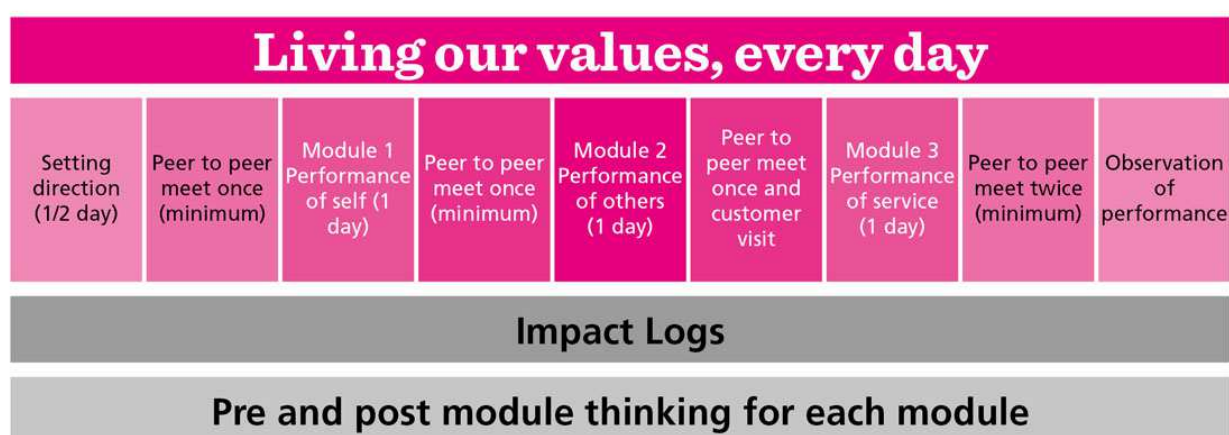
**What have we been doing this year and how have we been supporting you?**

**We worked to embed our values by implementing a new management development programme for all managers across the organisation**

Feedback from our People Strategy conversation with staff from across the organisation during 2012 and our 2013 staff survey told us that a key priority for us is to improve the capability of our managers. We designed and delivered the first strand of the 'Living our values, every day' programme to the top three tiers of the organisation. This was launched on 11 February 2014.

The first group of thirty learners included the Chief Executive, the Executive Directors and their direct reports – members of the Corporate Management Team. The programme focuses on performance improvement of ourselves, of others and service.

Here is an overview of the content of the programme



A key challenge for our organisation is to ensure as well as having the right people in the right place, we also need to ensure they have the right skills to help them do their job. Continued development is a key part of this. We have supported you by providing:

**We have supported our workforce by delivering training and development activity enabling our staff to enhance their skills and achieve qualifications**

- **14000 places** have been provided on **1200 courses** with an average attendance rate of 11 delegates per course. A further **3919** elearning modules have been completed saving the council **£117,000** when compared to classroom based training.
- A health and safety training programme was developed to support the needs of staff across the organisation. Over **23 different courses** have been delivered through **107 training events** to **1152 delegates**. This includes bespoke training events which have been tailored to meet the specific needs of teams and services.
- **192** qualifications have been completed across children's, adults and housing services including:
  - 89** QCF qualifications
  - 84** Social Work CPD modules
  - 19** Bursary qualifications

- **109** people managers in children's social services completed a coaching and mentoring programme to improve their approach to supervision and performance management.
- We have maximised the use of internal training rooms, **saving the council an estimated £200,000** on external hire costs.

### **We have supported the recruitment and development of social workers by delivering**

- Successful implementation of a Service Level Agreement (SLA) for Social Work student placements in Adult Services and work continues with Children's Services to establish a similar SLA for 2014-15 onwards. **43 student placements** were supported across BHCC and schools in 2013-14.
- In partnership with ASC and CS we have co-ordinated the annual intake of **22 newly qualified social workers** on the assessed and supported year of employment and generate income of approx. **£80,000** in support.
- Creation of a Social Work Continuing Professional Development Strategy group with the Principal Social Workers.

### **We have worked with partners to develop and deliver training**

- In the autumn a multi-agency safeguarding adults conference was held attended by 150 people.
- Disclosure & Barring service event held to support managers in understanding their responsibilities in the light of the Protection of Freedoms Act (2012).
- Partnerships and funding have provided large scale industry events to happen in Brighton & Hove which include the Social Care Showcase and Dementia Showcases. **Over 1000 people attended** to network and hear quality guest speakers across a wide range of subjects.
- We delivered joint Fire Risk Assessment training to a mixed cohort of staff from East Sussex Fire and Rescue Service and Brighton & Hove City Council to increase opportunities for joint working and networking.



## **8. Policy and assurance**

### **What have we been doing this year and how have we been supporting you?**

#### **We analysed PDP activity recorded on the HR system PIER**

We helped the organisation understand how managers use PIER to record Performance Development Plans activity on the HR system, PIER.

From June – August 2013 we worked to identify how the PIER system could be used to produce meaningful data on people performance activity and we identified that PDP completion recorded on PIER for permanent staff was 60.19%

#### **We have worked with finance to create an establishment process for the council**

The new establishment process was implemented on 1st April 2013. Through this every staff change is properly authorised and budget is aligned to match the costs. This is an on-line process developed by HR and finance working together to design the process. This governs all other HR transactional processes and a working group has been set up to review and improve the system based on our first years' experience.

#### **We have rolled out on-line time and expenses**

Following successful pilots in 2012 managers in over 90% of our services can now authorise claims online. They are input by the employee directly into PIER and authorised by the line manager each month. This simple electronic authorisation process provides complete visibility for the employee and a full online history of claims. HR resources are deployed on vetting the payroll rather than inputting data. This has also been piloted in 12 schools to date. This new process, combined with the new allowance and expenses scheme, provides improved transparency and greater efficiency.

#### **We successfully implemented Real Time Information and Auto-enrolment and the new Local Government Pension Scheme (LGPS) Pension Scheme**

Our payroll and systems team successfully implemented changes to our processes necessary to comply with HMRC requirements to send all payroll transactions to them in real time (RTI – real time information) and to comply with pension auto-enrolment. We also wrote to all staff eligible to be members of the LGPS pension scheme to inform them of the changes to the scheme from April 2014.

#### **We reviewed and implemented a number of policies and guidance including:**

##### **Pay Policy Statement**

We produced the council's annual pay Policy Statement as required under the Localism Act 2011. This was approved firstly by full council and is published on the website together with a range of data on pay as a public document.

##### **Dignity at Work Policy and Procedure**

This was reviewed following extensive discussions with Workers' Forums, managers, investigating officers, trade unions and HR colleagues. This is coupled with the publication a new workplace mediation scheme that any employee can access as a mechanism for trying to resolve grievances and disputes without recourse to formal procedures.

##### **Raising Concerns in the Public Interest Policy (Whistleblowing)**

This policy was reviewed and there were a number of changes designed to improve awareness and understanding of how and when the policy should be used, including the change of name. There are also new flowcharts to show how the council will respond to a concern that is raised under the policy.

### Disclosure and Barring Service (DBS)

We updated our recruitment policies and processes to comply with changes in the Disclosure and Barring Service requirements to ensure we continue making relevant criminal checks on job candidates and those working with vulnerable groups.

We have also coordinated the Basic Disclosure checks for Revenues and Benefits staff in order for the council to achieve Code of Connections (CoCo) compliance in line with the Cabinet Office British Personnel Security Standards guidance in October 2013.

### Health and Safety Policy and Guidance

We have co-ordinated the review of the policy which is signed by the chief executive and endorsed by the Leader of the Council and Elected Member lead for Health and Safety. This policy sets out the commitment to health and safety together with roles, responsibilities and arrangements which are communicated through departmental management teams.

### We undertook and responded to a range of assurance activities

#### Payroll Assurance

The 2013-14 internal payroll audit provided **substantial assurance** on the effectiveness of the internal controls over the operation of the Payroll system.

#### Health & Safety Assurance

A priority for the health and safety service continues to be supporting the organisation in ensuring a proportionate approach to risk management is adopted. The range of functions undertaken by the council and our delivery partners in some instances, involves complex hazards that require robust risk management controls.

We operate a duty officer system which provides access to competent health and safety advice for all services, this has proven to be an effective mechanism for supporting services and ensuring continued compliance.

The team provide the first point of contact with regulatory agencies in particular: the Health & Safety Executive and East Sussex Fire and Rescue Service when undertaking inspections, audits or investigations. The Health and Safety Executive continue their proactive inspection programme and East Sussex Fire and Rescue Service undertake fire safety audits across the city.

A detailed annual health and safety report has been presented to the corporate health and safety committee outlining activity and priorities for the future. We can again report that no enforcement action has been taken against the council in the last 12 months.

The audit programme has seen a total of 197 undertaken as part of the 2 year programme. Support is provided where arrangements are found to offer limited assurance and where good practice is identified this is shared. A summary of assurance levels is highlighted below.

		Assurance Level				
Total Audits Required	Total Undertaken	No	Limited	Reasonable	Substantial	Full
207	197	0	21	123	50	3

## 9. Business Plan priorities for 2014/15 year

Our focus this year is delivering our five business plan priorities these can be seen in figure 1 below.

**Figure 1: HROD Business Plan Priorities**



We will **Support the Organisation** by providing a professional, responsive HROD function that supports the organisation and our partners in the management and robust performance of services and staff.

We will develop and implement a **People Plan** that enables the council to attract and retain a flexible workforce that is responsive to change with the right skills for the organisation.

We will support the senior leadership team of the council to advocate, demonstrate and develop a culture that improves performance. This work is framed by the 'Living our values, everyday' **culture change** programme.

We have identified key actions in response to the **HROD Staff Survey Action Plan**, these are to improve internal communication, improve our management capability and build personal resilience. Through these we aim to ensure we have a high performing workforce with the right skills and with improved staff satisfaction levels.

We will continue to develop our service through our **Internal HR Improvement Plan**, we have set up a performance board to monitor progress against key actions in our business plan. This will ensure that we offer our customers a positive experience and that we deliver high levels of service performance, delivered through efficient systems and processes.

## 10. Help us to help you

Delivering the best services for our city relies on ensuring we have the right people in the right roles doing the right things. HROD have a key role to play in supporting the organisation to achieve this. We need to ensure our service is agile and responds to the changing needs of the organisation. We have already established feedback mechanisms but recognise we need to go further.

**How can you help?** Get involved by telling us about what you think we do well and when things haven't met your expectations let us know about it. You can contact us by through our email address at: [HRODCustomerFeedback@brighton-hove.gov.uk](mailto:HRODCustomerFeedback@brighton-hove.gov.uk).

## 11. Conclusion

This report highlights a broad range of achievements and challenges over the last year for the HROD service. Whilst we recognise there are further opportunities for us to develop our service, there is also lot for us to be proud of. We will remain committed to focusing on supporting the organisation to deliver the commitments / priorities set out in the Corporate Plan.

# AUDIT & STANDARDS COMMITTEE

## Agenda Item 13

Brighton & Hove City Council

<b>Subject:</b>	<b>Review of the Effectiveness of the System of Internal Audit</b>		
<b>Date of Meeting:</b>	<b>24 June 2014</b>		
<b>Report of:</b>	<b>Executive Director of Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Mark Dallen</b>	<b>Tel:</b> <b>01273 291314</b>
	<b>Email:</b>	<b>mark.dallen@brighton-hove.gov.uk</b>	
<b>Wards Affected:</b>	<b>All</b>		

### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 The council is required to conduct an annual review of the effectiveness of its Internal Audit, the findings of which are to be considered by a committee (designated as the Audit & Standards Committee at this council).
- 1.2 This report details the results of a self-assessment of the system of Internal Audit against the UK Public Sector Internal Audit Standards.
- 1.3 The process should also be considered as part of the wider annual review of the council's governance arrangements and production of the Annual Governance Statement.

#### 2. RECOMMENDATIONS:

That the Audit & Standards Committee:

- 2.1 Considers the findings of the review of the effectiveness of Internal Audit.
- 2.2 Notes the conclusion of the review that the system of internal audit for the council continues to be effective and operating in accordance with proper professional practice; and that the council can place reliance on the system of internal audit for the purpose of its Annual Governance Statement.

#### 3. BACKGROUND

## **Legislative Requirements**

- 3.1 The Accounts and Audit Regulations 2011 require local authorities to undertake at least once in each year *“a review of the effectiveness of its internal audit and have the findings considered by a committee”*.
- 3.2 All local authorities have a statutory requirement to make provision for internal audit and for the purpose of the regulations, in accordance with proper practices. The Public Sector Internal Audit Standards together with the Local Government Application Note are designated as proper practice for this purpose.

## **Defining the Effectiveness of system of Internal Audit**

- 3.3 A professional, independent and objective internal audit service should be one of the key elements of good governance in the council.
- 3.4 It needs to:
  - understand the whole organisation, its needs and objectives
  - understand its position with respect to the organisation’s other sources of assurance and plan its work accordingly
  - be seen as a catalyst for improvement at the heart of the organisation
  - add value and assist the organisation in achieving its objectives, and
  - be forward looking – knowing where the organisation wishes to be and aware of the national agenda and its impact.
- 3.5 The foundation of an effective internal audit service is its compliance with standards and proper practices.

## **4. PROCESS**

### **Public Sector Internal Audit Standards**

- 4.1 The Public Sector Internal Audit Standards contain a checklist covering 334 questions. The majority of these relate to requirements that are very similar to those that were previously required by the Code of Practice on Internal Audit in Local Government (CIPFA) but there are some areas where the requirements are now more specific.

- 4.2 The standards require an annual self-assessment to be carried out and then every five years an external review. Conformance with professional standards and best practice is seen as the foundation for an effective Internal Audit service.
- 4.3 The self-assessment against this checklist was carried out by the Acting Head of Internal Audit in December 2013 and has been revisited for the purpose of this annual review and report. As part of this process consultation has taken place with the Chair of the Audit & Standards Committee and the Executive Director of Finance & Resources.
- 4.4 The self-assessment against the Standards comprises the following areas:

### **Definition of Internal Auditing**

#### **Code of Ethics**

- Integrity
- Objectivity
- Confidentiality
- Competency

#### **Attribute Standards**

- Purpose, authority and responsibility
- Independence and objectivity
- Proficiency and due professional care
- Quality assurance and improvement programme

#### **Performance Standards**

- Managing the internal audit activity
- Nature of work
- Engagement planning
- Performing the engagement
- Communicating results
- Monitoring progress
- Communicating Results

## **5. OUTCOME AND ACTIONS**

- 5.1 From the evidence of this review, it is considered that the Authority's Internal Audit function complies with the standard.
- 5.2 A summary of the self-assessment against each of these areas is shown in Appendix 1.
- 5.3 As at the end of 2013/14, the service has been self-assessed as 99% compliant against the self-assessment questions.

- 5.4 The remaining 1% has been assessed as partial compliance as responsibility for the appointment and removal of the Head of Internal Audit is not the sole responsibility of the Audit & Standards Committee. In addition, the Audit & Standards Committee does not have responsibility for approving the budget of the service, although it does have a role in directing the use of resources through the approval of the audit plan.
- 5.5 There were 11 of the 334 questions which have been self-assessed as Not Applicable (N/A). The reason for this is that these questions all relate to the five year external review that has not yet taken place. The Director of Finance & Resources has recommended that this be scheduled during 2014/15.
- 5.6 It should be noted that compliance with the Public Sector Internal Audit Standards does not in itself guarantee an effective service. Within this year's Internal Audit Plan and Strategy a number of areas for service development were identified. These are reiterated here:-
- Continue to improve our arrangements for the follow-up of recommendations and the escalation of those where appropriate action has not been taken.
  - To work with the Corporate Fraud Team to promote an anti-fraud culture and to detect and investigate allegations of potential fraud.
  - Encourage the raising of legitimate concerns through the Whistleblowing Policy and the Fraud Hotline.
  - Contribute to the improvement of the Council's Corporate Governance arrangements.
  - Increase the number of individual schools audits and the resources set aside for these reviews.
  - Follow-up on the control weaknesses identified in the ICT Limited Assurance reviews.
  - Support key funding and service changes in relation to the implementation of the Care Act and Better Care Fund.
  - Support the Council's Value for Money Programme and seek assurance that projects and programmes are on track to deliver.

## **6. FINANCIAL & OTHER IMPLICATIONS:**

### **6.1 Financial Implications:**

The areas for service development within this review can be managed within the budget of the Internal Audit service for 2014/15.

Finance Officer Consulted: James Hengeveld Date: 09/06/14

### **6.2 Legal Implications:**

The statutory provision referred to in paragraph 3.1 above is regulation 4(2) of the Accounts and Audit Regulations 2011. These regulations also require the findings



of the effectiveness review to be considered by full Council or a council committee. In the case of Brighton & Hove, the Audit & Standards Committee is the designated committee for this purpose. Following the review, the Committee must approve an annual governance statement prepared in accordance with proper practices in relation to internal control.

Lawyer consulted: Oliver Dixon

Date: 30/05/14

### 6.3 Equalities Implications:

When carrying out audit work, any equality issues identified are reported to the appropriate level of management. The Internal Audit Strategy and Annual Audit Plan recognise the Council's priorities in respect to Equality and Diversity and how Internal Audit will meet them.

### 6.4 Sustainability Implications:

When carrying out audit work, any sustainability issues identified are reported to the appropriate level of management.

### 6.5 Crime & Disorder Implications:

When carrying out audit work, any crime and disorder issues identified are reported to the appropriate level of management.

### 6.6 Risk and Opportunity Management Implications:

An effective Internal Audit service is essential in providing independent assurance over the management of risks.

### 6.7 Corporate / Citywide Implications:

Robust corporate governance arrangements are essential to the sound management of the City Council and the achievement of its objectives as set out in the Corporate Plan.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Conformance with the Public Sector Internal Audit Standards and the Local Government Application Note – Self Assessment Summary

### **Background Documents**

1. Accounts & Audit Regulations 2011 (Amended)
2. Public Sector Internal Audit Standards (2013)
3. Local Government Application Note (2013)
4. Internal Audit Strategy and Annual Audit Plan 2014/15
5. Internal Audit Charter
6. Annual Governance Statement 2013/14

### Conformance with the Public Sector Internal Audit Standards and the Local Government Application Note – Self Assessment Summary

Standards	Assessed Conformance				Opinion	Actions
	Yes	No	Part	N/A		
1) Definition of Internal Audit	3	0	0	0	Full Conformance	
2) Code of Ethics	12	0	0	0	Full Conformance	
<b>3) Attribute Standards</b>						
3.1) Purpose, Authority and Responsibility	23	0	0	0	Full Conformance	
3.2) Independence and Objectivity	32	0	2	0	<p><u>Partial Compliance</u></p> <p>The responsibility for appointing and removing the Head of Audit &amp; Business Risk will remain with the Chief Finance Officer but in consultation with the Chair of the Audit &amp; Standards Committee and Chief Executive, in line with other Authority appointment processes. Budget approval for the service lies with the Full Council.</p>	No further action.
3.3) Proficiency and Due Professional Care	21	0	0	0	Full Conformance	
3.4) Quality assurance and improvement programme	21	0	0	11	All of the issues identified as not being applicable relate to the five year external assessment, its development, undertaking and monitoring.	Five year external assessment planned for 2014/15
<b>4) Performance Standards</b>						

4.1) Managing the internal audit activity	46	0	0	0	Full Conformance	
4.2) Nature of work	31	0	0	0	Full Conformance	
4.3) Engagement planning	49	0	0	0	Full Conformance	
4.4) Performing the engagement	22	0	0	0	Full Conformance	
4.5) Communicating results	55	0	0	0	Full Conformance	
4.6) Monitoring progress	4	0	0	0	Full Conformance	
4.7) Communicating the acceptance of risks	2	0	0	0	Full Conformance	
<b>Totals</b>	<b>321</b>	<b>0</b>	<b>2</b>	<b>11</b>		





<b>Subject:</b>	<b>Internal Audit Report and Opinion 2013/14</b>		
<b>Date of Meeting:</b>	<b>24 June 2014</b>		
<b>Report of:</b>	<b>Executive Director of Finance and Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Mark Dallen, Acting Head of Internal Audit</b>	<b>Tel: 29-1314</b>
	<b>Email:</b>	<b>mark.dallen@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report presents the Internal Audit Report and Opinion for 2013/14. It summarises the work of the Internal Audit Team for the financial year 2013/14 as well as the work of the Corporate Fraud Team.
- 1.2 The report, attached as Appendix 1, incorporates the Acting Head of Internal Audit's opinion on the system of internal control.

**2. RECOMMENDATIONS:**

- 2.1 That Audit & Standards Committee note the Annual Opinion and details of the work carried out by the Internal Audit and Corporate Fraud Teams during 2013/14, as summarised in section 4 of this report and set out in full in Appendix 1.

**3. BACKGROUND INFORMATION**

- 3.1 The Internal Audit Team provides a service in accordance with an Annual Plan and Strategy approved by this Committee.
- 3.2 The work is carried out in accordance with the Accounts and Audit Regulations 2011 that require the council 'to undertake an adequate and effective internal audit of its accounting records and system of internal control in accordance with proper practices'. These proper practices are the Public Sector Internal Audit Standards.
- 3.3 Internal audit is a key part of the Council's governance framework and specifically in providing an assessment of the adequacy and effectiveness of the internal control and risk management arrangements.
- 3.4 To be effective it is important that the service is delivered in accordance with best practice and that internal control weaknesses are both identified and addressed.

The annual report summarises and concludes based on the work carried out by the Internal Audit Team in the year.

- 3.5 The report is set out in Appendix 1. As well as the Annual Opinion, it incorporates details of the work undertaken including a list of audit reviews and individual assurance opinions, together with analysis of recommendations made and follow-up work to ensure that recommendations are implemented. It also includes information on the work of the Corporate Fraud Team in the year.
- 3.6 The Annual Opinion and findings from individual reviews are also used to inform the drafting of the Annual Governance Statement.

#### **4. MAIN CONCLUSIONS FROM THE ANNUAL REPORT AND OPINION**

- 4.1 The Annual Report and Opinion, Appendix 1, concludes that Reasonable Assurance can be provided on the effectiveness of the Council's control environment for the 2013/14 financial year. This is the same opinion as was given for the 2012/13 financial year.
- 4.2 This opinion is based on the completion of 87 reviews during the year together with follow-up work on recommendations made and risks and control weakness identified when undertaking counter fraud work.
- 4.3 An analysis of the audit opinions given during the year found that 37% of audit areas reviewed were given Substantial Assurance, 49% Reasonable Assurance and 11% Limited Assurance. These results were consistent with the previous financial year.
- 4.4 The number of high and medium priority recommendations made in 2013/14 was 370. This was slightly less than the preceding financial year although the number of high priority recommendations had increased slightly. Analysis of the High Priority Recommendation found that the most common control shortfalls related to procurement and contract issues. The second most common was where dual control and/or a separation of duties were not evidenced in key processes.
- 4.5 During the year the service aimed to improve the arrangements for the follow up and tracking of recommendations. This work found that 85% of medium priority recommendations previously made had been implemented and 86% of high priority ones. Further work is scheduled to revisit where high priority recommendations are outstanding.
- 4.6 Other key indicators on the effectiveness and efficiency of the service are contained in Appendix 1.
- 4.7 The Corporate Fraud Team had a successful year with 39 prosecutions relating to Housing Benefit and Council Tax Reduction Benefit fraud and 37 other sanctioned cases. In addition, the investigation of tenancy fraud resulted in the council recovering 10 properties in the year.



- 4.8 It should be noted that the majority of the existing Corporate Fraud Team are likely to transfer to the Department of Work and Pensions (DWP) as part of the Single Fraud Investigation Service Transfer Arrangements (SFIS) in October 2014. Management is currently supporting these transfer arrangements and assessing the need for a residual corporate fraud service.

## **5. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 5.1 The Internal Audit & Opinion Annual Report 2013/14 outlines how resources were applied, the internal control recommendations, savings through counter fraud and other issues. The Internal Audit Plan for 2013/14 was delivered within budgetary resources for the year.

*Finance Officer Consulted: James Hengeveld*

*Date: 09/06/14*

### Legal Implications:

- 5.2 The statutory basis for conducting internal audit work is regulation 6 of the Accounts and Audit Regulations 2011. This provision imposes a duty on the council to undertake internal audit functions as described in paragraph 3.2 above.

*Lawyer Consulted:*

*Oliver Dixon*

*Date: 29/05/14*

### Equalities Implications:

- 5.3 Effective systems of internal control and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the community.

### Sustainability Implications:

- 5.4 There are no direct sustainability implications resulting from this report.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Internal Audit Report and Opinion 2013/14

## **Background Documents**

1. Accounts and Audit Regulations 2011
2. Public Sector Internal Audit Standards
3. Internal Audit Strategy and Plan 2014/15

**Internal Audit**

# **Internal Audit Annual Report and Opinion 2013-14**

**Mark Dallen, Acting Head of Internal Audit**

**June 2014**



**Brighton & Hove  
City Council**

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## 1. Introduction

- 1.1 This report summarises the work carried out by Internal Audit and Corporate Fraud during 2013/14. As part of this it incorporates the Acting Head of Internal Audit's Annual Opinion.
- 1.2 The majority of the work of Internal Audit comprises individual internal audit reviews. The Corporate Fraud Team undertakes a range of different investigations including a significant number of housing benefit fraud investigations and housing tenancy work.
- 1.3 In addition to the in-house teams some IT audits and a small number of other audits were delivered by our external partner Mazars Public Sector Limited (previously Deloitte Public Sector Limited).
- 1.4 The work undertaken focused on improving the effectiveness and efficiency of council services and systems, providing assurance to the Executive Director of Finance & Resources, Chief Executive, Audit and Standards Committee and other management throughout the authority. The work is based around corporate objectives and strategic risks as well as the more traditional financial systems and controls.
- 1.5 The statutory basis for internal audit in local government is provided in the Accounts and Audit Regulations 2011 which states that a local authority shall maintain and adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with proper practice.

## 2. Annual Opinion

- 2.1 The assurance level is provided by the Acting Head of Internal Audit based on the work carried out during 2013/14. The following was considered in giving this opinion;
  - § The findings and Assurance Opinions from individual internal audit reviews, both planned and unplanned.
  - § Management understanding and acknowledgement of control shortfalls and agreement of actions to address.
  - § Evidence that recommendations are being actioned and implemented.
  - § Findings from corporate fraud and other investigations.
  - § Known changes to systems and control frameworks.
  - § Assurance work carried out by third parties.
  - § Information extracted from the Council's risk management strategy and reporting arrangements.

## Annual Audit Opinion

No assurance can be absolute but based on the work undertaken it is the Acting Head of Audit's Opinion that **Reasonable Assurance** can be provided on the effectiveness of the Council's control environment for the year ended 31 March 2014.

### 3. Internal Audit Work during the year

#### Summary of Audit Reviews

- 3.1 During 2013/14 a total of 87 reviews have been completed and reports produced. Of this total 75 have been finalised and 12 are still at draft stage. There are 2 residual reviews where reports were being drafted at the time of preparing this report. An oral update will be given on these items at the Committee.
- 3.2 The total of 87 audits represents 82% of the audits on the original audit plan for the 2013/14 year. Members of the Committee have been kept up to date on progress during the year and audits have been deleted from the plan ensuring that audit coverage of priority areas is maintained.
- 3.3 There were 12 reports where we gave a Limited Assurance opinion, although only 8 had been finalised at the time of drafting this report. This is the same figure to 2012/13 where we concluded Limited Assurance on 12 reviews.

Summary of Assurance Levels 2013/14 compared to 2014/15 (Final Reports Only)

Assurance Level	No. of Audits 2013/14	% of Total	No. of Audits 2012/13	% of Total	Direction of Change (%)
Full	0		0		↔
Substantial	28	37.3%	23	33.3%	↑
Reasonable	37	49.3%	32	46.4%	↑
Limited	8	10.7%	12	17.4%	↓
No Assurance	0		0		↔
No Opinion Given	2	2.7%	2	2.9%	↓
Total	75	100%	69	100%	

- 3.4 Specific reviews which concluded Limited Assurance were:

#### Final Reports

- Transport Workshop (City Clean)
- Corporate Landlord Responsibilities (Asset Management)
- Staff Expenses
- HR Establishment Control
- Declarations of Interest, Gifts & Hospitality
- BACS - Follow-up
- Parking Services – Penalty Charge Notices

- On-Street and Off Street - Parking Income

3.5 At the time of preparing this report there were also four Limited assurance reports that were still in draft. These were:-

- Cyber Security
- IT Governance
- Council Procurement (Including Compliance with Contract Standing Orders)
- Housing Service Contracts

3.6 A summary of all audits completed this year is contained in Appendix 1. These audits have been grouped under the following headings:

- Governance Arrangements
- Financial Systems
- Procurement/ Contracts
- Service Focused
- Project Assurance
- Education and Schools
- ICT Audits
- Grant Claims

Commentary on the work carried out in each audit area is given below.

### **Governance Audits**

3.7 Seven audits were undertaken under this heading in 2013/14, and a total of 19 medium and high priority recommendations made. The audit of Declarations of Interest, Gifts and Hospitality concluded Limited Assurance. Details of this audit were reported to the Audit and Standards Committee in the year and action has been taken by the Head of Legal Services and the Director of Finance and Resources to address the control shortfalls identified.

### **Financial Systems**

3.8 A total of 15 audits of financial systems were undertaken during the year. There were no Limited Assurance reports. It is noted that the audit of the Payroll system concluded Substantial Assurance demonstrating a marked improvement in control compared to previous years.

3.9 Seven of these financial system audits included specific test schedules that were completed to support the work of the external auditors, Ernst and Young. This joined up approach is intended to minimise any duplication of audit review and the impact on clients as well as assisting in the effective joint understanding of control and risks between the two teams. This also demonstrates our commitment under the council's "collaboration" core value.



## **Procurement/ Contracts**

- 3.10 There were six audits which focused specifically on contract and procurement arrangements, although contract and procurement controls also were a key component of other service focused audits.
- 3.11 An analysis of high priority recommendations in all of our reports has identified that Procurement and Contract Control issues were the reason for 11 of these recommendations.
- 3.12 There were two audits where we concluded Limited Assurance. These were Council Procurement, a cross cutting review including a sample of procurements across the council and Housing Service Contracts.
- 3.13 The findings of these two audits as well as individual findings within other audit reports identified that there are still control weaknesses with procurement and contract arrangements. One particular area of risk is in relation to procurements where spend with an individual contractor is ongoing at a level below Contract Standing Order thresholds, but when aggregated should have been subject to formal tendering and contract arrangements. This issue is not simple to address but is important to ensure that Value for Money transparency and accountability is provided for all procurement decisions.

## **Service Focused**

- 3.14 There were 31 audit reports which have been categorised as service focused. These range from audits of individual frontline services e.g. Libraries to systems that form part of corporate support services e.g. Staff Expenses.
- 3.15 There were six reports where we concluded Limited Assurance falling into this category. These were:
- Transport Workshop (City Clean)
  - Corporate Landlord Responsibilities (Asset Management)
  - Staff Expenses
  - HR Establishment Control
  - Parking Services – Penalty Charge Notices
  - On-Street and Off Street - Parking Income

## **Project Assurance**

- 3.16 Our audit programme covered 6 project or programme management areas during the year. The work included individual projects e.g. Workstyles 3 and the i360 as well as more overarching reviews on e.g. Project and Programme Management. The assurance opinions on all of these reviews were either Substantial or Reasonable Assurance.

## **Education and Schools**

- 3.17 During 2013/14 the audit approach to schools has been to undertake cross-cutting thematic reviews alongside the reintroduction of audits of individual schools.
- 3.18 Audits carried out during the year were:-
- Special Educational Needs
  - Traded Services for Schools
  - Schools Financial Services - Central Reconciliations
  - Schools IT Security
  - Pupil Places Planning
  - School Capital Works – Thematic Review
  - St. Joseph’s Catholic Primary School
  - Fairlight Primary School
- 3.19 In addition to this all schools in the City participating in the Schools Financial Value Standard (SFVS) self-assessment process. This process is led by and co-ordinated by the School Contact team in Financial Services and the overall framework was reviewed by Internal Audit during the year.
- 3.20 It is intended that the number of audits of individual schools will be significantly increased during 2014/15.

## **ICT Audits**

- 3.21 Thirteen ICT audits were undertaken in the year ranging from the review of individual IT applications to more generic areas of ICT Governance e.g. Social Media.
- 3.22 Approximately half of these audits were carried out by our external partner (Mazars) and the remainder in-house.
- 3.23 There were three audits where a Limited Assurance conclusion was given. The first on the BACS system has previously been reported to this Committee.
- 3.24 For the first time in 2013/14 an overview audit was carried out on ICT Governance. This review concluded Limited Assurance. This opinion reflects and summarises some known issues around the council’s ICT provision including business continuity arrangements and documentation of key policies.
- 3.25 In addition Limited Assurance was given in the audit of Cyber Security. This opinion was given because of two specific technical vulnerabilities identified in the Councils ICT infrastructure. Actions are being taken to address these.

## **Grant Claims**

- 3.26 The audit plan for 2013/14 included a contingency for certifying grant claims. During the year the following interim claims were audited.

- Better Bus Area Grant
- Local Sustainable Transport Grant
- Stronger Families Stronger Communities
- DECC Grant

No significant issues were identified.

### Recommendations made during the year

- 3.27 During 2013/14 we made a total of 370 High or Medium priority recommendations were made. This is lower than the equivalent figure for 2012/13 but with slightly more high priority recommendations being made.

Number of Audit Recommendations	2013/14	2012/13	Direction of Change
High	45	40	↑
Medium	325	377	↓
Total	370	417	↓

- 3.28 The control issues underpinning the 45 high priority recommendations are summarised in the table below.
- 3.29 The most common control shortfall was in relation to procurement and contract issues. This is an area where improvements to the control framework can be made. In addition it is noted that the second most frequent type of control shortfalls was that dual controls and/or a separation of duties were not operating as expected.

Number of High Priority Recommendations by Control Shortfall Type			
Type of Control Issue	No.	Type of Control Issue	No.
Procurement/ Contracts	11	Other	2
Dual Control/Separation of Duties	7	Security	2
Governance	3	Budget Management	1
ICT	3	Contract/ Procurement	1
Reconciliation	3	Fraud Detection	1
Authorisation	2	Human Resource	1
Governance	2	Income Management	1
Health and Safety	2	Performance Management	1
Information Governance	2		

## 4. Implementation of Recommendations

- 4.1 During 2013/14 the internal audit service has sought to improve the arrangements for the follow-up of recommendations and a new protocol has been put in place to help facilitate this.

- 4.2 This part of the corporate control framework is essential so that actions to ensure risks are addressed are not only identified and agreed but are also implemented within reasonable timescales.
- 4.3 For practical reasons much of the follow-up work undertaken during 2013/14 related to recommendations made in the previous financial year 2012/13. In total 240 recommendations were followed up as part of Implementation Audit Reviews, Follow-up Reviews or as part of the 2013/14 planned audit reviews.
- 4.4 The follow-up arrangements focused on “High and Medium” priority recommendations.
- 4.5 Overall 85% of the Medium priority recommendations had been implemented and 86% of the High priority ones as detailed in the table below.

	<b>Total Number of Recommendations</b>	<b>Implemented</b>	<b>Not implemented</b>
<b>High Priority</b>	28	24	4
<b>Medium Priority</b>	212	180	36
<b>Total</b>	240	204	40

- 4.6 The four High priority recommendations not actioned were related to the audits of On and Off Street Parking and Homelessness. Further audit reviews are programmed for both these areas during 2014/15 and any actions still outstanding at the time of these reviews will be escalated.

## **5. Corporate Fraud Team Work during the year**

### **Housing Benefit Council Tax Benefit**

- 5.1 With regard to Housing Benefit and Council Tax Benefit there were 39 successful prosecutions plus 30 administration penalties as well as 21 cases with solicitors awaiting prosecution. The key outcomes are summarised in the table below.

<b>Outcome</b>	<b>Year end</b>
Prosecutions	39
Cautions	7
Administration Penalties	30
Overpayments	£912,500*

Note. \*Figure excludes cases under investigation but includes cases awaiting prosecution

- 5.2 Examples of recent successful cases include:-

- A tenant dishonestly claimed £10,557.96 in Housing Benefit and £1,686.20 in Council Tax Benefits from the Council over a two year period - over £12,000 in all. The combined overpayments by us, another Local Authority and the DWP were more than £50,000. The person received a one-year prison sentence.
- An overpayment of Housing Benefit of £62,853.29 and Council Tax Benefit of £6,277.51 was identified following an investigation. These amounts have now been repaid in full.
- A claimant received more than £70,000 in Housing Benefit and £7,500 in council tax benefit for two flats where they were not living. Investigations successfully proved the claimant was not living in either of the properties at the time of claiming the Benefits. The claimant has been sentenced to 12 months' imprisonment.
- A claimant was successfully prosecuted by the Council and the Department for Work and Pensions after falsely claiming over £120,000 in benefits. The claimant was claiming Housing Benefit, Council Tax Benefit and Income Support but failed to declare living with a partner.

5.3 Included within the investigations during 2013/14 were three cases where the Housing Benefit fraud was committed by an employee of the council. In two cases the employee was dismissed.

### **Housing Tenancy**

5.4 A total of 76 allegations of suspected tenancy fraud of council properties were received. Investigations resulted in the return of 10 properties to the Council. Using a formula proposed by the National Fraud Initiative this action resulted in an £180,000 benefit to the Council (i.e. £18,000 per property). In addition to this, a property was recovered for a Housing Association.

### **Outcomes from NFI Data Matching Work**

5.5 The Council participates in the National Fraud Initiative (NFI) which involves the provision of data sets to the Audit Commission which are used to identify fraudulent activities when compared to other data sets.

5.6 This exercise identified housing benefit and council tax benefit overpayments of over £500,000 in the 2013/14 financial year, although many of these cases are still ongoing. In addition overpayments relating to creditors of £1,662 and Private Residential Care of £15,590 were identified.

5.7 In addition to this, as part of this pro-active data matching exercise, 112 concessionary travel passes were cancelled as it was found that the council were not aware that the pass holder had died.

5.8 Blue Badge records have also been updated and cancelled as the Council had not been informed that the badge holders had died.

## **Housing Contract**

- 5.9 An allegation was made that a supplier of services to housing had deliberately overcharged the council for works carried out. No fraud has been demonstrated but a negotiated settlement has been reached with the supplier in respect of an overpayment.

## **Schools**

- 5.10 An allegation was received relating to theft at a school. The allegation was investigated and the loss estimated at £30,000. The employee concerned has been dismissed.

## **On and Off Street Parking**

- 5.11 The council has in excess of 1,100 on and off street parking machines. The number of machines creates an ongoing risk of loss and theft which in the future will be mitigated with the move to cashless payment. During 2013/14 two people were arrested following a series of on-street parking thefts in Brighton where the perpetrators were drilling holes into our pay and display machines and emptying them. They were believed to be part of a gang that were committing this crime in other areas as well.
- 5.12 The loss in Brighton & Hove was estimated to be in excess of £23,000.
- 5.13 To date three people have been sentenced and received jail terms.

## **Other Proactive Fraud Work**

- 5.14 In addition to investigations the Corporate Fraud Team have had a key role in promoting an anti-fraud culture in the council in 2013/14. This work has included presentations at various forums by the Corporate Fraud Manager including to Primary School Headteachers, the Housing Committee, the Housing Management Consultative Sub-Committee and Area Panels.
- 5.15 There has been local media interest in the team's work on Housing Tenancy Fraud and the service also highlights the damage caused by benefit fraud through the publication of successful prosecutions via press releases.
- 5.16 Work has also been carried out to improve the communication of the role of the Corporate Fraud Team and its link to corporate governance on the Council's Intranet site.

## **Impact of the DWP Single Fraud Investigation Service (SFIS) project**

- 5.17 During 2013/14 the majority of the Council's counter fraud work has been resourced from within the Corporate Fraud Team with some work undertaken by Internal Audit.

- 5.18 At the beginning of May 2014 the DWP announced the timetable for the transfer of LA Housing Benefit investigators to the DWP. Within this timetable Brighton and Hove were given a transfer date of the 1st October 2014.
- 5.19 This project has a significant impact on the Council's counter fraud capability and it is likely that the Council is likely to lose most of the existing staff in the Corporate Fraud Team to the DWP, and from 2015/16 onwards the funding of these posts.
- 5.20 Discussions are now underway with the Executive Director of Finance & Resources to examine options for a replacement Corporate Fraud Team although this team is likely to be significantly smaller than the current team.

## 6. Internal Audit Performance Indicators

### Completion of planned audits during the year

- 6.1 Completion of the audit plan during the year was impacted on by a number of factors that reduced the available audit resources. This included the absence of the Head of Audit & Business Risk for much of the year and significant levels of sickness absence in the team. These resource constraints were reported to the Audit and Standards Committee during the year.
- 6.2 The year-end figure of 82% is below the target of 100% but is not significantly less than that achieved in the previous financial year.

<b>Purpose of Performance Indicator:</b> to ensure that Internal Audit provides sufficient coverage to identify and give assurance of the management of key risks and controls. To allow an annual opinion to be informed and meet the requirements of the Section 151 officer, External Audit and the Audit and Standards Committee.	
Target: 100%	Actual: 82% (2012/13: 85%)

### Client Satisfaction

- 6.3 Client satisfaction figures gained from our end of audit client surveys is good at 92% and above target. Further work will be undertaken during 2014/15 to refine the process of capturing this information as during 2014/15 only 12 surveys were returned from our customers.

<b>Purpose of Performance Indicator:</b> to provide assurance that stakeholders are satisfied with the audit service provided	
Target: 90% of client responses to our questionnaires are good or very good	Actual: 92% (2012/13 94%)

### Implementation of agreed recommendations

- 6.4 Performance on the implementation of audit recommendations is good in respect of medium priority recommendations but below target on high priority

recommendations. The figure for high priority recommendations is skewed as it is derived from a low population number.

<b>Purpose of Performance Indicator:</b> to provide assurance that agreed recommendations are being implemented mitigating key risks	
Target: 98% of High Priority Recommendations	Actual: 85% (NB. This equates to just four recommendations that were not yet implemented)
85% of Medium Priority Recommendations	Actual: 86%

### Compliance with Professional Standards

- 6.5 The service is required to comply with proper practice as defined by the Public Sector Internal Audit Standards. The measured level of compliance is based on a self-assessment against a check list of 334 items.

<b>Purpose of Performance Indicator:</b> To ensure compliance with practice as defined by the Public Sector Internal Audit Standards.	
Targets: Compliance with Public Sector Internal Audit Standards. (100%)	Actual: 99%

### Chargeable Time as a % of total audit time

- 6.6 Chargeable audit time had a target of 71% for the year. This target was not achieved but is much closer to the target figure if sickness absence is excluded from the calculation. (Chargeable time is the proportion of audit time that is spent on delivering chargeable services i.e. audits, investigations and advice. Non chargeable time includes all types of leave, administration and other activities e.g. team meetings and directorate forums).

<b>Purpose of Performance Indicator:</b> to ensure that the cost of the service is in line with benchmarked best practice and can demonstrate VFM.	
Target: 71%	Actual: 61% (67% excluding sickness absence)

### Turnaround times for audit reports

- 6.7 There are three measures of the turnaround time on the administration of audit reports. The service did not achieve any of the three targets in 2013/14. Poor performance in relation to the turnaround for issuing reports after the completion of fieldwork is partly due to a data capture issue with fieldwork being reported as ended when queries are still outstanding.
- 6.8 The second indicator represents the turnaround time from draft issue to the clients providing a response. Whilst there are sometime legitimate delays it is acknowledged that this needs to be improved and enhanced escalation arrangements have recently been agreed with the Executive Director of Finance and Resources.



- 6.9 The final indicator on the issue of final reports is below target but at a more reasonable level of 75%.

<b>Purpose of Performance Indicator:</b> to ensure that audit work has a timely impact	
Target: Issue draft report after the completion of audit fieldwork within 10 working days	Actual: 33% (2012/13 92%)
Target: Client responses received to draft report within 15 working days of the issue of the report	Actual 50% (2012/13 89%)
Target: Final report issued with 10 working days of the receipt of the client response	Actual 75% (2012/13 87%)

### **Audit Reviews completed in budgeted time**

- 6.10 The 2013/14 audit plan included a target that 100% audits are completed with the number of budgeted days allocated. This is not achievable for all audits particularly where the auditor identifies significant control weaknesses or a decision is made to extend the scope of an audit.
- 6.11 In addition to audits that overran there were also audits that were completed in less time than was planned. This means that the average additional time across all audits completed in the year was less than 1/2 a day per audit.
- 6.12 Processes are in place to review these overruns and ensure that audit budgets are realistically calculated and aligned to the complexity and scale of the audit. Further review will be undertaken during 2014/15 to improve performance against this indicator.

<b>Purpose of Performance Indicator:</b> to ensure that audit resources are available to complete the audit and provide an effective service	
Target: 100%	Actual: 71%

### **Staff are Professionally Qualified and training is provided**

- 6.13 The audit service includes a significant number of qualified internal auditors and accountants, currently 90% as defined below. In addition the other member of the team is studying towards a relevant qualification.
- 6.14 The target of 5 training days per team member was not achieved during 2013/14. This was partly due to staff absence that has meant that training opportunities were not available.

<b>Purpose of Performance Indicator:</b> service has appropriate skills and experience and can meet professional standards	
Targets: 80% of Staff Professionally Qualified (Chartered Accountant, Chartered Member of the Institute of Internal Audit or AAT qualified)	Actual: 90%

Average of 5 training days provided per employee during the year	Average 3.5 days per employee
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## APPENDIX 1

### List of 2013/14 Internal Audit Reviews

Audit Area	Audit Ref	Title	Opinion	Report Status	High	Medium	Total
<b>1. Governance Arrangements</b>	A026	Business Continuity	Reasonable	Draft	0	3	3
	A027	Business Planning	Reasonable	Final	0	5	5
	A068	Declarations of Interest, Gifts & Hospitality	Limited	Final	2	5	7
	A147	Members Expenses and Allowances	Substantial	Final	0	1	1
	A181	Risk Management Arrangements	Substantial	Final	0	0	0
	A187	Section 75 Agreements	Substantial	Final	0	1	1
	A397	Openness and Transparency	Reasonable	Final	0	2	2
<b>Subtotal</b>					<b>2</b>	<b>17</b>	<b>19</b>
<b>2. Financial Systems</b>	A022	Budget Management (Revenue)	Reasonable	Final	0	4	4
	A029	Capital Accounting	Substantial	Final	0	0	0
	A034	Income Collection Arrangements	Reasonable	Final	0	10	10
	A056	Creditors	Reasonable	Final	0	9	9
	A059/001	Council Tax	Reasonable	Final	0	4	4
	A059/002	Council Tax Discounts and Exemptions	Reasonable	Draft	1	1	2
	A067	Debtors	Reasonable	Final	0	6	6
	A067	Debtors - Cancelling Accounts	Reasonable	Final	0	8	8
	A115	Housing Benefit	Substantial	Final	0	2	2
	A117	Rent Accounting	Substantial	Final	0	0	0
	A146	Main Accounting System	Substantial	Draft	0	3	3
	A154	Business Rates (Retention Arrangements)	Reasonable	Final	0	2	2
	A154/002	National Non-Domestic Rates (NDR)	Substantial	Final	0	4	4
	A162	Payroll	Substantial	Final	0	3	3
	A204	Treasury Management	Substantial	Final	0	1	1
<b>Subtotal</b>					<b>1</b>	<b>57</b>	<b>58</b>

<b>3. Procurement/ Contracts</b>	A055	Council Procurement	Limited	Draft	1	2	3
	A118	Housing Repairs	Reasonable	Draft	0	6	6
	A195	Street Lighting	Reasonable	Final	1	0	1
	A325	Falmer Roadworks	n/a	Final	4	1	5
	A412	Sports Facilities Contract	Reasonable	Final	0	5	5
	A430	Housing Service Contracts	Limited	Draft	2	4	6
<b>Subtotal</b>					<b>8</b>	<b>18</b>	<b>26</b>
<b>4. Service Focused</b>	A011	Disposal of Assets	Substantial	Final	0	1	1
	A011	Corporate Landlord Responsibilities (Asset Management)	Limited	Final	2	1	3
	A019	Brighton Centre	Reasonable	Final	0	11	11
	A021	Royal Pavilion Security	Reasonable	Final	0	7	7
	A031	On-Street and Off Street Parking Income (look at pay by phone)	Limited	Final	2	4	6
	A031	Golf Courses	Substantial	Final	0	0	0
	A043	Estates Management/Commercial Properties	Substantial	Final	0	3	3
	A110	Home to School Transport (Follow-up)	Reasonable	Final	1	0	1
	A114	Housing Assessments and Allocations	Reasonable	Final	1	11	12
	A119	Management of Housing Voids	Reasonable	Draft	0	5	5
	A143	Libraries	Reasonable	Final	0	7	7
	A162	HR Establishment Control	Limited	Final	1	3	4
	A162	Staff Expenses	Limited	Final	3	10	13
	A172	Public Health	Reasonable	Final	0	2	2
	A205	Use of Consultants and Agency Workers	Substantial	Final	0	1	1
	A207	Management of Value Added Tax (VAT)	Substantial	Final	0	1	1
	A261	Parks Service	Reasonable	Final	1	5	6
	A265	Personal Budgets – Children’s Services (Renamed - direct payments and personal budgets)	Reasonable	Final	2	7	9
	A285	Employment Checks	Reasonable	Final	0	10	10
	A310	Community Safety	Substantial	Final	0	2	2

	A317	Concessionary Fares	Reasonable	Final	1	1	2
	A329	PCNs	Limited	Final	2	2	4
	A416	Management of Artefacts	Reasonable	Final	0	4	4
	A417	Discretionary Funds	Substantial	Final	0	2	2
	A418	Bailiffs Services	Reasonable	Final	0	5	5
	A419	Transport Workshop (City Clean)	Limited	Final	3	6	9
	A420	Housing in Multiple Occupation – Licensing Arrangements	Substantial	Final	0	2	2
	A423	Agency Placements – Children’s Services (combined with fostering)	Substantial	Final	0	0	0
	A427	Extra Care	Substantial	Final	0	1	1
	A432	Safeguarding Peer Review – Implementation of Action Plan (Direct Payments)	Reasonable	Draft	0	2	2
	A433	Community Short Term Services	Reasonable	Draft	0	3	3
<b>Subtotal</b>					<b>19</b>	<b>119</b>	<b>138</b>
<b>5. Project Assurance</b>	A098	Workstyles Phase 3	Substantial	Final	0	3	3
	A128	Debt Management	Reasonable	Draft	0	5	5
	A172	Projects and Programme Management	Substantial	Final	0	2	2
	A325	i360 project	Reasonable	Final	0	2	2
	A399	Saltdean Lido – Future Options	Substantial	Final	0	0	0
	A429	Housing Estates Renewal	Substantial	Final	0	1	1
	<b>Subtotal</b>					<b>0</b>	<b>13</b>
<b>6. Education and Schools</b>	A190	Special Educational Needs (SEN)	Reasonable	Final	0	5	5
	A301/002	St. Joseph’s Catholic Primary School	Reasonable	Final	3	14	17
	A301/003	Fairlight Primary School	Reasonable	Final	1	6	7
	A344	School Capital Works – Thematic Review	Substantial	Final	0	1	1
	A345	Pupil Premium Funding	Reasonable	Final	0	6	6
	A422	Schools Financial Services - Central Reconciliations and SFVS	Substantial	Final	0	1	1
	A424	Pupil Places	Substantial	Final	0	0	0
	A425	Traded Services for Schools	Reasonable	Final	2	5	7
<b>Subtotal</b>					<b>6</b>	<b>38</b>	<b>44</b>

<b>7. ICT Audits</b>	A122	Hardware Controls	Reasonable	Final	0	4	4
	A124	ICT Governance 2013/14	Limited	Draft	1	7	8
	A343	Schools IT Security	Reasonable	Final	2	7	9
	A350	BACS - Follow-up	Limited	Final	2	2	4
	A402	Cyber Security	Limited	Draft	2	4	6
	A404	Electronic Document Records Management (IDox) - Application Audit	Reasonable	Final	0	11	11
	A405	Financial Director Treasury Management Application	Substantial	Final	2	2	4
	A411	Web Content Management	Reasonable	Final	0	3	3
	A413	Logotec Asset Management System	Reasonable	Final	0	3	3
	A414	Housing Locata System	Reasonable	Final	0	11	11
	A431	Social Media	Reasonable	Final	0	4	4
	A434	Oracle Database Management	Reasonable	Final	0	4	4
	A435	Finance Application Audit	Substantial	Final	0	1	1
	<b>Subtotal</b>					<b>9</b>	<b>63</b>
<b>8. Grant Claims</b>	A351	Grant Claims x 4	N/A	Final	0	0	0
			<b>Subtotal</b>		0	0	0
<b>Total</b>					<b>45</b>	<b>325</b>	<b>370</b>

<b>Subject:</b>	<b>Annual Governance Statement 2013/14</b>		
<b>Date of Meeting:</b>	<b>24 June 2014</b>		
<b>Report of:</b>	<b>Executive Director, Finance &amp; Resources and Monitoring Officer</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Abraham Ghebre-Ghiorghis/Mark Dallen</b>	<b>Tel: 291500</b>
	<b>Email:</b>	<b>Abraham.ghebre-ghiorghis@brighton-hove.gcsx.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

The special circumstances for non-compliance with Council Procedure Rule 3, Access to Information Procedure Rule 5 and Section 100B(4) of the Local Government Act 1972 (as amended), (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that:

That some of the input necessary to finalise the report was not completed in time and the approval of the annual statement of governance cannot be delayed until the next meeting of the committee.

## **FOR GENERAL RELEASE**

### **1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The purpose of this report is to present the Annual Governance Statement for 2013/14 following completion of the annual review of the Council's governance arrangements, including its system of internal control.

### **2. RECOMMENDATIONS:**

- 2.1 It is recommended that Members approve the Annual Governance Statement (attached as Appendix 1) subject to any comments or amendments as they consider appropriate.

### **3. CONTEXT AND BACKGROUND INFORMATION**

- 3.1 All local authorities have a statutory responsibility under the Accounts and Audit Regulations 2011 to conduct, at least annually, a review of the effectiveness of their governance framework, including their system of internal control. Following the review, an Annual Governance Statement must be produced, approved, and published. It is required to be signed by the Chief Executive and the Leader of the Council.

- 3.2 The Annual Governance Statement is a statement that demonstrates whether, and if so to what extent, the Council complied with its Code of Corporate Governance over the previous financial year (2013/14.) The Code of Corporate Governance is agreed by full Council and forms part of the constitution. It reflects legal requirements and good practice guidance.
- 3.3 The Annual Governance Statement has reflected feedback from the Audit & Standards Committee, Officers' Governance Board, the Council's external auditors and the findings of the review of the system of internal control. It has also been prepared in accordance with the Chartered Institute of Public Finance & Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) guidance and framework entitled, 'Delivering Good Governance in Local Government'.
- 3.4 The CIPFA/SOLACE guidance defines "governance" as comprising the systems, processes, culture and values by which Councils are directed and controlled and through which they account to, engage with, and where appropriate, lead their communities. Every Council has a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.
- 3.5 The Annual Governance Statement gives the Council the mechanism to demonstrate its positive governance culture and achievements to its stakeholders.

#### **4. REVIEW OF GOVERNANCE ARRANGEMENTS**

- 4.1 The annual review of the effectiveness of the council's governance arrangements and preparation of the Annual Governance Statement has been carried out by the Acting Head of Audit & Business Risk, Head of Legal & Democratic Services and the Principal Consultant on Risk Management with input from other key officers. It was considered by the Officers' Governance Board (which includes the Executive Director of Finance and Resources, the Monitoring Officer, the Head of Audit and the Principal Consultant on Risk Management) and the Executive Leadership Team.
- 4.2. The Officer Governance Board will continue the review the governance arrangements throughout the year, as well as focussing on specific areas identified in the Annual Governance Statement.

#### **5. DRAFT ANNUAL GOVERNANCE STATEMENT**

- 5.1 The draft Annual Governance Statement for 2013/14 is shown at Appendix 1. It has been prepared generally in line with the CIPFA/SOLACE best practice guidance and comprises the following:
- The purpose of the governance framework
  - The council's governance framework
  - Review of effectiveness
  - Governance Issues and actions for improvement



- 5.2 The outcome of the annual review undertaken by officers , as reflected in the governance statement, is that was that the Council has generally sound governance arrangements in place. Although the overall position remains strong, two significant weaknesses have been identified. These are outlined in paragraph 59 of the statement and they relate to levels of compliance with Contract Standing Orders, which are not consistently high and one case on non-disclosure of related party transaction. The Council is taking steps to address these, including providing training for contract officers and introducing mandatory declaration of interests.
- 5.3 The statement identifies progress made with the implementation of actions contained in the Annual Governance Statement for 2012/13 and the implementation of action points from the 2013/14 statement will be monitored by the Officers' Governance Board and an update report submitted to the Audit & Standards Committee.

## **6. ANALYSIS AND CONSIDERATION OF ALTERNATIVE OPTIONS**

- 6.1 The adoption of the Annual Governance Statement is a legal requirement. Analysis of the state of governance and the reasons for the conclusions are contained in the draft statement in the Appendix.

## **7. COMMUNITY CONSULTATION AND ENGAGEMENT**

- 7.1 The draft statement was prepared by the Officer Governance Board with information from a variety of sources, including external auditors, feedback from the Audit & Standards Committee and results of internal audits. There was no consultation undertaken with the public.

## **8. CONCLUSION**

- 8.1 The Council has strong governance in place and the Officer Governance Board will keep the arrangements in place and report progress to the Audit & Standards Committee as appropriate. The draft governance statement reflects Officers assessment and is recommended to Members for approval.

## **9. FINANCIAL & OTHER IMPLICATIONS:**

### **Financial Implications:**

- 9.1 Sound corporate governance and proper systems of internal control are essential to the financial health and reputation of the council. The resources required to implement the actions outlined to strengthen the governance arrangements are provided for in the agreed 2013/14 budget.

Finance Officer Consulted : Catherine Vaughan 18.06.2014

### **Legal Implications:**

- 9.2 The statutory basis for this report is regulation 4 of the Accounts and Audit (England) Regulations 2011, which requires the council (among other matters):
- to conduct a review at least once a year of the effectiveness of its system of internal control
  - to ensure the findings of the review are considered by Full Council or one of its committees; and
  - following the review, to ensure that Full Council or one of its committees approves an annual governance statement
  - to ensure the annual governance statement accompanies the council's statement of accounts for that year
- The Audit & Standards Committee is fulfilling these requirements as a committee of the Council designated for this purpose.

Lawyer consulted: Abraham Ghebre-Ghiorghis 12/06/14

### **Equalities Implications:**

- 9.3 There are no direct equalities implications arising directly from this report.

### **Sustainability Implications:**

- 9.4 There are no direct sustainability implications arising from this report.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Annual Governance Statement 2013/14

### **Background Documents**

1. Brighton & Hove City Council's Code of Corporate Governance
2. CIPFA/SOLACE Delivering Good Governance in Local Government – (Framework 2007)
3. Delivering Good Governance in Local Government Guidance (CIPFA/SOLACE) Addendum 2012
4. Accounts & Audit Regulations 2011

# **Annual Governance Statement 2013/14**

DRAFT



1. **Scope of Responsibility** Brighton & Hove City Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper practice standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively to secure continuous improvement.
2. In discharging this accountability, the Council is responsible for putting in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes the management of risk.
3. The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government and Guidance Note*. This is included in the Constitution of the Council and will be updated in 2014/15.
4. This Annual Governance Statement explains how the Council has complied with its Code of Corporate Governance and also meets the requirements of the Accounts & Audit Regulations 2011.

### **The Purpose of the Governance Framework**

5. Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, open, honest and accountable manner.
6. The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives as set out in the Corporate Plan, and to consider whether those objectives have led to the delivery of appropriate, cost effective services. These objectives are underpinned by the Council's corporate values.
7. The governance framework is designed to manage risk to a reasonable level, rather than to eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness.

### **The Governance Framework**

8. The governance framework has been in place at the Council for the year ended 31st March 2014 and up to the date of approval of the Statement of Accounts.
9. Maintaining the governance framework is an on-going process, and one to which the Council is committed in order to ensure continual improvement and organisational learning.

10. The key elements of the systems and processes that comprise the Council's governance arrangements are shown below together with explanations of how they are embedded.

### **Council's Purpose, Vision, Values and Performance Management**

11. During 2013/14 the Council has been developing and strengthening work on new delivery models for public service reform and the additional responsibilities from new legislation. This includes the Localism Act 2011, the Health & Social Care Act 2012, the Welfare Reform Act 2012 and the Care Bill (now an Act). The Council continues to review its governance structures and systems to support its on-going modernisation and to ensure that it is well positioned to deliver its new responsibilities effectively.
12. The Corporate Plan 2011-15, approved by Full Council in October 2011, was reviewed and updated during 2013/14 and sets out the Council's purpose, ambition, values and priorities.

#### **Our purpose**

- To represent citizens through democratic processes
- To ensure and assure services for the city including statutory responsibilities
- Safeguarding of the most vulnerable
- Leadership and co-ordination of council and the capacity and capability of partners
- Value for money ensuring a best deal for council taxpayers

#### **Our ambition**

- A high performing authority, a fantastic and distinctive place to live, work and visit
- A leader of the city region
- Demonstrably making best use of all resources. Seeking to become a self-sustaining organisation serving its customers well

#### **Our priorities**

- Tackling inequality
- Creating a more sustainable city
- Engaging people who live and work in the city
- Modernising the council

13. During 2012/13, the Council introduced new organisational values (six) as follows which have been incorporated into the Council's constitution, codes of conduct for Members and Officers and the performance management framework:

**Respect:** Embrace diversity with kindness and consideration and recognise the value of everyone;

**Collaboration:** Work together and contribute to the creation of helpful and successful teams and partnerships across the Council and beyond;

**Efficiency:** Work in a way that makes the best and most sustainable use of resources, always looking at alternative ways of getting stuff done;

**Openness:** Share and communicate with honesty about our service and self, whenever appropriate;

**Creativity:** Have ideas that challenge the 'tried and tested', use evidence of what works, listen to feedback and come up with different solutions; and

**Customer Focus:** Adopt our 'Customer Promise' to colleagues, partners, members and customers.

14. The Council introduced an ambitious modernisation programme in 2012 and continued activity in 2013/14 with the Chief Executive leading with a strong focus on improving performance management and quality of leadership across the Council. The priority to modernise the Council included specific reference to the governance framework. The Council uses a variety of mechanisms within its overall approach to performance management and service improvement to measure quality of service to users, ensuring service delivery is in accordance with its objectives, and for ensuring the best use of resources. These include national and local performance indicators, residents' perceptions, measurable improvements in value for money, benchmarking, identification and management of key risks. These are incorporated into the Council's Performance and Risk Management Framework.
15. Performance management processes are embedded throughout the Council and regularly reported in accordance with agreed timescales. During 2013/14, Organisational Health Reports were used and included a set of key measures around finance and general organisational management, workforce and meeting the needs of the customer. Regular reports are produced to compare actual performance against targets to aid decision making.

### **Members' and Officers' Capacity and Development**

16. The success of the Council services relies substantially on the contribution of officers to the planning, development and delivery of services. The Council recognises that the value of staff contributions will be enhanced through clear communication of the Council's expectations, developing staff skills and abilities, providing a safe, healthy, supportive and inclusive working environment.
17. The Council is committed to developing the capacity of officers through its Performance Development and Planning Scheme. A complete programme of learning and development is available to officers and Members from the Learning and Development Team. Where applicable, officers are also expected to undertake continuing professional development (CPD) of their professions. There are corporate induction processes including governance for both Members and officers starting with the Council.
18. The Council continued to monitor the embedding of its refreshed Performance & Development Plan (PDP) process for staff to ensure all have a clear and shared understanding of what is meant by performance management, behaviours and the Council's values. In February, as part of its commitment to improving our managers' leadership and performance management skills, the Council launched a new

mandatory management development programme as part of its wider culture change programme called Living our Values Every Day.

19. The Council has a Member training and development programme which is accredited under the South East Employers' Charter for the Member Development Framework. This starts with an extensive induction and is followed by a generic development programme. There is further, more specific, training provided as required (for example for Members serving in Planning, Audit and Standards and Personnel Appeals Panels) as well as bespoke training and development opportunities for Members with special responsibilities.

### **Roles, Responsibilities and Behaviour**

20. To ensure effective leadership throughout the Council, Members and officers work together to deliver common objectives with clearly defined functions and roles through the following:
  - The Council's Constitution includes details of the roles and responsibilities of all its committees, the full Council and Chief Officers and the rules under which they operate including protocols;
  - The Council's political structure, including roles and responsibilities, are detailed on the Council's website; and
  - The Council's constitution and associated guidance are reviewed regularly to ensure they remain up-to-date, relevant and effective. In 2013/14 there were 3 such reviews undertaken to streamline the decision-making process, incorporate the Council's values into codes of conduct and refine the officer delegation.
  - The Council's Head of Law is the designated Monitoring Officer with responsibilities for ensuring the lawfulness of decisions taken by the Council, its committees and officers, providing support and advice on the maintenance of ethical standards and advising the Council's Audit & Standards Committee.
21. The Officer's Executive Leadership Team (ELT) includes, among its members, the Chief Executive, the Executive Director of Finance and Resources (section 151 Officer) and the Monitoring Officer (who all have special responsibility regarding governance.) This ensures leadership of, and support to, good corporate governance at the highest level of the organisation. Other members of ELT include the Executive Directors for Children, Adults and Public Health as well as the Assistant Chief Executive. They all bring additional perspectives that supports legislative compliance and good governance generally.
22. The Council has adopted a number of codes and protocols that govern the standards of behaviour expected of Members and officers. These are communicated as part of the induction process, ongoing awareness training and made available via the Council's intranet. These include codes of conduct covering conflicts of interest and gifts and hospitality.
23. The Audit & Standards Committee remit includes promoting and maintaining high standards of conduct and ethical governance. During 2013/14 the Council revised and

updated the Code of Conduct for Members and the complaints process to require Complaints Panels to be chaired by an Independent Person and simplify the process. This followed detailed work undertaken by a cross-party working group chaired by an Independent Person..

## **Communication and Consultation**

24. The Community Engagement Framework for the City, introduced by the Brighton & Hove Strategic Partnership (now known as Brighton & Hove Connected) aims to improve the ways in which citizens and communities can influence and shape services through improved communication.
25. Clear channels of communication have been established with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. These include the Council Tax leaflet containing budget details, the Council's website and social media. The Council continued to develop more open and transparent budget consultation during 2013/14 'Your Money, Your Services, Your Say') including the use of an on-line budget tool and budget consultations with the community.
26. To complement the general rules under the Codes of Conduct for Members and Officers, the Council introduced a Social Media Protocol for Members and Social Networking Policy for Employees to address this increasingly important means of communication for individuals and businesses. These documents are published on the Council's website and staff intranet respectively.
27. There are a wide range of access channels and opportunities for all parts of the community and key stakeholders to engage in dialogue and consultation. This includes tenants and residents forums and through consultation events and surveys. The Council's Corporate Plan and the Annual Statement of Accounts are made available via the Council's website and distributed to certain key points across the City.
28. As part of its openness and transparency of decision making, advance notices, agendas, minutes and web-casts are available for Council meetings. The Council makes available a large amount of information through several means and is also committed to meeting its obligations to give rights of public access to information held, through the Freedom of Information Act 2000 and the wider transparency agenda. All key decision-making meetings of the Council, including full Council, Policy & Resources Committee, Health & Wellbeing Board, Housing Committee, Planning Committee, Environment, Transport and Sustainability committee meetings are webcast. The Council has also implemented the open government licence scheme.
29. The Council has a Corporate Complaints Policy and Procedures which are in line with Local Government Ombudsman guidelines. A centrally managed process ensures consistency of receipt, investigation, responding, monitoring and reporting.

## **Control Framework, Risk Management and Audit & Standards Committee**

30. The Council's high-level policies and procedures are updated and regularly communicated to officers and Members.



31. The principal documents include the Council's Financial Regulations and Contract Standing Orders both of which were reviewed and updated during 2013/14. There are other corporate policies on key governance topics, including Business Planning, Counter Fraud, Information Security, Equalities & Diversity, Health & Safety and Whistleblowing. These documents and related guidance and support are also available to the majority of staff through the Council's Intranet site.
32. Risk management is embedded throughout the Council and in its partnership working arrangements. The Council's Risk Management Strategy 2014-17 was consulted on and approved in January 2014 and sets out an annual programme of risk management activity for each of the three years. During 2013/14, the Council and its partners continued to work together to further develop and refresh the City Wide Risk Register and implementation of actions by the city's strategic partnerships.
33. The Council's internal audit arrangements are reviewed annually and considered to be effective, for 2013/14 conforming to the governance requirements of the Public Sector Internal Audit Standards. The Acting Head of Audit & Business Risk works closely with key members of the Executive Leadership Team and Corporate Management Teams to give assurance and improve the Council's financial control framework, give advice and promote good governance throughout the Council.
34. The Council has a separate Corporate Fraud Team. A large proportion of the teams work is the investigation of Housing Benefit and Council Tax Benefit Fraud but in addition significant successes have been achieved in the investigation of housing tenancy fraud.
35. The Council's Whistleblowing Policy, was reviewed and refreshed during the year, aims to encourage officers, contractors and agency workers to report any instances of unlawful conduct, health and safety risks, damage to the environment, possible fraud and irregularities and unauthorised use of Council funds. The Policy is available on the Council's intranet and website, and provides the mechanisms to raise concerns and receive appropriate feedback without the fear of victimisation.
36. The Head of Health & Safety produced an Annual Report for 2013/14 to demonstrate how the Council is improving the management of health, safety and welfare across all services.
37. The Audit & Standards Committee is independent of the Council's scrutiny functions and embedded as a key part of the Council's overall governance framework. Its terms of reference are aligned to CIPFA's best practice guidance for Audit Committees. The membership is politically proportionate and the Chair is an opposition Member. The Committee also has two Independent Persons with extensive experience and who, under the revised complaints process, will chair all Member complaints panels.

## **Compliance with Established Policies, Procedures, Laws and Regulations**

38. All officers of the Council have a responsibility to ensure compliance with established policies, procedures, laws and regulations. Training and awareness sessions are provided as necessary and appropriate induction sessions are carried out. For example, in the important area of Financial Management there is a mandatory e-learning course and follow-up workshop which all Budget Holders must attend.
39. Compliance assessments are carried out by management, auditors and through the work of statutory inspectors, including the Care Quality Commission and Ofsted.
40. The Head of Law (the Monitoring Officer) has overall responsibility for ensuring the Council acts lawfully and without maladministration. This includes reporting on any proposal, decision or omission by the Council likely to contravene any enactment or rule of law or any maladministration. No such reports were necessary during 2013/14.

## **Economic, Effective and Efficient Use of Resources**

41. As part of the Council's modernisation programme, it has a Value for Money Programme, which is focussed on developing modernised services that can achieve substantial efficiency savings. Other objectives include delivering services in new and better ways to increase user satisfaction. To provide objective analysis of the Council's approach, EY consultants were appointed in 2013 to help identify ways in which the Council can address the enhanced need for Value for Money, given the significant challenges as a result of reductions in central government funding which are expected to continue through to 2020.
42. Actual value for money savings achieved under the Phase 3 VFM Programme for 2013/14 were £9.417m. The programme covers a wide range of service related and cross-cutting initiatives including better procurement, preventative measures relating to social care services, and accelerated service redesign to achieve staffing efficiencies backed by a voluntary severance scheme.
43. The Council has an Information Management Board to oversee ICT Governance and includes the Monitoring Officer as 'Senior Information Responsible Officer' and two Caldicott Guardians responsible for protecting the confidentiality of service user information.

## **Financial Management and Reporting**

44. The Council's financial arrangements fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). As Chief Financial Officer (CFO), the Executive Director of Finance & Resources is a key member of the Executive Leadership Board and Corporate Management Team and is responsible for the proper administration of the Council's financial arrangements and leads a suitably qualified and experienced Finance Function.

45. The Executive Director of Finance & Resources (as Section 151 Officer) has overall statutory responsibility for the proper administration of the Council's financial affairs, including preparation of the Statement of Accounts and making arrangements for appropriate systems of financial control. No reports were made during 2013/14 on any case of unlawful expenditure, loss or deficiency.
46. The Council's Medium Term Financial Strategy (MTFS) sets out the resource projections for the forthcoming five years, the financial challenges and opportunities that it faces and the approach planned to meet the priorities set out in the Corporate Plan. During 2013/14 the MTFS was updated and now includes a longer term resource projection up to 2019.
47. The Council published a detailed budget book for 2013/14 to enable a greater understanding of how the Council spends its money. It published all payments to suppliers over £250 from April 2013.

### **Partnership Working and Governance Arrangements**

48. The governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report *Governing Partnerships: Bridging the Accountability Gap (2005)*, are defined in the Council's Financial Regulations. Regular audit reviews are carried out on the overall governance arrangements within the Council's key partnerships.
49. The Council has a leading role in Brighton & Hove Connected (formerly known as Brighton & Hove Strategic Partnership) the local strategic partnership for the City... During 2013/14 the Brighton & Hove Strategic Partnership produced a new sustainable community strategy entitled 'Brighton & Hove – The Connected City'. The vision for Brighton & Hove was agreed as:  
 "Brighton & Hove- the connected city. Creative, dynamic, inclusive and caring. A fantastic place to live work and visit."
50. The new community strategy has 5 priorities as follows:
  - a. Economy
  - b. Children & young people
  - c. Health & wellbeing
  - d. Community safety & resilience and
  - e. Environmental sustainability
51. The strategy is underpinned by two principles which run through all of our work. These are
  - a. Increasing our equality
  - b. Improving our engagement.

52. Brighton & Hove Connected and the City Management Board have created a range of specialist partnerships that take responsibility for the creation, implementation and monitoring of key city strategies. These include Employment and Skills, Economy, Housing etc.
53. The City Management Board (CMB) is chaired by the council's Chief Executive and is the delivery arm of Brighton & Hove Connected. The board is made up of the key public service decision makers in the city in order to focus on delivery improvements city-wide including performance and risk management. Each board member is accountable to their parent body and to Brighton & Hove Connected. The Member organisations of CMB are:
- a. Brighton & Hove City Council
  - b. Brighton & Sussex University Hospitals
  - c. City College Brighton & Hove
  - d. Clinical Commissioning Group
  - e. East Sussex Fire & Rescue Service
  - f. Jobcentre Plus
  - g. Office of the Sussex Police & Crime Commissioner
  - h. Sussex Police
  - i. University of Brighton
  - j. University of Sussex
  - k. Surrey & Sussex Probation Trust
54. The Council, in partnership with other public sector organisations at the City Management Board, has also developed the City Wide Risk Register to manage the wider risks impacting on the City.
55. In 2013/14 the Council, in close collaboration with the Clinical Commissioning Group (CCG,) undertook a fundamental review of the Health & Wellbeing Board leading to a more enhanced role for the Board that will enable it to provide system leadership across health and local authority social services. The Board is chaired by the Leader of the Council has equal voting representation between the Council and the CCG. The different component parts of the arrangement, with the Health & Wellbeing Board at its centre, are illustrated in the diagram below.



## Review of Effectiveness

56. The Council has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the systems of internal control. The review of effectiveness is informed by the work of executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Audit & Business Risk's Internal Audit and Opinion Report and also by comments made by the external auditors, other review agencies and inspectorates.
57. Through evaluation and analysis during the 2013/14 review, the Council has good assurance that its governance arrangements and systems of internal control are robust and reflect the principles of its Code of Corporate Governance.
58. An Officers' Governance Board oversees the review of effectiveness of governance arrangements including monitoring actions arising.
59. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework 2013/14 includes the following:
  - Evaluation of the robustness of governance arrangements against the six principles of good governance in the CIPFA/SOLACE Delivering Good Governance Framework;
  - The Annual Opinion of the Head of Audit & Business Risk which has reached a reasonable assurance level judgement;
  - Review and maintenance of the Constitution by the Monitoring Officer;
  - The provision of an effective Internal Audit Service, including compliance with professional standards, risk based approach, individual internal audit reports providing levels of assurance and monitoring actions to audit recommendations made for improvement;
  - Review of the role and responsibilities of the Chief Financial Officer;

- Risk management process outcomes including strategic risk management actions plans and service risk registers; and
- Comments made by external auditors and outcomes of external assessments carried out by regulatory bodies.

## **Governance Issues**

60. The annual effectiveness review of governance arrangements referred to above has identified the following significant weaknesses:
- arrangements to ensure compliance across the organisation with Contract Standing Orders are not sufficiently robust; and
  - a previously undisclosed related party transaction has been identified in relation to a substantial contract for temporary accommodation. This is subject to an ongoing investigation.
61. The Council's legal and procurement teams are working with contract officers in service departments by providing training, encouraging standardisation of terms and conditions and overseeing their practical application to ensure high levels of compliance with Contract Standing Orders and best practice. As part of the third party spend VFM workstream, the resourcing of the procurement function is being reviewed. This, together with other initiatives to improve the effectiveness of Council's approach to procurement, is anticipated to result in higher levels of compliance.
62. Regarding disclosure of third party transactions, the Council recently introduced a compulsory scheme for annual return of declarations of interests (including NIL returns) by all Senior Officers and contract officers. This supplements the annual related party transaction declarations undertaken as part of the accounts and the combination of these should assist in minimising incidents of non-disclosure.
63. In considering the governance issues contained in the Annual Governance Statement for 2012/13, enhancements to the Council's governance arrangements have been achieved during 2013/14 including:
- improvements to the links between the Corporate Plan and Medium Term Financial Strategy and service and financial planning in business plans;
  - developing and commencing the roll-out of a culture change programme – Living our Values, every Day with a clear focus on performance of self, others and service;
  - reviewing our constitution to streamline decision-making and provide better tailored guidance on ethical governance.
  - conducting a review of the effectiveness of the Audit & Standards Committee in accordance with new guidance issued by CIPFA in December 2013;
  - reviewing the Council's whistleblowing arrangements to ensure these continue to provide a robust and effective mechanism for officers, and others who work in close association with the Council, to raise concerns of alleged malpractice so they can be investigated;

- the formation of an Early Retirement Compensation Panel to oversee and monitor the Council's use of early retirement options and employer discretions to ensure consistent and cost effective business decisions are made;
- reviewing the Council's approach to the use of Settlement Agreements (formerly known as Compromise Agreements) to ensure they are used only in circumstances where there is a robust and valid business case for doing so;
- reviewing the arrangements for officers to declare interests they may have that could potentially conflict with their role with the Council to ensure these remain robust and effective in preventing fraud and corruption.
- improving the accessibility of corporate governance information on the council's intranet, the Wave;
- met the requirements, compliance and zero tolerance approach of the Government's Code of Connection (CoCo) for accessing the Government Public Services Network (PSN);
- undertook a full review of the Council's 'family' of partnerships across the City and introducing a City Management Board, chaired by the Chief Executive to replace the Public Services Board;
- created a Corporate Counter Fraud Team to provide more effective response to fraud risk with a particular emphasis on housing tenancy fraud;
- introduced a local ethical standards regime in accordance with the requirements of the Localism Act 2011; and
- introduced effective systems of internal control for changes related to the introduction of the Council Tax Reduction Scheme and other relevant welfare reforms.

64. In response to the significant financial challenges facing the Council, new actions have been identified to ensure continuous improvement in the Council's governance arrangements:

- i. To embed the refreshed approach to Fraud & Corruption awareness across the council including whistleblowing arrangements and declarations of interest;
- ii. Develop a new approach to the management of corporate fraud following the transfer of housing benefit related work and associated staff to the new national Single Fraud Investigation Service.
- iii. Further Information Governance focused work to maintain compliance with the Public Service Network (PSN) Code of Compliance and to meet the requirements of the Information Commissioners Office (ICO);
- iv. Improve compliance with Contract Standing Orders to be incorporated into the Value for Money Programme in relation to third party spend;
- v. Review of Code of Corporate Governance, prioritised refresh of council policies and communication methods to take account of the pace of change;

- vi. Focus on the adequacy of Business Continuity arrangements and work to embed understanding of its practice in council service delivery;
  - vii. The continued roll out of the Living our Values Every Day culture change programme;
  - viii. Refreshing the Value for Money Programme and ensuring that its governance is fit for purpose;
  - ix. Introducing the reformed Health and Wellbeing Board and new Greater Brighton Economic Board;
  - x. Improving how we use a range of financial and non-financial information including customer insight to make improvements to service delivery.
65. All new planned and actions in progress will be monitored by the Officers' Governance Board and Audit & Standards Committee during 2014/15.
66. We are satisfied that the actions required, when fully completed, will address the need for improvements that were identified in the review of effectiveness. We will monitor their implementation and operation as part of the next annual review.
67. We propose over the coming year to take actions to address the above matters to further enhance our governance arrangements. We are satisfied that these actions will address the need for improvements that were identified in our review and will monitor their implementation and operation during 2014/15.

**Signed**

**Penny Thompson  
Chief Executive**

**Dated: XX YYYYY 2014**

**Signed**

**Councillor Jason Kitcat  
Leader of the Council**

**Dated: XX YYYY 2014**



	<b>Ernst &amp; Young 2014/15 Audit Fee Letter</b>		
<b>Date of Meeting:</b>	<b>24 June 2014</b>		
<b>Report of:</b>	<b>Ernst &amp; Young</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Simon Mathers</b>	<b>Tel: 07776 493851</b>
	<b>Email:</b>	<b>SMathers@uk.ey.com</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The attached fee letter sets out the audit work that we propose to undertake for the 2014/15 financial year at Brighton & Hove City Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and the work mandated by the Audit Commission for 2014/15.
- 1.2 Our fee has been set by the Audit Commission as part of the recent 5 year procurement exercise and consequently is not liable to increase in that period without a change in scope.

**2. RECOMMENDATIONS:**

- 2.1 To note the 2014/15 audit fee letter.



Penny Thompson  
Chief Executive  
Brighton & Hove City Council  
King's House  
Grand Avenue  
Hove  
BN3 2LS

16 April 2014

Ref: HT/1415/BHCC/feeletter

Direct line: 07974 007332

Email: HThompson2@uk.ey.com

Dear Penny

## Annual Audit and Certification Fees 2014/15

We are writing to confirm the audit and certification work that we propose to undertake for the 2014/15 financial year at Brighton & Hove City Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and the work mandated by the Audit Commission for 2014/15.

### Indicative Audit Fee

The audit fee covers the:

- ▶ audit of the financial statements;
- ▶ value for money conclusion; and
- ▶ whole of Government accounts.

The Audit Commission has set the scale fee for each audited body following the five year procurement exercise carried out in 2012. Consequently the fee is not liable to increase in that period without a change in scope.

The 2014/15 scale fee is based on certain assumptions, including:

- ▶ the overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- ▶ we are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- ▶ the financial statements will be available to us in line with the agreed timetable;
- ▶ working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- ▶ prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee.

The indicative audit fee set out in the table below has initially been set at the scale fee level as the overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year.

As we have not yet completed our audit for 2013/14, our audit planning process for 2014/15 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract with the Audit Commission.

### Certification fee

The Audit Commission has set an indicative certification fee for each audited body. The indicative fee is based on the 2012/13 actual certification fees, adjusted to reflect any known schemes that no longer require auditor certification. The Audit Commission has revised the previously published 2013/14 indicative certification fee to reflect further schemes that no longer require auditor certification.

The indicative fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

### Summary of Fees

	Indicative fee 2014/15 £	Planned fee 2013/14 £	Actual fee 2012/13 £
Total Code audit fee	210,330	210,330	210,330
Certification of claims and returns	18,530	21,602	26,509
Non audit work – 2013/14 advisory services for value for money through modernisation	N/A	75,000	N/A
Additional Code work – 2012/13 review of a proposed severance case	N/A	N/A	933

Any additional work that we may agree to undertake (outside of the Audit Code of Practice) will be separately negotiated and agreed with you in advance.

### Billing

The indicative fee will be billed in four quarterly instalments of £57,215.

### **Audit Plan**

Our plan for the audit of the financial statements is expected to be issued in March 2015. This will detail the significant financial statement risks identified, planned audit procedures to respond to those risks, and any changes in fee. It will also set out the risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Executive Director of Finance & Resources and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit & Standards Committee.

### **Audit team**

As we have previously discussed, Helen Thompson has been the Council's engagement lead for seven years and has reached the mandatory time limit for rotation. The key members of the audit team for the 2014/15 financial year are:

Paul King  
**Director**

[PKing1@uk.ey.com](mailto:PKing1@uk.ey.com)

Tel: 0118 925 1556


Simon Mathers  
**Manager**

[SMathers@uk.ey.com](mailto:SMathers@uk.ey.com)

Tel: 07776 493851

We are committed to providing you with a high quality service. 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, please contact me. 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.

Yours sincerely



Helen Thompson  
Director  
For and on behalf of Ernst & Young LLP

cc. Catherine Vaughan, Executive Director of Finance & Resources  
Cllr Leslie Hamilton, Chair of the Audit & Standards Committee



<b>Subject:</b>	<b>Ernst &amp; Young - Audit Progress Report and Sector Update</b>		
<b>Date of Meeting:</b>	<b>24 June 2014</b>		
<b>Report of:</b>	<b>Ernst &amp; Young</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Simon Mathers</b>	<b>Tel: 07776 349851</b>
	<b>Email:</b>	<b>smathers@uk.ey.com</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**1. SUMMARY AND POLICY CONTEXT:**

1.1 We ask the Committee to consider our audit progress report.

**2. RECOMMENDATIONS:**

2.1 To consider the 2013/14 audit progress report and attached sector update, ask questions as necessary and note the progress made.





# Brighton & Hove City Council

## Audit & Standards Committee Progress Report

24 June 2014





Audit & Standards Committee  
Brighton & Hove City Council  
Kings House  
Grand Avenue  
Hove  
BN3 2LS

24 June 2014

## **Audit Progress Report**

We are pleased to attach our Audit Progress Report.

It sets out the work we have completed since our last report to the Committee. Its purpose is to provide the Committee with an overview of the 2013/14 audit, and an indication of progress against our plans. This Progress Report is a key mechanism in ensuring that our audit is aligned with the Committee's service expectations.

Our audit is undertaken in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Audit Commission Standing Guidance, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Helen Thompson  
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 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.

## 2013/14 audit

### Fee letter

We issued our 2013/14 fee letter to the April 2013 meeting of the Audit & Standards Committee.

### Financial Statements

Our work to identify the Council's material income and expenditure systems and to walk through these systems is now complete. Our work to test the operation of controls in the Council's material financial systems is also now complete. Wherever possible we have placed reliance on the work of Internal Audit to support our work in this area. We will continue to use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries and payroll.

Our assessment of the risks impacting on the audit of the financial statements for the Council was set out in our 2013/14 Audit Plan presented to the March meeting of the Audit & Standards Committee. The Plan has been discussed and agreed with the Chief Executive and Executive Director of Finance & Resources. As part of that Plan we reported that we had initially determined our overall materiality for the financial statements of the Council as £15.8 million, based on 2% of 2012/13 gross service expenditure, and that we would communicate all uncorrected audit misstatements greater than £791,000 to you. However, following the issue of the Plan we have re-considered the impact of an allegation received by the Council from a whistle blower during the year, relating to a historic failure to declare a material related party interest, on our approach to the audit of the 2013/14 financial statements and materiality level. In light of this, we have revised our overall materiality to £7.9 million, based on 1% of 2012/13 gross revenue expenditure, and will communicate all uncorrected misstatements greater than £395,000 to you. We will update our materiality again based 2013/14 gross revenue expenditure per the draft financial statements submitted for audit, that you are considering at today's meeting of the Committee

We started our detailed testing of the financial statements on 16 June 2014 and intend to report the findings of our work to you at the September meeting of the Committee in our audit results report.

### Value for money

The Audit Commission has now issued its guidance on the 2013/14 value for money conclusion. The full guidance can be found at <http://www.audit-commission.gov.uk/technicaldirectory/vfm1314/>. There are no planned changes to the approach in 2013/14.

We have included our assessment of the risks impacting on the 2013/14 VFM conclusion at the Council in our Audit Plan presented to the Audit & Standards Committee in March.

## 2014/15 audit

### **Fee letter**

We have agreed our 2014/15 audit fee with the Chief Executive and Director of Finance & Resources. A copy of our fee letter is included on the agenda for this meeting for the Committee's information.

## Timetable

We set out below a timetable showing the key stages of the audit, including the value for money work, and the deliverables we will provide to you through the 2013/14 Audit & Standards Committee cycle. We will provide formal reports to the Committee throughout our audit process as outlined below.

Audit phase	EY Timetable	Deliverable	Associated Audit & Standards Committee	Status
High level planning	<b>Ongoing</b>	Audit Fee Letter	March 2013	Completed. Reported to the April 2013 meeting of the Audit & Standards Committee
Risk assessment and setting of scope of audit	<b>Feb – April 2014</b>	Audit Plan	March 2014	Complete. Our assessment of the risks impacting on our financial statements and VFM conclusion audit is set out in our 2013/14 Audit Plan presented to this March 25 meeting of the Audit & Standards Committee.
Testing of routine processes and controls	<b>Feb – April 2014</b>	Audit Plan	June 2014	Completed. The results of our controls testing have not altered our risk assessment.
Year-end audit	<b>June - August 2014</b>	<p>Audit results report to those charged with governance</p> <p>Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources)</p> <p>Whole of Government Accounts Submission to NAO based on their group audit instructions</p> <p>Audit Completion certificate</p>	September 2014	Our detailed audit started on 16 June 2014



Audit phase	EY Timetable	Deliverable	Associated Audit & Standards Committee	Status
Annual Reporting	<b>October 2014</b>	Annual Audit Letter	November 2014	-
Grant Claims	<b>September – November 2014</b>	Annual certification report	January 2015	

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<b>Subject:</b>	<b>Strategic Risk Register Review 2014 -15 and Risk Management Action Plans – Updated May 2014</b>		
<b>Date of Meeting:</b>	<b>24 June 2014</b>		
<b>Report of:</b>	<b>Executive Director Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jackie Algar</b>	<b>Tel: 29-1273</b>
	<b>Email:</b>	<b>Jackie.algar@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The Audit & Standards Committee has a role to monitor and form an opinion on the effectiveness of risk management and internal control. As part of discharging this role, it reviews the Strategic Risk Register, recently updated by the Executive Leadership Team (ELT) as attached at Appendix 1.
- 1.2 The Strategic Risk Assessment Report at Appendix 2, provides further details on the actions taken (mitigating controls) and planned actions ('solutions') to manage each strategic risk.

**2. RECOMMENDATIONS:**

- 2.1 That the Audit & Standards Committee notes the revised Strategic Risk Register (Appendix 1).
- 2.2. That the Audit & Standards Committee notes the Risk Management Action Plans or "Risk MAPs" contained in the Strategic Risk Assessment Report May 2014 (Appendix 2).

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The Strategic Risk Register details the current prioritised issues which may affect the achievement of the council's priorities, including in relation to its work with other organisations across the city. It is reviewed and agreed by the ELT and reviewed every six months (usually May and November).
- 3.2 The Strategic Risk Register provides evidence of a risk aware and risk managed organisation. Generally, it reflects risk scenarios that will be common to comparable local authorities and considers how these relate specifically to the city council.
- 3.3 Summary of the main changes made to the Strategic Risk Register:

There are 12 strategic risks in total.

As risks are managed, the unique risks may be removed from the Strategic Risk Register and, in that case, a gap in sequential numbering will arise.

### 3 NEW RISKS

- SR19 – Implementation of the Care Act (note: this was previously part of SR16 Health & Social Care Modernisation/Integration)
- SR20 – Better Care Fund (note: this was previously part of SR16 Health & Social Care Modernisation/Integration)
- SR21 – Housing Pressures

### 2 REMOVED RISKS

- SR11 Welfare Reform. Risk removed as the council has put in place short-term mitigation measures to manage the impact of Welfare Reform at this time and has incorporated ongoing work as part of its usual operating procedures and plans. The council's Welfare Board continues to monitor the impact of reforms on an ongoing basis. It is possible that as more is known about the rollout of universal credit, it could come back onto the Strategic Risk Register;
- § SR14 Pay and Allowances Modernisation. Risk removed as pay and allowances modernisation has been implemented and achieved.

### 1 REMOVED and REPLACED RISK

- § SR16 Health & Social Care Modernisation/Integration – now split into SR19 and SR20 as above

THE REMAINING 9 RISKS HAVE NO CHANGE TO RISK SCORE but have been updated to reflect changes

- SR2 Financial Outlook
- SR4 Economic Resilience
- SR8 Becoming a more Sustainable City
- SR10 Information Governance Management
- SR12 Maintaining Seafront as an asset to the city
- SR13 Keeping vulnerable adults safe from harm and abuse
- SR15 Keeping children safe from harm and abuse
- SR17 School Places Planning
- SR18 Effective use of technology

- 3.4 Strategic Risk Management Action Plans for all Strategic Risks have been updated following ELT's review and are reported as Appendix 2 to this report. Please note the change on the Solutions field at the end of each Risk MAP which reflects the newly formed Performance & Improvement Team's focus on taking Risk

Action. This will be incorporated in regular performance reporting procedures across the council.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 Consultation has taken place with the council's Executive Leadership Team, the Corporate Management Team and representatives of all the political parties.
- 4.2 The Strategic Risk Register will be sent to the City Management Board partners for information, which reflects the city wide performance & risk management approach.

#### **5. FINANCIAL & OTHER IMPLICATIONS**

##### Financial Implications:

- 5.1 The Strategic Risk Register reflects a number of risks which have potential significant financial implications for the authority either directly or indirectly. The risk owners are responsible for overseeing the effective management of the risks through the Risk Management Action Plans and for highlighting financial risks through the budget monitoring process and budget strategy development.

*Finance Officer Consulted: James Hengeveld Date: 06/06/14*

##### Legal Implications:

- 5.2 This report comes before Audit & Standards Committee in order for the Committee to discharge its function of providing independent assurance of the adequacy of the council's risk management and associated control environment. Having reviewed the latest Strategic Risk Register and the Risk Management Action Plans or "Risk MAPs" contained in the Strategic Risk Assessment Report, the Committee may, if it considers it appropriate, make recommendations to Full Council, Policy & Resources Committee, one or more officers or another relevant body in the council.

*Lawyer Consulted: Oliver Dixon Date: 06/06/14*

##### Equalities Implications:

- 5.3 There are no direct equalities implications. Equalities will be incorporated as appropriate across all Strategic Risks and Risk MAPs by the officers responsible for taking actions.

##### Sustainability Implications:

- 5.4 The risk management methodology includes identification and management of sustainability issues. There is a specific Strategic Risk, SR 8, which relates to Sustainability. However, Sustainability will be incorporated as appropriate across all Strategic Risks and Risk MAPs.

Any Other Significant Implications:

5.5 None.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. Strategic Risk Register 2014/15 – reviewed by ELT 28 May 2014.
2. Strategic Risk Assessment Report – June 2014.

**Documents in Members' Rooms**

1. None.

**Background Documents**



1. None.

# Brighton & Hove City Council Strategic Risk Register 2014/2015- reviewed by Executive Leadership Team 28 May 2014.

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Risks are set out in order of new or increasing risks, then by Residual Risk Score (a combination of likelihood and impact).

See final page for information on risk scoring and terms used.



Strategic Risk No.	Risk Title and Owner	Council Priority	Background and Risk Scenario and Potential Consequences A potential or actual risk or opportunity which needs to be managed in order to better achieve the Council's objectives (including contribution to the Sustainable Community Strategy)	Risk Category	Initial Likelihood (L) Score	Initial Impact (I) Score	Risk Score L x I (Dot indicates RAG rating)	Mitigating Controls and Actions currently include  (but are not limited to)	Residual Likelihood (L) Score	Residual Impact (I) Score	Residual Risk Score L x I
SR 19	Implementation of the Care Act  Executive Director Adult Social Care  Denise D'Souza	ALL	<p><b>Background:</b></p> <p>The Care Act is enacted but its detailed requirements through statutory guidance is still to be finalised</p> <ul style="list-style-type: none"> <li>- Safeguarding;</li> <li>- Funding of Social Care;</li> <li>- Contributions for Care costs (Dilnot report);</li> <li>- Increased duties in respect of carers</li> </ul> <p>The Council needs to have processes and systems in place to support changes to safeguarding, care, information and advice functions by April 2015.</p> <p><b>Risk Scenario:</b></p> <p>If we fail to meet our new statutory duties under the Care Act then:</p> <ul style="list-style-type: none"> <li>* Service delivery for individuals will be affected</li> <li>* Reputational damage</li> <li>* Financial risk</li> </ul>	Legislative	5	4	20   <b>RED</b>	<ul style="list-style-type: none"> <li>§ Adults Social Care Modernisation Board set up;</li> <li>§ Workstreams in place working across the South East and nationally to work to ensure capacity to respond to the changes and predict future demands;</li> <li>§ Local workstream identified and will link where possible to work on the Better Care Fund.</li> </ul>	4	4	16   <b>RED</b>  <b>NEW</b> As a separate risk

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SR 21	Housing Pressures  Executive Director Environment, Development & Housing  Geoff Raw	2. Creating a More Sustainable City	<p><b>Background:</b> The increasing demands for housing continues to outstrip new supply and as a consequence accommodation is becoming less affordable notably in central city areas relative to the local wage rates. Housing is particularly acute for low income families. There are also significant needs associated with an ageing population and more dependant households. Student numbers are also forecast to grow and have a significant impact on the existing residential communities and, in terms of affordable rents for non-student households, local character and impact on amenity arising from rapid 'studentification' of neighbourhoods, student residencies and competition for development sites.</p> <p><b>Risk Scenario:</b> The city is unable to accommodate economic growth and sustainable development objectives; and the ability of the council to meet housing demand is affected by displacement of family accommodation.</p>	Social	4	4	16   <b>RED</b>	<ul style="list-style-type: none"> <li>§ Review of city Housing Strategy as presented to by City partners' Strategic Housing Partnership in Nov 13, has set objectives for next 4 years;</li> <li>§ Increased focus on housing delivery in City Plan submission Continued monitoring of population growth; affordability (prices v income); assessment of impact of housing tenure mix [owner/occupier renting; student housing; new family households;</li> <li>§ City Plan supports need for housing and delivery of affordable housing, eg extra care &amp; other housing;</li> <li>§ Continue to work with private sector landlords to increase the supply of affordable high quality private lettings;</li> <li>§ Continued work with Registered Social Landlords to support housing led regeneration initiatives</li> </ul>	3	4	12   <b>AMBER</b>  <b>NEW</b>





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SR 20	<b>Better Care Fund</b>  Executive Director Adult Social Care  Denise D'Souza		<p><b>Background:</b> The changes to funding for Adult Social Care introduced by the Better Care Fund affect how the whole system of social care, across the public and private sectors, works together. The impact of funding changes of the Better Care Fund combine with already significant changes to the NHS still being implemented and reduced budgets for, and increased savings required from Local Government.</p> <p><b>Risk Scenario:</b>  If parties do not work together as agreed at the Better Care Board, or organisation's priorities change, it will affect delivery of performance targets in relation to the Better Care Fund. Any failure of delivery over the longer term (3-5 years) will impact on the Acute Trusts' costs and our ability to release efficiency savings as a result of integrated working and a focus on prevention</p>	Economic/Financial	4	4	16   <b>RED</b>	<ul style="list-style-type: none"> <li>§ Health &amp; Wellbeing Board reviewed and governance arrangements in place to help deliver and integrated approach including the oversight of the Better Care Fund;</li> <li>§ Better Care Board established (high level and cross sector representation) and chaired by Executive Director Adult Social Care;</li> <li>§ Partnership work agreed and submitted a Better Care Plan by the deadline in March 2014;</li> <li>§ Agreement at Better Care Board to develop a Better Care implementation plan for delivery of Phase 1 from September 2014, based on an integrated model of delivery;</li> <li>§ Already a small number of local authority staff working on 7 day contracts and work continues to incorporate into new contracts; some staff already involved in integrated primary care teams.</li> </ul>	3	4	12   <b>AMBER</b>  <b>NEW</b> As a separate risk

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SR 18	<p><b>Effective use of technology</b></p> <p>Executive Director Finance &amp; Resources</p> <p>Catherine Vaughan</p>	4. Modernising the council	<p><b>Background:</b> The Modernising the Council priority is dependent on a high quality of ICT infrastructure and service, and staff who are able to make the most of the technology available to them. Demand for ICT investment significantly outstrips available funding and ICT capacity. Customers' expectations of how they are able to interact with the council relies on effective use of technology.</p> <p><b>Risk Scenario:</b> If we do not invest appropriately in technology and its effective use, we will be unable to deliver sufficient efficiency savings and meet customer expectations.</p>	Customer/ citizen	5	4	20   <b>RED</b>	<ul style="list-style-type: none"> <li>§ ICT Strategy;</li> <li>§ ICT investment plan (partially funded);</li> <li>§ Investment in new network and roll out of new Microsoft Operating Suite is almost complete;</li> <li>§ ICT workforce planning ideas shared within council and SE7 partners;</li> <li>§ Improving Customer Experience Board includes focus on measures to enhance customers' experience and digital access to council services;</li> <li>§ New piece of work on Targeted ICT investment initiated alongside VFM Phase 4 programme to approve prioritisation of requests and resources.</li> </ul>	4	4	16   <b>RED</b>  ↕

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SR 10	<p><b>Information Governance Management</b></p> <p>Senior Information Risk Officer</p> <p>Abraham Ghebre-Ghiorghis</p> <p>and</p> <p>Executive Director Finance &amp; Resources</p> <p>Catherine Vaughan</p>	ALL	<p><b>Background:</b> The council must operate to a high standard of information governance within the overall context of openness and transparency. The Cabinet has implemented a "zero tolerance" policy for access to the national Public Services Network (PSN).</p> <p><b>Risk Scenario:</b> The council recognises that if it fails to manage data effectively then : * Individuals may suffer loss or damage * The council may suffer loss of reputation, financial penalties and/or other enforcement penalties * It may result in a loss of trust in the council by citizens and partners and sub-optimal decision making * The Council risks cut off from PSN if it does not meet the security requirements which would be business critical for many services.</p>	Customer/Citizen	5	4	20   <b>RED</b>	<ul style="list-style-type: none"> <li>§ Information Management Board oversees this risk and provides leadership on Information Management good practice to ensure the council acts upon its legal obligations under the Data Protection Act and Freedom of Information Acts;</li> <li>§ Open Government Licence implemented to support open government agenda and records management;</li> <li>§ Code of Connection compliance was achieved in September 2013. Compliance is annually reassessed and additional security standards are brought into effect each year;</li> <li>§ Freedom of Information requests now available through What Do They Know national website;</li> <li>§ Review of training and communication requirements across the organisation underway.</li> </ul>	4	4	16   <b>RED</b>  ↕

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
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SR 12	<p><b>Maintaining Seafront as an asset to the city</b></p> <p>Assistant Chief Executive</p> <p>Paula Murray</p> <p><i>and</i></p> <p>Executive Director Environment, Development &amp; Housing</p> <p>Geoff Raw</p>	2. Creating a More Sustainable City	<p><b>Background:</b> The seafront is a city asset which is iconic and contributes to the city's reputation. The council is the lead custodian of the seafront but the benefits are shared by many. At least 5 million people use our seafront every year. It is a very significant attraction in our visitor economy; provides a series of important public spaces for residents; many businesses in the city rely on the draw of the seafront to sustain their organisation's value and to provide an attractive place for stakeholders and employees. It is being used beyond its original design and, in many ways, is a victim of its own success and affected by the changing patterns and increased demands of usage.</p> <p><b>Risk Scenario:</b> The heritage structures and infrastructure along the seafront require significant investment and ongoing revenue in order to maintain them for the purposes of modern use and preserve the reputation of the city and its offer.</p>	Physical	5	4	<p><b>20</b></p> <p></p> <p><b>RED</b></p>	<ul style="list-style-type: none"> <li>§ Develop the investment plan to underpin the Seafront Strategy and long term viability of the sea front infrastructure;</li> <li>§ Continue to support financially viable investments in the seafront, e.g. i360;</li> <li>§ Seafront arch repair programme to be delivered over 10 years from 2012;</li> <li>§ Commissioned structural surveys, e.g. principal inspection of Madeira Terrace and a programme of structural surveys of arches and other seafront structures;</li> <li>§ Specialist functions involved in internal cross council working group to identify, prioritise and report issues;</li> <li>§ Works undertaken to stabilise West Street Shelter Hall and further collapsed arch supporting highway;</li> <li>§ Scrutiny panel established to identify recommendations for improved management and development of the Seafront.</li> </ul>	4	4	<p><b>16</b></p> <p></p> <p><b>RED</b></p> <p></p>

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2 SR	<p><b>Financial Outlook for the Council</b></p> <p>Executive Director Finance &amp; Resources</p> <p>Catherine Vaughan</p>	ALL	<p><b>Background:</b> Reductions in central government funding are expected to continue well beyond the current Comprehensive Spending Review period through to 2020. The changes to local government funding introduced in 2013/14 will have changed the risks to the council, particularly in relation to Business Rates and Council Tax Reduction Schemes. There is a cumulative impact of reductions in government funding to other public agencies in the city.</p> <p>Implementing the current budget strategy and devising budget plans for 2015/16 will be challenging and affected by uncertainty as both national and local elections are due in May 2015.</p> <p><b>Risk Scenario:</b> The council will need to continue robust financial planning in a highly complex environment. Failure to do so could impact on financial resilience and mean that outcomes for residents are not optimised.</p>	Economic/ Financial	5	4	<p><b>20</b></p> <p></p> <p><b>RED</b></p>	<ul style="list-style-type: none"> <li>§ Ongoing review of the adequacy of risk provisions and reserves to support the budget strategy, to ensure financial resilience;</li> <li>§ Close alignment of Corporate Plan priorities, Medium Term Financial Strategy (MTFS) and service and financial planning;</li> <li>§ Ongoing review of the MTFS assumptions, the impact of legislative changes; cost and demand pressures; savings programmes, and income and grant assumptions;</li> <li>§ Close monitoring of council tax, business rates and other income and regular updating of forecasts;</li> <li>§ New VFM Phase 4 programme being initiated;</li> <li>§ City Management Board and Finance Directors review city wide impact &amp; opportunities for joint budget planning;</li> <li>§ Consultation &amp; engagement plan for budget setting continues to include staff, partners, businesses and Community &amp; Voluntary Sector.</li> </ul>	4	4	<p><b>16</b></p> <p></p> <p><b>RED</b></p> <p></p>

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
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SR 17	School Places Planning  Executive Director Children's Services  Pinaki Ghoshal	2. Creating a More Sustainable City	<p><b>Background:</b> The Council has a statutory role to ensure primary and secondary school places meet future need. There has been an upturn in the birth rate so that since 2003, the number of school aged children living the city has been increasing year on year, therefore pupil places are increasingly challenged.</p> <p>This is particularly acute in areas when in previous years pupil yield has previously been very much lower. While previously there has been a focus on primary school places in the next few years we will have a significant pressure on secondary school places.</p> <p><b>Risk Scenario:</b> Parents may not be feel able to secure a place for their child in the local community; there may be increased travelling. Without identifying new sites, existing schools may become overcrowded or larger.</p>	Customer/ citizen	4	4	16   <b>RED</b>	<ul style="list-style-type: none"> <li>§ Cross party school place planning group chaired by Risk Owner and involving all schools, colleges and the two city universities;</li> <li>§ Regular review of pupil number forecasting has made it clear that primary growth starts to reach secondary schools by 2014, with the issue becoming acute in subsequent years. The future need focus relates to secondary school places;</li> <li>§ Work with Members on a cross-party basis and with partners to bring forward proposals and share understanding;</li> <li>§ 465 new primary school places (15.5 classes) added in last five years;</li> <li>§ Two new free schools opened in city;</li> <li>§ Four class junior site to open on Hove Police Station site September 2014.</li> </ul>	3	4	12   <b>AMBER</b>  ↕

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SR 13	<p><b>Keeping vulnerable adults safe from harm and abuse</b></p> <p>Executive Director Adult Social Care</p> <p>Denise D'Souza</p>	1. Tackling Inequality	<p><b>Background:</b> Keeping vulnerable adults safe from harm and abuse is a responsibility of the council. Brighton &amp; Hove City Council has a statutory duty to co-ordinate safeguarding work across the city and the Safeguarding Adults Board. This work links partnerships across the Police and Health and Social Care providers. Over 1400 concerns were raised last year about vulnerable people with over 1,000 going into investigation</p> <p>Due to a national legal judgement in early 2014 in relation of Deprivation of Liberty Safeguards (DoLS) the council has seen a significant increase in requests for Best Interest Assessments (BIAs); numbers have increased significantly testing the council's capacity to deliver (eg numbers have increased over the last 3 months from 2 a month to 2 requests per day).</p> <p><b>Risk Scenario:</b> Cases are more complex and demands can vary. The council is able to respond appropriately at a time of change and contact is vital to protect those most vulnerable.</p>	Customer/Citizen	4	4	<p><b>16</b></p> <p></p> <p><b>RED</b></p>	<ul style="list-style-type: none"> <li>⊗ Awareness through messages and training;</li> <li>⊗ Safeguarding Board workplan;</li> <li>⊗ Learning from serious case reviews, coroners concerns and case review from national work;</li> <li>⊗ Good multi-agency work: Pilot role and access point from Police;</li> <li>⊗ Audit of Safeguarding investigations and alerts (to check as appropriate);</li> <li>⊗ Maintain the role and numbers of professional social workers through service redesign to ensure capacity;</li> <li>⊗ Agreed process for escalation with NHS Surrey/Sussex to ensure timelines of clinical investigations;</li> <li>⊗ Multi-agency training in place for better awareness, investigation management;</li> <li>⊗ Highly motivated social workers</li> <li>⊗ Assessment of need using agreed threshold policies and procedures;</li> <li>⊗ Staff provided with learning opportunities and undertake continuous professional development</li> <li>⊗ Working with ADASS (association of directors of adult social services) on the impact of recent legal judgement which is being seen nationally.</li> </ul>	3	4	<p><b>12</b></p> <p></p> <p><b>AMBER</b></p> <p></p>

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SR 15	<p><b>Keeping children safe from harm and abuse</b></p> <p>Executive Director Children's Services</p> <p>Pinaki Ghoshal</p>	1. Tackling Inequality	<p><b>Background:</b> Keeping vulnerable children safe from harm and abuse is a legal responsibility of the Council. Legislation requires all local authorities to act in accordance with national guidance (Working Together) to ensure robust safeguarding practice. This includes the responsibility to ensure an effective Local Safeguarding Children Board (LSCB) which oversees work locally and in partnership with Police, Health and social care providers. The numbers of children in care; with Child Protection; and Children in Need plans are significantly higher than similar authorities.</p> <p><b>Risk Scenario:</b> The complexity of circumstances for many children presents a constant state of risk which demands informed and reflective professional judgement, and often urgent and decisive action, by all agencies using agreed thresholds and procedures. Such complexity inevitably presents a high degree of risk. Children subject to abuse and neglect are unlikely to achieve and maintain a satisfactory level of health or development, or their health &amp; development will be significantly impaired. In some circumstances, abuse and neglect may lead to a child's death.</p>	Customer/ citizen	4	4	<p><b>16</b></p> <p></p> <p><b>RED</b></p>	<ul style="list-style-type: none"> <li>§ LSCB Work Plan and strong leadership by the Independent Chair with aligned LSCB sub-group work plans;</li> <li>§ Serious Case, Local Management and Child Death Reviews identify learning and action for improvement;</li> <li>§ Quality Assurance across key agencies monitored by the LSCB sub group;</li> <li>§ Reports delivered to LSCB following robust auditing of multi-agency case files and safeguarding practice;</li> <li>§ MASH (Multi Agency Safeguarding Hub) to be launched in September 2014 to provide robust risk assessments and information sharing between partner agencies which will lead to robust assessment of need using agreed Child Protection threshold document, policies and procedures;.</li> <li>§ Early Help Strategy in place</li> <li>§ Stronger Families, Stronger Communities work targets support to the most troubled families.</li> </ul>	3	4	<p><b>12</b></p> <p></p> <p><b>AMBER</b></p> <p></p>





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289  <b>4 SR</b>	<b>Economic Resilience and Sustainable Economic Growth</b>  Executive Director Environment, Development & Housing  Geoff Raw	2. Creating a more Sustainable City	<b>Background:</b> The council has a significant role in championing the city economy and creating opportunities to attract inward investment. It uses its own land and property portfolio to contribute to this alongside a range of policy levers including: housing, planning, economic development, leisure, tourism, education performance, transport and public investment powers. <b>Risk Scenario:</b> If the council does not do this effectively: * The city's economy falters in the wake of difficulties in the national and international economy * Business, community, employee and employment expectations and aspirations not met, impact on Corporate Plan objectives and reputation affected * Failure to sustain local businesses and attract new investment in the city * Adverse impact on city's Business Rate income.	Economic/ Financial	4	4	<b>16</b>   <b>RED</b>	<ul style="list-style-type: none"> <li>§ Greater Brighton City Deal initiative has established governance arrangements to support local economic growth and well being;</li> <li>§ The Council works closely with the Local Enterprise Partnership to influence the economic development strategy and has successfully bid for Growing Places Funding;</li> <li>§ Council is exploring a variety of policy and financial levers to unlock sustainable growth including housing led regeneration with the Housing &amp; Communities Agency and is bringing forward a number of infill site development opportunities;</li> <li>§ The City Plan will take account of new legislation affecting planning, including s106 requirements; changes to the classes order; and impacts on citizens, developers and businesses;</li> <li>§ City Regeneration Unit work to improve business rates, New Homes Bonus and other development and property related income.</li> </ul>	3	4	<b>12</b>   <b>AMBER</b>  ↕

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SR 8	<b>Becoming a more sustainable city</b>  Executive Director Environment, Development & Housing  Geoff Raw	2. Creating a more Sustainable City	<p><b>Background:</b> The council has an important civic leadership role in working with others to prepare the city for the impact of severe weather events and mitigate the long term impact of climate change. This includes: * working with the Environment Agency to review and manage the risks of coastal and surface water flooding; * strengthening the resilience of the city's energy, waste management, water and land resource arrangements; * improving the environmental performance of council buildings and facilities; * reducing any adverse environmental impacts arising from the operation and delivery of council services..</p> <p><b>Risk Scenario:</b> Depending on the council's actions, it may affect: * compliance with our commitment to be a One Planet City * the ability to attract inward investment and environmental industries to the city * maintenance of essential routes and services particularly focused on vulnerable residents and businesses in vulnerable locations * the city's long term resilience to potential increases in the costs of food, energy &amp; travel * performance against agreed targets and compliance with environmental legislation.</p>	Environmental/ Sustainability	3	4	12   <b>AMBER</b>	<ul style="list-style-type: none"> <li>§ One Planet Living principles adopted for the city with One Planet Board to oversee implementation of One Planet Living action plan;</li> <li>§ Actions and opportunities arising from gaining Unesco Biosphere status and becoming a world demonstrator for sustainability</li> <li>§ Environmental performance reporting and improvement actions;</li> <li>§ Targets and standards introduced as part of the sustainable and ethical procurement process.</li> <li>§ The economic strategy &amp; the emerging City Deal proposals for Eco Tech development provide opportunity to reduce the environmental footprint of the city's economic activity and develop products and services which can positively influence environmental management across global markets;</li> <li>§ Continuing partnership with East Sussex County Council to reduce landfill as a result of the Energy Recovery Facility. Newhaven.</li> </ul>	3	3	9   <b>AMBER</b>  ↕

## **Brighton & Hove City Council Strategic Risk Register 2014/2015- reviewed by Executive Leadership Team 28 May 2014.**

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### **RISKS REMOVED/REPLACED**

The Executive Leadership Team reviewed the Strategic Risk Register and resolved to remove the following strategic risks for the reasons set out below:

- SR16 - Health and Social Care Modernisation/Integration.

Risk removed and replaced as there are two components, i.e. the Better Care Fund; and implementing the Care Act, which are at different risk levels. SR16 is removed but it is replaced by two new risks SR19 Implementation of the Care Act; and SR20 Better Care Fund;

- SR14 Pay & Allowances Modernisation.

Risk removed as pay and allowances modernisation has been implemented and achieved; and

- SR11 Welfare Reform.

Risk removed as the council has put in place short-term mitigation measures to manage the impact of Welfare Reform at this time and has incorporated ongoing work as part of its usual operating procedures and plans. The council's Welfare Board continues to monitor the impact of reforms on an ongoing basis. It is possible that more is known about the rollout of universal credit, it could come back onto the Strategic Risk Register.

The next pages provide copies of the removed or replaced risks.

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Strategic Risk No.	REMOVED/REPLACED Risk Title and Owner	Council Priority	REMOVED/REPLACED Background and Risk Scenario and Potential Consequences A potential or actual risk or opportunity which needs to be managed in order to better achieve the Council's objectives (including contribution to the Sustainable Community Strategy)	Risk Cat	Initial L	Initial I	Initial Risk Score	REMOVED/REPLACED Mitigating Controls and Actions currently include  (but are not limited to)	Residual	Residual Impact	Residual Risk Score
16	<p><b>Health and Social Care Modernisation / Integration</b></p> <p>Executive Director Adult Social Care</p> <p>Denise D'Souza</p> <p><b>RISK REMOVED</b></p>	ALL	<p><b>Background:</b> The Care Bill is progressing through Parliament with implications for:</p> <ul style="list-style-type: none"> <li>- Safeguarding;</li> <li>- Funding of Social Care;</li> <li>- Contributions for Care costs (Dilnot report)</li> <li>- Increased duties in respect of carers</li> </ul> <p>The changes to funding (the Integration Transformation Fund 'ITF') affect how the whole system of social care, across the public and private sectors, works together. This in a backdrop of already significant changes to the NHS still being implemented and reduced budgets for ,and increased savings required from Local Government.</p> <p><b>Risk Scenario</b></p> <p>For ITF there is a short timescale which combines with the other significant challenges already being addressed and the need for the whole system of social care to work together to deliver the performance targets for ITF.</p> <p>The current statutory duties of the council continue but more will be added; there will be different elements and responsibilities of partners so that the whole system of social care will need review and work to manage challenges such as capacity, set up time, need to quantify additional work, whilst meeting existing duties.</p>	Economic/ Financial	5	4	20	<ul style="list-style-type: none"> <li>§ Meetings with Clinical Commissioning Group (CCG) to develop ITF plan to be submitted by March 2014;</li> <li>§ Review of Safeguarding Board to ensure that arrangements will be fit for purpose when the legislation comes into effect;</li> <li>§ Review of the fitness of purpose of Health and Wellbeing Board for new expectations and governance of the ITF ( Integration Transformation Fund);</li> <li>§ Some project support available to supports Carers and implications of new bill;</li> <li>§ Modernisation Board set up to pull together many work streams and projects and will prioritise actions;</li> <li>§ Already a small number of local authority social care staff working on 7 days contracts, and work continues to incorporate into new contracts;</li> </ul> <p>Working with partners to inform and influence all parties involved in social care provision so that understanding, capacity and performance meets new requirements.</p>	4	4	16

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14	<b>Pay &amp; Allowances Modernisation</b>  Chief Executive  Penelope Thompson  <b>RISK REMOVED</b>	4. Modernising the council	<b>Background:</b> The pay, terms and conditions of employees of Brighton & Hove City Council are constructed from a number of different sources. Key terms and conditions such as pension rights and entitlement to sick pay are agreed nationally. Basic pay is governed by the council's job evaluation and grading system which was implemented in January 2010 and the rates of pay are set in accordance with nationally agreed pay scales. In addition, a significant number of staff receive allowances and additional payments because of the nature and pattern of the work that they do. These allowances are locally determined but over time the current system has become complex, is based on historic requirements and is no longer fit for purpose. Pay Modernisation is designed to implement a new system of allowances that is fair, consistent, modern and transparent and takes into account relevant legislation and case law, in particular in relation to equal pay and broader employment law. <b>Risk Scenario:</b> Pay Modernisation is critical to ensure a fair, consistent, modern and transparent system of pay. Failure to implement an appropriate system of pay could lead to significantly greater legal and financial risks in future; service disruption during the implementation phase; and reputational damage.	Professional/Managerial	4	4	16	§ Agreement from Policy & Resources Committee to negotiate new allowances structure; § Clear officer governance structure set up for communications , negotiations and decision-making; § Clear communication strategy for members, staff and officers; § Identified staff and other resources in Finance, Legal and HR to support negotiations, pay modelling and financial and legal implications; § Refreshed Business Continuity Plans.	3	4	<b>12</b>  <b>RISK REMOVED</b>

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			A potential or actual risk or opportunity which needs to be managed in order to better achieve the Council's objectives (including contribution to the Sustainable Community Strategy)					(but are not limited to)			
11	<b>Welfare Reform</b>  Executive Director Finance & Resources  Catherine Vaughan  <b>RISK REMOVED</b>	ALL	<b>Background:</b>  The government is implementing widespread welfare reforms and support for council tax has been localised. Introduction of the Universal Credit initiative and changes to housing benefits are expected to have a wide-ranging impact on the council and the city.  <b>Risk Scenario:</b>  There will be significantly less housing benefit funding in the city. It is complex to predict the impact on individuals and households. There may be increased risk of vulnerability, homelessness and an impact on income collection.	Economic/ Financial	4	4	16	§ Cross-council programme management approach to welfare reform, links with other strategies i.e. financial inclusion, digital inclusion, Stronger Families, Stronger Communities Partnership; § Additional funding to implement welfare reform included in the budget; § Financial Inclusion Policy agreed; § Additional discretionary funding identified and policies agreed; § Monitoring framework developed to assess service and equalities impacts of welfare reform; § Close monitoring of income collection from council tax, housing rents and corporate critical homelessness budget; Approach to implementation of social housing sector size criteria agreed at Housing Committee.	3	4	12
											<b>RISK REMOVED</b>

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LIKELIHOOD	MOST LIKELY IMPACT				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Possible (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Almost Impossible (1)	1	2	3	4	5

### Risk Scoring

The City Council uses this risk matrix to “score”, i.e. assess the likelihood and impact of the risk scenario occurring and its potential consequences if it did, and how it would affect achievement of the council’s objectives.

### Terms Used

- Strategic Risk Register – a document which details the current prioritised issues which affect the achievement of the Council’s objectives, including in relation to its work with others across the city to address city priorities
- Strategic Risk No. – a unique number allocated to each strategic risk. As these risks are managed, these unique risks may be removed from the Strategic Risk Register and in that case, a gap in sequential numbering will arise
- Risk Scenario – a potential or actual risk or opportunity which needs to be managed in order to better achieve the council’s objectives
- Potential Consequences – those which may arise if the risk scenario occurs
- Initial Likelihood/Impact Scores – the initial score for the risk scenario before the current Mitigating Controls and Actions are considered
- RAG rating – a way to colour code risks to prioritise them. “RAG” derives from the initials of Red, Amber, Green although for risk management it is common to have the extra colour of Yellow
- Mitigating Controls and Actions – these are already in place and operating to reduce/mitigate the likelihood and/or impact of the risk scenario and potential consequences
- Residual Likelihood/Impact Scores – assessed after taking into account the Mitigating Controls & Actions to provide a more “realistic” prioritisation of risks compared against each other
- Risk Category – there is a standard list of risk categories which are designed to ensure a “rounded” consideration of risks from a number of different perspectives. By recording the Risk Category, it enables analysis across the risks contained in a risk register.







# ***Brighton & Hove City Council***

## ***Strategic Risk Assessment Report***




Risk Category - BHCC Strategic Risk;

ROM Issue:	Financial Outlook for the Council	Responsible Officer:	Catherine Vaughan
		Risk Code:	SR2

**Identified** Reductions in central government funding are expected to continue well beyond the current Comprehensive Spending Review period through to 2020. The changes to local government funding introduced in 2013/14 will also transfer greater risks to the council, particularly in relation to Business Rate valuation appeals. There is a cumulative impact of reductions in government funding to other public agencies in the city.

**Potential Conseq** Implementing the current budget strategy and devising budget plans for 2015/16 will be challenging and affected by uncertainty as both national and local elections are due in May 2015.

The council will need to continue robust financial planning in a highly complex environment. Failure to do so could impact on financial resilience and mean that outcomes for residents are not optimised.

<b>Initial:</b>	High		<b>Revised:</b>	High		<b>Future:</b>	Significant	
<b>Risk Identified Date:</b>	15/5/2012		<b>Date Modified:</b>	10/6/2014		<b>Date Modified:</b>	17/5/2012	

**Risk Category:**  
 - BHCC Strategic Risk  
 - Economic / Financial

- Existing Controls:**
- \* Ongoing review of the adequacy of risk provisions and reserves to support the budget strategy and to ensure financial resilience;
  - \* Close alignment of Corporate Plan and Medium Term Financial Strategy (MTFS) and service and financial planning;
  - \* Ongoing review of the MTFS assumptions, the impact of legislative changes; cost and demand pressures; savings programmes; and income and grant assumptions;
  - \* Close monitoring of council tax and business rates income and regular updating of forecasts;
  - \* New VFM Phase 4 programme being initiated;
  - \* City Management Board and Finance Directors review city wide impact & opportunities for joint budget planning;
  - \* Consultation and engagement plan for budget setting continues to include staff, partners, businesses and Community & Voluntary Sector;
  - \* Development of skills and knowledge to support options appraisal of new delivery models;
  - \* Close monitoring of council tax, business rates and other income and regular updating of forecasts;
  - \* Continued review of the adequacy of savings programmes alongside other budget measures to support the budget strategy;
  - \* Ongoing review and challenge of value for money including Member review, benchmarking, and external audit review;




**Effectiveness of Controls:** Adequate **Issue Type:** Threat  
**Risk Treatment:** Treat, Treat

- Solutions:**
- SR 2 Risk Action: Deliver ongoing programme of value for money workstreams and initiatives through VFM Phase 4
  - SR 2 Risk Action: Continue to monitor impact of health sector reforms and local savings strategies
  - SR 2 Risk Action: Regular joint updates to City Management Board on partners' financial positions and strategies
  - SR 2 Risk Action: Regular updates of the City Council's projected financial position for future years
  - SR 2 Risk Action: Bi-weekly ELT/Modernisation programme board includes overview of council financial position
  - SR 2 Risk Action: Meet Targeted Budget Management (TBM) reporting timetable
  - SR 2 Risk Action: Oversight of VFM Phase 4 by cross-party Extended Budget Review Group
  - SR 2 Risk Action: Implement budget setting timetable and process

ROM Issue:	Economic Resilience and Sustainable Economic Growth	Responsible Officer:	Geoff Raw
		Risk Code:	SR4

**Identified** The council has a significant role in championing the city economy and attracting inward investment. It uses its own land and property portfolio to contribute to this alongside a range of policy levers including: housing, planning, economic development, leisure, tourism, education performance and public investment powers.

**Potential Conseq** If the council does not do this effectively:  
 \* The city's economy falters in the wake of difficulties in the national and international economy  
 \* Business, community, employee and employment expectations and aspirations not met, impact on Corporate Plan objectives and reputation affected  
 \* Failure to sustain local businesses and attract new investment in the city  
 \* Adverse impact on city's Business Rate income.

<b>Initial:</b>	High		<b>Revised:</b>	Significant		<b>Future:</b>	Significant	
<b>Risk Identified Date:</b>	8/5/2013		<b>Date Modified:</b>	10/6/2014		<b>Date Modified:</b>	23/5/2013	

**Risk Category:**  
 - BHCC Strategic Risk  
 - Economic / Financial

**Existing Controls:**

- \* Greater Brighton City Deal initiative has established governance arrangements to support local economic growth and well being;
- \* The Council works closely with the Local Enterprise Partnership to influence the economic development strategy and has successfully bid for Growing Places Funding;
- \* Council is exploring a variety of policy and financial levers to unlock sustainable growth including housing led regeneration with the Housing & Communities Agency and is bringing forward a number of infill site development opportunities;
- \* The City Plan will take account of new legislation affecting planning, including s106 requirements; changes to the classes order; and impacts on citizens, developers and businesses;
- \* City Regeneration Unit work to improve business rates, New Homes Bonus and other development and property related income;
- \* In conjunction with the Brighton & Hove Economic Partnership, the council has refreshed the economic development strategy for the city, with city partners, to reflect changes in local authority powers and finance (e.g. Business Rate Retention) and emerging opportunities in the public and private sectors. This includes an action plan.
- \* The Council has included its Economic Strategy and City Deal Submissions in the C2C LEP Strategic Economic plan submission to government
- \* Transport infrastructure funding via the Local Transport Board.

**Effectiveness of Controls:** Adequate **Issue Type:** Threat **Risk Treatment:** Treat, Treat

**Solutions:** SR4 Risk Action: Deliver the Economic Strategy Action Plan to be monitored by the City Management Board  
 SR4 Risk Action: Continue to improve the city's economic performance and productivity and provide a city leadership role in relation to government and its economic agencies.  
 SR4 Risk Action: Explore opportunities to increase income from capital receipts and revenue from existing council assets including visitor attractions, employment sites and housing regeneration  
 SR4 Risk Action: Explore how best to ensure that council policy decisions and operational activities give stronger consideration to their impact on the business vitality of the city  
 SR4 Risk Action: Explore opportunities to improve the "look and feel" of the public realm in the main commercial areas of the city in conjunction with local businesses




ROM Issue:	Becoming a more sustainable city	Responsible Officer:	Geoff Raw
		Risk Code:	SR8

**Identified** The council has an important civic leadership role in working with others to prepare the city for the impact of severe weather events and mitigate the long term impact of climate change. This includes:

- \* working with the Environment Agency to review and manage the risks of coastal and surface water flooding;
- \* strengthening the resilience of the city's energy, waste management, water and land resource arrangements;
- \* improving the environmental performance of council buildings and facilities;
- \* reducing any adverse environmental impacts arising from the operation and delivery of council services.

**Potential Conseq** Depending on the council's actions, it may affect:

- \* compliance with our commitment to be a One Planet City
- \* the ability to attract inward investment and environmental industries to the city
- \* maintenance of essential routes and services with particular implications for vulnerable residents and businesses in vulnerable locations
- \* the city's long term resilience to potential increases in the costs of food, energy and travel
- \* performance against agreed targets and compliance with environmental legislation e.g. air quality

<b>Initial:</b>	Significant		<b>Revised:</b>	Significant		<b>Future:</b>	Significant	
<b>Risk Identified Date:</b>	8/5/2013		<b>Date Modified:</b>	10/6/2014		<b>Date Modified:</b>	16/5/2012	

**Risk Category:**

- BHCC Strategic Risk
- Environmental / Sustainability

**Existing Controls:**

- \* One Planet Living principles adopted for the city and establishment of a city-wide One Planet Board to oversee implementation of One Planet Living action plan;
- \* Actions and opportunities arising from gaining Unesco Biosphere\* status and becoming a world demonstrator for sustainability;
- \* Environmental performance reporting and improvement actions;
- \* Targets and standards introduced as part of the sustainable and ethical procurement process.
- \* The economic strategy & the emerging City Deal proposals for Eco Tech development provide opportunity to reduce the environmental footprint of the city's economic activity and develop products and services which can positively influence environmental management across global markets;
- \* Continuing partnership with East Sussex County Council to reduce landfill as a result of the Energy Recovery Facility at Newhaven.
- \* Living Wage introduced at Council and encouraging other businesses to follow suit in the city, as part of Living Wage Commission (chaired by Chamber of Commerce);
- \* Carbon Management Programme Board in place to oversee internal carbon reduction;
- \* Carbon budgets are reviewed with clear action plans to meet targets
- \* Agreement for council targets on water, waste and sustainable/ethical procurement minimum standards and the installation of monitoring equipment;
- \* Installation of metering of water and energy on council premises to reduce waste;

**Effectiveness of Controls:** Adequate




**Issue Type:** Threat  
**Risk Treatment:** Treat, Treat

**Solutions:** SR8 Risk Action: Review recycling opportunities, notably food waste  
SR8 Risk Action: Work to achieve results set out in council's VFM programmes on Carbon reduction to improve the council's own environmental performance; and establish annual council carbon budget  
SR8 Risk Action: Continue to work with key statutory agencies and energy providers, eg Southern Water and N Power, to reduce waste, improve efficiency and tackle fuel poverty  
SR8 Risk Action: Investigate scope for refurbishment and maintenance of council property to incorporate energy and water performance measures, and other improvements eg, photovoltaic devices  
SR8 Risk Action: Complete the Local Bio-Diversity Action Plan and work to deliver the Biosphere Reserve as detailed to UNESCO  
SR8 Risk Action: Implement the One Planet Living Action Plan  
SR8 Risk Action: Explore Green Deal and ECO investment approach with neighbouring authorities  
SR8 Risk Action: Continue work with partners with aim of implementing a major energy efficiency improvement in homes across the city through HM Government's Green Deal

ROM Issue:	Information Governance Management	Responsible Officer:	Executive Director Finance & Resources SR10 & Senior Information Risk Owner (SIRO)
		Risk Code:	

**Identified** The council must operate to a high standard of information governance within the overall context of openness and transparency. The Cabinet has implemented a "zero tolerance" policy for access to the national Public Services Network (PSN).

**Potential Conseq** The council recognises that if it fails to manage data effectively then :  
 \* Individuals may suffer loss or damage  
 \* The council may suffer loss of reputation, financial penalties and/or other enforcement penalties  
 \* It may result in a loss of trust in the council by citizens and partners and sub-optimal decision making  
 \* The Council risks cut off from PSN if it does not meet security requirements which would be business critical for many services

<b>Initial:</b>	High		<b>Revised:</b>	High		<b>Future:</b>	Significant	
<b>Risk Identified Date:</b>	8/5/2012		<b>Date Modified:</b>	10/6/2014		<b>Date Modified:</b>	1/10/2013	

**Risk Category:** - BHCC Strategic Risk  
 - Legislative

**Existing Controls:**

- \* Information Management Board oversees this risk and provides leadership on Information Management good practice to ensure the council acts upon its legal obligations under the Data Protection and Freedom of Information Acts;
- \* Open Government Licence implemented to support open government agenda and records management;
- \* Code of Connection compliance was achieved in September 2013. Compliance is annually reassessed and additional security standards are brought into effect each year ;
- \* Freedom of Information requests now available through What Do They Know national website;
- \* An Information Audit is being undertaken across the organisation ;
- \* Review of training and communication requirements across the organisation is underway;
- \* New Data Centre procurement project is underway;
- \* Information Management Board identified funding to meet increased technical security compliance standards. The requirements are implemented through the CoCo project.




**Effectiveness of Controls:** Uncertain **Issue Type:** Threat  
**Risk Treatment:** Treat, Treat

**Solutions:** SR 10 Risk Action: Re-view, re-write and re-launch all information management and security policies to ensure a deeper understanding of individual staff and Member responsibilities in respect of protecting personal and sensitive information  
 SR 10 Risk Action: Continue to deliver CoCo project programme of works as agreed by Information Management Board  
 SR 10 Risk Action: Deliver improved communications plan with staff and Members  
 SR 10 Risk Action: Use results of Information Audit to develop a records management approach which will enable better access to information, better quality information and ensure that our information is adequately protected; and b) establish Information Asset ownership  
 SR 10 Risk Action: Sharing of best practice across SE7 authorities particularly for remote access  
 SR 10 Risk Action: Business continuity arrangements are being reviewed and updated, then to be considered by decision makers and communicated to services

ROM Issue:	Maintaining Seafront as an asset to the city	Responsible Officer:	Paula Murray and Geoff Raw
		Risk Code:	SR12

**Identified** The seafront is a city asset which is iconic and contributes to the city’s reputation . The council is the lead custodian of the seafront but the benefits are shared by many. At least 5 million people use our seafront every year. It is a very significant attraction in our visitor economy; provides a series of important public spaces for residents; many businesses in the city rely on the draw of the seafront to sustain their organisation’s value and to provide an attractive place for stakeholders and employees. It is being used beyond its original design and, in many ways, is a victim of its own success and affected by the changing patterns and increased demands of usage.

**Potential Conseq** The heritage structures and infrastructure along the seafront require significant investment and ongoing revenue in order to maintain them for the purposes of modern use and preserve the reputation of the city and its offer..

<b>Initial:</b>	High		<b>Revised:</b>	High		<b>Future:</b>	Significant	
<b>Risk Identified Date:</b>	8/5/2013		<b>Date Modified:</b>	10/6/2014		<b>Date Modified:</b>	3/9/2013	

**Risk Category:**  
 - BHCC Strategic Risk  
 - Physical

**Existing Controls:**

- \* Develop the investment plan to underpin the Seafront Strategy and long term viability of the sea front infrastructure;
- \* Continue to support financially viable investments in the seafront, e.g. i360;
- \* Seafront arch repair programme to be delivered over 10 years from 2012;
- \* Commissioned structural surveys, e.g. principal inspection of Madeira Terrace and a programme of structural surveys of arches and other seafront structures;
- \* Specialist functions involved in internal cross council working group to identify, prioritise and report issues;
- \* Works undertaken to stabilise West Street Shelter Hall and further collapsed arch supporting highway;
- \* Scrutiny panel established to identify recommendations for improved management and development of the Seafront.

**Effectiveness of Controls:** Uncertain **Issue Type:** Threat  
**Risk Treatment:** Treat, Treat

**Solutions:**




- SR12 Risk Action: Contine to work with city businesses and resident groups to explore investment solutions
- SR12 Risk Action: Seafront Structures Management Plan (SSMP) to direct activity is in report form to be presented to committee for agreement
- SR 12 Risk Action: Local Transport Plan (LTP): Capital funding for works for 2013/2014 to the east and west of West Pier is 2.2m. This should then be re-added to the 2014/2015 budget to finish the eastern arches which totals £1.2m
- SR12 Risk Action: Strategic Risk and background reported to Leaders. Group and ELT on a regular (monthly basis) to raise awareness and cross-party understanding of the seafront investment issues and importance to the city
- SR12 Risk Action: Regular focus by specialist functions, issues to be reported to Risk Owners
- SR12 Risk Action: Strategic Risk and background reported to ELT on a regular basis to raise awareness of the seafront investment issues and importance to the city
- SR12 Risk Action: Officers to prepare to respond to the findings of the Seafront Scrutiny report.
- SR 12 Risk Action: Arch repair programme being planned including re-instatement of West Street Shelter Hall , and attention to ancilliary road traffic works

<b>ROM Issue:</b>	Keeping vulnerable adults safe from harm and abuse	<b>Responsible Officer:</b>	Denise D'Souza
		<b>Risk Code:</b>	SR13

**Identified** Keeping vulnerable adults safe from harm and abuse is a responsibility of the council. Brighton & Hove City Council has a statutory duty to co-ordinate safeguarding work across the city and the Safeguarding Adults Board. This work links partnerships across the Police and Health and Social Care providers. Over 1400 concerns were raised last year about vulnerable people with over 1,000 going into investigation.

Due to a national legal judgement in early 2014 on Deprivation of Liberty Safeguards (DoLS) the council has seen a significant increase in requests for Best Interest Assessments (BIAs); numbers have increased significantly testing the council's capacity to deliver (eg numbers have increased over the last three months from 2 a month to 2 requests per day).

**Potential Conseq** Cases are more complex and demands can vary. The council is able to respond appropriately at a time of change and contact is vital to protect those most vulnerable.

<b>Initial:</b>	High		<b>Revised:</b>	Significant		<b>Future:</b>	Significant	
<b>Risk Identified Date:</b>	8/5/2013		<b>Date Modified:</b>	10/6/2014		<b>Date Modified:</b>	23/5/2013	

**Risk Category:** - BHCC Strategic Risk  
- Legislative

- Existing Controls:**
- \* Awareness through messages and training;
  - \* Safeguarding Board workplan;
  - \* Learning from serious case reviews, coroners concerns and case review from national work;
  - \* Good multi-agency work: Pilot role and access point from Police;
  - \* Audit of Safeguarding investigations and alerts (to check as appropriate);
  - \* Maintain the role and numbers of professional social workers through service redesign to ensure capacity;
  - \* Agreed process for escalation with NHS Surrey/Sussex to ensure timelines of clinical investigations;
  - \* Multi-agency training in place for better awareness, investigation management;
  - \* Highly motivated social workers
  - \* Assessment of need using agreed threshold policies and procedures;
  - \* Staff provided with learning opportunities and undertake continuous professional development;
  - \* Working with ADASS (association of directors of adult social service) on the impact of recent legal judgement which is being seen nationally.

**Effectiveness of Controls:** Adequate **Issue Type:** Threat  
**Risk Treatment:** Treat, Treat




**Solutions:** SR13 Risk Action: Continue to learn from serious case reviews, coroners inquests and case reviews  
 SR 13 Risk Action: Continue to raise awareness through messages and training  
 SR13 Risk Action: From multi-agency work with Police, review pilot to inform service delivery



ROM Issue:	Keeping children safe from harm and abuse	Responsible Officer:	Pinaki Ghoshal
		Risk Code:	SR15

**Identified** Keeping vulnerable children safe from harm and abuse is a legal responsibility of the Council. Legislation requires all local authorities to act in accordance with national guidance (Working Together) to ensure robust safeguarding practice. This includes the responsibility to ensure an effective Local Safeguarding Children Board (LSCB) which oversees work locally and in partnership with Police, Health and social care providers. The numbers of children in care; with Child Protection; and Children in Need plans are significantly higher than in similar authorities.

**Potential Conseq** The complexity of circumstances for many children presents a constant state of risk which demands informed and reflective professional judgement, and often urgent and decisive action, by all agencies using agreed thresholds and procedures. Such complexity inevitably presents a high degree of risk. Children subject to abuse and neglect are unlikely to achieve and maintain a satisfactory level of health or development, or their health and development will be significantly impaired. In some circumstances, abuse and neglect may lead to a child's death.

<b>Initial:</b>	High		<b>Revised:</b>	Significant		<b>Future:</b>	Significant	
<b>Risk Identified Date:</b>	8/5/2013		<b>Date Modified:</b>	10/6/2014		<b>Date Modified:</b>	23/5/2013	

**Risk Category:** - BHCC Strategic Risk  
- Legislative

**Existing Controls:**

- \* LSCB Work Plan established with strong leadership by the Independent Chair with aligned LSCB sub-group work plans;
- \* Serious Case, Local Management and Child Death Reviews identify learning and action for improvement;
- \* Quality Assurance across key agencies monitored by the LSCB sub group ;
- \* Reports delivered to LSCB sub group;
- \* MASH (Multi Agency Safeguarding Hub) to be launched in September 2014 to provide robust risk assessments and information sharing between partner agencies which will lead to robust assessment of need using agreed Child Protection threshold document, policies and procedures;
- \* Early Help Strategy in place;
- \* Stronger Families, Stronger Communities work targets support to the most troubled families;
- \* Quality Assurance across key agencies monitored by the LSCB sub group ;
- \* Reports delivered to LSCB following robust auditing of multi-agency case files and safeguarding practice;
- \* Clarity regarding roles, responsibilities and accountabilities of all professionals and agencies;
- \* Threshold document, agreed by all agencies, signed off by Children and Young People Committee; and LSCB on 2nd, and 3rd June 2014. MASH (Multi Agency Safeguarding Hub ) to be launched in September 2014 to provide robust risk assessments and information sharing between partner agencies which will lead to robust assessment of need using agreed thresholds, policies and procedures;
- \* Continuous professional development and learning opportunities offered by the LSCB and good multi agency take up of training;
- \* Services in place offering targeted support to the most troubled families (Stronger Families, Stronger Communities programme);
- \* Early Help Strategy in place
- \* Early Help Hub to receive referrals and support identification of appropriate interventions planned for September 2014

**Effectiveness of Controls:** Adequate **Issue Type:** Threat  
**Risk Treatment:** Treat, Treat

**Solutions:** SR 15 Action: Address failures in ICT information storage and retrieval processes to ensure appropriate access to case files by social workers.

ROM Issue:	School Places Planning	Responsible Officer:	Pinaki Ghoshal
		Risk Code:	SR17

**Identified** The Council has a statutory role to ensure primary and secondary school places meet future need. There has been an upturn in the birth rate so that since 2003, the number of school aged children living the city has been increasing year on year, therefore pupil places are increasingly challenged.  
 This is particularly acute in areas when in previous years pupil yield has previously been very much lower. While previously there has been a focus on primary school places in the next few years we will have a significant pressure on secondary school places.

**Potential Conseq**

- \* Parents may not feel able to secure a place for their child in the local community;
- \* There may be increased travelling;
- \* Without identifying new sites, existing schools may become overcrowded or larger.

<b>Initial:</b>	High		<b>Revised:</b>	Significant	
<b>Risk Identified Date:</b>	25/9/2013		<b>Date Modified:</b>	10/6/2014	
<b>Risk Category:</b>	- BHCC Strategic Risk - Customer / Citizen				

**Existing Controls:**

- \* Cross party school place planning group chaired by Risk Owner and involving all schools, colleges and two city universities;
- \* Regular review of pupil number forecasting has made it clear that primary growth starts to reach secondary schools by 2014, with the issue becoming acute in subsequent years. The future need focus relates to secondary school places;
- \* Work with Members on cross-party basis and with partners to bring forward proposals and share understanding;
- \* 465 new primary school places (15.5 classes) added in last five years;
- \* Two new free schools opened in city;
- \* Four class junior site to open on Hove Police Station site September 2014;
- \* One new permanent form of entry opening in September 2014 at West Hove Infant School (Connaught);
- \* Public consultation being undertaken on proposals to provide two permanent additional forms of entry from September 2015 in primary schools serving areas of highest demand, with funding identified in the capital programme;
- \* 80% of schools are currently assessed by Ofsted as good or outstanding and a new School Improvement Strategy has been adopted to support the target of all schools being good or outstanding.

<b>Effectiveness of Controls:</b>	Adequate	<b>Issue Type:</b>	Threat
<b>Solutions:</b>		<b>Risk Treatment:</b>	Treat

SR 17 Risk Action: Review of secondary school admissions arrangements commissioned by Children and Young People Committee, to be steered by cross party working group :




SR 17 Risk Action: Review of 'lessons learned' from 2014 primary admissions round to be undertaken in consultation with the cross party working group with a view to agreeing earlier any bulge classes required

SR 17 Risk Action: Deliver the School Improvement Strategy to support the remaining 20% of schools to be good or outstanding

ROM Issue:	Effective use of technology	Responsible Officer:	Catherine Vaughan
		Risk Code:	SR18

**Identified** The Modernising the Council priority is dependant on a high quality of ICT infrastructure and service, and staff who are able to make the most of the technology available to them . Customers' expectations of how they are able to interact with the council relies on effective use of technology.

**Potential Conseq** If we do not invest appropriately in technology and its effective use , we will be unable to deliver sufficient efficiency savings and meet customer expectations

<b>Initial:</b>	High		<b>Revised:</b>	High		<b>Future:</b>	High	
<b>Risk Identified Date:</b>	25/9/2013		<b>Date Modified:</b>	10/6/2014		<b>Date Modified:</b>	8/10/2013	

**Risk Category:** - BHCC Strategic Risk  
- Technological

**Existing Controls:**

- \* ICT Strategy;
- \* ICT investment plan (partially funded);
- \* Ongoing upgrade of ICT infrastructure , hardware and systems to ensure service availability and compliance with external government security standards;
- \* Current deployment of the new Network jointly with partners through the LINK;
- \* Roll out of new Microsoft Operating Suite (Windows 7 and Office 2010);
- \* ICT workforce planning ideas shared within council and SE 7 partners;
- \* Improving Customer Experience Board includes focus on measures to enhance customer experience and digital access to council services;
- \* New piece of work on Targeted ICT investment initiated alongside VFM Phase 4 programme to approve prioritisation of requests and resources.

**Effectiveness of Controls:** Adequate **Issue Type:** Threat  
**Risk Treatment:** Treat, Treat

**Solutions:** SR18 Risk Action: Match the known ICT workload 2014-2016 with the outcomes of the VFM 4 Targeted Investment workstream to develop a prioritisation framework overseen by ELT to target investment to secure most benefit  
SR18 Risk Action: Review ICT skills and training offer for all staff  
SR18 Risk Action: Improve clarity & governance of relationship between ICT Investment and business benefits through the VFM Phase 4 ICT Targeted Investment work stream which collates all known programmes & projects with an ICT impact across the council  
SR18 Risk Action: Put in place a new expert ICT supplier relationship manager role to deliver best value from complex contracted services

ROM Issue:	Implementation of the Care Act	Responsible Officer:	Denise D'Souza
		Risk Code:	SR19


**Identified** The Care Act is enacted but its detailed requirements through statutory guidance is still to be finalised for:

- Safeguarding;
- Funding of Social Care;
- Contributions for Care costs (Dilnot report);
- Increased duties in respect of carers

The Council needs to have processes and systems in place to support changes to safeguarding, care, information and advice functions by April 2015

**Potential Conseq** If we fail to meet our new statutory duties under the Care Act then:

- \* Service delivery for individuals will be affected
- \* Reputational damage
- \* Financial risk

<b>Initial:</b>	High		<b>Revised:</b>	High	
<b>Risk Identified Date:</b>	21/5/2014		<b>Date Modified:</b>	10/6/2014	

**Risk Category:**

- BHCC Strategic Risk
- Legislative

**Existing Controls:**

- \* Adults Social Care Modernisation Board set up;
- \* Workstreams in place working across the South East and nationally to work to ensure capacity to respond to the changes and predict future demands;
- \* Local workstream identified and will link where possible to work on the Better Care Fund.

<b>Effectiveness of Controls:</b>	Uncertain	<b>Issue Type:</b>	Threat
		<b>Risk Treatment:</b>	Treat

**Solutions:**


- SR 19 Risk Action: Work with partners to inform and influence all parties involved in social care provision so that understanding, capacity and performance meets new requirements
- SR 19 Risk Action: Review progress at Adult Social Care Modernisation Board on a regular basis
- SR 19 Risk Action: Scan for changes of Care Act as more clarity emerges and assess implications to care delivery arrangements

<b>ROM Issue:</b>	Better Care Fund	<b>Responsible Officer:</b>	Denise D'Souza
		<b>Risk Code:</b>	SR20

**Identified** The changes to funding for Adult Social Care introduced by the Better Care Fund affect how the whole system of social care, across the public and private sectors, works together.

**Potential Conseq** The impact of funding changes of the Better Care Fund combine with already significant changes to the NHS still being implemented and reduced budgets for, and increased savings required from Local Government.

If parties do not work together as agreed at the Better Care Board, or organisation's priorities change, it will affect delivery of performance targets in relation to the Better Care Fund. Any failure of delivery over the longer term (3-5 years) will impact on the Acute Trusts' costs and our ability to release efficiency savings as a result of integrated working and a focus on prevention..

<b>Initial:</b>	High		<b>Revised:</b>	Significant	
<b>Risk Identified Date:</b>	14/5/2014		<b>Date Modified:</b>	10/6/2014	

**Risk Category:**  
 - BHCC Strategic Risk  
 - Economic / Financial

**Existing Controls:**

- \* Health & Wellbeing Board reviewed and governance arrangements in place to help deliver an integrated approach, including oversight of the Better Care Fund;
- \* Better Care Board established (high level and cross sector representation) and chaired by Executive Director Adult Social Care;
- \* Partnership work agreed and submitted a Better Care Plan by the deadline in March 2014;
- \* Agreement at Better Care Board to develop a Better Care implementation plan for delivery of Phase 1 from September 2014, based on an integrated model of delivery;
- \* Already a small number of local authority staff working on 7 day contracts and work continues to incorporate itno new contracts; some staff already involved in integrated primary care teams,

**Effectiveness of Controls:** Adequate **Issue Type:** Threat  
**Risk Treatment:** Treat


**Solutions:** SR 20 Risk Action: Deliver Phase 1 Better Care implementation plan from September 2014  
 SR 20 Risk Action: Monitor and react to implications on the Better Care Fund arising from the Care Act

ROM Issue:	Housing Pressures	Responsible Officer:	Geoff Raw
		Risk Code:	SR21

**Identified** The increasing demands for housing continues to outstrip new supply and as a consequence accommodation is becoming less affordable notably in central city areas relative to the local wage rates. Housing is particularly acute for low income families. There are also significant needs associated with an ageing population and more dependant households. Student numbers are also forecast to grow and have a significant impact on the existing residential communities and, in terms of affordable rents for non-student households, local character and impact on amenity arising from rapid 'studentification' of neighbourhoods, student residencies and competition for development sites.

**Potential Conseq**

- \* The city is unable to accommodate economic growth and sustainable development objectives; and
- \* the ability of the council to meet housing demand is affected by displacement of family accommodation.

<b>Initial:</b>	High		<b>Revised:</b>	Significant	
<b>Risk Identified Date:</b>	5/6/2014		<b>Date Modified:</b>	10/6/2014	

**Risk Category:**

- BHCC Strategic Risk
- Environmental / Sustainability

**Existing Controls:**

- \* Review of city Housing Strategy as presented to by City partners' Strategic Housing Partnership in Nov 13, has set objectives for next 4 years;
- \* Increased focus on housing delivery in City Plan submission
- \* Continued monitoring of population growth; affordability (prices v income); assessment of impact of housing tenure mix [owner/occupier renting; student housing; new family households
- \* City Plan supports need for housing and delivery of affordable housing, eg extra care & other housing;
- \* Continue to work with private sector landlords to increase the supply of affordable high quality private lettings;
- \* Continued work with Registered Social Landlords to support housing led regeneration initiatives

**Effectiveness of Controls:** Adequate

**Issue Type:** Threat  
**Risk Treatment:** Treat

**Solutions:**

- SR21 Risk Action: Exercise Duty to Co-operate with Neighbouring Authorities to address the shortfall in housing supply that is not deliverable in Brighton & Hove
- SR21 Risk Action: Investigate options to procure more housing for affordable rented and shared ownership use
- SR 21 Risk Action: Work through City Deal with regional partners & LEP to promote Economic development incl increased sub-regional working to meet housing need
- SR 21 Risk Action: Continue to track numbers of Right to Buy Purchases; student houses; HMOs in specific areas and across city
- SR21 Risk Action: Consider use of New Policy Article 4 a) allocates sites for purpose built housing; and b) manages properties to meet student housing needs
- SR21 Risk Action: Investigate options for council resources to develop finance expertise to increase council's ability to negotiate effectively with developers and local private agents re. schemes for housing and to provide affordable housing
- SR21 Risk Action: HRA stock improvement & estate regeneration initiative (New Homes for Neighbourhoods) to increase affordable housing supply
- SR21 Risk Action: Act on outcome of joint partners' bid for £59M for extra care housing to address social care residential needs as part of 2015-18 Affordable Housing Programme
- SR21 Risk Action: Explore options with universities to improve student accommodation provision to meet forecast growth in student numbers.
- SR 21 Risk Action: Greater Brighton Economic Board, City Deal & regional working to find housing solutions.
- SR 21 Risk Action: Affordable housing policy to be adopted

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## **Agenda Item 19**

Brighton & Hove City Council

<b>Subject:</b>	<b>Strategic Risk Management Action Plan Focus: Strategic Risk 2 Financial Outlook; and SR18 Effective Use of Technology</b>		
<b>Date of Meeting:</b>	<b>24 June 2014</b>		
<b>Report of:</b>	<b>Executive Director Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jackie Algar</b>	<b>Tel: 29-1273</b>
	<b>Email:</b>	<b>Jackie.algar@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

### **FOR GENERAL RELEASE**

#### **1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The Committee has a role to monitor the effectiveness of risk management and internal control. This includes oversight of the Strategic Risk Register which is set and reviewed every six months by the Executive Leadership Team (ELT). Each Strategic Risk has a Risk Management Action Plan (a “risk MAP”) to deliver action to address the risk by a Risk Owner, a member of ELT.
- 1.2 The Committee has agreed a schedule to focus on two Strategic Risk MAPs at each meeting, and to ask Risk Owners to attend in order to more fully explore the details of the actions to address each Strategic Risk.
- 1.3 This meeting will be attended by Catherine Vaughan, Executive Director Finance & Resources, who is the Risk Owner for both Strategic Risks SR2 and SR18. The Strategic Risk MAPs have been updated specifically for this meeting to provide Members with the current position. For details please refer to Appendix 2, the Strategic Risk Assessment Report June 2014, which is part of the item on this same meeting agenda entitled Strategic Risk Review 2014-15 & Risk Management Action Plans – updated May 2014.

#### **2. RECOMMENDATIONS:**

- 2.1 That the Committee ask questions of the Risk Owner for this Strategic Risk based on the information provided in the Strategic Risk MAPS. (See Appendix 2, the Strategic Risk Assessment Report June 2014, which is part of the item on this same meeting agenda entitled Strategic Risk Review 2014-15 & Risk Management Action Plans – updated May 2014.)
- 2.2 That, having considered the Risk MAPs and the Risk Owner’s response, the Committee make any recommendations it considers appropriate to the relevant council body.

### **3. CONTEXT/ BACKGROUND INFORMATION**

#### **3.1 Financial Implications**

Each Strategic Risk MAP provides details of the actions already in place (“Existing Controls”) or work to be done as part of business or project plans (the “Solutions”) to address each strategic risk. Potentially these may have significant financial implications for the authority either directly or indirectly.

The associated financial risks are considered during the Targeted Budget Management process, the development of the Medium Term Financial Strategy and budget strategies.

*Finance Officer Consulted: James Hengeveld Date 06/06/14*

#### **3.2 Legal Implications**

The Committee is entitled to information, data and other evidence which enable it to reach an informed view as to whether the council’s strategic risks are being adequately managed; and to make recommendations based on its conclusions.

*Lawyer Consulted: Oliver Dixon Date: 06/06/14*

#### **Appendices:**

1. None.

#### **Documents in Members’ Rooms**

None.

#### **Background Documents**

1. Strategic Risk Register 2014/2015 – reviewed by Executive Leadership Team, May 2014.



<b>Subject:</b>	<b>Unaudited Statement of Accounts 2013/14</b>		
<b>Date of Meeting:</b>	<b>24 June 2014</b>		
<b>Report of:</b>	<b>Executive Director Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jane Strudwick</b>	<b>Tel: 29-1255</b>
	<b>Email:</b>	jane.strudwick@brighton-hove.gov.uk	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Under the Accounts and Audit Regulations 2011, the council's Statement of Accounts (i.e. accounts) are to be approved by the Chief Finance Officer by 30 June and following the audit process are to be approved by Members by 30 September each year. Under Brighton & Hove City Council's constitution, the Audit & Standards Committee is charged with this responsibility.
- 1.2 Accordingly, this report presents the unaudited accounts for 2013/14 for information purposes only. Copies of the accounts are made available to members of the Audit & Standards Committee. It is expected that the External Auditor will present an Audit Results Report to the September meeting of this committee on the conclusion of the audit of the 2013/14 accounts. An officer report will be presented to that meeting to enable Members to consider and approve the statement of accounts.

**2. RECOMMENDATIONS:**

- 2.1 That the Audit & Standards Committee note the accounts for 2013/14 and note that these are subject to audit and public inspection.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The main legislative requirements relating to the preparation, publication and audit of the council's accounts are contained in the Audit Commission Act 1998 and the Accounts and Audit Regulations 2011 made under Section 27 of the 1998 Act.
- 3.2 It is a requirement that the annual accounts should be prepared as soon as practicable after the end of the financial year and approved by the Chief Finance Officer by 30 June and considered by a committee or Full Council, and approved by a resolution of that committee or meeting by 30 September. The accounts must be published and signed off by the External Auditor as soon as reasonably possible after conclusion of the audit and by 30 September.

### Format of Accounts

- 3.3 The council is required to present its accounts on an International Financial Reporting Standards (IFRS) basis in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and covering the period 1 April 2013 to 31 March 2014.
- 3.4 In accordance with the Accounts and Audit Regulations, the accounts include:
- an explanatory foreword;
  - a statement of responsibilities;
  - the core financial statements (Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement);
  - supplementary statements (Housing Revenue Account and Collection Fund);
  - the notes to the accounts; and,
  - accounting policies.

### Key Changes in the 2013/14 accounts

- 3.5 There have been two significant changes in the 2013/14 accounts in respect of the accounting for non domestic rates and post employment benefits.
- 3.6 The Government introduced a new Business Rates Retention Scheme with effect from 1 April 2013 which allowed the authority to retain 49% of the non domestic rates income it collects. Of the remainder, 50% is paid over to central government and 1% to the East Sussex Fire Authority. This funding is supported by a new Revenue Support Grant which reflects reducing central government spending in line with the government's deficit reduction approach. This change led to the council amending its accounting policy for non domestic rates. The collection of non domestic rates income, under the localisation of business rates, is now very similar to the collection of council tax in that the council, as a billing authority, recognises its proportion of the locally retained non domestic rates income in its Comprehensive Income and Expenditure Statement on a full accruals basis. A creditor is also recognised by the council for the income that has been collected from non domestic rate payers but not yet paid over by the council to central government and the East Sussex Fire Authority.
- 3.7 The Code introduced changes to the classification, recognition, measurement and disclosure requirements of employee benefits introduced by the June 2011 amendments to IAS 19 "*Employee Benefits*". The key change is the combination of the interest cost and the expected return on assets into a single net figure. In effect this means that the expected return has been replaced by a figure that would be applicable if the expected return on assets assumption was equal to the discount rate. Therefore, where a scheme invests in assets expected to generate higher returns, these higher profits can no longer be shown (or lower profits where it invests in assets expected to generate lower returns). This has resulted in a reclassification change to the Comprehensive Income and Expenditure Statement. There is no impact on the level of the net pension liability reported in the accounts. This change also requires significant changes to the information disclosed in the accounts in respect of post employment benefits;

these are set out in the Pension Liability section of the Explanatory Foreword to the accounts together with an explanation of the impact of the change on the 2012/13 published accounts.

- 3.7 As a result of the Health and Social Care Act 2012, some of the responsibilities of Primary Care Trusts (PCTs) and Strategic Health Authorities (SHAs) passed to local authorities on 1 April 2013 with the council taking on the responsibility for public health. The accounting transactions in respect of public health are now included in the council's accounts.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 Under the Accounts and Audit Regulations 2011, the council's accounts are to be approved by the Chief Finance Officer by 30 June and following the audit process are to be approved by Members by 30 September each year. Under Brighton & Hove City Council's constitution, the Audit & Standards Committee is charged with this responsibility. The accounts are presented at this stage for information purposes only.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The purpose of this report is to present the council's accounts for 2013/14. There has been no external consultation, however, the accounts are required to be available for public inspection and residents of Brighton and Hove are able to inspect the accounts during the period 18 June 2014 to 15 July 2014.

#### **6. CONCLUSION**

- 6.1 At this stage, the accounts are for information only.
- 6.2 The accounts have not been audited by the External Auditor. It is expected that the External Auditor will present their Audit Results Report to the September meeting of this committee on the conclusion of the audit of the 2013/14 accounts.
- 6.3 Any material changes resulting from the conclusion of the audit will be included in the accounts to be reported to the Audit & Standards Committee in September 2014. An accompanying officer report will be presented to that meeting, to enable Members to consider and approve the accounts.

#### **7. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 7.1 Detailed financial information is contained in the accounts. There are no other financial implications.

*Finance Officer Consulted: Jane Strudwick*

*Date: 10/06/14*

Legal Implications:

- 7.2 The relevant statutory requirements relating to the accounts are summarised in the report, in particular at paragraphs 1.1 and 3.1-3.2.
- 7.3 The report is for noting only. As indicated, the Committee has until 30 September by which to approve the statement of accounts and officers will prepare a separate report on that process for consideration by the Committee in time to comply with the statutory deadline.

*Lawyer Consulted: Elizabeth Culbert*

*Date: 12/06/14*

Equalities Implications:

- 7.4 There are no equalities implications arising directly from this report. The accounts are a statutory publication and are available for public inspection at the council's main offices and on the council's website. Information on the accounts will, as far as possible, be provided in a manner that meets the needs of those requesting information

Sustainability Implications:

- 7.5 There are no direct environmental implications arising from this report. However, it is believed that the reputation of the council's financial control framework and its ability to demonstrate sound financial management could have an impact on the willingness of other funding partners to invest in and with the council. This could affect the level of inward investment in respect of projects that contribute towards sustainability

Any Other Significant Implications:

- 7.6 There are no other significant implications arising from this report.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. None

**Documents in Members' Rooms**

1. None

**Background Documents**

1. Unaudited Statement of Accounts 2013/14