





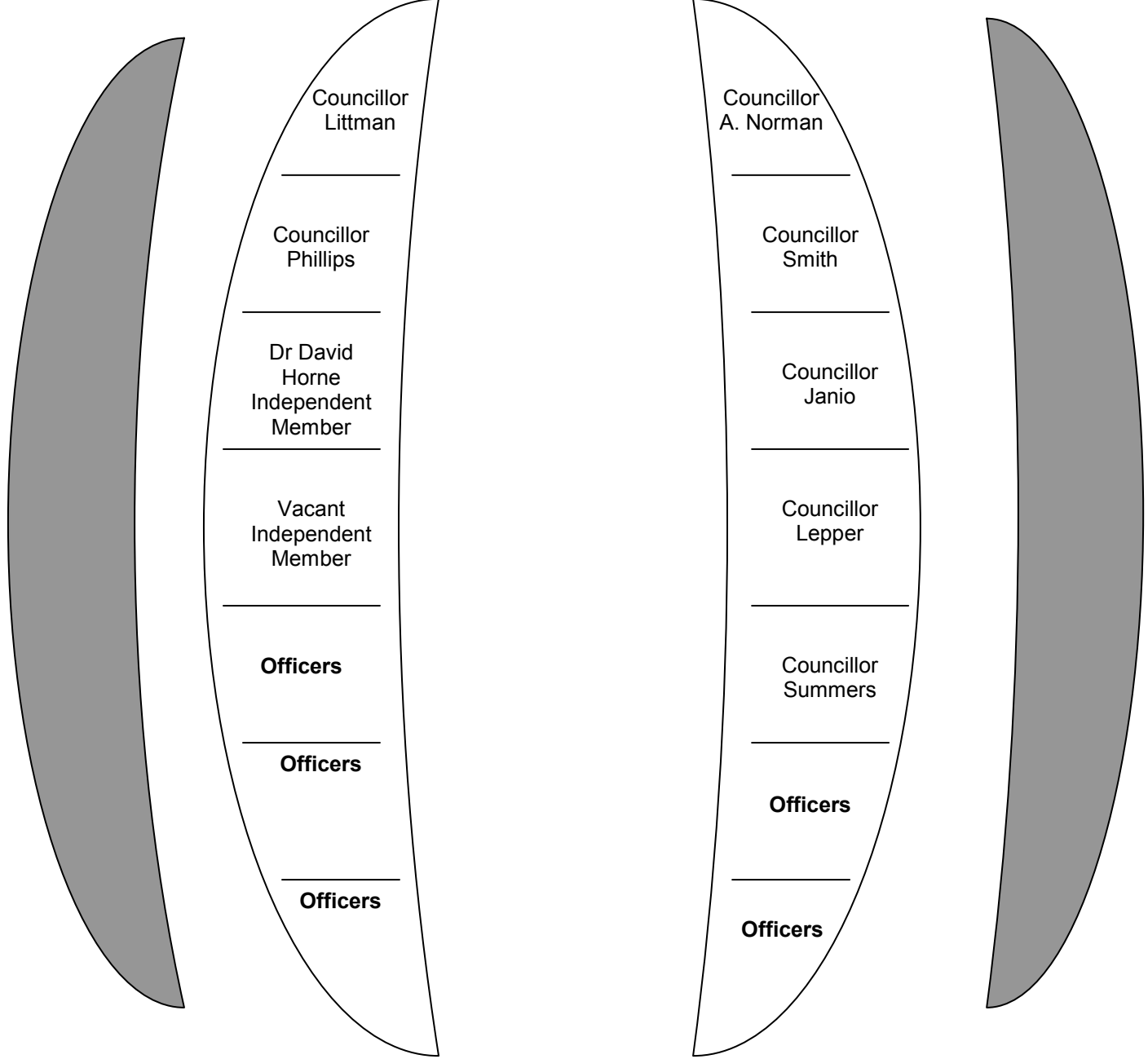
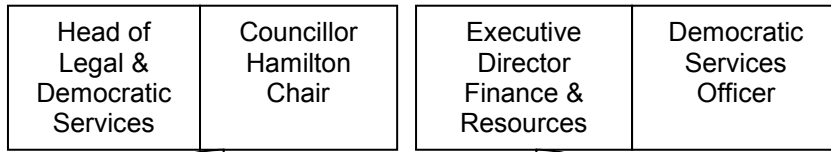
Brighton & Hove
City Council

Audit & Standards Committee

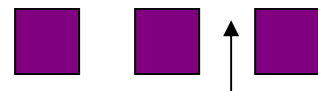
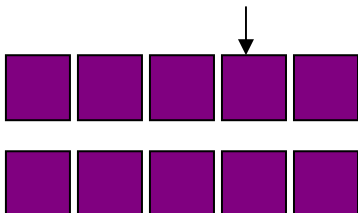
Title:	Audit & Standards Committee
Date:	10 March 2015
Time:	4.00pm
Venue	Council Chamber, Hove Town Hall
Members:	Councillors: Hamilton (Chair), A Norman (Opposition Spokesperson), Janio, Lepper, Littman (Opposition Spokesperson), Smith, Summers and Phillips Co-opted Members: Dr David Horne and Vacancy
Contact:	Lisa Johnson Senior Democratic Services Officer 01273 291228 Lisa.johnson@brighton-hove.gov.uk

	The Town Hall has facilities for wheelchair users, including lifts and toilets
	An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter and infra red hearing aids are available for use during the meeting. If you require any further information or assistance, please contact the receptionist on arrival.
	FIRE / EMERGENCY EVACUATION PROCEDURE If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions: <ul style="list-style-type: none">You should proceed calmly; do not run and do not use the lifts;Do not stop to collect personal belongings;Once you are outside, please do not wait immediately next to the building, but move some distance away and await further instructions; andDo not re-enter the building until told that it is safe to do so.

Democratic Services: Audit & Standards Committee



Public Seating



Press

AGENDA

75 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.

76 MINUTES

1 - 8

To consider the minutes of the meeting held on 13 January 2015 (copy attached).

77 CHAIR'S COMMUNICATIONS

AUDIT & STANDARDS COMMITTEE

78 CALL OVER

- (a) Items (82 - 90) will be read out at the meeting and Members invited to reserve the items for consideration.
- (b) Those items not reserved will be taken as having been received and the reports' recommendations agreed.

79 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 3 March 2015;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 3 March 2015.

80 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.

STANDARDS ITEMS

81 MEMBER COMPLAINTS UPDATE

Head of Law & Monitoring Officer to provide a verbal update.

82 GOVERNANCE: WHISTLEBLOWING UPDATE

9 - 20

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

Contact Officer: Jackie Algar
Ward Affected: All Wards

Tel: 29-1273

AUDIT ITEMS

83 INTERNAL AUDIT PROGRESS REPORT

21 - 30

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

AUDIT & STANDARDS COMMITTEE

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

84 ANNUAL GOVERNANCE STATEMENT 2013/14: FURTHER ACTION PLAN PROGRESS UPDATE 31 - 42

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

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

85 RISK MANAGEMENT STRATEGY ANNUAL PROGRESS REPORT 2014 43 - 52

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

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

86 STRATEGIC RISK MAP FOCUS: SR17 SCHOOL PLACES PLANNING; AND SR15 KEEPING CHILDREN SAFE FROM HARM AND ABUSE 53 - 58

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

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

87 INTERNAL AUDIT AND CORPORATE FRAUD: STRATEGY AND PLAN 2015/16 59 - 74

Report of the Head of Internal Audit (copy attached)

Contact Officer: Graham Liddell *Tel:* 01273 291323
Ward(s) Affected: All

88 EY - AUDIT PLAN 2014/15 75 - 98

Report of the External Auditors (copy attached)

89 EY - AUDIT PROGRESS REPORT AND SECTOR UPDATE 99 - 112

Report of the External Auditors (copy attached)

INFORMATION ITEMS FROM THE POLICY & RESOURCES COMMITTEE

90 TARGETED BUDGET MANAGEMENT (TBM) 2014/15 MONTH 9 113 - 186

Extract from the proceedings of the Policy & Resources Committee held on 12 February 2015, together with the report of the Interim Executive Director for Finance & Resources (copy attached)

Contact Officer: Jeff Coates

Tel: 01273 292364

Ward(s) Affected: All

91 ITEMS REFERRED FOR COUNCIL

To consider items to be submitted to the 26 March 2015 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.

Agendas and minutes are published on the council's website www.brighton-hove.gov.uk. Agendas are available to view five working days prior to the meeting date.

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.

WEBCASTING NOTICE

This meeting may be filmed for live or subsequent broadcast via the Council's website. At the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed.

You should be aware that the Council is a Data Controller under the Data Protection Act 1988. Data collected during this web cast will be retained in accordance with the Council's published policy (Guidance for Employees' on the BHCC website).

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

AUDIT & STANDARDS COMMITTEE

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.

For further details and general enquiries about this meeting contact Lisa Johnson, (01273 291228, email lisa.johnson@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk.

Date of Publication - Monday, 2 March 2015

BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 13 JANUARY 2015

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Hamilton (Chair), A Norman (Opposition Spokesperson), Janio, Littman, Smith, Summers and Phillips

Independent Persons & Co-opted Members: Dr David Horne

PART ONE

54 PROCEDURAL BUSINESS

54a Declarations of substitutes

54.1 There were none.

54b Declarations of interests

54.2 There were none

54c Exclusion of the press and public

54.3 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.

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

55 MINUTES

55.1 **RESOLVED** – That the Chair be authorised to sign the Minutes of the meeting held on 18 November 2014 as a correct record.

56 CHAIR'S COMMUNICATIONS

56.1 The Chair advised the following:

The Chair was pleased to welcome three new people to the meeting:
Paul King (EY) who had replaced Helen Thompson (EY)
Graham Liddell new Head of Internal Audit
Rachel Musson new Interim Executive Director Finance & Resources

The Chair, on behalf of the Committee, thanked Mark Dallen for his work whilst he was Interim Head of Internal Audit.

The Chair said that another Independent Member was being recruited. The role had been advertised with a closing date of 18 January 2015, with interviews being held on 26 January 2015. The interviews would be conducted by Councillors Hamilton, A Norman and Littman and officers.

57 CALL OVER

57.1 The following items on the agenda were reserved for discussion:

- § Item 61
- § Item 62
- § Item 63
- § Item 64
- § Item 65
- § Item 66
- § Item 67
- § Item 68
- § Item 69
- § Item 73

58 PUBLIC INVOLVEMENT

58.1 There were no Petitions, Written Questions or Deputations

59 MEMBER INVOLVEMENT

59.1 There were no Petitions, Written Questions, Letters or Notices of Motion.

60 MEMBER COMPLAINTS UPDATE, AUDIT & STANDARDS COMMITTEE, 13 JANUARY 2015

60.1 **RESOLVED:** That the Committee noted the report

61 CODE OF CONDUCT FOR MEMBERS - GRANTING OF DISPENSATION

- 61.1 The Committee considered the report of the Monitoring Officer, which recommended granting the Monitoring Officer delegated power to grant dispensations under the Code of Conduct for Members. The report was presented by a Senior Lawyer.
- 61.2 Councillor Summers asked for clarification on when a dispensation would be granted to Members. The Monitoring Officer said that granting dispensation would be exceptional, but there were certain circumstances where it could be necessary. For example if a large number of Members declared an interest in an item, ordinarily requiring them to leave the meeting, it may be necessary to grant them a dispensation to avoid an adverse impact on the political balance. Councillor Littman said he would agree the recommendation, but was concerned that the Monitoring Officer would, based on the current wording of the Code of Conduct, be advising himself on any request for dispensation. The Monitoring Officer stated that, subject to Committee agreeing the recommendation, he would re-draft the relevant part of the Code to reflect the new arrangements, and submit the revision to Council for approval.
- 61.3 Councillor A Norman thanked officers for the report, and agreed that it was important to have clarity on this issue.
- 61.4 RESOLVED:** That the Committee agreed to grant delegated power to the Monitoring Officer to grant dispensations under the Code of Conduct for Members, subject to consultation, where reasonably practicable, with the Chair of Audit & Standards Committee or the Independent Person.

62 CORPORATE MODERNISATION GOVERNANCE ARRANGEMENTS

- 62.1 The Committee considered a report of the Interim Executive Director for Finance & Resources, which provided an overview of the governance arrangements to achieving the 'modernising the city' priority. The report was introduced by the Head of Performance Improvement and Programmes.
- 62.2 Councillor A Norman referred to Appendix 1 and asked whether the Customer Contact Centre was going ahead. The Head of Performance Improvement and Programmes said that it would if the Corporate Modernisation Delivery Board approved the business model.
- 62.3 Dr Horne asked what financial resources were available, and was advised that budget was still being clarified; this report was intended to primarily outline the governance arrangements.
- 62.4 **RESOLVED:** That the Committee noted the report.

63 STRATEGIC RISK REGISTER REVIEW & RISK MAP UPDATES

- 63.1 The Committee considered a report of the Interim Executive Director for Finance & Resources, which provided detail on the actions taken and planned actions to matters on the Strategic Risk Register. The report was presented by the Risk Manager, Performance, Improvement and Programmes.
- 63.2 **RESOLVED:** That the Committee noted the Strategic Risk Report November 2014.

64 STRATEGIC RISK MAP FOCUS: SR22 MODERNISING THE COUNCIL; AND SR23 DEVELOPING AN INVESTMENT STRATEGY TO REFURBISH AND DEVELOP THE CITY'S MAJOR ASSET OF THE SEAFRONT

- 64.1 The Committee considered a report of the Interim Executive Director for Finance & Resources, regarding Strategic Risk MAPs SR22 Modernising the Council and SR23 Developing an Investment Strategy to Refurbish and Develop the City's Major Asset of the Seafront. The Chief Executive, Risk Owner for SR22 attended to answer Members' queries; the Assistant Chief Executive and Executive Director Environment, Development and Housing attended as joint Risk Owners for SR23. The Assistant Chief Executive added that there had recently been a scrutiny review on 'The Seafront Infrastructure' which had provided 15 recommendations. Those recommendations would be considered by the Policy & Resources Committee at their meeting on 22 January 2015.
- 64.2 Dr Horne asked which Committee would have oversight of the modernisation programme and was advised it would be the Policy & Resources Committee.
- 64.3 Councillor Smith asked whether a structural survey had been undertaken for the seafront common ways, and if it had what the likely costs of any repair work would be. The Assistant Chief Executive said surveys had been conducted on different sections of the seafront, but the cost of any repair work were not yet known. The Executive Director Environment Development & Housing said that the Council would be looking at the whole of the seafront and not just individual projects.
- 64.4 **RESOLVED:** That the Committee noted the report.

65 ANNUAL GOVERNANCE STATEMENT 2013/14 - ACTION PLAN PROGRESS UPDATE

- 65.1 The Committee considered a report of the Interim Executive Director for Finance & Resources, which provided an update on the Council's progress in implementing actions agreed in the Annual Governance Statement 2013/14. The report was presented by the Risk Manager, Performance, Improvement & Programmes.

- 65.2 Dr Horne noted that a large number of the action points showed as 'amber', and asked if a further progress report could be provided at the next Audit & Standards Committee meeting. The Chair agreed. The Chief Executive said that the ratings were conservative, and believed that the next report would show improvements.
- 65.3 Councillor A Norman referred to action point (ii), and asked what more could be done to address corporate fraud. The Principal Audit Manager said that the Corporate Fraud Team were no longer responsible for Housing Benefit fraud and that would allow them to develop focus on other areas such as e-learning fraud.
- 65.4 Councillor Janio referred to action point (vii), and asked whether it would be better to focus on delivering the core values rather than providing more management training. The Chief Executive said that good management was very important; the training delivered was robust and effective.
- 65.5 Councillor Summers asked why the 'RAG' for action point (vii) was 'green' and how that had been measured. The Chief Executive said that it was 'green' as the training was already being undertaken and the customer feedback, and results of the staff survey, showed that it was effective.
- 65.6 **RESOLVED:** That the Committee noted the report.

66 INTERNAL AUDIT PROGRESS REPORT

- 66.1 The Committee considered a report of the Interim Executive Director for Finance & Resources, which provided an update on the progress made against the Internal Audit Plan 2014/15. The report was presented by the Principal Audit Manager.
- 66.2 The Chair referred to paragraph 5.3 and asked how the Committee would be advised that the recommendations had been implemented. The Principal Audit Manager said that a full review would be provided in next year's Audit Plan. The Chair suggested that a time frame for implementing the recommendations could be provided. The Principal Audit Manager agreed.
- 66.3 Dr Horne said that the Committee needed to ensure that high priority recommendations were being addressed, and asked that at the next meeting the Committee be advised on what was still outstanding.
- 66.4 **RESOLVED:** That the Committee noted the report.

67 AUDIT COMMISSION - PROTECTING THE PUBLIC PURSE FRAUD BRIEFING 2014

- 67.1 The Committee considered the report of the external auditors EY. The report was presented by Mr P King of EY.

- 67.2 Councillor A Norman noted that the Council had not detected any cases of either Council Tax or Right to Buy fraud. Mr S Mathers (EY) said that fraud may have been detected, but if it wasn't deemed to be intentional it might not be classed as fraud.
- 67.3 Councillor Janio noted that the Council had detected 245 cases of fraud with a value of £1,111,442 which suggested each case was high value and asked whether the Authority was missing cases of lower amounts. The Principal Audit Manager said that the authority did prioritise higher value cases.
- 67.4 **RESOLVED:** That the Committee noted the report.

68 EY - 2014/15 PROGRESS REPORT AND SECTOR BRIEFING

- 68.1 The Committee considered the report of the external auditor EY. The report was presented by Mr P King of EY.
- 68.2 Councillor Janio was pleased to note the reduction in the audit fees.
- 68.3 It was noted that paperwork regarding the 'Sector Update' was missing. The Committee Administrator agreed to circulate those papers to all members of the Committee.
- 68.4 **RESOLVED:** That the Committee noted the report.

69 EY - 2013/14 ANNUAL CERTIFICATION REPORT

- 69.1 The Committee considered the report of the external auditor EY. The report was presented by Mr S Mathers (EY).
- 69.2 The Chair referred to the Pooling of Housing Capital Receipts, and asked if the recommendations of EY had now been implemented. Mr Mathers confirmed those recommendations had been addressed.
- 69.3 Dr Horne noted that superannuation was no longer being dealt with by EY. Mr Mathers said that was correct and the Council had appointed other auditors for that work.
- 69.4 **RESOLVED:** That the Committee noted the report.

70 TREASURY MANAGEMENT POLICY STATEMENT 2014/15 (MID YEAR REPORT)

- 70.1 **RESOLVED:** That the Committee noted the report.

71 TARGETED BUDGET MANAGEMENT (TBM) 2014/15 MONTH 7

71.1 **RESOLVED:** That the Committee noted the report.

72 ITEMS REFERRED FOR COUNCIL

72.1 It was agreed that no items be referred to Council.

73 PART TWO MINUTES

73.1 **RESOLVED** – That the Chair be authorised to sign the Part Two Minutes of the meeting held on 18 November 2014 as a correct record

74 PART TWO PROCEEDINGS

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

The meeting concluded at 6.25pm

Signed

Chair

Dated this

day of

Subject:	Governance: Whistleblowing Update		
Date of Meeting:	10 March 2015 26 March 2015		
Report of:	Head of Legal & Democratic Services		
Contact Officer:	Name:	Gina Clarke	Tel: 01273 291290
	Email:	gina.clarke@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The Audit & Standards Committee have received reports on Governance arrangements, particularly within the Annual Governance Statement and progress update reports.
- 1.2 One aspect of Governance is Whistleblowing and the council has recognised that further and continuing work is required to strengthen governance arrangements. This report provides Members with an update of progress and future actions proposed to improve co-ordination of effort and improve understanding both within our organisation and by our customers.

2. RECOMMENDATIONS:

- 2.1 That Members:
 - 2.1.1 Agree in principle to the proposed changes to council's the Whistleblowing Policy and Procedure.
 - 2.1.2 Note that a report will be made to the 23 June 2015 committee to recommend to Full Council to approve the proposed changes to Whistleblowing Policy.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Governance is expected of all large organisations. Corporate Governance is defined as 'the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities¹'.
- 3.2 Recently there has been a number of reports on whistleblowing in respect of other public sector organisations and people's experiences of whistleblowing which has highlighted potential issues and findings. This has provided the council with an opportunity to review its current policies and procedures on whistleblowing.

¹ Definition from 'Delivering Good Governance in Local Government – Addendum CIPFA/SOLACE 2012.'

- 3.3 In addition the council is undergoing changes to its structure, arrangements and working in different ways with many partners. Strong Governance may be seen as an essential element to underpin activity and ensures that the council continues to operate within legal requirements and regulations in an accountable, open and honest way.
- 3.4 As part of the delivery of the Modernising Agenda, the council has set up a 'Good Governance & Leadership Programme' sponsored by the Head of Legal & Democratic Services and supported by relevant officers. Sixteen Workstreams are identified within that programme. Two Workstreams which specifically relate to Whistleblowing are:
- Workstream 7: 'Update and re-launch Whistleblowing Policy and ensure database is fit for purpose'; and
 - Workstream 12: 'Review/update corporate governance rules and procedures to ensure fit for purpose and support modernisation agenda'.
- 3.5 Whistleblowing includes concerns including:
- Conduct which is an offence or a breach of law
 - Disclosures related to miscarriages of justice
 - Individual(s) covering up wrongdoing
 - Health & safety risks, including risks to the public as well as other employees
 - Damage to the environment
 - The unauthorised use of council funds
 - Action that is contrary to the council's financial procedures or contract regulations
 - Possible fraud, corruption or financial irregularity
 - Practice which falls below established standards or practice
 - Sexual or physical abuse of clients
 - Other unethical conduct
- 3.6 In the autumn 2014 the council reviewed its Whistleblowing Policy (Raising Concerns in the Public Interest) which was first published in March 2014. The policy applies to all 'members of staff', i.e. employees, casual and agency workers, apprentices, contractors and self-employed consultants working on the council's premises. All such 'members of staff' are protected² against detrimental treatment or dismissal for disclosing normally confidential information because they reasonably believe it is in the public interest to do so (known as a 'qualifying disclosure').
- 3.7 To make improvements to the council's Whistleblowing Policy and procedures to strengthen Governance, it is proposed:

² Provisions incorporated into the council's Whistleblowing Policy from the Public Interest Disclosure Act 1998 (as amended by the Enterprise & Regulatory Reform Act 2013).

- That the scope of the Whistleblowing Policy and procedure is extended to provide a general gateway to enable members of the public, (as well as those who work for the council) to raise a concern which is in the public interest.
- That there is more clarity about how the council's Whistle blowing Policy applies to Schools. Further it is proposed that mechanisms are put in place to monitoring how schools are dealing with whistle blowing.
- To review the relationship of the Whistleblowing Policy and procedure with other processes and procedures such as employment related procedures (e.g. HR procedure , 121's between managers and their staff), complaints procedure, fraud hot-line reports and internal audit activity and recommendations.
- To change the process for registering centrally all concerns which are reported to the council. It is proposed that responsibility for maintaining and holding the Register of Whistleblowing allegations transfers from Internal Audi to the Head of Legal & Democratic Services.
- To raise awareness of the policy and procedure by devising a flowchart on what happens when a concern is raised. In addition, produce clearer guidance and publicity to:
 1. Ensure that there is clear understanding by those reporting concerns (the 'whistleblowers') of the council's policy and procedure as to how they can raise a concern.
 2. Ensure that there more clarity as to the process for dealing with, and the consideration of concerns by officers with line management responsibilities, and the action to be taken within clear timescales. A process chart process will be devised and consulted on.
- To undertake a review of related arrangements e.g.:
 - i. Support for whistleblowers
 - ii. Action taken for wrong doing
 - iii. Publicising what action has been taken to encourage more reporting and give confidence to our customers/stakeholders in our arrangements.

4. **FINANCIAL & OTHER IMPLICATIONS:**

Financial Implications:

- 4.1 There are no direct financial implications arising from the recommendations in this report.

Legal Implications:

- 4.2 The Public Interest Disclosure Act 1998 protects whistleblowers from detrimental or unfavourable treatment and victimisation from their employers and co-workers after they have raised a qualifying concern in the public interest.

A qualifying concern covers:

- Criminal offence
- Failure to comply with legal obligations
- Miscarriages of justice
- Threats to health and safety of an individual
- Damage to the environment: or
- A deliberate attempt to cover up any of the above

- 4.3 The Act allows people to apply to an Employment Tribunal for a remedy or compensation if they feel they have suffered bad treatment as a result of whistle blowing.

- 4.4 The Act covers all people working for the council, including those working on temporary contracts or agency workers, and trainees.

- 4.5 The Act does not extend to cover members of the public, however it is proposed that the Council's policy and procedures is extended to cover members of the public to enable them which to raise a concern which is in the public interest.

- 4.6 The proposed changes to the Council's policies procedures will ensure that the process for raising concerns are more effective in the future.

Lawyer Consulted: Gina Clarke

Date: 11 February 2015

SUPPORTING DOCUMENTATION

Appendices:

1. Whistleblowing Policy (Raising Concerns in the Public Interest) March 2014.

Documents in Members' Rooms

1. None.

Background Documents

1. Good Governance & Leadership Programme Board Working papers.

Whistleblowing Policy (Raising Concerns in the Public Interest)

A Confidential Reporting Policy for All Employees

1 Independent Advice

- 1.1 If you are unsure whether to use this policy you should seek advice either from Human Resources or Internal Audit.
- 1.2 If you would like independent advice at any stage, you may contact:
 - your trade union representative;
 - professional associations;
 - the independent charity Public Concern at Work www.whistleblowing.org.uk on 020 7404 6609. Their lawyers can give you free confidential advice at any stage about how to raise a concern about serious malpractice at work.

2 Introduction

- 2.1 Brighton & Hove City Council operates within legal requirements and regulations and is committed to the highest standards of openness, honesty and accountability. This whistleblowing policy is an integral part of and should be read in the context of the Council's corporate values, which are:

Respect: Embrace diversity with kindness and consideration and recognise the value of everyone

Collaboration: Work together to contribute to the creation of effective and successful decision making forums, working groups and partnerships across the council and beyond

Efficiency: Work in a way that makes the best and most sustainable use of the council's resources'

Openness: Share and communicate with honesty about the council and its decisions and activities

Creativity: Have ideas that challenge the 'tried and tested', use evidence of what works and listen pro-actively to feedback from constituents and others

Customer Focus: Do your part to help the council deliver on its 'Customer Promise' to colleagues, partners and customers; the council aims to listen, to be easy to reach, clear, treat everyone with respect and act to get things done

- 2.2 The Council expects its employees to behave appropriately by adhering to all relevant laws, regulations, policies and procedures. In line with that commitment, the Council expects and encourages any employee becoming

aware of another employee acting inappropriately, corruptly or illegally to come forward and voice those concerns.

- 2.3 The Policy incorporates the provisions that are required from the Public Interest Disclosure Act 1998 (as amended by the Enterprise & Regulatory Reform Act 2013), which protects members of staff against detrimental treatment or dismissal for disclosing normally confidential information because they reasonably believe it is in the public interest to do so. This is known as a “qualifying disclosure”.
- 2.4 It is unlawful for anyone working for, or on the behalf of, the council to subject an individual to detrimental treatment on the grounds that they have made a “qualifying disclosure”. The council would also be liable for such acts committed by those working for it or acting on its behalf.

3 Benefits of this policy

3.1 The Whistleblowing Policy aims to:

- encourage and enable individuals to feel confident in raising concerns and to question and act upon any concerns;
- provide avenues for individuals to raise concerns and receive feedback on any action taken;
- ensure that individuals receive a response to their concerns and that they are aware of how to pursue them if they are not satisfied
- reassure individuals that they will be protected from reprisals or victimisation for raising concerns that they reasonably believe to be in the public interest
- ensure that all those working for, or on behalf of, the council are aware that it is unlawful for them to treat individual(s) detrimentally because they have made a “qualifying disclosure” under the Act (see also paragraph 2.3 above)

4 Scope

- 4.1 This policy applies to all employees, casual and agency workers, apprentices, contractors and self-employed consultants working on the Council’s premises.
- 4.2 School Governing Bodies are recommended to adopt this policy as a framework for introducing the requirements of this policy in their schools.
- 4.3 This procedure outlines a separate route through which employees can raise concerns that fall outside the scope of the Council’s other complaints procedures. The types of concern covered by the Whistleblowing Policy include:
 - conduct which is an offence or a breach of law
 - disclosures related to miscarriages of justice
 - individual(s) covering up wrongdoing
 - health and safety risks, including risks to the public as well as other employees

- damage to the environment
 - the unauthorised use of Council funds
 - action that is contrary to the Council's financial procedures or contract regulations
 - possible fraud, corruption or financial irregularity
 - practice which falls below established standards or practice
 - sexual or physical abuse of clients
 - other unethical conduct.
- 4.4 If you work for a company that has a contract with the Council then you can also raise concerns under this policy.
- 4.5 Employees will not be able to raise concerns relating to alleged breaches of their own contracts of employment under this Policy as such concerns are unlikely to meet the "public interest" requirement. Therefore, complaints of this nature should be raised using the council's Grievance Procedure. The Council will respond to concerns relating to bullying or harassment using the Council's Disciplinary Procedure.

5 Supporting you to raise a concern

- 5.1 **Harassment or Victimisation:** The Council will not tolerate harassment or victimisation and will take action to protect individuals who raise concerns that they reasonably believe to be in the public interest. This protection is in addition to the legal protection provided by the Public Interest Disclosure Act 1998 (as amended by the Enterprise & Regulatory Reform Act 2013).
- 5.2 **Confidentiality:** Individuals are encouraged to put their name to any allegation. However, if you ask us not to reveal your identity by keeping your confidence, we will not disclose it without your consent. If the situation arises where we are not able to resolve the concern without revealing your identity (for instance because your evidence is needed in court), we will discuss with you whether and how we can proceed.
- 5.3 **Raising Genuine Concerns:** The City Council is committed to this policy. If you raise a genuine concern under this policy, you will not be at risk of losing your job or suffering any form of retribution as a result provided that:
- you reasonably believe the disclosure to be in the public interest, it does not matter if you are mistaken;
 - you reasonably believe that information, and any allegations contained in it, are substantially true and
 - you raised your concerns through one of the channels named in this policy.
- 5.4 **Malicious Allegations:** However, we cannot give such assurance if you raise a concern maliciously or the information you have used to trigger a concern has been obtained unlawfully, for example:
- legal requirements have not been followed, e.g. the Data Protection Act has been breached or

- through unauthorised access to records, e.g. computer hacking.

6 How to raise a concern

- 6.1 As soon as you become reasonably concerned, we hope you will feel able to raise it first with your line manager. Similarly, non-employees (e.g. agency workers or contractors) should raise a concern in the first instance with their contact within the Council, usually the person to whom they directly report.
- 6.2 If you want to raise the matter with someone other than your immediate manager, for whatever reason, please raise the matter with:

Head of Service/Headteacher/Chair of Governors

Sue Moorman, Head of Human Resources & Organisational Development, ext. 3629

Graham Liddell, Head of Internal Audit & Business Risk ext. 1323

Rachel Musson, Interim Executive Director of Finance & Resources ext. 1333
or

Abraham Ghebre-Ghiorghis, Head of Law (The Monitoring Officer) ext. 1500.

These people will also be able to advise on confidentiality and further action required.

- 6.3 If these channels have been followed but you still have concerns or if you feel that the matter is so serious that you cannot discuss it with any of the above, you may, as a last resort, contact:

Penny Thompson, Chief Executive ext.1132.

- 6.4 Concerns may be raised orally or in writing. Members of staff who wish to raise the concern in writing should use the following format:

- the background and history of the concern (giving relevant dates)
- the reason why they are particularly concerned about the situation.

- 6.5 When raising the concern you may wish to be assisted, or accompanied by either your trade union representative or a colleague who works for the City Council.

- 6.6 Although the individual raising the concern is not expected to prove the truth of an allegation, you will need to demonstrate to the person contacted that there are sufficient grounds for the concern.

7 How the Council will respond

- 7.1 Once a concern is raised, the appropriate Council manager will make initial enquiries, taking advice from the Head of HR & Organisational Development if necessary, to help decide if an investigation is appropriate and if so, what form it should take. The person receiving the concern will ensure the Head of Law, as the City Council's Monitoring Officer, is provided with sufficient details to be aware of the concern raised. As soon as possible, and in any case within 10 working days of a concern being raised, the person handling the

matter will write to the individual raising the concern acknowledging that it has been raised and indicating how, as far as possible, it will be dealt with. The individual will be kept informed of progress and will receive a full and final response, subject to any legal constraints.

- 7.2 When you raise the concern(s) you may be asked how you think the matter might best be resolved. If you have any personal interest in the matter, we ask that you tell us this at the outset. If your concerns would be more appropriately dealt with under another policy of the City Council (for example, the Anti Fraud & Corruption Strategy or Grievance Procedure we will tell you.
- 7.3 While the purpose of this policy is to enable us to investigate possible malpractice and take appropriate steps to deal with it, we will give you as much feedback as we properly can.
- 7.4 Concerns or allegations that fall within the scope of specific procedures (for example child protection) will normally be referred for consideration under the relevant procedure. Some concerns may be resolved by agreeing action with you without the need for investigation. If urgent action is required, this will be taken before any investigation is conducted.
- 7.5 Where appropriate, the matters raised may:
 - be investigated by management, internal audit, the Monitoring Officer or through the disciplinary process;
 - be referred to the Police;
 - be referred to the external auditor or
 - form the subject of an independent inquiry.

Subject to any legal constraints, you will normally be informed of the final outcome of any investigation.

- 7.6 The Council will take all reasonable steps to minimise any difficulties to employees or others raising concerns and provide advice and support should they be required to give evidence, e.g. at a disciplinary hearing by:
 - providing extra support for witnesses or
 - offering counselling services where they may be beneficial etc.

8 How the matter can be taken further

- 8.1 This policy is intended to provide individuals with an avenue to raise concerns within the Council. The Council hopes that those using this process will be satisfied with the way their concerns are treated and any investigations that may be carried out. However, if you are not satisfied and feel it is right to take the matter outside the Council, the Head of HR & Organisational Development can provide advice as to other options. Alternatively, you may contact an outside body to take the matter further. The following are examples of some of the possible contact points:
 - the Council's Auditors
 - relevant professional bodies or regulatory organisations

- a solicitor
- the Police.

8.2 If you do take the matter outside the Council, you need to ensure that confidential information is not disclosed.

9 Corporate recording, monitoring and reviewing

9.1 The Head of Law has overall responsibility for the maintenance and operation of this policy and for ensuring it is reviewed every two years by involving key stakeholders in the process.

9.2 A record of all concerns raised and the outcomes (in a form which respects the individual's confidentiality) will be kept by the Head of Internal Audit & Business Risk.

10 If you are dissatisfied

10.1 If you are unhappy with our response, remember you can go to the other levels and bodies detailed in this policy.

10.2 While we cannot guarantee that we will respond to all matters in the way that you might wish, we will try to handle the matter fairly and properly.

Subject: Internal Audit Progress Report 2014/15**Date of Meeting: 10 March 2015****Report of: Head of Internal Audit****Contact Name: Mark Dallen Audit Manager Tel 291314**
Officer:**Email: mark.dallen@brighton-hove.gov.uk****Ward(s) affected: All****FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The purpose of this report is to update Members of the progress made against the Internal Audit Plan 2014/15. It includes outcomes of specific audit reviews completed and tracking of the implementation of recommendations.
- 1.2 The Audit and Standards Committee has a role in monitoring the activity and outcomes of internal audit work against the plan and receiving regular progress reports.
- 1.3 The report now includes an update on the work of the Corporate Fraud Team.

2. RECOMMENDATIONS:

- 2.1 That the Committee notes the progress made in delivering the Annual Internal Audit Plan 2014/15 and corporate fraud outcomes achieved.

3. BACKGROUND INFORMATION:

- 3.1 The Accounts and Audit (England) Regulations 2011 require the Council to 'maintain an adequate and effective system for internal control in accordance with proper practices.' Proper practice is defined by Public Sector Internal Audit Standards.
- 3.2 The Internal Audit Strategy and Plan provides the framework to deliver this service ensuring the most appropriate use of internal audit resources to provide assurance on the council's control environment and management of risks.
- 3.3 The Audit Plan sets out an annual schedule of those systems including core financial systems, governance frameworks, IT audits and other key operational systems.
- 3.4 Amendments to the plan are approved by the Executive Director of Finance and Resources and are reported as part of this monitoring report.

4. PROGRESS AGAINST THE 2014/15 AUDIT PLAN:

- 4.1 A total of 39 reports have now been finalised for the year to date with the following reports finalised since the Audit and Standards Committee in January 2015.

Audit Title	Opinion	Recommendations
Children's Services - Procurement	Limited	4 x High, 2 x Medium
Direct Payments	Limited	5 x High, 1 x Medium
Employee Overpayments	Limited	2 x High, 5 x Medium
Housing and Council Tax Reduction	Limited	3 x High, 6 x Medium
Property Legal Compliance	Reasonable	4 x Medium
Records Management Policy	Reasonable	11 x Medium
Software Licensing	Reasonable	1 x High, 3 x Medium
Transport Workshop Follow-up	Limited	2 x High, 3 x Medium
Discretionary funds (Welfare Reform)	Substantial	1 x Low only

Note.* A definition of the Assurance Opinions is provided in Appendix 1.

- 4.2 In addition there are 18 reviews where draft reports have been issued and are in the process of being finalised.
- 4.3 The total of draft and final reports is 57 at this point of the year which represents 63% of the approved audit plan. Another 25 audit reviews are allocated and/or in progress. It is expected that at least 90% of the audit plan will be delivered.

5. LIMITED ASSURANCE REPORTS:

- 5.1 The following limited assurance reports have finalised since the Audit and Standards Committee Meeting in January 2015:
- Children's Services procurement
 - Direct Payments
 - Employee overpayments
 - Housing Benefits and Council Tax Reduction
 - Transport Workshop follow-up.
- 5.2 The Children's Services procurement audit was focused on a sample of high value procurements in this Directorate to ensure compliance with Contract Standing Order controls. We identified control issues including that key documentation could not be located as well as insufficient evidence of market testing, including obtaining quotes and tenders.

- 5.3 A meeting was recently held with the Director of Children's Services and Legal Services to agree a way forward and the recommendations have been agreed.
- 5.4 The key findings from the Direct Payments audit included that:
- Direct Payment Contracts signed by the Service User are not always on file.
 - Controls are not always operating to ensure payments are being made in accordance with the Service Users' agreed Package of care.
 - Monitoring of client contributions is not happening on a regular basis.
 - Regular reviews of the Service Users' needs are not always happening.
 - Insufficient monitoring of clients dedicated bank account statements.
- 5.5 All of the recommendations have been agreed with prompt deadlines to be actioned.
- 5.6 With regard to the audit of Employee Overpayments it was found that there were historic shortfalls in the investigation and recovery of old salary overpayments. We found that new procedures to improve recovery were introduced in August 2014 and that these are already reducing the occurrence of payroll overpayments and reducing the time taking to identify errors and put corrective action for recovery in place. We found that overpayments are not being recovered in a timely manner.
- 5.7 A commitment has been given to action all of the recommendations made by the end of March 2015.
- 5.8 Our annual audit of Housing Benefits and Council Tax Reduction also concluded Limited. Key findings included that:
- Errors were found with some individual claims sampled
 - PAYE and Self-employed claims are not subject to regular review
 - The percentage data quality checks have not been carried out after October 2014 because of other service demands
 - Speed of processing performance indicators have deteriorated this year.
- 5.9 Two meetings have been held with the Head of Revenues and Benefits to discuss in detail our findings and the recommendations. Also an in year (interim) audit will be carried out in 2015/16 focussing on the accuracy of claim processing.
- 5.10 A follow-up audit was undertaken on the Transport Workshop. This was a previous limited assurance report. We were pleased to note that half of the recommendations previously made had been fully implemented, and another partially implemented. Nevertheless there are four recommendations that remained outstanding, two of which are High Priority. Key findings were:
- There is still no stock inventory system in operation within the Workshop
 - No manual stock take has been undertaken in the year since the previous audit
 - Spend on Vehicles - Repairs & Maintenance is significantly and consistently in excess of the budget
 - Contracts are still not in place with some high spend external suppliers.

5.11 A meeting has been held with the Head of City Clean and City Parks with a proposed programme of additional audits in this service area. The recommendations made have all been agreed.

6. CHANGES TO THE APPROVED AUDIT PLAN:

6.1 There were no changes to the audit plan for this period.

7. COUNTER FRAUD WORK:

Housing Tenancy Fraud

7.1 Housing Tenancy fraud work is primarily focused on the identification and investigation of council properties where there is evidence that the tenant has illegally sublet the property. The primary purpose of the investigation is to return the property to the council so that the property can be re-let to a legitimate tenant on the council's housing waiting list. Where appropriate the council will also seek to prosecute using its powers under the Prevention of Social Housing Fraud Act 2013.

7.2 For 2014/15 (year to date) investigations have resulted in a total of 14 properties being returned to the council plus one to a housing association in the City. Outcomes are summarised in the table below.

Outcome	Achieved since last Committee Report	Year to Date
Housing Stock returned	3	13
Housing Association properties	-	1
Total	-	14

National Fraud Initiative Data (NFI) Matches

7.3 The data matches from the 2014 NFI has have been received by the council on 29 January 2015. This has identified over 19,000 matches with 3,104 highlighted as "recommended". The Corporate Fraud Team is currently working through the matches and is working with officers from parking services, finance and other authorities. At this early stage savings currently stand at £38,000.

7.4 As per previous years there are a significant number of reports provided to assist in the detection of Housing Benefit Fraud. The investigation of these data matches is no longer the responsibility of the Corporate Fraud Team but require effective co-ordination and communication between this team, the council's

Housing Benefits Service and the DWP Single Fraud Investigation Service. The Corporate Fraud Team is still dealing with historic benefit fraud cases and during January secured guilty plea covering 20 charges.

Proactive Initiatives

- 7.5 The Counter Fraud Fund project to tackle blue badge misuse in partnership with Sussex Police and East Sussex County Council has resulted in 52 blue badges being retained by officers for further investigation within the first 2 months. To date seventeen people are due to complete a Community Resolution Order for misuse. This will involve attendance at a venue to watch a video made by local disabled residents about how this issue affects them
- 7.6 Twelve people have received warning notices for lower level offences. Two stolen blue badges have been recovered which are being dealt with by the police. The council has also carried out one successful prosecution for Blue Badge misuse
- 7.7 The Corporate Fraud Team has developed an e-learning tool to promote understanding of the impact of fraud and corruption on the Council and its citizens, the Council's zero-tolerance to fraud and corruption and how to report suspicions. This will be launched as a wider communications strategy on fraud and corruption and in close consultation with the Head of Legal and Democratic Services.

8. IMPLEMENTATION OF RECOMMENDATIONS:

- 8.1 We have followed up on a total of 57 recommendations since the last report to this Committee. For the year to date we have now followed-up on a total of 197 recommendations.

Number of Recommendations Followed Up (Year to Date)	Implemented*	% Compliance
197	165	84%

* Includes both fully implemented and part implemented

- 8.2 Escalation arrangements for high priority recommendation now include reporting the detail of these recommendations to ELT. As at reporting on the 11 February 2015 there were 44 high priority recommendations outstanding. The majority of these are scheduled for follow-up by internal audit before the 2014/15 year end or in the first quarter of 2015/16.
- 8.3 After follow-up our work has identified 6 High Priority recommendations which have not yet been implemented. These are:

Audit	Recommendation	Comments
Parks Service	Management should give further consideration to the consolidation of Parks Service procurements where expenditure over several years exceeds the £75,000 CSO threshold. Those placing and authorising orders need to be aware of and comply with the CSO process.	Additional follow-up is scheduled
Declarations of Interest, Gifts & Hospitality	The visibility of corporate requirements with regard to declarations of interest, gifts and hospitality should be improved on the Wave.	Actions are being planned as part of improvement of Corporate Governance.
Transport Workshop (City Clean)	Produce and maintain a list of contracts in place with external suppliers including those for parts and consumables. The list should detail the contract length, total value and what is supplied.	Additional follow-up is scheduled
Transport Workshop (City Clean)	A stock inventory system should be implemented with periodic evidenced stock checks.	Additional follow-up is scheduled
Financial Director Treasury Management Application	The bank should be contacted to request a change to the transaction analysis screens to ensure that system administrators can see all amendments to permissions made (not just changes they have made).	System being replaced as part of change in Council's bank. Equivalent control in new system will be examined
Financial Director Treasury Management Application	Processes should be implemented that prevent system administrators on "Financial Director" changing their own access privileges.	System being replaced as part of change in Council's bank. Equivalent control in new system will be examined

9. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 9.1 It is expected that the Internal Audit Plan for 2014/15 will be delivered within existing budgetary resources. Progress against the Annual Internal Audit Plan and action taken in line with recommendations support the robustness and resilience of the councils practices and procedures and support the councils overall financial position.

Finance Officer Consulted: James Hengeveld

Date: 23/02/15

Legal Implications:

- 9.2 Regulation 6 of The Accounts & Audit Regulations 2011 requires the Council to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. It is a legitimate part of the Audit & Standards Committee's role to review the level of work completed and planned by internal audit.

Lawyer Consulted: Oliver Dixon

Date: 18/2/2015

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.

Crime & Disorder Implications:

- 9.5 There no direct implications for the prevention of crime and disorder arising from this report.

Risk and Opportunity Management Implications:

- 9.6 The Internal Audit Plan and its outcome is a key part of the Council's risk management process. The internal audit planning methodology is based on risk assessments that include the use of the council's risk registers.

Corporate / Citywide Implications:

- 9.7 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. Internal Audit Report Assurance Levels: Definitions

Background Documents:

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

APPENDIX 1.

Internal Audit Report Assurance Opinions: Definitions

FULL	There is a sound system of control designed to achieve the system and service objectives. Compliance with the controls is considered to be good. All major risks have been identified and are managed effectively.
SUBSTANTIAL	No significant improvements are required. Whilst there is a basically sound system of control (i.e. key controls), there are weaknesses, which put some of the system/service objectives at risk, and/or there is evidence that the level on non-compliance with some of the controls may put some of the system objectives at risk and result in possible loss or material error. Opportunities to strengthen control still exist.
REASONABLE	The audit has identified some scope for improvement of existing arrangements. Controls are in place and to varying degrees are complied with but there are gaps in the control process, which weaken the system and result in residual risk. There is therefore a need to introduce additional controls and/or improve compliance with existing controls to reduce the risk to the Council.
LIMITED	Weaknesses in the system of control and/or the level of compliance are such as to put the system objectives at risk. Controls are considered to be insufficient with the absence of at least one critical or key control. Failure to improve control or compliance will lead to an increased risk of loss or damage to the Council. Not all major risks are identified and/or being managed effectively.
NO	Control is generally very weak or non-existent, leaving the system open to significant error or abuse and high level of residual risk to the Council. A high number of key risks remain unidentified and/or unmanaged.

Subject:	Annual Governance Statement 2013/14 action plan: further progress		
Date of Meeting:	10 March 2015		
Report of:	Interim Executive Director Finance & Resources		
Contact Officer:	Name:	Jackie Algar	Tel: 01273 29-1273
	Email:	Jackie.algar@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The Audit & Standards Committee has a responsibility for reviewing the council's corporate governance arrangements, including internal control and approving the Annual Governance Statement. The Annual Governance Statement includes an action plan for improvements to the council's governance framework. The Audit & Standards Committee should seek assurance over its effective implementation.
- 1.2 This report provides the Audit & Standards Committee with a further update as requested at the January 2015 meeting to expand on the council's progress in implementing actions agreed in the Annual Governance Statement for 2013/14.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee notes the Annual Governance Statement 2013/14 action plan: further progress set out in Appendix 1.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 On 13 January 2015 the Committee considered a report of the Interim Executive Director for Finance & Resources, which provided an update on the council's progress in implementing actions agreed in the Annual Governance Statement 2013/14. The Committee noted that a large number of the action points showed as 'amber', and asked if a further progress report could be provided at the next Committee meeting in March 2015.
- 3.2 The Annual Governance Statement for 2013/14 was approved by the Audit & Standards Committee in June 2013. The Annual Governance Statement identified a number of governance issues and the actions required to address them. This was updated and presented to this Committee in September 2014, accompanying the report on the Audited Annual Statement of Accounts 2013/14.

- 3.3 The Officers' Governance Board is responsible for the review and ongoing monitoring of implementation of actions contained within the Annual Governance Statement and the action plan is a standing agenda item at these meetings.

4. ANNUAL GOVERNANCE STATEMENT 2013/14 ACTION PLAN FURTHER PROGRESS

- 4.1 The updated document at Appendix 1, the Annual Governance Statement 2013/14 Action Plan Further Progress provides a refreshed summary of the work undertaken in implementing the agreed actions; details the next steps from March 2015; and now includes an arrow to represent the 'direction of travel' and progress made since last reported to the Audit & Standards Committee.
- 4.2 The Annual Governance Statement Action Plan includes for each action:
- the 'work undertaken' reflecting the position at December 2014;
 - a RAG Status i.e. Red (not commenced), Amber (in progress), Green (complete);
 - an arrow to show the direction of travel for progress;
 - next steps, are those planned for further improvement; and
 - the Lead Officer(s).

5. FINANCIAL & OTHER IMPLICATIONS:

5.1 Financial Implications:

Sound corporate governance and proper systems of internal control are essential to the financial health and reputation of the council. The actions outlined to strengthen the governance arrangements, can be delivered within existing financial resources.

Finance Officer consulted: James Hengeveld 9 February 2015

5.2 Legal Implications:

The Audit & Standards Committee has delegated authority to approve the annual statement of accounts which are accompanied by an annual governance statement. The Committee thus has a legitimate interest in the actions underway to implement the improvement action plan stemming from that statement.

Lawyer consulted: Oliver Dixon 02 February 2015

SUPPORTING DOCUMENTATION

Appendices:

1. Annual Governance Statement 2013/14 action plan: further progress.

Documents in Members' Rooms:

None.



Background Documents:



1. Annual Governance Statement 2013/14.
2. Delivering Good Governance in Local Government (CIPFA/SOLACE 2012).
3. Accounts & Audit Regulations 2003 (Amended 2011).

Appendix 1

Annual Governance Statement 2013/14 Action Plan: Further Progress





34



No	Action	Work Undertaken	RAG Status and Direction of Travel	Next Steps	Lead Officer(s)
i.	To embed the refreshed approach to Fraud & Corruption awareness across the council including whistleblowing arrangements and declarations of interest.	<ul style="list-style-type: none"> Revised Corporate Fraud Team implemented following Single Fraud Investigation Service transfer to the DWP from 1 October 2014. Intranet pages updated. Fraud awareness e-learning prepared and ready for roll-out. Improved engagement with stakeholders and publicity e.g. Tenancy Fraud. Further work undertaken on enhancing processes for declarations of interest (both for officers and members). 	 <p>Amber</p>	<ol style="list-style-type: none"> Fraud Awareness e-Learning roll-out Implement fraud awareness workshops Review of and greater publicity of Whistleblowing policy and arrangements 	Head of Internal Audit
ii.	Develop a new approach to the management of corporate fraud following the transfer of housing benefit work and associated staff to the new national Single Fraud Investigation Service.	<ul style="list-style-type: none"> Embedded SFIS referral and communication processes with the DWP Revised Corporate Fraud Team implemented following Single Fraud Investigation Service transfer to the DWP from 1 October 2014. 	 <p>Green</p>	<ol style="list-style-type: none"> Fraud e-Learning roll-out. Implement fraud awareness workshops. 	Head of Internal Audit and Assistant Director Finance &





No	Action	Work Undertaken	RAG Status and Direction of Travel	Next Steps	Lead Officer(s)
		<ul style="list-style-type: none"> Internal Audit Progress reports to Audit & Standards Committee include additional information on Fraud & Corruption. Fraud awareness e-learning prepared and ready for roll-out. £183,000 of Counter Fraud Funding won from the DCLG to prevent and detect Blue Badge fraud across Sussex. (Joint venture with ESCC and Sussex Police). 		<ol style="list-style-type: none"> Refresh Counter Fraud Strategy and other key policies. Deliver Blue Badge project in conjunction with ESCC and Sussex Police. 	Procurement
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).	<ul style="list-style-type: none"> 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. A review, rewrite and re-launch of the first suite of policies has taken place as part of the new Safe and Secure education campaign. A major refresh of desktop software replacing end of life software 	 <p>Amber</p> 	<ol style="list-style-type: none"> The continuing review, re-write and re-launch of 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. Continuing the 	Senior Information Risk Owner (SIRO) and Chief Technology Officer



No	Action	Work Undertaken	RAG Status and Direction of Travel	Next Steps	Lead Officer(s)
		<p>(Windows XP and Office 2003) with Windows 7 and Office 2010 has been completed.</p> <ul style="list-style-type: none"> • Public Service Network Code of Connection compliance was achieved in September 2014. Compliance is annually reassessed and additional security standards are brought into effect each year. • NHS Information Governance Toolkit compliance was achieved during summer 2014. Again this is an annual assessment. • Freedom of Information requests can be made and are now publicly available through the foi.brighton-hove.gov.uk website. • An Information Audit has been undertaken across the organisation to establish an up to date corporate information asset register. • A new Information Governance training package has been developed and has been rolled out through both e-learning and face to face. 		<p>delivery of the refreshed and updated Information Governance training package, through both e-learning and face to face, to ensure maximum uptake and annual renewal.</p> <ol style="list-style-type: none"> 3. Deliver the Compliance work stream of the Infrastructure Programme, including ensuring compliance with requirements of PSN CoCo 2015 and NHS IG Toolkit 2015. 4. Continue the education and communications plan with staff and Members under the banner of Safe & Secure. 5. Complete, analyse 	



No	Action	Work Undertaken	RAG Status and Direction of Travel	Next Steps	Lead Officer(s)
		<ul style="list-style-type: none"> • A new Data Centre supplier has been selected and the migration project is underway as part of a major refresh of the council's secure ICT infrastructure. • New multi-agency working support and assessment processes have been introduced including Privacy Impact Assessments for all significant new multi-agency working initiatives, reviewed and overseen by the Information Management Board. • Joined the South East Government Warning Advice Reporting Point (SEG WARP) to share best practice across the South East region, including SE7 colleagues. 		<p>and exploit the findings of the corporate-wide Information Audit.</p> <ol style="list-style-type: none"> 6. Business continuity arrangements continue to be reviewed and are being considered in the design for the new Infrastructure Services as part of the Infrastructure Programme. 7. A revised encrypted email product with improved usability and availability will be rolled out across key users. 	

No	Action	Work Undertaken	RAG Status and Direction of Travel	Next Steps	Lead Officer(s)
iv.	Improved compliance with Contract Standing Orders to be incorporated into the Value for Money Programme in relation to third party spend.	<ul style="list-style-type: none"> • Built in procurement and contract audits into 2015/16 Internal Audit Plan (to be reported to Audit & Standards Committee in March 15). • Increased emphasis of Internal Audit work on procurement and contracts. • Procurement, legal and financial training provided to all key officers on compliance with Contract Standing Orders. VfM programme/Council has funded additional permanent posts in Corporate Procurement and temporary support in Legal Services and Internal Audit to focus on contract optimisation. 	 Amber 	<ol style="list-style-type: none"> 1. Formulation and prioritisation of contract optimisation work plan. 2. Identify methods to improve compliance and implement internal audit recommendations. 	Executive Director of Finance & Resources
v.	Review of Code of Corporate Governance - prioritised refresh of council policies and communication methods to take account of the pace of change.	<ul style="list-style-type: none"> • Review of Local Code of Corporate Governance has commenced. • Corporate Governance Intranet pages have been updated. • Corporate Modernisation Programme Good Governance & Leadership Board established, led by the Head of Legal & Democratic Services, with list of 16 	 Amber 	<ol style="list-style-type: none"> 1. Complete review and update of Local Code of Corporate Governance. 2. Additional enhancements to Intranet and corporate 	Executive Director, Finance & Resources

No	Action	Work Undertaken	RAG Status and Direction of Travel	Next Steps	Lead Officer(s)
		workstreams/tasks to be delivered to strengthen governance in council		communications on good governance. 3. Deliver Good Governance & Leadership Programme by July 2015	Head of Legal & Democratic Services
vi.	Focus on the adequacy of Business Continuity arrangements and work to embed understanding of its practice in council service delivery.	<ul style="list-style-type: none"> • Corporate Business Continuity Group set up with representation from all Directorates to meet quarterly. • Business Impact Analysis undertaken to establish business continuity priorities. • Business continuity e-learning package developed and available on council intranet. 	 Amber 	<ol style="list-style-type: none"> 1. To prepare a report to Executive Leadership Team to enable sign off of business continuity priorities, this will include an assessment of the uptake of business continuity e-learning on the council intranet. 2. ICT Disaster Recovery arrangements to be linked more closely to Business Continuity 	Executive Director, Public Health

No	Action	Work Undertaken	RAG Status and Direction of Travel	Next Steps	Lead Officer(s)
				<p>priorities.</p> <p>3. Regular communication of business continuity arrangements and issues to services through the Corporate Business Continuity Group.</p>	
vii.	The continued roll out of the Living Our Values Every Day culture change programme.	The Living Our Values Every Day programme is being rolled out and has been delivered to all of ELT and CMT.	 Green 	1. To roll out the training for all other managers in the council.	Head of HR and Organisational Development
viii.	Refreshing the Value for Money Programme and ensuring that its governance is fit for purpose.	<ul style="list-style-type: none"> Value for Money programmes set up. Corporate Modernisation Delivery Board set up as a Sponsoring Group to govern Modernisation projects / programmes including Value for Money programmes. 	 Green 	<p>1. Support and challenge Modernisation project / programmes to ensure benefits are delivered.</p> <p>2. Programme</p>	Head of Performance, Improvement & Programmes

No	Action	Work Undertaken	RAG Status and Direction of Travel	Next Steps	Lead Officer(s)
		<ul style="list-style-type: none"> • Directorate Modernisation Boards set up to govern directorate modernisation projects/programmes • Extended Budget Review Group set up to provide periodic member oversight of the VFM Programme. 		Management Office (Business Partners) to ensure Directorate Modernisation List is up to date.	
ix.	Introducing the reformed Health & Wellbeing Board (HWBB) and new Greater Brighton Economic Board.	<p>Re. Health & Wellbeing Board:</p> <ul style="list-style-type: none"> • HWBB set up and development programme underway. • Wider HWBB system in place including Chief Executive meetings, officer group core in the NHS. <p>Re: Greater Brighton Economic Board (GBEB):</p> <ul style="list-style-type: none"> • GBEB established in 2014/15 and regularly meeting; • GBEB has provided a useful forum which helped to lever in £90M of funding across the Region. 	 Green 	<p>Re. Health & Wellbeing Board:</p> <ol style="list-style-type: none"> 1. First wider stakeholder event planned. <p>Re: Greater Brighton Economic Board will:</p> <ol style="list-style-type: none"> 1. Continue to explore stronger collaboration between local authorities in the City Region; 2. Develop new propositions after May 2015 and submit funding bids into HM Government. 	<p>Executive Director, Adult Social Care (Health & Wellbeing Board)</p> <p>Executive Director Environment, Development & Housing (Greater Brighton Economic Board)</p>

No	Action	Work Undertaken	RAG Status and Direction of Travel	Next Steps	Lead Officer(s)
x.	Improving how we use a range of financial and non-financial information including customer insight to make improvements to service delivery.	<ul style="list-style-type: none"> • Key Performance Indicators for each Directorate agreed and are now part of the Performance Management Framework • Key Performance Indicators to be monitored by the Executive Leadership Team defined. • Business Planning Process for 2015/16 simplified and streamlined to ensure appropriate information is captured based on which performance improvement could be monitored. 	 Green 	<ol style="list-style-type: none"> 1. Ensure production and delivery of high quality directorate and services plans. 2. Development of the Performance Management Framework. 	Head of Performance, Improvement & Programmes

Subject:	Risk Management Strategy Annual Programme 2014: Progress Report		
Date of Meeting:	10 March 2015		
Report of:	Interim Executive Director Finance & Resources		
Contact Officer:	Name:	Jackie Algar	Tel: 01273 29-1273
	Email:	Jackie.algar@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The Risk Management Strategy 2014-2017 was approved by Policy & Resources Committee in January 2014. The Audit & Standards Committee received a copy of the approved report and enclosures as the Committee has a role to monitor the effectiveness of risk management.
- 1.2 The Risk Management Strategy 2014-2017 set out the Risk Management Programme by year to detail proposed actions over the three year period. This report details progress made on the Risk Management Programme 2014-15 against the identified measures.

2. RECOMMENDATIONS:

- 2.1 That Members note appendix 1 of the report.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Risk Management process aims to bring openness, transparency and consistency in understanding what risks and uncertainties the Council, working with other organisations in the city, is facing. By managing the risk process effectively we will be in a better position to safeguard against potential threats and exploit potential opportunities to improve services and provide better value for money.
- 3.2 The Risk Management Strategy 2014-2017 set out how risk management will seek to achieve objectives in the following key areas:
 1. Modernising the Council by using risk management
 2. Enable a risk aware culture which manages risks and takes up opportunities
 3. Continually improve and embed risk management into the existing processes of the council
 4. Work to increase the capability of services to plan for unexpected events; meet service expectations; and manage business activities.

- 3.3 To ensure that our risk management approach is an integral part of good management and corporate governance, the Risk Management Function has been moved from the Audit & Business Risk team to the newly established Performance, Improvement and Programmes service (consists of four teams, one of which is Risk Management).
- 3.4 Appendix 1 to this report provides details of progress on the Risk Management Programme 2014-2015.

4. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications

- 4.1 The Risk Management Strategy assists the authority in complying with Corporate Governance Standards and contributes to the authority's control and risk management arrangements for the Annual Governance Statement within the Financial Statements.

Finance Officer Consulted: James Hengeveld Date: 05/02/15

Legal Implications

- 4.2 It is a core function of the Committee to provide assurance on the adequacy and effectiveness of the council's risk management framework and associated control environment. Scrutiny and examination of progress against the Risk Management Strategy Programme is a legitimate exercise of that function.

Lawyer Consulted: Oliver Dixon Date: 05/02/15

SUPPORTING DOCUMENTATION

Appendices:

1. Progress report on the Risk Management Programme 2014-15.

Documents in Members' Rooms

1. None.

Background Documents

1. Risk Management Strategy 2014-2017.

Strategic Objective & Aim 1. Modernising the council

The council will use risk management to enable open and transparent decisions; prioritise resources; and improve performance management to achieve outcomes

Action 14/15	Outcome measure(s)	Progress update at March 2015
1.1. Work with Performance Team to maximise the use of Interplan software to integrate links between risks into business plans at service delivery level	1.1 relevant officers in services access risk register as part of their 2014/15 business plan via Interplan; and additionally all business plans with integrated risk registers are available for all officers via the intranet (the Wave)	1.1 <u>Achieved</u> All service business plans had risk registers for 2014/15, were quality checked by the Risk Managers, amendments made and input onto Integrated Risk Manager. The Corporate Performance Team made available all service plans, including integrated risk register, onto the Wave in Microsoft Word form.
1.2 Work with the Performance Team to deliver Interplan training programme for managers and nominated staff to introduce linking of risk management actions to performance reporting	1.2 Interplan performance reports are used to track actions and input from officers across all business plans including actions to manage risks	1.2 <u>Achieved</u> Interplan training delivered by the Corporate Performance Team to all management teams to update business plans; individual training provided as requested. Risk management actions automatically linked once Software company provided free upgrade to Integrated Risk Professional module; prior to this the council used an earlier version.
1.3. The council's Learning Development Programme currently offers risk management training which will be continued, but the offer will be extended by integrating risk management within Induction; and Being a	1.3 Number of sessions; attendees and feedback forms monitored as part of Learning & Development programme reports	1.3 <u>Partially achieved</u> As a result of discussions with the Learning & Development team, it was felt appropriate to prioritise including risk management module in project and programme management training and with business improvement training as these are linked to the Modernisation Programme. As part of refresh for 2015-16, assessment will be made as to which other courses need to incorporate risk.

<p>Manager courses <i>Outcome measure: Number of sessions; attendees and feedback forms monitored as part of Learning & Development programme reports</i></p>		
<p>1.4. Provide an overview of Modernisation programme risk registers, regularly updated by responsible officers and quality checked by the Risk Manager, to receive consideration</p>	<p>1.4 Programme plan actions include those to address risk and opportunities and are performance managed</p>	<p>1.4 <u>Achieved</u> Implemented from December 2015. Risk Manager part of Advisory & Support Group for corporate Modernisation programmes. Programme/project highlight reports to Executive Leadership Team/Corporate Modernisation Board include assessment of risks.</p>
<p>Strategic Objective & Aim 2. Enable a risk aware culture which manages risks and takes up opportunities. The council, and in its work with partners, uses risk management to be better at anticipating and/or responding to changes affecting our operating environment.</p>		
<p>Action 14/15</p>	<p>Outcome measure(s)</p>	<p>Progress update at March 2015</p>
<p>2.1. Promote method to enable accountability, escalation methods and understanding of risk reporting; and where there are unexpected outcomes or failures from taking risks and opportunities, be</p>	<p>2.1 Track communications and report number of escalated risks and actions agreed by the Officers' Governance Board¹</p>	<p>2.1 <u>Achieved</u> Risk escalation through ELT review process; DMT risk register reviews; facilitated risk sessions at service level. Informed all of process and used risk matrix to show how to escalate risks. Standing item for risk escalation through Officers' Governance Board; focus sessions undertaken</p>

¹ Officers' Governance Board is a group of council officers meeting at least 4 times a year. It is chaired by the interim Executive Director, Finance & Resources with representation by the Head of Legal Services; the Head of Internal Audit and the Risk Manager.

accountable and learn and improve		
2.2 Continue with partnership working to identify and develop the city wide risk approach; and also seek further commitment across organisations and sectors to reflect risk and opportunity in the governance and management arrangements that support major change across organisations	<p>2.2.1 City Management Board receive and consider regular updates on risk management action plans and city wide risks within City Performance Plan reports</p> <p>2.2.2 Major Change projects across organisations are informed by a shared risk management process and risk register</p>	<p>2.2.1 <u>Achieved</u> City Wide Risk Register refreshed and reported to City Management Board. City Wider risks updated. Six month reporting agreed as a dual item with City Performance Plan reports within the same timescale and item at the City Management Board.</p> <p>2.2.2 <u>Achieved</u> Major Change projects, some of which include partners, are now part of the Corporate Modernisation Programme and co-ordinated from June 2014 by the Performance, Improvement & Programmes Team to ensure that both sides of risk, downside (negative) risks and upside (positive) opportunities considered in accordance with the risk management process.</p>
2.3 Review the risk management process and incorporate improvements from practice and initiatives in other sectors to enable a risk process and culture that reflects the council's activities and partners across the sectors with which it relates to; and assist work to enable better 'collaboration between communities, the Third	2.3. Revisions to Risk Management process to improve cross-organisational focus reported at year end	2.3 <u>Achieved</u> Risk Management Process updated throughout the year and (Interim) Executive Director of Finance & Resources has delegated authority from Policy & Resources Committee to approve changes made. Risk Manager was a judge (Oct. 14) for three categories of the Institute of Risk Management's Global Risk Management Awards 2015 which afforded insight into risk management practices and different perspectives from other 35 organisations across sectors and countries to compare the council's risk management process; improvements made to risk management process, for instance further expanded risk management to reflect Health Service project management methods; validated risk register

Sector and the council to improve the design and delivery of public services, and maximise the impact of public investment'		template against Managing Successful Programmes (MSP)..
2.4 Reinstate the Opportunity Management Training offer in the Learning & Development Programme	2.4 Number of training sessions and attendees, and record of risk management actions	2.4 <u>Partially achieved</u> Discussion took place with HR & Organisational Development. It was decided that risk & opportunity management training would be better integrated into change disciplines such as project management training; and Business Process Improvement.
<p>Strategic Objective & Aim 3. Continually improving and embedding risk management into the existing processes of the council.</p> <p>The council is a learning organisation and will combine its resources and effort to meet challenges and succeed from a risk aware position which is continually reviewed, to enable services to be delivered and manage uncertainty as best it can.</p>		
Action 14/15	Outcome measure(s)	Progress update at March 2015
3.1. Work with Human Resources & Organisational Development to incorporate risk management further into the Learning & Development Programme to develop capability around performance including responsibilities for risk management so that we are all equipped with knowledge and awareness of how we are all risk	3.1 Risk Management awareness better recognised as a skill required of employees	3.1 <u>Partially Achieved.</u> Learning & Development Programme not changed beyond current risk management training offer, however more 'sign posting' to Risk & Opportunity Management e-learning within existing course. Outcome of risk management as skill for employees not formally recognised; skills not set for employees;

<p>managers each with:</p> <ul style="list-style-type: none"> • courage to take informed risks; • improved ability to recognise where, when and how to take up opportunities and also minimise negative risk impacts; • confidence to demonstrate the risks and opportunities have been managed 		
<p>3.2. Work with the Performance Team to 'roll out' Interplan to services to enable 'real time' updates and reminders to update progress</p>	<p>3.2 Relevant performance reports include risk management actions from start date of implementation</p>	<p>3.2 <u>Achieved</u>. Risk and Performance Team now co-located and managed as part of Performance, Improvement & Programmes team. Relevant performance reports, e.g. City Management Board reporting six monthly, now include risk management detail.</p>
<p>Strategic Objective & Aim 4. Work to increase the capability of services to plan for unexpected events; meet service expectations; and manage business activities Council services are resilient to unexpected event(s) and able to provide assurance on its business continuity readiness.</p>		
<p>Action 14/15</p>	<p>Outcome measure(s)</p>	<p>Progress update at March 2015</p>
<p>4.1. Provide risk management advice to</p>	<p>4.1.1 ICT Disaster Recovery arrangements are</p>	<p>4.1.1. <u>Partially Achieved</u>. Risk Management assistance provided to prioritise actions.</p>

<p>assist work between ICT and the Civil Contingencies Team to re-assess the links between service business continuity plans and IT Disaster Recovery arrangements. This will reflect ICT Governance requirements and the scale of organisational change as the council works towards achievement of Corporate Plan Objective 4, Modernising the Council</p>	<p>made clear to services, and business plans and contingency arrangements are revised as necessary</p> <p>4.1.2 Revised business continuity plans are tested, in key areas to be determined by ELT on the advice of the Civil Contingencies Team</p> <p>4.1.3. Directorates and services undertake business continuity planning as part of their usual business and risk management planning activities. Information is 'real time' and accessible to all users of the system</p>	<p>Set up Corporate Business continuity group; reviewed business continuity template format; identified resource to facilitate review of risks and priority areas. The Emergencies and Resilience Manager is due to provide a final report for approval to the Executive Leadership Team. To take these matters much further will require the assistance of ICT. Due to staff departures from ICT there is no dedicated resource to manage business continuity and disaster recovery with the ICT environment.</p> <p>4.1.2. <u>Partially Achieved.</u> Review of risks undertaken and priority areas reported to Executive Leadership Team on 4 February 2015. Emergencies & Resilience team sample and test Business Continuity Plans on an ongoing basis and as incidents occur.</p> <p>4.1.3. <u>Partially Achieved.</u> Corporate Modernisation Programmes; Directorate modernisation programmes and large projects are informed by a risk register. Contacts between Programmes team and business continuity team are developing, some work done.</p>
<p>4.2. Provide risk management advice to assist work between the Civil Contingencies Team</p>	<p>4.2 Directorates and services undertake business continuity planning as part of their</p>	<p>4.2 <u>Partially Achieved</u> Risk Management advice provided in conjunction with Performance Team and links between business continuity planning and performance reporting arrangements in 2014/15</p>

<p>and the Performance Team to include actions from business continuity plans in the council's regular performance and risk management reporting using Interplan software system.</p>	<p>usual business and risk management planning activities. Information is 'real time' and accessible to all users of the system</p>	<p>was discussed. Agreement to integrate an indicator relating to Business Continuity Plan review into Service Plans for 2015/16. Service Plan progress is reported to DMT on a quarterly basis</p>
<p>4.3. Ensure that main programmes and projects delivering change are informed by a risk register; business continuity plan and project management arrangements and the impact of major changes on existing service arrangements are communicated and understood as part of the project management arrangements.</p>	<p>4.3 Business Continuity is considered at all stages and at appropriate times in programme and project review.</p>	<p>4.3 <u>Partially Achieved.</u> The governance arrangements to report to the Corporate Modernisation Delivery Board requires regular assessment of risks and mitigating actions are planned. All relevant initiatives are reported to the Directorate Modernisation Boards to ensure services are aware of the potential impact. Programme Management Office Business Partners are assigned to Directorates to ensure relevant information is communicated to services as required.</p> <p>Contacts between Programmes team and Emergency Planning & Resilient teams are developing and some joint work done.</p>

Subject:	Strategic Risk MAP Focus: SR17 School Places Planning; and SR15 Keeping Children Safe from harm and abuse		
Date of Meeting:	10 March 2015		
Report of:	Interim Executive Director Finance & Resources		
Contact Officer:	Name:	Jackie Algar	Tel: 01273 29-1273
	Email:	Jackie.algar@brighton-hove.gov.uk	
Ward(s) affected:	All		

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 Pinaki Ghoshal, Executive Director Children’s Services, who is the Risk Owner for both Strategic Risks SR15 and SR17. The Strategic Risk MAPs have been updated specifically for this meeting to provide Members with the current position.

2. RECOMMENDATIONS:

- 2.1 That Members ask questions of the Risk Owner based on the information provided in the Strategic Risk MAPS in Appendix 1 (Strategic Risk Assessment Report).
- 2.2 That, having considered Appendix 1 and the Risk Owner’s response, the Committee make any recommendations it considers appropriate to the relevant council body.

3. FINANCIAL & OTHER IMPLICATIONS

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: 02/02/15

3.2 Legal Implications

Members of the Committee are entitled to information, data and other evidence which enable them to reach an informed view as to whether the council’s strategic risks are being adequately managed; and to make recommendations based on their conclusions.

Lawyer Consulted: Oliver Dixon Date: 02/02/15

Appendices:

1. Strategic Risk Assessment Report – SR15 and SR17.

Documents in Members’ Rooms

None.

Background Documents

1. Strategic Risk Register 2014/2015 – reviewed by Executive Leadership Team, November 2014.



Brighton & Hove City Council
Strategic Risk Assessment Report
Pinaki Ghoshal

Risk Category - BHCC Strategic Risk;

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 and Children in Need plans are significantly higher than in similar authorities. The number of children and young people who are sexually exploited is also of concern.

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, exploitation and/or 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.

Initial:	High		Revised:	Significant	
Risk Identified Date:	8/5/2013		Date Modified:	10/6/2014	

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 within the city and also across key agencies monitored by the LSCB sub group;
- * MASH (Multi Agency Safeguarding Hub) 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 and Early Help Hub launched in September 2014;
- * Stronger Families, Stronger Communities work targets support to the most troubled families;
- * 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;
- * Continuous professional development and learning opportunities offered by the LSCB and good multi agency take up of training;

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.

Initial:	High		Revised:	Significant	
Risk Identified Date:	25/9/2013		Date Modified:	10/6/2014	

Risk Category:

- BHCC Strategic Risk
- Customer / Citizen

Existing Controls:

- * Cross party school place planning group chaired by Risk Owner;
- * 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;
- * Secondary Continuing Education meeting established to raise awareness including and involving all schools, colleges and two city universities. This has focused on school organisation;
- * School Admission project group established to review current admission arrangements. This includes Schools' and Member representatives;
- * 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.

Effectiveness of Controls:	Adequate	Issue Type:	Threat
		Risk Treatment:	Treat

Solutions:

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

Subject:	Internal Audit and Corporate Fraud: strategy and plan 2015/16		
Date of Meeting:	10 March 2015		
Report of:	Head of Internal Audit		
Contact Officer:	Name:	Graham Liddell	Tel: 29-1323
	Email:	Graham.Liddell@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The Audit and Standards Committee is asked to agree the attached strategy and plan for Internal Audit and Corporate Fraud.

2. RECOMMENDATIONS:

- 2.1 That the Audit and Standards Committee approves the Internal Audit and Corporate Fraud: strategy and plan 2015/16.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Accounts and Audit Regulations 2011 require the Council to 'maintain an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with proper practice'. The proper practice is Public Sector Internal Audit Standards.
- 3.2 2015/16 is a year of transformation as the Council seeks to address substantial financial challenges and modernise the way services are delivered. The Council is also reviewing its arrangements for corporate governance and is carrying out a formal organisational learning review.
- 3.2.1 In response to these changes the Internal Audit and the Corporate Fraud Team will need to work flexibly to ensure that their resources are directed to where they are most needed. As a result, rather than setting a detailed programme of work covering the whole year, the strategy and plan for 2015/16 sets out:
- the overall aims of Internal Audit and the Corporate Fraud Team
 - the key areas of work for the year
 - a detailed work programme for the first quarter of 2015/16 only.
- 3.3 Progress reports and updated detailed work programmes will be presented to each Audit and Standards Committee for approval.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Consideration was given to determining and setting out a detailed full-year programme of audits for 2015/16. However, in light of the significant change faced by the Council, it is unlikely that a full-year programme established in March 2015 would provide sufficient flexibility to consider emerging and changing risks during the course of the year.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The process of compiling the Internal Audit Strategy and Annual Plan has involved substantial consultations including with:
- members of ELT
 - other heads of service and senior management
 - staff within both Internal Audit and Corporate Fraud
 - the Risk Manager
 - external audit

6. CONCLUSION

- 6.1 The Internal Audit and Corporate Fraud: strategy and plan 2015/16 sets out proposals for maintaining an adequate and effective system of internal audit during a period of change for the Council. The Audit and Standards Committee is recommended to approve it.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 It is expected that the 2015/16 strategy and plan for Internal Audit and Corporate Fraud 2015/16 will be delivered within existing budgetary resources.
- 7.2 The strategy and plan and action taken in line with recommendations from audits support the robustness and resilience of the councils practices and procedures and support the councils overall financial position.

Finance Officer Consulted: James Hengeveld Date: 23/2/15

Legal Implications:

- 7.3 This report sets out the council's plan for conforming to regulation 6 of the Accounts and Audit Regulations 2011.

Lawyer Consulted: Oliver Dixon Date: 26/2/15

Equalities Implications:

- 7.4 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 recognises the Council's priorities in respect to Equality and Diversity and how Internal Audit will meet them.

Sustainability Implications:

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

Any Other Significant Implications:

- 7.6 None

SUPPORTING DOCUMENTATION

Appendices:

1. Internal Audit and Corporate Fraud: strategy and plan 2015/16.

Internal Audit

Internal Audit and Corporate Fraud: strategy and plan 2015-16

Graham Liddell, Head of Internal Audit

March 2015



**Brighton & Hove
City Council**

1. Introduction	2
2. Overall aims of Internal Audit and the Corporate Fraud Team	2
3. Key areas of work for Internal Audit	2
4. Key areas of work for the Corporate Fraud Team	3
5. Internal Audit and Corporate Fraud Standards	4
6. Allocation of resources	4
7. Performance Management	5
Appendices	
A Indicative Internal Audit Plan (April 2015 to June 2015)	6
B Internal Audit Charter	7
C Service Performance Targets	11

1. Introduction

This plan set out the strategy and planned work for Internal Audit and the Corporate Fraud Team for 2015/16.

2015/16 is a year of transformation as the Council seeks to address substantial financial challenges and modernise the way services are delivered. The Council is also reviewing its arrangements for corporate governance and carrying out a formal organisational learning review.

In response to these changes the Internal Audit and the Corporate Fraud Teams will need to work flexibly to ensure that their resources are directed to where they are most needed. As a result, rather than setting a detailed programme of work covering the whole year, this document sets out:

- the overall aims of Internal Audit and the Corporate Fraud Team
- the key areas of work for the year
- a detailed work programme for the first quarter of 2015/16 only.

Progress reports and updated detailed work programmes will be presented to each Audit and Standards Committee for approval.

2. Overall aims of Internal Audit and the Corporate Fraud Team

Each local authority is required to maintain an adequate and effective system of internal audit. Internal Audit seeks to do this by providing:

- **assurance** (for example on the internal control environment to the Council's Chief Financial Officer and the Audit and Standards Committee)
- **support** (for example, by providing advice on addressing risks to service managers)

The Corporate Fraud Team aims to **minimise the impact of fraud and corruption on the Council and its citizens.**

Both Internal Audit and the Corporate Fraud Team play a key role in promoting a strong control environment including a strong anti-fraud and corruption culture.

3. Key areas of work for Internal Audit

Providing assurance on the Council's core systems and controls:

We will review the Council's core systems and controls and assess whether they remain sufficiently robust. This work includes reviews of:

- core financial systems
- IT controls.

Providing assurance on controls in service areas

We will review operational and financial controls in service areas. The focus of this work will be to assess whether the controls address service risks. This work includes:

- schools audits
- specific service reviews.

Supporting the modernisation agenda

We will review key areas that support the Council's modernisation agenda. This includes:

- the overall governance framework (working closely with the Head of Legal and Democratic Services)
- the wider change agenda
- procurement (including contract management).

Reviewing implementation of audit recommendations

We will work with ELT and other senior managers to monitor the implementation of audit recommendations.

4. Key areas of work for the Corporate Fraud Team

Supporting the Council's promotion of a strong anti-fraud and corruption culture

We will support the Council to promote understanding of the impact of fraud and corruption on the Council and its citizens, its zero-tolerance of fraud and corruption and how to report suspicions. This will include e-learning and face to face training as part of a wider communications strategy.

Preventing and detecting fraud and corruption

We will support the prevention and detection of fraud and corruption by:

- working closely with the Head of Legal and Democratic Services to update the Council's anti-fraud and corruption policies and procedures
- carrying out and reviewing the results of data-matching exercises (including the National Fraud Initiative).

Investigating and pursuing fraud and corruption

We will investigate and pursue indications of fraud and corruption focusing on those areas that have the most significant impact on the Council and the citizens of Brighton and Hove. Based on national data, these areas are likely to comprise fraud and corruption relating to:

- procurement
- housing tenancy
- council tax
- Blue Badges
- grants
- pensions.

5. Internal Audit and the Corporate Fraud Team standards

Internal Audit complies with the Public Sector Internal Audit Standards (2013). These are reflected in our Audit Charter which is approved by the Audit and Standards Committee (see Appendix B). The standard and quality of internal audit is principally scrutinised through:

- an annual review of the effectiveness of internal audit required by the Accounts & Audit Regulations 2011
- an independent external review of the service every 5 years
- external audit based on their review of our work in specific areas
- customer feedback requested for all completed pieces of work.

The Corporate Fraud team is required to comply with a range of legislative requirements including the Police and Criminal Evidence Act 1984 and the Criminal Procedures and Investigations Act 1996.

6. Allocation of resources

Internal Audit has 1400 days available for direct audit work from 8.9 full-time equivalent staff and our external partner (currently Mazars Public Sector Audit Limited). Internal staff are a mixture of CCAB qualified accountants, members of the Chartered Institute of Internal Auditors and those with the AAT qualifications. Mazars mainly provides specialist IT support. We expect to allocate Internal Audit resources as set out in Table 1. The detailed programme for the first quarter of 2015/16 is set out in Appendix A.

Table 1 - Internal Audit Resources

Audit activity	Days
Financial Systems	300
IT Audit	100
Schools	90
Service	410
Governance	100
Wider Change Agenda	80
Procurement	140
Implementation	50
Other Incl. Contingencies	130
	1400

The Corporate Fraud Team has 500 days available for direct work on corporate fraud from the Corporate Fraud Manager, two full-time accredited fraud officers and a support officer. We expect to allocate our corporate fraud resources as set out in Table 2.

Table 2 - Corporate Fraud Resources

Corporate fraud team activity	Days
Supporting anti-fraud culture	60
Updating policies	30
Data matching (inc NFI)	80
Investigating and pursuing fraud	330
	500

7. Performance Management

Performance measures and targets are shown at Appendix C for six aspects of our service:

- cost and quality of input
- productivity and process efficiency
- quality of output
- compliance with professional standards
- outcomes and degree of influence
- staff qualifications and training.

Appendix A**Indicative Internal Audit programme (April 2015 to June 2015)**

Audit Name	Category	Days
Write-offs	Financial systems	15
Pensions Administration	Financial systems	12
Bank Reconciliations	Financial systems	7
Information Governance (Service Level Arrangements)	IT Audit	12
School Audits	Schools	25
Street Cleaning	Service Review	15
Housing Related Support	Service Review	15
Highways Maintenance	Service Review	18
Deprivation of Liberty	Service Review	13
Casual Staff	Service Review	15
Insurance (Fraudulent Claims)	Service Review	8
Data Protection	Governance	10
Improvements to Corporate Governance	Governance	50
Major Capital Projects	Wider Change Agenda	18
Modernisation Agenda	Wider Change Agenda	30
Income Generation (EDH)	Wider Change Agenda	10
Gas Servicing (Housing)	Procurement	15
Repairs and Maintenance (Housing)	Procurement	20
Lift Maintenance	Procurement	12
Implementation Reviews	Implementation	30
Total days		350

Progress reports and updated detailed work programmes will be presented to each Audit and Standards Committee for approval.

Appendix B

Internal Audit Charter

Introduction

This Charter defines for the Council, the purpose, authority and responsibility of the Internal Audit function, in accordance with the UK Public Sector Internal Audit Standards.

The Charter will be approved annually by the Audit & Standards Committee, after consultation with the Executive Leadership Team (ELT).

Internal Audit Purpose

Internal Audit is defined by the Institute of Internal Auditors' International Professional Practices Framework as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Internal Audit supports the whole Council to deliver economic, efficient and effective services and achieve the Council's vision, priorities and values.

In a local authority internal audit provides independent and objective assurance to the organisation, its Members, the ELT and in particular to the Chief Financial Officer (the Executive Director, Finance & Resources) to help discharge her responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.

In addition, the Accounts and Audit Regulations (2011) specifically require the provision of an internal audit service. In line with regulations, Internal Audit provides independent assurance on the adequacy of the Council's governance, risk management and internal control systems.

Authority

The Head of Internal Audit is the Council's Chief Audit Executive as defined in the Public Sector Internal Audit Standards 2013

The Head of Internal Audit is line managed by the Council's Chief Financial Officer but has unrestricted access to the Chief Executive, all members of the ELT, Corporate Management Team and Chair of the Audit & Standards Committee.

Internal Audit has unrestricted access to all Council and partner records and information, cash, stores and other Council property or assets it considers necessary to fulfil its responsibilities. Internal Audit may enter Council property and has unrestricted access to all locations and officers where necessary on demand and without prior notice. Right of access to other bodies funded by the Council should be set out in the conditions of funding.

The Internal Audit function will consider all requests from the External Auditors for access to any information, files or working papers obtained or prepared during audit work that has been finalised, which External Audit would need to discharge their responsibilities.

Internal Audit Responsibility

The Council's Head of Internal Audit is required to provide an annual opinion to the Council and to the Chief Financial Officer, through the Audit & Standards Committee, on the adequacy and the effectiveness of the internal control system for the whole Council. In order to achieve this, the Internal Audit function has the following objectives:

- To provide a quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources
- To provide assurance to management that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures.
- To provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.
- To provide assurance that significant risks to the Council's objectives are being managed. This is achieved by annually assessing the adequacy and effectiveness of the risk management process.
- To provide responsive, challenging and informative advice and support to management on risk management, controls and governance to management.
- To provide clear and concise internal audit reports to support management in implementing agreed actions to improve services and risk management, control and governance processes.
- To investigate all cases of suspected financial irregularity, fraud or corruption in accordance with agreed procedures.
- To promote an anti-fraud and corruption culture within the Council to aid the prevention and detection of fraud.

Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal Audit procedures are designed to focus on areas identified by the organisation as being of greatest risk and significance and rely on management to provide full access to accounting records and transactions for the purposes of audit work and to ensure the authenticity of these documents.

Where appropriate, Internal Audit will undertake audit or consulting work for the benefit of the Council in organisations wholly owned by the Council, such as Local Authority Trading Companies. Internal Audit may also provide assurance to the Council on third party operations (such as delivered by contractors and partners) where this has been provided for as part of the contract.

Internal Audit Reporting

The UK Public Sector Internal Audit Standards require the Head of Internal Audit to report at the top of the organisation and this is done in the following ways:

- The Internal Audit Strategy and Annual Internal Audit Plan that includes the Audit Charter are reported annually to the ELT and the Audit & Standards Committee. These are approved by the Audit & Standards Committee.
- The Annual Internal Audit Plan is compiled by the Head of Internal Audit taking account of the Council's risk framework and after input from members of the ELT and Corporate Management Team.
- The Internal Audit budget is reported to the Policy & Resources Committee and Full Council for approval annually as part of the overall Council budget.
- The adequacy, or otherwise, of the level of internal audit resources (as determined by the Head of Internal Audit) and the independence of internal audit will be reported annually to the Audit & Standards Committee. The approach to providing resource is set out in the Internal Audit Strategy.
- Performance against the Annual Internal Audit Plan and any significant risk exposures and control issues arising from audit work are reported to the ELT and Audit & Standards Committee on a regular basis throughout the year
- Any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit & Standards Committee.
- Results from the quality assurance and improvement programme will be reported to both ELT and Audit & Standards Committee.
- Any instances of non-conformance with the Public Sector Internal Audit Standards must be reported to the ELT and Audit & Standards Committee and will be included in the Head of Internal Audit's Annual Internal Audit Report and Opinion. If there is significant non-conformance this may be included in the Council's Annual Governance Statement.

Internal Audit Independence

The independence of the Head of Internal Audit is further safeguarded by ensuring that his annual appraisal is not inappropriately influenced by those subject to audit. This is achieved by ensuring that both the Chief Executive and the Chair of the Audit & Standards Committee contribute to, and/or review the appraisal of the Head of Internal Audit.

All Internal Audit staff are required to make an annual declaration of interest to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit & Standards Committee. To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for at least 12 months.

Due Professional Care

The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics
- Seven Principles of Public Life (Nolan Principles)
- Public Sector Internal Audit Standards 2013
- All Council Policies and Procedures
- Other relevant legislation

Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK Public Sector Internal Audit Standards 2013, ongoing performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor.

A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies. The Head of Internal Audit is required to hold a professional qualification (CCAB or CMIIA) and be suitably experienced.

Appendix C**Service Performance Targets 2015/16**

Aspect of Service	Performance Indicators	Target
Cost and Quality of Input	<ul style="list-style-type: none"> • Service costs 	<ul style="list-style-type: none"> • Within budget
Productivity and Process Efficiency	<ul style="list-style-type: none"> • Achievement of planned audits by 30 April 2016 • Issue of draft report after completion of fieldwork • Issue of final report after agreement with client of draft • Reviews delivered within budgeted time 	<ul style="list-style-type: none"> • 95% • Within 10 Days • Within 10 Days • 95%
Quality of Output	<ul style="list-style-type: none"> • Satisfaction levels • External audit reliance on work of internal audit 	<ul style="list-style-type: none"> • 90% satisfied • Reliance placed
Compliance with Professional Standards	<ul style="list-style-type: none"> • Public Sector Internal Audit Standards • Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act 	<ul style="list-style-type: none"> • 100% compliant • 100% compliant
Outcomes and degree of influence	<ul style="list-style-type: none"> • Implementation of agreed management action to recommendations made 	<ul style="list-style-type: none"> • 95% for high priority, 85% for medium priority
Staff Qualifications and Training	<ul style="list-style-type: none"> • Professionally Qualified/Accredited and undertaking CPD • Annual Training & Development Received (Minimum) 	<ul style="list-style-type: none"> • 80% • 5 Days

Subject:	Ernst & Young - Audit Plan		
Date of Meeting:	10 March 2015		
Report of:	Ernst & Young		
Contact Officer:	Name: Paul King	Tel: 0118 928 1556	
	E-mail: Pking1@uk.ey.com		
Wards Affected:	All		

SUMMARY AND POLICY CONTEXT:

- 1.1 The attached 2014/15 Audit Plan sets out how we intend to carry out our responsibilities as your external auditor. It covers the work we plan to perform in order to provide you with:
- Our audit opinion on whether the Council's financial statements give a true and fair view of the financial position as at 31 March 2015 and the income and expenditure account for the year then ended; and
 - A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.
- 1.2 The report summarises our progress to date, our assessment of the key risks which drive the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.
- 1.3 The purpose of the report is to provide you with a basis to review our proposed audit approach, progress to date and overall scope for the 2014/15 audit.

2. RECOMMENDATIONS:

- 2.1 To consider the 2014/15 Audit Plan and ask questions as necessary on our proposed audit approach, progress to date and audit scope. You should also consider whether there are any other matters which you consider may influence our audit.

Brighton & Hove City Council

Year ending 31 March 2015

Audit Plan

February 2015



Audit & Standards Committee
Brighton & Hove City Council
Kings House
Grand Avenue
Hove
BN3 2LS

February 2015

Dear Committee Members

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit & Standards Committee with a basis to review our proposed audit approach and scope for the 2014/15 audit in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, Standing Guidance, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this plan with you on 10 March 2015 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Paul King
For and behalf of Ernst & Young LLP
Enc

Contents

1. Overview	2
2. The Local Audit and Accountability Act 2014	4
3. Financial statement risks	5
4. Economy, efficiency and effectiveness	7
5. Our audit process and strategy	9
6. Independence	13
Appendix A Fees	16
Appendix B UK required communications with those charged with governance	17

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 Annual Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

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

1. Overview

Context for the audit

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ our audit opinion on whether the financial statements of Brighton & Hove City Council give a true and fair view of the financial position as at 31 March 2015 and of the income and expenditure for the year then ended; and
- ▶ a statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

- ▶ strategic, operational and financial risks relevant to the financial statements;
- ▶ developments in financial reporting and auditing standards;
- ▶ the quality of systems and processes;
- ▶ changes in the business and regulatory environment; and
- ▶ management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council. Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

In parts three and four of this plan we provide more detail on the above areas and we outline our plans to address them. Our proposed audit process and strategy are summarised below and set out in more detail in section five.

We will provide an update to the Audit & Standards Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2015.

Our process and strategy

Financial statement audit

We consider materiality in terms of the possible impact of an error or omission on the financial statements and set an overall planning materiality level. We then set a tolerable error to reduce the probability that the aggregate of uncorrected and undetected misstatements exceeds planning materiality to an appropriately low level. We also assess each disclosure and consider qualitative issues affecting materiality as well as quantitative issues.

Our initial assessment of the key processes across the entity has identified the following key processes where we will seek to test key controls, both manual and IT:

- ▶ Accounts receivable
- ▶ Accounts payable
- ▶ Business rates
- ▶ Council tax income (including council tax reduction)
- ▶ Housing benefits
- ▶ Payroll

To the fullest extent permissible by auditing standards, we will seek to rely on the work of internal audit wherever possible.

Arrangements for securing economy, efficiency and effectiveness

Our approach to the value for money (VFM) conclusion for Brighton & Hove City Council for 2014/15 is based on criteria specified by the Audit Commission relating to whether there are proper arrangements in place within the Council for:

- ▶ securing financial resilience
- ▶ challenging how the Council secures economy, efficiency and effectiveness.

We adopt an integrated audit approach, so our work on the financial statement audit feeds into our consideration of the arrangements in place for securing economy, efficiency and effectiveness.

Further detail is included in section 4 of this Audit Plan.

2. The Local Audit and Accountability Act 2014

The Local Audit and Accountability Act 2014 (the 2014 Act) closes the Audit Commission and repeals the Audit Commission Act 1998.

The 2014 Act requires the Comptroller and Auditor General to prepare a Code of Audit Practice. This must be laid before Parliament and approved before 1 April 2015.

Although this new Code will apply from 1 April 2015, transitional provisions within the 2014 Act provide for the Audit Commission's 2010 Code to continue to apply to audit work in respect of the 2014/15 financial year. This plan is therefore prepared on the basis of the continued application of the 2010 Code of Audit Practice throughout the 2014/15 audit.

3. Financial statement risks

We outline below our assessment of the financial statement risks facing the Council, identified through our knowledge of the Council's operations and discussion with those charged with governance and officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
Risk of management override	
As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.	Our approach will focus on: <ul style="list-style-type: none"> ▶ testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements ▶ reviewing accounting estimates for evidence of management bias, and ▶ evaluating the business rationale for significant unusual transactions
We will also follow-up the recommendations raised from our 2013/14 audit that we reported in our audit results report, which were:	
<ul style="list-style-type: none"> ▶ To improve documentation and internal control over temporary accommodation leases. ▶ To continue to improve arrangements to identify material related party transactions and specifically consider whether active circularisation of members would provide a better level of assurance in this area. ▶ To reconsider the Council's current approach of raising and cancelling invoices with the lessee of Shoreham Airport where it does not expect to collect a cash debt due to it. 	

Respective responsibilities in relation to fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ identifying fraud risks during the planning stages;
- ▶ enquiry of management about risks of fraud and the controls to address those risks;
- ▶ understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ determining an appropriate strategy to address any identified risks of fraud; and
- ▶ performing mandatory procedures regardless of specifically identified fraud risks.

We will consider the results of the National Fraud Initiative and may refer to it in our reporting to you.

4. Economy, efficiency and effectiveness

Our approach to the value for money (VFM) conclusion for Brighton & Hove City Council for 2014/15 is based on criteria specified by the Audit Commission relating to whether there are proper arrangements in place at the Council for securing:

- financial resilience, and
- economy, efficiency and effectiveness in the use of resources.

The Audit Commission VFM guidance for 2014/15 requires that auditors consider and assess the significant risks of giving a wrong conclusion and carry out as much work as is appropriate to enable them to give a safe conclusion on arrangements to secure VFM.

Our assessment of what is a significant risk is a matter of professional judgement, and is based on consideration of both quantitative and qualitative aspects of the subject matter in question.

For those significant risks identified by our risk assessment that are relevant to our VFM conclusion, where these risks will not be addressed by our financial statements audit work or work undertaken by the Council, Audit Commission or other review agency, we consider the need to undertake local VFM work.

The table below provides a high-level summary of our risk assessment and our proposed response to the identified risk.

Significant risks	Impacts arrangements for securing:	Our audit approach
Failure to make changes to secure longer term financial resilience.		
The Council faces significant and increasing financial challenges over the medium term. A clear focus on addressing high cost areas is therefore essential to the economy, efficiency and effectiveness of services delivered and the overall financial resilience of the Council. In 2014/15 to date the Council has consistently reported a forecast overspend against its General Fund budget. It has also recently refreshed its Medium Term Financial Strategy (MTFS) which forecasts a budget gap of £102 million by 2019/20 if further savings cannot be identified.	Economy, efficiency and effectiveness Financial resilience	Our approach will focus on: <ul style="list-style-type: none"> ▶ Consideration of the relative spending of the Council by reference to comparable authorities and previous years using the Audit Commission's VFM profile tool. ▶ Review of the reasonableness and robustness of medium term financial planning assumptions set out in the refreshed MTFS. ▶ Review of the progress made on i360 project including the integration of financial projections in the Council's overall medium term financial plans.

In previous years we have used the Audit Commission's

Significant risks	Impacts arrangements for securing:	Our audit approach
<p>value for money profile tool to assess Council spending against similar councils and over time. Our work has suggested that the Council's spending relative to both its statistical nearest neighbours and other unitary authorities remains high. This has been true for both its overall per capita spending, and per capita spending in the majority of its main service areas</p>	<p>As part its future plans the Council intends to regenerate its seafront to preserve the city's reputation and visitor economy. Development of the i360 tower visitor attraction is key to this objective, but as with any major project it comes with both financial risks and rewards to the Council.</p>	<p>We will keep our risk assessment under review throughout our audit and communicate to the Audit & Standards Committee any revisions to the specific risks identified here and any additional local risk-based work we may need to undertake as a result.</p>

5. Our audit process and strategy

5.1 Objective and scope of our audit

Under the Audit Commission's Code of Audit Practice ('the Code') our principal objectives are to review and report on, the Council's:

- ▶ financial statements
- ▶ arrangements for securing economy, efficiency and effectiveness in its use of resources

to the extent required by the relevant legislation and the requirements of the Code.

We issue a two-part audit report covering both of these objectives.

i) Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We will also review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require.

ii) Arrangements for securing economy, efficiency and effectiveness

The Code sets out our responsibility to satisfy ourselves that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In arriving at our conclusion, we will rely as far as possible on the reported results of the work of other statutory inspectorates on corporate or service performance.

In examining the Council's corporate performance management and financial management arrangements, we consider the following criteria and areas of focus specified by the Audit Commission:

- ▶ arrangements for securing financial resilience – whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- ▶ arrangements for securing economy, efficiency and effectiveness - whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

5.2 Audit process overview

Processes

Our initial assessment of the key processes across the Council has identified the following key processes where we will seek to test key controls, both manual and IT:

- ▶ Accounts receivable
- ▶ Accounts payable
- ▶ Business rates
- ▶ Council tax income (including council tax reduction)
- ▶ Housing benefits

- ▶ Payroll

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries and payroll data. These tools:

- ▶ help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
- ▶ give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

Internal audit

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where we raise issues that could have an impact on the year-end financial statements

Use of experts

We will use specialist EY resource as necessary to help us to form a view on judgments made in the financial statements. Our plan currently includes involving specialists in pensions, and property, plant and equipment valuations.

Mandatory procedures required by auditing standards

As well as the financial statement risks outlined in section three, we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- ▶ addressing the risk of fraud and error;
- ▶ significant disclosures included in the financial statements;
- ▶ entity-wide controls;
- ▶ reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- ▶ auditor independence.

Procedures required by the Code

- ▶ reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement
- ▶ reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO
- ▶ reviewing and examining, where appropriate, evidence relevant to the Council's corporate performance management and financial management arrangements, and its reporting on these arrangements.

5.3 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition. We have determined that overall materiality for the financial statements of the Council is £11,876,610 based on 1.5% of 2013/14 gross service expenditure.

We will communicate uncorrected audit misstatements greater than £593,000 to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

5.4 Fees

The Audit Commission has published a scale fee for all authorities. This is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2010. The indicative fee scale for the audit of Brighton & Hove City Council is £210,330.

5.5 Your audit team

The engagement team is led by Paul King, who has significant experience of a wide range of local government and other public sector audits. Paul is supported by Simon Mathers who is responsible for the day-to-day direction of audit work and is the key point of contact for the Assistant Director – Finance & Procurement..

5.6 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the VFM work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Audit & Standards Committee's cycle in 2014/15. These dates are determined to ensure our alignment with the Audit Commission's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Audit & Standards Committee and we will discuss them with the Committee Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

Audit phase	Timetable	Audit Committee timetable	Deliverables
High level planning	Ongoing	June 2014	Audit Fee letter Progress Reports
Risk assessment and setting of scopes	Dec 2014 – Feb 2015	March 2015	Audit Plan
Testing routine processes and controls	Feb – April 2015	June 2015	Progress Report
Year-end audit and audit completion	June – August 2015	September 2015	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements; [our opinion on the regularity of your expenditure and income]; and overall value for money conclusion). Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	October 2015	November 2015	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

6. Independence

6.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission’s Standing Guidance and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed, analysed in appropriate categories.

6.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council.

At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and that are in compliance with the Audit Commission's Standing Guidance.

At the time of writing, we have no planned 2014/15 non-audit work.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Council. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Overall Assessment

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Paul King, and the audit engagement team have not been compromised.

6.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended 27 June 2014 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2014>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2014/15	Out-turn 2013/14	Scale fee 2013/14	Explanation
	£	£	£	
Opinion Audit and VFM Conclusion	210,330	217,830	210,330	Additional auditor time was required to undertake work on risks arising from a whistleblowing allegation of fraud.
Total Audit Fee – Code work	210,330	217,830	210,330	
Certification of claims and returns *	18,530	21,602	21,602	
Non-audit work:				
Advisory services for value for money through modernisation	-	73,900	N/A	

All fees exclude VAT.

The agreed fee presented above is based on the following assumptions:

- ▶ officers meeting the agreed timetable of deliverables;
- ▶ the operating effectiveness of the internal controls for the key processes outlined in section 5.2 above;
- ▶ we can rely on the work of internal audit as planned;
- ▶ the Audit Commission making no significant changes to the use of resources criteria on which our conclusion will be based;
- ▶ our accounts opinion and use of resources conclusion being unqualified;
- ▶ appropriate quality of documentation is provided by the Council; and
- ▶ the Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

*Our fee for the certification of grant claims is based on the indicative scale fee set by the Audit Commission.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Audit & Standards Committee]. These are detailed here:

Required communication	Reference
Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.	▶ Audit Plan
Significant findings from the audit <ul style="list-style-type: none"> ▶ our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ significant difficulties, if any, encountered during the audit ▶ significant matters, if any, arising from the audit that were discussed with management ▶ written representations that we are seeking ▶ expected modifications to the audit report ▶ other matters if any, significant to the oversight of the financial reporting process 	▶ Report to those charged with governance
Misstatements <ul style="list-style-type: none"> ▶ uncorrected misstatements and their effect on our audit opinion ▶ the effect of uncorrected misstatements related to prior periods ▶ a request that any uncorrected misstatement be corrected ▶ in writing, corrected misstatements that are significant 	▶ Report to those charged with governance
Fraud <ul style="list-style-type: none"> ▶ enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ a discussion of any other matters related to fraud 	▶ Report to those charged with governance
Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> ▶ non-disclosure by management ▶ inappropriate authorisation and approval of transactions ▶ disagreement over disclosures ▶ non-compliance with laws and regulations ▶ difficulty in identifying the party that ultimately controls the entity 	▶ Report to those charged with governance
External confirmations <ul style="list-style-type: none"> ▶ management's refusal for us to request confirmations ▶ inability to obtain relevant and reliable audit evidence from other procedures 	▶ Report to those charged with governance
Consideration of laws and regulations <ul style="list-style-type: none"> ▶ audit findings regarding non-compliance where the non- 	▶ Report to those charged with

Required communication	Reference
<p>compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</p> <ul style="list-style-type: none"> ▶ enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	governance
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ the principal threats ▶ safeguards adopted and their effectiveness ▶ an overall assessment of threats and safeguards ▶ information about the general policies and process within the firm to maintain objectivity and independence 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ whether the events or conditions constitute a material uncertainty ▶ whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ the adequacy of related disclosures in the financial statements 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ breakdown of fee information at the agreement of the initial audit plan ▶ breakdown of fee information at the completion of the audit 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance ▶ Annual Audit Letter if considered necessary
<p>Certification work</p> <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	<p>Annual Report to those charged with governance summarising grant certification, and Annual Audit Letter if considered necessary</p>

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All rights reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com

Subject: Ernst & Young - Audit Progress Report and Sector Update

Date of Meeting: 10 March 2015

Report of: Ernst & Young

Contact Officer: Name: Paul King Tel: 0118 928 1556
E-mail: Pking1@uk.ey.com

Wards Affected: All

1. SUMMARY AND POLICY CONTEXT:

1.1 We ask the Committee to consider our audit progress report.

2. RECOMMENDATIONS:

2.1 To consider the 2014/15 audit progress report, ask questions as necessary and note the progress made.

Brighton & Hove City Council

Audit & Standards Committee Progress Report

10 March 2015



Building a better
working world

Audit & Standards Committee
Brighton & Hove City Council
Kings House
Grand Avenue
Hove
BN3 2LS

March 2015

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 and 2014/15 audits, 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



Paul King
Director
For and behalf of Ernst & Young LLP

Contents

2014/15 audit.....	2
Timetable 2014/15.....	4

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.

2014/15 audit

Fee letter

Our 2014/15 fee letter was issued to the June 2014 meeting of the Audit & Standards Committee.

Financial Statements

We adopt a risk based approach to the audit and as part of our ongoing continuous planning we regularly meet with key officers and other stakeholders:

- We have met with the Council's Central Accounting team and Estates Manager to discuss a number of current accounting and asset valuation issues as part of our planned approach to the audit. We understand that good progress is being made by Central Accounting in revisiting its processes for closedown of the ledger and production of the financial statements. It plans to produce the financial statements more directly from the trial balance on the general ledger, with much less need for manual adjustments to be made as part of closedown processes. It also plans to continue its work to eliminate any unnecessary disclosures in the financial statements. If it is able to do this successfully it should increase the speed with which the financial statements can be produced and help both the Council and us to achieve earlier deadlines for production, approval and audit of the financial statements from 2017/18.
- We intend to place reliance on controls testing undertaken by Internal Audit in a number of areas. We are currently reviewing the work it has undertaken to determine whether we are able to place reliance on it.
- As in 2013/14 our IT audit specialists are undertaking detailed testing of general IT controls within the Council's Northgate revenue and benefits system. This work has started and detailed findings will be separately reported to the Council.

Our work to identify the Council's material income and expenditure systems and to walk through these systems and controls is complete. The detailed testing of the controls and critical path of each material system is planned for March and April 2015.

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.

The significant risk we have identified to the audit of the financial statements, and associated work we will carry out, are set out in our detailed audit plan which is also presented to this meeting of the Audit & Standards Committee

Value for money

The Audit Commission has now issued its guidance on the 2014/15 value for money conclusion. The full guidance can be found at <http://www.audit-commission.gov.uk/wp-content/uploads/2014/10/08102014-VFM-guidance-2014-15.pdf>

There are no planned changes to the approach in 2014/15. We have carried out our initial risk assessment. The significant risk we have identified to the value for money conclusion, and associated work we will carry out, is set out in our detailed audit plan.

Follow up work on 2013/14 housing benefit subsidy claim

Following our qualification of the 2013/14 housing benefit subsidy claim in November 2014 the Department for Work and Pensions (DWP) wrote to the Council to inform it that, based on the extrapolated errors set out in our qualification letter, the amount of local authority error subsidy due to the Council would reduce by approximately £113,000. The total value of extrapolated errors reported, which all related to miscalculation of earned income in the award of benefit entitlement, was approximately £379,000. The DWP also made clear in its letter that it would proceed to make a decision on whether to recover some or all of the overpaid subsidy.

At the time of our original certification work and qualification letter the Council was not able to produce a total value for sub-populations of cases with earned income used to select our extended testing samples. The Council has now worked with its software supplier to produce full listings of cases with earned income for each of the affected detailed cells. We have undertaken additional procedures to gain sufficient assurance that the sub-populations thereby produced are reasonable. This has allowed us to extrapolate the errors we found over the lower value sub-populations of cases with earned income, which reduces the value of extrapolated errors reported by approximately £130,000 and negates the impact of the previously reported errors on the local authority error subsidy due to the Council. We have written to the DWP to inform it of our additional work and revised extrapolations.

Timetable 2014/15

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 2014/15 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	Ongoing	Audit Fee Letter	June 2014	Completed. Reported to the June 2014 meeting of the Audit & Standards Committee
Risk assessment and setting of scope of audit	Feb – April 2015	Audit Plan	March 2015	
Testing of routine processes and controls	Feb – April 2015	Audit Plan and audit results report	June 2015	
Year-end audit	June - August 2015	Audit results report to those charged with governance 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) Whole of Government Accounts Submission to NAO based on their group audit instructions Audit Completion certificate	September 2015	.

Audit phase	EY Timetable	Deliverable	Associated Audit & Standards Committee	Status
Annual Reporting	October 2015	Annual Audit Letter	November 2015	
Grant Claims	September – November 2015	Annual certification report	January 2016	

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All rights reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com

Sector Briefing Update

Please note this document has been printed separately from the agenda

**AUDIT & STANDARDS
COMMITTEE**

Agenda Item ??

Brighton & Hove City Council

Subject: Targeted Budget Management (TBM) 2014/15 Month 9
– Extract from the proceedings of the Policy &
Resources Committee meeting held on the 12th
February 2015

Date of Meeting: 10 March 2015

Report of: Head of Law

Contact Officer: Name: **Mark Wall** Tel: **29-1006**
E-mail: mark.wall@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.

BRIGHTON & HOVE CITY COUNCIL

POLICY & RESOURCES COMMITTEE

4.00pm 12 FEBRUARY 2015

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

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

PART ONE

142 TARGETED BUDGET MANAGEMENT (TBM) 2014/15 MONTH 9

- 142.1. The Committee noted that the special circumstances for non-compliance with Council Procedure Rule 5, Access to Information Rule 5 and Section 100B of the Local Government Act 1972 as amended (items not to be considered unless the agenda is open to inspection at least five days in advance of the meeting) were that information on the 2014/15 financial position was still being finalised and reviewed in conjunction with the 2015/16 Budget package.
- 142.2. The Committee considered a report of the Interim Executive Director for Finance & Resources in relation to Targeted Budget Management (TBM) 2014/15 (Month 9). The Interim Executive Director stated that the report detailed an improved position at month 9 but noted that there were significant pressures and forecast risks to manage across the General Fund Revenue Budget. The underlying overspend on council controlled budgets was £2.036m which had been reduced to £0.146m with the release of unallocated general risk provision of £1.890m.
- 142.3. Councillor Sykes thanked Officers for the report, and also the Executive Directors for their work in enabling the projected overspend to come down from £6m to £2m and then further with the release of unallocated resources. He noted that significant pressures remained in Adult and Children's services and that the budget proposals had taken these into consideration and he hoped that they would be supported.
- 142.4. Councillor A. Norman thanked Officers for their continued commitment to the organisation, and stated that the underlying overspend was still worrying. She also stated that the proposed loan to South East Dance was acceptable but queried whether the large underspend in the dedicated schools budget was a result of low take-up and whether it could be used elsewhere.
- 142.5. The Executive Director for Children's Services stated that the changes to pre-nursery provision had led to some misunderstanding and lower take-up than had been predicted. He noted that the Department of Education had changed the funding formula as a result of the low rate of take up nationally which was likely to result in a reduced level of grant and that any underspend was ring-fenced to early years provision.
- 142.6. Councillor Morgan stated that he supported the proposed loan to South East Dance but felt that more information should be brought to the committee and that it would help to have a report to the next meeting on the risks and alternative funding options for example.
- 142.7. The Assistant Chief Executive stated that South East Dance were facing particular time constraints and that the proposals were being supported by the Arts Council nationally, who had agreed to put £1m into the scheme. The funding gap had resulted from delays with the overall scheme and she noted that the council would not sign over the lease until the loan was repaid.
- 142.8. The Head of Finance informed the committee that the proposed loan was for a short-term and could be met by the capital reserves budget as there were sufficient funds to cover the loan period.

142.9. Councillor Hamilton noted that the use of unallocated reserves had enabled the projected overspend to be reduced to £0.146m which was welcome but he remained concerned about the overall overspend for Adult Services.

142.10. Councillor G. Theobald noted the overall budget position and expressed his frustration with regard to the delays that various schemes supported by the council appeared to suffer. He hoped that this would improve as investment in the city was important and needed to be encouraged.

142.11. Councillor Randall noted the comments and agreed that more work was needed to ensure development schemes progressed. He believed that Cathedral had done an excellent job in taking the scheme forward and welcomed the Arts Council's support for South East Dance.

142.12. The Chair noted the comments and then put the recommendations to the vote.

142.13. **RESOLVED:**

- (1) That the forecast outturn position for the General Fund, which is an overspend of £0.541m, consisting of £0.146m on council controlled budgets and £0.395m on the council's share of the NHS managed Section 75 services be noted;
- (2) That the Executive Director of Finance & Resources and the Head of Law be granted delegated authority to make a loan of £0.045m to South East Dance as set out in paragraph 3.22 and 3.23 of the report, subject to satisfactory terms being agreed;
- (3) That the forecast outturn for the Housing Revenue Account (HRA), which is an underspend of £0.541m be noted;
- (4) That the forecast outturn position for the Dedicated Schools Grant which is an underspend of £1.097m be noted;
- (5) That the forecast outturn position on the capital programme be noted; and
- (6) That the Capital Programme variations and re-profiles as detailed in Appendix 3 and new capital schemes in Appendix 4 of the report be approved.

Subject:	Targeted Budget Management (TBM) 2014/15 Month 9		
Date:	12 February 2015		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name:	Jeff Coates	Tel: 29-2364
	Email:	jeff.coates@brighton-hove.gov.uk	
Ward(s) affected:	All		

Note: The special circumstances for non-compliance with Access to Information Procedure Rule 5 and Section 100B(4) of the Local Government Act 1972 are that information on the 2014/15 financial position was still being finalised and reviewed in conjunction with the 2015/16 Budget package.

FOR GENERAL RELEASE

1 SUMMARY 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 forecast outturn position as at Month 9 on the council's revenue and capital budgets for the financial year 2014/15.
- 1.2 The TBM Month 7 forecast indicated significant potential pressures and forecast overspending. Month 9 shows an improvement to the position overall at the three-quarter point of the year but there remain significant pressures and forecast risks to manage across the General Fund Revenue Budget. The underlying overspend on council controlled budgets as at Month 9 is £2.036m which has been reduced to £0.146m by releasing unallocated general risk provision of £1.890m.

2 RECOMMENDATIONS:

- 2.1 That the Committee note the forecast outturn position for the General Fund, which is an overspend of £0.541m. This consists of £0.146m on council controlled budgets and £0.395m on the council's share of the NHS managed Section 75 services.
- 2.2 That the committee delegate authority to the Director of Finance & Resources and the Head of Law to make a loan of £0.045m to South East Dance as set out in paragraph 3.22 and 3.23 subject to satisfactory terms being agreed.
- 2.3 That the Committee note the forecast outturn for the Housing Revenue Account (HRA), which is an underspend of £0.541m.
- 2.4 That the Committee note the forecast outturn position for the Dedicated Schools Grant which is an underspend of £1.097m.
- 2.5 That the Committee note the forecast outturn position on the capital programme.

2.6 That the Committee approve the capital programme variations and reprofiles in Appendix 3 and new capital schemes in Appendix 4.

3 RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

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.

Forecast Variance Month 7 £'000	Directorate	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
659	Children's Services	57,570	57,666	96	0.2%
3,554	Adult Services	64,146	66,462	2,316	3.6%
329	Environment, Development & Housing	41,521	42,176	655	1.6%
232	Assistant Chief Executive	17,317	17,526	209	1.2%
(28)	Public Health (incl. Community Safety & Public Protection)	4,557	4,509	(48)	-1.1%
(672)	Finance, Resources & Law	32,086	31,196	(890)	-2.8%
4,074	Sub Total	217,197	219,535	2,338	1.1%
(22)	Corporate Budgets	6,884	4,692	(2,192)	31.8%
4,052	Total Council Controlled Budgets	224,081	224,227	146	0.1%

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.

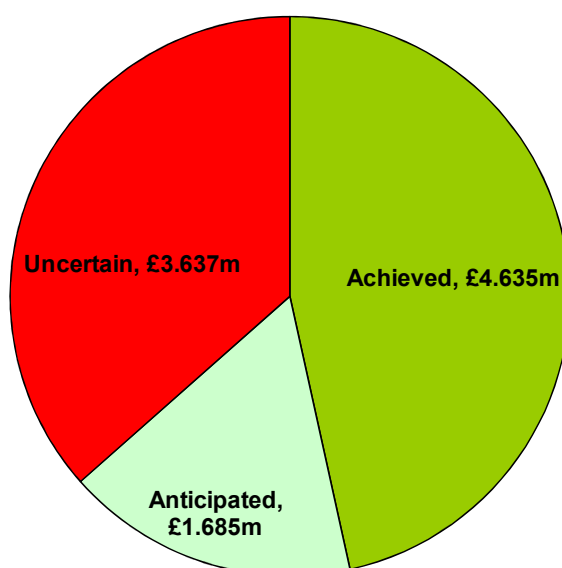
Forecast Variance Month 7 £'000	Corporate Critical	2014/15 Budget Month 9 £'000	Provisional Outturn Month 9 £'000	Provisional Variance Month 9 £'000	Provisional Variance Month 9 %
1,626	Child Agency & In House	19,515	21,009	1,494	7.7%
2,777	Community Care	41,122	42,982	1,860	4.5%
(250)	Sustainable Transport	(16,327)	(16,635)	(308)	-1.9%
168	Temporary Accommodation	1,266	1,776	510	40.3%
(200)	Housing Benefits	(613)	(1,098)	(485)	79.1%
4,121	Total Council Controlled	44,963	48,034	3,071	6.8%

Value for Money (VfM) Programme (Appendix 2)

3.6 Policy & Resources Committee received a report on the next stage of the council’s Value for Money Programme (Phase 4) at the committee’s June meeting. The savings and resources attached to Phase 4 for future years are being refined as part of the budget setting process although some part-year savings are expected in 2014/15. In the meantime, current Phase 3 VfM projects will continue with the savings targets identified and approved by Council as part of the 2014/15 budget.

3.7 VfM projects generally 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 quantifies progress in terms of those savings that have been achieved, those that are anticipated to be achieved (i.e. low risk) and those that remain uncertain (i.e. higher risk). The chart below shows that there is continuing risk in relation to social care related VfM workstreams. More detail is provided in Appendix 2.

Value for Money Programme (All Phases) - 2014/15 Monitoring



VfM Target 2014/15 = £9.917m

Housing Revenue Account Performance (Appendix 1)

- 3.8 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 forecast outturn on the HRA is summarised in the table below. More detail is provided in Appendix 1.

Forecast Variance Month 7 £'000		2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 12 %
	HRA				
383	Expenditure	59,036	59,157	121	0.2%
61	Income	(59,036)	(59,098)	(62)	-0.1%
444	Net Expenditure	-	59	59	0.0%
(600)	Transfer from Reserves	-	(600)	(600)	0.0%
(156)	Total	-	(541)	(541)	0.0%

Dedicated Schools Grant Performance (Appendix 1)

- 3.9 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 current forecast is an underspend of £1.097m 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)

- 3.10 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.
- 3.11 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 7 Forecast Variance £'000		2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
316	Section 75 NHS Trust managed S75 Services	11,950	12,345	395	3.3%

Capital Programme Performance and Changes

- 3.12 The table below provides a summary of capital programme performance by Directorate and shows that there is an overall underspend of £0.791m forecasted at this stage.

Forecast Variance Month 7 £'000		2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Capital Budgets				
0	Children's Services	12,739	12,739	0	0.0%
0	Adult Services	577	577	0	0.0%
0	Environment, Development & Housing - General Fund	23,750	23,750	0	0.0%
(588)	Environment, Development & Housing - HRA	29,995	29,204	(791)	-2.6%
0	Assistant Chief Executive	12,803	12,803	0	0.0%
0	Public Health	447	447	0	0.0%
0	Finance, Resources & Law	9,130	9,130	0	0.0%
0	Corporate Services	25	25	0	0.0%
(588)	Total Capital	89,466	88,675	(791)	-0.9%

- 3.13 Appendix 3 shows the changes to the budget and Appendix 4 provides details of

new schemes to be added to the capital programme which are included in the budget figures above. 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 7 report.

Capital Budget Summary	2014/15 Budget £'000
Budget Approved at Month 7	97,711
Reported at other Policy & Resources committees since Month 7	0
New schemes to be approved in this report (see Appendix 4)	343
Variations (to be approved - see Appendix 3)	(35)
Reprofiles (to be approved - see Appendix 3)	(8,182)
Slippage (to be approved - see Appendix 3)	(371)
Total Capital Budget	89,466

- 3.14 Appendix 3 also details any slippage into next year. In total, project managers have forecast that £0.371m of the capital budget may slip into the next financial year and this equates to 0.41% of the budget.

Implications for the Medium Term Financial Strategy (MTFS)

- 3.15 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.
- 3.16 Details of risk provisions currently held are given in the Corporate Budgets section of Appendix 1. Given the level of forecast risk on the General Fund, the remaining unallocated risk provision of £1.890m will be used to partially mitigate the position.

Capital Receipts Performance

- 3.17 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Asset Management Fund, ICT Fund and the Workstyles VFM projects. The planned profile of capital receipts for 2014/15, as at Month 09, is £7.208m against which there have been receipts of £3.514m in relation to the disposal of Hove Park Depot, 18 Market Street, a deposit for the Preston Barracks project, a lease extension at Warren Way, a deposit for 251-253 Preston Road, a number of minor lease extensions at the Marina and the repayment of improvement grants.
- 3.18 The forecast for the 'right to buy sales' 2014/15 (after allowable costs, repayment of housing debt and forecast receipt to central government) is that an estimated 60 homes will be sold with a maximum useable receipt of £0.474m to fund the corporate capital

programme and net retained receipts of £2.727m are available to re-invest in replacement homes. To date 39 homes have been sold in 2014/15.

Collection Fund Performance

- 3.19 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 & Crime Commissioner 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.
- 3.20 The collection fund for council tax is forecast to have a surplus of £0.230m at 31 March 2015 which is an improvement from the previously forecast breakeven position. The surplus has mainly arisen from a lower award of single person discount following a recent data matching exercise to verify the number of adults within a household. The council's share of the surplus is £0.196m and this will be an additional income source to the council in 2015/16 and has been included in the budget report elsewhere on this agenda.
- 3.21 The 2014/15 business rates income assumption included projected growth of 0.5% in rateable value as well as a further 1.0% increase through a review of the register. The latest projections show that these estimates will be met overall however this remains a difficult area to predict with great certainty. The council's share of the surplus on the collection fund for business rates at 31 March 2014 brought forward into 2014/15 was £1.590m after taking into account the repayment of Safety Net Grant. This means the council's share of the surplus forecast at 31 March 2015 is therefore £1.590m and is included in the budget projections for 2015/16.

Proposed loan to South East Dance

- 3.22 The council has been working in partnership for a number of years with Cathedral and the University of Brighton, on the mixed use redevelopment of Circus Street. Following a number of delays to the project, planning permission was finally received in September 2014. An important outcome of the project is achieving a new dance space that will also act as the headquarters of South East Dance (SED). SED have received financial assistance from the council and Arts Council England to secure this facility. Owing to the delays in achieving planning permission and a start date for the construction, SED is experiencing a cash flow problem in moving forward on its element of the project and needs a cash injection of £0.090m.
- 3.23 Following discussions with BHCC and Arts Council England (ACE) a partnership approach to meeting this funding shortfall has been developed. It is proposed that the council makes a loan of £0.045m to SED which would be repayable in full to the council prior to SED taking occupancy of the new facility. ACE has offered SED a grant of £0.045m to make up the remainder of the shortfall. Officers have examined SED's accounts and fundraising model and are confident that repayment by SED of the loan is achievable and represents a reasonable risk. It is also an essential element of achieving the Dance Space as an element of the Circus Street redevelopment.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS:

- 4.1 The provisional outturn position on council controlled budgets is an overspend of £0.146m. In addition, the council's share of the forecast overspend on NHS managed

Section 75 services is £0.395m. Any overspend at the year end will need to be funded from general reserves which would then need to be replenished to ensure that the working balance did not remain below £9.000m. Any underspend would release one off resources that can be used to aid budget planning for 2014/15.

5 COMMUNITY ENGAGEMENT AND 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 Month 9 position is important in terms of setting next year's budget and impacts on the one-off resources available to support the 2015/16 budget and provides strong indications of expenditure and demand trends for the current year that need to be checked against planning assumptions for next year. Clearly, there are continuing underlying pressures across services and this has been recognised with substantial service pressure funding of over £6m for next year as set out in the Revenue Budget Report.
- 6.2 To manage this year's position, risk provisions of £1.890m have been released which have improved the in-year forecast significantly and are shown under Corporate Budgets. There have also been reviews of other Corporate Budgets, particularly Financing Costs, which have contributed to an improved position. Since month 7, additional risk share funding has also been agreed with the CCG which has helped to improve the Adult Social Care position by £0.900m while Children's Services continue to identify alternative funding and other mitigating savings to manage the in-year situation, which is also showing an improved forecast. The Executive Leadership Team (ELT) continue to keep the position under close scrutiny and will take appropriate action to reduce spending, manage vacancies and develop financial recovery plans where necessary to achieve break-even or better by the year-end.

7 FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Finance Officer Consulted: Jeff Coates

Date: 20/01/2015

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: 20/01/2015

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. Value for Money Programme Performance
3. Capital Programme Performance
4. New Capital Schemes

Documents in Members' Rooms:

None.

Background Documents

None.

Appendix 1 – Revenue Budget Performance

Children’s Services - Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Director of Children's Services	230	228	(2)	-0.9%
(62)	Education & Inclusion	3,816	3,736	(80)	-2.1%
129	Disability & SEN	7,129	7,092	(37)	-0.5%
1,422	Children's Health, Safeguarding and Care	37,024	38,361	1,337	3.6%
(830)	Stronger Families, Youth & Communities	9,371	8,249	(1,122)	-12.0%
659	Total Revenue - Children	57,570	57,666	96	0.2%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Director of Children’s Services			
(2)	Director	Minor underspend variances	
Education & Inclusion			
(20)	Home to School Transport	The underspend of £0.020m reflects the latest numbers of children being transported (434). A detailed analysis has been undertaken with the budget holder for each area of the budget and the latest position reflects the estimated outturn position. The position regarding independent travel needs to be monitored closely as any further reductions in numbers will impact on the overall forecast.	
(60)	Other	Minor underspend variances.	
SEN & Disability			
98	Corporate	The anticipated number of disability placements is 17.68 FTE.	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
	Critical Disability Agency Placements	The average general fund unit cost of these placements is £1,881.74 following additional DSG contributions to residential placements. The number of placements is 4.18 FTE above the budgeted level, with the average weekly cost now being £380.84 lower than the budgeted level. The combination of these two factors together with the underspend of £0.044m on respite placements, results in an overspend of £0.098m .	
31	Direct Payments	This initial outturn estimate for Direct Payments - Disabled Children, indicated an overspend of approximately £0.130m . This figure has been adjusted down to an overspend of approximately £0.031m following a review of current agreed packages by the Head of Service. Finance will continue to liaise closely with the budget holder with a view to ensuring that an up to date projection based on current agreed cases is provided	Costs will be monitored closely over the year and efforts made to reduce costs or identify mitigating savings to bring these budgets back in balance where possible.
11	Preventive Payments	This current estimate based on expenditure in months 1 to 8 and taking into account the 2013/14 outturn indicates, for Preventive Payments – Disabled Children, an overspend of approximately £0.011m . This area will need to be monitored closely on a monthly basis as it is subject to a significant element of variation dependent on identified need. Finance will liaise with the budget holder with a view to ensuring that an up to date projection based on current agreed cases is provided monthly.	Costs will be monitored closely over the year and efforts made to reduce costs or identify mitigating savings to bring these budgets back in balance where possible.
(80)	CAMHS	Use of Public Health funding.	
(97)	Other	Minor underspend variances.	
Children's Health, Safeguarding & Care			
1,462	Corporate Critical - Children's Agency Placements	The projected number of residential placements (31.01FTE) is broken down as 26.60 FTE social care residential placements (children's homes), 4.25 FTE schools placements, 0.16 FTE family assessment placements and 0.00 FTE substance misuse rehabilitation placements. The budget allowed for 21.20 FTE social care residential care placements, 5.00 FTE schools placements, 1.25 FTE family assessment placements and 0.50	The Children's Services Value for Money (VfM) programme has two workstreams: The VfM Early Help Workstream objective is to deliver, review and rationalise evidence based early help

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		<p>FTE substance misuse rehab placements. The average unit costs of these placements is £181.46 per week below the budgeted level, with the most significant unit cost saving in residential homes. Overall the number of placements are 3.06 FTE above the budgeted level, and this combined with the unit cost savings described above result in an overspend of £0.178m.</p> <p>The numbers of children placed in independent foster agency (IFA) placements began to fall during 2012/13 and that trend continued in the early months of 2013/14, however, since then numbers have started to increase. During 2013/14 there were 165.76 FTE placements but the current projected number of placements in 2014/15 is 176.40 FTE, an increase of 6.4%. The budget for IFA placements was based on the falling trend of the previous two years and was set at 135.80 FTE which is being exceeded by 40.60 FTE placements resulting in an overspend of £1.193m.</p> <p>During 2014/15 it is estimated that there will be 1.79 FTE secure (welfare) placements and 0.95 FTE secure (justice) placements. The budget allowed for 1.00 FTE welfare and 0.75 FTE justice placements during the year. There is currently 1 child in a secure (welfare) placement and one in a secure (criminal) placement resulting in a projected overspend of £0.091m</p>	<p>services to reduce the need for specialist interventions. Key initiatives include:</p> <ul style="list-style-type: none"> • developing Early Help Hub to create a single integrated system for identification, referral, assessment, delivery and monitoring of effective early help interventions. • delivering evidence based interventions (such as family coaching by Stronger Families Stronger Communities, Functional Family Therapy, Family Nurse Partnership, Triple P). <p>The VfM Placement Workstream objective is to strengthen social work systems so that care plans for individual children can be delivered by lower cost interventions and placements and/or by reducing the time children require statutory interventions. Key initiatives include:</p> <ul style="list-style-type: none"> • developing Multi Agency Safeguarding Hub to ensure appropriate and timely response to safeguarding concerns • strengthening social work transformational programme including developing a clear practice model

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
			<ul style="list-style-type: none"> strengthening pre-proceedings work by social work/legal/Clermont Family Assessment Centre to prevent care proceedings <p>As part of both workstreams, changes in commissioning arrangements/service redesign are being identified and implemented including working with partners in their approaches to commissioning for vulnerable adults who are parents.</p> <p>In addition, a task & finish group is set up to review and strengthen Special Education Needs (SEN)/Disability services.</p>
(86)	Corporate Critical-In House Foster Payments	As part of the children's VFM programme, there is an ongoing attempt to increase the recruitment of in-house foster carers. This has not progressed as well as anticipated and currently there are 30.29 FTE less children placed than allowed in the budget. However, there are considerably more children placed with family and friends carers or under special guardianship orders than anticipated in the budget and the combination of these factors results in a projected underspend of £0.086m in in-house placements.	
20	Corporate Critical 16+Services	The budget for 16+ services is split across 4 client types. Care Leavers, Ex- Asylum Seekers, Looked After children and Preventive. Across these services the budget allows for 53.65 FTE young people and currently the projection is based on 56.27 FTE young people. However, the average unit cost of accommodation is projected to be £35.72 lower than allowed in	The new joint commissioning arrangements between children's services and Housing start in June and it is anticipated that the new robust commissioning of placements, work on reducing the numbers of

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		the budget resulting in an underspend on accommodation costs. The non-accommodation costs, conversely are currently anticipated to overspend the budget by £0.083m resulting in an overall overspend of £0.020m .	young people being accommodated and more rigorous monitoring of non-accommodation budgets will reduce the overspend.
115	Social Work Teams	The revised Social Work Teams overspend of £0.115m reflects the continued use of Agency (a reduction was anticipated at Month 8) plus new starters notified to finance at Month 9. Additional costs have been added to the CIN outturn projection in respect of Supplies & Services, Travel and Staffing. A breakdown of the movement from Month 8 has been undertaken and is available. We will continue to undertake detailed monthly analysis of these areas to ensure that we're aware at the earliest stage as to any movement from the projected underspend position.	
(172)	Legal Fees	Lower expenditure in the year to date suggests an underspend of £0.072m on Legal, Counsel and Court Fees. In addition, a provision of £0.100m identified in 2013/14 for legal costs relating to adoption proceedings will not be required.	
(9)	Adoption Services	The government have instituted a number of changes and new requirements for the adoption service. The increase in both the number and cost of inter-agency adoptions has resulted in a significant increase in the levels of spend. This has been funded this year by carry forward of the unspent element of the Adoption Reform Grant (ARG). The underspend of £0.009m relates to regular adoption support payments and allowances for which numbers are currently slightly below budgeted levels.	
249	Section 17 Preventive	This overspend of £0.249m relates to the increased costs of the housing recharge for homeless families due to a rise in the number of families needing accommodation and an increase in expenditure charged to the No Recourse to Public Funds budget.	Costs will be monitored closely over the year and efforts made to reduce costs or identify mitigating savings to bring these budgets back in balance where possible.
108	Support Through Care	The overspend relates predominantly to the use of locum social workers. Due to the increase in the number of children in care,	This overspend has been reduced following agreement of the social

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
	Team	it was felt necessary, in order to maintain a safe level of service to increase the number of social workers in this team. As this was deemed a crisis and recruitment procedures were unable to meet the demand a number of locum social workers have been engaged. The restructure of social work services has increased the establishment in this team resulting in a considerable reduction in the overspend reported in previous months. This budget has now been combined with the 14+ Team.	work restructure which increases the social work establishment in the Support Through Care Team, enabling additional recruitment which should result in the cessation of the use of locums.
(111)	Contact Supervision	The underspend in this service is predominantly due to the use of sessional 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.	
(80)	Social Work Performance Team	Use of Public Health funding	
(159)	Other	Minor underspend variances	
Stronger Families, Youth & Communities			
(315)	VFM Commissioning	Public Health have agreed to pick up the funding of the Family Nurse Partnership resulting in the VFM funding of £0.240m that had previously been identified through a spend to save business case being no longer required. Further one-off savings of £0.075m have also been identified.	The 'saving' of £0.240m relating to the transfer of funds with Public Health has been reflected in the 2015/16 budget proposals.
(148)	Early Help Hub	The underspend in the Early Help Hub predominantly relate to funding for a contract that is not required until 2015/16. In addition there is a vacant operations manager post and the full year effect of setting up the service part way through the year.	
(224)	Troubled Families	This underspend has been identified against the initial estimated carry forward in the sum of £0.800m. This initial carry forward being a result of the success in developing a 3 year budget plan for SFSC but with staggered recruitment to the Integrated Team for Families in 2013/14 (being year 2) and, as	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		confirmed by the Troubled Families Unit, significantly more income being realised in relation to payment-by-results funding in 2013/14. This carry forward has been identified in respect of the completion of the existing programme in line with the National Troubled Families Unit (TFU) requirements - including ensuring sustainability. The underspend has increased by £0.024m this month following the unexpected payment of TF2 programme income early. There is no constraint from the funding source (TFU) regarding carry forward.	
(147)	Youth Service	A number of posts are being held vacant across the youth service in preparation for the 2015/16 budget savings.	
(202)	Early Years	A number of underspends have been identified following the restructure of staffing in the children's centres precipitated by the work on the 2015/16 budget savings. In addition £0.090m for early years childcare inclusion is now funded from DSG.	
(86)	Other	Minor underspend variances	

Appendix 1 – Revenue Budget Performance

Adult Services – Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
2,716	Adults Assessment	49,556	50,930	1,374	2.8%
1,403	Adults Provider	13,825	15,284	1,459	10.6%
(565)	Commissioning & Contracts	765	248	(517)	-67.6%
3,554	Total Revenue - Adult	64,146	66,462	2,316	3.6%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		The key variances across Adult Social Care are as detailed below:	Further plans are being developed and mitigating action is being taken to reduce these forecast overspends.
Adults Assessment			
see below	Assessment Services	Assessment Services are showing an overspend of £1.374m (2.9% of net budget), which is an improvement of £1.342m from Month 07, largely reflecting the agreed risk-share arrangements with health and utilisation of the Better Care Fund. There are increased levels of complexity and need being experienced across all client groups and the overspend is broken down as follows:	
1,090	Corporate Critical - Community Care Budget (Learning Disabilities)	Learning Disabilities are reporting a pressure of £1.090mm, which is a reduction of £0.342m from Month 07. The pressures are largely due to a shortfall in expected savings of £0.808m and cost pressures from clients moving from hospital placements. The improvement since Month 7 is as a result of a review of financial commitments against expected placements.	Increased scrutiny of all Learning Disability placements/care package requests has been put in place to assure value for money against eligible care needs across different types of placement. The focus is on

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
			high cost placements and identifying low dependency placements in in house units for move on.
333	Corporate Critical - Community Care Budget (Physical & Sensory Support - Under 65's)	Under 65's are reporting a pressure of £0.333m, which is an improvement of £0.384m from Month 7 (largely reflecting the recently agreed risk-share arrangement with health). There continues to be cost pressures from increased complexity in need of clients.	Increased panel scrutiny of all complex or high cost care package requests to assure value for money against eligible care needs. Where possible no placements will be made above the agreed local authority rates. The VfM Phase 4 programme includes a specific project focussing on high cost placements to reduce costs. A risk share arrangement with health has been agreed and £0.350m has been allocated against Under 65's. A taskforce is in place to ensure that all appropriate funding sources are identified.
437	Corporate Critical - Community Care Budget (Physical & Sensory Support -Over 65's)	Over 65's are reporting a pressure of £0.437m (an improvement of £0.191m from Month 07), the main reason for the pressure is the balance of unachievable previous year savings against Extra Care Housing.	As above, there is continuing increased scrutiny of complex or high cost care packages. An independent Extra Care business case has been commissioned to establish demand/need projections to enable ASC commissioners to work with their housing partners to identify the types of provision that will most appropriately meet the objective of reducing residential care costs. A risk share arrangement with health has been agreed and £0.500m has been allocated against Over 65's.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
			A Taskforce is in place to ensure that all appropriate funding sources are identified.
0	Hostel Accommodation	The main pressures on this service are covered by the service pressure funding allocation so that on transfer to Adults the service was breakeven.	
(486)	Support & Intervention Teams	The position has been improved significantly from Month 7 through utilisation of the Better Care Fund towards Care Act implementation costs (£0.151m) and replacing direct revenue funding for Minor Adaptations with unallocated Adult Social Care Capital grant (£0.182m). Staff savings across the service are helping to offset pressures against the Community Care budget (£0.153m).	
Adults Provider			
1,459	Adults Provider	<p>Provider Services are reporting a pressure of £1.100m from unachievement of savings targets (2014/15 targets and previous years targets in 2012/13 and 2013/14) after the allocation of £0.500m risk provision funding agreed at P&R in July 2014. Achievement of the other savings is dependent on the commissioning review of Day Options and the Learning Disabilities accommodation review, which are on-going but have been subject to delay. There is an expectation that further savings of £0.350m will be achieved in 2014/15 which is built into the forecast.</p> <p>The overspend also includes pressures against Respite Services of £0.185m reflecting increased occupancy levels and the complexity and compatibility of other service users. There are other pressures across the service on direct employee costs (£0.093m), non pay costs (£0.037m) and Income (£0.044).</p>	<p>Vacancy control measures to be tightened and recruitment to posts only where this is required to ensure CQC compliance. The use of agency staff and care crew will be closely scrutinised and signed off by senior managers. This will have an impact on service delivery and there may ultimately be a need to rationalise or close services.</p> <p>There are ongoing discussions with Health to determine costs associated with health needs that should ordinarily be funded by CCG. A further review of service users receiving both day services and residential care needs to be carried out.</p>

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Commissioning & Contracts			
(517)	Commissioning & Contracts	Older People and HIV Preventative contracts totalling £0.250m and £0.235m respectively have been funded by the Public Health Grant.	

Environment, Development & Housing - Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(175)	Transport	(4,365)	(4,479)	(114)	2.6%
250	City Clean & City Parks	29,425	29,677	252	0.9%
(16)	City Regeneration	1,315	1,294	(21)	-1.5%
45	Planning & Building Control	1,961	2,001	40	2.0%
104	Total Non Housing Services	28,336	28,493	157	0.6%
225	Housing	13,185	13,683	498	3.8%
329	Total Revenue - Environment, Development & Housing	41,521	42,176	655	1.6%

Explanation of Key Variances:

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Transport			
(308)	Corporate Critical – Parking Operations	<p>Overall the corporate critical parking budget is forecast to underspend by £0.308m. The main components of this are:</p> <ul style="list-style-type: none"> A surplus of £0.434m is forecast from on-street parking income. This forecast incorporates new parking zones being introduced this financial year and an increase in year-on-year transactions estimated to be approximately 2.5%. Evidence from various major event organisers in the city has suggested increased attendances which are likely to increase demand for parking. 	<ul style="list-style-type: none"> Actual income is monitored and reported on a monthly basis as part of the TBM process. There are a range of factors that can impact on parking activity and therefore any significant variations to the forecast are reported and acted upon regularly. Minor percentage variations in activity could result in significant financial implications.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		<ul style="list-style-type: none"> • There is a forecast under-achievement of income of approximately £0.149m relating to off-street car parks. There have been several factors resulting in reduced income at the Lanes car park, including expiry of a contractual agreement with the Thistle Hotel and a mains sewer collapse on Black Lion Street causing access issues. These have contributed to transactions being approximately 15% less than last financial year to date. There have been some offsetting increases of transactions at other car parks. • There is a net income shortfall of £0.866m due to income from PCNs being lower than predicted. However, most of this (£0.649m) is due to required contributions to the bad debt provision following a detailed review of outstanding PCNs which has identified the need for write off of historic and uncollectable fines. There is also a pressure of £0.217m due to a delay in implementing new CCTV enforcement, where there have been delays in receiving approval for the required data protection enforcement security system from DfT and implementation of the required communication line. • Surplus income of £0.535m is forecast from parking permits. This has been caused by increased demand, removal of waiting lists for certain permits and the expected introduction of new and extended controlled parking zones. • Surplus income of £0.100m is forecast for leased car parks. Contractual arrangements in 	<ul style="list-style-type: none"> • Parking services and the Highways team have worked to improve temporary signage at works by The Lanes car park to increase customer awareness. • Finance are working with Parking staff to review the ongoing budget for contributing to the bad debt provision with a view to addressing this as part of the 2015/16 budget setting process. The service are working with the DfT and external suppliers to resolve issues surrounding the implementation of new CCTV enforcement as soon as possible.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		<p>place are expected to result in greater income than budgeted, as well as reducing unsupported borrowing costs.</p> <ul style="list-style-type: none"> • There is a forecast underspend of £0.340m on unsupported borrowing costs, where the repayment of previous years capital programmes are reducing and new schemes have not yet begun. • Other variances include overspend variance of £0.049m on car park premises budgets largely due to business rates costs at Trafalgar Street car park where transitional rate relief has ended this financial year. There are also one off costs of £0.035m to replace security mechanisms following a change in cash collection supplier and other minor overspend variances of £0.002m. 	<ul style="list-style-type: none"> • It is expected that the business rates pressure at Trafalgar Street will be funded in future years by reducing utility and unsupported borrowing costs. Other overspend variances are expected to be one-off costs in the current financial year. Budgets are reviewed on a regular basis to identify potential areas of offsetting underspends.
37	Highways	The variance largely relates to an overspend on staffing and a pressure on professional fees for highways inspection which are not fully covered by the income received. There may also be additional costs incurred as a result of legal action.	Is it expected that the highway inspections overspend will not be an on-going pressure as these costs are likely to be recoverable in the future under a proposed highways permit scheme; the service is exploring ways of reducing the current cost of this service. The legal fees are one-off costs relating to a single case.
65	Highways Engineering	The overspend largely relates to Highways Engineers' employee costs where the forecast value of works rechargeable to capital projects is less than budgeted. This is largely due to there being insufficient rechargeable time in the current financial year. This is partly offset within the Coast Protection budget where underspends are forecast within the	It is anticipated that the budget relating to staff costs rechargeable to capital projects is to be reviewed as part of an employee restructure within the Transport service.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		current year maintenance budget.	
67	Transport Planning & Road Safety	Overspends within the Transport Planning service include one-off fees for external support to develop new Highways contracts. There is also an overspend within the Public Transport budget where costs for the promotion of public transport initiatives are greater than budgeted.	The highways contracts costs is considered to be a one-off pressure.
25	Transport Policy	The overspend is largely due to a shortfall in income from development related highways works. There are also minor supplies and service overspends and offsetting underspends in salary costs.	The service will continue to review all expenditure, manage vacancies and potential income to offset the overspend position.
City Clean & City Parks			
(71)	City Infrastructure Management	There is a forecast employee underspend within this section of £0.056m where vacancies are currently being held. The City Infrastructure management section holds centralised budgets for staff training and other fees which are being managed to a forecast £0.015m underspend.	
281	City Clean Operations	There is a forecast overspend position of £0.171m relating to the City Clean Operations employee budget. There are a number of reasons for this overspend, including costs of a temporary additional round to help the bedding in process of a service redesign, additional weekend working with the introduction of the new communal recycling scheme and a high absence rate resulting in high levels of agency recruitment. There is also a forecast £0.166m overspend in transport related expenditure due to spot hire of vehicles which are required to support additional waste collection rounds and a large number of the existing fleet requiring repairs and maintenance as they are at	Vacancy management, reducing overtime to minimum standards and review of the use of agency staff will be put in place to reduce the variance across the remainder of the year.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		the end of their useful life in advance of a replacement programme. Other variances within the operations services total to an underspend of £0.026m which includes an underspend on private contractor costs and additional external receipts. There are minor underspend variances of £0.030m within the Contracts and Projects section.	
46	City Parks Operations	Rottingdean mini-golf course has been let at a peppercorn rent resulting in an income pressure of £0.023m and £0.005m in additional costs of managing the site as a nature reserve. There are other minor overspends of £0.018m.	Several attempts have been made to remarket the site with an appropriate use on a commercial basis but no viable commercial proposal has been forthcoming. Overspends are being managed to bring down the overall forecast variance. Various mitigation strategies such as holding of vacant posts and reducing expenditure on materials and small machinery are in place to reduce to overall overspend position.
(4)	Fleet Management	There are overspends within this section relating to vehicle maintenance and running costs; which are offset by underspends in employee and unsupported borrowing budgets resulting in a forecast net underspend of £0.004m.	
City Regeneration			
(1)	Head of City Regeneration	Minor underspend forecast.	
(20)	Sustainability	The forecast variance largely relates to vacancy management within the service resulting in an employee underspend of £0.027m, which is partly offset by anticipated non-recurring costs of additional support and initiatives of £0.007m.	
Planning & Building Control			
(5)	Head of Planning &	Minor underspend of supplies and services.	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
	Building Control		
23	Building Control	An overspend of £0.023m has been identified within the Building Control service. This is the overall net position after considering underspending on the salary budget of £0.063m and underachievement of income of £0.086m.	Fees charged are reviewed annually and are set with the intention to recover the full cost of the service. Fees will be reviewed for the 2015-16 financial year.
101	Development Control	A forecast employee overspend of £0.054m is due to delays to the implementation of a service redesign and long term sick absences resulting in increased use of agency staff. An income shortfall of £0.011m in respect of planning application fees is forecast. This has worsened by £0.027m since Month 7 mostly due to delays in a large application after an appeal submission. There are also other overspends £0.036m which mainly relate to unavoidable one-off legal costs for a public inquiry at the Northern end of Toads Hole Valley and a hearing on Church Street, Brighton.	Vacancies are being held in advance of a service redesign. It is not considered appropriate to reduce expenditure on agency staff in advance of the implementation of the re-design as this would have an impact on the ability of the service to generate income. The overspend on legal costs is considered to be unavoidable and one-off.
(79)	Planning Strategy and Projects	This mostly relates to consultancy budgets following delays to partnership agreements and underspends in one off schemes.	
Housing			
510	Corporate Critical - Temporary Accommodation & Allocations	Overall we have not been able to acquire a sufficient number of properties to replace the significant amount of handbacks on private sector leased accommodation this year which has resulted in a net loss of 12 properties. We have acquired 97 replacement properties to offset the 109 that have been handed back to the end of December 2014 which have been at higher rental rates due to the upward movement of prices in the housing market and is putting further pressure on the budget. The net loss of leased accommodation	New properties are being acquired as soon as possible to replace those being handed back in order to manage the number of more expensive spot purchase placements. There is a potential delay in the impact of Welfare Reform on this service as eligible clients are currently awarded Discretionary Housing Payments. Costs and income are continually under review and improvements to forecasting are being developed.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		<p>has resulted in the increased use of expensive spot purchase Bed and Breakfast accommodation with a projected 17,700 nights expected for 2014/15, which is an increase of 2,500 nights from Month 7. In addition, spot purchase Bed and Breakfast attracts a low rate of Housing Benefit compared to leased accommodation which has resulted in the collection of less income. There are additional pressures on the budget from existing block-booked Bed and Breakfast accommodation due to the length of placements. These costs are inclusive of VAT which we can reclaim, however due to clients who stay for longer periods of time, the VAT rate is reduced to zero after 28 consecutive days effectively increasing the gross cost. Finally the high number of properties being handed back has also resulted in a higher spend on dilapidations and high void rent loss as we prepare the properties for handback to owners which has increased the commitment by £0.132m from Month 7.</p>	
(9)	Travellers	<p>This budget includes £0.100m 2014/15 service pressure funding. A breakeven position is forecast subject to periodic reviews of operational management.</p>	
148	Private Sector Housing	<p>The further expansion of the Private Sector Licensing Scheme was projected to achieve savings in 2014/15 of £0.125m. The timetable for introducing the scheme including public consultation and decision by Members has slipped. Housing Committee (14 January 2015) have now approved our recommendation to commence consultation on designation of a further</p>	<p>Housing Committee have now approved our recommendation to commence formal consultation on designation of a further discretionary licensing scheme. We continue to offset pressures by: vacancy control across the whole of Housing Strategy, Development & Private Sector Housing; underspends on non-pay costs; maximising other customer receipts.</p>

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		discretionary licensing scheme in additional wards in the City with formal consultation to commence 26 January 2015. In addition, there are pressures on staffing costs of £0.075m across Private Sector Housing which are being offset by underspends on non pay costs and customer receipts of £0.052m.	
(151)	Other Housing	Pressures on income of £0.002m are being offset by underspends on Direct Employees of £0.068m and non pay costs of £0.085m	

Appendix 1 – Revenue Budget Performance

Assistant Chief Executive - Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(3)	Communications	789	788	(1)	-0.1%
105	Royal Pavilion, Arts & Museums	3,676	3,789	113	3.1%
133	Tourism & Venues	1,537	1,661	124	8.1%
0	Libraries	5,294	5,294	0	0.0%
(3)	Corporate Policy & Communities	5,283	5,276	(7)	-0.1%
0	Sport & Leisure	738	718	(20)	-2.7%
232	Total Revenue - Assistant Chief Executive	17,317	17,526	209	1.2%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Communications			
(1)	Communications	Minor underspend anticipated.	
Royal Pavilion, Arts & Museums			
113	Royal Pavilion, Arts & Museums	Royal Pavilion & Museums are reporting an overspend of £0.113m, due mainly to a continuation of pressures against the achievement of retail income of approximately £0.080m. There are further pressures from costs incurred following the withdrawal of the catering contractor.	Measures have already been implemented to improve the performance of retail, including restructuring, new products and investment in the shop. These are reflected in the latest forecast. The service is also holding recruitment to key posts relating to core conservation functions.
Tourism & Venues			
124	Tourism &	The closure of Hove Centre on 24 th December 2014 has led	The service will look to identify any

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
	Venues	to a reduction in budgeted hire fees from both external and internal hirers of £0.120m. Employee savings from the closure and other measures have reduced the impact of this to £0.057m. Tourism is forecasting a pressure of £0.025m from reduced sales commissions. The latest forecast includes a revenue contribution to capital of £0.042m to cover the outstanding final account in relation to Brighton Centre frontage works.	savings in other areas of the service to help offset this shortfall.
Libraries			
0	Libraries	Break-even position forecast at Month 9.	
Corporate Policy & Communities			
(7)	Corporate Policy & Communities	Minor underspend anticipated.	
Sport & Leisure			
(20)	Sport & Leisure	Vacancy management savings.	

Appendix 1 – Revenue Budget Performance

Public Health (incl. Community Safety and Public Protection) – Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Public Health	607	607	0	0.0%
0	Community Safety	1,448	1,448	0	0.0%
(28)	Public Protection	2,324	2,276	(48)	-2.1%
0	Civil Contingencies	178	178	0	0.0%
(28)	Total Revenue - Public Health	4,557	4,509	(48)	-1.1%

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Public Health			
0	Public Health	<p>The ring fenced public health grant is £18.695m (an increase of £0.510m from last year) for 2014-2015. In 2013-2014 an amount of £0.576m was carried forward as part of a Public Health reserve, mainly a result of unanticipated sexual health underspend. The latest spending plans for 2014-15 indicate that there will be an underspend of approximately £0.200m, mainly as a result of several senior members of staff moving on from B&H Public Health. This will be carried forward to 2015-16 and spent on agreed non-recurrent projects that have clear public health outcomes.</p> <p>Public Health have already agreed to fund the Older People Preventative contracts (£0.250m) and HIV Preventative contracts (£0.245m) in Adult Social Care and the Family Nurse Partnership (£0.240m); Intelligence funding (£0.120m); CAMHS (£0.080m)</p>	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		and Play Service (£0.020m) in Children's services on a recurrent basis. All of these are factored into relevant TBM forecasts and budget setting for 2015-16.	
Community Safety			
0	Community Safety	Break-even position forecast at Month 9.	
Public Protection			
(48)	Public protection	An underspend of £0.048m is forecast, which is an improvement of £0.020m from Month 7. Vacant posts are held pending 2015/16 budget setting and anticipated staffing changes. Income from fees is on target, but there has also been unforeseen, non-recurring income from provision of air quality expertise to a neighbouring district council. These factors are helping to offset overspends in relation to one-off costs of site investigations of contaminated land and increased cost of external animal welfare provision.	
Civil Contingencies			
0	Civil Contingencies	Break-even position forecast at Month 9.	

Appendix 1 – Revenue Budget Performance

Resources & Finance and Law - Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
4	City Services	8,003	8,060	57	0.7%
(200)	Housing Benefit Subsidy	(613)	(1,098)	(485)	79.1%
73	HR & Organisational Development	3,996	4,069	73	1.8%
0	ICT	6,718	6,718	0	0.0%
(330)	Property & Design	4,546	4,250	(296)	-6.5%
(209)	Finance	5,649	5,440	(209)	-3.7%
0	Performance, Improvement & Programmes	814	814	0	0.0%
(10)	Legal & Democratic Services	2,973	2,943	(30)	-1.0%
(672)	Total Revenue - Resources & Finance	32,086	31,196	(890)	-2.8%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
City Services			
29	Revenues & Benefits	The Revenues and Benefits service is forecasting an overspend this month of £29k, due mainly to the costs associated with catch-up on work backlogs. This has been a deliberate risk management decision to ensure that income collection rates are maintained and consequently receipt of the performance element of subsidy is protected.	
18	Life Events	The approval of the fees and charges report	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		at Policy & Resources Committee in October has reduced the estimated underachievement of Bereavement Services and Registrar's income to £0.170m. This is further offset by expected overachievements in Land Charges fee income of £0.075m and various other income gains of £0.023m. Elsewhere in the service there were various underspends of £0.054m, due mainly to management of vacancies and lower maintenance costs this year at the Crematorium.	
10	Standards & Complaints	A forecast overspend of £0.010m, relating to staffing costs, including agency and maternity cover.	
Housing Benefit Subsidy			
(485)	Corporate Critical - Housing Benefit Subsidy	A surplus of £0.240m is estimated in respect of the recovery of former Council Tax Benefit overpayments. Based on the latest information available a surplus of £0.245m is forecast for rent allowance and rent rebate subsidy budgets. There is a potential risk to this forecast as the DWP are considering making an adjustment of £0.490m following completion of the 2013/14 subsidy audit. Officers have responded to the query raised and it is considered very unlikely that the adjustment will be made so it has not been reflected in the forecast.	
HR & Organisational Development			
73	HR & Organisational	A projected £0.073m overspend has been	This corporate budget pressure is currently

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
	Development	reported within the service. This is due to a gap between the cost of the current level of full-time corporate release for union activities and the available budget.	being reviewed.
ICT			
0	ICT	Break even position forecast as at Month 9.	The one off funding received has offset some of the shortfall in the contracts budget but there are still budget pressures in other areas. These pressures should be offset by savings on other budget lines.
Property & Design			
(296)	Property & Design	A stop on planned maintenance works totalling £0.149m has been agreed to help the current Council TBM overspend and this has been included in projections. Commercial rents are still holding up well with higher income from successful rent reviews and lease renewal negotiations. In addition there have been reductions in the number of voids for the rental properties on the high street and increased rental reductions due to Estate rationalisation under Corporate Landlord, all amounting to £0.065m. There are also underspends within Facilities Corporate Landlord through revised Mechanical and Engineering contracts estimated at £0.082m.	
Finance			
(209)	Finance	The forecast for Financial Services, Procurement & Audit is an underspend of £0.209m, of which £0.111m is within the Audit Service. This is a non-recurrent saving because some of the staff from the	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		Corporate Fraud team have transferred to the Department of Works & Pensions (DWP) on 1 st October 2014 under the Single Fraud Investigation Service (SFIS) but there is no corresponding reduction to the council's Housing Benefit Administration Grant funding until 2015/16. The remaining £0.098m is from vacancy control within the Financial Services area.	
Performance & Improvement			
0	Performance, Improvement & Programmes	Break even position forecast as at Month 9.	
Legal & Democratic Services			
(30)	Legal & Democratic Services	In Legal Services, increased property receipts have led to an expected overachievement of income of £0.020m and there is also a small underspend of £0.010m in respect of Democratic Services budgets.	

Appendix 1 – Revenue Budget Performance

Corporate Budgets - Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(130)	Bulk Insurance Premia	0	(180)	(180)	0.0%
(110)	Concessionary Fares	10,615	10,496	(119)	-1.1%
0	Capital Financing Costs	8,904	8,654	(250)	-2.8%
0	Levies & Precepts	161	161	0	0.0%
(40)	Corporate VfM Savings	16	0	(16)	100.0%
0	Risk Provisions	2,701	811	(1,890)	-70.0%
258	Other Corporate Items	(15,513)	(15,250)	263	1.7%
(22)	Total Revenue - Corporate Budgets	6,884	4,692	(2,192)	-31.8%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Bulk Insurance Premia			
(180)	Bulk Insurance Premia	The underspend has arisen from a reduced cost in claims to date.	
Concessionary Fares			
(119)	Concessionary Fares	Underspend as a result of conclusion of negotiations on fixed deal arrangements with Brighton & Hove Buses and Stagecoach.	
Capital Financing Costs			
(250)	Capital Financing Costs	The Borrowing Strategy has been revised in light of the changes in projected interest rates and new borrowing opportunities. This will mean the council can take advantage of forward rate borrowing in future years that	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		<p>can provide certainty over costs and avoid the short term pressure of holding additional cash balances at low investment rates. Taking advantage of this opportunity is in accordance with the council's agreed Treasury Management Policy Statement. This results in a saving in 2014/15 of £0.230m and allows for a ongoing saving in future years of £0.14m which is reflected in the 2015/16 budget. In addition, the average cash balances are higher than originally forecast for 2014/15 and this will result in £0.020m additional investment income.</p>	
Corporate VFM Projects			
(16)	Corporate VFM Projects	<p>The savings associated with the Third Party Spend corporate VFM project are currently still being finalised and are expected to be achieved through additional procurement / third party spend savings on contract renewals and renegotiations across a range of services.</p>	
Risk Provisions			
(1,890)	Risk Provisions & Contingency	<p>The risk provision budget includes the following main items:</p> <ul style="list-style-type: none"> £2.000m risk provisions including £0.110m set aside centrally to cover the in-year additional costs of the new security carrier contract which otherwise would be recharged across all users of the service. The remaining £1.890m is now being released to partially mitigate the overall overspend. 	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		<ul style="list-style-type: none"> • A balance of £0.455m held centrally for Adult Social Care modernisation. • £0.246m for other contingency items. 	
Other Corporate Items			
185	Pension Costs	This overspend relates to the budget for additional compensation payments to former employees of the Council or its predecessor authorities. The benefits are subject to annual increases in line with the September Retail Price Index (RPI) which is generally higher than our corporate inflation rates for pay costs. This had been expected to be offset by a reduction in the number of beneficiaries but this has remained fairly static. All related reserves that were being used to fund yearly fluctuations have now been exhausted.	This has been addressed during the 2015/16 budget setting process.
78	Unringfenced Grants	The shortfall relates to lower than anticipated income from the Education Services Grant.	

Appendix 1 – Revenue Budget Performance

Housing Revenue Account - Revenue Budget Summary

Forecast Variance Month 7 £'000	Housing Revenue Account	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
49	Employees	8,563	8,250	(313)	-3.7%
(291)	Premises – Repair	11,193	11,013	(180)	-1.6%
(78)	Premises – Other	2,987	2,818	(169)	-5.7%
85	Transport & Supplies	3,231	3,382	151	4.7%
0	Support Services	2,239	2,253	14	0.6%
(8)	Third Party Payments	185	177	(8)	-4.3%
0	Revenue contribution to capital	22,074	22,074	-	0.0%
626	Capital Financing Costs	8,564	9,190	626	7.3%
383	Total Expenditure	59,036	59,157	121	0.2%
19	Dwelling Rents (net)	(50,423)	(50,440)	(17)	0.0%
42	Other rent	(1,412)	(1,373)	39	2.8%
35	Service Charges	(6,588)	(6,627)	(39)	-0.6%
(35)	Other recharges & interest	(613)	(658)	(45)	-7.3%
61	Total Income	(59,036)	(59,098)	(62)	-0.1%
444	Net Expenditure / (Income)	-	59	59	0.0%
(600)	Funded from Reserves	-	(600)	(600)	0.0%
(156)	Total	-	(541)	(541)	0.0%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Housing Revenue Account			
(313)	Employees	The forecast for employees is an underspend of £0.313m. This is due to vacancy management, partly offset by costs of Agency Staff being employed to cover long term sickness/vacancy cover.	
(180)	Premises - Repairs	The forecast underspend for Premises - Repairs is an underspend of £0.180m as responsive repairs are forecast to underspend by £0.250m, based on current trends. There are further underspends of £0.022m in relation to Cold Water Tanks, £0.028m in relation to Asbestos works and £0.050m forecast in relation to Fire Risk works due to efficiencies. These underspends are offset by a forecast overspend of £0.100m in respect of Gas Servicing and a further £0.106 m on Void Works as the level of repairs required has been higher in recent months.	
(169)	Premises - Other	Forecast underspend on electricity and gas costs by £0.148m. Latest available consumption data suggests lower spend than originally calculated at budget setting time. There is a further underspend of £0.030m in relation to Decorating Vouchers and £0.015m in respect of Council Tax due to there being no further transfers to Seaside Homes in the current financial year. This has been offset by a forecast overspend on business rates of £0.009m and on Rubbish Clearance of £0.016m	
151	Transport & Supplies	The projected overspend has increased to £0.226m. This includes £0.061m in respect of service charges for Park Royal. It also includes additional security sweeps around blocks night and day, £0.104m. There is a further forecast overspend of £0.036m in respect of Professional Fees. This is offset by a projected underspend of £0.025m in respect of Mutual Exchange Support and by £0.050m in Supplies & Services efficiencies.	This is currently being managed within the service by underspends elsewhere in the HRA.
626	Capital Financing Charges	Capital financing costs estimates have increased to reflect the requirement to repay a £3.9 m loan as it matures at the end of the financial year. The original budget was set with £3.3m in the	Overspend to be funded from Capital Reserves.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		revenue budget 2014/15 and £0.6m to be funded from RTB capital receipts debt allowance currently held in reserves. The capital financing budget will be increased to reflect the use of reserves.	
39	Rents - Other	Forecast under achievement of rents for garages and car parking spaces of £0.036m. Plus a forecast overspend of £0.018m in respect of void garages and car parking spaces. This is offset by a projected overachievement of rental income from commercial properties	
(45)	Other Income & Recharges	Other Income and Recharges is forecast to overachieve by £0.045m. The INTERREG claim is forecast to be £0.022m higher than forecast however this is offset by overspends contained within the forecasts for Employees and Transport & Supplies. Rechargeable Works is forecast to over achieve by £0.012m there is also income of £0.010m relating to a rebate of 25% from non sheltered launderettes.	

Dedicated Schools Grant - Revenue Budget Summary

Forecast Variance Month 7 £'000	Dedicated Schools Grant (DSG)	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Individual Schools Budget (ISB) <i>(This does not include the £7.219m school balances brought forward from 2013/14)</i>	120,109	120,109	0	0.0%
(549)	Early Years Block (including delegated to Schools) <i>(This includes Private Voluntary & Independent (PVI) Early Years 3 & 4 year old funding for the 15 hours free entitlement to early years education)</i>	12,606	12,057	(549)	-4.4%
(449)	High Needs Block (excluding delegated to Schools) <i>(This includes the £1.446m underspend brought forward from 2013/14)</i>	18,284	17,869	(415)	-2.3%
(117)	Exceptions and Growth Fund	5,992	5,859	(133)	-2.2%
0	Grant Income	(155,544)	(155,544)	0	0.0%
(1,115)	Net DSG Budget	1,447	350	(1,097)	-75.8%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Early Years Block			
(600)	PVI Payments – 2 Year Olds	Take up is significantly less than budgeted for.	
51	PVI payments – 3 & 4 Year Olds	Take up is greater than budgeted for.	Costs will be monitored closely over the year and efforts made to reduce costs or identify mitigating savings to bring these budgets back in balance where possible.
High Needs Block			
29	Various	Other minor overspends.	Costs will be monitored closely over the year and efforts made to reduce costs or identify mitigating savings to bring these budgets back in balance where possible
(444)	Unspent balance brought forward from 2013/14	Unallocated balance brought forward used to cover identified overspends.	
Exceptions & Growth Fund			
		The total underspend of £0.133m in this area relates to items specifically approved by the Schools Forum and is therefore not available for general DSG spending.	
(75)	Admissions & Transport	Staffing and other savings.	
(58)	Schools central costs	Other minor underspends.	

NHS Trust Managed S75 Budgets - Revenue Budget Summary

Forecast Variance Month 7 £'000		2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
	S75 Partnership				
286	Sussex Partnership Foundation NHS Trust (SPFT)	11,303	11,648	345	3.1%
30	Sussex Community NHS Trust (SCT)	647	697	50	7.7%
316	Total Revenue - S75	11,950	12,345	395	3.3%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note WTE = Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Sussex Partnership Foundation NHS Trust			
345	SPFT	Sussex Partnership NHS Foundation Trust is reporting an overspend of £0.690m. The overspend reflects continuing 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 Memory & Cognition Support. There continues to be a pressure from an increase in need and complexity in Mental Health and forensic services across residential and supported accommodation. In line with the revised risk-share arrangements for 2014/15 any overspend will be shared 50/50 between CCG (not SPFT) and BHCC and this is reflected in the figure of £0.345m reported here.	As for Adult Social Care, there will be increased panel scrutiny of all complex or high cost placement requests to assure value for money against eligible care needs. Where possible, no placements will be made above the agreed local authority rates. The Risk share arrangement with SPFT has been updated and the CCG have agreed to fund 50% of the overspend on this budget. Taskforce in place to ensure that all appropriate funding sources are identified.
Sussex Community NHS Trust			
50	SCT	The Integrated Community Equipment Store (ICES) budget is forecasting an overspend of £0.050m, which is an increase of £0.020m	The service has switched to alternative equipment suppliers to help deliver

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note WTE = Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		form Month 7.	efficiencies and manage down the projected overspend. The future commissioning arrangements of the service were agreed by P&R on 17th November.

Value for Money Programme Performance (All Phases)

Projects	Savings Target £m	Achieved £m	Anticipated £m	Uncertain £m	Achieved %
Adult Social Care	2.903	0.965	0.078	1.860	33.2%
Children's Services	2.539	0.815	0.272	1.452	32.1%
Third Party Spend	2.276	1.301	0.650	0.325	57.1%
Workstyles	0.060	0.060	0.000	0.000	100.0%
Accelerated Service Redesign (FYE)	1.626	0.981	0.645	0.000	60.3%
Client Transport	0.263	0.263	0.000	0.000	100.0%
VFM Phase 4 Additional Saving	0.250	0.250	0.040	0.000	100.0%
Total All VFM Projects	9.917	4.635	1.685	3.637	46.7%

Explanation of 'Uncertain' VFM Savings:

Uncertain Savings £'000	Description	Mitigation Strategy for Uncertain Savings
Adult Social Care		
1,860	Adult Social Care services had been under pressure throughout the previous financial year and this pressure is currently showing a continuing upward trend through 2015/16. This will place the achievement of VFM savings under serious threat both in the current year and beyond unless remedial action can be identified.	Financial recovery measures have been identified where possible, including one-off measures, to improve the position in-year alongside additional scrutiny that has been put in place in relation to care packages, particularly out-of-area and high cost packages. Mitigating cost reductions on Continuing Health Care (CHC) should also aid the position and a new risk share agreement with the CCG has provided funding of £1.3m toward both council cost pressures and the S75 arrangement with Sussex Partnership Foundation Trust.
Children's Services		
1,452	Appendix 1 provides details of the current pressures across Children's Services. The main pressures are arising from an upward trend in Independent Foster Agency placements	VFM and partnership work are continuing in the hope that trends can be halted and reversed through measures including Early Help strategies, recruitment of 'in-house'

Appendix 2 – VFM Performance

Uncertain Savings £'000	Description	Mitigation Strategy for Uncertain Savings
	(IFAs) and lower than expected recruitment of 'in-house' foster carers.	foster carers, and the SEN/Disability task & finish work. One-off recovery measures have been identified to mitigate the position in the current year and the forecast has continued to slowly improve since month 2 (June 2014).
Third Party Spend		
325	Uncertain elements concern Adult Social Care provider contract savings which are £0.141m lower than anticipated. In addition, lower than anticipated savings of £0.097m have been achievable on renegotiated Supporting People provider contracts. There is also a shortfall of £0.087m on Corporate Landlord savings due to higher than expected costs relating to 3 contracts.	<p>Adult Social Care contract negotiations are now complete and the challenging £1.000m saving target, although substantially met, has fallen short. This will need to be managed alongside other pressures across Adult Social Care as noted above and in Appendix 1.</p> <p>The Supporting People variance is being covered by additional permanent savings on HRA contracts (£0.034m) and temporary funding from Homelessness Prevention budgets (£0.063m). 2014/15 is the final year of the 4 year SP strategy and contracts are being reviewed to mitigate the temporary funding for 2015/16 and beyond.</p> <p>The Corporate Landlord shortfall will be offset overall in 2014/15, and ongoing, by increased rental incomes within the Corporate Landlord portfolio.</p>

Children’s Services – Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2014/15 TBM 7 Budget £'000	Reported at other Meetings £'000	New Schemes (Appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Child Health Safeguard and Care	89	0	0	0	89	89	0	0.0%
0	Education and Inclusion	17,090	0	0	(7,222)	9,868	9,868	0	0.0%
0	SEN & Disability	489	0	0	0	489	489	0	0.0%
0	Schools	1,881	0	0	0	1,881	1,881	0	0.0%
0	Stronger Families Youth & Communities	412	0	0	0	412	412	0	0.0%
0	Total Children’s Services	19,961	0	0	(7,222)	12,739	12,739	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Children’s Services				
Reprofile	(6,488)	New Pupil Places	Large elements of funding allocated to Local Authorities is formula based or in response to bids. Once funding is secured projects are designed, developed and construction started on site. However, cashflows for schemes rarely follow in year allocations. The projects at Aldrington Primary, Connaught Infants, Hove Junior at Holland Road, St Nicolas	

Appendix 3 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			<p>and the main phase of work at Brackenbury have all been completed. A small extension will start at Brackenbury in March but the expenditure for this will fall in 2015/16.</p> <p>The two remaining 1FE (form of entry) expansion projects at Saltdean and St Andrews Primary Schools have been designed and planning applications for both schemes are currently being considered. However, the design process took longer than anticipated and as a result the projects are not due to start on site until March 2015. Expenditure on the projects this year will be minimal with the majority falling in 2015/16. Some initial work has been undertaken this year with a consultant to look at four secondary schools to assess their current accommodation and their ability to be extended by 1FE or 2FE. The possible location for a new secondary school is also being considered. However, secondary school expenditure this year has been minimal. Forecast expenditure is anticipated to be £4,853m. The balance of the budget of (£6.489m) needs to be reprofiled to assist in meeting our outstanding commitments next year.</p>	
Reprofile	(563)	Capital Maintenance	<p>This year we have procured for the first time a large proportion of our major building maintenance projects through the East Sussex Framework. Completing the documentation, selection and pricing processes took longer than anticipated. As a result work was programmed later. Some work had to be retendered traditionally and will start towards the end of the financial year with expenditure falling in 2015/16.</p>	

Appendix 3 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			<p>Our rolling programme of condition surveys has taken longer to complete than planned and as a result some of this year's establishments will be surveyed early in the new financial year.</p> <p>Proposals for disabled access improvements at a number of establishments are still under consideration and pricing. It is unlikely now the work will start before Easter and therefore this expenditure will be in 2015/16.</p> <p>The forecast spend for Capital Maintenance is now £2.3m. The balance of the budget (£0.563m) should be reprofiled to assist in meeting our outstanding commitments next year.</p>	
Variation	40	Structural Maintenance	To raise the revenue contribution to capital by 0.040m to £0.940m.	
Reprofile	(211)	Devolved Formula Capital	Devolved Formula Capital is a financial resource that is devolved to schools by the LA. Schools have the option to accrue the money for a maximum of 3 years. However, accrued funds are normally retained by the LA. The reprofile reflects the current requests from schools for their respective allocations.	

Adult Services – Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2014/15 TBM 7 Budget £'000	Reported at other Meetings £'000	New Schemes (Appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Adults Assessment	423	0	0	(51)	372	372	0	0.0%
0	Adults Provider	81	0	0	0	81	81	0	0.0%
0	Commissioning and Contracts	124	0	0	0	124	124	0	0.0%
0	Total Adult Services	628	0	0	(51)	577	577	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Adults Assessment				
Slippage	(51)	Telecare	The budget is used to purchased telecare devices which are assistive technology to support vulnerable people connected to the 24/7 monitoring and response centre managed by CareLink Plus (adult social care). Through discussions with the main supplier, lower unit costs for the equipment has been achieved. Items of equipment such as key safes have also been recycled so the number of purchases for these items have been lower than anticipated. These are factors within the Council's control and support the value for money approach.	

Appendix 3 – Capital Programme Performance

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

Forecast Variance Month 7 £'000	Service	2014/15 TBM 7 Budget £'000	Reported at other Meetings £'000	New Schemes (Appendix 4) £'000	Variation, Slippage/ reprofile £'000	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	City Infrastructure	4,916	0	0	(61)	4,855	4,855	0	0.0%
0	City Regeneration	4,000	0	0	0	4,000	4,000	0	0.0%
0	Planning & Building Control	481	0	0	0	481	481	0	0.0%
0	Transport	12,065	0	250	(35)	12,280	12,280	0	0.0%
0	Housing GF	2,134	0	0	0	2,134	2,134	0	0.0%
0	Total Environment, Development & Housing GF	23,596	0	250	(96)	23,750	23,750	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
City Infrastructure				
Reprofile	(61)	Downland Initiative Project	The Downland Initiative money has been earmarked for two projects. The opening up of the Patcham Court Farm and some smaller areas of open access and the capital elements of the grazing project. The open access work was due to be completed this year. Most of the work has been completed but due to legal issues over the sighting of a footpath near a rifle range there is a delay on the site interpretation material which may not be produced this year. The grazing work is ongoing and the spend depends on what gets approved as each scheme goes to consultation, so the spend is quite uneven and therefore requires reprofile into next financial year.	

Appendix 3 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
City Regeneration				
Variation	0	Major Projects	<p>The existing budgets within Major Projects have been reallocated to match the expected expenditure on the projects. The variations to budgets are shown below and overall balance to zero:</p> <p>Royal Pavilion Estate £0.010m Circus Street Development £0.044m Regeneration of Black Rock £(0.054)m Brighton Centre Redevelopment £(0.257)m Waterfront Redevelopment £0.257m</p>	
Transport				
Variation	(35)	Various	<p>Variations to capital budgets under £0.050m each: Better Bus Areas £0.015m and Local Sustainable Transport Fund £0.020m, to bring capital budgets in line with original awards.</p>	

Appendix 3 – Capital Programme Performance

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

Forecast Variance Month 7 £'000	Service	2014/15 TBM 7 Budget £'000	Reported at other Meetings £'000	New Schemes (Appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
48	City Regeneration	720	0	0	(360)	360	360	0	0.0%
(636)	Housing HRA	30,269	0	60	(694)	29,635	28,844	(791)	-2.7%
(588)	Total Environment, Development and Housing HRA	30,989	0	60	(1,054)	29,995	29,204	(791)	-2.6%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
City Regeneration				
Slippage	(320)	Redevelopment of HRA vacant garage sites	Contractor about to be appointed and draft cash-flow revised to reflect current position.	Project on target to achieve start on site March 2015. Strategy not required.
Reprofile	(40)	Feasibility and Design - Housing Investment	Further works to be identified during 2015/16.	This will be added to the budget in 2015/16.
Housing HRA				
Reprofile	(435)	Lifts	The lift invoices are paid in line with milestone tasks completed. The average time for completion of lift replacements in a block with 2 lifts requiring 'knock-throughs' (so both lifts serve all floors) is circa 20 to 25 weeks per lift (40 to 50 weeks per block) – depending on how many floors there are in the block. With works starting at different points throughout the	

Appendix 3 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			year, it is likely that lift replacements will span financial years. That is the case with Leach Court, Dudeney Lodge, Wiltshire House and St James' House lift replacement. Works on Philp Court & Highcroft Lodge are due to start in February 2015 and will continue into 2015/16. Elwyn Jones Court has been moved to the last year of the lift replacement programme (17/18) as part of the revised 5 year plan we are now working to.	
Reprofile	(92)	Car Parks and Garages	There was a delay in commissioning a new sub-contractor to be accepted onto Mears Approved List of Suppliers - this has now been agreed.	Funding is requested to be reprofiled onto next years budget.
Reprofile	(82)	Block Conversions	Reprofile required due to delays beyond our control. Sanders House: Decanting availability has slowed down the conversion time. Evelyn Court: As well as availability for decanting causing delays, a further reason for delay is due to the sprinkler system needing to be installed before works can progress further. Previously reported as an overspend at TBM5.	Change in decant procedures should enable these projects to progress in the next financial year.
Reprofile	(50)	Water Tanks	Three months without the Building Services Engineer (now recruited via agency) has impacted on the water tank replacement/repair programme originally set up. The programme is now underway, but will not be completed within the timescale originally set.	
Reprofile	(35)	Door Entry and CCTV	The electrical engineer responsible for DES/CCTV is on long term absence. (He is expected to return end February). This engineer manages the DES/CCTV	

Appendix 3 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			repair/replacement project and is not available to project manage the whole process (specification and quotes already complete) – including installation, technical quality checking and invoice sign off for 7 DES installations planned in blocks. These installations are part of the overall DES repair/replacement programme and will continue April 2015 onwards.	
Overspend	355	Roofing	Previously reported £0.500m overspend at TBM 5 for Robert Lodge and Sanders House, as roofs that are currently top of the list of poorly performing roofs and are being repaired as a priority addition to the original programme. These forecasts have now reduced to £0.310m in 2014/15, as a proportion of these works will be carried out in 2015/16. The TBM month 9 forecasts now include three new projects added to the roofing, windows & cladding HRA capital programme. These projects will commence in 2014/15, with completion in 2015/16. The HRA Capital Programme Report for 2015-2018, also being presented to this committee, includes budget and funding for completion of these projects.	An asset management decision in the interests of value for money to advance the Citywide programme to address poorly performing roofs which will reduce ongoing maintenance costs.
Overspend	311	Rewire	Overall the rewire programme will be overspent due to the higher than expected demand for urgent works to be carried out in empty properties and also the higher than expected number of empty properties coming through the process.	No further occupied properties will be actively sought out for works and only emergency/urgent works will be actioned until financial year end. A review of property profile and occupation status to be carried out on a monthly basis to ascertain if this is an ongoing trend.
Overspend	217	Condensation and Damp	The overspend is due to an influx of saturated cavity wall insulation which had to be removed	This overspend should be covered by underspends in other areas (Extensions

Appendix 3 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			to eradicate damp and mould to several properties.	budget).
Overspend	105	Minor Capital Works	An increase in demand on the minor works capital budget has led to a forecast overspend. Previously reported as £0.084m at TBM 7.	Can be met through underspends elsewhere in the capital programme.
Overspend	203	Cladding	Acceleration of cladding workings at Bristol Estate results in showing an overspend compared to the 2014/15 budget but not against overall project costs. The TBM9 forecasts now include three new projects added to the roofing, windows & cladding HRA capital programme. These projects will commence in 2014/15, with completion in 2015/16. The HRA Capital Programme Report for 2015-2018, also being presented to this committee, includes budget and funding for completion of these projects.	Project is still due for completion in 2015/16 and still within current overall budget.
Overspend	29	Various	Various overspends under £0.050m each: Partnership Establishment Costs £0.006m, Feasibility and Design (P&I) £0.005m, Kitchens £0.018m.	
Underspend	(569)	Conversions & Extensions	This project was placed on hold pending a review of the Policy. Previously reported £0.469m at TBM month 7.	
Underspend	(347)	Fire Safety & Asbestos Management	Part of Bates Estate Fire upgrade works were delayed awaiting advice from the Fire Health and Safety Board.	Programme will be continued in next financial year.
Underspend	(307)	Structural Repairs	The cost of works is lower than originally anticipated, which has resulted in underspends at St Aubyns (£0.278m) and Stevens Court (£0.029m). This was previously reported as	This is a cost saving for the partnership due to value engineering of the project.

Appendix 3 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			£0.099m at TBM month 7.	
Underspend	(254)	Decorations	To accelerate the programme for both internal and external decorations increased to the budget. The time to implement the programme has taken longer than expected and has resulted in an underspend.	The budget has been increased in future years to accommodate the accelerated programme.
Underspend	(184)	Insulation	Programming of capital projects being spread out more efficiently over 2 financial years.	
Underspend	(133)	Empty Properties	This project is based on a reactive (needs based) basis and the number of Empty Homes. Previously reported as an underspend of £0.113m at TBM month 7.	
Underspend	(100)	DES/CCTV	Door inspection and resulting repair/ replacement programme has impacted on the Door Entry System (DES) upgrade/ replacements. DES replacement/upgrade cannot be actioned until a decision is made regarding the actual entrance/exit door at blocks. Leaseholder consultation process for door and DES is then combined.	Programme will be continued in next financial year.
Underspend	(80)	Water Tanks	Three months without Building Services Engineer (now recruited via agency) has impacted on the water tank replacement/repair programme originally set up. The programme is now underway, but will not be completed within the timescale originally set.	Programme will be continued in next financial year.
Underspend	(37)	Various	Various underspends under £0.050m each: Windows (Essex Place project) £0.008m, Fencing £0.027m, City College Partnership £0.002m.	

Appendix 3 – Capital Programme Performance

Assistant Chief Executive - Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2014/15 TBM 7 Budget £'000	Reported at other Meetings £'000	New Schemes (Appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Corporate Policy Performance & Communities	0	0	0	0	0	0	0	0.0%
0	Royal Pavilion Arts & Museums	362	0	33	0	395	395	0	0.0%
0	Sports & Leisure	133	0	0	0	133	133	0	0.0%
0	Libraries	233	0	0	0	233	233	0	0.0%
0	Tourism & Venues	12,042	0	0	0	12,042	12,042	0	0.0%
0	Total Assistant Chief Executive	12,770	0	33	0	12,803	12,803	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Assistant Chief Executive				
No Changes				

Public Health – Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2014/15 TBM 7 Budget £'000	Reported at other Meetings £'000	New Schemes (appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Public Health	252	0	0	0	252	252	0	0.0%
0	Public Protection	195	0	0	0	195	195	0	0.0%
0	Total Public Health	447	0	0	0	447	447	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Public Health				
No Changes				

Finance, Resources and Law - Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2014/15 TBM 7 Budget £'000	Reported at other Meetings £'000	New Schemes (appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	City Services	250	0	0	0	250	250	0	0.0%
0	Finance	0	0	0	0	0	0	0	0.0%
0	HR Organisational Development	165	0	0	0	165	165	0	0.0%
	ICT	2,758	0	0	0	2,758	2,758	0	0.0%
0	Performance Improvement & Programmes	10	0	0	0	10	10	0	0.0%
0	Property & Design	6,112	0	0	(165)	5,947	5,947	0	0.0%
0	Total Finance, Resources and Law	9,295	0	0	(165)	9,130	9,130	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Property & Design				
Reprofile	(75)	Brighton Centre – Replacement chiller units	The delay to the Brighton Centre chiller units replacement will push this project across financial years as a result of having to tender the contract three times to ensure probity and the loss of the in-house lead resource.	

Appendix 3 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Reprofile	(90)	Madeira Terrace Structural Repairs	The completion of the refurbishment of the two pilot bays has been delayed through finding solutions to rectifying a number of defects that became apparent as the structure was unpicked. The reinstatement of the bays is now likely to be completed in mid-April although the protective fencing work will need to be revised to provide a safe environment.	

Corporate Services - Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2014/15 TBM 7 Budget £'000	Reported at other Meetings £'000	New Schemes (appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Corporate Services	25	0	0	0	25	25	0	0.0%
0	Total Corporate Services	25	0	0	0	25	25	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Corporate Services				
No Changes				

New Capital Project Approval Request				
Unit:	Royal Pavilion & Museums			
Project title:	Museum Van Replacement			
Total Project Cost (All Years):	£33,055			
Purpose, benefits and risks:				
<p>The purpose of the capital expenditure is to replace the old museum van with a new one that meets the needs of the museums service and the Council fleet policies. The benefits of having a new museum van are to ensure a safer, efficient and long-term cost effective way of running the museum business as the new van will be cheaper to run, to maintain and safer. There is also a budget amount allocated for this project and the tendering process will be managed by the council's fleet managers to ensure the best quality and price.</p>				
Capital expenditure profile (£'000):				
Year	This Year	Next Year	Year After	TOTAL
Unsupported Borrowing	33			33
Total estimated costs and fees	33			33
Financial implications:				
<p>The cost of the van will be funded by unsupported borrowing which will be paid back from revenue over the next five years.</p>				

New Capital Project Approval Request				
Unit:	Housing Revenue Account			
Project title:	243-245 Preston Road Refurbishment			
Total Project Cost (All Years):	£444,000			
Purpose, benefits and risks:				
<p>In November 2013, Housing Committee agreed to the demolition, final feasibility study, design and development of 243-245 Preston Road. A further report was taken to Housing Committee in September 2014, which noted the design and planned changes to this site and approved the estimated levels of subsidy required from the HRA for this site for the chosen rent model, with delegated authority to the Executive Director of Environment, Development & Housing and the Executive Director of Finance & Resources to agree reasonable amendments to that subsidy if changes arise. This scheme will deliver two much needed 3 bedroom, wheelchair accessible bungalows. Since September the final price for the development has been submitted which shows that costs have increased by approximately £0.060m, which is partly due to contamination identified on the site. The project is being delivered through the Sustainable Futures Strategic construction partnership and work starts in early 2015.</p>				
Capital expenditure profile (£'000):				
Year	This Year	Next Year	Year After	TOTAL
Unsupported Borrowing	60	384		444
Total estimated costs and fees	60	384		444
Financial implications:				
<p>This project is to be financed through HRA borrowing using the new net rental income streams to pay for the principal and interest on the borrowing required to fund this development. Housing Committee in September 2014 approved the level of subsidy requirement from the HRA of £0.047m, this was based on borrowing over a period of 30 years. Following submission of the final costs/budget requirement, further modelling has been carried out based on borrowing over 40 years. This shows that subsidy levels with borrowing over 40 years are approximately £0.048m, which is similar to the level agreed by Housing Committee. The lifetime of these homes is a minimum of 60 years and therefore it is reasonable to assume that the rental income streams will continue over this period.</p>				

New Capital Project Approval Request				
Unit:	Transport			
Project title:	North Street			
Total Project Cost (All Years):	£700,000			
Purpose, benefits and risks:				
Funds to enable improvement of the public realm in North Street between Ship Street and East Street. Works to be funded by Royal Bank of Scotland (RBS). Low risk as any potential overspend will be identified by the RBS project team and additional contributions negotiated where necessary.				
Capital expenditure profile (£'000):				
Year	This Year	Next Year	Year After	TOTAL
External Contribution (inc S106)	250	450		700
Total estimated costs and fees	250	450		700
Financial implications:				
All funding is provided by RBS, including recompensing BHCC for officer time supporting delivery of the project.				

