



Brighton & Hove
City Council

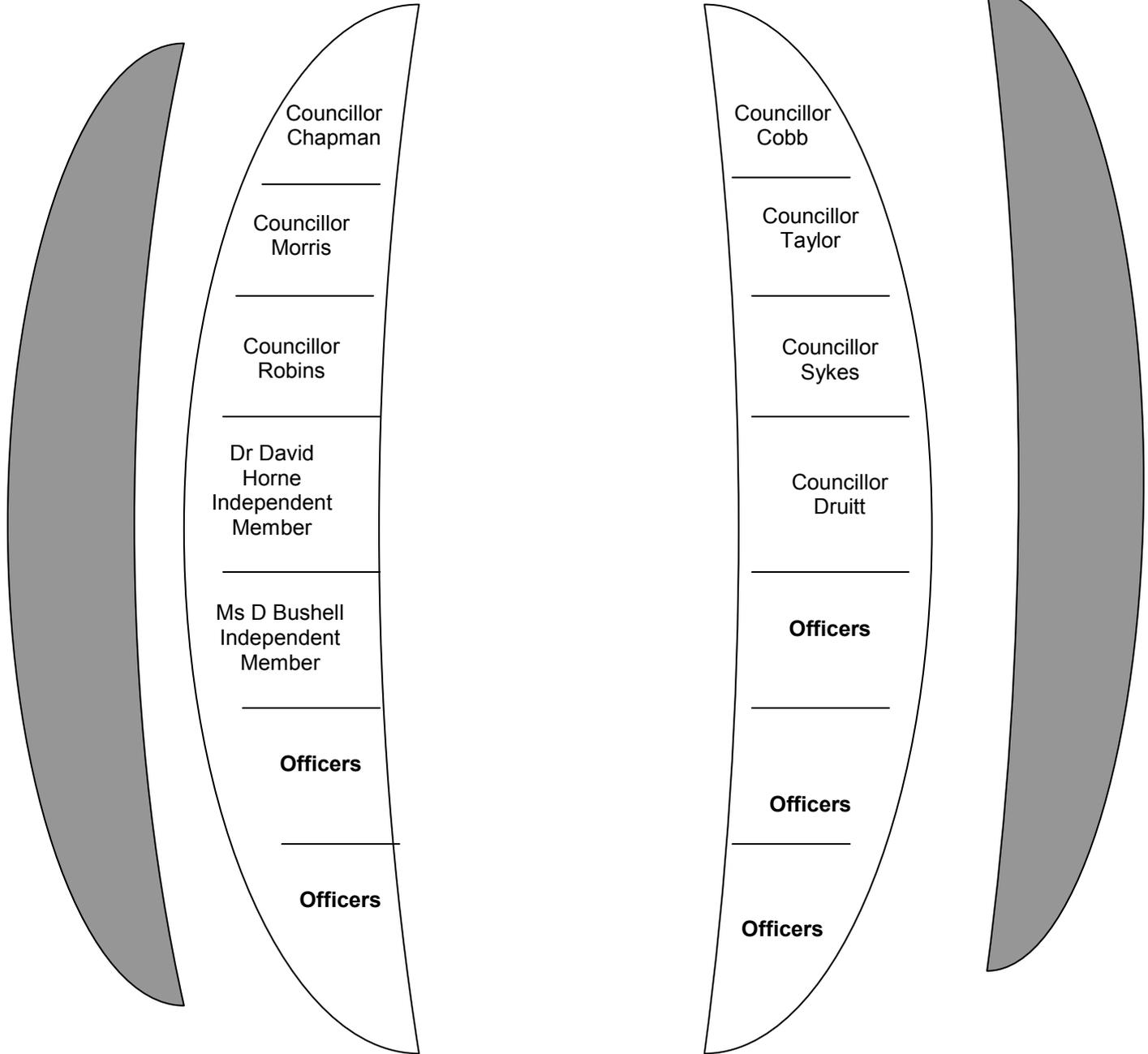
Audit & Standards Committee

Title:	Audit & Standards Committee
Date:	17 November 2015
Time:	4.00pm
Venue	The Ronuk Hall, Portslade Town Hall
Members:	Councillors: A Norman (Chair), Chapman, Cobb, Druitt, Morris, Robins (Group Spokesperson), Sykes (Group Spokesperson) and Taylor Co-opted Members: Diane Bushell and Dr David Horne
Contact:	John Peel Democratic Services Officer 01273 291058 john.peel@brighton-hove.gov.uk

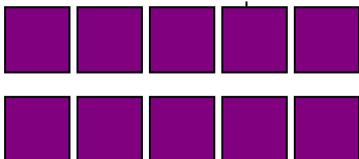
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Democratic Services: Audit & Standards Committee

Head of Legal & Democratic Services	Councillor A Norman (Chair)	Interim Executive Director Finance & Resources	Democratic Services Officer
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Public Seating



Press



AGENDA

40 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;
- (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.

41 MINUTES

1 - 10

To consider the minutes of the meeting held on 22 September 2015 (copy attached).

42 CHAIR'S COMMUNICATIONS

AUDIT & STANDARDS COMMITTEE

43 CALL OVER

- (a) Items (46 - 53) 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.

44 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 10 November 2015;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 10 November 2015.

45 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

46 CUSTOMER FEEDBACK REPORT

11 - 18

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

Contact Officer: *Brian Foley*

Tel: 01273 291229

Ward Affected: *All Wards*

AUDIT & FINANCE ITEMS

47 STRATEGIC RISK REGISTER REVIEW SEPTEMBER 2015

19 - 40

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

Contact Officer: *Jackie Algar*

Tel: 01273 291273

Ward Affected: *All Wards*

AUDIT & STANDARDS COMMITTEE

- 48 STRATEGIC RISK MAP FOCUS: SR23 AND SR21 HOUSING PRESSURES** **41 - 48**
- Report of the Interim Executive Director of Finance & Resources (copy attached).
- Contact Officer: Jackie Algar Tel: 01273 291273*
Ward Affected: All Wards
- 49 ANNUAL AUDIT LETTER 2014/15** **49 - 64**
- Report of Ernst & Young (copy attached).
- 50 TARGETTED BUDGET MANAGEMENT TBM 201516 MONTH 5** **65 - 86**
- Extract from the proceedings of the Policy & Resources Committee meeting held on 15 October 2015; together with reports of the Interim Executive Director of Finance & Resources (copies attached).
- 51 FINANCIAL POSITION UPDATE** **87 - 100**
- Extract from the proceedings of the Policy & Resources Committee meeting held on 4 November 2015; together with a report of the Interim Executive Director of Finance & Resources (copies attached).
- Ward Affected: All Wards*
- 52 INTERNAL AUDIT AND CORPORATE FRAUD PROGRESS REPORT** **101 - 106**
- Report of the Interim Executive Director of Finance & Resources (copy attached).
- Contact Officer: Graham Liddell Tel: 01273 291323*
- 53 ORGANISATIONAL LEARNING REVIEW** **107 - 126**
- Report of the Interim Executive Director of Finance & Resources (copy attached).
- Contact Officer: Graham Liddell Tel: 01273 291323*
- 54 ITEMS REFERRED FOR COUNCIL**
- To consider items to be submitted to the 17 December 2015 Full 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*

AUDIT & STANDARDS COMMITTEE

Committee meeting

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

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

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Electronic agendas can also be accessed through our meetings app available through www.moderngov.co.uk

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.

For further details and general enquiries about this meeting contact John Peel, (01273 291058, email john.peel@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk.

Date of Publication - Monday, 9 November 2015

BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 22 SEPTEMBER 2015

THE RONUK HALL, PORTSLADE TOWN HALL

MINUTES

Present: Councillors A Norman (Chair), Chapman, Cobb, Druitt, Morris, Robins (Group Spokesperson), Sykes (Group Spokesperson) and Taylor

Independent Persons & Co-opted Members: Diane Bushell

PART ONE

24 PROCEDURAL BUSINESS

24a Declarations of substitutes

24.1 There were none.

24b Declarations of interests

24.2 There were none

24c Exclusion of the press and public

24.3 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.

24.4 **RESOLVED** - That the press and public not be excluded from the meeting.

25 MINUTES

25.1 **RESOLVED** – That the minutes of the previous meeting held on 5 June 2015 be approved and signed as a correct record.

26 CHAIR'S COMMUNICATIONS

26.1 The Chair expressed her thanks to legal and finance officers for arranging training session for Members of the committee. The Chair noted that the council's legal team had held standards training that afternoon however, only two members of the committee had attended. The Chair stated that she acknowledged that the meeting had been convened at short-notice and requested that in future, Members provide notification if they were unable to attend training sessions in order for a more suitable time to be arranged.

27 CALL OVER

27.1 All items on the agenda were reserved for discussion.

28 PUBLIC INVOLVEMENT

28.1 No items from members of the public were received.

29 MEMBER INVOLVEMENT

29.1 No items from Members were received.

30 STANDARDS UPDATE

30.1 The Committee considered a report of the Monitoring Officer that updated Members on the complaints received regarding Members and other Standards related activity.

30.2 Councillor Cobb asked why a specific councillor was named in the report and not in the other cases.

30.3 The Head of Legal & Democratic Services stated that there was no specific reason and was simply an oversight.

30.4 Councillor Druitt asked if disabled accessibility to Brighton Town Hall was not a legal issue.

30.5 The Head of Legal & Democratic Services clarified that this was a legal issue and the council were looking closely at the matter in relation to the Disability Discrimination Act (DDA). Alternatives and adjustments to Brighton Town Hall were also being pursued and the council were actively discussing the matter with the interested parties to find a solution.

30.6 Councillor Taylor commented that his group had raised the matter of accessibility to Brighton Town Hall a number of times and he was pleased progress was being made. Councillor Taylor asked if further clarification could be made on the nature of the 'derisory comments' claimed to have been made at the Full Council meeting on 16 July 2015.

30.7 The Head of Legal & Democratic Services stated that an investigation of the council webcast had found that no derisory comments had been made and the exchange was not based on the subject matter.

30.8 Councillor Robins stated that he recalled the incident in question and whilst he agreed the comments made could not be interpreted as derisory, he felt that the respective political groups should reiterate the importance of civil perception to their Members.

30.9 **RESOLVED-** That Members note the report.

31 ERNST & YOUNG AUDIT RESULTS REPORT 2014/15

31.1 The Committee considered a report of Ernst & Young that summarised the findings of the 2014/15 audit that included key messages arising from the audit of the financial statements and the results of work undertaken to assess the council's arrangements to secure value for money on its use of resources. Representatives from Ernst & Young stated that they were in a position to give an unqualified opinion of the council's financial statements. A unqualified opinion would be issued for the council's value for money arrangements as Ernst & Young were satisfied that the council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources however, sufficient progress had not been made in identifying the savings required to demonstrate its ability to secure a stable financial position over the medium term.

31.2 Councillor Morris noted that the report highlighted that £2.2 million as the sum owed to the council in relation to Coin Co International PLC entering administration. Councillor Morris stated that this figure had been reported as higher in other documents and asked the reasons behind that.

31.3 Simon Mathers clarified that this figure was reported as £2.2 million in this report as it exclusively covered the 2014/15 financial year.

31.4 Diane Bushell stated that whilst she was generally satisfied in the actions and progress taken by the council on ensuring value for money, she asked Ernst & Young if they were of the view that there was room for improvement.

31.5 Paul King clarified that stated that Ernst & Young's opinion that the council was taking reasonable action and making reasonable progress was a general statement and there would always be areas for improvement. Simon Mathers added that whilst Ernst & Young could not give absolute assurance, their audit had found nothing of specific concern and there was always scope for improvement in any financial practices and arrangements.

31.6 Councillor Sykes noted that Brighton & Hove City Council was a statistical outlier in terms of high demand in a number of areas of work, for example mental health services and planning applications, and asked if unit costs for service provision were used in benchmarking as well as per-capita costs.

31.7 Paul King confirmed that Ernst & Young used a range of indicators including unit cost and all determined that Brighton & Hove Council were high value in terms of cost in these areas.

31.8 Councillor Druitt asked for clarification on the acknowledgement that the council delivered to budget but that there had also been a reduction in its reserve funds.

- 31.9 Simon Mathers stated that the council had delivered to budget and that £2.4 million of reserves had been earmarked for the General Fund to support budgetary pressures. The overall level of usable reserves available to support spending was reducing and had done so by £10 million between 2013/14 and 2014/15.
- 31.10 Councillor Taylor expressed his disappointment that the council had not reached its value for money targets and his concern at the current £8.7m budget deficit. Councillor Taylor asked if there were any lessons the council could learn to improve in the future.
- 31.11 Paul King stated that councils were taking a range of options to meet the challenges of budget reductions. For example, some were examining methods of high returns, some were considering increases to their fees and charges, and others were adopting shared service agreements.
- 31.12 The Interim Executive Director of Finance and Resources stated the council were mindful of effective financial planning and one measure put into place was for a four year budget strategy agreed at Policy & Resources Committee in July 2015.
- 31.13 The Chair stated that the £8.7m budget deficit was a matter the Committee took very seriously although she had been assured that the measures put into place would go some way to resolve the issue.
- 31.14 Councillor Sykes noted that there was a continued increase in demand upon services alongside severe central government budget reductions and the council needed a clearer, more coherent response to those issues.
- 31.15 Diane Bushell requested assurance on the measures the council were undertaken to reduce the current budget deficit.
- 31.16 The Interim Executive Director of Finance and Resources stated that the matter was ongoing and the council were continually reviewing measures to reduce the deficit. Strong financial controls had recently been put into place and a cross-party budget review group had been put into place providing oversight.

31.17 **RESOLVED-**

- 1) That Members note the findings set out in the 2014/15 Audit Results Report.

32 2014/15 FINANCIAL STATEMENTS AND ANNUAL GOVERNANCE STATEMENT

- 32.1 The Committee considered a report of the Interim Executive Director of Finance & Resources that provided information about the audit of the council's 2014/15 Statement of Accounts and recommended approval of the 2014/15 audited accounts and the Letter of Representation on behalf of the council. The report also provided information about additional disclosure in the Annual Governance Statement.

32.2 **RESOLVED-**

That the Audit & Standards Committee:

- 1) Notes the findings of EY in their Audit Results Report (ARR). The ARR is a separate item on this agenda.
- 2) Notes the outcome of the asset revaluation audit issue and any related misstatement or adjustment to the 2014/15 accounts (paragraph 6.3 and Appendix 4).
- 3) Notes the results of the public inspection of the accounts (Section 9).
- 4) Approves the Letter of Representation on behalf of the council (Appendix 1).
- 5) Approves the audited accounts for 2014/15.
- 6) Notes the updated Annual Governance Statement.

33 STRATEGIC RISK MAP FOCUS: SR19 IMPLEMENTATION OF THE CARE ACT; SR 20 BETTER CARE FUND; AND SR13 KEEPING VULNERABLE ADULTS SAFE FROM HARM & ABUSE

- 33.1 The Committee considered a report of the Interim Executive Director of Finance & Resources which informed Members that the Committee had a role to monitor the effectiveness of risk management and internal control. This included oversight of the Strategic Risk Register which was set and reviewed every six months by the Executive Leadership Team (ELT). Each Strategic Risk had a Risk Management Action Plan (a risk MAP) to deliver action to address the risk by a Risk Owner, a member of the ELT. The meeting was attended by the Executive Director, Adult Social Services who was the Risk Owner for SR19: Implementation of the Care Act, SR20: Better Care Fund and SR13: Keeping Vulnerable Adults Safe from Harm & Abuse. The Executive Director, Adult Social Services provided a comprehensive verbal update to the Committee on each of the three Strategic Risks.
- 33.2 Councillor Sykes enquired as to how Brighton & Hove compared with neighbouring authorities in terms of the number of vulnerable adults requiring safeguarding.
- 33.3 The Executive Director, Adult Social Services clarified that Brighton & Hove had a high number of safeguarding enquires compared to its neighbouring authorities.
- 33.4 Diane Bushell asked how the Committee could receive assurance that costs would be controlled.
- 33.5 The Chair stated that Brighton & Hove handled a considerable number of adult social care cases and understanding was needed about how that could be effectively managed. The Chair added that she was aware that methods of delivery were being examined.
- 33.6 The Executive Director, Adult Social Services stated that an effective balance had to be struck between demand and how that demand was met and going forward this may be an option not considered as a course of action before.

33.7 Councillor Druitt asked if the council was considering moving from supported care to residential accommodation care.

33.8 The Executive Director, Adult Social Services stated that there would not be a prescriptive approach to how care was provided but a different dialogue with patients and their relatives about what provision was most suitable on an individual basis.

33.9 **RESOLVED-**

1) That Members note the information provided in the Strategic Risk MAPS in Appendix 1 (Strategic Risk Assessment Report).

34 INTERNAL AUDIT AND CORPORATE FRAUD PROGRESS REPORT

34.1 The Committee considered a report of the Interim Executive Director of Finance & Resources that summarised the progress made against the Internal Audit and Corporate Fraud Plan 2015/16. It summarised the key issues identified by Internal Audit and the Corporate Fraud Team and the progress made by management in implementing audit recommendations.

34.2 The Head of Parking and Network Operations attended the meeting to provide a verbal update on Blue Badge fraud and Parking Permits. In relation to both these items, the Head of Parking and Network Operations apologised for having missed the deadline but assured Members that both issues were in hand. Identify proofs had been increased for the issuing of Blue Badges and reconciliation was now in place between permits issued, income received, the amount banked and that posted to the ledger.

34.3 Councillor Sykes asked if the Head of Internal Audit was satisfied with progress made.

34.4 The Head of Internal Audit stated that he had been provided assurance with the information outlined and now received.

34.5 Diane Bushell enquired as to how issues were followed up by managers. Furthermore, Diane noted the comments made on the future of Internal Audit and asked if the Committee would be able to provide their opinion on any proposals.

34.6 The Interim Executive Director of Finance & Resources clarified that the implementation of audit recommendations were the relevant manager's duty from the point they were identified. Progress against the recommendations was monitored by ELT. The Interim Executive Director of Finance & Resources added that discussions with the committee would be held on the future of the Internal Audit team.

34.7 Councillor Taylor expressed his concern that one fifth of the audit recommendations due to be implemented by 31 July 2015 still remained as a high priority and had not been implemented.

34.8 Councillor Robins noted that £67,508 had been identified and recovered in overpayments to employees and contractors and asked if the council relied on those concerned notifying the council of underpayments.

34.9 The Head of Internal Audit stated that whilst underpayments were not often reported to the council, it had key controls in place to ensure these were identified and recovered as quickly as possible.

34.10 **RESOLVED-** That the Audit and Standards Committee note the report.

35 INFORMATION GOVERNANCE

35.1 The Committee considered a report of the Monitoring Officer and Senior Information Risk Officer that updated the Committee on various issues relating to information governance and, in particular, data protection breaches connected with Freedom of Information (FOI) responses and the measures taken to minimise future breaches.

35.2 Diane Bushell asked if the council provided support and/or training for staff in relation to the sharing of information.

35.3 The Head of Legal & Democratic Services confirmed that digital training for all staff was in place and the authority were considering extending that training to become service specific. Furthermore, data protection training was mandatory for all new staff.

35.4 Councillor Taylor stated that he hoped the council would continue to use the 'What Do They Know' (WDTK) website as it was extremely popular.

35.5 The Head of Legal & Democratic Services stated that where the council held FOI requests and responses locally, it had complete control and could rectify any errors immediately which ensured compliance. The Head of Legal & Democratic Services clarified that there was the option of re-joining the WDTK site in the future.

35.6 **RESOLVED-**That Members note the report

36 CASH COLLECTION CONTRACT

36.1 The Committee considered a report of the Head of Internal Audit that summarised the lessons for the council following the cash collector contractor Coin Co International Plc (CCI) entering administration owing the council £3.243 million.

36.2 Councillor Chapman noted that at the previous meeting, Members had been informed that other parties had used the company and had incurred losses. Councillor Chapman asked if information could be given on who these were.

36.3 The Head of Financial Services clarified that five other local authorities had incurred losses and similar to Brighton & Hove City Council, this had been discovered at the point of CCI entering administration.

36.4 Councillor Robins stated that he found it odd that the money collected by CCI had completely disappeared as it was physical currency.

36.5 The Head of Internal Audit stated that this specific case was very unusual and it was difficult to speculate on detailed proceedings particularly as the matter was subject to criminal investigation.

- 36.6 The Head of Financial Services added that any new provider would be mandated to use a bullion centre, ensuring that any money collected could not be mixed with the contractor's business accounts.
- 36.7 The Interim Executive Director of Finance and Resources brought Members attention to paragraph 4.4 of the report that set out normal accounting procedures and that criminal investigation was underway.
- 36.8 Councillor Druitt commented that whilst he appreciated that CCI appeared a viable operation, it concerned him that the council took so long to discover improper practices by the company.
- 36.9 The Head of Internal Audit stated that a risk management assessment was made at the procurement stage and periodic risk assessment and monitoring was also undertaken during operation.
- 36.10 The Head of Legal & Democratic Services added that the council's contract standing orders had been amended and there was now a mandatory obligation that a proper financial appraisal be conducted before the award of any contract.
- 36.11 Councillor Taylor asked if the council had consulted with other local authorities that had been affected.
- 36.12 The Head of Financial Services clarified that there had been two meetings with the Administrators and creditors amongst whom were other local authorities and outside creditors. The course of action would not be established until the process of liquidation of CCI had formally begun.
- 36.13 Councillor Druitt noted that the council's previous collection company had also entered administration and asked if there was a connection between that incident and this.
- 36.14 The Head of Internal Audit clarified that there was no connection between the two companies and it was his understanding that cash held by the previous company had been fully recovered as it was held in a separate bullion account.
- 36.15 **RESOLVED-** The Audit & Standards Committee note the report.

37 TARGETTED BUDGET MANAGEMENT (TBM) 2015/16 MONTH 2

- 37.1 **RESOLVED-** That the Committee notes the report.

38 TREASURY MANAGEMENT POLICY STATEMENT 2014/15 - END OF YEAR REVIEW

- 38.1 **RESOLVED-** That the Committee notes the report.

39 ITEMS REFERRED FOR COUNCIL

- 39.1 **RESOLVED-** That the report in relation to Item 31 on the agenda, Ernst & Young Audit Results Report 2014/15 be referred to the next Council meeting for information.

The meeting concluded at 6.30pm

Signed

Chair

Dated this

day of

Subject:	Customer Feedback Report		
Date of Meeting:	17 November 2015		
Report of:	Interim Executive Director Finance & Resources		
Contact Officer:	Name:	Brian Foley	Tel: 01273 29-3109
	Email:	brian.foley@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 This paper provides information to the Audit & Standards Committee on Customer Feedback about services delivered by the council. The period reported on is the first two quarters of the financial year 2015-16 and there is comparative information taken from the year 2014-15.

2. RECOMMENDATIONS:

- 2.1 That the Committee note the report.
- 2.2 That the Committee should receive a similar report every six months.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The information within this report is taken directly from the council's performance reporting system. A set of Key Performance Indicators (KPIs) are used to monitor customer feedback information and these are reported to Policy & Resources Committee every six months.

- 3.2 The KPIs reported on each six months are:

- Formal complaints per 10,000 population (Statutory and Organisational)
- Percentage of Stage 1 Organisational Complaints upheld or partially upheld
- Percentage of Stage 2 Organisational Complaints upheld or partially upheld

In addition, KPIs reported annually are:

- Number of comments received
- Number of compliments received

- 3.3 In line with best practice for reporting performance this report gives a position statement assembled from aggregated data obtained by the Customer Feedback Team, and, a commentary provided by heads of service that includes actions for maintaining or improving performance.

3.4 Formal Complaints per 10,000 population

Position

- 3.4.1 The average number of complaints per 10,000 head of population for Quarter 2, 2015-16 is 4.8.
- 3.4.2 This information was immediately available at the end of Quarter 2 because complaints are recorded on the day received.
- 3.4.3 For trend comparison previous quarterly results are:
- | | |
|---------|---------------------------------|
| 2014-15 | Q1=5.9, Q2=6.3, Q3=6.2, Q4=5.9. |
| 2015-16 | Q1=5.5, Q2=4.8 |
- 3.4.4 The annual target is based on the results over the preceding twelve months. At the end of 2014/15 the result was 5.9 complaints per 10,000 head of population.
- 3.4.5 To drive improvement we have set a performance target for a 10% reduction in comparison to the average for the previous year which is 5.3. We are on track to achieve this target for 2015/16.
- 3.4.6 In comparison with neighbouring authorities who have provided annual complaints data BHCC has the fourth lowest level of complaints out of nine authorities where the annual results range from 1.0 to 26.

Commentary

- 3.4.7 Overall the reduction in complaints compared to the previous year is encouraging and indicates that services are taking a far more proactive approach to the way they deal with customer dissatisfaction and feedback.
- 3.4.8 To improve performance the Customer Feedback Team aggregate information about complaint trends, issues of complaint and service improvements that have been identified and provide that information to key teams throughout the council on a quarterly basis.
- 3.4.9 A key challenge for the Customer Feedback Team is to ensure it receives accurate timely information about the issues of complaint, whether there has been a finding of fault and what service improvements have been identified.
- 3.4.10 To encourage and develop skills among managers carrying out and responding to Stage One complaints the Customer Feedback Team regularly run a learning and development seminar "Complaint Investigation Skills and Identifying Service Improvement".

Actions

3.4.11 The Customer Feedback Team will continue to hold a dialogue with key services to assist them in resolving matters before they become complaints and where there are complex issues will provide guidance and support.

- provide weekly information to all managers and Heads of Service, which informs them of the status of complaints about their service areas.
- actively promote the use of customer feedback templates to gather and aggregate accurate information about the complaints customers raise.
- continue to provide and develop our learning seminars

3.5 Percentage of Stage 1 Organisational Complaints upheld or partially upheld

Position

3.5.1 The proportion of Stage One complaints upheld or partially upheld for complaints received for Quarter 2 of 2015 is 26.4%.

3.5.2 There is some delay in accurately reporting this figure because we have to wait for complaints raised at the end of period to be concluded before we know the outcome.

3.5.3 We can however say with far more certainty that previous quarterly results are:

2014/15 Q1=36%, Q2=42%, Q3=42%, Q4=38%;

2015/16 Q1=36%, Q2=26.4%.

We will be able to accurately update Q2 at the next reporting time.

3.5.4 The annual target was determined by taking an average of the performance for the previous two years. At Q4 2014/15 the target was 33.2%.

3.5.5 For 2015/16 we have set the target at 30% which represents a 10% improvement in performance.

3.5.6 There is no comparator information available from other authorities about the percentage of complaints upheld.

Commentary

3.5.7 The following results in relation to Q2 are preliminary because there is a delay in receiving information about the outcome of the complaints managers are dealing with.

3.5.8 We monitor the activity of a group of services. Teams that have had higher than target level of upheld or partially upheld complaints in Quarter 2 (that is 26%) are as follows:

- City Clean (Q1=72%, Q2=60%); In Q2 39% of complaints relate to a failure to collect refuse. In such instances it is frequently the case that collections have been missed and in that case it follows that complaints are upheld.
- Housing Services (Q1=23%, Q2=36%); In Q2 40% of complaints refer to issues about gardens, low level Anti-Social Behaviour (ASB), unmanaged car parks and a lack of action.
- Repairs and Maintenance (Q1=50%, Q2=34%); In Q2 28% of complaints are about delay in carrying out repairs.

3.5.9 The following services have had better than average results:

- Housing Strategy (Q1=17%, Q2=25%),
- Revenues and Benefits (Q1=28%, Q2=23%),
- Transport & Network Management (Q1=28%, Q2=19%),
- Life Events (Q1=83%, Q2=17%),
- City Parks (Q1=17%, Q2=0%).

Actions City Clean:

- The level of complaints in City Clean for Q2 have significantly reduced compared to a year ago from 191 to 86 and the proportion of upheld complaints is also reducing. To continue to improve their service City Clean are implementing a continuous review of missed bins and complaints generally. They are tightening their processes to monitor performance and try and resolve issues quickly. This is having a positive effect as shown by the significant reduction in number of complaints.

Actions Housing Services:

- To improve complaints performance, Housing Services are developing regular complaints reports for their Housing Leadership Team. This will be coupled with quarterly information on comments and complaints for operational managers and assistance in helping them identify service improvement from the customer feedback received.

Additionally, over the course of the next half year the following specific actions will be taken:

1. Gardens: Neighbourhood Teams are inspecting gardens, talking to residents and advising them on what to do, supporting them and also applying sanctions, or referring some to the discretionary gardening scheme.
2. Low level ASB: Housing Services are encouraging residents to report more instances of ASB and are encouraging neighbourliness. This is resulting in more Neighbourhood Team and Tenancy Enforcement Officer visits to ensure people are aware of tenancy conditions and the consequences should there be an escalation of enforcement action. Alongside this these officers are promoting the use of mediation to resolve issues.

3. Lack of action on ASB: Housing are striving to improve response times. How this is perceived may depend on the issue, some things such as ASB can take a longer time than tenants' expectations of the service.
4. Car Parks: Area Panels and Housing Committee have agreed a programme of managing Housing Car Parks and are working through a programme for this.

Actions Repairs and Maintenance

- Over recent years this service has recognised from complaints that they need to improve their communications about planned works and should give timely details of what work will be carried out, where and when. To address this they have improved the information on their website about building programmes in the form of an interactive map that residents can use to see what works are planned in their area over the next three years. It is anticipated that this proactive communication will help reduce the volume of complaints on this issue.
- Delay in carrying out repairs appears to be linked to levels of expectation or perception because it does not correspond with Housing performance data.

3.6 Percentage of Stage 2 Organisational Complaints upheld or partially upheld

Position

- 3.6.1 The percentage of Stage 2 complaints upheld or partially upheld for the first half of 2015/16 is 5.3%.
- 3.6.2 There is a delay in obtaining this result because there are Stage 2 complaints still under investigation from the period.
- 3.6.3 We can however say with a reasonable level of certainty that previous quarterly results are:

2014/15 Q1=31%, Q2=24%, Q3=20%, Q4=19%;

2015/16 Q1=5%, Q2=5.3%.
- 3.6.4 We will be able to accurately update Q2 at the next reporting time.
- 3.6.5 The annual target for 2014/15 was determined by taking an average of the performance for the previous two years. At the end of 2014/15 the average result was 24%.
- 3.6.6 For 2015/16 we have set the target at 15% as a challenging target for improvement in performance. Present indications are that this will be achieved.
- 3.6.7 There is no comparator information available from other authorities about the percentage of Stage 2 complaints upheld.

Commentary

- 3.6.8 The result indicates that so far this year almost 95% of the complaint investigations service managers carrying out at Stage 1 result in a fair and reasonable decision.
- 3.6.9 The statements received from Heads of Service would indicate that greater effort is being placed on resolving customer dissatisfaction before they become complaints.
- 3.6.10 Feedback received from delegates who have attended the 'Complaints Investigation and Identifying Service Improvement' facilitated by the Customer Experience Lead and the Customer Feedback Officer is that it is very informative and useful.
- 3.6.11 The success of these actions appears to be having a significant effect on results.
- 3.6.12 The challenge for the future will be to improve the skills of all managers and their teams who investigate and respond to customer feedback so that people expressing dissatisfaction can recognise that their issue has been fairly and openly investigated and that they have been treated with empathy and respect.
- 3.6.13 To continue this level of achievement the Customer Feedback Officers and their manager will continue to provide training and support to enable managers to develop their skills in responding to Stage I complaints.

Actions:

- The Customer Feedback Team will, over the remainder of the year, continue to provide support, advice and training to enable service managers to give high quality response to complaints which focus on either resolving matters or giving clear explanations why service have to be delivered as they are.
- The Customer Feedback Officers will continue to provide and develop our learning seminars.
- The Customer Feedback Team are offering the opportunity to managers to further develop their skills by carrying out Stage 2 investigations about services different to the one they work in under the guidance and coaching of a customer Feedback Officer.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Not applicable

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The information provided in this report is derived from feedback received directly from members of the public.
- 5.2

6. CONCLUSION

- 6.1 Overall the reduction in complaints compared to the previous year is encouraging and indicates that services are taking a far more proactive approach to the way they deal with customer dissatisfaction and feedback.
- 6.2 Early indications are that fewer Stage 1 complaints are being upheld which may indicate that customer dissatisfaction is being better resolved at point of contact.
- 6.3 The results of our independent and objective Stage 2 investigations show that so far this year almost 95% of the complaint investigations service managers carry out at Stage 1 have resulted in a fair and reasonable decision.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Finance Officer Consulted: James Hengeveld

Date: 04/11/15

Legal Implications:

- 7.2 The Council follows statutory complaints procedures for complaints about Children's and Adults Social Care and a corporate complaints procedure under which complaints about council services are dealt with.

Lawyer Consulted: Elizabeth Culbert

Date: 04/11/15

Equalities Implications:

There are no direct Equalities implications

Sustainability Implications:

- 7.4 There are no direct Sustainability implications

Crime & Disorder Implications:

- 7.5 There are no direct Crime and Disorder implications

Risk and Opportunity Management Implications:

- 7.6 There are no direct Risk and Opportunity Management implications

Corporate / Citywide Implications:

- 7.7 There are no direct Corporate or Citywide implications

SUPPORTING DOCUMENTATION

Appendices:

None.

Documents in Members' Rooms

None.

Background Documents

None.

Subject:	Strategic Risk Register Review September 2015		
Date of Meeting:	17 November 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 role to monitor and form an opinion on the effectiveness of risk management and internal control. As part of discharging this role it reviews the Strategic Risk Register, recently updated by the Executive Leadership Team (ELT) on 30 September 2015.
- 1.2 The Strategic Risk Assessment Report (Appendix 1) provides further detail on the actions taken (existing controls) and planned actions ('solutions') to manage each strategic risk. Background information/Terms Used is set out is on the final page of the Appendix.

2. RECOMMENDATION

- 2.1 That the Audit & Standards Committee notes the Strategic Risk Assessment Report October 2015 (Appendix 1).

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Strategic Risk Register details the current prioritised risks which may affect achievement of the council's Corporate Plan purpose, including in relation to its work with other organisations across the city. It is reviewed and agreed by ELT every six months (usually May and November) and provides evidence of a risk aware and risk managed organisation.
- 3.2 Across the council there are a number of risk registers which prioritise risks consistently by assigning scores 1-5 to assess the likelihood (denoted by 'L') that the risk will occur and the potential impact (denoted by 'I') if it should occur. These L and I scores are multiplied; the higher the result of L x I, the greater the risk. A colour coded system, similar to the traffic light system, is used to distinguish risks that require intervention. Red risks are the highest and are those that require management as do Amber risks. Red and Amber risks are the levels of risks which will be recorded on the Strategic Risk Register. There is a process in place to manage risks at the appropriate

organisational level, but also to enable risks to be 'escalated' for the consideration of ELT as part of their Strategic Risk Register review.

- 3.3 ELT are responsible for reviewing the SRR and individual ELT members are assigned as 'Risk Owners' responsible for co-ordinating action to manage the Strategic Risks. ELT's review is informed by Directorate Risk Registers which are reviewed at least quarterly in line with the SRR review and the Audit & Standards Committee timetable.
- 3.4 Each strategic risk has a unique identifying number and is prefixed by 'SR', representing that it is a strategic risk. Each has an accompanying strategic risk Management Action Plan ('risk MAP') which is collated and stored on the Integrated Risk Manager (IRM) software, part of the "Interplan" package. A risk MAP details mitigating ('existing') controls and further work planned ('solutions') to manage the risks.

4. SUMMARY OF MAIN CHANGES TO THE STRATEGIC RISK REGISTER (SRR) 2015/16

- 4.1 There are now 11 strategic risks, at a Red or Amber level. Full details are provided in Appendix 1.
- 4.2 No new risks were added by ELT.
- 4.3 Two risks were removed from the Strategic Risk Register and will be managed at the Directorate Risk Register level respectively by Environment, Development and Housing; and Adult Services:
 - SR8 'Becoming a more Sustainable city'
 - SR19 'Impact of Care Act - Phase 1/ Implementation Phase 2'
- 4.4 There were no changes to risk scores.
- 4.5 Apart from updates to record actions on the remaining Risk MAPs, the only other change was to the title of SR24 'Welfare Reform post-Election 2015' has been altered to Welfare Reform.
- 4.5 Whole Risk Register

The table below sets out the risks in order of revised risk score which is assessed after taking into account the Existing Controls to provide a more 'realistic' prioritisation of risks compared against each other. As risks are managed, the unique risks may be removed from the Strategic Risk Register and in that case, a gap in sequential numbering will arise.

New information has been added to the final column to show, in addition to the Revised Risk Rating, the Risk Owner's assessment of the Effectiveness of Controls.

Risk No.	Risk Title	Revised Risk Score		Revised Risk Score (L x I) Direction of Travel	Revised Risk Rating <i>And</i> <i>Risk Owner's assessment of Effectiveness of Controls</i>
		Likelihood (L)	Impact (I)		
SR23	Developing an investment strategy to refurbish and develop the city's major asset of the seafront	4 Likely	4 Major	16 ↔	RED <i>Adequate</i>
SR2	Financial Outlook for the council	4 Likely	4 Major	16 ↔	RED <i>Adequate</i>
SR18	Effective use of technology	4 Likely	4 Major	16 ↔	RED <i>Uncertain</i>
SR13	Keeping vulnerable adults safe from harm and abuse	3 Possible	4 Major	12 ↔	AMBER <i>Adequate</i>
SR15	Keeping children safe from harm and abuse	3 Possible	4 Major	12 ↔	AMBER <i>Adequate</i>
SR10	Information Governance Management	3 Possible	4 Major	12 ↔	AMBER <i>Uncertain</i>
SR17	School Places Planning	3 Possible	4 Major	12 ↔	AMBER <i>Adequate</i>
SR20	Better Care Fund	3 Possible	4 Major	12 ↔	AMBER <i>Adequate</i>
SR21	Housing Pressures	3 Possible	4 Major	12 ↔	AMBER <i>Adequate</i>
SR22	Modernising the Council	3 Possible	4 Major	12 ↔	AMBER <i>Adequate</i>
SR24	Welfare Reform	4 Likely	3 Moderate	12 ↔	AMBER <i>Uncertain</i>

5. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

5.1 Consultation has taken place with the council's Executive Leadership Team; all Directorate Management Teams; and representatives of all the political parties.

- 5.2 The Strategic Risk Register will be sent to the City Management Board partners for information; which reflects the city wide performance & risk management approach.

6. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 6.1 The Strategic Risk Register reflects a number of risks which have potential significant financial implications for the authority either directly or indirectly. The risk owners are responsible for overseeing the effective management of the risks through the Risk Management Action Plans and for highlighting financial risks through the budget monitoring process and budget strategy development.

Finance Officer Consulted: James Hengeveld

Date: 21/10/15

Legal Implications:

- 6.2 This report comes before Audit & Standards Committee in order for the Committee to discharge its function of providing independent assurance of the adequacy of the council's risk management and associated control environment. Having reviewed the latest Strategic Risk Register, the Committee may, if it considers it appropriate, make recommendations to Full Council, Policy & Resources Committee, one or more officers or another relevant body in the council.

Lawyer Consulted: Elizabeth Culbert

Date: 19/10/15

6.3 Equalities Implications:

There are no direct equalities implications. Equalities will be incorporated as appropriate across all Strategic Risks and Risk MAPs by the officers responsible for taking actions.

6.4 Sustainability Implications:

The risk management methodology includes identification and management of sustainability issues. There is a specific Strategic Risk, SR 8, Becoming a more sustainable city. However, Sustainability will be incorporated as appropriate across all Strategic Risks and Risk MAPs.

6.5 Any Other Significant Implications:

None.

SUPPORTING DOCUMENTATION

Appendices:

1. Strategic Risk Assessment Report October 2015.

Documents in Members' Rooms

1. None.

Background Documents

1. Risk Management Strategy 2014-2017.



Brighton & Hove City Council

Strategic Risk Assessment Report

as at 26 October 2015

Risk Category - BHCC Strategic Risk;



ROM Issue:	Financial Outlook for the Council	Responsible Officer:	Rachel Musson
		Risk Code:	SR2

Identified Reductions in central government funding are expected to continue well beyond the current Comprehensive Spending Review period through to 2020. The changes to local government funding introduced in 2013/14 will also transfer greater risks to the council, particularly in relation to Business Rate valuation appeals. There is a cumulative impact of reductions in government funding to other public agencies in the city.

Potential Conseq Implementing the current budget strategy and devising budget plans for 2016/17 will be challenging and there is increased uncertainty until HM Govt's spending review and the local government finance settlement for 2016 (expected Dec. 2015).
The council will need to continue robust financial planning in a highly complex environment. Failure to do so could impact on financial resilience and mean that outcomes for residents are not optimised.

Initial:	High (L5 x I4)	Revised:	High (L4 x I4)
Risk Identified Date:	15/5/2012	Date Modified:	10/6/2014



Risk Category:
- BHCC Strategic Risk
- Economic / Financial

Existing Controls:

- * Ongoing review of the adequacy of risk provisions and reserves to support the budget strategy and to ensure financial resilience;
- * Modernisation portfolio including VfM projects/programmes reviewed by cross-party Member Oversight group;
- * Close alignment of Corporate Plan and Medium Term Financial Strategy (MTFS) and service and financial planning;
- * Ongoing review of the MTFS assumptions, the impact of legislative changes; cost and demand pressures; savings programmes; and income and grant assumptions;
- * Close monitoring of council tax and business rates income and regular updating of forecasts;
- * City Management Board and Finance Directors review city wide impact & opportunities for joint budget planning;
- * Political support (P&R July 2015) has been given to a new 4-year service & financial planning approach which will requires services to consider what to Stop, Retain and redesign, or commercialise;
- * Consultation and engagement plan for budget setting continues to include staff, partners, businesses and Community & Voluntary Sector;
- * Development of skills and knowledge to support options appraisal of new delivery models;
- * Close monitoring of council tax, business rates and other income and regular updating of forecasts;
- * Continued review of the adequacy of savings programmes alongside other budget measures to support the budget strategy;
- * Ongoing review and challenge of value for money including Member review, benchmarking, and external audit review;
- * The cross-party budget review group reviews monthly TBM performance, including financial recovery plans.
- * New financial controls were introduced in September 2015 to help mitigate a substantial in-year forecast overspend.

Effectiveness of Controls: Adequate

Issue Type: Threat
Risk Treatment: Treat



Solutions: Corporate Modernisation Delivery Board board includes monitoring and RAG rating of critical VFM and other savings programmes that support the council's current and medium term financial position. Reporting links to TBM reporting which also monitors savings delivery .
SR2 risk action: Incorporating progress on delivery of 2015/16 savings within the monthly TBM reports
SR 2 Risk Action: Devise and implement Corporate Plan & MTFS service and financial planning timetable and process.
SR 2 Risk Action: Continue to monitor impact of health sector reforms and local savings strategies
SR 2 Risk Action: Delivery of value for money programme financial and non-financial benefits as part of the Modernisation Programme
SR 2 Risk Action: Meet Targeted Budget Management (TBM) reporting timetable and identify risk mitigation and corrective action where necessary
SR 2 Risk Action: Regular joint updates to City Management Board on partners' financial positions and strategies. Joint action and/or funding options to be agreed where necessary.
SR 2 Risk Action: Regular MTFS updates of the City Council's projected financial position for future years

ROM Issue:	Information Governance Management	Responsible Officer:	Executive Director Finance & Resources and Senior Information Risk Owner (SIRO) Risk Code : SR10
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Identified The council must operate to a high standard of information governance and information management within the overall context of openness and transparency. The council must ensure that it not only protects the organisation's information and technical assets but that it does so within a complex array of legislative (including Data Protection, and Freedom of Information) requirements and compliance regimes. As examples, the Public Services Network ("PSN") and the Health & Social Care Information Centre ("HSCIC") both place significant emphasis on Information Governance Controls as does the Information Commissioner's Office.

Potential Conseq The council recognises that if it fails to manage data effectively then :

- 1) Individuals could suffer reputational, financial or physical harm,
- 2) The council could suffer reputational and/or financial loss along with an inability to function effectively,
- 3) The PSN & HSCIC could impose operational sanctions which would be catastrophic for many services,
- 5) The Information Commissioner's Office could impose financial sanctions,
- 4) It could result in a loss of trust in the council by citizens and partners.

Initial:	High (L4xI4)	Red	Revised:	Significant (L3xI4)	Amber
Risk Identified Date:	8/5/2012		Date Modified:	1/5/2015	

Risk Category: - BHCC Strategic Risk
- Legislative

Existing Controls:

- 1) The Senior Information Risk Owner ("SIRO") oversees the organisation's approach to Information Risk Management, setting the culture along with risk appetite and tolerances;
- 2) The Information Management Board ("IMB") oversees and provides leadership on Information Risk Management and obligations arising from legislation such as the DPA 1998 & FOI 1998;
- 3) A suite of Information Governance Policies has been approved and a move towards alignment with ISO27001 is planned for the future;
- 4) An Information Audit has been completed, including business impact assessments for the loss or compromise of Confidentiality, Integrity and Availability;
- 5) Open Government Licence implemented to support open government agenda and records management;
- 6) Code of Connection compliance has been achieved for 2015;
- 7) An Information Governance training package has been rolled out across the entire organisation;
- 8) Work is taking place to move to a new datacentre.

Effectiveness of Controls: Uncertain **Issue Type:** Threat
Risk Treatment: Treat

Solutions:

- SR 10 Risk Action: Implement an organisation wide information risk management process and maintain a prioritised information risk register.
- SR 10 Risk Action: Align our internal controls with ISO27001 (the de facto standard for information security management)
- SR 10 Risk Action: Sharing of best practice across SE7 authorities particularly for remote access
- SR 10 Risk Action: Continue to deliver CoCo project programme of works as agreed by Information Management Board
- SR 10 Risk Action: Refreshed and updated the Information Governance training package and made it available to staff via elearning
- SR10 Risk Action: Review arrangements for dealing with Freedom of Information Requests
- SR 10 Risk Action: Business continuity arrangements are being reviewed and updated, then to be considered by decision makers and communicated to services
- SR 10 Risk Action: Continual review and development of the newly approved suite of information governance policies along with the creation of specific user guidance for Members and staff as part of the wider user education programme.



ROM Issue:	Keeping vulnerable adults safe from harm and abuse	Responsible Officer:	Denise D'Souza
		Risk Code:	SR13

Identified Keeping vulnerable adults safe from harm and abuse is a responsibility of the council. Brighton & Hove City Council has a statutory duty to co-ordinate safeguarding work across the city and the Safeguarding Adults Board. This work links partnerships across the Police and Health and Social Care providers. Over 1400 concerns were raised last year about vulnerable people with over 1,000 going into investigation.

Potential Conseq Due to a national legal judgement in early 2014 on Deprivation of Liberty Safeguards (DoLS) the council has seen a significant increase in requests for Best Interest Assessments (BIAs); numbers have increased significantly testing the council's capacity to deliver.
 *Generally cases are more complex and demands can vary. The council is able to respond appropriately at a time of change to protect those most vulnerable
 *Failure to respond to a more personalised approach could result in challenge

Initial:	High(L4xL4)	Revised:	Significant (L3xL4)
Risk Identified Date:	8/5/2013	Date Modified:	10/6/2014



Risk Category:

- BHCC Directorate Risk
- BHCC Strategic Risk
- Legislative

Existing Controls:

- * Implement new Care Act requirements- Care Act implemented and procedures updated
- * Awareness through messages and training;
- * Safeguarding Board workplan arising from review of Board. Independent Chair appointed
- * Learning from serious case reviews, coroners concerns and case review from national work;
- * Good multi-agency work: Pilot role and access point from Police;
- * Audit of Safeguarding investigations and alerts (to check as appropriate);
- * Maintain the role and numbers of professional social workers through service redesign to ensure capacity;
- * Multi-agency training in place for better awareness, investigation management;
- * Highly motivated social workers;
- * Assessment of need using agreed threshold policies and procedures;
- * Staff provided with learning opportunities and undertake continuous professional development;
- * Working with ADASS (association of directors of adult social services) on the impact of recent legal judgement on DoLs ;
- * Working with Care Providers to ensure requests for Best Interest Assessments are appropriate and provides best and least restrictive practice;
- * Recruiting independent safeguarding board chair;

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

Solutions: SR13 Risk Action: Continue to learn from serious case reviews, coroners inquests and case reviews
 SR 13 Risk Action: Continue to raise awareness through messages and training
 SR13 Risk Action: From multi-agency work with Police, review pilot to inform service delivery



ROM Issue:	Keeping children safe from harm and abuse	Responsible Officer:	Pinaki Ghoshal
		Risk Code:	SR15

Identified Keeping vulnerable children safe from harm and abuse is a legal responsibility of the Council. Legislation requires all local authorities to act in accordance with national guidance (Working Together) to ensure robust safeguarding practice. This includes the responsibility to ensure an effective Local Safeguarding Children Board (LSCB) which oversees work locally and in partnership with Police, Health and social care providers. The numbers of children in care 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;
- * In line with the government's Prevent strategy, work with the police, statutory partners, third sector organisations and communities to reduce radicalisation;
- * Proportion of children living in poverty is one of the key indicators regularly monitored by ELT;
- * 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

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 (L4xI4)	Revised:	Significant (L3xI4)
Risk Identified Date:	25/9/2013	Date Modified:	10/6/2014

Red

Amber

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 opened on Hove Police Station site September 2014;
- * One new permanent form of entry opened 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;
- * A strategy for providing additional secondary school places has been developed and agreed through the Cross Party School Organisation Group and through a partnership group consisting of all ten secondary schools, the three colleges and the two universities with the local authority;
- * Council officers are working with schools where there are spare places to assist them in developing and sustaining strong partnership relationships with the primary schools in their catchment area;
- * Preliminary curriculum and space analyses have been commissioned and completed for the four secondary schools where expansion would be most likely to meet the need for new places.

Effectiveness of Controls: Adequate

Issue Type: Threat
Risk Treatment: Treat

Solutions: Provide support to the University of Brighton to develop a free school proposal for submission to the Department for Education in late May 15
SR 17 Risk Action: Review of secondary school admissions arrangements commissioned by Children and Young People Committee, to be steered by cross party working group :
SR 17 Risk Action: Review of 'lessons learned' from 2014 primary admissions round to be undertaken in consultation with the cross party working group with a view to agreeing earlier any bulge classes required
SR 17 Risk Action: Deliver the School Improvement Strategy to support the remaining 20% of schools to be good or outstanding

ROM Issue:	Effective investment, support and use of technology and ICT services	Responsible Officer:	Rachel Musson
		Risk Code:	SR18

Identified There is ever rising expectation and demand for excellent and compelling digital services by citizens, visitors, businesses, partners, Members and officers. This is driven by a collection of needs and desires from increasing staff productivity, ever more complex challenges in safeguarding and demand management, through to citizens experience expectations driven by high quality consumer digital services. The Council’s current and future services are highly dependent on user centric, secure, resilient and flexible digital capabilities, ICT infrastructure and services. It is also dependent on a workforce who can exploit, innovate and support these services.

Potential Conseq If we do not invest appropriately in technology, digital capabilities and their effective use, we will be unable to deliver on the modernisation agenda and core outcomes within the corporate plan including closing the financial gap and meeting customer expectations. We will also put at risk key responsibilities in safeguarding and protecting the most vulnerable through staff not having access to the information and support needed to carry out their roles. As a high profile digital city, both the Council’s and the City’s reputation’s are at risk if we do not invest to deliver high quality digital services in line with the rising expectations of citizens, visitors, Members and staff. Equally the dependency on the reliability and availability of ICT services increases the reputational and safeguarding damage through failures in business continuity can be severe.

Initial:	High (L5xI4)		Revised:	High (L4xI4)	
Risk Identified Date:	25/9/2013		Date Modified:	31/10/2014	

Risk Category:
 - BHCC Strategic Risk
 - Technological

Existing Controls:

- * ICT Strategy (to 2016);
- * ICT investment plan (partially funded but only through to 2016);
- * Infrastructure Programme delivering upgrades of ICT infrastructure, hardware and systems to improve service flexibility, availability, business continuity and cybersecurity standards including; local networks (wired and wireless), telephony (fixed and mobile);
- * Current deployment of the new Network jointly with partners through the LINK (Completed);
- * Roll out of new Microsoft Operating Suite (Windows 7 and Office 2010) (Completed);
- * Migration of computer rooms to third party data centres and hybrid cloud services(Underway);
- * ICT workforce planning ideas shared within council and SE7 partners;
- * Review of priority ICT Service needs across Directorates (Completed);
- * Customer First in a Digital Age (CFDA) programme is focussed on developing and delivering new digital and ICT capabilities to support business strategies across the Council including digital channels, mobile capabilities and staff capabilities required to make us fit for the future,
- * The programme level business case has now been developed and has been presented for approval by the board and signed off by the Corporate Modernisation Delivery Board. With this approval confirmed a recommendations is being put to Policy & Resources Committee in October 2015 for decision around investment for the period 2016-19.
- * Information Management strand of CFDA developing and delivering capabilities for encrypted email, file sharing services and enterprise content management

Effectiveness of Controls: Uncertain **Issue Type:** Threat
Risk Treatment: Treat



Solutions: SR18 Risk Action: Compare the ICT workload & existing ICT investment priorities for 2014-2016, with the emerging strategic priorities across directorates and for the Council as a whole. Work with ELT and corporate change partners to identify gaps requiring targeted investment to support business strategies and support the Council's outcomes.

SR18 Risk Action: Improve clarity & governance of relationship between ICT Investment and business benefits through the oversight by the Corporate Modernisation Delivery Board of the ICT Investment Programmes: Infrastructure and Information Management

SR18 Risk Action: Put in place expert ICT supplier relationship skills to deliver best value from complex contracted services and additional support, planning and advice on sourcing and procurement

SR18 Risk Action: Review required ICT skills and training offer requirement for all staff in the light of next round of investment plans.

Development of supporting ICT Digital Investment Plan in support of ICT Digital Strategy and Customer First in a Digital Age programme.

Development of Customer First in a Digital Age programme, incorporating current investments in Digital improving Customer Experience (DiCE) and Information Management Programme, targeting required needs to support the new corporate plan and ambitions identified by the board and through emerging strategic priorities engagement.

Development of digital strategy in support of the corporate plan and emerging strategic priorities as part of Customer First in a Digital Age programme.

ROM Issue:	Better Care Fund	Responsible Officer:	Denise D'Souza
		Risk Code:	SR20

Identified The changes to funding for Adult Social Care was introduced by the Better Care Fund and affect how the whole system of social care, across the public and private sectors, works together and how funding is agreed.

Potential Conseq The impact of funding changes of the Better Care Fund combine with already significant changes to the NHS still being worked through with a submission to the NHS made on 19 September 2014. This needs to deliver more integrated care and show real improvement in Accident & Emergency (A&E) performance.

If parties do not work together as agreed, or organisation's priorities change, it will affect delivery of performance targets in relation to the Better Care Fund. Any failure of delivery will impact on the Acute Trusts' costs and our ability to release efficiency savings to create new services.

Initial:	High(L4xL4)		Revised:	Significant (L3xL4)	
Risk Identified Date:	14/5/2014		Date Modified:	10/6/2014	

Risk Category:
 - BHCC Strategic Risk
 - Economic / Financial

Existing Controls:

- * Health & Wellbeing Board reviewed and governance arrangements in place to help deliver an integrated approach, including oversight of the Better Care Fund;
- * Better Care Plans in place. Section 75 signed off. Cluster One commence September 2015.
- * Better Care Board established (high level and cross sector representation) and chaired by Executive Director Adult Social Care;
- * Partnership work agreed and submitted a Better Care Plan by the deadline in March 2014;
- * Agreement at Better Care Board to develop a Better Care implementation plan for delivery of Phase 1 from September 2014, based on an integrated model of delivery;
- * Better Care Board refocusing on commissioning and integrated provider board being set up. June 2015
- * Cluster areas now designated as 5 around GP practice

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

Solutions: Robust Section 75 agreement being developed and will be in place by June 2015
 SR 20 Risk Action: Deliver Phase 1 Better Care implementation plan from September 2014. Cluster working under development. Cluster one, went live in September 2015. This model is based around GP's and multi -disciplinary teams
 SR 20 Risk Action: Monitor and react to implications on the Better Care Fund arising from the Care Act

ROM Issue:	Housing Pressures	Responsible Officer:	Nick Hibberd
		Risk Code:	SR21

Identified The increasing demands for housing continues to outstrip new supply and as a consequence accommodation is becoming less affordable notably in central city areas relative to the local wage rates. Housing is particularly acute for low income families. There are also significant needs associated with an ageing population and more dependant households. Student numbers are also forecast to grow and have a significant impact on the existing residential communities and, in terms of affordable rents for non-student households, local character and impact on neighbourhood amenity.

Potential Conseq

1. The city is constrained in its capacity to accommodate economic growth, housing supply obligations and sustainable development objectives.
2. The city council is unable to meet it's strategic housing and planning policy objectives and statutory homelessness obligations.
3. The shortage of homes to meet the accommodation requirements of elderly and vulnerable people which can have an adverse impact on social care provision and cost pressures.

Initial:	High (L4xI4)		Revised:	Significant (L3xI4)	
Risk Identified Date:	5/6/2014	Red	Date Modified:	10/6/2014	Amber

Risk Category:

- BHCC Strategic Risk
- Citywide risk
- Environmental / Sustainability

Existing Controls: The Council's Housing Strategy sets out objectives and a 4 year action plan. This includes policy and investment concerning: i) Improving Housing Supply; ii) Improving Housing Quality; iii) Improving Housing Support. This strategy has been agreed by Full Council. The City Plan also sets out housing targets across all tenures; policies on securing affordable housing through the planning system, residential development standards. Key controls include:

1. A housing allocation policy which targets the provision (c. 500 Council house lettings p.a.) and nomination of affordable housing to priority households.
2. Long term private sector housing lettings with private landlords in the city and wider city region.
3. A 'New Homes for Neighbourhoods' estate regeneration programme to deliver new affordable homes in the city.
4. Tenancy sustainment initiatives particularly for more vulnerable people.
5. Exploration of off-plan acquisition to support provision of new supply and affordable housing planning policy.
6. Investment schemes to upgrade existing sheltered housing and provide new bespoke housing (e.g. Extra Care).
7. Continued work with Registered Social Landlords to support housing led regeneration initiatives

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

Solutions: SR 21 Risk Action: Work through City Deal with regional partners & LEP to promote Economic development incl increased sub-regional working to meet housing need
SR21 Risk Action: Investigate options for council resources to develop finance expertise to increase council's ability to negotiate effectively with developers and local private agents re . schemes for housing and to provide affordable housing
SR 21 Risk Action: Continue to track numbers of Right to Buy Purchases; student houses; HMOs in specific areas and across city
SR21 Risk Action: Investigate options to procure more housing for affordable rented and shared ownership use
SR21 Risk Action: Consider use of New Policy Article 4 a) allocates sites for purpose built housing; and b) manages properties to meet student housing needs
SR21 Risk Action: HRA stock improvement & estate regeneration initiative (New Homes for Neighbourhoods) to increase affordable housing supply
SR21 Risk Action: Act on outcome of joint partners' bid for £59M for extra care housing to address social care residential needs as part of 2015-18 Affordable Housing Programme
SR21 Risk Action: Explore options with universities to improve student accommodation provision to meet forecast growth in student numbers.
SR 21 Risk Action: Greater Brighton Economic Board, City Deal & regional working to find housing solutions.
SR 21 Risk Action: Affordable housing City Plan policy to be adopted
SR21 Risk Action: Exercise Duty to Co-operate with Neighbouring Authorities to address the shortfall in housing supply that is not deliverable in Brighton & Hove

ROM Issue:	Modernising the Council	Responsible Officer:	Geoff Raw
		Risk Code:	SR22

Identified The Corporate Plan sets out, “our purpose to provide strong civic leadership for the well-being and aspiration of Brighton & Hove. We will be successful if we are judged to deliver:
 A good life: Ensuring a city for all ages, inclusive of everyone and protecting the most vulnerable.
 A well run city: Keeping the city safe, clean, moving and connected.
 A vibrant economy: Promoting a world class economy with a local workforce to match.
 A modern council: Providing open civic leadership and effective public services.”

Potential Conseq Modernisation is the council’s portfolio of change management programmes and projects which will support delivery of corporate principles and priorities. This in turn will help evidence achievement of outcomes in relation to council’s purpose as set out in the Corporate Plan. If the programmes/projects are not successful in delivering intended benefits, it will impact on the achievement of these outcomes failing to deliver our Corporate Plan.

Initial:	High (L4xI5)	Revised:	Significant (L3xI4)
Risk Identified Date:	3/11/2014	Date Modified:	11/2014



Risk Category: - BHCC Strategic Risk

Existing Controls:

- *Corporate Modernisation Delivery Board has been set up to initiate and lead programmes and projects that are intended to achieve the Corporate Plan priorities and principles including cross-cutting programmes and projects
- *The Board is chaired by the Chief Executive and consists of directors and other key officers of the council.
- * Reporting to the Corporate Modernisation Delivery Board, Directorate Modernisation Boards are set up to drive the programmes and projects forward and deliver outcomes and benefits.
- * Reporting to the Directorate Modernisation Boards, there are Programme and Project Boards responsible for planning, set-up and management of programmes and projects.
- * A cross-party Member Oversight Group monitor progress and provide support and challenge as required.
- * The financial benefits are reported to the Policy & Resources Committee as part of TBM reports.

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

Solutions: Risk Action: The funding of the Modernisation programme to be regularly reviewed to ensure limited resources are effectively targeted. In addition, resource requirements for the modernisation portfolio to be identified based on business cases.
 Risk Action: Performance Improvement & Programmes team to support, coordinate and challenge programmes and projects delivery.
 Development of council wide approach to create a co-operative council ethos, model and ways of working for Brighton and Hove, involving communities, residents and partners
 Risk Action: Corporate Modernisation Delivery Board to continue to regularly review risks escalated by individual programmes and projects and initiate mitigating actions



ROM Issue:	Developing an investment strategy to refurbish and develop the city's major asset of the seafront	Responsible Officer:	Paula Murray and Nick Hibberd
	(Joint Risk Owners: Paula Murray - Assistant Chief Executive and Nick Hibberd - Acting Director Environment Development and Housing)	Risk Code:	SR23

Identified The seafront is a city asset which is iconic and contributes to the city's reputation . The council is the lead custodian of the seafront but the benefits are shared by many. At least 5 million people use our seafront every year. It is a very significant attraction in our visitor economy; provides a series of important public spaces for residents; many businesses in the city rely on the draw of the seafront to sustain their organisation's value and to provide an attractive place for stakeholders and employees. It is being used beyond its original design and, in many ways, is a victim of its own success and affected by the changing patterns and increased demands of usage. the deterioration of Madeira Terraces in particular have reached a critical point, requiring fencing and safety measures whilst a longer term solution is developed.

Potential Conseq The heritages structures and infrastructure along the seafront require significant investment and ongoing revenue in order to ensure suitability for modern use, and to preserve and enhance the reputation of the city and its offer.

Initial:	High (L4xL4)		Revised:	High (L4xL3)	
Risk Identified Date:	3/11/2014		Date Modified:	3/11/2014	

Risk Category: - BHCC Strategic Risk

Existing Controls:

- * Develop the investment plan to underpin the Seafront Strategy and long term viability of the seafront infrastructure;
- * Continue to support financially viable investments in the seafront e.g. i360
- * Seafront arch repair programme to be delivered over 10 years from 2012
- * Scrutiny panel report in 2014 has identified recommendations for improved management and development of the Seafront which were accepted
- * Project Boards have been established and are actively considering seafront redevelopment opportunities including the Black Rock and King Alfred sites . The King Alfred site is currently in an OJEU compliant procurement process to secure a development partner
- * Bid submitted for coast communities funding for specialist expertise to develop investment strategy

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

Solutions: Work to implement the HLF funded plans for Volks can continue with the success of stage 2 funding bid. the interim plans for Madeira Terraces are in development with identified budget ; propping the structures, working with traders to create as good an environment for the short term as possible Officers continue to respond to Seafront Scrutiny report recommendations.

ROM Issue:	Welfare Reform	Responsible Officer:	Rachel Musson
	(Joint risk owners: Rachel Musson - Executive Director Finance & Resources and Tom Scanlon - Director of Public Health)	Risk Code:	SR24

Identified Introduction of Universal Credit during 2015/16 with extended roll out during 2016. Implications for staffing levels within services; TUPE issues to DWP; rent collection; council tax collection and pressures on social services and homeless services. Additionally further to the July 2015 national budget a new programme of welfare reform is commencing from April 2016.

Potential Conseq Increased service pressures on housing and social services
Decreased rent and Council Tax collection

Initial:	High (L4xL4)	Revised:	Significant (L4xL3)
Risk Identified Date:	27/3/2015 Red	Date Modified:	4/6/2015 Amber

Risk Category: - BHCC Strategic Risk

Existing Controls: Welfare Reform team in place to monitor welfare changes and to coordinate a corporate response to them
Early meetings held with DWP about change to Universal Credit, continuing meetings scheduled re specific actions the council must undertake.
Information provided to inform housing colleagues re changes to benefit cap policy and impact on funding of temporary accommodation.
Council Tax Reduction (CTR) policy options provided to members to give the option to partially mitigate impact of Tax Credit changes on local CTR costs as part of CTR yearly process.
Provide caseworking support directly to customers most significantly affected by the changes (specifically the benefit cap)
Regular links maintained with advice and voluntary sector so impacts on citizens can be judged
Modelling of specific policies being undertaken to assess the impact on customers in terms of numbers and change.
Welfare Reform meetings at CMT level booked in for the year to track these changes and enable a corporate response, this incorporates a detailed risk register with progress of actions reviewed at programme boards

Effectiveness of Controls: Uncertain **Issue Type:** Threat
Risk Treatment: Treat

Solutions: Keep relevant staff and stakeholders up to date with information as it becomes available
The programme maintains a detailed risk register which is reviewed quarterly.
Prepare for Universal Credit (UC)
Benefit cap reducing to £20k - Reduction on previously assumed level of £23k. Main impacts likely to be on housing, rent collection and homelessness pressures. Analysis of probable caseload done, shared with appropriate services and action plan in development.
Report data to programme board on the effectiveness of the caseworking support in place to help to most significantly affected by the Welfare Reforms. Eg trend analysis, financial impact
Provide policy options and author reports to give members options on policy issues Eg Council Tax Reduction
Analysis of Party political policies to be presented to F&R DMT pre- election
The library service is leading digital inclusion for the council. We are working with this project around digital support for claimants of universal credit, this will include an analysis of current staff skills.
There is also a need to identify specific support for UC claimants and fund this through DWP funding streams.

Strategic Risk Assessment Report: Background Information/Terms Used

Date Identified: when the Executive Leadership Team (ELT) first agreed the risk

Date modified: when any of these elements of the Risk was authorised by ELT for modification:

- ROM Issue (the title of the risk)
- Identified (the description of the risk)
- Potential Conseq (the potential consequence(s) of the Risk)

Risk Scores are allocated using this Risk Matrix:

LIKELIHOOD	MOST LIKELY IMPACT (if in doubt grade up not down)				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	5 Yellow	10 Amber	15 Red	20 Red	25 Red
Likely (4)	4 Yellow	8 Amber	12 Amber	16 Red	20 Red
Possible (3)	3 Green	6 Yellow	9 Amber	12 Amber	15 Red
Unlikely (2)	2 Green	4 Yellow	6 Yellow	8 Amber	10 Amber
Almost Impossible (1)	1 Green	2 Green	3 Green	4 Yellow	5 Yellow

Action is taken is in accordance with the colour coding of each of the four risk scores as follows:

GREEN 1 - 3 Low	YELLOW 4 - 7 Moderate	AMBER 8 - 14 Significant	RED 15 - 25 High
Monitor periodically	Monitor if the risk levels increase	Review & ensure effective controls	Immediate action required & need to Escalate to the management level above

Subject:	Strategic Risk MAP Focus: SR23 Developing an investment strategy to refurbish and develop the city's major asset of the Seafront; and SR21 Housing Pressures		
Date of Meeting:	17 November 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 the oversight on the Strategic Risk Register which is set and reviewed every six months by the Executive Leadership Team (ELT). Each Strategic Risk is 'owned' by a member of ELT and has a Risk Management Action Plan (a 'risk MAP') to deliver action to address the risk.
- 1.2 The Committee has agreed a schedule in its Work Plan to focus on at least two strategic risk MAPs at each meeting, and asks Risk Owners to attend in order to more fully explore the details of actions to address each Strategic Risk.
- 1.3 This meeting will be attended by Paula Murray, Assistant Chief Executive in respect of SR23; and in respect of SR21, Nick Hibberd, Acting Executive Director Environment, Development & Housing.

2. RECOMMENDATIONS:

- 2.1 That Members note the information provided in the Strategic Risk MAPs in Appendix 1 (Strategic Risk Assessment Report).
- 2.2 That, having considered Appendix 1 and any clarification comments from the Risk Owner the Committee make any recommendations it considers appropriate to the relevant council body.

3. FINANCIAL & OTHER IMPLICATIONS:Financial Implications:

- 3.1 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: 21/10/15

Legal Implications:

- 3.2 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: Elizabeth Culbert

Date: 21/10/15

SUPPORTING DOCUMENTATION

Appendices:

1. Strategic Risk Assessment Report – SR23 and SR21.

Documents in Members' Rooms

1. None.

Background Documents

1. Strategic Risk Register 2015/16 – reviewed by Executive Leadership Team September 2015.



Brighton & Hove City Council
Strategic Risk Assessment Report
SR21 and SR23
as at 26 October 2015

Risk Category - BHCC Strategic Risk;



ROM Issue:	Housing Pressures	Responsible Officer:	Nick Hibberd
		Risk Code:	SR21

Identified The increasing demands for housing continues to outstrip new supply and as a consequence accommodation is becoming less affordable notably in central city areas relative to the local wage rates. Housing is particularly acute for low income families. There are also significant needs associated with an ageing population and more dependant households. Student numbers are also forecast to grow and have a significant impact on the existing residential communities and, in terms of affordable rents for non-student households, local character and impact on neighbourhood amenity.

Potential Conseq

1. The city is constrained in its capacity to accommodate economic growth, housing supply obligations and sustainable development objectives.
2. The city council is unable to meet it's strategic housing and planning policy objectives and statutory homelessness obligations.
3. The shortage of homes to meet the accommodation requirements of elderly and vulnerable people which can have an adverse impact on social care provision and cost pressures.

Initial:	High (L4xI4)		Revised:	Significant (L3xI4)	
Risk Identified Date:	5/6/2014		Date Modified:	10/6/2014	

Risk Category:

- BHCC Strategic Risk
- Citywide risk
- Environmental / Sustainability

Existing Controls: The Council's Housing Strategy sets out objectives and a 4 year action plan. This includes policy and investment concerning: i) Improving Housing Supply; ii) Improving Housing Quality; iii) Improving Housing Support. This strategy has been agreed by Full Council. The City Plan also sets out housing targets across all tenures; policies on securing affordable housing through the planning system, residential development standards. Key controls include:

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4. Tenancy sustainment initiatives particularly for more vulnerable people .
5. Exploration of off-plan acquisition to support provision of new supply and affordable housing planning policy.
6. Investment schemes to upgrade existitng sheltered housing and provide new bespoke housing (e.g. Extra Care).
7. Continued work with Registered Social Landlords to support housing led regeneration initiatives

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

Solutions: SR 21 Risk Action: Work through City Deal with regional partners & LEP to promote Economic development incl increased sub-regional working to meet housing need
SR21 Risk Action: Investigate options for council resources to develop finance expertise to increase council's ability to negotiate effectively with developers and local private agents re. schemes for housing and to provide affordable housing
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ROM Issue:	Developing an investment strategy to refurbish and develop the city’s major asset of the seafront	Responsible Officer:	Paula Murray and Nick Hibberd
	(Joint Risk Owners: Paula Murray - Assistant Chief Executive and Nick Hibberd - Acting Director Environment Development and Housing)	Risk Code:	SR23

Identified The seafront is a city asset which is iconic and contributes to the city’s reputation . The council is the lead custodian of the seafront but the benefits are shared by many. At least 5 million people use our seafront every year. It is a very significant attraction in our visitor economy; provides a series of important public spaces for residents; many businesses in the city rely on the draw of the seafront to sustain their organisation’s value and to provide an attractive place for stakeholders and employees. It is being used beyond its original design and, in many ways, is a victim of its own success and affected by the changing patterns and increased demands of usage. the deterioration of Madeira Terraces in particular have reached a critical point, requiring fencing and safety measures whilst a longer term solution is developed.

Potential Conseq The heritages structures and infrastructure along the seafront require significant investment and ongoing revenue in order to ensure suitability for modern use, and to preserve and enhance the reputation of the city and its offer .

Initial:	High (L4xI4)	Revised:	High (L4xI3)
Risk Identified Date:	3/11/2014	Date Modified:	3/11/2014

Risk Category: - BHCC Strategic Risk

Existing Controls:

- * Develop the investment plan to underpin the Seafront Strategy and long term viability of the seafront infrastructure;
- * Continue to support financially viable investments in the seafront e.g. i360
- * Seafront arch repair programme to be delivered over 10 years from 2012
- * Scrutiny panel report in 2014 has identified recommendations for improved management and development of the Seafront which were accepted
- * Project Boards have been established and are actively considering seafront redevelopment opportunities including the Black Rock and King Alfred sites . The King Alfred site is currently in an OJEU compliant procurement process to secure a development partner
- * Bid submitted for coast communities funding for specialist expertise to develop investment strategy

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

Solutions: Work to implement the HLF funded plans for Volks can continue with the success of stage 2 funding bid. the interim plans for Madeira Terraces are in development with identified budget ; propping the structures, working with traders to create as good an environment for the short term as possible Officers continue to respond to Seafront Scrutiny report recommendations.

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Low	Moderate	Significant	High
Monitor periodically	Monitor if the risk levels increase	Review & ensure effective controls	Immediate action required & need to Escalate to the management level above

COMMITTEENAME

Agenda Item 49

Brighton & Hove City Council

Subject:	Ernst & Young - 2014/15 Annual Audit Letter		
Date of Meeting:	17 November 2015		
Report of:	Ernst & Young		
Contact Officer:	Name:	Paul King	Tel: 0118 928 1556 (Ext 41556)
	Email:	pking1@uk.ey.com	
Ward(s) affected:	All		

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The purpose of the Annual Audit Letter is to communicate to the Members of the Council and external stakeholders, including members of the public, the key issues arising from our work which we consider should be brought to their attention.
- 1.2 Detailed findings from our 2014/15 audit have already been reported to the 22 September meeting of the Committee in our 2014/15 Audit Results Report. The matters reported in the Annual Audit Letter are the most significant for the Council.

2. RECOMMENDATIONS:

- 2.1 To consider the 2014/15 Annual Audit Letter and ask questions as necessary.

Brighton & Hove City Council

Annual Audit Letter for the year ended 31 March 2015

October 2015

Ernst & Young LLP



The Members
Brighton & Hove City Council
Kings House
Grand Avenue
Hove
BN3 2LS

October 2015

Dear Members

Annual Audit Letter 2014/15

The purpose of this annual audit letter is to communicate the key issues arising from our work to the Members and external stakeholders, including members of the public.

We have already reported the detailed findings from our audit work in our 2014/15 audit results report presented to the 22 September meeting of the Audit & Standards Committee, representing those charged with governance. We do not repeat them here.

The matters reported here are those we consider most significant for the Council.

We would like to take this opportunity to thank officers for their assistance during the course of our work.

Yours faithfully

Paul King
Executive Director
For and on behalf of Ernst & Young LLP
Enc.

Contents

1. Executive summary	1
2. Key findings	3
3. Control themes and observations	5
4. Looking ahead	6
5. Fees	8

Relevant parts of the Audit Commission Act 1998 are transitionally saved by the Local Audit and Accountability Act 2014 (Commencement No. 7, Transitional Provisions and Savings) Order 2015 for 2014/15 audits.

The Audit Commission's 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the accountable officer 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 Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

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

1. Executive summary

Our 2014/15 audit work was undertaken in accordance with the Audit Plan issued in February 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by an Annual Governance Statement (AGS). In the AGS the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for having proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- forming an opinion on the financial statements, and on the consistency of other information published with them
- reviewing and reporting by exception on the Council's AGS
- forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources
- undertaking any other work specified by the Audit Commission and the Code of Audit Practice.

Summarised below are the results of our work across all these areas:

Area of work	Result
Audit of the financial statement of Brighton & Hove City Council for the financial year ended 31 March 2015 in accordance with International Standards on Auditing (UK & Ireland).	On 25 September 2015 we issued an unqualified audit opinion on the Council's financial statements.
Form a conclusion on the arrangements the Council has made for securing economy, efficiency and effectiveness in its use of resources.	On 25 September 2015 we issued an 'except for' qualified value for money conclusion. In our view the Council has not yet made sufficient progress in identifying the actions necessary to demonstrate its ability to secure a stable financial position over the medium term. Therefore we concluded that, except for arrangements for securing financial resilience, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.
Report to the National Audit Office on the accuracy of the consolidation pack the Council needs to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 25 September 2015.
Consider the completeness of disclosures on the Council's AGS, identify any inconsistencies with other information which we know about from our work and consider whether it complies with CIPFA/ SOLACE guidance.	We identified two areas where further disclosure was required to reflect the position at the Council. The Council amended the annual governance statement to reflect our findings.
Consider whether we should make a report in the public interest on any matter coming to our notice in the course of the audit.	No issues to report.

Determine whether we need to take any other action in relation to our responsibilities under the Audit Commission Act.

No issues to report.

As a result of the above we have also:

Issued a report to those charged with governance of the Council with the significant findings from our audit.

Our Audit Results Report was issued on 22 September 2015 to the Audit & Standards Committee

Issued a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

Issued on 25 September 2015.

In January 2016 we will also issue a report to those charged with governance of the Council summarising the certification (of grant claims and returns) work we have undertaken.

2. Key findings

2.1 Financial statement audit

The Council's Statement of Accounts is an important tool to show both how the Council has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and issued an unqualified audit report on 25 September 2015.

Our detailed findings were reported to the 22 September 2015 Audit & Standards Committee.

The main issues identified as part of our audit were:

Significant risk 1: Risk of management override of controls

Our work identified no material misstatement due to fraudulent financial reporting or other evidence of material fraud.

We also raised a relatively small number of other issues relating to qualitative aspects of accounting practices issues faced during the audit, in particular the need for the Council to improve the approach it takes to the valuation of property, plant and equipment assets. The Council made material amendments to the carrying value of assets in its balance sheet as a result of our work on this area.

2.2 Value for money conclusion

As part of our work we must also conclude whether the Council has proper arrangements to secure economy, efficiency and effectiveness in the use of resources. This is known as our value for money conclusion.

In accordance with guidance issued by the Audit Commission, our 2014/15 value for money conclusion was based on two criteria. We consider whether the Council had proper arrangements in place for:

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

We issued an 'except for' qualified value for money conclusion on 25 September 2015.

There is a cumulative budget gap of approximately £60 million (assuming an annual Council Tax increase of two per cent) over the three years 2015/16 to 2017/18, rising to £92 million over the five years to 2019/20, forecast in the Council's Medium Term Financial Strategy (MTFS). Without an increase in Council Tax, the five year budget gap would be £102 million.

- Unless the budget gap forecast in the MTFS is closed the Council would fully exhaust its usable reserves by the end of 2017/18 (assuming no increases in Council Tax).
- Review of comparative information on costs suggests that the Council remains high cost per capita overall relative to comparable authorities, and is high cost compared to others in key high spend, demand-led service areas such as adult social care, children's services and housing. This finding is consistent with our findings in previous periods.
- Although the Council did deliver to budget in 2014/15 there was a reduction in usable reserves of approximately £10 million, to approximately £76 million, noting that only approximately £2.4 million of this movement comes from a reduction in reserves that were previously earmarked and available to support the general fund. The use of risk provisions of £2.1 million and other one-off corrective actions was required to deliver against budget in 2014/15.
- The Council, for the first time, did not fully deliver its VFM programme savings targets in 2014/15. Delivery was approximately 39 per cent under target (approximately £6.1 million against a target of £9.9 million).

- As at month 2 of 2015/16, the Council was forecasting a financial budget delivery risk of £8.7 million on the General Fund and £0.7 million on Section 75 health partnerships.

As a result we reported in our value for money conclusion that the Council had not yet made sufficient progress in identifying the actions necessary to demonstrate its ability to secure a stable financial position over the medium term. Therefore we concluded that, except for arrangements for securing financial resilience, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

As part of our work in this areas we also considered the progress made on i360 project including the integration of financial projections in the Council's overall medium term financial plans. We did not have any significant value for money concerns with the i360 development at this stage.

2.3 Whole of Government Accounts

We performed the procedures required by the National Audit Office on the accuracy of the consolidation pack prepared by the Authority for Whole of Government Accounts purposes. We had no issues to report.

2.4 Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's AGS, identify any inconsistencies with the other information which we know about from our work, and consider whether it complies with relevant guidance.

We completed this work and identified two areas where further disclosure was required to reflect the position at the Council. The Council amended the annual governance statement to reflect our findings.

2.5 Objections received

We did not receive any objections to the 2014/15 financial statements from members of the Public.

2.6 Other powers and duties

We identified no issues during our audit that required us to use powers under the Audit Commission Act 1998, including reporting in the public interest.

2.7 Independence

We communicated our assessment of independence to the Audit & Standards Committee as part of our Audit Plan in February 2015, and as part of our Audit Results Report in September 2015. In our professional judgement the firm is independent and the objectivity of the executive director and audit staff has not been compromised within the meaning of regulatory and professional requirements.

2.8 Certification of grant claims and returns

We will issue the Annual Certification Report for 2014/15 in January 2016.

3. Control themes and observations

As part of our work, we obtained enough understanding of internal control to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we must tell the Council about any significant deficiencies in internal control we find during our audit.

We did not identify any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in the Council's financial statements. We did, however, bring a small number of issues to the attention of the Audit & Standards Committee as those charged with governance and raised a small number of associated recommendations which were accepted by the Council. We also followed-up the progress the Council has made in implementing recommendations agreed as part of our 2013/14 audit results report. We concluded that the recommendations made had been implemented.

As part of our 2013/14 audit results report we noted that the Council had experienced significant difficulties with its security carrier contract for cash collection and the value of cash in transit at the end of 2013/14 was approximately £2.2 million. Subsequent to the issue of our 2013/14 audit results report the contractor entered administration during 2014/15. The Council is an unsecured creditor of the company and was ultimately owed approximately £3.2 million. The Council continues to actively seek to recover this money, but it is not clear whether any funds will be recovered. We are satisfied that this issue has been accounted for appropriately in the Council's 2014/15 financial statements.

4. Looking ahead

2014/15 has been a challenging year for the Council and it is currently recruiting both a new Chief Executive and Executive Director of Finance & Resources. Addressing the financial pressures faced by the Council, and identifying savings to bridge the budget gap it currently faces over the medium term, continues to be its main area of challenge.

The following national issues are also relevant to the Council.

Description	Impact
Highways Network Assets	
<p>The Invitation to Comment on the Code of Accounting Practice for 2016/17 (ITC) sets out the requirements to account for Highways Network Asset under Depreciated Replacement Cost from the existing Depreciated Historic Cost. This is to be effective from 1 April 2016.</p>	<p>CIPFA have produced <i>LAAP bulletin 100</i>, which provides a suggested timetable for actions to prepare for this change. This has been supplemented by the issue of the <i>Code of Practice on Transport Infrastructure Guidance Notes (May 2015) and ITC (July 2015)</i>.</p>
<p>This will be a material change of accounting policy for the Council. It will also require changes to existing asset management systems and valuation procedures.</p>	<p>The Council is aware of the challenges this presents and is developing arrangements to meet the new requirements. Specific challenges will include being able to demonstrate the completeness of base information and the need to ensure that valuation information is appropriate to the Council, and that national valuation indicators are not used without consideration of their appropriateness locally.</p>
<p>Relevant assets may also be held outside of the highways department e.g. within the Housing Revenue Account, which will also have to be valued on the revised basis.</p>	
<p>Nationally, latest estimates are that this will add £1,100 billion to the net worth of authorities.</p>	
Better Care Fund	
<p>The Better Care Fund (BCF) is a major policy initiative between local authorities, clinical commissioning groups (CCGs) and NHS providers with a primary aim of driving closer integration and improving outcomes for patients, service users and carers. From the 1 April 2015 BCF has been set up as pooled budget between local government and NHS partners using powers available under pre-existing legislation. The partners use the pooled fund to jointly commission or deliver health and social care services at a local level.</p>	<p>Local BCF arrangements may be complex and varied, involving a number of different commissioning, governance and accounting arrangements that raise risks of misunderstanding, inconsistencies and confusion between the partners. There are also structural, cultural and regulatory differences between local government and the NHS, and it is important that these are understood and considered by all of the partners in the operation of the pool.</p>
<p>Although local authorities, CCGs and NHS providers have experience of pooled budgets and established joint commissioning arrangements, pooled arrangements under BCF are likely to be on a much larger scale. Nationally the fund is comprised of a number of existing funding streams and will involve a minimum NHS spend of £3.8 billion together with other grant funding streams historically administered by local authorities.</p>	<p>In October 2014 HFMA/CIPFA produced "<i>Pooled Budgets and the Better Care Fund</i>" which provides more detailed guidance on the governance and finance issues underpinning the operation of a pooled budget and the associated risks and challenges faced by local government and NHS partners.</p>
<p>The detailed form of local pooled arrangements is not prescribed and has needed to be agreed between the partners.</p>	<p>In Brighton & Hove the partners' collective vision for Better Care is to help people who are vulnerable or frail optimise their health and independence by providing more pro-active, preventative services. The partners consider that frailty is not related to age frailty but incorporates all those with complex care needs or a vulnerability to adverse health outcomes, and a number of related integrated work streams have been established.</p>
	<p>Although no formal agreement to share resources</p>

between the partners had been reached by 1 April 2015 a pooled budget under section 75 of the NHS Act has now been established. The form of in-year monitoring arrangements has also now been devised with standard reports on the performance of the BCF pool being taken to the established Health and Wellbeing Board.

Earlier deadline for production and audit of the financial statements from 2017/18

The Accounts and Audit Regulations 2015 were laid before Parliament in February 2015. A key change in the regulations is that from the 2017/18 financial year the timetable for the preparation and approval of accounts will be brought forward.

As a result, the Council will need to produce draft accounts by 31 May and these accounts will need to be audited by 31 July.

These changes provide challenges for both the preparers and the auditors of the financial statements.

The Council is aware of this challenge and the need to start planning for the impact of these changes. This will necessarily include review of the processes for the production and audit of the accounts, including areas such as the production of estimates, particularly in relation to pensions and the valuation of assets, and the year-end closure processes.

During the year the Council has made changes to both the format of its financial statements and its arrangements to close down the financial ledger and produce the financial statements. These changes are intended to make the statements less complicated and more understandable, but also to allow the Council to close down the general ledger and produce the financial statements more quickly in readiness for the deadline changes in 2017/18.

5. Fees

Our planned fee in line with the scale fee set by the Audit Commission which has been updated from that reported in our February 2015 Audit Plan. Our final proposed fee for 2014/15 is set out below.

	Final fee 2014/15	Planned fee 2014/15	Final fee 2013/14
Total Audit Fee – Code work	£215,878*	£211,400	£217,830
Total Audit Fee – Certification of claims and returns	£18,530**	£18,530	£22,615

* Additional auditor time was required to complete work on the value for money conclusion and to review additional work undertaken by the Council on the valuation of assets carried in its accounts at depreciated replacement cost. This resulted in material amendments being made to the financial statements.

** Our fee for certification of grants and claims is yet to be finalised for 2014/15 and will be reported to those charged with governance in January 2016 within the Annual Certification Report for 2014/15.

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Subject:	Targeted Budget Management 2015/16 (Month 5)		
Date of Meeting:	17 November 2015		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name:	Nigel Manvell	Tel: 29-3104
	E-mail:	nigel.manvell@brighton-hove.gov.uk	
Wards Affected:	All		

FOR GENERAL RELEASE**1 SUMMARY AND POLICY CONTEXT:**

- 1.1 Targeted Budget Management (TBM) reports are reported to the Policy & Resources Committee and referred to the Audit & Standards Committee and the Cross Party Budget Review Group (monthly) to ensure effective member oversight and consideration of the in-year capital and revenue financial performance and associated risks. The Audit & Standards Committee's primary role in respect of TBM reports is to consider whether or not risks have been appropriately identified and treated to assure the ongoing financial resilience of the authority.
- 1.2 This report highlights the position as at month 5 (August) as reported to the 15 October meeting of the Policy & Resources Committee. However, members will note that there is also a Financial Position Update report on the agenda which was effectively an interim TBM report for month 6. This report was considered by the Special Policy & Resources Committee at its meeting on 4 November and gives more up to date information on the financial position.

2 RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee notes the update on the council's in-year financial position and the actions being taken to address forecast overspend risks.

3 CONTEXT/BACKGROUND INFORMATION:

- 3.1 The council's financial performance is monitored monthly through the Targeted Budget Management (TBM) process. TBM reports are reported to Policy & Resources Committee and more frequently (monthly) to the cross-party member Budget Review Group. They are also reviewed monthly by Directorate Management Teams and the Executive Leadership Team.
- 3.2 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. Individual services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within each 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.

3.3 In summary, as at month 5 the forecast overspend risk on the council's General Fund was £7.203m as shown below:

Forecast Variance Month 2 £'000	Directorate	2015/16 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
3,780	Children's Services	55,323	58,586	3,263	5.9%
3,959	Adult Services	60,586	65,059	4,473	7.4%
1,005	Environment, Development & Housing	37,020	37,756	736	2.0%
51	Assistant Chief Executive	15,675	15,572	(103)	-0.7%
0	Public Health (incl. Community Safety & Public Protection)	5,114	5,069	(45)	-0.9%
(60)	Finance, Resources & Law	30,305	29,694	(611)	-2.0%
8,735	Sub Total	204,023	211,736	7,713	3.8%
0	Corporate Budgets	6,348	5,838	(510)	-8.0%
8,735	Total Council Controlled Budgets	210,371	217,574	7,203	3.4%

3.4 In addition, the council's share of the forecast risk on NHS managed Section 75 partnership arrangements was £0.455m as follows:

Forecast Variance Month 2 £'000	S75 Partnership	2015/16 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
695	Sussex Partnership Foundation NHS Trust (SPFT)	11,095	11,495	400	3.6%
-	Sussex Community NHS Trust (SCT)	554	609	55	9.9%
695	Total Revenue - S75	11,649	12,104	455	3.9%

3.5 The latest TBM position, month 6, is reported as part of the Financial Position Update paper elsewhere on the agenda and indicates further improvement of the position to a forecast overspend risk of £4.751m, including £0.492m on NHS managed Section 75 partnerships.

3.6 The Financial Position Update report to Special Policy & Resources on 4 November 2015 describes the main underlying reasons for the overspend forecast which concerns pressures across Children's and Adults social care services and

homelessness (temporary accommodation). The report also sets out measures to address the in-year forecast risk which include:

- Further savings from vacancies;
- Further controls on agency/sessional work usage;
- Further one-off funding from other sources where this can be appropriately deployed e.g. Dedicated Schools Grant;
- The release of one-off Care Act funding and funding discussions with health partners;
- Further restrictions on supplies & services and training budgets;
- Temporary suspensions of planned and reactive property maintenance;
- Deferral of the ICT desktop replacement programme.

3.7 As detailed in the October Policy & Resources Committee TBM report, this follows on from earlier measures to tighten recruitment, procurement and other financial controls across the entire authority from the beginning of September onward. These measures, together with ongoing efforts to manage demands across social care and homelessness, will contribute toward meeting 'improvement targets' of £4.751m which should bring the budget back into balance. The committee should note that the corporate risk provision of £1.620m will continue to be held centrally to mitigate against any shortfall in achievement of improvement targets, recovery actions or savings programmes in 2015/16.

3.8 With regard to the 2015/16 savings programme, this continues to be largely on track with £1.182m (5.6%) of the £21.089m savings target currently regarded as at risk. This risk is reflected in the overall TBM forecast each month.

4 EVALUATION OF ANY ALTERNATIVE OPTION(S):

4.1 Any overspend remaining at the year-end, after taking account of risk provisions, would need to be funded from general reserves which would then need to be replenished to ensure that the working balance did not remain below the recommended level of £9.000m. Any underspend would release one off resources that can be used to aid budget planning for 2016/17.

5 COMMUNITY ENGAGEMENT & CONSULTATION

5.1 None directly in relation to this update report.

6 CONCLUSION

6.1 The Financial Position Update report to Special Policy & Resources Committee on 4 November highlighted the forecast overspend risk at month 6 and provided details of 'improvement targets' to bring the position back into balance by year-end.

7 FINANCIAL & OTHER IMPLICATIONS:

7.1 Included in the body of the report

Legal Implications:

- 7.2 None directly in relation to this report. Implications relating to TBM (month 5) and the Financial Position Update (based on month 6 information) are detailed in the reports to the 15 October and 4 November Policy & Resources Committee meetings respectively.

Equalities Implications:

- 7.3 None directly in relation to this report. Implications relating to TBM (month 5) and the Financial Position Update (based on month 6 information) are detailed in the reports to the 15 October and 4 November Policy & Resources Committee meetings respectively.

Sustainability Implications:

- 7.4 None directly in relation to this report. Implications relating to TBM (month 5) and the Financial Position Update (based on month 6 information) are detailed in the reports to the 15 October and 4 November Policy & Resources Committee meetings respectively.

SUPPORTING DOCUMENTATION

Appendices: None

Documents in Members' Rooms: None

Background Documents: None

Date of Meeting:	Extract from the Special Meeting of the Policy & Resources Committee held on 15 October 2015 – Financial Position Update		
Report of:	Head of Legal & Democratic Services and Monitoring Officer		
Contact Officer:	Name:	Ross Keatley	Tel: 29-1064
	E-mail:	Ross.keatley@brighton-hove.gov.uk	
Wards Affected:	All		

FOR GENERAL RELEASE

Action Required of the Audit & Standards Committee:

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

Recommendation:

That the report be noted.

BRIGHTON & HOVE CITY COUNCIL

POLICY & RESOURCES COMMITTEE

4.00pm 15 OCTOBER 2015

AUDITORIUM - THE BRIGHTELM CENTRE

MINUTES

Present: Councillor Morgan (Chair) Councillor Hamilton (Deputy Chair), G Theobald (Opposition Spokesperson), Mac Cafferty (Group Spokesperson), Bewick, Janio, Mitchell, A Norman, Sykes and Wealls

PART ONE

49 TARGETTED BUDGET MANAGEMENT (TBM) 2015/16 MONTH 5

- 49.1 The Chair noted that he had agreed to allow a late deputation from the traders of the Open market in relation to recommendation 2.7 in the report; he asked Mr Asaduzzaman to come forward and put his deputation to the Committee.

- 49.2 Mr Asaduzzaman explained that he and the two other directors on the board were under pressure to accept the loan from the Council as means to prevent the Open Market going into insolvency. Due to confidentiality the directors had not been able to discuss the loan with the traders until late in the previous week. The traders were concerned about further borrowing given there was already a mortgage on the new building; however, it was acknowledged that the position of the Council was to protect the market. The traders had met and taken a vote on further borrowing and were overwhelming against; there were also concerns that the high running costs left little room to progress the market as a shopping destination.
- 49.3 Mr Asaduzzaman went on to add there was little confidence in the management agent. Footfall at the market was at a low and traders were finding it increasingly difficult to pay their rent and service charges. There were also concerns in relation to the recovery plan as this proposed further expenditure to boost trade; instead of cutting costs associated with the management agent. There were concerns in relation to transparency of the agent as they had refused requests on the part of the traders to inspect accounts, and the traders were reluctant to agree further borrowing when they felt they were not in possession of the full facts.
- 49.4 **RESOLVED:** That the Committee note the deputation.
- 49.5 In response to some of the points raised in the deputation the Acting Executive Director for Environment, Development & Housing stated that the Council had been working for a number of years to build and establish the open market as part of the community asset transfer. Whilst there had been a good take up of the permanent stools the higher business rates had led to a reduced take up of the temporary stools and prevented the market from breaking even financially. The request for the loan had come from the board of directors in response to the cash flow issues; others measures would also be considered as part of the recovery plan such as weekend themed markets to help boost trade. In terms of the management agreement this had been agreed by the board of directors and it was not within the Council's remit to become involved; however, they would seek assurance on the recovery plan before fully agreeing to the loan.
- 49.6 Councillor G. Theobald expressed concern in relation to the content of the deputation.
- 49.7 The Interim Executive Director for Finance & Resources highlighted that the recommendation sought approval for her and the Monitoring Officer to grant the loan subject to satisfactory terms and a recovery plan.
- 49.8 Councillor A. Norman thanked Mr Asaduzzaman for coming and giving the deputation, and added that the market was an important facility for the city. Given the reluctance of the traders to accept loan she queried if the Committee should agree the recommendation. In response the Acting Executive Director for Environment, Development & Housing clarified that the aim of the loan was to increase trade at the market and use this to address income challenges.

- 49.10 The Committee agreed to move further discussion of the Open Market to Part Two later in the agenda to consider exempt information as defined in paragraph (3) of schedule 12A, Part 1, to the Local Government Act 1972 (as amended).
- 49.11 Councillor Hamilton noted his increased concern in relation to the budget position, and he hoped that the position at month 6 would be improved given the impact of the new tighter financial controls. He recognised that the bulk of the overspend was in Children's and Adults' Services, but many of the functions performed were statutory. He added that the overspend needed to be brought back into line as the 2016/17 budget setting approached.
- 49.12 Councillor G. Theobald welcomed the controls that had been now put into place, and hoped that the budget could be brought back into a sustainable position. In response to queries about the scrutiny of Adult Services it was clarified that this fell within the remit of the Overview & Scrutiny Committee.
- 49.13 In response to queries the Executive Director for Children's Services explained that the total number of children in care was reducing and the Council was working to reduce the numbers in higher cost placements; however, it was vital to remember that whilst the financial model made a prediction, the very real life nature of this work was in itself unpredictable. The Executive Director also added that he was personally reviewing all cases to establish if there were any opportunities for lower cost placements.
- 49.14 Councillor Sykes highlighted that the administration had already overspent in a number of discretion areas, and stated his view that this was for political reasons.
- 49.15 Councillor Bewick stated that there needed to be recognition that much of the projected overspend in Children's Services related to demand pressures, and the success of the MASH had led to more children being seen. He also added that previous difficult decisions in relation to the service had not been taken and there needed to be a fundamental review of the structure used to deliver children's services in the city. The special meeting of the Committee in November would be an opportunity to prepare residents for the challenge ahead and ensure savings were delivered in a fair and equitable way.
- 49.16 In response to Councillor Janio the Executive Director for Children's Services explained that benchmarking was complex, but did take place; the city had a higher than average number of children in care, but this had been the position for some time. The cost per child in care was broadly average, and it was added that the profile of the city was similar to an inner London Borough.
- 49.17 The Chair then put recommendations 2.1 to 2.6 to the vote on the understanding that recommendation 2.7 would form the basis of a discussion in Part Two.
- 49.18 **RESOLVED:**
- 1) That the Committee note the forecast risk position for the General Fund, which indicates a budget pressure of £7.658m. This consists of £7.203m on

council controlled budgets and £0.455m on the council's share of the NHS managed Section 75 services.

- 2) That the Committee note the forecast for the Housing Revenue Account (HRA), which is an underspend of £0.529m.
- 3) That the Committee note the forecast risk position for the Dedicated Schools Grant which is an underspend of £0.015m.
- 4) That the Committee note the forecast outturn position on the capital programme.
- 5) That the Committee approve the capital programme variations and reprofiles in Appendix 3 and new capital schemes in Appendix 4.
- 6) That the Committee approve the Virements from Housing Related Support Services as set out in paragraph 6.2.

Subject:	Targeted Budget Management (TBM) 2015/16 Month 5		
Date:	15 October 2015		
Report of:	Interim Executive Director of Finance & Resources		
Contact Officer:	Name:	Nigel Manvell	Tel: 29-3104
	Email:	Nigel.manvell@brighton-hove.gov.uk	
Ward(s) affected:	All		

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 a projected forecast risk as at Month 5 on the council's revenue and capital budgets for the financial year 2015/16.
- 1.2 Month 2 (May) indicated a substantial forecast risk of £8.735m due to continuing and growing pressures across Adults and Children's social care budgets together with increased homelessness costs. The forecast risk for month 5 (August) has improved to £7.203m but this remains a concerning position as the mid-point of the year approaches and the time for corrective measures to take effect is reducing.
- 1.3 The position has been kept under review on a monthly basis by the Cross-Party Budget Review Group and tougher financial and recruitment controls were introduced at the start of September as a further measure, alongside services' recovery plans, to attempt to mitigate the position as far as possible.

2 RECOMMENDATIONS:

- 2.1 That the Committee note the forecast risk position for the General Fund, which indicates a budget pressure of £7.658m. This consists of £7.203m on council controlled budgets and £0.455m on the council's share of the NHS managed Section 75 services.
- 2.2 That the Committee note the forecast for the Housing Revenue Account (HRA), which is an underspend of £0.529m.
- 2.3 That the Committee note the forecast risk position for the Dedicated Schools Grant which is an underspend of £0.015m.
- 2.4 That the Committee note the forecast outturn position on the capital programme.
- 2.5 That the Committee approve the capital programme variations and reprofiles in Appendix 3 and new capital schemes in Appendix 4.

- 2.6 That the Committee approve the Virements from Housing Related Support Services as set out in paragraph 6.22.
- 2.7 That the Committee approve delegated authority to the Executive Director of Finance & Resources and the Head of Law to make a loan of £0.061m to the Brighton Open Market Community Interest Company (CIC) as set out in paragraphs 6.33 and 6.44 subject to satisfactory terms and a Recovery Plan being agreed.

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 forecast 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 2 £'000	Directorate	2015/16 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
3,780	Children's Services	55,323	58,586	3,263	5.9%
3,959	Adult Services	60,586	65,059	4,473	7.4%
1,005	Environment, Developmen t & Housing	37,020	37,756	736	2.0%
51	Assistant Chief Executive	15,675	15,572	(103)	-0.7%
0	Public Health (incl. Community Safety & Public Protection)	5,114	5,069	(45)	-0.9%
(60)	Finance, Resources & Law	30,305	29,694	(611)	-2.0%
8,735	Sub Total	204,023	211,736	7,713	3.8%
0	Corporate Budgets	6,348	5,838	(510)	-8.0%
8,735	Total Council Controlled Budgets	210,371	217,574	7,203	3.4%

- 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 2 £'000		2015/16 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
	Corporate Critical				
1,850	Child Agency & In House	20,454	21,895	1,441	7.0%
2,408	Community Care	39,490	42,238	2,748	7.0%
(26)	Sustainable Transport	(17,078)	(17,456)	(378)	-2.2%
397	Temporary Accommodation	1,041	1,663	622	59.8%
(160)	Housing Benefits	(637)	(837)	(200)	-31.4%
4,469	Total Council Controlled	43,270	47,503	4,233	9.8%

Summary of the position at Month 5

The main pressures reported at month 5 continue to be across Children's and Adults social care and homelessness (temporary accommodation) as follows:

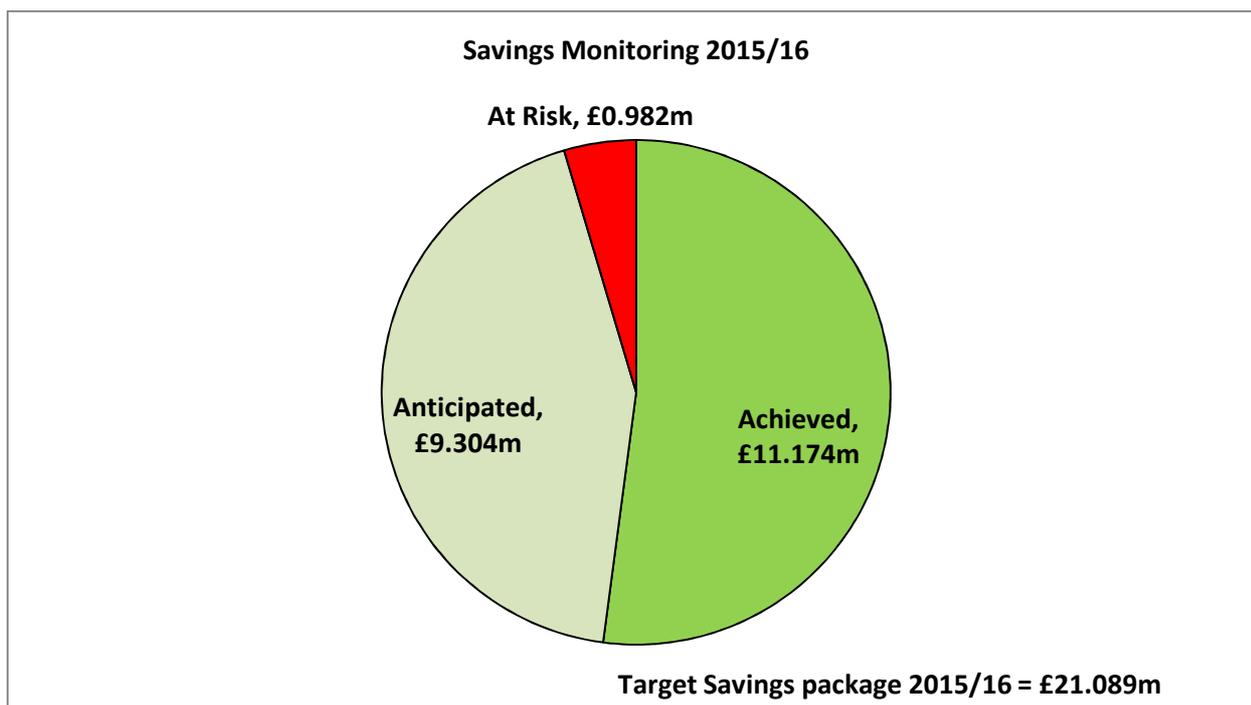
- 3.6 **Children's Services:** There continues to be increased pressure on the children's social care system both within Brighton and Hove and nationally. This could be as a consequence of increased awareness of child abuse and child sexual exploitation following a number of high profile cases nationally. The age range with the largest increase is adolescents who can present quite problematic needs. The national increase in 2013/14 was 10.8% in referrals and a 12.1% increase in children subject to a child protection plan and it is believed this has continued to increase nationally this year. In Brighton and Hove there have been increases as a consequence of introducing improvements in the referral process following the start of the Multi Agency Safeguarding Hub (MASH). The most recent data shows that between March 2015 and June 2015 there was an increase in the number of assessed children from 673 to 976.
- 3.7 Overall, this is causing a cost pressure of £1.642m on social services staffing and £1.191m on placement budgets (as above). Together with risks of £0.650m on savings plans, and other underspends of £0.220m, this explains the forecast risk of £3.263m at Month 5.
- 3.8 **Adults Services:** The service is facing a significant financial challenge in 2015/16 in mitigating the pressures arising from the 2014/15 overspent position, and managing in-year demand alongside implementing the Care Act, developing integration plans through the Better Care programme and completing the Learning Disabilities Review.
- 3.9 The forecast TBM risk at month 5 of £4.929m has increased over Month 2 in the light of a detailed assessment of the pressures and savings plans that have been put in place. The forecast risk includes the following main elements that are described in more detail in Appendix 1:

- Approved budget savings of £7.100m at Month 5 are on track to be achieved but not without risk which increases as the year progresses. There is some delay in implementation as a result of difficulties in recruiting suitably experienced social work staff and ongoing discussions on appropriate funding streams;
 - In year spend has been reduced by £1.835m as a result of the action that has been taken to manage demand for and cost of community care placements, improved forecasting through data quality checks, and funding from health that has been agreed;
 - There are unachieved savings from previous years of £3.163m across assessment and provider services following a number of committee decisions after the budget was set which have either delayed or changed the original savings intention. Where possible, mitigating recovery plans have been developed, including the Learning Disability Review but at month 5 there is a significant risk of £2.637m of these savings (which is reflected in the forecast overspend);
 - The main area of forecast risk concerns service pressures identified at the beginning of the year of £3.942m relating to increased complexity of need, increased cost of transitions cases, pressures on the provider services budget and Deprivation of Liberty cases. At month 5 there is a significant risk against £2.637m of the plans against these pressures (as reflected in the forecast overspend);
 - One-off funding identified for the Care Act implementation of £1.200m has been applied to support the investment required to deliver the savings plans. There is a subsequent risk in 2016/17 if the savings as a result of the investment are not recurrent.
- 3.10 The funding of all packages is scrutinised and this forms a key part of the savings implementation plan. Adult Services are also using benchmarking information to support the driving down of unit costs but are faced with increased complexity and growth. Through regional and other social care networks we have been looking at best practice in delivering cost effective services in order to influence future direction.
- 3.11 Where practicable, savings plans for 2016/17 are being brought forward to deliver a part year effect in the current financial year. This includes working towards the recalibration of the Resource Allocation System (RAS) by increasing the savings against personal budgets by an additional 3% for the remainder of the financial year, making better use of community assets alongside a more personalised approach, and opportunities for service redesign within provider services.
- 3.12 **Housing Services and Temporary Accommodation:** There is a £0.622m pressure mainly relating to the ongoing need to spot-purchase expensive bed and breakfast accommodation. This reflects growing homelessness and the difficulty of securing affordable private rented homes in the city to meet the council's statutory housing obligations in a period of rapidly rising house and private rent prices. With the new framework in place, more cost effective leased properties are being procured but these are not keeping pace with demand. Therefore the need to spot purchase nightly temporary accommodation has not reduced as originally forecast. The review of properties with Adults and Children's services clients has not resulted in any properties being released. Although 100 new leased properties have just been procured it will take some

months before these become available. Other landlords with fewer properties are also being approached with a view to expanding the leased property portfolio. Housing services (General Fund) also have a number of undeliverable savings (£0.158m) which has contributed to the Housing overspend position.

Monitoring Savings

- 3.13 The savings package approved by full Council to support the revenue budget position in 2015/16 was £21.089m (£24.852m in a full year). This is a very large savings package and follows 4 years of substantial packages totalling £77m. Achievement of savings programmes and actions in 2015/16 will need to be closely monitored to ensure satisfactory progress and avoid adding to financial pressures in future years through non-achievement.
- 3.14 Appendix 1 provides details of savings in each directorate and indicates for each saving what has been achieved, is anticipated to be achieved, or is at risk. Appendix 2 summarises the position across all directorates and presents the entire savings programme. The graph below provides a summary of the position as at month 5 which is an early indication. This shows that delivery of the savings programme for 2015/16 is substantially on track with only a small number of items at risk. Mitigation of these risks is included in the development of services' financial recovery actions.



(Note: Achieved savings can include over-achievements)

Housing Revenue Account Performance (Appendix 1)

- 3.15 The Housing Revenue Account is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents. The current forecast is an underspend of £0.529m and more details are provided in Appendix 1.

Dedicated Schools Grant Performance (Appendix 1)

3.16 The Dedicated Schools Grant (DSG) is a ring-fenced grant which can only be used to fund expenditure on the schools budget. The schools budget includes elements for a range of services provided on an authority-wide basis including Early Years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The current forecast is an underspend of £0.015m and more details are provided in Appendix 1. Under the Schools Finance Regulations any underspend must be carried forward to support the schools budget in future years.

NHS Managed S75 Partnership Performance (Appendix 1)

3.17 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and Sussex Community NHS Trust (SCT) and include health and social care services for Adult Mental Health, Older People Mental Health, Substance Misuse, AIDS/HIV, Intermediate Care and Community Equipment.

3.18 These partnerships are subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements can result in financial implications for the council should a partnership be underspent or overspent at year-end and hence the performance of the partnerships is reported as a memorandum item under TBM throughout the year.

Forecast Variance Month 2 £'000	Section 75	2015/16 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
695	NHS Trust managed S75 Services	11,649	12,104	455	3.9%

Capital Programme Performance and Changes

3.19 The table below provides a summary of capital programme performance by Directorate and shows that there is an overall overspend of £0.997m forecast at this stage.

Forecast Variance Month 2 £'000	Capital Budgets	2015/16 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Children's Services	25,691	25,691	0	0.0%
0	Adult Services	568	568	0	0.0%
700	Environment, Development & Housing - General Fund	40,456	41,028	572	1.4%
(64)	Environment, Development & Housing - HRA	47,060	47,504	444	0.9%
0	Assistant Chief Executive	3,687	3,668	(19)	-0.5%
0	Public Health	423	423	0	0.0%
0	Finance, Resources & Law	19,787	19,787	0	0.0%
0	Corporate Services	25	25	0	0.0%
636	Total Capital	137,697	138,694	997	0.7%

3.20 Appendix 3 shows the changes to the budget and Appendix 4 provides details of new schemes for 2015/16 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 at Budget Council.

Capital Budget Summary	2015/16 Budget £'000
Budget Approved at Month 2	139,177
Reported at other Policy & Resources committees since Month 2	1,000
New schemes to be approved in this report (see Appendix 4)	264
Variations (to be approved – see Appendix 3)	251
Reprofiles (to be approved - see Appendix 3)	(2,875)
Slippage (to be approved – see Appendix 3)	(120)
Total Capital Budget	137,697

Implications for the Medium Term Financial Strategy (MTFS)

- 3.21 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.
- 3.22 The council has set aside risk provisions to mitigate non-achievement of savings or other unexpected pressures should the need arise. Risk provisions currently held are shown in the Corporate Budgets section of Appendix 1. At this stage of the year no risk provisions are recommended to be deployed as mitigating actions and recovery plans need to be implemented before re-assessing the financial position and the level of forecast risk.

Capital Receipts Performance

- 3.23 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 2015/16, as at Month 5, is £9.770m against which there have been receipts of £1.275m in relation to the disposal of 2 Boundary Road, the appropriation of the Whitehawk Library site, a number of minor lease extensions at the Marina and the repayment of improvement grants.
- 3.24 The forecast for the 'right to buy sales' in 2015/16 (after allowable costs, repayment of housing debt and forecast receipt to central government) is that an estimated 50 homes will be sold with a maximum useable receipt of £0.480m to fund the corporate capital programme and net retained receipt of £2.387m available to re-invest in replacement homes. To date 34 homes have been sold in 2015/16.

Collection Fund Performance

- 3.25 The collection fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council, Sussex Police and East Sussex Fire Authority whereas any forecast deficit or surplus relating to business rates is shared between, the council, East Sussex Fire Authority and the government.
- 3.26 The outturn for 2014/15 showed an improved position on council tax which means there is a brought forward collection fund surplus in 2015/16 of £0.400m, of which the council's share is £0.350m. The in-year monitoring for 2015/16 indicates a surplus of £1.600m, of which the council's share is £1.360m. This improved position is from a combination of lower than forecast Council Tax Reduction (CTR) discounts (£0.850m), lower student exemptions awards (£0.300m), higher than forecast property numbers (£0.500m), band increases (£0.250m) and higher than forecast discounts of £0.300m for Severely Mentally Impaired (SMI) and students.

3.27 The CTR discounts are lower than expected by £0.850m as claimant numbers for both pensioners and working age people are continuing to decrease; if this continues through the remainder of the year there could be a further reduced spend of £0.150m. Student exemptions remain lower than this time last year. A number of new Halls of Residence properties came onto the list and this could explain the lower level of student properties. However, overall, student numbers are expected to continue to rise and therefore we cannot assume this will be an ongoing situation.

3.28 The outturn for 2014/15 showed an improved position on business rates of £0.130m for the council. On the basis of the information available so far in this financial year the in year position is in line with expectations. However business rates remains a difficult area to predict with great certainty and the extent of the impact from the large number of appeals raised at year end will take time to fully assess.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS:

4.1 The forecast outturn position on council controlled budgets is an overspend of £7.203m. In addition, the council's share of the forecast overspend on NHS managed Section 75 services is £0.455m. Any overspend at the year end would 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 2016/17.

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 TBM reports are now regularly reported to the cross-party Budget Review Group along with recovery plan updates. The TBM reports for the intervening months between Policy & Resources Committee meetings had indicated a general improvement each month but the forecast risk remains substantial. The Executive Leadership Team (ELT) has therefore introduced tighter financial controls across the entire organisation as a further measure to mitigate the forecast risk, including:

- A vacancy/recruitment freeze with limited exceptions;
- Restrictions on the use of agency staffing;
- Limitations on all non-essential spending (e.g. stationery, travel, printing and supplies) with lower authorisation levels;
- Reviews of all new contracts including contract extensions;
- Strict controls on spending on consultancy or interims;
- Increased scrutiny of all social care placements and care packages.

Further action may be required, including member decisions where appropriate, to bring the position back into balance during 2015/16. A further report will be brought to an Urgency Policy & Resources Committee in November which will also

include a further review of reserves, details of available risk provisions, and any uncommitted carried forward funds,

6.2 As part of the Housing Related Support Commissioning Plan a number of services with a total budget of £7.291m have transferred from Environment Development & Housing to other directorates. Under Financial Regulations budgetary transfers over £0.250m require Policy & Resources Committee approval. The services concerned are:

- £0.200m for the Women at Risk on Domestic Violence contract transferring to Community Safety
- £6.545m for transfer of housing related support services to Adult Assessment
- £0.546m for Substance Misuse Contracts transferring to Public Health

Proposed Loan to Open Market Community Interest Company (CIC)

6.3 The council has been working closely for a number of years with Brighton Open Market CIC to build and establish the Open Market on London Road. As part of a community asset transfer initiative, the CIC was established by the project partners, including the market traders, the council, The Hyde Group and Ethical Property Company, to take ownership and manage the new market, which opened in June 2014. An important outcome of the project was contributing to the regeneration of London Road and the market now provides a new shopping destination and employment opportunities for local businesses and market traders.

6.4 When the market opened the CIC did not have sufficient cashflow to support start-up costs and the initial two year period of establishing the business and moving into profit. Ethical Property Company offered initial financial support by way of a deferred repayment loan to cover these early years. While there has been good take up of permanent market stalls, higher than predicted business rates and lower than expected take up of temporary stalls within the market square have combined to delay the market moving into profit and a further two to three year period is forecast to be required. As well as seeking a cash injection from the council, the CIC is proposing to implement a Recovery Plan to reduce running cost, increase income and strengthen governance, the details of which will be agreed with officers. Agreeing the Recovery Plan with the CIC and implementing sufficient measures to improve its trading position is considered achievable and represents a reasonably low level of risk. The terms of the agreement are expected to include a two year repayment deferral and interest to be charged at the Council's average rate of borrowing which is currently 4.6%.

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: 24/09/2015

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.

As set out in the report, a loan agreement with the Open Market CIC will record the terms of the proposed repayments arrangements and the interest provisions in order to adequately protect the Council's interests.

Lawyer Consulted: Elizabeth Culbert

Date: 30/09/2015

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. Summary of 2015/16 Savings Progress
3. Capital Programme Performance
4. New Capital Schemes

Documents in Members' Rooms:

None.

Background Documents

None.

Date of Meeting:	Extract from the Special Meeting of the Policy & Resources Committee held on 4 November 2015 – Financial Position Update		
Report of:	Head of Legal & Democratic Services and Monitoring Officer		
Contact Officer:	Name:	Ross Keatley	Tel: 29-1064
	E-mail:	Ross.keatley@brighton-hove.gov.uk	
Wards Affected:	All		

FOR GENERAL RELEASE

Action Required of the Audit & Standards Committee:

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

Recommendation:

That the report be noted.

BRIGHTON & HOVE CITY COUNCIL

POLICY & RESOURCES COMMITTEE

6.00pm 4 NOVEMBER 2015

THE RONUK HALL, PORTSLADE TOWN HALL

MINUTES

Present: Councillor Morgan (Chair) Councillor Hamilton (Deputy Chair), Mac Cafferty (Group Spokesperson), Bewick, Mitchell, A Norman, K Norman, Miller, Sykes and Wealls

PART ONE

67 FINANCIAL POSITION UPDATE

67.1 The Committee considered a report of the Interim Executive Director for Finance & Resources in relation to Financial Position Update. The report set out the improved position of a £4.751m projected overspend following a robust review of forecast across all services which included tougher financial controls on recruitment, procurement and

spending. The report set out measures to manage the remaining in-year overspend risk as well as managing ongoing pressures and links to decisions requested elsewhere on the agenda to address underlying issues in Adult Social Care.

- 67.2 The Chair addressed the Committee and explained that the administration was putting plans in place to ensure the Council's finances were on a fair and resilient footing. Thanks were extended to opposition parties for understanding the need to hold the special meeting, and it was noted that other reports on the agenda were seeking to consult on two service areas. In early July the administration had instructed Officers and the report evidenced this was being effective, having almost halving the overspend since the controls had been brought in. Radical action would also need to be taken to ensure the most vulnerable in the city were protected. Despite the challenge it was considered this was the correct approach and would seek to create a platform for new ways of working with the city and residents.
- 67.3 Councillor A. Norman expressed her concern in relation to comments made by Members of the administration in the local press about the state of the Council's finances; she expressed her view that such language amounted to scaremongering. Councillor Sykes noted his agreement with the comments made by Councillor A. Norman and added that such language could cause unnecessary panic and alarm. In response to these points Councillor Bewick stated his view that the current position of the Council's finances was the result of decisions taken by the previous administration and the impact of reforms from Central Government.
- 67.4 In response to queries from Councillor Wealls the Executive Director for Children's Services explained that there were prescribed circumstances for using funds from the dedicated schools grant in the general fund. In relation to increasing the number of in-house foster care places in the city it was clarified that there was work ongoing with an external organisation to try to increase this number in a new and different way to how this had been approached in the past; increasing in-house places was the long-term financial position as there were significant financial savings through the use of in-house carers as opposed to agency. It was also clarified that the Child Review Board was still in operation.
- 67.5 The Executive Director for Adults' Services also explained to Councillor Wealls that the directorate was able to use funds that had been allocated for reforms that had not come into effect this year, as Central Government had not asked for these to be returned.
- 67.6 In response to Councillor Sykes the Acting Executive Director for Environment, Development & Housing confirmed there was pressure on the temporary accommodation budget as this was demand lead; however, some lower cost lease accommodation was coming forward through the procurement exercise undertaken earlier in the year.
- 67.7 In response to Councillor Miller the Interim Executive Director for Finance & Resources confirmed that a decision had been taken by the Executive Leadership Team to share the burden of savings equally across all directorates.
- 67.8 In response to Councillor K. Norman the Executive Director for Adult's Services explained that the resource allocation system was allocated when a service user had a

range of personal needs; as services were moved to community based services it was envisaged the cost would reduce by approximately 3% across the board.

- 67.9 Councillor Hamilton highlighted the necessity to balance the budget and noted that whilst some directorates were underspending others were still significantly overspent. He noted the level of savings that needed to be achieved in 2016/17 and stated that any overspend this year would have to be added to savings targets for next.
- 67.10 Councillor Mac Cafferty expressed concern that the report had been circulated late given the importance of the matters; he went on to query the discretion that the report proposed to grant Officers in recommendation 2.3. He asked for assurance there would be Member oversight of this to help boost public confidence; he also recognised the need for service changes, but added this needed to be informed thorough equality impact assessments.
- 67.11 Councillor Mitchell stated that she considered the recommendation at 2.3 to be fairly standard in terms of the type of language used in financial reports. She added that there would be a full TBM report to the next normal meeting of the Committee which would allow for Member oversight and the purpose of bringing the paper to the special meeting was to seek cross-party support at the earliest opportunity.
- 67.12 In response to the points raised the Monitoring Officer clarified that the late report was in compliance with both legislation and the Council's constitution, and the Interim Executive Director Finance & Resources added that the late report had been due to the availability of information relating to TBM 6. Any action taken in respect of recommendation 2.3 would be within existing Officer Delegations.
- 67.13 The Chair then put the recommendations to the vote.
- 67.14 **RESOLVED** – That the Committee:
- 1) Note the forecast risk position for the General Fund as at month 6 (September), which indicates a budget pressure of £4.751m. This consists of £4.259m on council controlled budgets and £0.492m on the council's share of NHS managed Section 75 services.
 - 2) Note the improvement targets for each service which must be achieved in full to enable the authority to achieve break-even on its General Fund budget.
 - 3) Agree the proposals and measures set out in the report and authorise officers to take all steps necessary or incidental to the implementation of the proposals.

Subject:	Financial Position Update		
Date of Meeting:	4 November 2015		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name:	Nigel Manvell	Tel: 29-3104
	Email:	nigel.manvell@brighton-hove.gov.uk	
Ward(s) affected:	All		

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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 measures to address the Month 6 2015/16 financial position were still being collated and finalised.

1 SUMMARY AND POLICY CONTEXT:

- 1.1 Targeted Budget Monitoring (TBM) reports during the early part of the financial year indicated a high forecast overspend risk. While the forecast has improved since month 2 (May), as at month 5 (August) there remained a substantial forecast overspend. This report provides an interim update of the forecast financial position for the General Fund as at month 6 (September).
- 1.2 Month 5 (August) indicated a substantial forecast risk of £7.658m due to continuing and growing pressures across Adults and Children's social care budgets together with increased homelessness costs. As at month 6 (September) the position has improved to £4.751m following a robust review of forecasts across all services which have incorporated the impact of tougher financial controls on recruitment, procurement and spending. This report sets out measures to manage the remaining in-year overspend risk as well as managing ongoing pressures and links to decisions requested elsewhere on this agenda to address underlying issues in Adult Social Care.

2 RECOMMENDATIONS:

It is recommended that the Policy & Resources Committee:

- 2.1 Note the forecast risk position for the General Fund as at month 6 (September), which indicates a budget pressure of £4.751m. This consists of £4.259m on council controlled budgets and £0.492m on the council's share of NHS managed Section 75 services.
- 2.2 Note the improvement targets for each service which must be achieved in full to enable the authority to achieve break-even on its General Fund budget.
- 2.3 Agree the proposals and measures set out in the report and authorise officers to take all steps necessary or incidental to the implementation of the proposals.

3 CONTEXT/BACKGROUND INFORMATION:

General Fund Revenue Budget Performance

3.1 The table below shows an interim forecast outturn for council controlled revenue budgets within the General Fund as at Month 6 (September 2015).

Forecast Variance Month 5 £'000	Directorate	2015/16 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
3,263	Children's Services	55,323	58,045	2,722	4.9%
4,473	Adult Services	60,564	64,467	3,903	6.4%
736	Environment, Development & Housing	37,020	37,310	290	0.8%
(103)	Assistant Chief Executive	15,399	15,252	(147)	-1.0%
(45)	Public Health (incl. Community Safety & Public Protection)	5,114	5,008	(106)	-2.1%
(611)	Finance, Resources & Law	29,493	28,256	(1,237)	-4.2%
7,713	Sub Total	202,913	208,338	5,425	2.7%
(510)	Corporate Budgets	6,376	5,210	(1,166)	-18.3%
7,203	Total Council Controlled Budgets	209,289	213,548	4,259	2.0%

3.2 The General Fund includes general council services, corporate budgets and central support services. Corporate budgets include centrally held provisions and budgets (e.g. insurance). General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). The position shows a significant improvement of £2.944m since month 5 as a result of recovery plan actions and stricter recruitment and spending controls introduced during the year as detailed in paragraph 6.1.

NHS Managed S75 Partnership Performance

3.3 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.

3.4 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 providers. 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. The position as at month 6 is as follows:

Forecast Variance Month 5 £'000		2015/16 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
455	Section 75 NHS Trust managed S75 Services	11,555	12,047	492	4.3%

- 3.5 Due to the short turnaround time for this Special Policy & Resources report, this interim report does not provide the usual appendices containing detailed explanations of variances which will be provided in the next scheduled full TBM report (month 7) for the December Policy & Resources Committee.

Managing the 2015/16 Forecast Overspend

- 3.6 The overspend risk of £4.751m as at month 6 must be addressed and therefore all services have been tasked with improving their forecast position further to achieve break-even. The contribution to an improved position has been determined on a pro rata share of the relative size of service budgets. Based on information from services the following improvement targets have been agreed with the Executive Leadership Team on behalf of all services:

Directorate	Forecast Variance Month 6 £'000	Improvement Target £'000	Revised Outturn Variance £'000
Children's Services	2,722	(987)	1,735
Adult Services	3,903	(1,631)	2,272
Environment, Development & Housing	290	(826)	(536)
Assistant Chief Executive	(147)	(349)	(496)
Public Health (incl. Community Safety & Public Protection)	(106)	(217)	(323)
Finance, Resources & Law	(1,237)	(741)	(1,978)
Corporate Budgets	(1,166)	0	(1,166)
NHS Trust managed S75 Services *	492	0	492
Total General Fund	4,751	(4,751)	0

* No improvement target has been set for S75 arrangements but this overspend risk will continue to be challenged and will form part of funding discussions with health partners.

- 3.7 Many of the measures identified to meet these improvement targets are of a one-off nature and include measures such as:

- Further savings from vacancies;
- Further controls on agency/sessional work usage;
- Further one-off funding from other sources where this can be appropriately deployed e.g. Dedicated Schools Grant;
- The release of one-off Care Act funding and funding discussions with health partners;

- Further restrictions on supplies & services and training budgets;
- Temporary suspensions of planned and reactive property maintenance;
- Deferral of the ICT desktop replacement programme.

3.8 Some of these measures and the ongoing work across adults and children's services to manage demands (see below) carry significant risk of non-achievement and therefore the corporate risk provision of £1.62m has been held back in order to address any shortfall on improvement targets alongside covering other forecast risks and/or under-achievement of savings as normal. The key risk however is that these measures will not address all of the underlying service pressures that have emerged this year and which would therefore place next year's budget at greater risk, particularly in the context of a predicted budget gap of £25m as reported to the July Policy & Resources meeting.

3.9 The position clearly demonstrates that the council's financial situation needs to be considered on a longer term basis in order to achieve financial sustainability over the next Comprehensive Spending Review period to 2019/20. The external auditor's Audit Results Report for 2014/15¹ also expressed their view that the council has "not yet made sufficient progress in identifying the actions necessary to demonstrate its ability to secure a stable financial position over the medium term". The auditor therefore issued a conditional opinion concluding that the council has in place arrangements for securing economy, efficiency and effectiveness in the use of its resources 'except for' arrangements for securing financial resilience. The importance of the budget process approved by Policy & Resources Committee in July adopting a 4-year budget strategy supported by 4-year Integrated Service & Financial Plans is therefore re-enforced. However, it is also clear that action needs to be taken now in many areas to address underlying pressures and this is continuing as described below.

Managing Underlying Service Pressures

Children's Services:

3.10 There continues to be increased pressure on the children's social care system both within Brighton and Hove and nationally. The number of children who are on Child Protection Plans has increased in line with a 13% rise in referrals leading to assessment; in addition, a small number of young people have required very expensive interventions and placements as a consequence of concerns such as child sexual exploitation. Action has been undertaken to ensure there is effective demand management and that thresholds are met before intervention is considered and that everything has been done to prevent the need for a child to enter the care system. Over recent months there has been a significant reduction in the number of children in care. The actions that the directorate has been taking includes:

- a) A senior officer panel which scrutinises all referrals to ensure evidence based interventions have been attempted to address risk and enable a child to remain within their own family. The panel also monitors and agrees all children who may require care placements. A systematic review of high cost placements is also being undertaken;
- b) Re-design of the service to address any issue that prevents timely and robust decision-making that may result in further harm through delays. Improving the process can thereby reduce further costs of supporting children in care (CIC) and achieve improved outcomes for the child by

¹ Ernst & Young (EY) Audit Results Report for the year ended 31 March 2015 reported to the Audit & Standards Committee meeting on 22 September 2015

- identifying children which evidence suggests should be taken in care earlier. Consultation on the service design is complete and implementation of the restructure took place in October 2015;
- c) All IFA (Independent Fostering Agency) and residential placements have been reviewed to ensure that they are in the only appropriate accommodation available. An ongoing process has been established for the effective recruitment of 'in-house' foster placements to meet a wide range of needs. Advisers have been commissioned and work is underway to increase the market share of placements from 50% to 65-85%. In order to continue to encourage Residence Order (RO) and Special Guardianship Order (SGO) applicants to offer homes to children there is a need to match the family and friends rate to make this financially viable for carers as this is a cheaper option than foster care as well as a better outcome for the children matched to these carers.
 - d) Exit from care – to ensure that those children/young people who will be safe returning home are enabled to do so; an external audit has been undertaken to review all possible cases;
 - e) A first business case has been submitted and a final business case will soon be submitted for an Adolescent Service to establish alternatives to care for very vulnerable teenagers to reduce CIC and expensive placements (residential and secure) and improve outcomes for young people.
 - f) There are also a range of in-year financial reviews and re-designs across the whole of Children's Services, including reviews of services funded through the Dedicated Schools Grant to reduce expenditure. The directorate is currently consulting on a reduction to the Early Years Partnership Service as a discrete team with a view to support for early years being provided through the Surestart Service.

Adults Services:

- 3.11 The funding of all packages is closely scrutinised to ensure they are cost-effective relative to assessed need and this forms a key part of the savings implementation plan. Adult Services are also using benchmarking information to support the driving down of unit costs but are faced with increased complexity and demand. Through regional and other social care networks we have been looking at best practice in delivering cost effective services in order to influence future direction.
- 3.12 Where practicable, savings plans for 2016/17 are being brought forward to deliver a part year effect in the current financial year. This includes working towards the recalibration of the Resource Allocation System (RAS)² by increasing the savings against personal budgets by an additional 3% for the remainder of the financial year, making better use of community assets alongside a more personalised approach, and opportunities for service redesign within provider services.
- 3.13 The direction of travel for Adult Social Care was recently agreed at the Health & Wellbeing Board in October 2015 and will underpin the development of a 4-year Integrated Service & Financial Planning Strategy. The key drivers for change include the Care Act 2014, which centres on personalisation and giving people more choice and control; the Better Care programme and integration of health and social care; and the challenging financial context and savings of £7.140m this year

² The Resource Allocation System (RAS) is a mechanism for reliably and fairly calculating the amount of funding that should be made available to meet different types of assessed social care needs.

with further savings of around £20m over the next 4 years based on a pro rata share of the predicted budget gaps.

- 3.14 In order to meet these challenges recommendations were made regarding the future delivery of in-house adult social care provision, which has high unit costs. This includes ceasing to provide services in-house where good quality services can be provided more cost effectively by others, subject to appropriate consultation and approval. Health & Wellbeing Board agreed that the service should review with people using services and their families whether their support plans could be provided in a more personalised and cost effective way.
- 3.15 The financial pressures in Adult Social Care include significant unachieved savings from previous years and in-year pressures, alongside the need to deliver further savings as part of the 4-year financial strategy. Therefore, in order to achieve financial sustainability it is recommended that steps are taken now to bring forward plans in order that full year savings can be delivered in 2016/17. The proposal is that consultations on the closure and re-provision of the learning disability accommodation services and Tower House day service should commence as set out in separate reports on this agenda.
- 3.16 It is also proposed that the changes required to deliver the 4-year financial planning strategy in the Independence at Home homecare service are brought forward. This means that consultation with staff and partners will commence to re-design this service to achieve the unachieved savings in 2015/16 and contribute to savings in future years by carrying out a single restructure that delivers a better value for money service. This will avoid carrying out a necessary in-year re-design and then further re-designs in future years.

Environment, Development & Housing:

- 3.17 The main pressure in this area relates to the ongoing need to spot-purchase expensive bed and breakfast accommodation. This reflects growing homelessness and the difficulty of securing affordable private rented homes in the city to meet the council's statutory housing obligations in a period of rapidly rising house and private rent prices. Although 100 new leased properties have been procured it will take some months before these are all available. Other landlords with fewer properties are also being approached with a view to expanding the leased property portfolio. The service is also working with Public Health and Adult Social Care to streamline mental health interventions linked to homelessness.
- 3.18 Across the directorate income generating opportunities are being explored, including commercial opportunities, and fees and charges are being reviewed to ensure full cost recovery as in the case of pre-application advice charges for large scale developments which have recently been increased to reflect the true cost of the service. The devolution initiative is also being pursued to support economic regeneration across the city region and potentially draw in further structure funding. This can benefit the council's revenue position both directly and indirectly through, for example, business rate growth and reduced demands for intervention services.

Public Health:

- 3.19 Public Health funding can be used to support a wide range of preventative activities and services that help to reduce cost pressures in other council services such as social care and therefore further cost reductions in this area can free up funding to support other initiatives. The service will therefore continue to keep under review the wide range of contracted services and look for opportunities to improve value for money across commissioned services wherever possible.

Assistant Chief Executive and Finance & Resources and Law:

- 3.20 These services continue to explore alternative delivery options through Modernisation Programmes, for example, the Support Function Review previously reported to this committee and the potential development of a cultural trust to manage the long term future of the Royal Pavilion and Museums. Library Services have already begun service transformation and will continue to develop new ways of delivering the service. There is also a continued focus on income generation across culture, tourism and venues, and city services (life events). Finance & Resources and Law also provide professional enabling support and capacity to the council's Modernisation Programmes, including Value for Money programmes, which will also contribute to efficiencies and economies now and in the future. The Corporate Landlord function will continue to look for opportunities to maximise income or receipts from property assets and to reduce and rationalise the maintenance and running cost of the council's estate.

Investing in Change

- 3.21 Supporting change over the 4-year planning period is likely to require significant investment in order to implement and bring about re-design and changes in models of service delivery. Recognising this, Policy & Resources Committee recently approved £6m investment in the council's digital services programme (Customer First in a Digital Age), but there will be a need to provide a range of project and professional expertise and capacity to support Modernisation Programmes including alternative delivery models, co-operative service developments, and development of a commercial strategy. There will also be a need to provide additional Restructure & Redundancy funds to facilitate service redesign and restructuring and there may be a need for one-off resources to support the lead-in time of savings that cannot be implemented for a full year (i.e. funding for part-year effects). Consideration of investment requirements will be brought to Policy & Resources Committee in December and February alongside 4-year budget proposals.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS:

- 4.1 The forecast outturn position on council controlled budgets is an overspend of £4.259m. In addition, the council's share of the forecast overspend on NHS managed Section 75 services is £0.492m. Any overspend at the year end would need to be funded from general reserves which would then need to be replenished in future years 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 the budget position for 2016/17 or later years.

5 COMMUNITY ENGAGEMENT AND CONSULTATION

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

6 CONCLUSION AND COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE & RESOURCES (\$151 OFFICER)

- 6.1 TBM reports are now regularly reported to the cross-party Budget Review Group along with recovery plan updates. The TBM reports for the intervening months, since month 2 was reported to Policy & Resources Committee in July, had indicated a general improvement each month but the forecast risk remained substantial. The Executive Leadership Team (ELT) therefore introduced tighter financial controls across the entire organisation as a further measure to mitigate the forecast risk, including:

- A vacancy/recruitment freeze with limited exceptions;
- Restrictions on the use of agency staffing;
- Limitations on all non-essential spending (e.g. stationery, travel, printing and supplies) with lower authorisation levels;
- Reviews of all new contracts including contract extensions and variations;
- Strict controls on spending on consultancy or interims;
- Increased scrutiny of all social care placements and care packages.

6.2 The effect of these measures has now been incorporated into TBM month 6 as far as practicably possible. This has improved the position but even after this, there remains a substantial forecast overspend risk of £4.751m including S75 partnerships. The report sets out agreed improvement targets to address the in-year position but it should be noted that these are largely one-off in nature and that work on addressing underlying pressures is equally as important. Note also that corporate risk provisions will continue to be held centrally to mitigate against any shortfall in achievement of further savings and recovery actions in 2015/16.

7 FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Finance Officer Consulted: James Hengeveld

Date: 27/10/2015

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.

The proposals in the report are consistent with the Council's powers and duties, including the duty of best value and the need to deliver services within the budget framework agreed by Council. The implementation of proposals that impact on services need to be subject to appropriate consultation and equalities impact assessment where required.

Lawyer Consulted: Elizabeth Culbert

Date: 28/10/2015

Equalities Implications:

7.3 There are no direct equalities implications arising from this report. However, as noted in the legal implications, the implementation of measures to address the in-year financial position that impact on services must be subject to equality impact assessment where required.

Sustainability Implications:

- 7.4 There are no direct sustainability implications arising from this report. However, as noted in the report, resolving the in-year position and addressing underlying demand pressures is critical to the long term financial sustainability of the council alongside the development of longer term (4-year) service and financial plans as part of the budget process.

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. A corporate risk provision of £1.620m is held to mitigate in-year financial risks, including any underachievement of approved savings.

SUPPORTING DOCUMENTATION

Appendices:

None.

Documents in Members' Rooms:

None.

Background Documents:

None.

Subject:	Internal Audit and Corporate Fraud Progress Report		
Date of Meeting:	17 November 2015		
Report of:	Interim Executive Director Finance & Resources		
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 This report summarises the progress made against the Internal Audit and Corporate Fraud Plan 2015/16. It summarises the key issues identified by Internal Audit and the Corporate Fraud Team and the progress made by management in implementing audit recommendations.

2. RECOMMENDATIONS:

- 2.1 That the Audit and Standards Committee note the report.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Audit and Standards Committee approved the Internal Audit and Corporate Fraud Plan on 10 March 2015. The Committee also approved an update to the plan on 23 June 2015. The updated plan comprised:

- 1400 audit days to:
 - provide assurance on the Council's core systems and controls:
 - provide assurance on controls in service areas
 - support the modernisation agenda (including reviews of procurement)
 - review implementation of audit recommendations
- 500 anti-fraud and corruption days to:
 - support the Council's promotion of a strong anti-fraud and corruption culture
 - prevent and detect fraud and corruption
 - investigate and pursue fraud and corruption

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**Audit reports issued**

- 4.1 Internal audit has issued 35 reports representing 43% of the audit plan. Three reports have been assessed as providing limited assurance. Summaries of the

issues arising were reported to the Audit & Standards Committee on 22 September.

Changes to the audit plan

4.2 The current version of the audit plan was approved by the Audit & Standards Committee on 23 June. The Head of Internal Audit has made changes to the plan as the result of:

- the projected overspend by the council of £9.4 million as reported in TBM 2 and the introduction of additional spending controls
- the appointment of a new provider of IT audit and the result of their IT risk assessment
- other new and emerging risks, including risks associated with purchasing cards, parking permits and staff leaving the organisation
- the loss of two members of audit staff which has reduced the number of audit days for 2015/16 from 1400 days to 1280 days.

The following audits have been added to the audit plan:

Building and System Access Controls - Leavers	Additional risk identified by the Information Governance Board.
New and Emerging E-mail Frauds	Review initiated following detection of new type of attempted e-mail frauds.
Parking Permits	Additional audit risk identified following audit of Council Tax Single Person Discounts which identified potential fraudulent renewals of residential parking permits.
Purchasing Cards (key controls)	Not included in original plan but of escalated importance as also relates to Spend Controls.
Spend controls and compliance	Additional audit to review the effectiveness the spend controls brought in to address the in-year budget deficit.
Lloyds Link (Bank application and in-house processes)	To ensure that there is effective control over all key banking processes following the transfer to a new bank.
ICT Risk Assessment/ Management	Reprioritised audit plan based on revised risk assessment carried out by the new IT audit provider and agreement with ICT management.
Application Management Standards	Added following IT risk assessment
Computing Facilities for Core ICT Services and Applications	Added following IT risk assessment
ICT Disaster Recovery Measures	Added following IT risk assessment
IG Toolkit	Added following IT risk assessment

The following audits have been deleted:

Business Rates - Refunds	Merged with main audit of Business Rates.
Lift Maintenance Contract (Housing)	Relatively low risk audit which was last audited in 2013/14 and reasonable assurance concluded.
Pest Control	Relatively low risk
Public Health	Last audited 2014/15 and substantial assurance concluded.
Pupil Places	Agreed with Executive Director to remove as being reviewed by specialist consultants.
Stanmer Park	Relatively low risk
Transport Management	Significant audit coverage in recent years. Outstanding actions have been tracked in detail using new SharePoint recommendation tracker.
IT Server Estate	Replaced by audit of Computing Facilities for Core ICT Services and Applications
Disposal of ICT Equipment	Deleted based on revised risk assessment with new IT audit provider.
Data Security Management	Replaced by audit of IG Toolkit

Progress made in implementing recommendations

4.3 We have received confirmation that 82% of recommendations due to be implemented by 30 September 2015 had been implemented (see table 2).

Table 2 – implementation of audit recommendations (as at 30 September)

Priority	Audit Recs due by 30 September	Database not updated by managers	Not implemented (or less than 50% implemented)	Implemented (includes part implemented > 50%)	Implemented (%)
High	32	0	2	30	94%
Medium	228	22	23	183	80%
All	260	22	25	213	82%

4.4 This is marked improvement on the implementation rate of 76% reported the Audit & Standards Committee reported on 22 September. We are continuing to work with ELT and directorates to build on this improving performance.

4.5 The two high priority recommendations which have not been implemented are set out in table 3.

Table 3 – high priority recommendations not implemented (as at 30 September 2015)

Recommendation	Directorate	Due date	Progress as at 30 September 2015
A process by which all self-employed claims are subject to a regular review should be considered	F&R (Housing Benefits)	30 March 2015	As previously reported, funding has been obtained. Currently considering how to obtain resources to carry out.
Management should ensure that the current Network Access Protection and Network Access Controls (NAP-NAC) initiative tasks (see appendix D) being	F&R (ICT)	31 December 2014	As previously reported, full implementation is part of a three year plan. In the meantime mitigating controls have been put

rolled out by ICT to help prevent unauthorised devices from accessing the network is adequately prioritised, resourced and monitored for achievement and ongoing trend analysis of NAP NAC incidents by the Cyber Security governance stakeholders.			in place.
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Corporate Fraud

4.6 During 2015/16 the Corporate Fraud Team working with colleagues across the council has:

- **launched a council-wide anti-fraud and corruption campaign.** This has included high profile articles on the Wave and an e-learning module. Over 800 staff have accessed this training and 91% of those providing feedback described it as quite useful or very useful.
- **assessed the potential for different types of fraud across the council and the potential financial impact.** This has quantified the potential impact of the top three areas for Brighton & Hove City Council:
 - Housing tenancy fraud (£4.2 million)
 - Procurement fraud (£4.1 million)
 - Blue Badge fraud (£1.3 million)
- **achieved some notable successes in identifying and pursuing fraud including:**
 - returning 15 dwellings to the council
 - saving the council over £150,000 by, for example, identifying overpayments, stopping an inappropriate application for adaptation costs and council tax discounts
 - securing the return of 63 Blue Badges

4.7 The team's main focus for the remainder of 2015 continues to be tackling housing tenancy fraud by working with colleagues in housing to improve the robustness of the council's internal controls for both preventing and detecting fraud.

Future developments of the service

4.8 The council is facing considerable financial challenges and faces a potential budget gap of £68m over the next four years (with a 1.99% council tax increase), representing approximately 30% of the council's general fund net revenue expenditure. Internal audit and corporate fraud are not immune from these budget pressures. As reported to the Audit & Standards Committee on 22 September 2015, the council is reviewing the best way of delivering its support functions. As part of this review, the Head of Internal Audit is considering three main options for internal audit and corporate fraud. Each option is capable of delivering an effective internal audit service and delivering savings of 30%.

- **retaining the service in-house:** this would be a continuation of the current model. The audit would be delivered by a smaller in-house team supported by

outsourced IT audit provider. This smaller service would continue to have a good knowledge of BHCC but would be vulnerable to unexpected losses of staff and would have limited capacity to respond to new and emerging issues.

- **working as part of Orbis, the shared service with East Sussex County Council and Surrey County Council:** the audit would be delivered by a team working across several local authorities and so benefit from economies of scale. Most of the team would be drawn from staff employed by and largely working at BHCC but would also draw on staff from other authorities. This would be expected to provide a team that has good knowledge of both BHCC and issues at other local authorities
- **outsourcing:** the audit would be delivered by outsourced provider working to detailed specification and so the council would expect to benefit from economies of scale. The team would be likely to be drawn from staff who might not have a detailed understanding of BHCC but who would have experience from a wide variety of other clients

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 None

6. CONCLUSION

6.1 The Committee is asked to note the report.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

7.1 It is expected that the amended Internal Audit and Corporate Fraud Plan 2015/16 will be delivered within existing budgetary resources. Progress against the plan and action taken in line with recommendations support the robustness and resilience of the council's practices and procedures in support of the council's overall financial position.

Finance Officer Consulted: James Hengeveld

Date: 28/10/15

Legal Implications:

7.2 The Accounts and Audit Regulations 2015 require the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards'. It is a legitimate part of the Audit and Standards Committee's role to review the level of work completed and planned by internal audit.

Lawyer Consulted: Elizabeth Culbert

Date: 26/10/15

Equalities Implications:

7.3 There are no direct equalities implications.

Sustainability Implications:

7.4 There are no direct sustainability implications.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms

1. None

Background Documents

1. None

Subject:	Organisational Learning Review		
Date of Meeting:	17 September 2015		
Report of:	Interim Executive Director of Finance and Resources		
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 This report summarises the findings and recommendations from the council's learning review following the dismissal of the Assistant Director for Housing.

2. RECOMMENDATIONS:

- 2.1 That the Audit and Standards Committee note the content of the learning review.
- 2.2 That the Committee note the progress and improvements already made to address the areas under the recommendations.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 In November 2013, the Assistant Director for Housing, was dismissed from his employment, a decision that was upheld at the subsequent disciplinary appeals panel.
- 3.2 The matter came to the attention of the Council via an anonymous account submitted under the Council's whistleblowing arrangements. On receipt of this, the internal audit function undertook sufficient background checks to determine that the matter warranted full investigation under formal council procedures. Furthermore it was determined that the matter should be referred to the police in accordance with council procedures.
- 3.3 What was clear from the formal Council process was that these concerns were contained to an individual and their personal actions and there was no wider connection to anyone else in the Council.
- 3.4 The dismissal of a senior member of staff is rare and in the circumstances, the Chief Executive commissioned an external organisational learning review to reflect on any action that the organisation may need to take to address any highlighted weaknesses in its systems of operation. The scope for the review was:

- to carry out an independent review of the organisational governance and culture at Brighton & Hove City Council during the period 2002 to date in the context of identified breaches of Council policy by the Head of Housing Services
 - to identify the lessons for the organisation, how they can be acted upon and what can be expected to change as a result;
 - to ensure that there are systems in place which support and enable all staff to report issues when an individual is not working within the values of the organisation.
- 3.5 The reviewer commissioned was a retired Chief Executive who had the range of experience and practice to provide a robust and objective assessment for the organisation.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

Findings of the report

- 4.1 It has been acknowledged the circumstances in which the misconduct occurred were not reflective of the organisation now. The Council has undergone significant change over the past 10 years and it is highly unlikely that these actions could be repeated in the policy, culture and governance arrangements that exist in the organisation now.
- 4.2 The review focussed on three key areas of:-
 - Policies and Procedures
 - Governance and Accountability
 - Working Environment and Organisational Culture
- 4.3 It was acknowledged that a significant amount of work had already been undertaken in the areas of internal audit, procurement practice and awareness and practice around declarations of interest and whistleblowing.
- 4.4 The recognition and involvement of professional support functions via business partnering arrangements and the governance in place for large scale programmes and projects, up to ELT, has strengthened accountability and decision making.
- 4.5 Refreshing the Code of Conduct for Employees and Officer Member relations has also supported understanding of roles and underpins the good governance frameworks in place.
- 4.6 The review highlights that organisational culture is a key factor in ensuring openness and ability to raise concerns and that this should be encouraged. The adoption of a clear set of values has made an impact in the organisation and this was highlighted positively in the review and further evidenced by the staff survey results and in our silver award IIP (Investors in People) recognition.

- 4.7 The review acknowledged that culture change takes time but highlighted that the council has not yet created the circumstances where all staff feel able to openly raise concerns and be confident that these will be acted upon. Progress is being made through the continued focus on performance management and behaviours and plans to develop regular 360° appraisals at manager level.
- 4.8 A key component to the review was to provide the opportunity for staff who wished to contribute their experiences and challenges and the positive feedback received as a result. Staff have welcomed the introduction of the Councils values but there is a clear message from staff that there needs to be clarity and action about the consequences of poor performance. There was a clear theme that the status of the individual manager and the lack of clear organisational expectations on behaviour made it difficult for concerns to be raised. There is also some recognition that through better informed appraisals and the encouragement of regular feedback that this is changing.
- 4.9 The review found that there had been some challenge about management style and leadership. Seen from the perspective of where the organisation is now, within its framework of values, it is reasonable to question why more was not done when things were raised. Whilst hindsight is a valuable measure, some confidence should be taken from the decisive action that was taken in this case as a demonstration of the changes that have taken place.
- 4.10 The recommendations identified in the report are:
- The recently revised Audit Protocol, Implementation and Follow-Up Actions, should be put into practice and managers reminded of their responsibilities if recommendations are not actioned via the reporting and escalation process.
 - All staff should be made aware of their responsibility for declarations of interest and the new system for sign off by a manager. Regular reports should be produced so that any obvious omissions can be identified and acted upon.
 - Regular training and support should be provided for service managers in procurement and contract management focusing on areas of high risk identified by the Internal Audit team and the newly established procurement board.
 - All staff and members should be made aware of the code of conduct for member/officer relations and the code of conduct for employees and to understand how they are applied in practice by including them in all relevant training and induction materials.
 - Managing poor performance or dealing with complaints is the responsibility of line managers with support and advice from HR. Records should be kept of any complaints or grievances about individual staff so that even if the threshold for formal action is not met patterns of behaviour can be identified. These records should be made available to line managers to contribute towards the PDP process together with support to

help them have what was described to me as having difficult conversations.

- The PDP is being reviewed during phase two of the Living our Values programme, it should incorporate measures of performance against desired behaviours, and greater use made of 360 degree feedback beyond the senior team alongside other regular feedback mechanisms.
- As part of their ongoing training and development managers should be trained in performance management skills including setting SMART objectives, measuring outcomes, giving feedback and following through the consequences of both good and poor performance.
- Staff should be encouraged to make use of early resolution or mediation to avoid the need to immediately resort to a formal grievance. Coaching and mentoring should be made available to support newly appointed managers in developing their people management skills.
- There are systems in place to support and enable staff to report issues when an individual is not working within the values of the council, but more needs to be done to ensure that staff have confidence in them, and that they can see evidence that their concerns are being taken seriously and acted upon. This should be one of the key priorities for year two of the Living our Values programme.
- All managers should continue to be more visible throughout the organisation, to encourage more face-to-face communication through team meetings and staff briefings, roadshows etc. and use every opportunity to model good leadership behaviour, reinforce the values and set the tone for the working environment.

Moving Forward

- 4.11 Four out of the ten recommendations in the learning review have already been actioned by the council and the remaining six, which predominately relate to performance management and behaviours, will be addressed through the culture and people change programme, as an enabler to the Council's Modernisation Programme.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 As part of the review key staff were consulted regarding the support functions review, the Head of Internal Audit has consulted the Executive Leadership Team on their expectations of audit and corporate fraud.
- 5.2 Further consultation with staff and unions will be required as these options are developed further.

6. CONCLUSION

- 6.1 The Council can be assured that the Council remains vigilant to fraud prevention and managing risk. Through the measures now in place and changes to policy and practice that have occurred or are planned; the necessary learning has taken place and the organisation has acted to improve systems and processes to minimise future risk.
- 6.2 The learning on the importance and impact of cultural change is reflected through the identification of initiatives that support performance management with consequence, as the key focus for the second year of the council's cultural change programme. It is recognised that any change takes time to embed but that we are progressing and that the adoption of organisational values has been an important starting point.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 There are no direct financial implications arising from this report. The recommendations set out in paragraph 4.10 are expected to be delivered within existing council resources.

Finance Officer Consulted: James Hengeveld

Date 03/11/15

Legal Implications:

- 7.2 There are no legal implications arising from this report.

Lawyer Consulted: Elizabeth Culbert

Date: 04/11/15

Equalities Implications:

- 7.3 There are no direct equalities implications.

Sustainability Implications:

- 7.4 There are no direct sustainability implications.

SUPPORTING DOCUMENTATION

Appendices:

1. Organisational Learning Review

Documents in Members' Rooms

1. None

Background Documents

1. None

BRIGHTON AND HOVE CITY COUNCIL

ORGANISATIONAL

LEARNING REVIEW

June 2015

Caroline Tapster C.B.E

PURPOSE OF ORGANISATIONAL LEARNING REVIEW

- ❖ To carry out an independent review of the organisational governance and culture at Brighton and Hove City Council during the period 2002 to date in the context of identified breaches of council policy by the Head of Housing Services.

- ❖ To identify the lessons for the organisation, how they can be acted upon and what can be expected to change as a result.

- ❖ To ensure that there are systems in place which support and enable all staff to report issues when an individual is not working within the values of the organisation.

BACKGROUND TO THE REVIEW

In November 2014 the head of Housing Services was dismissed from his post on the grounds of gross misconduct. This decision was upheld at a later Appeal Hearing in January 2015. The initial issues were reported to Brighton and Hove City Council via the council's whistleblowing policy in August 2013.

The allegations that were made during the subsequent investigation that took place highlighted questions, including matters relating to procedure, governance and accountability and working environment and culture.

The dismissal of a senior member of staff is a serious matter for any organisation, and the council were keen to understand the circumstances involved and what lessons needed to be learnt.

The Chief Executive asked me to undertake a formal organisational learning review, that would identify areas that the council could have done better, to make sure normal checks and balances are in place and to get to grips with organisational culture and practice to better understand how this contributed. I was supported by an internal reference group and staff from the Chief Executive's office.

The review took place during March and April 2015, this was later than we had hoped but there was some delay as a result of having to wait until the council's disciplinary process had been completed. An investigation by Sussex Police is still ongoing.

In undertaking the review I have read a number of the council's policies, procedures and reports that myself and the internal reference group considered relevant.

In addition I interviewed 33 people including staff still employed by the council, some who had left, councillors and Trade Union representatives.

People were invited to speak to me and I am extremely grateful to them for their time, their openness and their willingness to share what were sometimes difficult personal experiences. The majority of people I spoke to had worked or were still working in Housing Services, although I also spoke to staff and managers from corporate services and other council departments.

It is important to note that I was asked to cover the period from 2002 to the present day which meant that people were talking about their observations of the council and their experiences going back over a number of years. A significant part of the

process of the review was to be a listening exercise for staff who felt they had not been listened to when they had raised complaints. It would not be appropriate to go into a lot of detail in this report however there were a number of common themes running throughout the interviews many of which were consistent with the messages from the most recent staff survey and the areas for development identified in the Investors in People report (March 2015).

There have been a lot of significant changes since 2002 in terms of governance, structures and organisational culture. These include changes in political control, extensive restructuring of senior management, and changes in key personnel including four different Chief Executives.

Of particular relevance to this review is the introduction of the Living Our Values programme in 2014 which is designed to drive forward culture change and performance improvement based upon a set of values developed by the staff of the council. Although only in its second year it is already starting to have a positive impact, all the staff I spoke to were aware of the values and believed in them.

The recent Investors in People report confirms that there has been a “step change” in how the council operates in comparison with three years ago. They identified many areas of good practice including how the Living Our Values programme is helping to embed the values across the council, supporting the development of networks and going some way towards breaking down silos. The report also highlights areas for development that are relevant to this review and I shall make reference to them later in the report.

I have not re investigated the disciplinary investigation or completed a forensic analysis of compliance with policies and procedures. Action has already been taken by the council in a number of these areas including addressing the weaknesses that were identified in following up Internal Audit recommendations, improving the procedures for declarations of interest and improving arrangements for procurement and contract management.

My conclusions are grouped under the following three headings,

- ❖ Policies and Procedures
- ❖ Governance and Accountability
- ❖ Working Environment and Organisational Culture

They are based on what I have read and what people have told me, the recommendations at the end of the report are focused on identifying the lessons that can be learnt by the council and looking forwards towards the future.

Policies and Procedures

A number of managers and staff I interviewed had worked for the council for a long time and were in a good position to reflect on how the organisation had changed over the years and their perceptions on the council's strengths and areas where it could improve. Many people described the council as being a creative place to work where innovation was actively encouraged.

However in some areas of council activity there was an acceptance of non-compliance and a lack of consequences if procedures were not followed, together with a silo culture that assumed that they did not apply to their service, or would get in the way of what members or managers wanted to achieve. Until recently professional services were not always highly regarded or well resourced.

Senior managers I spoke to admitted that with the benefit of hindsight they realised that there was a lack of challenge and holding to account. Some senior managers acknowledged that they had been uneasy about the operation of the Service but they were not able to find anything concrete or substantial on which to take any formal action.

I reviewed a number of Internal Audit reports of Housing functions between 2004 and 2012 many of which gave limited assurance. It was unclear whether the recommendations had been acted upon or who was responsible for follow up.

However from the conversations I had with senior Audit staff and the documents they have shown me I am confident that they have recognised this weakness, and have put appropriate measures in place and that the Internal Audit function has raised its profile and is taken more seriously. Later this year managers will have online access to recommendations to enable them to take greater ownership and to track progress being made throughout the year.

The latest Internal Audit Annual Report gives limited assurance on the effectiveness of the council's arrangements for procurement and contract management and recognises that this is a substantial risk. However a number of positive steps have been taken to address this risk including expanding the central procurement team to provide training, advice and support to managers together with establishing a procurement board.

The policies and procedures I have read appear comprehensive and up to date although a number of staff commented that some were overly bureaucratic and not presented in the most user friendly way. However I do not believe it was a lack of

understanding in the Housing Service in relation to procurement procedures and other key controls that led to the breaches of council policy.

The requirements regarding declarations of interest are described in the code of conduct for employees. The majority of managers I interviewed were aware of the need to declare an interest although they were not always clear how the current system worked in practice or where information was kept.

I understand a new system has been launched which will ensure declarations are recorded centrally and that all declarations must be signed off by a manager

The council has a comprehensive whistleblowing policy and as the initial issues were reported via the policy this can be viewed as a positive assurance of this process to deal with concerns.

However I was made aware of a number of staff who had tried to raise concerns through this route in previous years and had been unsuccessful.

Based on their previous experience not everybody I spoke to had confidence in the whistleblowing policy and some believed that senior managers did not want to hear bad news or they would not be taken seriously. There is evidence that whistleblowing is now happening and being responded to so a greater transparency about how the policy has been used and what has happened as a result would help build confidence in its effectiveness. The council should continue to actively encourage feedback and constructive challenge from staff in the same way it seeks feedback from residents and service users, and then demonstrate what has happened as a consequence.

Governance and Accountability

The Audit Commission completed a Good Governance Audit of the council in 2009 and concluded that

“Governance arrangements within BHCC are generally sound. There is good formal governance arrangements in place but frameworks and protocols are not are not always fully understood or consistently applied”

Based upon much of what I have heard during this review this statement is still largely relevant today and it would be a worthwhile exercise to revisit the recommendations to ensure they have been incorporated into the induction programme with the new council that has recently been put in place.

Many people I spoke to described the local political landscape in the city of Brighton and Hove as complex and challenging and for some this was one of the reasons they had chosen to work for the council

Some staff described officer and member relations as being too informal with unclear boundaries, and at times a lack of trust from senior members and a belief that officers were not supporting all members of the council.

There was a perception that member relationships were used as an advantage, with the resulting perception of an element of protection, so this could not be effectively challenged.

There is a comprehensive code of conduct for member/officer relations and a separate code of conduct for employees, it would be helpful to ensure they are properly understood and applied in practice by including them in all relevant training and induction materials.

I have already referred to the lack of accountability for following up Internal Audit recommendations which has already been recognised and acted upon. The accountability for resolving complaints and grievances from staff over a number of years was also unclear and was not helped by changes in management structures and line management responsibilities.

I have read the transcripts of interviews that took place between 2003 and 2010 with staff who raised concerns about poor management behaviour, allegations of bullying and inappropriate leadership behaviour. I have also spoken to staff and managers who witnessed some of the above behaviour or who were themselves at the receiving end (I will say more about this in the next section on working environment and culture)

There is evidence of efforts being made to resolve issues informally, moving staff to other posts or individuals leaving the council.

Grievance issues that were raised formally were processed in isolation and there were delays and changes in key personnel with a subsequent loss of focus. Issues were separated out which made it difficult to see patterns or similarity over a period of time.

Information about these management issues was not collated and passed on to line managers and nobody seemed to have the full picture. In some instances records were incomplete and it was uncertain if any action was taken or by whom.

The accountability for managing poor performance or behaviour rests with line managers with the support of HR. In order to do this they need access to good quality information and advice including details of previous complaints or allegations.

Systems should be put in place that provide an “organisational memory” so that information about sensitive HR issues can be appropriately collated and passed on to new line managers.

The council now has a robust performance management system in place with links to the Business Plan and operational targets and is planning to include measurement against leadership behavioural competencies linked to the councils values.

This together with extending 360 degree feedback beyond the senior team and emphasising the importance of regular feedback should help embed and reinforce the values and the openness of approach in the council through the PDP process, this point is also emphasised in the Investors in People report.

Working Environment and Culture

Organisational culture is a strong force that guides decisions and actions, and has a powerful effect on an organisation`s well-being and effectiveness. Leaders and senior managers play a large part in defining organisational culture by what they say and what they do, and should model good behaviour and set the tone for the working environment in order to deliver the best possible services.

Phase one of the council`s Living our Values programme was implemented in 2014. All the staff I spoke to were aware of the programme, many had undergone training, and some had taken on the role of buddies. It was widely acknowledged that the organisational culture was changing for the better as a result of this but there was also a degree of cynicism from more junior members of staff that nothing would change as there were no real consequences if people did not display the required behaviours. They also spoke about a lack of openness and trust and were not confident that their feedback would be acted upon.

This is supported by the results of the 2014 staff survey where two of the five lowest scoring questions were “I believe meaningful action has been taken in my team as a result of the last survey” and “I am confident that the council will act on issues raised by this survey”

The recent Investors in People report refers to suggestions that there is an issue around bullying in the council and this is also highlighted in the staff survey. The report suggests that this could be about the way people are speaking to each other and a perceived lack of respect. During their interviews staff told me about incidents involving poor management behaviour and unprofessional language being used during meetings, often in front of more junior staff or external partners.

During the course of my review I spoke to people who had experiences they wished to share about unsupportive management and poor leadership behaviour.

The allegations were spread out over several years and because each complaint was dealt with separately through the grievance process and each one on its own did not reach the required threshold, the impression was given to staff that there was nothing that could be done and that the best way of coping was to “keep their head down” and get on with their individual area of work.

I was told that there was something of a grievance culture in the council and that because complaints were not quickly being resolved by their managers staff were being advised to go down a formal route. A similar point is made in the Investors in People report with an example where a manager did not step in to prevent a problem escalating between two people in order to avoid conflict.

It was suggested to me that a number of managers had been promoted on their technical abilities and that they needed more support and development to fully understand their role as a manager, to learn how to give feedback and deal with poor performance or difficult situations, together with understanding the leadership behaviours they were expected to demonstrate.

More use could be made of coaching and mentoring from more experienced managers and to provide some sort of mediation to avoid the need for staff to immediately resort to a formal grievance.

In an organisation the size of and complexity of Brighton and Hove City Council it is challenging to embed value based behaviours across the whole of the organisation .In order to demonstrate how important the Living our Values programme is to the council serious consideration should be given to how best to engage members in the leadership of the programme.

The staff I spoke to when asked what would make a difference to them said they wanted to see more visibility from their managers, to have open and honest conversations, and to feel valued and respected.

They would appreciate more face to face communication with senior managers which would also support the flow of information and feedback up and down the organisation. The Investors in People report suggests there should be more walking the floor and less back to back meetings. Staff did however acknowledge that communication within the council has improved over the last few years, and that they were encouraged by the management behaviour of the Chief Executive and her Executive team who demonstrated an open and collaborative leadership style.

Recommendations for Improvement

There is considerable evidence from national enquiries that under certain conditions it is more likely that individual wrongdoing or breaches in policy will be undetected by the usual checks and balances. Many of these conditions existed in the council during the period of the review such as changes in line management structures and accountabilities, a lack of holding to account and challenge from senior managers, silo based working where collaboration was actively discouraged, and a controlling management culture that suppressed challenge. This appears to have been an isolated rogue individual and whilst the healthier organisational culture and the application of proper process should mitigate against a further occurrence nothing can be guaranteed. Lessons have been learnt and the council is very different now in comparison to 2002 in the way it goes about its business.

The Living Our Values programme is designed to drive forward culture change, performance improvement and the modernisation programme, year one of the programme was focused on improving performance by embedding the values and clarifying the expectations for performance management.

I understand that year two activities will be focused on embedding performance with consequence into all the council's operational activity. The majority of the following recommendations for improvement reinforce much of the work that is already underway and could be incorporated into year two of the programme.

1. The recently revised Audit Protocol, Implementation and Follow-Up Actions, should be put into practice and managers reminded of their responsibilities if recommendations are not actioned via the reporting and escalation process.
2. All staff should be made aware of their responsibility for declarations of interest and the new system for sign off by a manager. Regular reports should be produced so that any obvious omissions can be identified and acted upon.
3. Regular training and support should be provided for service managers in procurement and contract management focusing on areas of high risk identified by the Internal Audit team and the newly established procurement board.
4. All staff and members should be made aware of the code of conduct for member/officer relations and the code of conduct for employees and to

understand how they are applied in practice by including them in all relevant training and induction materials.

5. Managing poor performance or dealing with complaints is the responsibility of line managers with support and advice from HR. Records should be kept of any complaints or grievances about individual staff so that even if the threshold for formal action is not met patterns of behaviour can be identified. These records should be made available to line managers to contribute towards the PDP process together with support to help them have what was described to me as having difficult conversations.
- 6 The PDP is being reviewed during phase two of the culture change programme, it should incorporate measures of performance against desired behaviours, and greater use made of 360 degree feedback beyond the senior team alongside other regular feedback mechanisms.
- 7 As part of their ongoing training and development managers should be trained in performance management skills including setting SMART objectives, measuring outcomes, giving feedback and following through the consequences of both good and poor performance.
- 8 Staff should be encouraged to make use of early resolution or mediation to avoid the need to immediately resort to a formal grievance. Coaching and mentoring should be made available to support newly appointed managers in developing their people management skills.
- 9 There are systems in place to support and enable staff to report issues when an individual is not working within the values of the council, but more needs to be done to ensure that staff have confidence in them, and that they can see evidence that their concerns are being taken seriously and acted upon and that they are properly embedded throughout the council. This should be one of the key priorities for year two of the culture change programme.
- 10 All managers should continue to be more visible throughout the organisation, to encourage more face-to-face communication through team meetings and staff briefings, roadshows etc. and use every opportunity to model good leadership behaviour, reinforce the values and set the tone for the working environment.

Appendix

List of documents used for this review:

Records of whistleblowing interviews and complaints 2003-2010

Internal Audit reports 2004-2012

Audit protocol

Internal Audit Annual Report and Opinion 2014-15

Audit Commission Good Governance review 2009

Peer Review and Action Plan 2012

Lessons from Tower Hamlets Inspection report 2014

Corporate Modernisation Governance arrangements 2014

Modernisation Programme overview 2014

Corporate Plan 2015-19

Whistleblowing policy 2014

Dignity and respect at work policy 2013

Code of conduct for employees 2013

Code of conduct for member/officer relations 2013

Staff Survey 2014

Investors in People Report 2015

Living our Values Programme phase two proposals 2015

