





**Brighton & Hove
City Council**

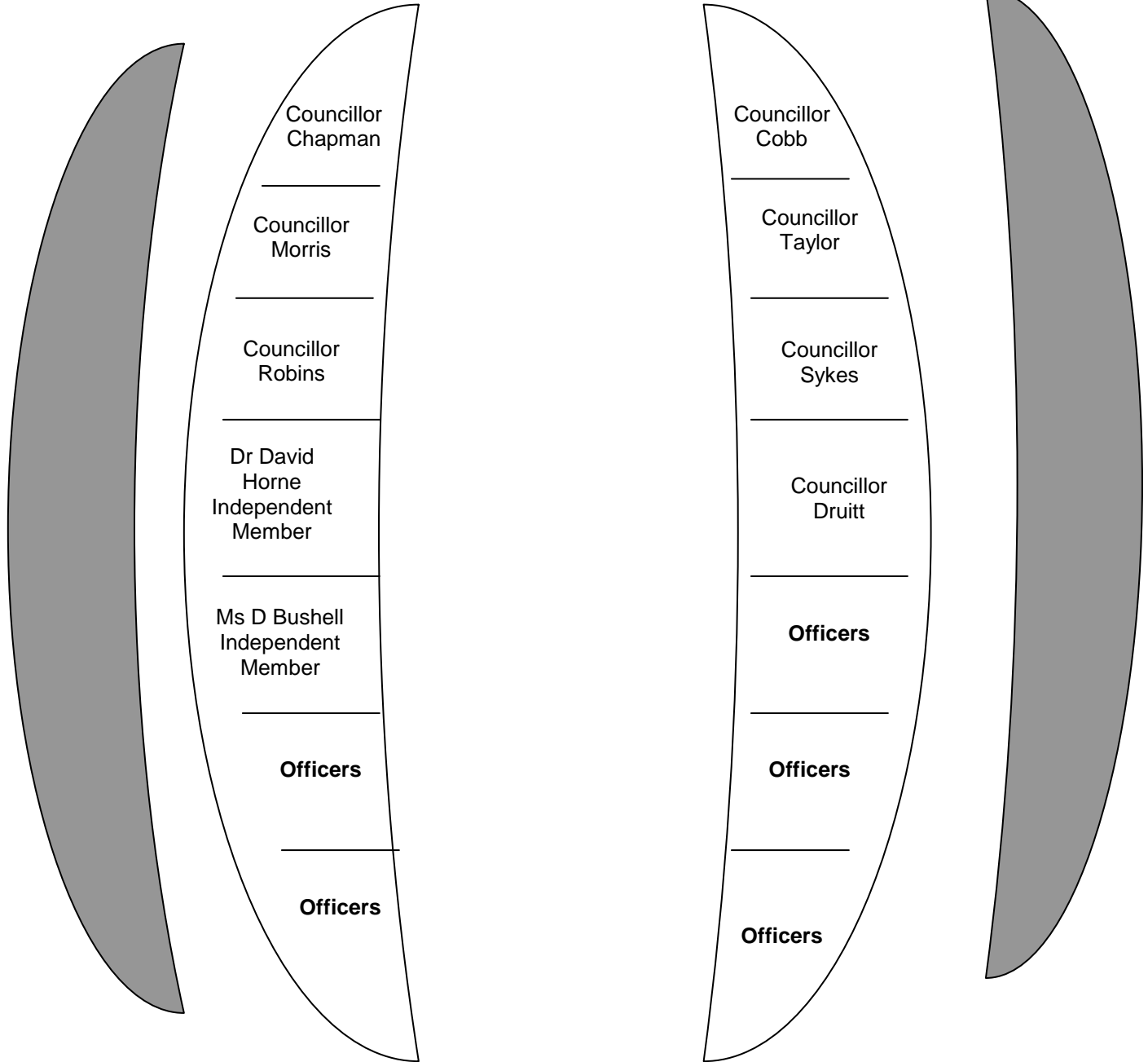
Audit & Standards Committee

Title:	Audit & Standards Committee
Date:	21 June 2016
Time:	4.00pm
Venue	The Ronuk Hall, Portslade Town Hall
Members:	<p>Councillors: A Norman (Chair), Chapman, Cobb, Druitt, Morris, Robins (Group Spokesperson), Sykes (Group Spokesperson) and Taylor</p> <p>Co-opted Members: Diane Bushell and Dr David Horne</p>
Contact:	<p>John Peel Democratic Services Officer 01273 291058 john.peel@brighton-hove.gov.uk</p>

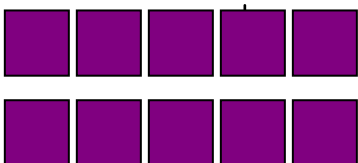
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Democratic Services: Audit & Standards Committee

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



Press



AGENDA

1 PROCEDURAL BUSINESS

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

(b) **Declarations of Interest:**

- (a) Disclosable pecuniary interests;
- (b) Any other interests required to be registered under the local code;
- (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

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

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

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

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

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

2 MINUTES

1 - 10

To consider the minutes of the meeting held on 8 March 2016 (copy attached).

3 CHAIR'S COMMUNICATIONS

AUDIT & STANDARDS COMMITTEE

4 CALL OVER

- (a) Items (7-22) 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.

5 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 14 June 2016;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 14 June 2016.

6 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.

7 UNAUDITED STATEMENT OF ACCOUNTS 2015/16

To Follow

Report of the Executive Director, Finance & Resources (copy to follow).

Contact Officer: *Jane Strudwick* Tel: 01273 291255
Ward Affected: *All Wards*

8 INTERNAL AUDIT AND CORPORATE FRAUD ANNUAL REPORT 2015-16

11 - 30

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

Contact Officer: *Graham Liddell* Tel: 01273 291323

9 RESIDENTS CAR PARKING PERMITS

31 - 34

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

Contact Officer: *Graham Liddell* Tel: 01273 291323

AUDIT & STANDARDS COMMITTEE

- 10 HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT ANNUAL REPORT** **35 - 102**
- Report of the Executive Director, Finance & Resources (copy attached).
- Contact Officer:* Sue Moorman *Tel:* 01273 293629
Ward Affected: All Wards
- 11 SELF-ASSESSMENT REVIEW OF AUDIT & STANDARDS COMMITTEE** **103 - 118**
- Report of the Executive Director, Finance & Resources (copy attached).
- Contact Officer:* Graham Liddell *Tel:* 01273 291323
- 12 ORGANISATIONAL LEARNING REVIEW** **To Follow**
- Report of the Executive Lead for Strategy, Governance & Law (Monitoring Officer) (copy to follow).
- Contact Officer:* Abraham Ghebre-Ghiorghis *Tel:* 01273 291500
- 13 ANNUAL GOVERNANCE STATEMENT 2015/16** **119 - 142**
- Report of the Executive Director, Finance & Resources (copy attached).
- Contact Officer:* Jackie Algar *Tel:* 01273 291273
Ward Affected: All Wards
- 14 STRATEGIC RISK REGISTER REVIEW APRIL 2016** **143 - 204**
- Report of the Executive Director, Finance & Resources (copy attached).
- Contact Officer:* Jackie Algar *Tel:* 01273 291273
Ward Affected: All Wards
- 15 STRATEGIC RISK FOCUS: SR2 FINANCIAL OUTLOOK; SR25 ORGANISATIONAL CAPACITY AS A RESULT OF CHANGE AND SR26 COUNCIL'S RELATIONSHIP WITH CITIZENS** **205 - 206**
- Report of the Executive Director, Finance & Resources (copy attached).
- Contact Officer:* Jackie Algar *Tel:* 01273 291273
Ward Affected: All Wards
- 16 ERNST & YOUNG: ANNUAL CERTIFICATION FEES** **207 - 212**
- Report of Ernst & Young (copy attached).
- 17 AUDIT RECOMMENDATION FOLLOW UP - VERBAL UPDATE**
- Verbal update: Ernst & Young

AUDIT & STANDARDS COMMITTEE

- 18 COUNTER FRAUD STRATEGY AND FRAMEWORK** **213 - 246**
Report of the Executive Director, Finance & Resources (copy attached).
Contact Officer: Graham Liddell Tel: 01273 291323
- 19 STANDARDS UPDATE** **247 - 252**
Report of the Executive Lead for Strategy, Governance & Law (Monitoring Officer) (copy attached).
Contact Officer: Abraham Ghebre-Ghiorghis Tel: 01273 291500
Ward Affected: All Wards
- 20 CASH COLLECTION - COMPANY ADMINISTRATION UPDATE** **253 - 258**
Report of the Executive Director, Finance & Resources (copy attached).
Contact Officer: Nigel Manvell Tel: 01273 293104
- INFORMATION ITEMS FROM THE POLICY, RESOURCES & GROWTH COMMITTEE**
- 21 TREASURY MANAGEMENT POLICY STATEMENT 2016/17** **259 - 280**
Extract from the proceedings of the Policy & Resources Committee meeting held on 17 March 2016; together with a report of the Acting Executive Director of Finance & Resources (copies attached).
- 22 TARGETTED BUDGET MANAGEMENT (TBM) PROVISIONAL OUTTURN 2015/16** **281 - 304**
Extract from the proceedings of the Policy, Resources & Growth Committee meeting held on 9 June 2015; together with a report of the Executive Director of Finance & Resources (copy to follow, copy attached).
- 23 ITEMS REFERRED FOR COUNCIL**
To consider items to be submitted to the 21 July 2016 Council meeting for information.

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

AUDIT & STANDARDS COMMITTEE

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

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

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

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, 13 June 2016

BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 8 MARCH 2016

THE RONUK HALL, PORTSLADE TOWN HALL

MINUTES

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

Independent Members present: Diane Bushell, Dr David Horne

PART ONE

72 PROCEDURAL BUSINESS

73a Declarations of substitutes

73.1 Councillor Ken Norman was present as substitute for Councillor Taylor.

73b Declarations of interests

73.2 There were none

73c Exclusion of the press and public

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

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

73 MINUTES

73.1 **RESOLVED** – That the minutes of the previous meeting held on 12 January 2016 be agreed and signed as the correct record.

74 PUBLIC INVOLVEMENT

74.1 No items from members of the public were received.

75 MEMBER INVOLVEMENT

75.1 No items from Members were received.

76 STRATEGIC RISK FOCUS: SR15 KEEPING CHILDREN SAFE FROM HARM AND ABUSE; AND SR17 SCHOOL PLACES PLANNING

76.1 The Committee considered a report of the Acting 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). Action to manage each Strategic Risk is led by a Risk Owner, a member of ELT. The meeting was attended by the Executive Director, Children's Services as the Risk Action Owner for SR15: Keeping Children Safe from Harm and SR17: School Places Planning. The Executive Director, Children's Services provided a verbal update on both Risks and answered Members' questions based on the Strategic Risk Report.

76.2 In relation to SR15: Keeping Children Safe from Harm, Councillor Sykes noted that there had been an increase in referrals from neighbouring authorities and asked how cross-border movement was monitored.

76.3 The Executive Director, Children's Service clarified that in cases such as these, the relevant Child Protection Plan (CPP) would be shared by the local authorities. Where the authority was unaware of cross-border movement, help was sought from colleagues in the health and police services.

76.4 Diane Bushell enquired as to reason why the number of Children in Care (CiC) and Children in Need (CiN) were significantly higher than in other authorities. Furthermore, Diane Bushell asked if there was a trend in children in poverty and why only 20% progress had been made in ICT information storage and retrieval processes.

76.5 The Executive Director, Children's Service replied that the number of children on CPP's had been at a high level for a number of years which had prompted analysis of the social demographic. This had found there were key issues contributing to the higher numbers: substance and alcohol misuse, mental health and domestic abuse. One of the major changes made in relation to the findings was that the same social worker would stay with children from the point they entered the care system to the point they left. This, amongst other initiatives, had led to a drop in CiC and the number of CPP's which now was at its lowest level for a number of years. The Executive Director, Children's Service further explained that the poverty trend in the city was slightly downward although forthcoming changes to the welfare system would present challenges. In relation to the final point, the council was undertaking a major programme to consolidate its ICT records and this would be assisted by the recently agreed digital investment programme.

76.6 Councillor Druitt noted the improvements in the number of CiC and asked if there were lessons to be learned to continue that trend.

76.7 The Executive Director, Children's Service stated that a part of the reduction had been a joined approach with health services, changes to arrangements with families such as a

'step-down' process for CiC which had all contributed to a significantly reduced re-referral rate. Furthermore, regular audits were carried out and the issue was considered thoroughly by the Child Review Board.

- 76.8 In relation to SR17: School Places Planning, Councillor Robins noted that expansions to increase class size at three schools in Portslade had been carried out in anticipation of school places pressure in the city. All of these schools were now struggling to reach their capacity. Councillor Robins asked how this scenario could be avoided in future.
- 76.9 The Executive Director, Children's Services stated that he understood the pressure on places related to the Hove and West Hove area and capacity at the three schools was intended to ensure sufficient spaces over the wider area. The increase in population had materialised in the central Hove area but had been offset somewhat by the opening of the Bilingual School. Although it was difficult to determine entry numbers at primary school level, GP and nursery data was constantly reviewed to ensure effective planning where that could be done.
- 76.10 **RESOLVED-** That Members note the information provided to address these strategic risks in Appendix 1, Strategic Risk Assessment Report.

77 TARGETED BUDGET MANAGEMENT (TBM) 2015/16 MONTH 9

- 77.1 The Committee considered a report of the Acting Director of Finance & Resources that provided the Targeted Budget Management (TBM) 2015/15 Month 9 report and an extract of proceedings of the Policy & Resources Committee held on 11 February 2016 from which the report had been referred; together with a specific report to the Audit & Standards Committee from the Acting Director of Finance & Resources.
- 77.2 Councillor Druitt noted the recruitment controls put into place and detailed at paragraph 1.3 and conveyed his concern that the process appeared random rather than planned and could lead to significant gaps in some service areas.
- 77.3 The Principal Accountant – Corporate Finance & Resources clarified that part of the recruitment control was to encourage service redesign where appropriate as vacancies arose. However, if a service required a vacancy to be filled to maintain service provision, a case could be made to the Executive Leadership Team for approval to recruit to a post. There were also exemptions from the controls with regard to statutory services, e.g. Adult Social Care residential services, where statutory minimum staffing requirements must be maintained.
- 77.4 Councillor Druitt asked if preventive measures were being put in place to avert budget overspend in the future.
- 77.5 The Principal Accountant - Corporate Finance & Resources stated that the council's budget had a number of volatile demand-led services that could lead to unexpected increases or decreases in costs. To some degree, identifying those earlier in the financial year allowed for review and to reduce those down immediately or over the course of the year.

- 77.6 Diane Bushell stated there were a number of 'scam' operations on elderly people in Brighton & Hove which could have an impact upon the Adult Social Care budget should victims need support. Diane asked if any preventative measures were being taken by the council in this area.
- 77.7 The Principal Accountant- Corporate Finance & Resources stated that he did not have any information on this but would make enquiries into the matter.
- 77.8 **RESOLVED-** That the Audit & Standards Committee notes the update on the council's in-year financial position and the continuing actions taken to address forecast overspend risks.

78 RISK MANAGEMENT STRATEGY ANNUAL PROGRESS REPORT 2015

- 78.1 The Committee considered a report of the Acting Director, Finance & Resources detailing progress made against the Risk Management Strategy 2014-17.
- 78.2 Dr Horne stated that he welcomed the opportunity for the committee to input into the new strategy later in the year. Dr Horne enquired as to the key challenges and objectives for 2016/17.
- 78.3 The Risk Management Lead stated that challenges would be presented in organisational changes with a focus on partially achieved areas being a priority for the forthcoming year.
- 78.4 Councillor Robins noted the reference to risk opportunity and asked if that term could be explained further.
- 78.5 The Risk Management Lead clarified that the definition was in accord with the definition of risk management as the negating of risk and promoting 'take up' of opportunity.
- 78.6 **RESOLVED-** That Members note the report.

79 ERNST & YOUNG: 2015/16 AUDIT PLAN

- 79.1 The Committee considered a report of Ernst & Young that set out the 2015/16 Audit Plan detailing the work intended to be carried out in line with their responsibilities as the council's external auditor. The report summarised the progress to date, an assessment of the key risks which drive the development of an effective audit and outlined Ernst & Young's planned audit strategy in response to those. Furthermore, the report included a Local Government Sector Briefing summarising some of the issues facing the sector as a whole.
- 79.2 The Chair asked for an opinion from Ernst & Young on whether they felt the council was meeting its expectations on Value for Money (VfM). The Chair noted that whilst she welcomed a reduction in fees from the external auditors, she hoped this was not due to a reduction in service.
- 79.3 Paul King stated there would be no reduction in service and the fee reduction was a reflection of the change in contractual arrangements related to the abolition of the Audit

Commission. In relation to VfM, the report findings would review the council's arrangements to this regard rather than an analysis of the servicing of VfM.

79.4 Councillor Druitt asked for further information regarding the changes to the audit fee relating to the abolition Audit Commission.

79.5 Paul King explained that some functions of the Audit Commission and been retained where it was found retention had continuing value. Areas where this was not the case had been discontinued meaning a drop in fees relating to that work.

79.6 Dr Horne stated that it would be useful for the committee to receive an update to its meeting in June on the VfM programme and pension scheme. Dr Horne enquired as to why there would be no update on Grant Claims Work until the meeting in September.

79.7 Paul King stated that the update report in June would give as much detail as possible as to work carried out up to that point. Grant Claims Work would be provided in September as the bulk of the work necessary would not be completed in time for the June meeting.

79.8 **RESOLVED-**

1) That the 2015/16 Audit Plan be noted.

2) That the committee notes the Local Government sector briefing.

80 AUDIT AND CORPORATE FRAUD - INTERNAL AUDIT STRATEGY AND PLAN 2016/17

80.1 The Committee considered a report of the Acting Director of Finance & Resources that requested approval of the Internal Audit and Corporate Fraud Strategy and Plan 2016/17.

80.2 Diane Bushell noted that recommendation tracking was assigned 30 days in the programme and asked if that could not be reduced and instead those officers not following procedures could be crossed charged for adding further work for Internal Audit.

80.3 The Head of Internal Audit stated that education to promote completion was the current preferred approach.

80.4 Councillor Sykes asked for clarification on the trajectory of audit days. A target of 1400 had been set at the start of 15/16 but was now expected to meet 90% completion and had been further reduction for the 2016/17 year to 1115 days.

80.5 The Head of Internal Audit clarified that it was expected that 1200 days would be completed this year and a target of 1115 had been set for 2016/17. Due to varying pressures on the service, completion rates did vary but he did not expect the number of audit days to drop below 1100 in the long-term.

80.6 Dr Horne asked of the outstanding 10% of work yet to be delivered, how much would be delivered in the 2016/17 Plan. Dr Horne also asked for any update on the Mears contractual issue.

80.7 The Head of Internal Audit explained that much of the 10% of work outstanding did not have a risk as high as first assumed so had been reduced in terms of priority. Action on the remaining items would be detailed in the Annual Audit report to the committee. In relation to the incident of fraud relating to the council's contract with Mears, the council had received the first tranche of repayments from Mears for the most recent 17 month period and were working with Mears to establish any incidents of fraud from the period before that.

80.8 **RESOLVED-** That the Audit and Standards Committee approves the Internal Audit and Corporate Fraud: strategy and plan 2016/17.

81 DUE DILIGENCE FOR INTERNAL AUDIT AND CORPORATE FRAUD JOINING ORBIS

81.1 The Committee considered a report of the Acting Director of Finance & Resources that set out progress made in carrying out due diligence for assessing the effectiveness of internal audit at Brighton & Hove City Council provided through Orbis.

81.2 Dr Horne stated that he welcomed the proposal of a further report to the June committee meeting and recommended that members of the committee meet informally to discuss the issue. Dr Horne stated that whilst he appreciated the issue was one of transition and was constantly developing, it was important for the sovereignty of the committee that it continue to be responsible for Internal Audit functions.

81.3 The Head of Internal Audit stated that the formal Orbis arrangements would be an important step in the future of Internal Audit and he would be happy to facilitate an informal meeting.

81.4 Councillor Sykes stated that he believed the sovereignty of the authority in respect to Internal Audit arrangement should be made firmer in the due diligence process.

81.5 The Head of Internal Audit stated that there was consistency between partners on future arrangements that would be reflected through the formal process.

81.6 RESOLVED-

1) That the Committee notes the progress made in carrying out due diligence for internal audit joining Orbis.

2) That the Committee notes its wider role in considering the arrangements for due diligence for wider support functions joining Orbis.

82 INTERNAL AUDIT AND CORPORATE FRAUD PROGRESS REPORT

82.1 The Committee considered a report of the Acting Director of Finance and Resources that summarised the progress made against the Internal Audit and Corporate Fraud Plan 2015/16.

- 82.2 Diane Bushell asked how the council compared to other authorities on implementation rates.
- 82.3 The Head of Internal Audit replied that he was currently benchmarking with other authorities on this matter. Initial data suggested demonstrated one authority had a 95% implementation rate but this was only for high risk items.
- 82.4 Paul King from Ernst & Young supplemented that from his experience, practices and performance varied widely and some authorities only tracked high and medium risk issues.
- 82.5 Councillor Druitt noted that council tax was amongst the high priority recommendations not yet implemented and stated that as a ward councillor, he received a high amount of casework on the issue.
- 82.6 The Head of Internal Audit stated that the recommendation related to a backlog of student exemptions and had been an ongoing issue due to staff shortages within the service. The Head of Internal Audit added that he was unsure of the specific methods by which it was intended to clear the backlog.
- 82.7 The Principal Audit Manager stated that there was a challenge to the service in monitoring council tax due to Brighton and Hove's transient population. He understood that going forward, the systems used by the service would be more sophisticated.
- 82.8 **RESOLVED-**
- 1) That the Audit and Standards Committee note:
- progress made on the audit plan for 2015/16
 - progress made against recommendations
 - continued success in tackling fraud and corruption

83 STANDARDS UPDATE

- 83.1 The Committee considered a report of the Head of Law and Monitoring Officer that updated Members on Standards related issues and activities since the previous meeting.
- 83.2 **RESOLVED-** That Members note the report.

84 SOCIAL MEDIA PROTOCOL FOR MEMBERS AND SOCIAL NETWORKING POLICY FOR EMPLOYEES

- 84.1 The Committee considered a report of the Head of Law & Monitoring Officer that provided the outcome of a review of the protocol on use of social media by Members and a social networking policy for employees first approved by the Committee at its meeting in April 2013.
- 84.2 Councillor Ken Norman expressed his agreement that those in civic office occasionally suffered "blurred identities" and the guidance would be useful in

terms of providing information to Members on how to navigate this.

- 84.3 The Chair agreed and stressed that it was important for Members to note that the document was guidance only and not strict policy.
- 84.4 Dr Horne stated that it would be useful for the committee to note that the last Standards Hearing upheld related to online social media abuse.
- 84.5 Councillor Chapman stated he felt it would be useful for Members to be reminded of the seven principles of public life when the guidance was circulated.
- 84.6 Councillor Cobb stated that she believed the report should be referred to Full Council for discussion as there were a number of issues that should be debated.
- 84.7 **RESOLVED-**
- 1) That the committee approves the revised Social Media Protocol for Members at Appendix 1.1 to the report.
 - 2) That the committee notes the Social Networking Policy for Employees at Appendix 1.2 to the report.
 - 3) That the committee note that the revised Social Media Protocol will be circulated to all Members, together with an explanatory covering letter which highlights the changes which have been made to it.

85 GUIDANCE ON MEMBER CORRESPONDENCE

- 85.1 The Committee considered a report of the Head of Law & Monitoring Officer that proposed new guidance on Member correspondence. The aim of the guidance was to provide Members with greater clarity regarding the expectations made of them given increasing volumes of correspondence received with the objective that Members have broad guidance on how to reduce the risk of complaints being made against them.
- 85.2 Councillor Druitt noted that Members on occasion received blanket correspondence on one issue and it would be very difficult to meet the requirement to respond within three days due to sheer volume.
- 85.3 Councillor Robins noted that some online petition websites by default sent an unsolicited email to Members when they were signed that added further blanket correspondence.
- 85.4 Councillor Cobb stated that it was sometimes difficult to reply to correspondence due to significant delay in officers providing Members with the information they needed. Councillor Cobb felt an Officer to Member correspondence framework was required.

85.5 The Lawyer representing the Head of Law & Monitoring Officer noted that she would consider the observations made by the committee for the guidance document including a paragraph relating to correspondence that could be deemed as spam when it was circulated to all Members. The Committee Lawyer advised that there was already existing guidance on timelines for officer to reply to correspondence.

85.6 RESOLVED-

- 1) That the Committee approves the Guidance on Member Correspondence at Appendix 1 to the report
- 2) That the Committee agrees that the approved Guidance be circulated to all Members together with a covering letter which explains its objective.

86 ITEMS REFERRED FOR COUNCIL

86.1 Councillor Cobb stated that she believed Item 84: Social Media Protocol for Members and Social Networking Policy for Employees should be referred to Full Council.

86.2 Councillor Robins stated that he did not agree with the request as it may lead to unnecessary dispute.

86.3 Councillor Druitt agreed adding that there may be a risk that the report would be misunderstood as enforcing mandatory requirements upon Members when the document was in fact guidance only.

86.4 The Lawyer representing the Head of Law & Monitoring Officer reminded Members that the report was a review of Policy already in place with recommended amendments.

86.5 The Committee agreed to circulate the revised protocol to Members via email.

The meeting concluded at 6.35pm

Signed

Chair

Dated this

day of

Subject:	Internal Audit Annual Report 2015/16		
Date of Meeting:	21 June 2016		
Report of:	Executive Director, Finance & Resources		
Contact Officer:	Name:	Graham Liddell	Tel: 01273 291323
	Email:	Graham.Liddell@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The internal audit and corporate fraud annual report sets out the head of internal audit's:
- opinion on the council's control environment
 - summary of the results of audit work for the year
 - assessment of the effectiveness of internal audit against the UK Public Sector Internal Audit Standards.

2. RECOMMENDATIONS:

- 2.1 That the Committee considers the internal audit annual report including the head of internal audit's:
- opinion on the council's control environment
 - summary of the results of audit work for the year
 - self-assessment of the effectiveness of internal audit against the UK Public Sector Internal Audit Standards.
- 2.2 That the Committee notes:
- the council's current arrangements for three areas of partial compliance against UK Public Sector Internal Standards
 - the proposals to further strengthen the council's internal audit function
- 2.3 That the Committee considers the implications for the Annual Governance Statement.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Accounts and Audit Regulations (England) 2015 require local authorities:
- to undertake an effective internal audit to evaluate the effectiveness of risk management, control and governance processes taking into account public sector internal auditing standards or guidance. As part of these requirements the Head of Internal Audit is required to give an opinion on the control environment as part of an annual report.

- to conduct an annual review of the effectiveness of its Internal Audit and have the findings considered by a committee. This can be a self-assessment, provided that an external review is carried out at least every five years. For Brighton & Hove City Council an external review is required by 2018/19.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The Head of Internal Audit's opinion is set out in internal audit and corporate fraud annual report (see appendix 1). This states that "reasonable assurance can be provided on the overall effectiveness of the council's control environment for the year ended 31 March 2016, but only limited assurance on the effectiveness of the council's contract management practices and the security over some of the council's information and records".

4.2 This judgment has been informed by:

- controls for core financial systems, governance arrangements and key services that are generally working well
- examples of where contract monitoring needs to improve. In particular, following audit recommendations the council strengthened checks on housing repairs work, the council identified significant overcharging by a particular sub-contractor and is now in process of recovering funds
- the need for improvements in controls to prevent unauthorised access to systems and records, disaster recovery and business continuity

4.3 As set out in the draft Annual Governance Report the council is taking action to address the areas of limited assurance by:

- strengthening governance arrangements relating to contract management to ensure that monitoring arrangements are comprehensive and routinely applied
- more clearly articulating and addressing information risks and addressing weaknesses in controls to prevent access to buildings and systems to staff who no longer work at the council.

4.4 For 2015/16 the annual review of effectiveness review is a self-assessment carried out by the Head of Internal Audit. The service is currently working closely with the internal audit functions of East Sussex County Council and Surrey County Council with a view to forming a joint internal audit service as part of the Orbis shared service. As a result, internal audit is subject to change and an external assessment would be likely to become quickly out of date and not provide value for money. The review was based on a CIPFA checklist of 334 questions designed to assess compliance with Public Sector Internal Audit Standards. It was also informed by the summary of internal audit performance and achievements.

4.5 The internal audit and corporate fraud functions achieved some notable successes including:

- achieving 91% of the audit plan despite delivering the service at 13.5% under budget
- a marked increase in the implementation of audit recommendations to 95% for high priority recommendations and 87% for medium priority recommendations.
- identifying opportunities to secure savings and recover overpayments of £0.9 million
- recovering 26 council properties that were previously rented by ineligible tenants
- positive feedback from internal audit and corporate fraud 'customers'.

4.6 The Head of Internal Audit has concluded that overall the council's internal audit function complies with UK Public Sector Internal Audit Standards.

- Members of the Audit & Standards Committee are consulted as part of the decision to appoint the Head of Audit but the appointment and removal of the Head of Internal Audit is made by the Executive Director of Finance and Resources.
- The Audit & Standards Committee directs the use of resources through the approval of the audit plan but the full Council approves the budget of the service.
- The council is currently developing a structured assurance framework and this is not yet sufficiently developed to inform audit planning.

4.7 The service has implemented its planned areas for improvement in 2015/16 including:

- introducing a new reporting format
- implementing an online system to track recommendations
- greater joint working between IA and Corporate Fraud
- carrying out 'cold' reviews of audit quality
- taking part in anonymous customer feedback surveys

4.8 The key areas for improvement in 2016/17 will be implemented as part of the internal audit and corporate fraud service plan and alongside joint working with East Sussex County Council and Surrey County Council. These comprise:

- developing a richer understanding of customer needs
- supporting the development of a structured assurance framework to help inform audit planning

- ensuring that working with Orbis will enable the council to be provided with an effective and resilient internal audit function (referred to as professional due diligence)
- drive improvement in quality and efficiencies through collaboration with colleagues in Orbis

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The annual report has been prepared by the Head of Internal Audit and informed by audit and corporate fraud work carried out during the year which has included extensive engagement with officers and members.

6. CONCLUSION

- 6.1 The council has an effective internal audit function which has achieved some notable successes in 2015/16. Opportunities to strengthen the function further have been identified and will be implemented as part of the internal audit and corporate fraud service plan and alongside joint working with East Sussex County Council and Surrey County Council.
- 6.2 The Head of Internal Audit has concluded that reasonable assurance can be provided on the overall effectiveness of the council's control environment for the year ended 31 March 2016, but only limited assurance on the effectiveness of the council's contract management practices and the security over some of the council's information and records. The council has set out in the annual governance statement how it plans to address the areas of limited assurance.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The Internal Audit & Opinion Annual Report 2015/16 outlines how resources were applied, the internal control recommendations, savings through counter fraud and other issues. The Internal Audit Plan for 2015/16 was delivered within budgetary resources for the year.
- 7.2 The areas for service development within this review can be managed within the budget of the Internal Audit service for 2016/17 and will be delivered alongside joint working with East Sussex County Council and Surrey County Council as part of Orbis.

Finance Officer Consulted: James Hengeveld

Date: 23/05/16

Legal Implications:

- 7.3 The statutory provisions are set out in the Accounts and Audit Regulations 2015. These regulations require the findings of the effectiveness review to be considered by full Council or a council committee. In the case of Brighton & Hove, the Audit & Standards Committee is the designated committee for this purpose. Following the review, the Committee must approve an annual

governance statement prepared in accordance with proper practices in relation to internal control.

Lawyer Consulted: Elizabeth Culbert

Date: 23rd May 2016

Equalities Implications:

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

Sustainability Implications:

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

SUPPORTING DOCUMENTATION

Appendices:

1. Internal audit and corporate fraud Annual Report 2015-16

Documents in Members' Rooms

1. None

Background Documents

1. None

Internal audit and corporate fraud Annual Report 2015-16

June 2016



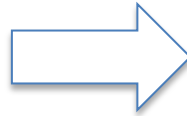
**Brighton & Hove
City Council**

Head of Internal audit opinion

In my opinion, reasonable assurance can be provided on the overall effectiveness of the council's control environment for the year ended 31 March 2016, but only limited assurance on the effectiveness of the council's contract management practices and the security over some of the council's information and records.

Graham Liddell, Head of Internal Audit, 7 June 2016

Reasonable assurance



- Core financial systems generally robust
- Key services well controlled
- Governance arrangements in place

Limited assurance

- contract management
- security of some information and records

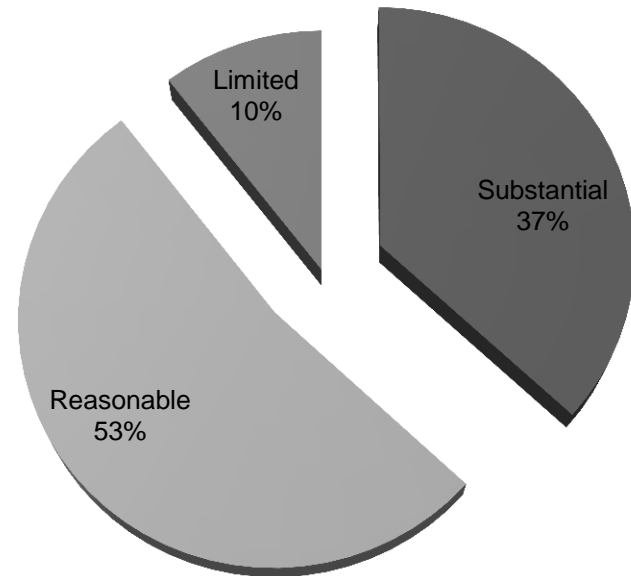


- Corporate contract management processes to be strengthened
- Information risks and mitigating actions to be more clearly set out and documented



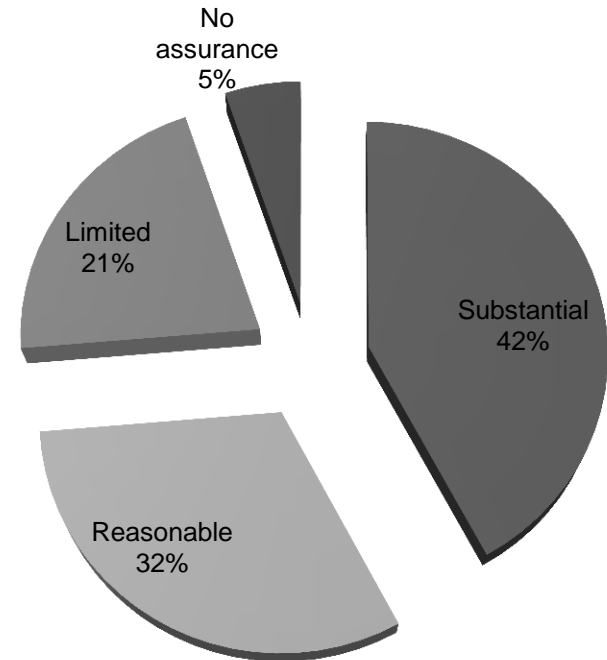
Governance and core systems

- Core financial controls and governance arrangements generally robust
- Financial controls effective in addressing over-spending
- Loss of staff affected operation of some key controls
- Process for keeping pension records up to date needs improvement



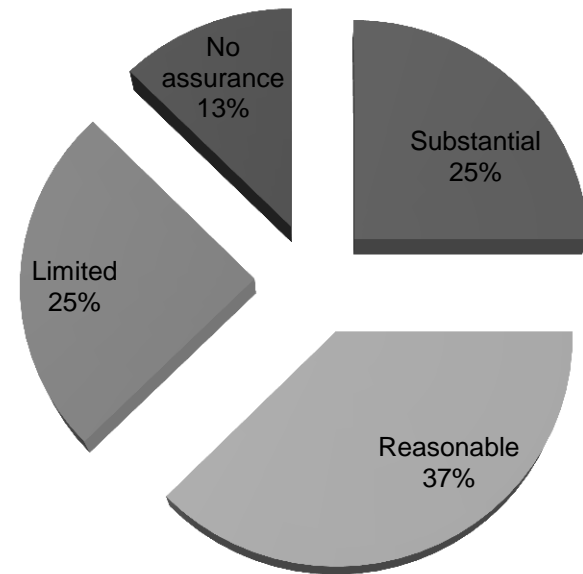
Services

- Most services maintained a sound control environment whilst delivering savings
- Further streamlining and automation of controls required as costs are reduced further
- Limited assurance reports due to weaknesses in contract management
- Controls to prevent fraudulent applications for residents' parking permits not working effectively



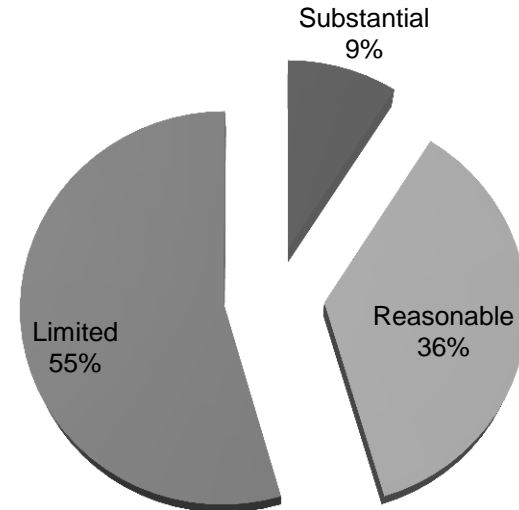
Procurement and contract management

- Action taken to strengthen procurement arrangements beginning to have an impact
- Key risk is now contract management
- Overpayments for housing repairs identified by improved 'client side' monitoring
- Corporate arrangements for ensuring contracts are monitored effectively need to be developed further



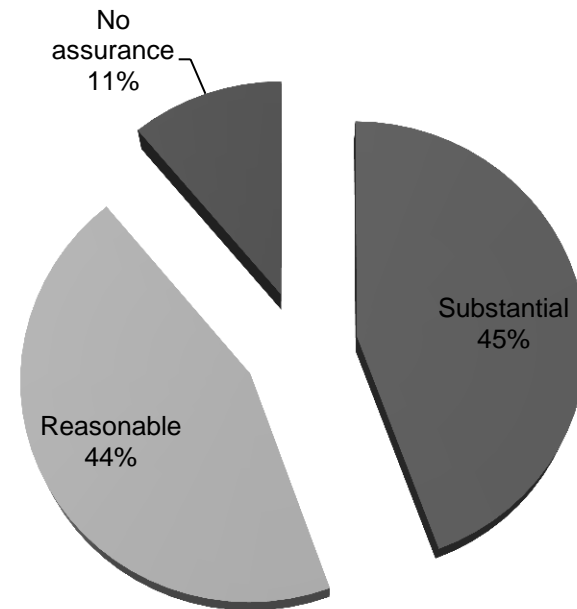
Information assurance

- Reasonable assurance over data protection, freedom of information and health/social care data sharing
- Consolidated risk register for information risks and mitigating actions needs to be developed further
- Improvements needed to prevent unauthorised access to systems, disaster recovery and business continuity.



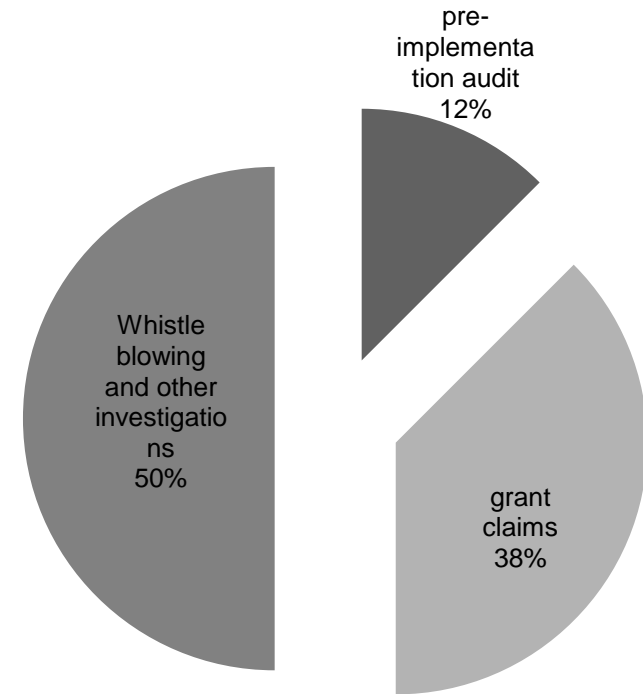
Schools

- Controls generally in place but depend on a very small number of staff.
- Schemes of delegation not always followed
- Emerging risks identified including management of income streams, controls over purchasing cards and security of IT equipment
- One 'no assurance' report issued following concerns raised by head teacher on poor financial and budget management



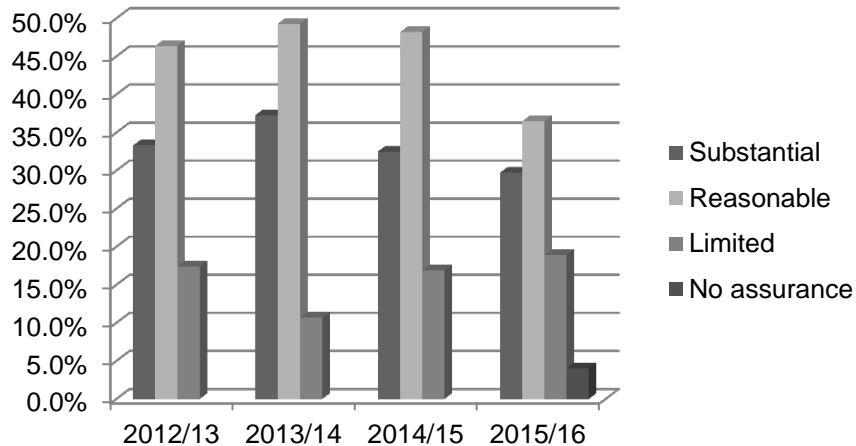
Other audit work

- Lessons learned from CCI contract reported to Audit & Standards Committee
- Agreed action to demonstrate more clearly how the council is addressing issues arising from the dismissal of the Head of Housing and Organisational Learning Review
- Support for grant claims made by the council including certification of claims and review of housing benefit cases.



Audit results compared to previous years

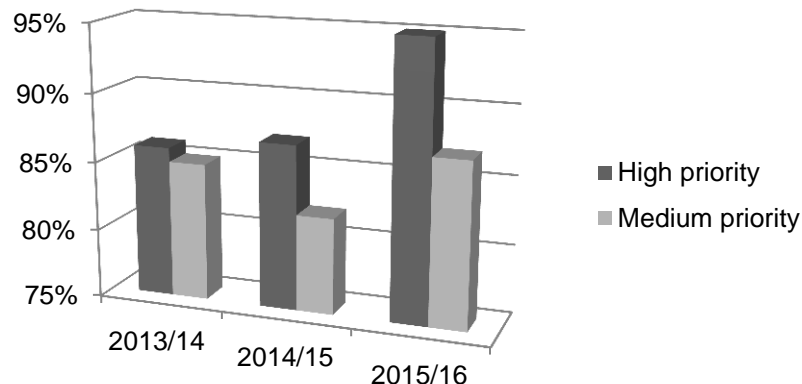
Audit opinions issued



We have issued more critical opinions in 2015/16 than in previous years

- greater focus on information risks
- use of data analytics to identify things that have gone wrong

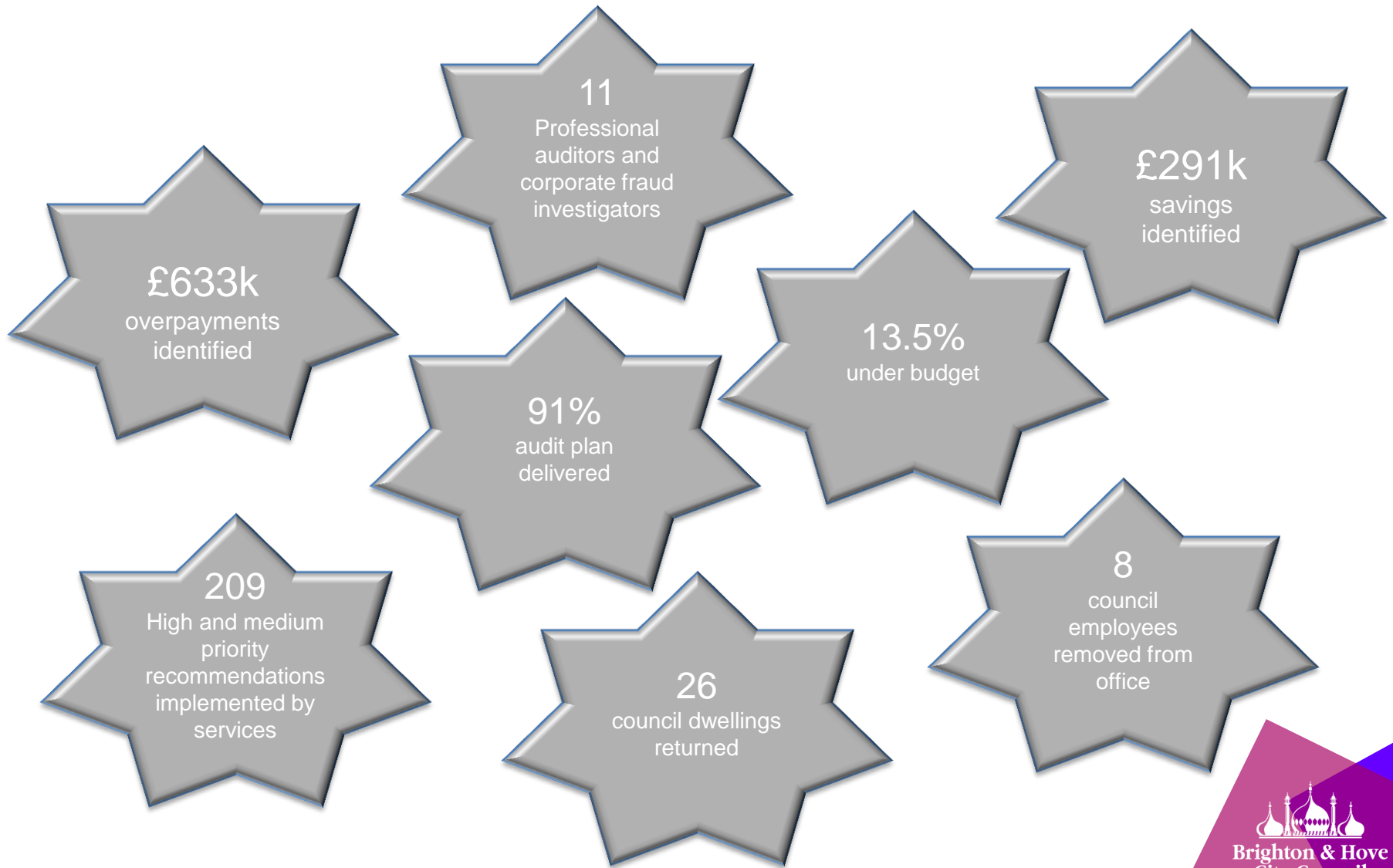
Implementation of recommendations



Recommendation implementation rates increased markedly

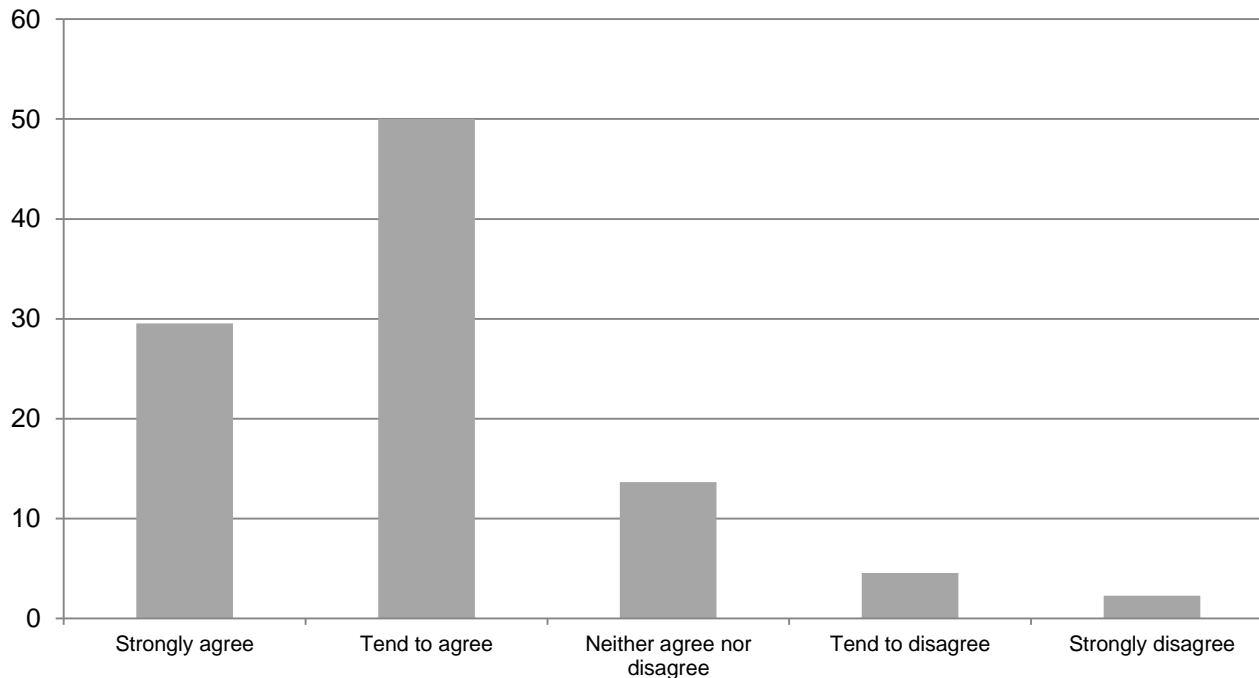
- new system for tracking recommendations
- high priority given to audit recommendations by senior management

IA and corporate fraud in numbers



What our customers think of us

Percentage of customers who agree that internal audit and corporate fraud added value to their service



What our customers say

For years [internal audit] was something we endured as a matter of compliance rather than something that added value to our service. Of late there has been a definite shift and we feel audits are being conducted more vigorously and directed more effectively. We feel we are being listened to and that the audits are tuning in to the operational needs. As a consequence we are getting audit reports that are progressive and valuable. This of course may annoy some because this will mean the audits appear more critical. From our point of view this is something we welcome because it helps us improve our service.



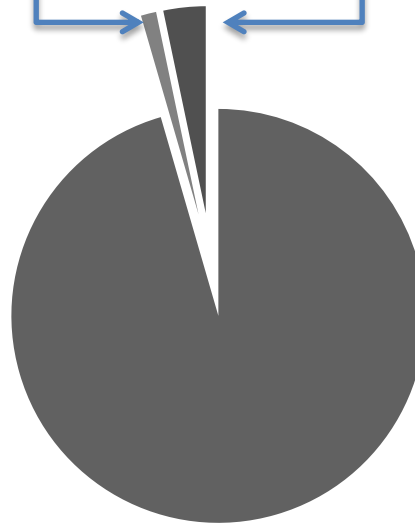
Compliance with professional standards

3 partial compliant CIPFA criteria:

- A&S Committee not responsible for appointing and removing the Head of Internal Audit (rests with Executive Director of Finance and Resources in consultation with the Chair of the Audit & Standards Committee and Chief Executive).
- A&S Committee does not determine IA budget (rests with the Full Council)
- Council is developing a structured assurance framework and this is not yet sufficiently developed to inform audit plan.

11 CIPFA criteria not applicable:

- these only apply when an external assessment takes place.
- an external assessment required every five years (ie by 2017/18) but, because of planned joint working with Orbis it an external assessment is unlikely to provide value for money if commissioned during this period of change.



Full compliance with 320 out of 334 CIPFA criteria for complying with professional IA standards covering

- Definition of IA
- Ethics
- Attribute standards
- Performance standards

Improving audit quality

Achieved in 2015/16

- ✓ New reporting format
- ✓ Implemented online system to track recommendations
- ✓ Joint working between IA and Corporate Fraud
- ✓ Cold reviews of audit quality
- ✓ Anonymous customer feedback surveys

Planned for 2016/17

- Develop richer understanding of customer needs
- Support development of a structured assurance framework
- Complete Orbis professional due diligence
- Drive improvement in quality and efficiencies through collaboration

Subject:	Car parking – resident’s permits		
Date of Meeting:	21 June 2016		
Report of:	Executive Director, Finance & Resources		
Contact Officer:	Name:	Graham Liddell	Tel: 01273 291323
	Email:	Graham.Liddell@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 An Internal Audit review of residents parking permits in 2014/15 identified a risk that the council’s arrangements for preventing and detecting fraudulent applications for resident parking permits were not effective. As part of the 2015/16 audit work, Internal Audit used data from the council’s council tax system to identify potential fraudulent applications. This report summarises the results of this work and the action taken by the council to address the issues raised.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee notes that:
- based on extrapolation up to 700 residents parking permits may be held by individuals who are not entitled to them
 - control improvements have been agreed with the service that should both prevent and identify fraudulent applications and significantly reduce the associated fraud risk to the council.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The council issues over 30,000 residents parking permits. These are highly valued in the city and this presents a risk that non-residents may falsify applications for residents parking permits.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The audit checked more than 500 permits against Council Tax records. This identified high risk permits which were then investigated in more detail by the corporate fraud team working with support from officers in the parking service. This work concluded that 13 permits were likely to have been renewed when the applicant was not entitled to the permit, representing 2.3% of the sample tested. Extrapolating this proportion suggests that up to 700 out of the 30,000 resident parking permits issued by the council are held by individuals who are not entitled to them.

4.2 The impact is that:

- residents who are entitled to parking permits may need to wait longer than necessary to receive them because they have been placed on waiting lists. It is also likely that more cars are being driven into the city increasing congestion.
- the council is likely to have lost revenue for car parking income. The estimated 700 parking permits represent lost revenue to the council of approximately £190,000 per annum. However, any potential increased income would be offset by a resident previously on the permit waiting list not needing to pay to park in the area. The £190,000 figure is derived from a probable set of circumstances although it depends on driver behaviour and doesn't consider a possible change in the mode of travel into the City.

4.1 Control improvements have been agreed with the service that should both prevent and identify fraudulent applications and significantly reduce the associated fraud risk to the council. These include the purchase, set up and implementation of a new IT system capable of automatically verifying address information for both resident permit and resident visitor permit applicants. The application form has been redesigned to highlight the potential consequences of fraudulently applying for a permit when not entitled to one. This is to be combined with a press release about the issue which will also launch an amnesty on the return of any resident permits fraudulently obtained which will run throughout August.

5. **COMMUNITY ENGAGEMENT & CONSULTATION**

5.1 None.

6. **CONCLUSION**

6.1 Up to 700 residents parking permits are likely to be held by individuals who are not entitled to them. Control improvements have been agreed with the service that should both prevent and identify fraudulent applications and significantly reduce the associated fraud risk to the council.

7. **FINANCIAL & OTHER IMPLICATIONS:**

Financial Implications:

7.1 The potential loss of revenue to the council, based on an extrapolation of the sample tested, is estimated at £190,000 however this estimate does depend on driver behaviour. The new ICT system for automatic verification will be funded from increased revenue as a result of detecting fraud, subject to the approval of business case. Any net improvement in income as a result of the change in controls will be reflected in the Targeted Budget Management (TBM) reports to Policy, Resources and Growth Committee.

Finance Officer Consulted: James Hengeveld

Date: 06/06/16

Legal Implications:

- 7.2 The report is consistent with the Council's responsibilities in relation to protecting the public purse and in investigating fraud.

Lawyer Consulted: Elizabeth Culbert

Date: 23rd May 2016

Equalities Implications:

- 7.3 None

Sustainability Implications:

- 7.4 None

Any Other Significant Implications:

- 7.5 None.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms:

None

Background Documents:

None

Subject:	Human Resources & Organisational Development Annual Report		
Date of Meeting:	21 June 2106		
Report of:	Executive Director Finance & Resources		
Contact Officer:	Name:	Sue Moorman	Tel: 293629
	Email:	Sue.moorman@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The Human Resources & Organisational Development (HROD) service comprises Human Resources, Health and Safety and Workforce and Organisational Development.
- 1.2 The purpose of the annual report is to highlight the contribution the service has made in supporting the organisation over the last 12 months and set out the focus of our activity this year.

2. RECOMMENDATIONS:

- 2.1 That the Committee note the annual reports of activity, assurance and business plan priorities from the Human Resources & Organisational Development (HROD) and Health & Safety Service.
- 2.2 That the Committee notes the relevance of these reports and their contribution to the council's annual governance statement

3. CONTEXT/ BACKGROUND INFORMATION**3.1 General Background**

- 3.2 HR&OD's contribution to the organisation has to be defined by providing a good payroll and administration service and having well defined policies, advice, assurance frameworks and training and development on workforce issues. Furthermore the service is a key enabler for delivery of the modernisation programme in delivering a modern council.
- 3.3 It is important that HR/OD has a visible role in the organisation and is able to add challenge, provide solutions and define activities that will enable the council to meet its priorities. The challenging landscape for the council in delivering

services against restricted budgets means that HR/OD needs to add value to the planning and options.

3.4 The annual report provides an overview of the broad range of activities undertaken by the HROD service including information on:

- Training and Development
- The Culture Change programme
- How we have supported managers with complex casework
- An outline of the strategic HR support provided particularly in relation to workforce planning
- Recruitment activity
- Provision of Occupational Health support
- Health and Safety advice and assurance
- Payroll and pension activities
- Policy and project work

3.5 It includes many achievements as well as the challenges faced. In addition, it sets out the current Business Plan priorities and how people can get involved by providing feedback on their experiences and help to influence how we shape our service for the future.

3.6 The Council's workforce is the greatest resource it has and the report provides context and assurance on what is done to support this resource.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 Not applicable

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 None

6. CONCLUSION

6.1 The HROD and Health & Safety annual reports are key assurance reports in outlining the achievements, challenges and future focus for the service.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

7.1 There are no direct financial implications arising from the recommendation of this report. It is anticipated that the costs of providing the Health & Safety business plan will be met within existing resources.

Finance Officer Consulted: Peter Francis

Date: 31/05/16

Legal Implications:

7.2 There are no legal implications arising from this report

Lawyer Consulted:

Elizabeth Culbert

Date: 01/06/16

SUPPORTING DOCUMENTATION

Appendices:

1. HR&OD Annual report for 2015/16
2. Health & Safety Annual report 2015/16

Background Documents:

None

Human Resources and Organisational Development

Annual Report 2015-16



**Brighton & Hove
City Council**

Human Resources & Organisational Development

Annual Report 2015 - 2016

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

Committee: Audit & Standards Committee

Subject: HROD Annual Report
April 2015 to March 2016

Date: 21 June 2016

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1. Introduction

The Human Resources and Organisational Development (HROD) annual report highlights the contribution and achievements the service has made in supporting the organisation over the last 12 months.

The HROD service provides a responsive and effective service to ensure that the council's employment duties are met. A core part of our service delivery is to provide an efficient recruitment, contracts, pensions and payroll service to our workforce across the council. This is complemented through the provision of employment and health and safety policies, advice, guidance and learning opportunities, to support the growth and accountability of the organisation's line managers and its staff.

HROD supports the council's modernisation programme, contributing professional expertise to facilitate and enable change in the organisation and the continued development of our culture. We continue to play a critical role in supporting managers through the process of staff and trade union consultation and where organisational change has an impact on staff terms of employment and working practice.

2. Our Workforce Profile

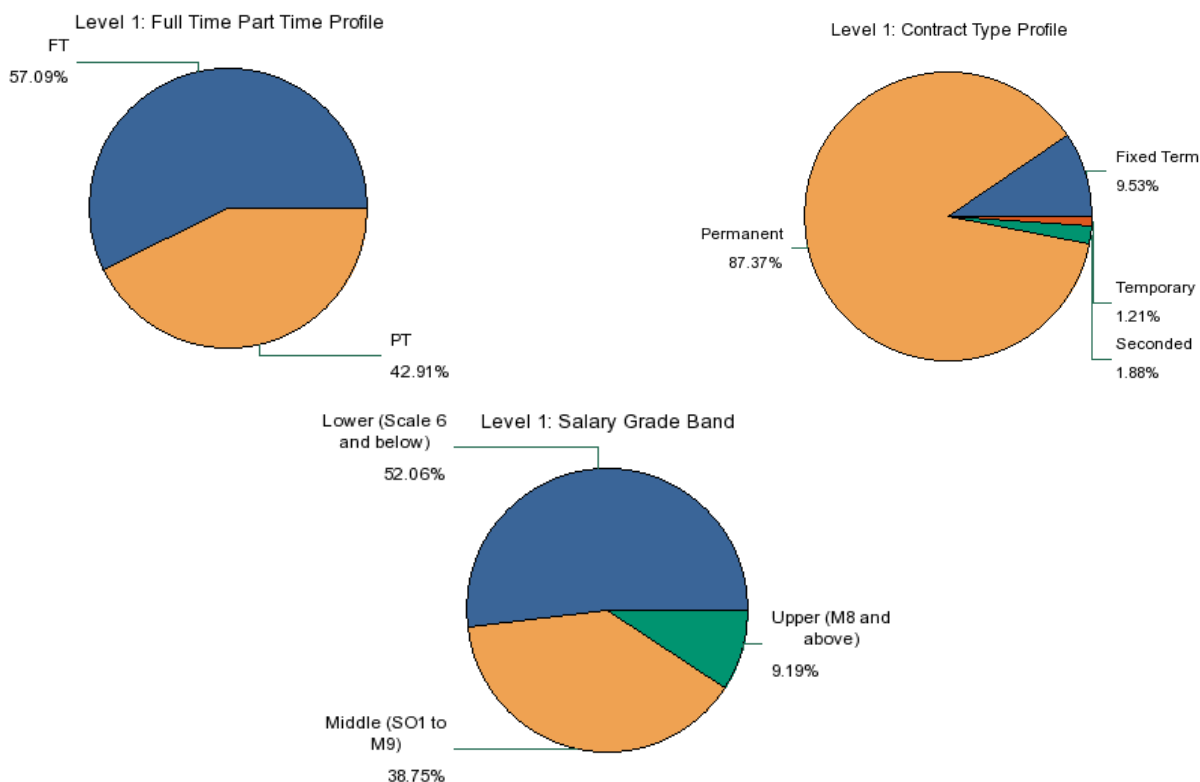
Our workforce is an essential resource in supporting the delivery of high quality services to our citizens. The following data provides an outline of the composition and turnover of the council's workforce, excluding schools.

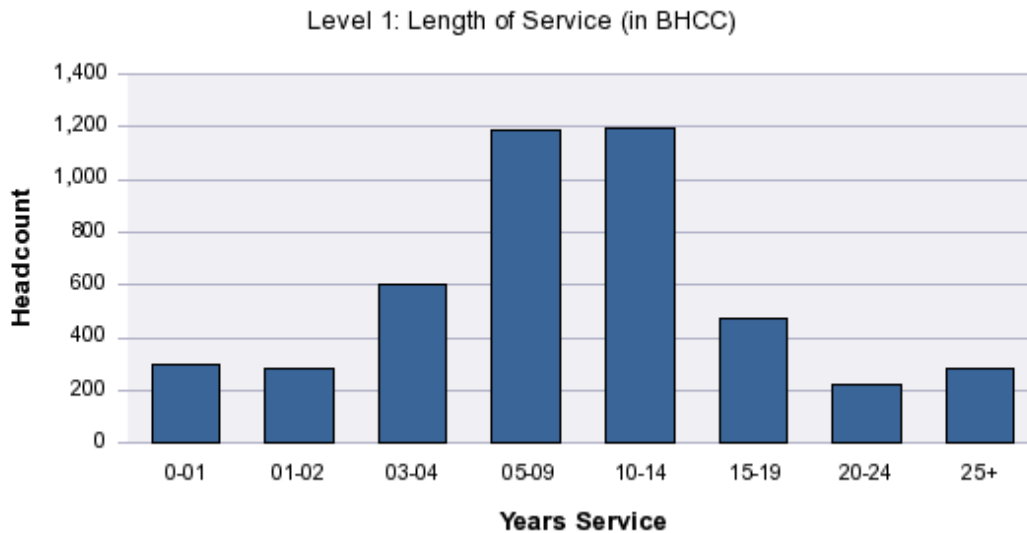
(Figures in brackets are from previous year)

Organisational Level	Full Time Equivalent (FTE)	Head Count	Turnover (Rolling Year)
Whole Council (Level 1) (excludes schools)	3880.89 (4146.55)	4541 (4846)	15% (10%)
Adult Services	829.20 (875.46)	999 (1050)	13% (8%)
Assistant Chief Executive	329.96 (365.56)	409 (447)	24% (17%)
Children's Services	834.15 (910.91)	1067 (1174)	17% (11%)
Environment Development & Housing	979.16 (1052.25)	1055 (1133)	14% (11%)
Finance & Resources	666.11 (758.42)	732 (840)	12% (7%)
Legal & Democratic Services**	113.08 (55.22)	128 (58)	13% (7%)
Public Health	126.23 (127.74)	153 (148)	16% (8%)

** Increased headcount due to transfer of Life Events services to Legal and Democratic Services

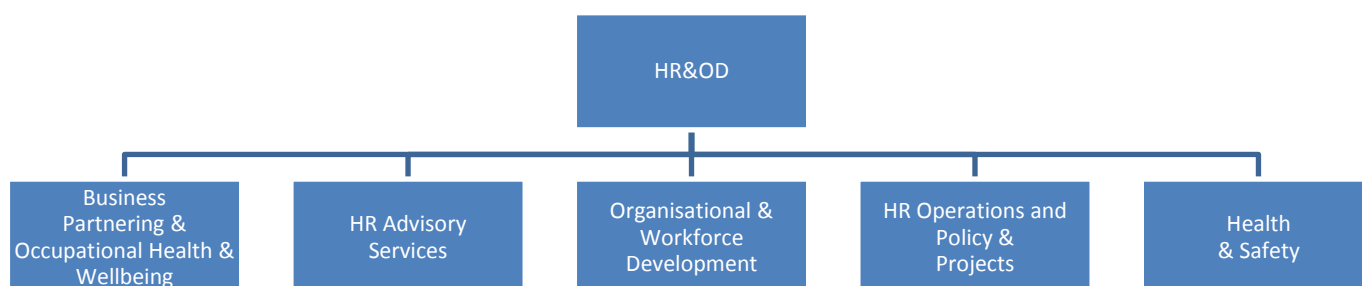
The data shows that there has been a general decrease within the workforce over the past year, which reflects the reduction in services in line with budget reductions. It is also interesting to note the increase in turnover across all services.





We also provide a HROD service (including health and safety) to schools in Brighton & Hove, through a traded service and have maintained a 100% buyback from maintained schools. We also have separate agreements to provide services to two academies and one free school in the City. The contracted school workforce headcount is 4841 (5368), which equates to 3433 (3397) full time equivalent (FTE).

3. The Management and Performance of HR & OD



HR Business Partnering provides strategic HR support, challenge and advice to each directorate management team to support corporate and business plans. Dedicated business partners commission support from across HR to ensure an effective service is provided that meets the needs of individual services and ensures workforce issues are effectively planned for and managed.

Occupational Health & Wellbeing commissions the provision of an occupational health service and employee support program which includes health surveillance, monitoring and promotion, provision of information and advice to managers and staff.

HR Advisory Services provides a comprehensive advice, guidance and case work support service on all aspects of employment such as performance management, staff conflict resolution and change management. The team also contribute to the development of managers' skills through a range of training interventions and provide coaching to managers. The service also provides support during the consultation and implementation of agreed service redesigns.

Organisational & Workforce Development supports the council's organisational development priorities through the delivery of the culture change plan, and provides the majority of learning and development, qualifications and e-learning across the organisation and wider adult and children's social care workforces.

HR Operations provides a recruitment, human resources administration and payroll service for the council's directly employed workforce and schools, and the administration for the council's pension schemes;

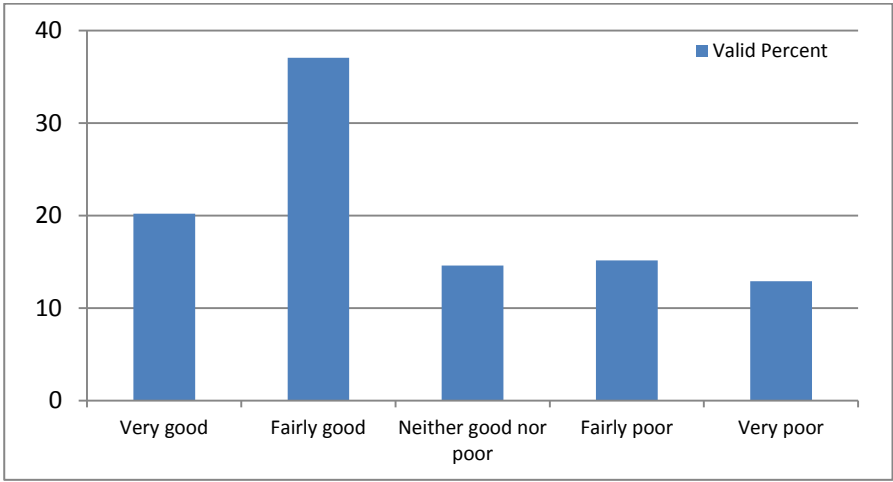
Policy and Projects is a mix of technical specialisms from HR policy, equalities, pay and reward and job evaluation. The team undertakes a range of project work and research on workforce matters, ensuring the council is at the vanguard of employment law, thereby minimising the risk of litigation.

Health and Safety undertakes a range of assurance activities such as audits, inspections and accident investigations, provision of advice and guidance and policy development and are the first point of contact with enforcement and regulatory agencies.

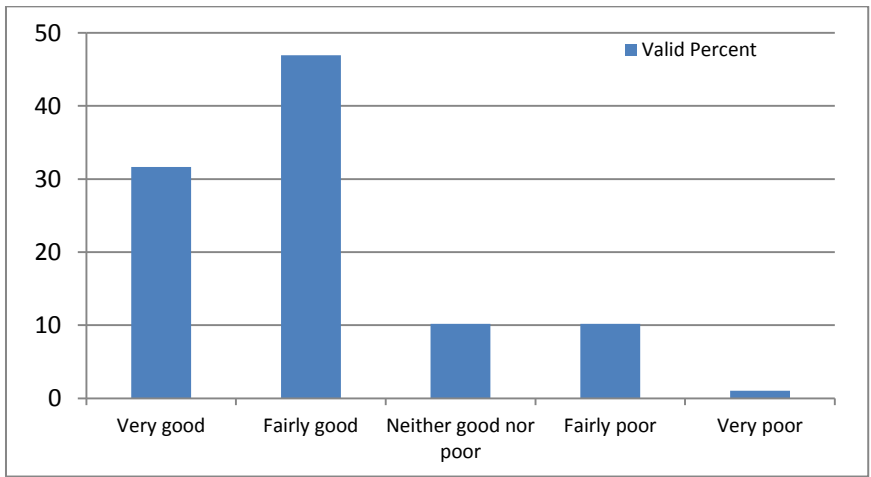
The first Finance & Resources wide **Customer Survey** undertaken between 30 November and 18 January, this included feedback on HROD services. This feedback is being used to inform future service planning. A summary of results is shown on the next page:

Overall, how was the standard of customer service you received?

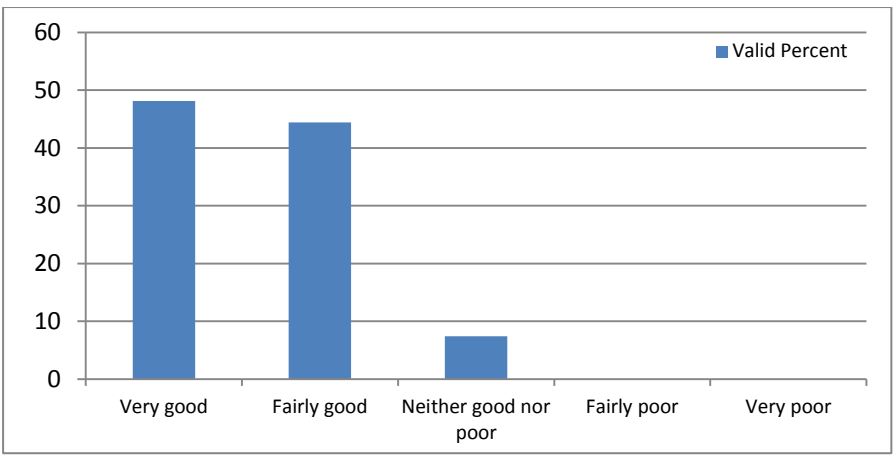
HR



Workforce Development



Health & Safety



4. Policy and Assurance

We continue to ensure the council is legally compliant and operating responsible employment practices. To ensure robust mechanisms of control are in place we:

- maintain policies and guidance to enable the council to comply with employment and health and safety law
- provide access to competent advice and support
- manage the council's recruitment, payroll and pension functions
- support the council's corporate audit approach
- keep abreast of evolving employment law

Throughout 2015/16 the HR Performance Board continued to monitor organisational workforce performance indicators as well as our internal HR performance. This board scrutinises progress against audit findings.

Governance

HROD contributes to core governance activity with representation at the Officer's Governance Board chaired by the s151 officer and the Information Governance Board.

We attend various committees including, Policy & Resources and Growth and Audit & Standards when issues relating to workforce or health and safety are debated. We report on Health & Safety performance via the Corporate Health & Safety committee and Workforce Performance via Executive Leadership Team & Policy & Resources committee.

Internal Audit

There have been 3 audits this year relating to HROD services:

Payroll Audit which is carried out annually to ensure that sufficient controls are in place for all contractual employee changes, to guarantee an accurate and efficient monthly payroll, and to safeguard that all HMRC legislation is being met and maintained. For the second year running **Substantial Assurance** was given on the effectiveness of the internal controls operating over the system. This opinion means that effective controls are in place to manage the key risks to the system.

Pension Administration Audit was carried out. The service manages the process for starters, leavers, changes and retirements for the Council, this includes the Local Government Pension Scheme, Teachers pension scheme, NHS and services provided to South Downs National Park Authorities and to 2 Academies in the city. **Limited Assurance** was given and since the audit, 1 of the 6 actions has been implemented in full. The others are not yet fully implemented.

Working with Finance we reviewed the **Establishment Management** process allowing the Council greater control and understanding of the staffing budget. Since October 2015 all requests to amend staffing contracts must have financial approval before being actioned. At the time of writing the draft audit report has provided **Reasonable Assurance**.

We are a key contributor to the Organisational Ethics Audit which has provided **Substantial Assurance**.

Supporting financial assurance

Our HR system enables us to administer salary, overtime and other employment related payments to approximately 10,000 employees (including schools). The approximate monthly value of payments is **£13.4m**. This comprises of £6.4m for schools staff and £7.0m for all other staff.

We have processed 1487 new starters (590 non-schools and 897 schools) and 2,350 staff amendments and 1854 staff leavers (1034 non schools and 820 schools).

We also operate a range of staff benefits via salary sacrifice schemes, which generate National Insurance savings. There are currently 390 individuals who participate in the childcare voucher scheme and 96 individuals signed up to the cycle to work scheme following the two campaigns organised during the last year. We are currently in exploring procurement of staff benefits services.

The total value of payments administered by our Pensions team to each pension fund is approximately:

- £29 million (Local Government Pension Scheme)
- £15 million (Teachers Pension Scheme)
- £318k (NHS)

We produced the council's annual **Pay Policy Statement** for 2016/17 in accordance with requirements set out in the Localism Act 2011. This was approved by Full Council and published on the website together with a range of data on pay as a public document.

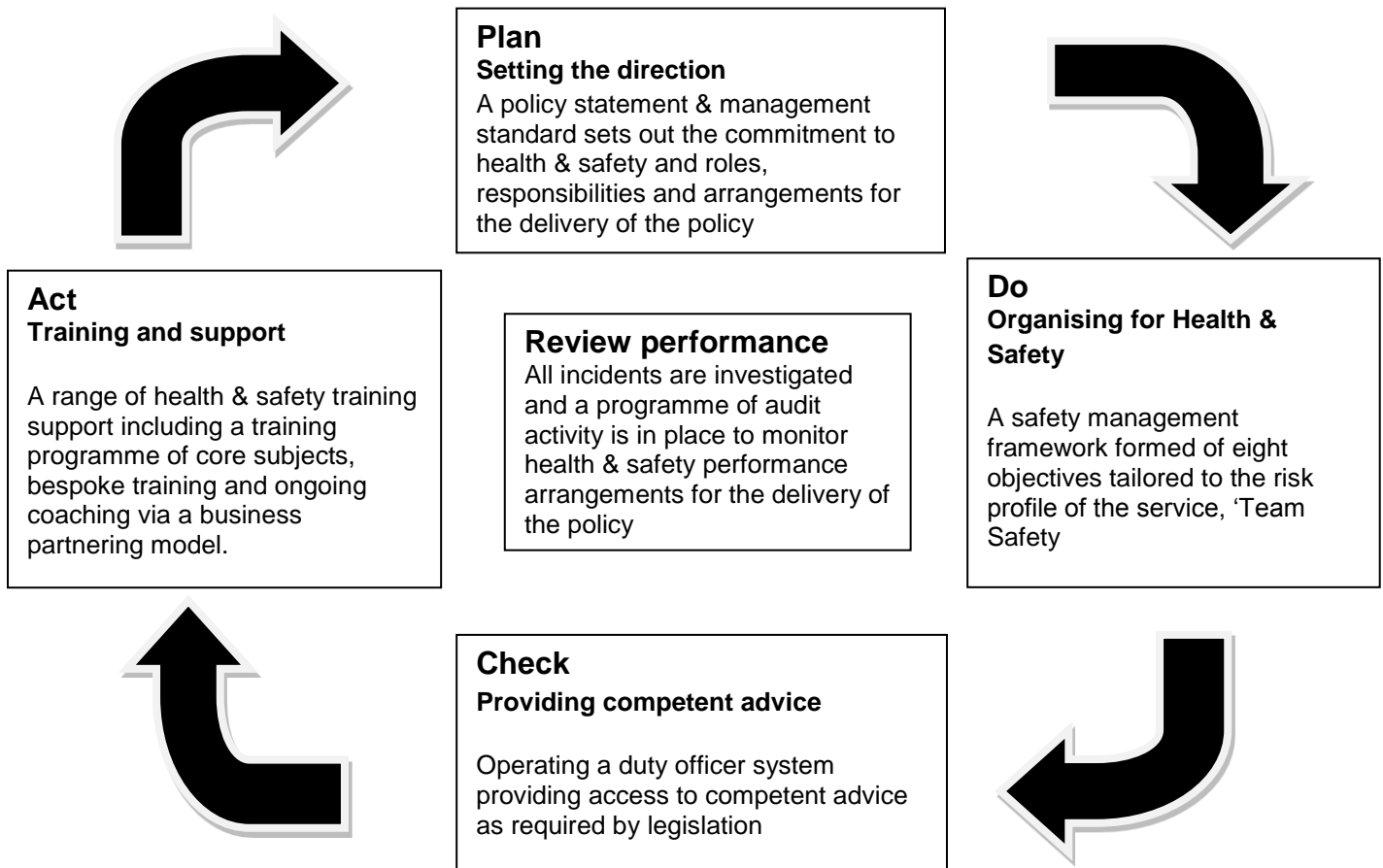
We are leading the implementation and review of the voluntary Living Wage, in April 2016 the new rate of £8.25 was implemented across the council and all schools.

HR has played a key governance role in supporting in year financial control through vacancy management, agency bookings and provision of training.

Health & Safety Assurance

We can again report that no enforcement action has been taken against the council in the last 12 months.

As a unitary authority the range of services delivered by and on behalf of the council creates a diverse risk profile. A key role for us is to ensure the council has a proportionate approach to risk management. We continue to maintain and review the safety management framework which incorporates:



As part of our governance and assurance activity, an annual Health and Safety report has been presented to the Corporate Health and Safety committee see *appendix 1*.

Pre-employment Checking

The recruitment team ensures the relevant checks are undertaken for all new recruits prior to confirming job offers. These include right to work, health, referencing and disclosure and barring checks.

Over 1,600 Disclosure and Barring Service checks were undertaken during 2015/6 for new and existing staff (at a cost of £44 per check) as well as over 1,000 for volunteers.

Basic disclosure checks were also processed for all ICT staff to comply with the Code of Compliance.

Job Evaluation

We continue to operate job evaluation panels to establish the grading of new or revised posts. This, together with our local Brighton & Hove City Council allowance scheme provides a robust and transparent framework for employees' pay.

5. Supporting Service Planning and Performance Improvement

Workforce planning and organisational design activity

Workforce planning – We have been working closely with services to understand the workforce implications of the 4 year integrated service and financial plans to enable better planning for changes to staffing levels. Workforce planning conversations have been facilitated by the HR Business Partners and a corporate analysis of the information collected is underway and will support our work to redeploy, re-skill and reduce our workforce in line with our changing organisation. Information from our workforce planning conversations will also be used in the re-refresh of the Corporate Learning and Development programme over the coming year.

Budget Planning – Support was provided to a successful budget consultation exercise with staff and unions. Consultation process were planned at a corporate and service level to ensure that an extremely challenging budget process was managed in the most effective way possible, with early engagement of those impacted. The equality impacts of the budget were assessed and management of change processes were implemented. In total **141** staff left the Council during 2015/16 on Voluntary Severance, of these 86 staff left in advance of savings for 2016/17. Through the budget process HR Business Partner and HR Advisory Services have supported **56** consultation or communication exercises. These vary in size and impact from communication on changes affecting individual posts to major service redesign such as the ongoing work within Adult Assessment Services.

Significant savings and changes have been introduced in many areas with the agreement of those involved. For example in Tourism and Venues, **£180k savings** have been delivered in consultation with those involved. In this case, 11 posts were deleted from the service through offering a combination of voluntary severance and redeployment.

Service Redesign – The Service Redesign Toolkit launched in March 2015 introduced a more proactive, open and collaborative approach to service redesign. The Business Partner team have supported a number of fundamental service redesigns using tools which ensure structures are designed around desired outcomes, and early engagement with staff and stakeholders means change is more effectively managed. An example of this work is the reorganisation of Children's Service social work services which took place in 2015. This underpinned a new model of practice based on the relationship model to improve outcomes for vulnerable children and young people.

Supporting New Models of Delivery – As the shape of the Council changes we have worked with management teams to assess options for moving services into different models of delivery. This has involved supporting a wide range of options such as plans for the management and operation of the Royal Pavilion and Museums by a third party organisation. In addition support has been provided to respond to legislative or other changes that involve the transfer of staff to other organisations such as the National Anti-Fraud Network which transferred to the Department of Work and Pensions on 1st October 2015. Using experience of this work the Business Partner team have updated the TUPE toolkit to support managers and HR colleagues in progressing with transfers of services that are covered by TUPE.

Management of Change and Lessons Learnt – A Lessons Learnt review has been introduced after each reorganisation to ensure that good practice or improvements that can be made are shared between service managers. This has now been included in the service redesign toolkit. We are also reviewing our approach to Voluntary Severance and managing change to ensure we have a sustainable approach over the next 3 years.

Modernisation and organisational development activity

Some aspects of our service are not easily controlled as demand on our resource is driven by other activities taking place across the council. Through the council's modernisation programme, we are focusing on early intervention practices to reduce the demand in formal processes and improve managers' confidence and skills in managing performance and working with trades unions.

We have a key enabling role in the modernisation programme for the council. As well as supporting individual service redesign and modernisation planning, we lead on the People and Culture Change programme:

During 2015/16 we:-

- Commissioned and delivered a staff survey to the organisation and have been supporting Directorates to identify actions to support improvement in business plans.
- Developed and launched a performance management tool kit to provide guidance and support to managers.
- Completed a review of organisational tiers and spans of control to inform service redesigns against organisational design principles.
- Undertook a review of our redeployment practice, with managers and unions, which is informing a redrafting of the councils redeployment policy.
- Delivered the final cohorts of the living our values development programme. The key messages of the management development programme have now been weaved into other training e.g. Induction, Being a Manager and People and Performance Management.
- We developed pilot job families for Leadership and Legal in preparation for roll-out to the rest of the organisation.
- Continued to support Phase 3 of the Workstyles Programme from a workforce and health and safety perspective and have facilitated performance management skills workshops and ensure continued engagement with the trade unions.
- Undertook a review of grievance and dispute practice to inform a redrafting of our grievance and dispute procedures
- Undertook a review of trade union facilities time and arrangements and reduced full time facilities

The priorities identified for 2016 onwards are:

- **Pay & Reward** – ensuring the council's pay and terms and conditions framework connects with the needs and operating principles of the council

- **Competency Framework** – ensuring the council has a defined performance and skills framework to underpin its workforce strategy:

Project A	Competency Framework: delivery of an agreed framework
Project B	Integration with organisational policies & procedures
Project C	Training – alignment of existing programmes and development of new support materials, e.g. workshops, toolkit
Project D	ICT / Data – solutions to capture results and provide management information

- **HR Data and Insight** - ensuring the council uses key management data in a way that enhances decision making and future planning

Recruitment and resourcing activity

All council vacancies are advertised on the councils job site. www.brighton-hove.gov.uk/jobs Job board space is used for specialist roles through our advertising contract.

Last year we recruited **590 staff** (excluding schools), the majority of which have been appointed through job board advertising.

Breakdown by quarter	Number of Appointments
Quarter 1	144
Quarter 2	168
Quarter 3	91
Quarter 4	187
Grand Total	590

A job board is a recruitment website where vacancies are advertised. We have an annual contract with Jobs Go Public, The Guardian and Diversity Jobs. Total spend on recruitment activity (excluding schools) during 2015-16 was;

Activity	£ Cost
Advertising	£120,080
Job Board	£39,000

- We completed the implementation of Talentlink and have supported managers in self-service
- We have advertised **953 vacancies** (454 schools, 499 non-schools)
- We successfully supported Senior management recruitment including appointment the Chief Executive and Executive Director Finance & Resources
- We ensure we have the broadest reach of advertising to attract a diverse range of applicants including effective use of job boards and working with partners including diversity jobs to positively engage under represented groups
- We ran a successful campaign to improve social work recruitment through the provision of **51 student social work placements** across BHCC; and co-ordinated an intake of **20 newly qualified social workers** on the assessed and supported year of employment.

Supporting Apprenticeships

Apprenticeships support workforce planning to grow talent and enhance a future applicant pool. Apprenticeships give young people real, hands-on experience that can help change lives, reduce long-term youth unemployment and help our economy thrive.

91% of individuals who completed their apprenticeship last year moved into employment or further training compared to 87% in 2014/2015

Apprenticeship opportunities in the last three years have channelled through local job centres and council services including Looked after Children, Youth Offending Service, Youth Employability Service, Supported Employment Team and Welfare Reform. During the last year there were:

- 20 new apprenticeships starts
- 32 staff embarking on apprenticeships with more planned for 2016/17
- 14 apprenticeship carry forwards
- 33 completed apprenticeships (30 of whom have moved into further training or employment)
- 6 did not complete
- 9 standalone work experience placements
- 4 supported Interns in partnership with Plumpton College

Our apprenticeship ambassadors' scheme, launched in 2014 continues to grow. Ambassadors have spoken at schools, career fairs and local job centre and activities can be followed on <http://apprenticeambassadors.blogspot.co.uk/> . This year it gained 3521 hits.

HROD supported the Apprentice Ambassadors to host the councils second Apprenticeship Roadshow and Graduation Ceremony which was held at the end of Apprenticeship Week 18th March. HROD continues to be represented on the Apprenticeship Ambassador Network for the Coast 2 Capital region



The Brathay Challenge



Pinaki Ghoshal at the Graduation Ceremony



Job Shadowing the Chief Executive

The council has entered this year's Brathay Challenge which involves teams of apprentices from organisations all over England competing to be crowned the apprentice team of the year. You can follow their activities on our new twitter page **@BHapprentices**

Agency & Interim Staff

Human Resources manage the contract for the provision of agency and interim workers through our managed service provider. The council continues to utilise this contract to meet its staffing requirements during a time of significant change.

Agency spend last year was **£7.7m**. This reflects a reduction in spend of **£638k** on the previous year.

All agency bookings continue to be authorised through an automated online system by senior managers and no assignment can exceed 12 weeks without further approval.

Policy and Resources Committee have approved the retender of the service through the Eastern Shires Purchasing Organisation to take place later in the year.

Casual Workers

Our casual workforce is kept under review and all casual workers are monitored to ensure that their employment status is correctly recognised. All casual workers are allocated a line manager who has responsibility for their induction, training and supervision.

We support **563** casual workers across the council (NB: this figure does not include schools).

Employee casework activity

We continue to embed a case review and learning culture within the HR Advisory Services team to help improve service delivery and performance. This includes regular sharing of learning from cases with the Legal Services team.

During 2015/16 HROD support to employment casework continued to be high:

Disciplinary	125
Performance/Capability	20
Grievance	51
Probationary	8
Sickness	192
Total	396

(Schools accounted for 28% of cases)

HR Advisory Services provided support to **202 formal hearings**.

42 staff were dismissed this year (35 in non schools / 7 in schools). Of these:

- 12 were due to misconduct (10 in non schools / 2 in schools),
- 26 were due to sickness-related capability (21 in non schools / 5 in schools)
- 1 was due to performance capability (in non schools) and
- 3 staff were dismissed as they failed to successfully complete their probation period (all 3 in non schools).

27 of the disciplinary cases were related to bullying and harassment. The council takes any allegations of this nature seriously and investigates in line with the disciplinary procedures.

We successfully redeployed eight staff following a capability or sickness hearing.

Learning and Development: The service contributes to a number of management courses to develop people management skills. This includes the development of Disciplinary Investigation & Hearing Workshops and Attendance Management Training which have been attended by 66 managers with positive evaluation.

Mediation: Successful mediation helps build good working relationships, which has a positive impact on staff well-being and performance. Its use continues to be supported by our workers forums and trades unions.

As part of six employee relation cases there was agreement to use mediation. Three successfully reached an agreement resulting in no further formal proceedings being pursued. Two have yet to take place. Whilst the remaining mediation session did not reach an agreement, neither were any formal procedures pursued.

We are currently undertaking a review of the mediation scheme to improve the uptake.

"It was completely successful because it completely changed the working relationship. It has made a huge difference to me at work and a huge difference to me personally: I feel it has helped to increase my self esteem, my mental health and my confidence."

Participant in mediation

Coaching: HR Advisory Services have commenced seven formal coaching agreements and these have been well received. Increased publicising of the offer will be taking place going forward.

"I have found coaching to be invigorating and I felt elated after my sessions as it was great to be able to open up to someone and have someone be interested in my issues. As a manager it can be hard to talk about issues, so coaching allowed me that space. "

Participant in coaching

Workforce Equalities Action Plan

Human Resources lead on the Workforce Equalities Action Plan now in year 3. We continue to have a positive contribution from the trade unions and workers forums, in support of the work. A report was presented to P&R Committee in June 2016 updating on progress against the year 3 action plan and proposed areas of focus for work in year 4.

"The WEG acknowledge the progress being made on equalities since commissioning the Global HPO report but this needs to be sustained. We recognise it's an ongoing process and the commitment to this work needs to continue. We look forward to seeing demonstrable evidence-based progress going forward and within that we acknowledge our own positions and responsibilities in this process."

Workers Forum and Trade Unions representatives of the Workforce Equalities Group, June 2015

This work is an integral part of the organisation's Corporate Plan and is a key work stream that supports our modernisation agenda and underpins the associated culture change programme.

This year we published our first Annual Workforce Equalities Report covering 2014/15. This report provides a comprehensive analysis, by equality strand, of the size and composition of our workforce, recruitment data and other aspects of employment. This detailed analysis, which was welcomed by members of P&R is a measure of how successful we have been over the last couple of years at improving the quality and analysis of our employment data enabling us to better identify differences in outcomes for different staff groups

Being able to demonstrate changes in our workforce profile has proved challenging, particularly in relation to BME staff, who remain under-represented, especially at senior levels. We have reviewed our recruitment and selection policy and practices, informed by feedback from our Workers' Forums and local BME communities. We now include a standard positive action statement in all our job adverts and are supporting positive action initiatives to increase workforce diversity.

Changing our workplace culture is also key to achieving improved equality and diversity outcomes for staff. Our Values have already created a shift in people’s behaviours across the organisation and our new competency framework will build on this by ensuring that how our managers behave is just as important as what they achieve at work.

As last year, HROD has worked in close collaboration with representatives from our trade unions and workers forums through the **Workforce Equalities Group (WEG)**. This group which meets quarterly plays a key part in developing the action plan and also monitoring and challenging progress.

We have also worked closely with the **Schools Race Equality Action Plan Group** to develop and carry out actions to support schools developing equalities work. Work is underway in partnership with the group to increase the level of representation of BME teachers.

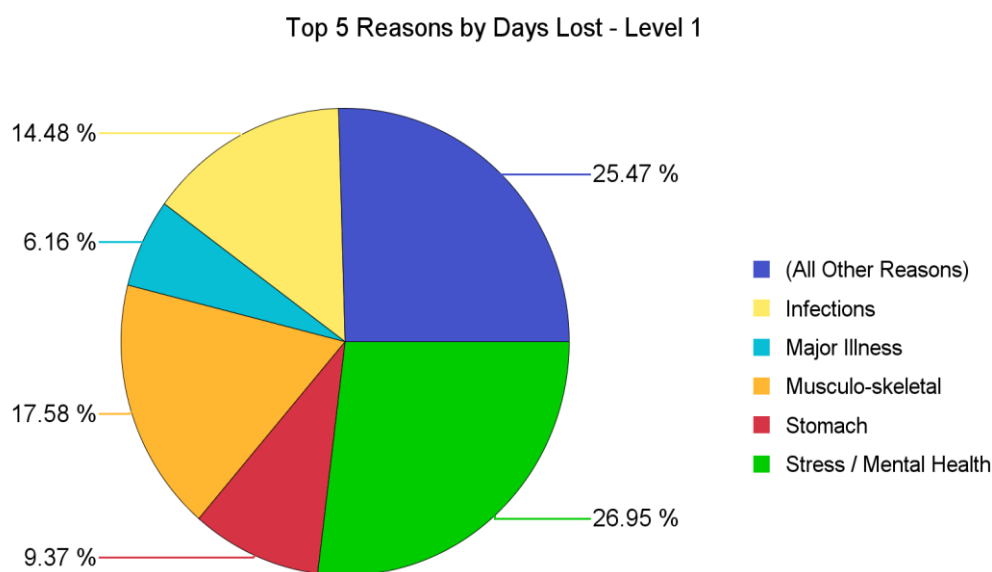
Attendance Management & Well-being Activity

The attendance management project continued throughout 2015/16, the focus has been to reduce sickness by ensuring there is clear accountability for attendance with line managers, support for managers to develop skills to manage sickness and appropriate guidance and data is available.

The final sickness outturn and cumulative days lost during the year 2015/16 is 11.06 days which is above last years outturn result of 10.91 days, and above the council target of 9.7 days.

We are conducting further analysis to understand the cause of this.

The breakdown of absence by cause is shown below:



Actions supporting sickness management

- Business Partners continue to present the quarterly Our People Data (OPD) reports to DMT's, highlighting areas of concern around absence levels.
- Directorates are provided with a monthly sickness report at Corporate Management Team (CMT) level, which shows absences that have started or ended in the preceding month, and can be used to monitor progress and performance in relation to absence management. The reports include information highlighting when an employee has reached an absence concern level, as well as when a referral to Occupational Health should be considered. All Heads of Service have met with the sickness lead for their directorate and are able to set performance objectives in relation to sickness absence management.
- The lead HR advisers for sickness have worked with managers to improve the management of sickness by providing the following support:
 - Providing guidance to senior managers to ensure that monthly sickness data can be used effectively to monitor action on sickness;
 - Support directorates / divisions to agree strategies for managing performance in relation to sickness including setting objectives in relation to the management of sickness absence;
 - Identify outstanding areas where sickness absence training needs to be provided;
 - Work with OH contract manager to improve use of OH by managers and streamline processes in relation to ill health retirement, and put in place a process to ensure the manager has an opportunity to discuss more complex cases directly with OH.

An increase in violence and aggression incidents towards staff resulted in the development of the **Threat Response Process** which provides support for colleagues in challenging situations facing physical and psychological threats. Since its inception we have seen it implemented on a regular basis. The successes of this are;

- Growing confidence with managers feeling empowered to challenge what are often very complicated issues
- A formalised system for responding to these issues
- Third party organisations are now being included in the process.

The feedback received from those supported by the threat response process is very positive about the act of support even if the remedies are at times limited.

Occupational Health & Wellbeing

The Council commissions the provision of an occupational health service and employee support programme which provides;

- a secure occupational health online portal for management to submit & receive occupational health information.
- a Staff Counselling service (Care first), which provides unlimited freephone telephone access, **24 hours a day, 365 days a year**, including information & advice from citizen advice bureau trained staff. Management support is also available on the freephone line, to help managers when dealing with handling difficult & sensitive conversations with staff.
- formalised contract review and improvement meetings

We have contributed to the development of an **Employee Health & Wellbeing Framework** in partnership with other public sector organisations including East Sussex County Council and Surrey County Council.

This framework covering a four year period will be an option for Brighton & Hove City Council to put forward for committee approval in 2016, in preparation for when the current Occupational health & staff counselling contract ends in March 2017.

Through our **Occupational Health service** we have:

- Provided occupational health appointments to **939** members of staff.
- Undertaken analysis of the top three reasons for referral which were; mental health issues (41%), all other reasons (34%) and musculoskeletal disorders, injury and fracture (25%).
- Ensured appropriate triage of Occupational Health referrals to the relevant specialist, i.e. physiotherapist, mental health nurse.
- Provided early intervention support for staff referred to occupational health at an early stage; i.e. still at work or where absence is less than a month.
- Provided guidance to management and staff on the provision of occupational health telephone consultations.
- Focused on raising awareness to management, ensuring appropriate referral to Occupational Health (OH). This provides assurance the process is of value and provides useful and timely advice. This is achieved through attendance management training, focusing on ensuring managers understand why they are referring to OH, and an emphasis on considering what recommendations have or haven't worked if referring a member of staff in further times to OH, for the same condition.

Through our **Employee Assistance Programme**:

- **816** contacts were made to the service, 466 were for telephone counselling, 311 for face to face counselling, 8 for online counselling, and 31 to information specialists.

Communications on Staff Support

Information outlining support available to staff has been created on the Wave which includes internal support and a selection of external support resources.

Team Resilience & Stress Prevention/Management

A team resilience checklist and individual stress risk assessment have been designed to help managers and staff identify and address work related stressors. A supporting guide has been developed to be used alongside the checklist and risk assessment process.

Time to Change

The Council signed an employer pledge supporting [Time to Change](#), England's biggest campaign to end stigma and discrimination faced by people with mental health problems. The action plan for the Council has been approved demonstrating action will be taken to tackle stigma and discrimination.

Health & Wellbeing Group

This group was formed to ensure greater consistency in the application of the 'Attendance Management Procedure'. Attendees include management representing services across the Council, HR, Disabled Workers and Carers Network representation and unions. The groups remit is also to review the equality impact assessment recently developed for the 'Attendance Management Procedure'.

Workforce Development Activity

This year the council allocated training and organisational development budgets of £2.3m to services. Of this the central Workforce Development Team manages around £951,000; the majority of this budget supports adult and children's services.

Training Courses

The total numbers of people attending training reduced to 11,407 (14,347), largely due to financial controls being imposed mid-year. This represents a 20.5% drop on 2014-15. The total number of courses that ran also reduced to 971 (1100) down 11%. Average attendance rate of 12 delegates per course.

The **Health and Safety training programme** was developed to support the needs of staff across the organisation. Over 23 different courses have been delivered through 92 training events to 970 delegates. This includes bespoke training events which have been tailored to meet the specific needs of teams and services.

Large scale regional events are also supported by the Workforce Development Team – the annual social care conference attracted over 1000 people with smaller numbers attending the adults safeguarding conference. Over 300 people attended a children's social work conference.

Online Learning

11,095 individual learners accessed Surf2Learn and Online Learning. Top completions by title:

- Display Screen Equipment (580)
- Information governance (418)
- Introduction to Equality & Diversity (185)
- Health & Safety (220)
- Safeguarding Adults (169)
- Policies and Support – induction programme (172)
- Civica Purchasing – purchasers (88)
- Delivering Excellent Customer Service (45)
- Others (2590)

The Learning Technology team also developed e-learning to support implementation of the Care Act, **earning income of £20,000** but also saving other local authorities in the south east region over £70,000 in commercial licence costs.

Qualification support

- Qualifications have been completed across children's, adults and housing services including:
 - 42 QCF qualifications
 - 105 Social Work CPD modules
 - 14 Bursary qualifications

Productivity

We have maximised the use of internal training rooms, **saving an estimated annual expenditure of £145,650** on external room hire costs based on a city wide average day rate of £150.

New Learning Management System



We have commissioned a new learning management system - the 'Brighton and Hove Learning Gateway' to promote, administer and evaluate training targeted to reach over 15,000 people each year across the city.

The new system is largely self-service and replaces the current three systems used. This will result in up to 100,000 transactions being managed directly within the Gateway, handing more control to system users. The cost of the system will be recouped in 18 months and thereafter save the council approximately £40,000 per annum.

6. Staff Engagement Activity

Positive staff engagement and communication is crucial to the work on the employment and cultural experience of our workforce. We therefore work closely with senior managers and internal communications to ensure regular, open and consistent messaging across the organisation.

In 2015 - 2016 we continued to align our cross council engagement activities to ensure they are integrated, consistent and supportive of one another:

- Annual Staff Survey - November 2015
- Senior Managers Forum - June 2015 and March 2016
- Directorate Staff Roadshows - October 2015
- Joint Staff Consultation Forum (with councillors and unions) – meets quarterly
- Directorate Consultative Groups (with unions)
- Corporate Health & Safety Committee (with unions) – meets quarterly

Staff Survey 2015



The staff survey ran during November 2015 for three weeks. All staff had the opportunity to complete the survey either online or on paper. In total 2,520 responses were received, with an overall response rate of 48%, which is a good response compared to other public sector organisations where response rates are usually between 35-45%.

The results of the survey were received in February 2016. The survey questions are organised into four themes and organisational level results show:

- **Engagement** - How engaged employees are with the council
59% positive response (2014/15: 56% positive response)
- **Change readiness** - Employees' level of confidence/buy-in to our purpose, ambition, priorities and awareness of the need to change
40% positive response (2014/15: 40% positive response)

- **Living our values every day** - How employees feel we are doing internally against our cultural change journey
74% positive response (2014/15: 74% positive response)
- **Wellbeing** - Employee wellbeing (including resilience, bullying & harassment)
65% positive response (2014/15: 65% positive response)

Key positive findings:

- On the whole, employees really care about how the council is perceived by the citizens and feel they have a good understanding of their service users needs
- There is clear evidence that our values are being lived every day in the majority of teams and that our underpinning behaviours are still solid
- A large proportion of employees feel trusted, have a sense of autonomy, and feel listened to by their manager
- Employees on the whole feel they have a good team around them, with a clear sense of purpose and are motivated to do their jobs well
- Wellbeing is holding up with 1 or 2 % point increases on many scores

Less positive results:

- Only 23% felt the council has a clear sense of direction and a plan in terms of how we are going to respond to the challenges that lie ahead - this uncertainty is causing worry, stress and anxiety
- Employees feel change is being delivered in a better way at the Service level but still only 40% agree that it is led, managed and supported in an open way
- Overall, people do not feel any more involved in change than they did in 2014.
- In addition, people are feeling that they are taking on an increased workload where colleagues are not being replaced, doing more without a pay rise, with no certainty over the future
- Only 24% of respondents believe that action will be taken as a result of this survey and only 18% felt they had experienced action as a result of the 2014' survey.

Action being taken

Acting on the results of the survey is critical in showing employees that the organisation has listened and cares about their feedback.

Facilitated conversations took place in February 2016 with the chief executive, executive directors and the Corporate Management Team (CMT). This was followed by a Senior Managers Forum at the beginning of March and directorate and team staff survey reports have been discussed with Directorate Management Teams (DMTs) and with staff in team meetings.

This discussion with staff is ongoing with key areas of focus required in every departmental service plan to encourage action and improve staff confidence that their feedback is being listened to and acted on.

7. Partnership Activity

We continue to work collaboratively and in partnership with a range of **City and Regional Partnership networks**, within the council and externally. This is an important area given the budgetary constraints across the public sector:

City Management Board HR sub-group – this group consists of other leading public service organisations within the City. Our aim is to maximise the opportunities for collaboration related to public service HR policy and practice. This year we have undertaken our first joint management training session (on mediation delivered by ACAS), where we have been able to share the costs and learning from people managers across different member organisations. We are planning more events to better utilise our limited resources and collaborate in the coming year.

South East ADASS Workforce Development Group – this group which represents 18 local authorities in the region identifies and collaborates on projects of joint interest to support the region's adult social care workforce. The group has developed a regional workforce plan.

Sussex Collaborative Workforce Integration Group – includes representative from adult social care and health across the county working on workforce issues common to the health and adult social care sectors.

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

To provide a coordinated approach to risk management our Health & Safety team have membership on the following groups:

Community Initiatives Partnership – Since being established in December 2014 work has continued to ensure vulnerable people are protected from coming to harm in their domestic environment. The group membership including ESFRS, BHCC, Voluntary Agencies and Health Partners has focussed on:

- Creating cross referral pathways between ESFRS and Carelink. This has resulted in joint visits and mutual training that has enabled the pooling of resources to better support vulnerable people.
- A hoarding subgroup has been established to improve partnership awareness and response to causes and impacts of this issue. A hoarding framework is being developed by the group.

This year has proved crucial in developing innovative ways of reducing risk in the community and the relationship between ESFRS and particularly the BHCC health and safety team has proven to be a catalyst for new ideas and delivering effective collaborative interventions in this area.

My experience is the BHCC health and safety team think well beyond the practical application of their roles and in doing so have become a crucial part in driving a partnership momentum on driving down the risk in the City of Brighton and Hove.

**Mark Matthews, Brighton & Hove Area Commander
East Sussex Fire & Rescue Service**

In collaboration with ESFRS and colleagues in Housing a match funding initiative to install sprinklers in Somerset Point a high rise seniors housing block has been agreed. Discussions are ongoing between ESFRS and BHCC regarding similar future projects.

Housing Fire, Health & Safety Board - this group comprising Housing, Corporate Health and Safety, ESFRS and Mears provides an assurance function monitoring the risk management arrangements relating to the housing stock.

As part of the programme of fire risk assessments, fire safety deficiencies were identified specifically relating to compartmentation between units of accommodation in several blocks of flats. To address these a programme of works is nearing completion, this has been overseen by the Board. The board in partnership with ESFRS provided a structure to ensure these deficiencies were addressed to comply with relevant standards and to a satisfactory timescale.

Risk Management Steering Group - working together with leads from Emergencies and Resilience, Public Health, Insurance, Audit, Communities and Equalities and the Risk Manager. This group ensures co-ordination of risk management issues, resources and strategies.

Safety Advisory Group (SAG) - involvement in this group includes deputy chairing responsibilities and working with partners such as emergency services, transport operators and other council teams to advise on the potential impacts and co-ordination of resources as the calendar of events in the city unfolds.

Events that have required a significant resource have included planning advice and operational support as part of the event command and control arrangements for: **Pride, the Rugby World Cup 2015, Shakedown Music Festival and the Brighton Speed Trials.**

Major Incident Support Team (MIST) - the H&S team continue to support and give advice on contingency plans and incident management during incidents that may affect the safety of residents, public, visitors and our staff.

The Health & Safety team are Incident Liaison Officers and were deployed as part of the multi-agency major incident response to the scene of the Shoreham air crash.

Schools Partnerships

We work in partnership with schools and academies in the city to provide a range of traded services including HR advice, Payroll and Pensions, Health & Safety and Occupational Health & Wellbeing. During 2015/16 HR retained 100% buy back from LA-maintained and voluntary aided schools. Customer focus groups have been created with schools and academies to ensure continuous improvement to the service provided. These groups include:

- A Customer Engagement Group formed of a number of schools representatives, including Business Managers and Headteachers, as well as staff from HR. It provides an opportunity for members to feedback and contributes to service improvements and share this with their schools and others in their partnership groups.
- A HR Payroll Working Group has been established, consisting of a representation of Business Managers and Bursars and HR Payroll team members, the Schools Traded Services Manager and a Senior Finance Officer. The purpose of this group is to work together to improve payroll processes.

"I really value the service I receive from HR, both advisory and payroll. I have formed good relationships with my contact persons and I find their help invaluable! I've also been lucky enough to be part of the group that is working closely with payroll to improve processes and procedures and we have seen quick and tangible improvements, such as now being able to send nearly all forms electronically! I can genuinely say we're working together in a very positive way to improve things for the future and I look forward to a good service getting even better! "

**Lisa Collington,
Business Manager, Balfour Primary School**

Work in 2015/16 has included:

- Updates to Safeguarding/DBS advice as a result of on-going changes to the Keeping Children Safe in Education
- Development of the 2015/16 Teacher Pay & Appraisal Model policy and guidance documents following detailed consultation with headteachers and teacher unions.
- Re-launch of a streamlined model School Disciplinary Procedure and guidance documentation following a working group involving heads, unions and HR staff;
- Updating schools with 'live' HR issues via weekly School Bulletins (30 issued), termly Heads HR Briefings (3 issued) and twice termly Business Manager & Bursar Briefings (6 issued);
- Improvement of workforce equalities monitoring information and joined up initiatives with Education & Inclusion & the Council Workforce Equalities plan through the Race Equality Action plan for Schools;
- Working closely with BHCC Education & Inclusion colleagues to provide specialist support for governors and school leaders to help school improvement.
- Regular attendance at School Partnership Groups to develop a better understanding of current issues faced by schools to ensure appropriate support.

This year HR has also worked with ICT and are part of the new Children's Services **Brighton & Hove Education & Enterprise Market Place** (BEEM) online portal to extend opportunities for communications with school colleagues.

We also provide HR and payroll support services to:

- City Academy Whitehawk
- The Bilingual Primary School
- Citizens' Advice
- South Downs National Park

I work very closely with Brighton & Hove HR Services. They are incredibly supportive. They understand schools and the pressures that we are all under.

**Jimmy Hollingworth,
Business Manager, Longhill School**

8. Focus for 2016/17

This report has highlighted the broad range of achievements and challenges over the last year for the HROD service. Whilst we recognise there are things we would like to do to continue to improve our service, there is also lot for us to be proud of.

We know that the service model for HROD has to change, due to the scale of the required contributions to the council's 4 year financial plan. Therefore, we will undertake a series of service reviews in 2016/17 to identify efficiencies and redesign of services to meet future budget reductions.

The core principals of each review are to create an appropriate model of service delivery that supports the requirements of the organisation's need for a professional HROD service.

The reviews we will be doing also support the exploration of joining the Orbis partnership as a new model of service delivery; and will contribute to the due diligence exercise underway to inform a decision in the autumn.

In the meantime we will continue to find ways to benefit from close collaboration with East Sussex and Surrey to ensure we make the most of the opportunities, for example we are already working closely on joining up the retendering of training, agency usage and advertising...

Our key priorities for 2016/17 are to:

- Continue to provide an effective and efficient service to the council and to use service feedback to drive improvement
- Review our services and develop a sustainable operating model to reflect our contribution to the savings challenge to 2020 and complete the work on the due diligence process for joining the Orbis partnership.
- Support workforce planning and organisational change activity within the council
- Implement a new competency framework across the council to support performance management and development and a revised training and development offer
- Ensure effective joint working within the council and with other agencies to assure an effective safety management system for the council and response to events or incidents impacting in the city

To do this we will

- Continue to develop strong partnership working both within the council and across our key external partners to meet planned and emerging needs
- Engage with internal customer and key stakeholders to understand what their priorities are for our service in light of reducing budgets to ensure we plan for the right future model of service. .
- Continue to improve our data capture and analysis to provide better insight on where there are challenges and opportunities for our workforce
- Benchmark our service activity externally and apply positive improvements through learning from others.

9. Help us to help you

Delivering the best services for our city relies on ensuring we have the right people in the right roles doing the right things. HROD play a key role in supporting the organisation to achieve this. We need to ensure our service responds to the changing needs of the organisation.

You should be able to find all the information you need on the [HR section of the Wave](#), or talk to your manager.

How can you help? Tell us what you think we do well and when things haven't met your expectations. Email HRODCustomerFeedback@brighton-hove.gov.uk.

Report of: **Head of Health & Safety**

Committee: **Corporate (Whole Council) Health &
Safety Committee**

Subject: **Health & Safety Team Annual Report
April 2015 to March 2016**

Date: **7th June 2016**

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Executive Summary

The objective of the Health and Safety Annual Report is to enable the council to demonstrate how it is continuously improving the management of health, safety and welfare. It provides an overview of what has been achieved in the last year and also sets out the priorities for 2016-17.

During the past 12 months the council has continued to redesign a number of services to achieve sustainable delivery models in the context of reducing budget budgets. This has generated significant change across the council, a focus for the health and safety service has been to support services in ensuring appropriate safety management arrangements are in place.

Brighton and Hove City Council is committed to maintaining high standards of health and safety management and continues to ensure appropriate risk management arrangements are adopted. This is achieved through the health and safety policy which sets out the statement of intent, responsibilities and arrangements for the effective management of health and safety.

Achievements during the past year include:

- Effective change management arrangements, in particular ensuring effective governance and assurance arrangements are maintained in the light of significant organisational change
- Continued collaboration with partner agencies including the voluntary sector, to enhance risk management arrangements for the city.
- The new risk management arrangements created through the community initiatives partnership to deliver city wide approaches to support vulnerable groups
- Development and integration of the Threat Response Process to support staff affected by incidents of violence and aggression
- Continued support to Schools through the Service Level Agreement, resulting in 100% buy back into the Health & Safety service
- Delivery of a targeted health and safety audit programme

Priorities for the coming year include:

- Continue to support the organisation through change to ensure health and safety management arrangements remain effective
- Managing delivery of Health & Safety service level agreements
- Provide support to the organisation to improve resilience and to manage absence
- Maintenance of a sustainable delivery model for the Health & Safety service

We can again report that no formal health and safety enforcement action has been taken against the council.

Feedback on our service:

Gillian Churchill - Head of Education Capital

The council are responsible for a large number of city schools and it is important that risk management arrangements are robust and easily understood by the schools as well as colleagues in Property and Design, Education. Property and Design Education work with both schools and the Health and Safety Team to protect people from hazards associated with buildings, land assets and any developments thereof.

Property & Design Education have an effective and close working relationship with the Health & Safety team, our collaboration involves working closely on design and risk management and provides a key assurance mechanism to protect the council from exposure to liability.

The support and advice of the corporate Health & Safety Team is invaluable in ensuring that we and the schools are able to discharge our respective duties efficiently and effectively. The health & safety team always respond to incidents promptly and will visit sites very quickly to help us manage and resolve a situation. Their service is essential to the delivery of the service we deliver to the city's schools.

Mark Matthews – Area Commander, East Sussex Fire and Rescue Service (ESFRS)

This year has proved crucial in developing innovative ways of reducing risk in the community and the relationship between ESFRS and particularly the BHCC health and safety team has proven to be a catalyst for new ideas and delivering effective collaborative interventions in this area.

My experience is the BHCC health and safety team think well beyond the practical application of their roles and in doing so have become a crucial part in driving a partnership momentum on driving down the risk in the City of Brighton and Hove and in doing so reduce the unnecessary suffering of those in the community in need of critical support. This continued collaboration approach will undoubtedly have a greater impact than we will achieve in isolation and I am very enthused when I consider the future impact this now embedded approach is likely to have on those in need.

Marnie Naylor - Quality Lead, Adult Social Care Commissioning & Performance Team

The Council are responsible to ensure a good quality standard of care and safety is provided in Nursing/Care Homes, Supported Living and community support provided by Home care services across the City. The 'Quality Team' function has an excellent relationship with the Health & Safety team to ensure H&S and Fire compliance is met making recommendations where shortfalls are identified.

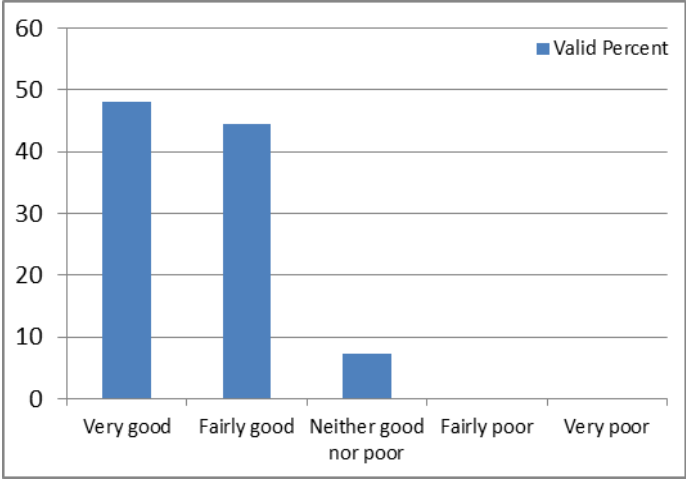
This joined up and flexible approach enables vital intelligence to be shared to enable any risks identified to be addressed in a timely manner by offering advice, guidance and support to ensure people receiving services are kept safe.

Finance & Resources customer survey results

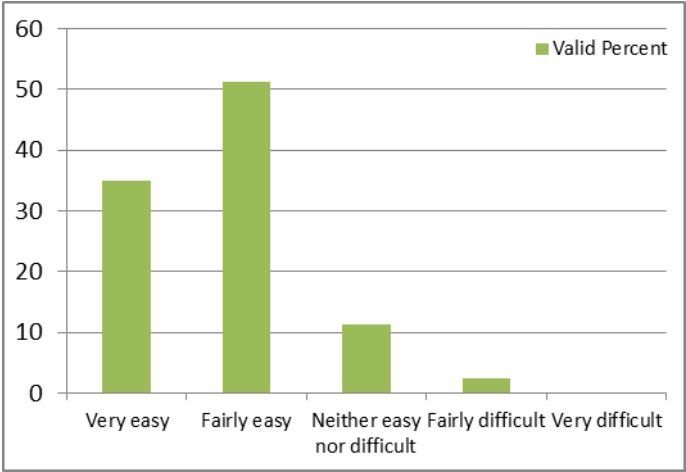
As part of the first council wide Finance & Resources customer survey undertaken between 30th November and 18th January, feedback was provided on all HROD services. The feedback is being used to inform future service planning.

A summary of the results with regard to the Health & safety service can be found over the page.

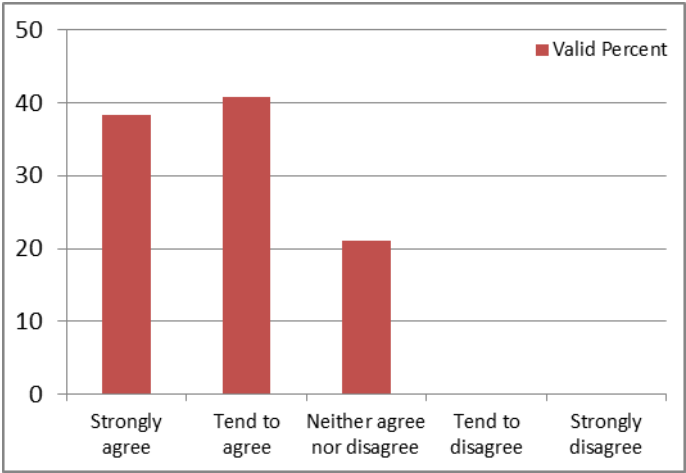
Q. Overall, how was the standard of customer service you received?



Q. Overall, how easy or difficult is it for you to use our service?



Q. How much do you agree or disagree that our service adds value to your service?



1. Introduction

The Government's 'Revitalising Health and Safety' strategy recommends that public bodies summarise their health and safety performance in an Annual Report.

The council is a unitary authority and as such is involved in a wide range of work activities, delivering some services directly and others in partnership or through commissioned providers. This creates a diverse risk profile that requires tailored approaches to ensure appropriate assurance is given on the Health and Safety management arrangements.

This report details activity provided by the H&S Team during the period 1 April 2015 – 31 March 2016 and includes the Health and Safety Plan in Appendix 8, detailing priorities for 2016/17.

2. The Management of Health & Safety

The council's commitment is set out through the health & safety policy and management standard. A safety management framework 'Team Safety' enables services to implement risk management arrangements tailored to their hazard profile.

A number of health & safety standards set out requirements to comply with relevant legislation and provides guidance to help manage risk.

Safety performance is monitored through Departmental Consultative Committees which are chaired by Directors and via the Corporate Health and Safety committee chaired by the Chief Executive.

The Corporate Health and Safety team (H&S Team) provide competent advice and undertake a range of assurance activities such as; audits, inspections and incident investigations and are the first point of contact with enforcement and regulatory agencies.

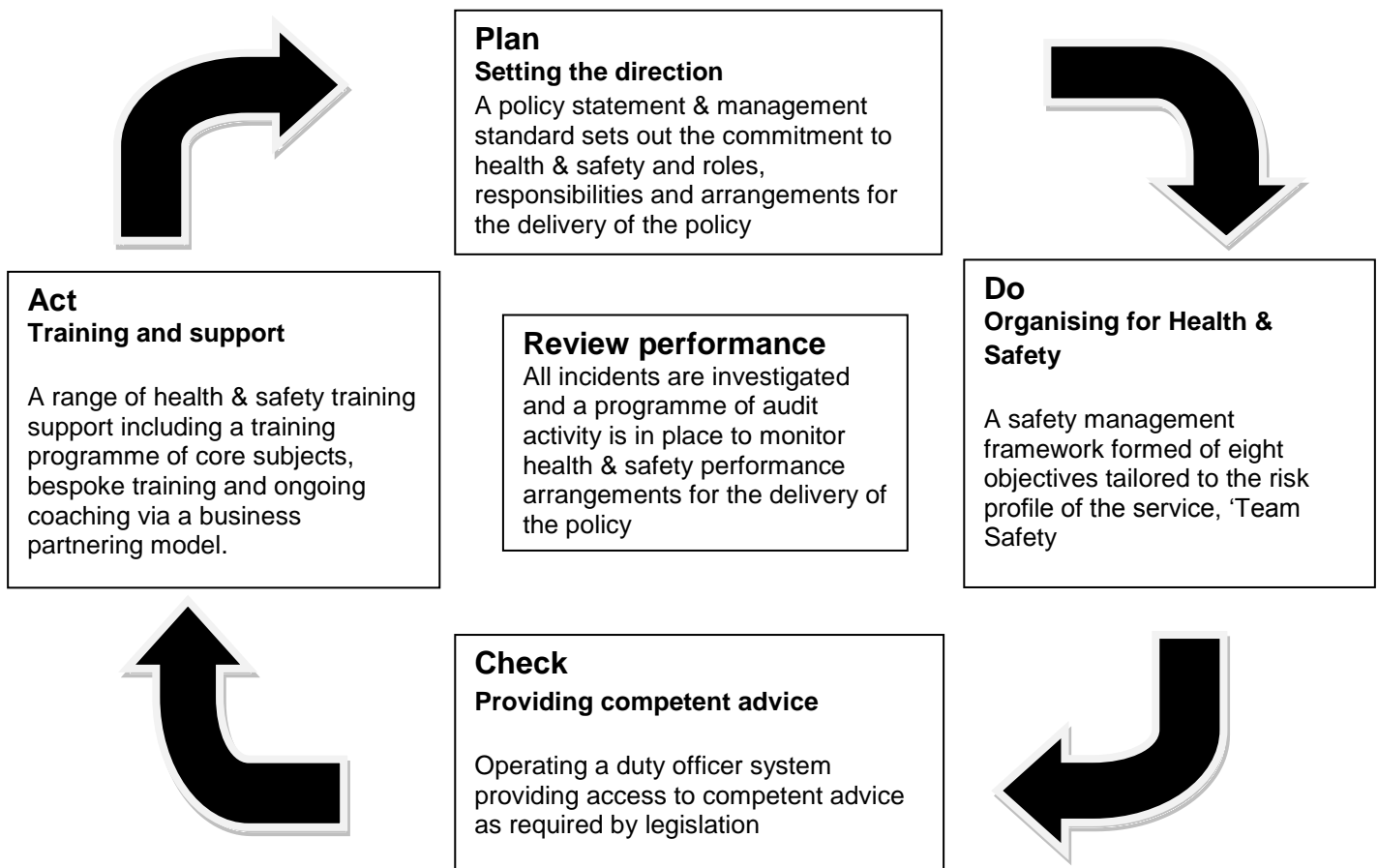
A legal register is maintained by the H&S team to ensure any revisions are brought to the attention of duty holders. Key legislative changes during the last year include:

- Amendment to the Construction, Design and Management (CDM) Regulations which revised the process for managing construction projects, from concept to completion.
- New Sentencing Guidelines which direct the judiciary to specific starting points for penalties on conviction of health & safety offences. This significantly increases the thresholds previously applied.

2.1 Health & Safety Assurance

The assurance framework adopted by the council aligns to Health and Safety Executive (HSE) guidance HSG 65 'Managing for Health and Safety'.

A key role for the H&S team is to ensure the council has a proportionate approach to risk management. We continue to maintain and review the safety management framework which incorporates:



3. Safety Management Systems

3.1 Team Safety

We have a well-established Safety Management Framework 'Team Safety' that enables services to develop safety management arrangements proportionate to the risk profile of the service. A self-assessment checklist was issued to assist managers to review their progress against the Team Safety Objectives and to help them refocus activity on any outstanding actions. These have also been used to inform the H&S team's audit approach.

3.2 Incident Reporting System & Clients of Concern Register

The online incident reporting system has been used widely across the council, demonstrating a positive incident reporting culture. Opportunities to further develop the on-line form to assist reporters have been identified, progressing this work in partnership with ICT remains a priority.

Certain tasks in the incident reporting system have to be completed by specified staff, which the system recognises from establishment structures. Maintaining the establishment and allocations is an ongoing challenge due to ongoing organisational change and capacity within ICT to undertake the work required. As a result the automated allocation of tasks is processed manually by the H&S team which results in delays in report processing.

An enhanced Clients of Concern Register and quick-search portal was developed with ICT during 2015. The portal provided more details on one page but had to be removed due to Firmstep database integration issues, which were causing unreliable searches. These issues have also been affecting the online incident reporting system and ICT continue to work with Firmstep to find a solution.

Individuals on the Clients of Concern Register must have periodic reviews in order to comply with Data Protection legislation. This review has been set as an annual requirement by the council but currently there is no process to enable this. The absence of a formalised process has been noted by the Local Government Ombudsman in relation to individuals' complaints, but a solution remains outstanding. Joint development work with ICT has led to the establishment of an automated online review process in the system's test area. A trial was undertaken in December 2015 which identified minor issues to resolve. This work remains outstanding due to resourcing capacity in ICT.

The ICT Service Redesign is putting in place a more resilient digital team, alongside the growing work on Customer First in a Digital Age. The significant pressures from many areas of the Council for new digital work are proving challenging to ICT's capacity in the interim. Alongside this, significant effort is being put into reducing any risks from integration issues.

This remains a risk for the council.

4. Access to Competent Advice

As part of the council's budget planning process a service redesign was carried out to deliver savings and put in place a sustainable structure for the future. As a result two posts have been removed from the structure and the team reorganised.

Competent health & safety advice continues to be delivered through an in-house team of health and safety professionals and technical specialists who provide advice and support. The team operate a duty officer scheme ensuring staff and managers have access to advice and guidance. H&S staff are members of the Major Incident Support Team, Safety Advisory Group and Risk Management Steering Group as well as being closely aligned to their business areas.

All members of the H&S team have Nebosh qualifications – an internationally recognised qualification for H&S professionals. Three members of the team have the P405 Management of Asbestos in Buildings qualification - the proficiency module that provides the practical knowledge and skills to manage asbestos in buildings. Members of the team also have Fire Risk Assessor qualifications and provide technical design and risk management fire safety advice.

We act as the Radiation Protection Officer for schools. Team members are appropriately trained for this. We support schools through CLEAPSS (a health and safety resource for Schools Science, Design and Technology guidance).

All professional skills are maintained through ongoing development which is monitored by line managers through the supervisory process and through team planning and development days.

5. Accident / Incident Overview

Quarterly and annual statistical information is provided to the Corporate Health and Safety Committee and Directorate Consultative Groups to ensure the identification of trends to assist with the implementation of appropriate remedial actions.

A separate report detailing results and trends on the annual incident statistics has been completed. Whilst the overall number of reported incidents has increased this year, there has been a significant reduction in absence days and the level of HSE reportable incidents and near miss reporting remains consistent with the previous year. The top three causes of absence were:

Incident Cause	2015/16	2014/15
Challenging behaviour	226	127
Slips, trips & falls	200	234
Violence and aggression	217	221

Included in the report this year is a cost for Occupational Sick Pay resulting from reported incidents. Throughout 2015 – 2016 this cost was £66,476. This is not the total cost of the absence as it does not include any expense incurred in covering the member of staff, or further costs such as liability claims, however the figure is useful as it gives an indication of economic impact of the absence.

Incident reporting with our Chartered Institute of Public Finance & Accountancy (CIPFA) benchmarking partners for 2014/15 shows that BHCC has 4.5 (6.4)* RIDDOR reported incidents per 1000 FTE whilst the average rate of our benchmarking partners is 6.9 (9.1)* reported incidents. BHCC has a positive incident reporting culture which ensures incidents are reported and investigated to learn any lessons. Incident reporting mechanisms and outcomes directly impact on liability claims and the council's insurance premiums. The data for 2015/16 is currently being collated by CIPFA.

**figures in brackets show the previous year's results*

5.1 Threat Response

An increase in violence and aggression incidents towards staff resulted in the development of the threat response process which provides support for colleagues in challenging situations facing physical and psychological threats. Since its inception we have seen it implemented on a regular basis.

It now appears to have become imbedded in areas of work, where previously there was a lack of coordination or formalised support to ensure appropriate action is taken support those affected as well ensuring appropriate recourse for those responsible.

There appears to be a growing confidence in tackling these areas, with managers feeling empowered to challenge what are often very complicated issues; there is a formalised system for responding to these issues; third party organisations are now being included in the process.

The feedback received from those supported by the threat response process is very positive about the act of support even if the remedies are at times limited.

A summary of incidents is included at appendix 2

6. Training and Development – Competent Workforce

A wide range of health and safety training is provided for staff and external customers through a range of delivery methods. The core programme is advertised through the health and safety training guide and comprises of 18 different training events, 6 elearning modules and bespoke training upon request.

An overview of health and safety responsibilities is provided in staff and manager induction sessions and through an elearning module. Bespoke training is also available for Headteachers and School Governors in relation to specific health and safety management responsibilities.

All training courses have defined learning outcomes and are delivered through a mix of externally commissioned trainers and by the in-house Health and Safety team.

A total of 92 training courses were delivered to 970 staff during the year with an average attendance of 93%. A further 831 staff completed eLearning modules.

A summary of the work undertaken is included at appendix 3

7. Policy & Project Work

7.1 Health & Safety Policy

The council's health and safety policy comprises a single page 'Statement of Intent' identifying the council's commitment and aims and is supported by a management standard that sets out how the council organises for health and safety. This details; roles, responsibilities and arrangements for delivering the policy and reflects the council's values.

The policy was signed by the new Chief Executive and endorsed by the Leader of the Council and the Elected Member Lead for Health and Safety on the 23rd October 2015.

7.2 Health & Safety Standards

Health and safety standards are reviewed as required to ensure they meet current best practice and any legislative changes. Newly implemented legislation is monitored and reviewed through the legal register to determine any relevance to council operations and services and where required health and safety standards are developed to meet them.

All health and safety policies, standards and associated guidance documents are ratified following consultation through the corporate Health and Safety committee and are published on the council's intranet. This year the team has reviewed and published 13 documents, with others being close to completion.

A summary of the work undertaken is included at appendix 4

7.3 Resilience Checklist

Stress continues to be a major cause of absence and there can be many causal factors. In conjunction with occupational health we have continued to provide and enhance mechanisms of support to manage stress and wellbeing. We have developed a Team Resilience Guide which provides a framework of support for individuals and teams.

The revised guide follows the Health and Safety Executive's Stress Management Standards approach and is designed to give greater flexibility to the team/area in question in how the process is applied. Individuals can also have tailored support through Individual Stress risk assessments.

7.4 Workstyles Phase 3

The team continue to support the Workstyles programme: attending the programme board and project group meetings. Advice and guidance has also been provided during the refurbishment and construction phases at Hove Town Hall; supporting the major construction works whilst maintaining an operational building.

As well as supporting other services through the Workstyles process and building relocations, the H&S team have themselves been preparing to move and are scheduled to relocate to Bartholomew House in July 2016.

8. Audit, Assurance & Compliance

8.1 Audit

Corporate H&S Committee agreed a 2 year audit plan commencing from April 2014, and this year has seen the completion of this plan. The final element of the 2 year audit plan included carrying out themed audits, focussing on key hazards within each directorate, and reviewing managers' self-assessment checklists.

The details of the themed audits were described in the 2015/16 H&S Team Plan and included: Slips/Trips/Falls, Display Screen Equipment, Personal Safety, Swimming Pool Management, Independent Care Homes, Challenging Behaviour and Work Experience activities.

A total of 89 audits were completed by the team during 2015/16.

Our audit focus for 2016/17 will include developing a SharePoint site to track medium and high priority recommendations which will provide a consistent approach with Internal Audit. Audit activity will include:

- Re-issuing team safety managers self-assessment checklists
- Independent care homes
- Compliance with new / reviewed health and safety standards
- Targeted audits informed by safety performance

A summary of the work undertaken is included at appendix 5

8.2 Asbestos Management

The council has a statutory duty to manage asbestos in accordance with the Control of Asbestos Regulations 2012. These regulations require dutyholders to identify the location and condition of asbestos in their premises and manage the risk to prevent harm to anyone who works on the building or to building occupants. The H&S team continues to provide assurance that these requirements are being met.

There has been continued partnership working with Property and Design and Education Property Management. This has helped us ensure that safe systems of work are adopted and also develop more efficient ways of working whilst maintaining high safety standards, improving value for money. All council buildings have Asbestos surveys which include management action plans and there are effective management arrangements and a good level of assurance in place across BHCC.

The H&S team has continued to contribute to the Department for Education (DfE) Asbestos steering group. Following the release of the DfE's guidance document, this steering group has recently completed an England & Wales wide questionnaire whose aim was to establish the levels of understanding, awareness and management of Asbestos in schools. Results of this survey are expected to be released later in the summer term. Early feedback that the H&S team have received from the contributing schools suggest that our policies are robust and in line with DfE guidance.

One further priority for the coming year will be to continue to work to support Housing, helping them to ensure better coordination of asbestos management information across their complex operating environment.

The H&S team continue to support our colleagues from Property and Design in their work to introduce new property asset software. This system (Atrium) will ultimately be used to hold the corporate Asbestos Register and individual property reports. The H&S team's assistance is principally to ensure continued compliance with The Control of Asbestos Regulations 2012 during and after the transition from Safety on Line as well as guidance around the format of the final property reports.

8.3 Fire Risk Management

The H&S team has continued to maintain assurance that the approach to the management of fire safety is consistent and standards are being met as a requirement under the Regulatory Reform (Fire Safety) Order 2005 (RRO). The existing partnership with East Sussex Fire and Rescue Service (ESFRS) continues to develop with regular meetings between the ESFRS Fire Safety Team and H&S Team staff taking place.

To ensure the organisation complies with the relevant legislation and manages fire risk appropriately the competent advice continues to be provided through the health and safety team. A tiered two stage approach to fire risk assessment (FRA) is applied.

The health and safety team carry out:

- Stage 1 FRA's in Adults Services with Sleeping Risks (Residential Care & Hostels), Schools, Travellers Transit Site
- Quality assurance of: Housing & Corporate Landlord FRA's

Stage 2 FRA's which relate to monitoring of existing arrangements and local service managers are responsible for ensuring these are completed.

As part of the fire risk assessment process the health and safety team identified the requirement for remedial works to be carried out throughout Bates and Craven Vale Housing Estates. The works required relate to the lack of fire separation between the flats and the common ways which is a contravention of the requirements of the (RRO). A programme of works was established to remedy the deficiencies. A lack of adequate certification of the materials procured led to delays to the programme. This has now been rectified through discussions at the Housing (Fire, Health & Safety Board).

In February 2016 a fatal fire occurred in Essex Place, a council owned high rise block. Investigations are ongoing to establish the cause and will be the subject of a Coroners Inquest.

In collaboration with ESFRS and colleagues in Housing a match funding initiative to install sprinklers in Somerset Point a high rise seniors housing block has been agreed. Discussions are ongoing between ESFRS and BHCC regarding similar future projects.

The Fire Safety Standard has been revised to clarify the responsibility levels throughout the organisation. The document links to the relevant guidance and useful document pages on the Wave. It provides a clear indication to all staff about responsibilities and necessary actions around the application of the RRO.

The H&S team continue to carry out Fire Safety audits under the RRO at the American Express Community Stadium. This function fulfils the Local Authority responsibility for enforcing the Legislation in sports stadiums and is carried out by the team on behalf of the Head of Building Control.

The H&S team continue to provide design advice on an extensive range of projects this has included: Hove Town Hall redevelopment, Hollingdean Depot, the permanent Travellers' site, Saltdean and St Andrews Primary Schools and new Housing provision (Robert Lodge and Findon Road).

We continue to provide a range of fire safety training courses including fire awareness, fire risk assessment, evacuation chair and site specific fire warden training.

A summary of the fire and asbestos work undertaken is included at appendix 6

8.4 Contractor Management

The continued financial challenges that the council faces requires BHCC to rely significantly on contractors, working on our behalf, to manage building works and provide a range of services across all departments. Management of contractors represents a significant challenge for the council and the monitoring of their H&S arrangements remains a high priority for the H&S team.

The H&S team have undertaken a range of assurance activities including inspections, audits, incident investigations, pre-start meetings and training for contracting officers. We undertake care home monitoring in independent care homes and care support services commissioned by Adult Services.

The H&S team have attended contract pre-start meetings to ensure standard setting in relation to health and safety and provide advice on compliance with legislation on a risk profile basis. Projects that this level of assistance has been provided include Hove Town Hall development works and the redevelopment of the Workshop at Hollingdean depot.

In partnership with Property & Design, Construction, Design and Management Regulations 2015 (CDM) seminars were delivered to a range of duty holders to ensure compliance with the amended regulations.

Support has been provided to contract managers (within Property & Design and Sports & Leisure) with construction works and CDM compliance with regards to major and high profile works such as Withdean Sports Stadium and King Alfred Centre.

Audits of independent care home and care support services have continued during 2015/16 with a total of 18 providers being visited by the H&S team. This monitoring helps provide assurance to the Contracts Unit about key H&S aspects as part of their care quality monitoring procedure. The programme of audit with the Adults Commissioning & Performance team has been reviewed this year and an approach has been agreed for 2016/17.

The 'Management of Contracted Works and Services' training continues to be available through the training programme. This course is for any staff required to procure, manage and monitor any works or services within the council and helps to raise awareness of legislative requirements, introduces the council management standard and helps staff to apply relevant monitoring practices when dealing with contractors.

A summary of the work undertaken is included at appendix 7

9. Consultation and Committee Structure

The well-established corporate Health and Safety Committee has continued throughout 2015/16. This is chaired by the Chief Executive and is well attended by both senior management and appointed staff representatives.

The committee meets quarterly and is a forum for identifying and discussing health and safety incidents, performance and actions to help address trends and emerging issues. New and reviewed H&S standards are presented and ratified. Departmental consultative groups are also held quarterly and are able to escalate service specific H&S issues for consideration at the H&S committee.

Based on feedback received from the committee, the way the reports are presented has changed this year to include a calculation of the financial impact to the council of sickness absence. The presentation of the reports has also been amended to provide a clearer analysis of the position.

The head of health & safety continues to meet regularly with the Chief Executive and the appointed health & safety trade union representatives to maintain effective consultation on health & safety issues. The H&S team continue to work with staff representatives and many teams across the council in a commitment to joint working and achieving high standards of health & safety and a positive safety culture.

10. Communications

A dedicated health and safety page on the council's intranet is maintained to provide information including: policies, procedures, templates, and minutes from health and safety committees, Team Safety information and training. There is also a schools specific section that highlights bespoke school's policies, procedures and templates.

The team produces two health and safety newsletters; one for the whole council and the other specific to schools. The newsletters include information on important topics that require attention by teams and services. The newsletter also details case studies of incidents investigated by the H&S Team or the Health & Safety Executive (HSE). In addition health and safety matters have been included on Executive Leadership Team (ELT) briefings. This can assist teams in identifying and managing health and safety issues in their own areas.

11. Partnership Working / Service Level Agreements

11.1 Partnership Working

The team continue to work in partnership with a range of services and teams, both within the council and externally. This is an important area given the budgetary constraints across the public sector. Listed below are some of these partnerships;

Community Initiatives Partnership

Since being established in December 2014 work has continued to ensure vulnerable people are protected from coming to harm in their domestic environment. The group membership including ESFRS, BHCC, Voluntary Agencies and Health Partners has focussed on:

- Creating cross referral pathways between ESFRS and Carelink. This has resulted in joint visits and mutual training that has enabled the pooling of resources to better support vulnerable people.
- A hoarding subgroup has been established to improve partnership awareness and response to causes and impacts of this issue. A hoarding framework is being developed by the group.

Housing Fire, Health & Safety Board: this group comprising Housing, Corporate Health and Safety, East Sussex Fire and Rescue Service (ESFRS) and Mears provides an assurance function monitoring the risk management arrangements relating to the housing stock.

As part of the programme of Fire Risk Assessments, fire safety deficiencies were identified specifically relating to compartmentation between units of accommodation in several blocks of flats. To address these, a programme of works is nearing completion which has been overseen by the Board. The board in partnership with ESFRS provided a structure to ensure these deficiencies were addressed to comply with relevant standards and to a satisfactory timescale.

Property and Design

The council owns a large property and land portfolio, this requires effective management controls to ensure the council's statutory duties are met. The H&S team work in close partnership with Property and Design to provide advice to duty holders as well as assurance to the corporate H&S committee that arrangements are suitably robust. As part of these assurance arrangements the Annual Legionella Assurance report was presented to the H&S committee in December 2015. The report concluded that all sites are compliant with (the approved code of practice L8) 'The Control of Legionella in Water Systems'.

School Support Services

We continue to work closely with internal partners to ensure a joined-up to specific health and safety issues. Partners include the Special Educational Needs (SEN) team; Education Capital Team; Behaviour & Attendance Partnership; the Outdoor Education Advisor and the Standards & Achievement Team.

The H&S team also have membership on the following:

Risk Management Steering Group: working together with leads from Emergencies and Resilience, Public Health, Insurance, Audit, Communities and Equalities and the Risk Manager. This group ensures co-ordination of risk management issues, resources and strategies.

Safety Advisory Group (SAG): involvement in this group includes deputy chairing responsibilities and working with partners such as emergency services, transport operators and other council teams to advise on the potential impacts and co-ordination of resources to support the calendar of events in the city. Events that have required a significant resource have included planning advice and operational support as part of the event command and control arrangements for: **Pride, the Rugby World Cup 2015, Shakedown Music Festival and the Brighton Speed Trials.**

Major Incident Support Team (MIST): the H&S team continue to support and give advice on contingency plans and incident management during incidents that may affect the safety of residents, public, visitors and our staff.

The team are Incident Liaison Officers and were deployed as part of the multi-agency major incident response to the scene of the Shoreham air crash.

11.2 Service Level Agreements

Service Level Agreements are in place to deliver enhanced health and safety support in:

- **Housing** - supporting with assurance arrangements on health and safety issues with a particular focus on asset risk management.
- **Schools & Academies** – providing specialist school specific advice (including radiation protection and physical education); undertaking fire risk assessments and asbestos management reviews; and offering training via the School Workforce Development Programme
- **Adults Services** – H&S monitoring of independent care homes on behalf of the Commissioning & Performance Team. Fire risk assessments for Adults Provider.

12. Conclusion

This report acknowledges the diverse range of services delivered by and on behalf of the council and sets out the assurance activities undertaken to ensure appropriate safeguards are in place.

Through the council's modernisation and budget agenda there will continue to be significant change in how services are delivered both directly and in partnership with other agencies. A key priority will be to continue to ensure proportionate assurance frameworks remain in place.

The imperative for maintaining robust safety management arrangements is further highlighted by the revised sentencing guidelines. Effective performance frameworks, communication and engagement together with monitoring capacity and resilience is essential to continuing to deliver efficient and safe services.

The committee are asked to note the content of this report and the Health and Safety Plan for 2016/17 which is included at appendix 8.

Appendix 1 – Enforcement / Regulatory Services Activity

East Sussex Fire and Rescue	
Number of Enforcement Notices Served	0
Number of Prohibition Notices Served	0
Prosecutions	0
Health & Safety Executive	
Number of Improvement Notices Served	0
Number of Prohibition Notices Served	0
Prosecutions	0

Appendix 2 – Accident / Incident Summary Data

Description	2015/16	2014/15
Total Incidents	1040	951
Total Injuries to Staff	497	513
Total Injuries to Non Staff	415	438
RIDDOR	39	38
Near Misses	585	589
Total Days Lost	1489	2259

Appendix 3 – Health & Safety Training Data 2015/16

The **Health and Safety training programme** was developed to support the needs of staff across the organisation. Over **23** different courses have been delivered through **92** training events to **970** delegates. This includes bespoke training events which have been tailored to meet the specific needs of teams and services. In addition **831** staff completed eLearning modules. The number of staff who attended the various training courses is listed below.

Course name	Provider	Number of Events	% Attendance	Number Attended
Core H&S Programme				
DSE Risk Assessor	H&S Team	5	89%	50
Management of Contractors (Works)	H&S Team	3	88%	14
Management of Contractors (Services)	H&S Team	1	100%	2
Personal Safety for Lone Workers	H&S Team	6	84%	57
Personal Safety for Non Lone Workers	H&S Team	2	86%	12
BSC Level 2 Certificate in Risk Assessment	External	7	93%	63
BSC Level 2 Certificate in Fire Risk Assessment	External	5	97%	35
Risk Assessor Refresher	External	3	94%	16
COSHH Risk Assessors	External	3	88%	21
Emergency First Aid at Work	External	8	91%	77
First Aid at Work (3 days)	External	9	86%	77
First Aid at Work Recertification (2 days)	External	4	95%	42
First Aid Annual Refresher (half day)	External	4	93%	43
Safer Lifting of loads	External	9	81%	68
Managing Health & Safety	External	3	96%	22
Managing Health & Safety of Buildings	External	3	95%	20
IOSH Managing Safely	External	2	91%	21
Legionella Awareness	External	4	100%	46
Bespoke Team Training				
Evac Chair	H&S Team	1	100%	8
Fire Risk Assessment	H&S Team	1	100%	100
Risk Assessment	H&S Team	6	100%	100
Low Risk Work at Height	H&S Team	1	100%	7
Planning & Risk Assessing School Events	H&S Team	2	100%	69
Total number Core & Bespoke		92	93%	970
H&S eLearning Modules				Number of courses completed
Asbestos Awareness	Internal	-	-	16
Asbestos Management Plan	Internal	-	-	5
Display Screen Equipment	Internal	-	-	535
Fire Safety Awareness	Internal	-	-	59
Stress Management	Internal	-	-	47
Health & Safety Awareness	Internal	-	-	169
Total number H&S eLearning modules completed		-	-	831

Appendix 4 – Policies and Standards

Policy/Standard	New or Review?	Status
Asbestos Management Standard	Review	Ratified
Accidents & Incidents Reporting Standard	Review	Ratified
Clients of Concern Protocol	Review	Ratified
COSHH Standard	Review	Draft
Fire Safety Standard	Review	Ratified
First Aid Standard	Review	Draft
H&S Audit Standard	Review	Ratified
H&S Policy Statement and Management Standard	Review	Ratified
Legionella Standard	Review	Ratified
Management of Contractors Standard	Review	Ratified
People & Performance Management Framework	New	Ratified (joint policy with Workforce Development)
Personal Safety Standard	Review	Draft
Premises Management Standard	New	Ratified
Safer Handling Standard	Review	Draft
Team Resilience (Stress) Standard	Review	Ratified
Work Related Death Protocol	Review (included into incident reporting standard)	Ratified
Workplace Inspection Standard and Checklist	Review	Ratified

Appendix 5 – Health & Safety Audits

AUDIT TYPE	Audits completed	Ratings
Full Team Safety audit	7	7 Reasonable
Limited Assurance reviews	13	N/A
Managers' Self checklist follow up	9	N/A
Challenging Behaviour management	6	1 Full
		4 Substantial
		1 Reasonable
Display Screen Equipment	7	2 Substantial
		4 Reasonable
		1 Limited
Personal Safety management	10	6 Reasonable
		4 Limited
Slip/Trip/Falls prevention	8	5 Substantial
		3 Reasonable
Work Experience management	7	4 Substantial
		2 Reasonable
		1 Limited
School Swimming Pool management	3	1 Substantial
		1 Reasonable
		1 Limited
Radiation	1	Reasonable
Contractor Management & Independent care homes	18	All 18 were rated as performing to acceptable health & safety standards
TOTAL	89	

Appendix 6 – Asbestos & Fire

Fire

Work	No.
Total Fire Risk Assessments (stage 1 & reviews)	37
Review of FRA Management Action Plans	85
Coaching newly trained Fire Risk Assessors	Ongoing
Partnership meetings with the East Sussex Fire and Rescue Service	19
Strategic Fire Safety Reporting <ul style="list-style-type: none"> • Head of Adults • Housing Committee • Housing Fire / Health and Safety Board 	26
Fire Safety Audits (BHCC enforcement responsibility in Sports Grounds) <ul style="list-style-type: none"> • AMEX Stadium – in partnership with Building Control) 	3
Fire Safety Support & Deputy Chair <ul style="list-style-type: none"> • Safety Advisory Group • Major Incident Support Team 	2
Fire Incident Investigations	6
Fire visits (other than FRAs)	103
Fire training	12 sessions
Fire design meetings	20

Asbestos

Asbestos site monitoring 2015 – 16
<p>Inspections and Risk Assessment Reviews undertaken</p> <p>206 Management surveys 318 Refurbishment & demolition surveys 30 Asbestos re-inspections</p>
<p>Strategic Partnerships</p> <p>Continued membership of the Department for Education Asbestos in schools national steering group</p>
<p>Risk Management Partnerships</p> <p>Contract monitoring of asbestos management and remedial works in collaboration with Property and Design & Housing</p>

Appendix 7 – Contractor Management

Work	No.
Independent Care Home Audits / Inspections	18
Contractor Inspections	18

Services	Works
<ul style="list-style-type: none"> • Asher Nursing Home • Aspirations Active Day Care • Autumn Lodge Care home • Charlesworth Care Home • Churley Rest Home • Cornerways Care Home • Cristos Care Home • Heritage Care Supported Living • Livability Lifestyle Choices Supported Living • Maycroft Care Home • Oakleigh Lodge Care Home • Place Farmhouse Care Home • Poets Corner Supported Living • Rachel Mazzier House Nursing Home • Regent House Care Home • Swanborough Services Supported Living • The Archway Project Care Home • Wilbury Rest Home 	<ul style="list-style-type: none"> • Withdean Sports Stadium • King Alfred Leisure centre • Hollingdean Depot • Wayfield Avenue • Saltdean Primary School • Madeira Drive Arches • Hove Town Hall • Art Installation – RJ Dance & City College Brighton • Brighton & Hove Bus Depot • St Andrews Primary School • Hangleton Primary School • Downs Park School • Blatchington Mill School • Hertford Infants School • Brunswick Primary School • PACA • Brackenburg Primary School • Carlton Hill Primary School

Appendix 8 – Health & Safety Plan 2016 - 2017

H&S Service Plan 2016 / 2017	Aim / Priority	Desired Outcomes	Action Required	Timescale
POLICY	Maintain a programme of Health & Safety policy review and ratification through the corporate health & safety committee.	<p>Legislative compliance and employee engagement through the consultation process</p> <p>Performance overseen by the Corporate Health & Safety Committee</p>	<p>Complete the annual review the Health and Safety policy statement and communicate the revised policy across the organisation</p> <p>Maintain a programme of Health & Safety policy and standards review, including the schools' model policy statement.</p> <p>Monitor changes in Health & Safety Legislation and update the legal register as necessary.</p> <p>Maintain consultation arrangements with employee representatives groups (i.e. trade unions, staff forums).</p> <p>Plan dates for and report health & safety performance to the quarterly corporate health and safety committee. Meeting dates are:</p> <ul style="list-style-type: none"> • 7 June • 27 September • 29 November • 14 March 2017 	<p>June 16</p> <p>Ongoing with quarterly review</p> <p>Ongoing</p> <p>Ongoing</p>
ORGANISATION	Ensure H&S structure, policy and arrangements are aligned to meet the changing needs of the organisation.	Deliver a responsive Health & Safety service	<p>Scope and implement a review of the Health & Safety service to reflect Council 4 – year financial strategy and in partnership with Orbis; to ensure the future service offer is sustainable, relevant to the Council and resilient in operation.</p> <p>Maintain access to competent health and safety advice through a duty officer service.</p> <p>Head of H&S to continue to have regular 121's with the Chief Executive, Directors, Head of Property and Design and Head of Internal Audit to ensure that roles, responsibilities and safety management arrangements remain effective.</p>	<p>March 17</p> <p>Ongoing</p> <p>Ongoing</p>

H&S Service Plan 2016 / 2017	Aim / Priority	Desired Outcomes	Action Required	Timescale
			<p>Ensure all members of the H&S team maintain professional skills to enable flexible deployment and greater resilience.</p> <p>Plan and deliver a team development session within the team Performance Review and Development days</p> <p>Manage the Health & Safety team move to Bartholomews House and transition to 'Workstyles / Flexible working.</p>	<p>Reviewed in 121's</p> <p>April & September 16</p> <p>From June 16 onwards</p>
<p>MANAGEMENT ARRANGEMENTS</p>	<p>Gain assurance that effective safety management arrangements are in place to manage organisational health & safety risks.</p>	<p>To ensure that safety management systems are implemented throughout the Council and provide assurance that all parts of the organisation are meeting their legal obligations in accordance with corporate policies and standards</p> <p>Provide the council with a means of demonstrating a strategic process for health and safety management</p> <p>Provide managers a framework for identifying, measuring and recording health and safety performance</p>	<p>Ensure all services are effectively managing health and safety and have evidence to demonstrate that arrangements are appropriate to service risk by:</p> <ol style="list-style-type: none"> 1. Undertaking audits in accordance with audit programme 2. Providing management information on audit findings to service managers 3. Delivering audit performance information to Corporate Health and Safety committee 4. Escalating matters which expose the council to unacceptable risk <p>Review all accidents and incidents to:</p> <ol style="list-style-type: none"> 1. Ensure an appropriate management investigation has been carried out 2. Identify and report to the HSE in accordance with RIDDOR 3. Assess level of health and safety follow-up investigation required and investigate accordingly. 4. Provide management information to the corporate H&S committee, DMTs and DCGs. 5. Identify aspects requiring additional H&S improvement. 	<p><i>According to programme</i></p> <p><i>Ongoing</i></p>

H&S Service Plan 2016 / 2017	Aim / Priority	Desired Outcomes	Action Required	Timescale
			<p>Ensure contract management and monitoring arrangements are in place to:</p> <ol style="list-style-type: none"> 1. Identify key corporate contracts prioritised by risk 2. Obtain assurance of contract monitoring procedures 3. Prepare a schedule of contract monitoring inspections to be undertaken by Health & Safety team. <p>Support the Council's Emergencies and Resilience team in its preparedness by:</p> <ol style="list-style-type: none"> 1. Attend and deputy chair Safety Advisory Group Meetings and events as required 2. Attend and support Major Incident Support Team 3. Provide Incident Liaison Officer support to major incidents as required 4. Attend Risk Management Steering Group <p>Deliver ongoing contractual commitments and monitor performance of Health & Safety Service Level Agreements for:</p> <ul style="list-style-type: none"> ▪ Schools & Academies ▪ Adults Services ▪ Housing <p>Carry out Fire Risk Assessments (FRA) in high priority services and buildings. These will include Hostels, Residential Care facilities and Schools.</p> <p>Competent advice and monitoring will be given to building managers to ensure management action plans are addressed and updated.</p> <p>Monitor that the Asbestos Containing Materials in all council buildings are being managed in accordance with the Asbestos Management Plans</p>	<p><i>September 16</i></p> <p><i>Ongoing</i></p> <p><i>Ongoing with programmed review meetings</i></p> <p><i>March 17</i></p> <p><i>Ongoing</i></p> <p><i>Ongoing</i></p>

H&S Service Plan 2016 / 2017	Aim / Priority	Desired Outcomes	Action Required	Timescale
			<p>Support Housing colleagues through the Housing Fire Health & Safety Board in their adoption of new asset management software and provide advice on the required asbestos management structure in Housing.</p> <p>Provide advice to the Education Property & Design Team in relation to resource allocation for asbestos management/ remedial work in school premises.</p> <p>Provide support to the Head of Property & Design in the development of and quality assuring the annual Legionella Assurance Report.</p>	<p><i>Ongoing</i></p> <p><i>Ongoing</i></p> <p><i>December 2016</i></p>
INFORMATION SYSTEMS	<p>Review health and safety information systems to ensure relevant and effective integration with other sources.</p>	<p>To ensure legal compliance (RIDDOR) and Data Protection requirements.</p> <p>To ensure ease of access to information which is and that information is accessible.</p> <p>To ensure efficient transition of new asset management systems.</p>	<p>Monitor the use and reliability of the Clients of Concern register and work with users/gatekeepers / ICT to address issues.</p> <p>Continue to help develop an annual review process for the Clients of Concern register so that details are current.</p> <p>Review health & safety pages on the WAVE and Wave4Schools to ensure information is current and accessible review of content and accessibility of information and ensure any changes reflect ongoing development of BEEM (the Brighton & Hove on-line portal for schools)</p> <p>Monitor and review the content of the Health and Safety pages within the services to schools BEEM system.</p> <p>Asset Management System – continue to work in partnership with property & design to implement Atrium (the new asset management system)</p>	<p>Ongoing</p> <p>September 2016</p> <p>December 2016</p> <p>Ongoing</p> <p>Ongoing</p>

H&S Service Plan 2016 / 2017	Aim / Priority	Desired Outcomes	Action Required	Timescale
AUDIT	Deliver an audit programme that reflects the revised organisational structure and provides assurance on the effectiveness of health and safety management arrangements	Provide assurance to the council on legal compliance and meet statutory requirements for monitoring of health and safety performance.	<p>Prepare and deliver the 2016-17 audit programme ensuring it remains proportionate to the hazard and risk profile of the organisation. The focus of the programme will be:</p> <ul style="list-style-type: none"> • Management arrangements including Team Safety checklist reviews • Focus on change management & competence • Reviewed H&S standards (Construction Design & Management), Asbestos, team Resilience) • Independent Care Homes <p>Review completion and assurance status of managers team safety self-assessment checklists and review a sample of plans through full audit.</p> <p>Develop a sharepoint page to record recommendations from audits and incident investigation reports to track action progress.</p> <p>Continue to liaise with Internal Audit to share audit information / themes to identify shared learning opportunities and / or assurance issues for escalation.</p>	<p>March 17</p> <p>July 16</p> <p>July 16</p> <p>Ongoing</p>
TRAINING	Ensure that all people involved in delivery of the council services have the appropriate levels of competence to address their health and safety responsibilities.	All workers and others involved in the delivery of Council services are competent to undertake their health and safety responsibilities.	<p>Produce and deliver the 2016-2017 health & safety core training programme.</p> <p>Evaluate the effectiveness of the Health and Safety training programme through assessing feedback and identifying how well skills have been applied in the workplace.</p> <p>Monitor and report on training attendance to identify reasons for non-attendance and ensure a cost effective training service is provided.</p>	<p>April 16 & Ongoing</p> <p>March 2017</p> <p>Ongoing / Quarterly</p>

H&S Service Plan 2016 / 2017	Aim / Priority	Desired Outcomes	Action Required	Timescale
			<p>Continue to support the development and prepare for launching of the new Learning Management System.</p> <p>Undertake quality assurance assessments of internal and external training providers and monitor performance against KPI's.</p>	<p>May 16</p> <p>Ongoing</p>
CHANGE MANAGEMENT	Support change management and modernisation activity.	Ensure health & safety issues are considered through all stages of change management processes	<p>Continued involvement in the Workstyles project Programme including:</p> <ol style="list-style-type: none"> 1. Attendance at workstyles board and project group meetings 2. Providing ongoing advice during development and implementation stages 3. Conducting monitoring visits at all stages of the process 4. Providing resource to support 'critical operational stages' including floor walkers on opening <p>Provide technical / specialist support to assist in change management and modernisation activity including:</p> <ul style="list-style-type: none"> • Development of the competency framework • Support tender evaluation processes with significant health & safety implications 	<p>Phase 3 Ongoing</p> <p>August 16</p> <p>Ongoing</p>
JOINT WORKING & INITIATIVES	Maintain an awareness of Local / National Campaigns to identify best practice and plan targeted initiatives	<p>To identify best practice and support the Council priorities and city initiatives</p> <p>Identify opportunities for collaboration and efficiencies through joint working that continues to ensure an effective approach to risk management</p>	<p>Continue working with partners to maximise opportunities for joint working on risk management solutions</p> <p>External:</p> <ul style="list-style-type: none"> • East Sussex Fire & Rescue Service • Sussex Police • Health Partners • Department for Education (National Asbestos Steering Group) 	Ongoing

H&S Service Plan 2016 / 2017	Aim / Priority	Desired Outcomes	Action Required	Timescale
			<p>Internal:</p> <ul style="list-style-type: none"> • Internal audit team • Major Incident Support Team (MIST) • Safety Advisory Group (SAG) • Risk Management Steering group (RMSG) • Property & Design / Building Control & Housing • Occupational Health Provider (Team Prevent) <p>Work with the Communities and Equalities team to continue to enhance opportunities for Collaborating with our Citizens including launch of the Volunteering Policy.</p> <p>Attend Sussex Local Authority Safety Officers Group (SLASOG) and South East Employers (SEE)</p>	<p>Ongoing</p> <p>Ongoing</p>

Appendix 9 – Health & Safety Risk Register 2016-17

Risk No.	Reference link (i.e. Serv Objective No. or Strategic Objective No.)	Risk Description	Potential Consequence(s)	Initial Likelihood Risk Score	Initial Impact Risk Score	Mitigating Controls & Actions	Controlled Likelihood Risk Score	Controlled Impact Risk Score	Controlled Risk Score	Further "Solutions", i.e. actions/ controls (these represent "work that needs to be done" to be included as Key Actions in Business Plan)	Target Date	Lead Officer
1	HSW 1	Management of Contractors Inadequate management controls may result in unsafe practices and expose the council	Injury to staff, visitors, contractors, members of the public, service users, enforcement action, reputational damage	3	4	Standard and guidance ratified and in place Management of contractors training available Team safety dedicated objective in place Partnership working with internal council service services and the councils strategic partners e.g. (Westridge / Mears)	2	4	8	1.Targeted audits by H&S team in ASC, Westridge and Mears 2.H&S regular attendance at the Housing Fire / H&S Board 3.Dedicated resource allocated to support Hove Town Hall redevelopment 4.H&S to advise in procurement process for strategic framework agreements	Ongoing	Janice Percy
2	HSW 2	Health & Safety Management systems Ineffective use of the councils systems including (Team Safety, Asset Management Systems) through lack of competence and/or technical or reliability problems	Lack of effective control which may lead to injury, ill health, enforcement action, reputational damage	3	4	Health & Safety team monitor use of systems Training available for managers / duty holders Reporting mechanisms through Corporate Health & Safety committee Appointed leads within H&S for systems and lead in Property & Design & Housing for asset management system Suite of supporting documentation and guidance	2	4	8	Continued development of systems to implement new technologies and improve reporting functions	March 17	Janice Percy / Angela Dymott / Mark Watson

Risk No.	Reference link (i.e. SERV Objective No. or Strateg	Risk Description	Potential Consequence(s)	Initial Likelihood Risk Score	Initial Impact Risk Score	Mitigating Controls & Actions	Controlled Likelihood Risk Score	Controlled Impact Risk Score	Controlled Risk Score	Further "Solutions", i.e. actions/ controls (these represent "work that needs to be done" to be included as Key Actions in Business Plan)	Target Date	Lead Officer
3	HSW 3	<p>Management of Change</p> <p>Lack of clarity in roles and responsibilities</p> <p>Changes in service delivery methods may lead to skills, knowledge, competence gaps for new duty holders in relation to health & safety responsibilities</p>	Injury, ill health, reputational damage, enforcement action	4	4	<p>Team Safety provides clear objectives and actions</p> <p>H&S Policy reviewed and framework in place with standards and guidance</p> <p>H&S dedicated site on the WAVE providing information and support</p> <p>Training programme available providing a range of training course courses, tutor lead and e-learning</p> <p>H&S Duty Officer scheme providing access to competent health & safety advice</p> <p>H&S Business Partner or Senior Advisor allocated as dedicated points of contact for service areas</p> <p>H&S attend all induction courses to signpost to support / resources available</p> <p>Quarterly newsletters are circulated providing updates and signposting to resources</p> <p>Health & Safety Committee structure in place meetings are held quarterly</p>	2	4	8	<p>Ensure PIER / Team Safety structure reflects organisational structure</p> <p>Ensure ongoing professional development of H&S Team</p> <p>Monitor and review H&S team business continuity arrangements</p> <p>Ensure robustness of health and safety service scoping when considering alternative delivery models</p>	Ongoing	Janice Percy

Risk No.	Reference link (i.e. Serv Objective No. or Strateg	Risk Description	Potential Consequence(s)	Initial Likelihood Risk Sc	Initial Impact Risk Score	Mitigating Controls & Actions	Controlled Likelihood Risk Score	Controlled Impact Risk Score	Controlled Risk Score	Further "Solutions", i.e. actions/ controls (these represent "work that needs to be done" to be t included as Key Actions in Business Plan)	Target Date	Lead Officer
4	HSW 2	<p>Incident Reporting Systems</p> <p>Functionality of the Achieve/Firmstep incident reporting system has been reported as unreliable.</p> <p>Development of the incident reporting system and the Clients of Concern Register (CCR) not occurring. This includes the CCR annual reviews.</p>	<p>Incident reports not completed</p> <p>Loss of customer confidence</p> <p>Inaccurate stats</p> <p>Outdated information provided to users of the systems</p> <p>Non-compliance with Data Protection Legislation and risk of LGO interventions.</p> <p>Increased complaints from customers and clients of concern</p>	3	4	<p>H&S team tracking reported incidents and using change forms or ICT service desk to change the data.</p> <p>Manipulation of the database to provide accurate Stats reports.</p> <p>Requirements have been shared with ICT and are monitored through liaison meetings.</p> <p>Assurance has been provided to LGO that the CCR review process is due shortly.</p> <p>Manual reviews of clients are taking place where concerns are raised.</p> <p>ICT Service redesign taking place to improve resilience.</p>	2	4	8	<p>ICT are working with Firmstep to resolve integration issues.</p> <p>ICT have been asked to provide additional 'change forms' to the H&S team</p> <p>ICT development resources need to be enhanced with less reliance on a single point of failure.</p>	Ongoing	Mark Watson / Janice Percy

Subject:	Self-assessment review of Audit & Standards Committee		
Date of Meeting:	21 June 2016		
Report of:	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 results of the Audit & Standards Committee self-assessment of its effectiveness. This review is based on a comparison with the Chartered Institute of Chartered Accountants (CIPFA) good practice principles (see appendix 2) and was carried out by members of the committee with support from Graham Liddell, Head of Internal Audit and Ian Young of EY.

2. RECOMMENDATIONS:

- 2.1 That the Committee recommends that the actions set out in paragraph 4.2 should be used to draw up a detailed action plan to develop further the effectiveness of the Audit & Standards Committee.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Audit functions of the Audit & Standards Committee relate to the Council's arrangements for the discharge of its powers and duties in connection with financial governance and stewardship, risk management and audit. The Committee makes recommendations to the Council, Policy & Resources Committee, Officers or other relevant body within the Council.
- 3.2 The Standards functions of the Committee seek to ensure that the Members, Co-opted Members and Officers of the Council observe high ethical standards in performing their duties. These functions include advising the Council on its Codes of Conduct and administering related complaints and dispensation procedures.
- 3.3 In addition to the Councillors who serve on the Audit and Standards Committee, the Committee includes at least two independent persons who are not Councillors. They are appointed under Chapter 7 of the Localism Act, or otherwise co-opted, and act in an advisory capacity with no voting powers.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The Audit & Standards Committee meets many of the key characteristics of good practice and added value set out by CIPFA. In particular members consider that the committee:

- supports risk management and internal audit
- helps the council to implement values
- promotes good governance.

4.2 Members also identified three key areas for development and a range of proposed actions. These are set out in table 1.

Table 1 – key areas for development and proposed actions

Key area for development	Proposed actions
<p>The Audit & Standards Committee has the potential to play a more active role in contributing to a more effective control environment that is trusted by citizens and stakeholders.</p>	<ul style="list-style-type: none"> • Review terms of reference of the Audit & Standards Committee to ensure that it is clear how its role is distinct from other committees and consider: <ul style="list-style-type: none"> ○ how other committees (and statutory officers) can refer issues to the Audit & Standards Committee ○ the role the committee can play in building trust in the council’s governance arrangements. • Develop an internal and external communications strategy to promote the work of the Committee.
<p>Members would be better placed to discharge their responsibilities if they were supported by more structured information on assurance sources and co-ordinated training.</p>	<ul style="list-style-type: none"> • Develop and share an assurance framework with the Committee to set out how the council ensures that it delivers its corporate strategy and manages its risks. • Ensure members have access to relevant public reports and good practice guides. • Develop a coordinated training programme to support key activities for the Committee.
<p>The effectiveness of the Committee could be improved through a more</p>	<ul style="list-style-type: none"> • Review Committee dates to ensure that they take place at the

<p>flexible agenda that focusses on the issues that are most important for the council and considering these issues in more depth.</p>	<p>most appropriate time, taking account of statutory requirements and dates of other key meetings.</p> <ul style="list-style-type: none"> • Review and update the forward plan following each Committee meeting to ensure that it: <ul style="list-style-type: none"> ○ is sufficiently flexible to deal with new and emerging issues ○ concentrates on reviewing a fewer number of issues in more detail. • Build on the success of private meetings with auditors to explore: <ul style="list-style-type: none"> ○ further development of the committee ○ sharing detailed audit reports and other information between committee meetings ○ examine specific issues in detail to inform a future committee meetings • Provide regular monitoring reports to ensure that actions arising from Committee discussions are implemented.
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4.3 Subject to approval by the Committee, these actions will be developed into an action plan and progress reported back to members.

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 This review has been carried out by the Audit & Standards Committee with support from the Head of Internal Audit and the council's external auditors, EY.

6. CONCLUSION

6.1 The Audit & Standards Committee has carried out a self-assessment of the effectiveness of its audit function in line with best practice.

6.2 The Committee has many of the characteristics of a good practice audit committee and has identified areas for further development which will be developed into a detailed action plan.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 There are no direct financial implications arising from this report. Support for the areas of development and key actions set out in paragraph 4.2 will be met from within existing council resources.

Finance Officer Consulted: James Hengeveld

Date: 07/06/16

Legal Implications:

- 7.2 The recommendations in the report will assist the Council to meet its responsibilities in relation to governance and audit.

Lawyer Consulted: Elizabeth Culbert

Date: 7June 2016.

SUPPORTING DOCUMENTATION

Appendices:

1. terms of reference of the Audit & Standards Committee
2. CIPFA best practice questions for audit committees

Documents in Members' Rooms

1. None

Background Documents

1. None

Appendix 1 - Current terms of reference as set out in the constitution (updated 22 October 2015)

AUDIT & STANDARDS COMMITTEE

Explanatory Note

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

The Standards functions of this Committee seek to ensure that the Members, Co-opted Members and Officers of the Council observe high ethical standards in performing their duties. These functions include advising the Council on its Codes of Conduct and administering related complaints and dispensation procedures.

In addition to the Councillors who serve on the Audit and Standards Committee, the Committee includes at least two independent persons who are not Councillors. They are appointed under Chapter 7 of the Localism Act, or otherwise co-opted, and act in an advisory capacity with no voting powers.

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

General Audit and Standards Delegated Functions

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

To appoint, co-opt or (in any case where only the Council has power) to recommend the appointment or co-option of a minimum of two independent persons:

- to give general assistance to the Committee in the exercise of its functions; and
- to give views on allegations of failure to comply with a Code of Conduct as required by Chapter 7 of the Localism Act.

To:

- review and agree the Council's whistleblowing policy
- have an overview of complaints handling and Local Ombudsman investigations
- review and agree activity, policy and guidance in relation to the Regulation of Investigatory Powers Act 2000

To deal with any audit or ethical standards issues which may arise in relation to partnership working, joint committees and other local authorities or bodies.

To ensure arrangements are made for the training and development of Members, Co-opted Members and Officers on audit, ethical and probity matters, including Code of Conduct issues.

To support and advise the Chief Finance Officer and the Monitoring Officer in their statutory roles.

Delegated Audit Functions

To carry out independent scrutiny and examination of the Council's financial and non-financial processes, procedures and practices to the extent that they affect the Council's control environment and exposure to risk, with a view to providing assurance on the adequacy and effectiveness of:

- the work of internal and external audit;
- the governance arrangements of the council and its services;
- the risk management and performance management frameworks and the associated control environment;
- the financial management process;
- arrangements for the prevention and detection of fraud and corruption

To meet the requirements of the Accounts and Audit Regulations Act (*sic*) 2015 in respect of:

- conducting an annual review of the effectiveness of the system of internal control;
- conducting an annual review of the effectiveness of internal audit;
- reviewing the outcome of annual review of governance arrangements and approving the Annual Governance Statement, ensuring its contains any actions for improvement; and
- considering and approving the Council's annual Statement of Accounts.

To consider the External Auditor's Annual Audit and Inspection Plan, Annual Governance Report, Annual Audit Letter and other relevant reports.

Consider and agree the Internal Strategy and Annual Audit Plan, Head of Audit & Business Risk's (*sic*) Annual Internal Audit Report including Opinion, periodic progress reports and other relevant internal audit reports.

To consider and agree the Head of Audit & Business Risk's (*sic*) Annual Fraud & Corruption Report and consider and approve the Council's Counter Fraud Strategy.

Delegated Standards Functions

To advise the Council on the adoption, revision or replacement of Codes of Conduct for (a) Members and Co-opted Members and (b) Officers;

To exercise all other functions of the Council in relation to ethical standards, in particular those under Chapter 7 of the Localism Act, including the following:

- promoting and maintaining high standards of conduct within the Council and monitoring the operations of the Council's Codes of Conduct and registers of interests;
- in relation to allegations that a Member or Co-opted Member has failed to comply with the Code of Conduct, putting in place arrangements to investigate and make decisions;
- supporting the Monitoring Officer in the exercise of that Officer's ethical standards functions, in particular the duty to establish & maintain registers of interests for the Council and for Rottingdean Parish Council;

- in relation to Members or Co-opted Members with pecuniary interests, putting in place arrangements to grant dispensations, in appropriate cases, from the restrictions on speaking and/or voting.

NOTE: With the exception of the adoption, revision or replacement of the Codes of Conduct referred to above, the Audit and Standards Committee may develop and adopt its own procedures and protocols.

APPENDIX D

Self-assessment of Good Practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police and this publication. Where an audit committee has a high degree of performance against the good practice principles then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

Good practice questions		Yes	Partly	No
Audit committee purpose and governance				
1	Does the authority have a dedicated audit committee?			
2	Does the audit committee report directly to full council? (Applicable to local government only.)			
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?			
4	Is the role and purpose of the audit committee understood and accepted across the authority?			
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?			
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?			
Functions of the committee				
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?			
	■ good governance			
	■ assurance framework			
	■ internal audit			
	■ external audit			
	■ financial reporting			
	■ risk management			

Good practice questions		Yes	Partly	No
	<ul style="list-style-type: none"> ■ value for money or best value ■ counter-fraud and corruption. 			
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?			
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?			
10	Where coverage of core areas has been found to be limited, are plans in place to address this?			
11	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?			

Membership and support

12	<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> ■ separation from the executive ■ an appropriate mix of knowledge and skills among the membership ■ a size of committee that is not unwieldy ■ where independent members are used, that they have been appointed using an appropriate process. 			
13	Does the chair of the committee have appropriate knowledge and skills?			
14	Are arrangements in place to support the committee with briefings and training?			
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			
16	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?			
17	Is adequate secretariat and administrative support to the committee provided?			

Good practice questions		Yes	Partly	No
Effectiveness of the committee				
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			
19	Has the committee evaluated whether and how it is adding value to the organisation?			
20	Does the committee have an action plan to improve any areas of weakness?			

Evaluating the Effectiveness of the Audit Committee

Assessment key

- 5 Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

- 4 Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.

- 3 The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.

- 2 There is some evidence that the committee has supported improvements, but the impact of this support is limited.

- 1 No evidence can be found that the audit committee has supported improvements in this area.

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
Promoting the principles of good governance and their application to decision making.	<p>Providing robust review of the AGS and the assurances underpinning it.</p> <p>Working with key members/governors to improve their understanding of the AGS and their contribution to it.</p> <p>Supporting reviews/audits of governance arrangements.</p> <p>Participating in self-assessments of governance arrangements.</p> <p>Working with partner audit committees to review governance arrangements in partnerships.</p>		
Contributing to the development of an effective control environment.	<p>Monitoring the implementation of recommendations from auditors.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Raising significant concerns over controls with appropriate senior managers.</p>		
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<p>Reviewing risk management arrangements and their effectiveness, eg risk management benchmarking.</p> <p>Monitoring improvements.</p> <p>Holding risk owners to account for major/strategic risks.</p>		
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<p>Specifying its assurance needs, identifying gaps or overlaps in assurance.</p> <p>Seeking to streamline assurance gathering and reporting.</p> <p>Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit.</p>		

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	<p>Reviewing the audit charter and functional reporting arrangements.</p> <p>Assessing the effectiveness of internal audit arrangements and supporting improvements.</p>		
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	<p>Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place.</p> <p>Reviewing the effectiveness of performance management arrangements.</p>		
Supporting the development of robust arrangements for ensuring value for money.	<p>Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee.</p> <p>Considering how performance in value for money is evaluated as part of the AGS.</p>		
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	<p>Reviewing arrangements against the standards set out in CIPFA's <i>Managing the Risk of Fraud</i> (Red Book 2).</p> <p>Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.</p> <p>Assessing the effectiveness of ethical governance arrangements for both staff and governors.</p>		
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	<p>Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English.</p> <p>Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency.</p>		

Subject:	Annual Governance Statement 2015/16		
Date of Meeting:	21 June 2016		
Report of:	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 This report presents the draft Annual Governance Statement for 2015/16 following completion of the annual review of the council's governance arrangements, including its systems of internal control.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee approve the draft Annual Governance Statement (attached as Appendix 1) subject to any comments or amendments as they consider appropriate.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 All local authorities have a statutory responsibility under the Accounts and Audit Regulations 2011 to conduct, at least annually, a review of the effectiveness of their governance framework, including their system of internal control. Following the review, an Annual Governance Statement must be produced, approved, and published. It is required to be signed off by the Chief Executive and the Leader of the Council.
- 3.2 The Annual Governance Statement is a statement that demonstrates whether, and if so to what extent, the council complied with its Code of Corporate Governance over the previous year (2015/16). The Code of Corporate Governance was presented to the Audit & Standards Committee in June 2015 prior to submission for agreement by full Council and forms part of the constitution. It reflects legal requirements and good practice guidance.
- 3.3 The Annual Governance Statement has reflected feedback from the Audit & Standards Committee, Officers' Governance Board, the council's external auditors and the findings of the review of the system of internal control. It has also been prepared in accordance with the Chartered Institute of Public Finance & Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) guidance and framework entitled 'Delivering Good Governance in Local Government'.

- 3.4 The CIPFA/SOLACE guidance defines 'governance' as comprising the systems, processes, culture and values by which Councils are directed and controlled and through which they account to, engage with, and where appropriate, lead their communities. Every council has a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.
- 3.5 The Annual Governance Statement gives the council the mechanism to demonstrate its positive governance culture and achievement to its stakeholders.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The annual review of the effectiveness of the council's governance arrangements and preparation of the Annual Governance Statement has been carried out by the Risk Management Lead, the Head of Legal and Democratic Services, the Assistant Director Finance & Procurement, the Head of Internal Audit (all are represented on the Officers' Governance Board) with input from other key officers. It was considered by the Executive Leadership Team on 11 May 2016.
- 4.2 The Officers' Governance Board will continue the review of governance arrangements throughout the year, as well as focussing on specific areas for action identified in the Annual Governance Statement.

5. DRAFT ANNUAL GOVERNANCE STATEMENT

- 5.1 The draft Annual Governance Statement for 2015/16 is shown at Appendix 1. It has been prepared generally in line with the CIPFA/SOLACE best practice and comprises the following:
- The purpose of the governance framework
 - The council's governance framework
 - Review of effectiveness
 - Governance issues and actions for improvement

This statement identifies progress made with the implementation of actions contained in the Annual Governance Statement for 2014/15 and the implementation of action points from the 2015/16 statement will be monitored by the Officers' Governance Board.

6. ANALYSIS AND CONSIDERATION OF ALTERNATIVE OPTIONS

- 6.1 The adoption of the Annual Governance Statement is required by the Accounts and Audit (England) Regulations 2011. Analysis of the state of governance and the reasons for the conclusions are contained in the draft statement in the Appendix.

7 COMMUNITY CONSULTATION AND ENGAGEMENT

- 7.1 The draft statement was prepared by the Officers' Governance Board with information from a variety of sources, including external auditors, feedback from the Audit & Standards Committee and results of internal audits.

8 CONCLUSION

- 8.1 The council has generally sound and effective governance arrangements in place and the Officers' Governance Board will keep the arrangements under review and report progress to the Audit & Standards Committee as appropriate. The draft governance statement reflects officers' assessment and is recommended to Members for approval.

9. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 9.1 Sound corporate governance and robust systems of internal control are essential to the financial health and reputation of the council. The resources required to implement the actions outlined to strengthen the governance arrangements are provided for within the agreed 2016/17 budget.

Finance Officer Consulted: James Hengeveld

Date: 13/05/16

Legal Implications:

- 9.2 The statutory basis for this report is regulation 4 of the Accounts and Audit (England) Regulations 2011, which requires the council:
- to conduct a review at least once a year of the effectiveness of its internal control;
 - to ensure the findings of the review are considered by Full Council or one of its committees;
 - following the review, to ensure that Full Council or one of its committees approves an annual governance statement;
 - to ensure the annual governance statement accompanies the council's statement of accounts for that year.

The Audit & Standards Committee is fulfilling these requirements as a committee of the council designated for this purpose.

Lawyer Consulted: Elizabeth Culbert

Date: 23/05/16

Equalities Implications:

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

Sustainability Implications:

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

SUPPORTING DOCUMENTATION

Appendices:

1. Annual Governance Statement 2015/16.

Documents in Members' Rooms

1. None.

Background Documents

1. Brighton & Hove City Council's Code of Corporate Governance.
2. CIPFA/SOLACE Delivering Good Governance in Local Government – Framework 2007.
3. Delivering Good Governance in Local Government Guidance (CIPFA/SOLACE) Addendum 2012.
4. Accounts & Audit Regulations 2011.

Annual Governance Statement 2015/16

DRAFT



Scope of Responsibility:

Brighton & Hove City Council (the council) is responsible for ensuring that its business is conducted in accordance with the law and proper practice standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively to secure continuous improvement:

- 1 In discharging this accountability, the council is responsible for putting in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes the management of risk.
- 2 The council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government and Guidance Note*. This is included in the Constitution of the Council.
- 3 This Annual Governance Statement explains how the council has complied with its Code of Corporate Governance and also meets the requirements of the Accounts & Audit Regulations 2015.

The Purpose of the Governance Framework

- 4 Governance is about how the council ensures that it is doing the right things, in the right way, for the right people, in a timely, open, honest and accountable manner.
- 5 The governance framework comprises the systems and processes, culture and values by which the council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the council to monitor the achievement of its strategic objectives as set out in the Corporate Plan 2011 - 2015, and to consider whether those objectives have led to the delivery of appropriate, cost effective services. The council's Corporate Plan was updated for 2015 - 2019 and continues to reflect the council's corporate values.
- 6 The governance framework is designed to manage risk to a reasonable level, rather than to eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework

- 7 The governance framework has been in place within the council for the year ended 31st March 2016. It was reported to the Audit & Standards Committee in March 2016 that the governance framework will be supplemented by a Corporate Risk Assurance Framework by December 2016.
- 8 Maintaining the governance framework is an on-going process, and one to which the council is committed in order to ensure continual improvement and organisational learning. This is evidenced by:

- the report to the Audit & Standards Committee in November 2015, relating to the council commissioned organisational learning review in early 2015 following the dismissal of the former head of housing in 2015. The review considered the circumstances involved and what lessons need to be learned. An action plan has been agreed to implement the recommendations set out in the report.
 - other governance issues reported to the Audit & Standards Committee including learning from the loss of council funds relating to the Coin Co International contract and overpayments made to Mears Ltd. in relation to work carried out by a sub-contractor.
- 10 The key elements of the systems and processes that comprise the council's governance arrangements are shown below together with explanations of how they are embedded.

Council's Purpose, Vision, Values and Performance Management

- 11 The Corporate Plan 2015-2019 was approved by Full Council in 26 March 2015. It sets out the council's purpose, values, principles and priorities:

Our purpose

The Corporate Plan 2015-2019 sets out "our **purpose** to provide strong civic leadership for the well-being and aspiration of Brighton and Hove. We will be successful if we are judged to deliver the following outcomes:

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.

The **principles** that will enable delivery of the organisation's **purpose**, and build on those shared by the city's partnerships, are:

- Public accountability
- Citizen focused
- Increasing equality
- Active citizenship

Our vision

- 12 In its Corporate Plan the council has adopted the city's partnership vision, principles and priorities which combine with its purpose and values to help plan, budget and review services. The city's and the council's vision is:

"Brighton & Hove – the connected city. Creative, dynamic, inclusive and caring. A fantastic place to live, work and visit".

Our values

- 13 To improve performance and achieve better outcomes and value for citizens, requires our staff to be highly flexible and responsive to changes. The council's organisational values set out in the Corporate Plan describe the professional behaviour required to modernise the council and work with greater collaboration with partners and communities. The six values are:

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

Collaboration: Work together and contribute to the creation of helpful and successful teams and partnerships across the council and beyond;

Efficiency: Work in a way that makes the best and most sustainable use of resources, always looking at alternative ways of getting stuff done;

Openness: Share and communicate with honesty about our service and self, whenever appropriate;

Creativity: Have ideas that challenge the 'tried and tested', use evidence of what works, listen to feedback and come up with different solutions; and

Customer Focus: Adopt our 'Customer Promise' to colleagues, partners, members and customers.

These values are reflected in the council's constitution, codes of conduct for Members and Officers and the Performance Management Framework.

Our priorities

- Tackling inequality
 - Creating a more sustainable city
 - Engaging people who live and work in the city
 - Modernising the council
- 14 The Corporate Plan also sets out five service **priorities** upon which to focus efforts to meet the organisation's **purpose**. These are shared with our city partners in The Connected City (the Sustainable Community Strategy for Brighton & Hove) and are as follows:
- Economy, jobs and homes
 - Children & young people
 - Health & wellbeing
 - Community safety & resilience
 - Environmental sustainability

How council services are rated and perceived by its customers, City Tracker Results can be found through this link:

<http://www.bhconnected.org.uk/sites/bhconnected/files/City%20Tracker%20Results%20November%202015.pdf>.

- 15 The council's modernisation portfolio of projects and programmes has been in place since 2014 and is led by the Chief Executive.

Modernisation is the council's portfolio of change management programmes and projects which supports delivery of corporate principles and priorities as outlined in the Corporate Plan. This in turn helps evidence achievement of outcomes in relation to the council's purpose. Modernisation drives the four year integrated service planning process and feeds into the Medium Term Financial Strategy. A cross-party Member Oversight Group monitor progress and provide support and challenge as required. This is also considered by the City Management Board as part of performance and risk reporting. The financial benefits are reported to the Policy & Resources Committee as part of Targeted Budget Management reports.

The importance of how the organisation demonstrates and values its commitment of achieving its purpose in delivering 'A modern council' is reflected in the strategic risk SR22 Modernising the Council.

- 16 The council has systems and reporting timetables to monitor its Performance Management Framework which consists of eight elements - business planning and management, risk management, financial management, customer insight, modernisation projects/programmes, people management, health & safety management, safeguarding quality assurance.



The Performance Management Framework contributes to good corporate governance as it sets out:

- how the council will manage risks which may affect achievement of its objectives
- monitoring of performance outcomes and through regular reporting enabling comparison of actual performance against targets to aid decision making and

ensure everyone understands their responsibilities and accountabilities in order to achieve our purpose through delivering the principles and priorities as set out in our corporate plan

- guidance for all those involved across the organisation.

- 17 Effective management processes, as detailed in the Performance Management Framework ensure the right actions are taken at the right time so that the council can achieve its purpose through delivering the principles and priorities.

The council uses a variety of mechanisms within its overall approach to performance management and service improvement to measure quality of service to users, ensuring service delivery is in accordance with its objectives, and for ensuring the best use of resources. These include key performance indicators, residents' perceptions, measurable improvements in value for money, benchmarking, identification and management of key risks.

Various joined up Performance management processes are embedded throughout the council and regularly reported to relevant stakeholders including Members in accordance with agreed timescales.

Members' and Officers' Capacity and Development

- 18 To enable the Members to fulfil their role as decision makers representing the community of Brighton & Hove the council has a Member training and development programme which starts with an extensive induction and is followed by a generic development programme as agreed by the cross-party Member Development Group (met throughout 2015-16 approximately at each quarter). The council successfully applied for and achieved the Member Development Charter, meeting standards set by the South East Employers and the Local Government Association (LGA). It is only one of 17 authorities to hold the Charter in the south east.
- 19 Further, more specific training is provided to Members as required (for example for Members serving on the Planning Committee, Audit & Standards Committee, Licensing Panels and Personnel Appeals Panels) as well as bespoke training and development opportunities for Members with special responsibilities, e.g. a session was held on Chairing of meetings. Use of LGA and Local Government Information Unit (LGIU) sessions are also offered to Members to enable them to take up development opportunities. Sessions on equalities and travellers have been held which were run by local voluntary groups.
- 20 The council recognises that the effectiveness of services relies substantially on the contribution of officers to the planning, development and delivery of services. The Performance Management Framework recognises this and supports staff, including developing skills and abilities, in making their contribution. The council recognises that the value of staff contributions will be enhanced through clear communication of the council's expectations, developing staff skills and abilities, providing a safe, healthy, supportive and inclusive working environment.
- 21 Reflecting the councils culture and understanding of our values, in 2015/16 the council concluded the delivery of its management development programme

'Living our Values, everyday', which underpinned the councils values and behaviours. The last cohorts completed in March 2016 and the programme was attended by over 900 managers. The key messages of the programme have been integrated into other training e.g. Induction, Being a Manager and People and Performance Management to ensure consistency and continuity.

- 22 The council's Performance and Development Planning scheme provides a structured opportunity for a reflective assessment and feedback of progress, success and challenges over the previous six months. Future areas for development and learning are also important topics which are addressed.
- 23 The council undertook a staff survey in November 2015, the results of which results show 'our values' are well embedded across the organisation and have created a shift in people's behaviours.
- 24 The second phase of the council's culture change programme will look at how we improve the measurement and management of people's performance in delivering the aspirations and ambitions of the council. HR and Workforce Development are developing a competency framework in consultation with staff, partners and members, to describe both 'what we do' and 'how we do it'. Once developed, managers will be supported by e-learning, short courses, toolkits and HR to effectively apply the principles in your day to day people management activities.
- 25 The council has an on line induction available for all for all new staff and those who have changed roles recently. The induction programme is a series of short learning modules, which include themes such as; an overview of the organisational structure and services, information on key council and HR policies.

Budget holders also have access to training and support.

In addition in 2015/16 the council introduced mandatory e-learning courses for staff on key corporate governance issues such as Information Governance; and Fraud Awareness.

- 26 A corporate programme of learning and development is available to officers which is commissioned and in part delivered by the Learning and Development Team. The Learning and Development Team also supports mandatory skills training for front line staff, where applicable. Training and support for officers to enable increased collaboration with the community, other public services, the community and voluntary sector was undertaken in 2015/16 through continued delivery of the 'working with communities' course.

Roles, Responsibilities and Behaviour

- 27 To ensure effective leadership throughout the council, Members and officers work together to deliver common objectives with clearly defined functions and roles through the following:
 - the council's Constitution includes details of the roles and responsibilities of all its committees, the full Council and Chief Officers and the rules under which they operate including protocols

- the council's political structure, including roles and responsibilities, are detailed on the council's website. The council's constitution and associated guidance are reviewed regularly to ensure they remain up-to-date, relevant and effective. During 2015/16 the Scheme of Delegations to Officers has been updated to reflect the Senior Management Team re-organisation; guidance has been issued for Members under the Code of Conduct in relation to the use of Social Media and responding to correspondence; the Scheme of Delegation to Committees has been updated to reflect the establishment of the Neighbourhoods, Communities and Equalities Committee and the Council's Contracts Standing Orders have been updated to incorporate the introduction of the Procurement Contract Regulations 2015
 - the council's Head of Law is the designated Monitoring Officer with responsibilities for ensuring the lawfulness of decisions taken by the council, its committees and officers, providing support and advice on the maintenance of ethical standards and advising the council's Audit & Standards Committee.
- 28 The officer's Executive Leadership Team (ELT) includes, among its members, the Chief Executive, the Executive Director Finance & Resources (section 151 Officer) and the Monitoring Officer (who all have special responsibilities regarding governance). This ensures leadership of, and support to, good corporate governance at the highest level of the organisation. Other members of ELT include the Executive Directors for Children; Adults; Public Health; Environment, Development & Housing as well as the Assistant Chief Executive. They all bring additional perspectives that support legislative compliance and good governance generally.
- 29 The council has adopted a number of codes and protocols that govern the standards of behaviour expected of Members and officers. These are communicated as part of the e-induction process, ongoing awareness training and made available via the council's intranet. These include codes of conduct covering conflicts of interest and gifts and hospitality.
- 30 The Audit & Standards Committee remit includes promoting and maintaining high standards of conduct and ethical governance. During 2015/16 the council revised and updated the:
- i. Whistleblowing Policy
 - ii. Information Governance Strategy
 - iii. Social Media Protocol for Members & Social Networking Policy for Employees
 - iv. Guidance on Member correspondence.

Communication and Consultation

- 31 Brighton & Hove Connected is the title of the Community Engagement Framework for the City, introduced by the Brighton & Hove Strategic Partnership. It aims to improve the ways in which citizens and communities can influence and shape services through improved communication.

- 32 Clear channels of communication have been established with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. In 2015/16 these included the council tax leaflet containing budget details, the council's website and social media. The council continued with its budget to develop more open and transparent budget consultation during 2015/16 encouraging feedback on-line and through social media (such as Twitter™ via #BHBudget) as well as providing information on the council's web site including an updated budget animation.
- 33 There are a wide range of access channels and opportunities for all parts of the community and key stakeholders to engage in dialogue. This includes tenants' and residents' forums, Local Action Teams, neighbourhood forums, and consultation events and surveys. The council's Corporate Plan and the Annual Statement of Accounts are made available via the council's website and distributed to certain key points across the City.
- 34 As part of its openness and transparency of decision making, advance notices, agendas, minutes and web-casts are available for council meetings. The council is also committed to meeting its obligations to give rights of public access to information held, through the Freedom of Information Act 2000 and the wider transparency agenda. All key decision-making meetings of the Council and committee are webcast. The council has also implemented the open government licence scheme.
- 35 The council has a Corporate Complaints Procedure which is in line with the Local Government Ombudsman guidance and follows the Statutory Complaints Procedures for Children's Social Care and Adults Social Care. We have an agreed process whereby the Chief Executive, Directors and Heads of Service are regularly updated on the issues of complaint for their areas and are able to drive and monitor improvements in response to customer feedback. The insight gained from customer feedback, which includes comments, and compliments is of great value to us. It enables the Chief Executive, Directors and Heads of Service to make decisions that shape and improve the way services are delivered and made more easily accessible.

Control Framework, Risk Management and Audit & Standards Committee

- 36 The council's high-level policies and procedures are updated and regularly communicated to officers and Members. The principal documents include the council's Financial Regulations and Contract Standing Orders alongside other corporate policies on key governance topics including Business Planning, Counter Fraud, Information Security, Equalities & Diversity, Health & Safety and Whistleblowing. In 2015/16 other policies and procedures to meet issues arising included:
- issue of Multi-Agency Integrated Working guidance
 - new or revised policies on Member and staff usage of social media as well as on correspondence
 - information Governance Strategy
 - improved processes to facilitate and monitor annual declarations of interests using the council's HR system (PIER) by all Senior Officers and contract officers. This supplements the annual related party transaction

declarations undertaken as part of the accounts and the combination of these assists in minimising incidents of non-disclosure.

37 The council's Risk Management Strategy 2014-2017 sets out an annual programme of risk management activity for each of the three years which is reported to the Audit & Standards Committee. It is supported by the Risk Management Lead who has a role to monitor consistency and make cross-level links, including comparison with industry standards and other organisation's issues. Risk management is embedded throughout the council and is regularly reviewed:

- Strategic Risks are considered at least twice a year by the Executive Leadership Team and each meeting of the Audit & Standards Committee includes generally at least two risk management reports, one of which is a Strategic Risk Focus report to enable Members to question Strategic Risk Owners on how effectively Strategic Risks which have potential to affect achievement of the council's priorities are managed
- Directorate Level Risks were reviewed by each Directorate Management Team five times a year
- Project and Programme Risks are managed by those responsible for delivering projects/programmes and support or facilitated risk work is commissioned from the Risk Management Lead. Training is delivered and quality of corporate programmes is monitored by the Advisory Support Group which includes the Risk Management Lead. Corporate modernisation project/programme risks are reported to the Corporate Modernisation Delivery Board meetings which take place every 4 to 6 weeks.

38 The council's internal audit arrangements are reviewed annually and considered to be effective for 2015/16 conforming to the governance requirements of the Public Sector Internal Audit Standards. The Head of Internal Audit works closely with key members of the Executive Leadership Team and Corporate Management Teams to give assurance and improve the council's financial control framework, give advice and promote good governance throughout the council.

The Corporate Fraud Team focuses on non-benefit related frauds. Following investigations by the Corporate Fraud Team, the council has:

- Successfully prosecuted 2 individuals for subletting their council properties
- Recovered 26 council dwellings
- Prevented 1 mutual exchange taking place
- Saved £80,000 in planned adaptation costs as it was found that an individual had misrepresented their circumstances
- Effected the removal of eight employees either through resignation or dismissal
- Cancelled 7 residents parking permits because the permit holders did not reside at the relevant address

- Identified an overpayment in a rent allowance of £1,448
- Removed council tax discounts of £11,729
- Cancelled 23 Blue Badges during 2015/16 as a result of reviewing the National Fraud Initiative data
- Continued to review the National Fraud Initiative 2014 data matches on Housing Benefit and other internal data sets with overpayments identified currently standing at £131,000
- Seen an increase in fraud referrals through the Whistleblowing Policy
- Allocated resources to look at the possibility of carrying out more in-house data matching. This project is on-going.

The Corporate Fraud Manager also designed and successfully implemented a fraud e-learning training package within the council which received positive feedback.

- 39 The council's Whistleblowing Policy was reviewed and refreshed at the end of March 2015. A further update, to reflect input from the Audit & Standards Committee, was reported to that Committee in June 2015 and submitted for approval to the Policy & Resources Committee. It aims to encourage officers, contractors and agency workers to report any instances of unlawful conduct, health and safety risks, damage to the environment, possible fraud and irregularities and unauthorised use of council funds. The Whistleblowing Policy is available on the council's intranet and website, and provides the mechanisms to raise concerns and receive appropriate feedback without the fear of victimisation.
- 40 Human Resources & Organisational Development (HROD) produced an Annual Report for 2015/16 to demonstrate HROD's contribution to the organisation including good payroll and administration; well defined policies; administration and training; and an effective safety management system and improving standards for the management of health and safety across all services. HROD services are a key enabler in delivering a modern council in support of delivery of the Corporate Plan.
- 41 The Audit & Standards Committee is independent of the council's scrutiny functions and embedded as a key part of the council's overall governance framework. Its terms of reference are aligned to CIPFA's best practice guidance for Audit Committees. The membership is politically proportionate and the Chair is an opposition Member. The Committee also has two Independent Persons with extensive experience and who, under the council's complaints process, chair all Member complaints panels. Other work requested by the Audit & Standards Committee in 2015/16 which contributed to improved governance are:
- internal Audit work with ELT and other senior managers to ensure that all managers understand the importance of implementing audit recommendations, or if it not practicable to do so, ensure that action is taken to address the underlying risk
 - reviewing and updating the Council's webpages on Member complaints to better signpost the public appropriately.

Compliance with Established Policies, Procedures, Laws and Regulations

- 42 All officers of the council have a responsibility to ensure compliance with established policies, procedures, laws and regulations. Training and awareness sessions are provided as necessary and appropriate induction sessions are carried out. For example, in the important area of Financial Management there is a mandatory e-learning course and follow-up workshop which all Budget Holders must attend.
- 43 Compliance assessments are carried out by management, auditors and through the work of statutory inspectors, including the Care Quality Commission and Ofsted.
- 44 The Head of Law (the Monitoring Officer) has overall responsibility for ensuring the council acts lawfully and without maladministration. This includes reporting on any proposal, decision or omission by the council likely to contravene any enactment or rule of law or any maladministration. No such reports were necessary during 2015/16.

Economic, Effective and Efficient Use of Resources

- 45 As part of the council's modernisation portfolio, it has projects/programmes to deliver modernised services that can achieve substantial efficiency savings and improve value for money by effective demand management.

Modernisation projects/programmes enable delivery of outcomes against the following themes. Most of the projects/programmes enable achievement of multiple themes.

Deliver Differently	Increase Income & Improve Efficiency	Manage Demand	Engagement, Co-production & Delivery with Communities	Improve Customer Contact	Reform Public Service
Robustly assess and evaluate the most appropriate and cost effective way of delivering our services, working with all our partners to achieve this	Streamline the way we work and bring a commercial approach to council business	Focus on interventions targeted at reducing demand on high cost services by preventing problems arising or dealing with them early on	Involve communities in decision making, and service design, create opportunities for communities to help each other	Review all of our customer access channels, to enable us to move as many services as possible online, whilst also ensuring we maintain face to face support for those who need it	Increasing choice, opening up services to a wider range of providers, devolving decision making to the lowest appropriate level, and improving transparency and accountability of public services (TBC)

Corporate Modernisation Programmes and Projects
Directorate Modernisation Programmes and Projects



Enabling Programmes	
People: Enabling the council to define and deliver workforce requirements for the future & enabling culture change that is needed	<ul style="list-style-type: none"> • People Plan & Culture Change
Process: Enabling services to redesign processes and operational business models that will change as a result of the programme	<ul style="list-style-type: none"> • Business Process Improvement • Service Redesign Toolkit • Integrated Service & Financial planning
Technology & Information: Driving a strategic approach to the use of systems, data and information to support the changes	<ul style="list-style-type: none"> • ICT Infrastructure • Information Management (included in Customer First in a Digital Age)

Other objectives include redesigning service delivery to maintain or improve user satisfaction, support the council's priorities, and also reduce the cost of provision where possible. Other cross-cutting objectives including reducing contract costs, increasing income, and growing the domestic and non-domestic taxbases given the significant financial challenges as a result of reductions in central government funding over the next 5 years. The financial assumptions within which the council will operate are set out in the Medium Term Financial Strategy 2015 – 2019 which accompanies the Corporate Plan.

- 46 The council has an Information Management Board to oversee ICT Governance and includes the Monitoring Officer as 'Senior Information Responsible Officer' (SIRO) and two Caldicott Guardians responsible for protecting the confidentiality of service user information.

Financial Management and Reporting

- 47 The council's financial arrangements fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). As Chief Financial Officer (CFO), the Executive Director of Finance & Resources is a key member of the Executive Leadership Team and Corporate Management Team and is responsible for the proper administration of the council's financial arrangements and leads a suitably qualified and experienced Finance Function.
- 48 The Executive Director of Finance & Resources (as Section 151 Officer) has overall statutory responsibility for the proper administration of the council's financial affairs, including preparation of the Statement of Accounts and making arrangements for appropriate systems of financial control. No reports were made during 2015/16 on any case of unlawful expenditure, loss or deficiency.

- 49 Member support (P&R Committee, July 2015) was given to a new 4-year service & financial planning approach which required services to fundamentally consider which services could Stop, which should be Retained and redesigned, or which could be commercialised or provided under an alternative delivery model. This ensured closer alignment between the Corporate Plan and Medium Term Financial Strategy (MTFS) and service and financial planning. The council's MTFS sets the resource projections for the forthcoming five years, the financial challenges and opportunities that it faces and the approach planned to meet the priorities set out in the Corporate Plan. During 2015/16 the MTFS was updated and now includes a longer term resource projection up to 2019/20. New financial controls were introduced in September 2015 to help mitigate a substantial in-year forecast overspend relating to demand-led budgets such as social care and homelessness.
- 50 The council published a detailed budget book for 2015/16 to enable a greater understanding of where the council spends its money. It publishes all payments to suppliers over £250 from April 2013.

Partnership Working and Governance Arrangements

- 51 The governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report *Governing Partnerships: Bridging the Accountability Gap (2005)* are defined in the council's Financial Regulations.
- 52 The council has a leading role in Brighton & Hove Connected the local strategic partnership for the City. During 2015/16 Brighton & Hove Connected continued to implement the sustainable community strategy entitled 'Brighton & Hove – The Connected City'.
- 53 Brighton & Hove Connected and the City Management Board have created a range of specialist partnerships that take responsibility for the creation, implementation and monitoring of key city strategies. These include Employment and Skills; Economy; Housing; and Transport.
- 54 The City Management Board (CMB) is chaired by the council's Chief Executive and is the delivery arm of Brighton & Hove Connected. The board is made up of the key public service decision makers in the city in order to focus on delivery improvements city-wide including performance and risk management. Each board member is accountable to their parent body and to Brighton & Hove Connected.

The member organisations of CMB are:

- a) Brighton & Hove City Council
- b) Brighton & Sussex University Hospitals
- c) City College Brighton & Hove
- d) Brighton and Hove Clinical Commissioning Group
- e) East Sussex Fire & Rescue Service
- f) Jobcentre Plus

- g) Office of the Sussex Police & Crime Commissioner
- h) Sussex Police
- i) University of Brighton
- j) University of Sussex
- k) Kent, Surrey & Sussex Community Rehabilitation Company.

55 In 2013/14 the council, in close collaboration with the Clinical Commissioning Group (CCG) undertook a fundamental review of the Health & Wellbeing Board leading to an enhanced role for the Board that will enable it to provide system leadership across health and local authority social services. Following the local elections in May 2015 the Board has been chaired by Councillor Daniel Yates. The Board has equal voting representation between the council and the CCG. The Board also has a number of organisations attending including NHS England, Healthwatch and the Chair of both children and adults safeguarding boards. The Health and Wellbeing Board has also several joint meetings with Children's, Families and Skills committees when appropriate.

Review of Effectiveness

- 56 The council has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the systems of internal control. The review of effectiveness is informed by the work of executive managers within the council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Internal Audit and Opinion Report and also by comments made by the external auditors, other review agencies and inspectorates.
- 57 Through evaluation and analysis during the 2015/16 review, the council has good assurance that its governance arrangements are fit for purpose and reflect the principles of its Code of Corporate Governance.
- 58 An Officers' Governance Board oversees the review of the effectiveness of governance arrangements throughout the year. It is a group of council officers meeting at least 4 times a year. It was chaired by the interim Executive Director, Finance & Resources and includes representation from the Head of Legal Services; the Head of Internal Audit and the Risk Management Lead. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework 2015/16 included the following:
- evaluation of the robustness of governance arrangements against the six principles of good governance in the CIPFA/SOLACE Delivering Good Governance Framework
 - the annual opinion of the Head of Internal Audit states that '**reasonable assurance** can be provided on the overall effectiveness of the council's control environment for the year ended 31 March 2016, but only **limited assurance** on the effectiveness of the council's contract management practices and the security over some of the council's information and records'
 - review of the council's counter fraud strategy and framework

- The provision of an effective Internal Audit Service, including compliance with professional standards, risk based approach, individual internal audit reports providing levels of assurance and monitoring actions to audit recommendations made for improvement
- Risk management process outcomes including strategic risk management actions plans and directorate risk registers; and
- Comments made by external auditors and outcomes of external assessments carried out by regulatory bodies.

Governance Issues

59 The annual effectiveness review of governance arrangements referred to above has identified the following significant weaknesses:

- Contract monitoring:
 - the council has not put in place corporate arrangements for monitoring contracts
 - the council has been significantly overcharged for housing repairs carried out by a particular sub-contractor
 - internal audit reviews identified other examples of ineffective contract monitoring during the year.
- Security of the council's IT systems:
 - controls to prevent staff who no longer work at the council from having access to council buildings and systems were not working during the year
 - the council has not set out formal standards or protocols for managing IT applications to ensure that systems, technical specifications and disaster recovery needs are clearly documented
 - ICT business continuity plans that are either out of date or have not been tested.

60 As detailed in the Annual Governance Statement 2014/15 existing actions in progress and new actions have been monitored for progress by the Officers' Governance Board and reported to the Audit & Standards Committee during 2015/16. In considering the governance issues contained in the Annual Governance Statement for 2014/15 enhancements to the council's governance arrangements have been achieved during 2015/16 as follows:

1. To embed the refreshed approach to Fraud & Corruption awareness across the council including whistleblowing arrangements and declarations of interest
 - the fraud e-learning awareness programme completed by 868 members of staff;
 - alerting staff to new and emerging fraud threats, including email fraud which has led to the formation of a cyber intelligence hub;
 - working with colleagues in housing to prevent and identify housing tenancy fraud.

2. Further Information Governance focused work to maintain compliance with the Public Service Network (PSN) Code of Compliance and to meet the requirements of the Information Commissioners Office (ICO)
 - a suite of Information Governance Policies has been approved and a move towards alignment with ISO27001 is planned for the future
 - an Information Audit has been completed, including business impact assessments for the loss or compromise of Confidentiality, Integrity and Availability
 - open Government Licence implemented to support open government agenda and records management
 - Code of Connection compliance was achieved for 2015
 - an Information Governance training package has been rolled out across the entire organisation;

3. Improved compliance with Contract Standing Orders incorporated into the Value for Money Programme in relation to third party spend
 - training has been delivered to highlight the need for compliance with Contract Standing Orders However, technological solutions to monitor performance via an Integrated Procure-to-Pay System have been approved to support the Third Party Spend VFM programme in order to improve contract management and optimisation which will be implemented in 2016/17.

4. Review of Code of Corporate Governance - prioritised refresh of council policies and communication methods to take account of the pace of change
 - the Code of Corporate Governance was reviewed and approved by Audit & Standards Committee in June 2015
 - council policies, including ICT policies, and communication methods continue to reflect the organisation as it changes.

5. Focus on the adequacy of Business Continuity arrangements and work to embed understanding of its practice in council service delivery
 - corporate Business continuity group continues to meet quarterly
 - business continuity template format reviewed
 - e-learning developed
 - identified resources to facilitate review of risks and priority areas
 - new Business Continuity Policy approved by ELT in January 2016
 - scheduled quarterly reviews of business continuity arrangements at Directorate Management Teams from March 2016.

6. Establishing a Procurement Advisory Board
 - during 2015/16 a Member Procurement Advisory Board was established to advise the Policy & Resources Committee and other relevant Committees on procurement matters, facilitating lawful and commercially robust decisions by the Committee relating to the council's procurement of high value services, supplies or works
 - the Procurement Advisory Board focuses on procurements/contracts of over £1m but can consider any procurement through referral from a committee, executive directors or the Section 151 Officer.

7. Considering how to develop a procurement and contract management compliance function to work alongside the current advisory including support procurement service

- Two business cases developed and submitted 12 months ago have been re-submitted to the Executive Director for Finance and Resources as follows:
 - Contract Performance Management Business Case detailing the necessary manpower requirements to monitor the performance of high value / risk service area contracts
 - a business case relating to a Procure-to-Pay System. This system has now been approved through the Modernisation Board. There is an expected 6 month roll in period for this to start becoming effective.
- Ongoing work from the single Contract Performance Manager is improving some high risk / value contracts, improving overall management and achieving cost reduction. This is limited due to the complexity and small resource
- Regular communication to ELT and CMT is still ongoing along with improved guidance and information for Contract Managers through the Wave and the Procurement Newsletter.

61 We propose over the coming year to take actions to address the above matters to further enhance our governance arrangements including:

1. Reporting on progress being made to fully implement the recommendations from the Organisational Learning Review undertaken in early 2015 following the dismissal of the former head of housing
2. Development of a competency framework for the council
3. Developing a corporate risk assurance framework based on the 'three lines of defence model'
4. Seeking approval of and implementing an updated counter fraud strategy and framework and raise awareness of how staff, citizens and others can report concerns
5. Contract monitoring to be strengthened including ongoing (service specific) training to raise the awareness of Contract Standing Orders and effective contract management; the Procure-to-Pay System will be introduced which will catalogue services with contractual prices. This will improve Purchase Order accuracy and provide exception reporting where suppliers exceed contractual pricing
6. Continuing to give a high priority to understanding and addressing ICT risks, particularly the security of the council's information systems.

We are satisfied that these actions will address the need for improvements that were identified in our review and will monitor their implementation and operation during 2016/17.

Signed:

Signed:

**Geoff Raw
Chief Executive**

**Councillor Warren Morgan
Leader of the Council**

Dated: XX YYYY 2016

Dated: XX YYYY 2016

DRAFT

Subject:	Strategic Risk Register Review April 2016		
Date of Meeting:	21 June 2016		
Report of:	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 (SRR), recently updated by the Executive Leadership Team (ELT) on 20 April 2016.
- 1.2 The Strategic Risk Register Report May 2016 (Appendix 1) provides detail on the actions taken (existing controls) and future actions to manage each strategic risk.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee notes the Strategic Risk Register Report May 2016.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Strategic Risk Register details the risks which may affect achievement of the council's objectives, including in relation to its work with other organisations across the city. It is reviewed and agreed by ELT every six months (usually around 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 risk 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 e.g.L4xI4 which denotes a Likelihood score of 4 (Likely) x Impact score of 4 (Major). A colour coded system, similar to the traffic light system, is used to distinguish risks that require intervention.
- 3.3 There is an approved risk management process, part of the Risk Management Strategy, to manage all risks at the appropriate organisational level. This process enables risks to be 'escalated' for the consideration of ELT as part of their review of the Strategic Risk Register.

- 3.4 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.
- 3.5 Each strategic risk has a unique identifying number and is prefixed by 'SR' representing that it is a strategic risk. Each is recorded on the Integrated Risk Manager (IRM) software system, part of Interplan package. Appendix 1 gives details of existing controls and future actions to manage each strategic risk.

4. **SUMMARY OF MAIN CHANGES TO THE STRATEGIC RISK REGISTER (SRR) 2016/17**

4.1 There are now 15 strategic risks at Red or Amber level. Full details are provided in Appendix 1.

4.2 Four new risks were added by ELT:

SR25 Organisational Capacity as a Result of Change;
 SR26 Council's relationship with Citizens;
 SR27 Devolution;
 SR28 Governance & Assurance Framework.

4.3 No risks were removed by ELT.

4.4 Changes to the residual risk score was made for SR23 'Developing an investment strategy to refurbish and develop the city's major asset of the seafront' to reflect progress made as a result of significance investment received. For this risk the residual risk score changed from:

Likelihood score 4 (Likely) x Impact score 4 (Major) = RED; to
 Likelihood score 3 (Possible) x Impact score 3 (Moderate) = AMBER

There were no other changes to risk scores.

4.4 **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. The table provides details of direction of travel and in the final column, in addition of the Revised Risk Rating, the Risk Owner's assessment of the Effectiveness of Controls.

As risks are managed, the unique risks may be removed from the SRR and in that case a gap in sequential numbering may arise.

Risk No.	Risk Title	Revised Risk Score		Revised Risk Score (L x I) Direction of Travel	Revised Risk Rating	Effectiveness of Controls
		Likelihood (L)	Impact (I)			
SR2	Financial Outlook for the council	4 Likely	4 Major	16 ◀▶	RED	Adequate
SR18	Sustainable ICT and Digital Modernisation	4 Likely	4 Major	16 ◀▶	RED	Uncertain
SR13	Keeping vulnerable adults safe from harm and abuse	3 Possible	4 Major	12 ◀▶	AMBER	Adequate
SR15	Keeping children safe from harm and abuse	3 Possible	4 Major	12 ◀▶	AMBER	Adequate
SR10	Information Governance Management	3 Possible	4 Major	12 ◀▶	AMBER	Uncertain
SR17	School Places Planning	3 Possible	4 Major	12 ◀▶	AMBER	Adequate
SR20	Better Care Fund	3 Possible	4 Major	12 ◀▶	AMBER	Adequate
SR21	Housing Pressures	3 Possible	4 Major	12 ◀▶	AMBER	Adequate
SR22	Modernising the Council	3 Possible	4 Major	12 ◀▶	AMBER	Adequate
SR24	Welfare Reform	4 Likely	3 Moderate	12 ◀▶	AMBER	Uncertain
SR25	Organisational Capacity as a Result of Change	4 Likely	3 Moderate	12 NEW	AMBER	Uncertain
SR27	Devolution	4 Likely	3 Moderate	12 NEW	AMBER	Adequate

SR28	Governance & Assurance Framework	4 Likely	3 Moderate	12 NEW	AMBER	Adequate
SR26	Council's relationship with Citizens	3 Possible	3 Moderate	9 NEW	AMBER	Adequate
SR23	Developing an investment strategy to refurbish and develop the city's major asset of the seafront	3 Possible	3 Moderate	9 ▼	AMBER	Adequate

5. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 5.1 Consultation has taken place with the council's ELT; 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 and risk management approach.

6. FINANCIAL & OTHER IMPLICATIONS

Financial Implications:

- 6.1 The Strategic Risk Register reflects a number of risks which have potential significant implications for the authority either directly or indirectly. The Risk Owners are responsible for overseeing the effective management of the risks as detailed in Appendix 1 and for highlighting financial risks through the budget monitoring process and budget strategy development.

Finance Officer Consulted: James Hengeveld

Date: 19/05/16

Legal Implications:

- 6.2 This report comes before Audit & Standards Committee in order for the Committee to discharge its functions 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 and Growth Committee, one or more officers or another relevant body in the council.

Lawyer Consulted: Elizabeth Culbert

Date: 23/05/16

6.3 Equalities Implications:

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

6.4 Sustainability Implications:

The risk management process includes identification and management of sustainability issues. Sustainability will be incorporated as appropriate across all Strategic Risks by the officers responsible for taking actions.

6.5 Any Other Significant Implications:

None.

SUPPORTING DOCUMENTATION

Appendices:

1. Strategic Risk Register Report May 2016.

Documents in Members' Rooms

1. None.

Background Documents

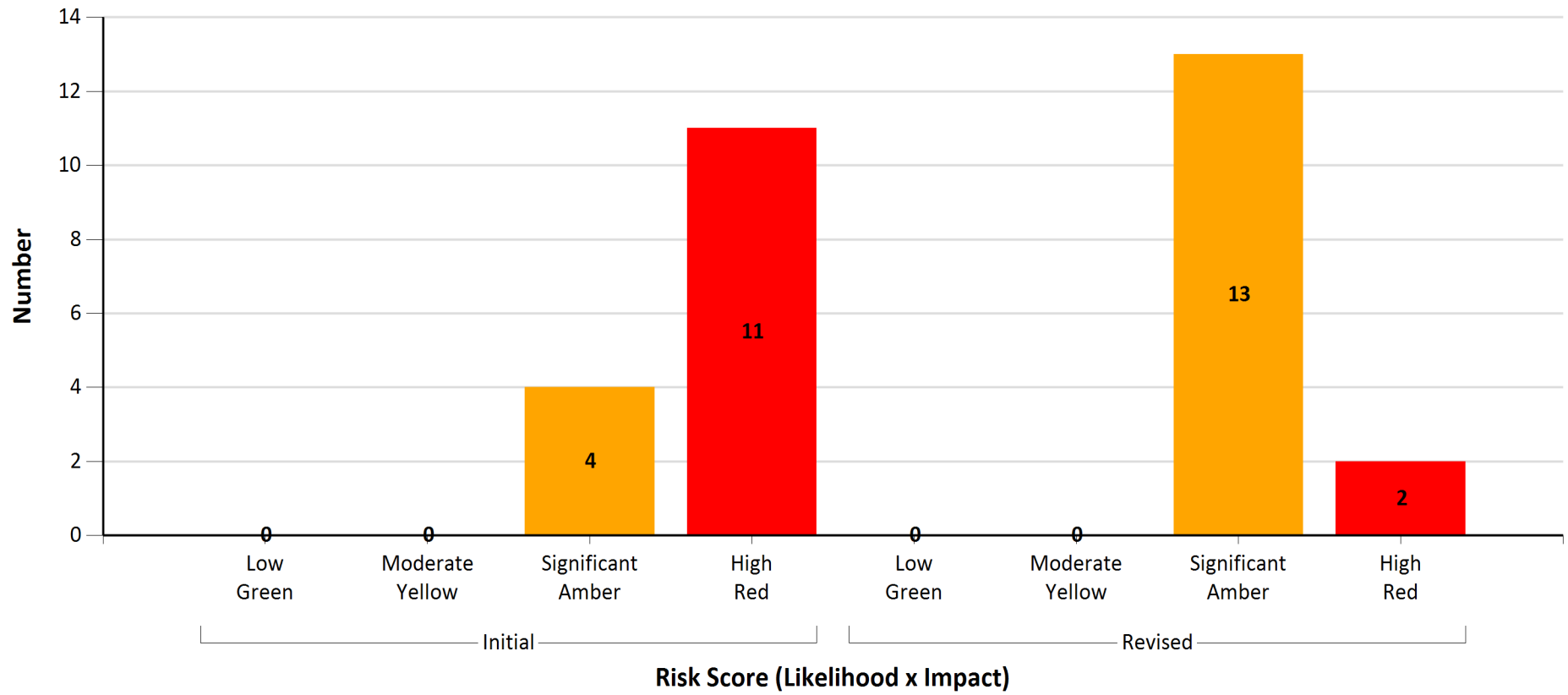
1. Risk Management Strategy 2014 – 2017.

Brighton & Hove City Council

Strategic Risk Register Report

31 May 2016

Risk Summary



150

Initial Rating

Revised Rating

LIKELIHOOD (L)	IMPACT (I)				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	0	0	0	3	0
Likely (4)	0	0	3	8	0
Possible (3)	0	0	1	0	0
Unlikely (2)	0	0	0	0	0
Almost Impossible (1)	0	0	0	0	0

LIKELIHOOD (L)	IMPACT (I)				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	0	0	0	0	0
Likely (4)	0	0	4	2	0
Possible (3)	0	0	3	6	0
Unlikely (2)	0	0	0	0	0
Almost Impossible (1)	0	0	0	0	0



1 - 3
Low
Monitor periodically

4 - 7
Moderate
Monitor if the risk levels increase

8 - 14
Significant
Review and ensure effective controls

15 - 25
High
Immediate action required & need to escalate to the management level above

Risk Details

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future	Eff. of Control
SR10	Information Governance Management	Strategic Risk Owners Head of Law Head of ICT Business Strategy Chief Technology Officer ICT	BHCC Strategic Risk, Legislative	20/04/16	Threat	Treat	 Red L4 x I4 29/04/15	 Amber L3 x I4 01/05/15		Revised: Uncertain

Causes

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 Consequence(s)

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.

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.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
SR 10 Risk Action: Align our internal controls with ISO27001 (the de facto standard for information security management)	Head of ICT Business Strategy	20	30/06/17	01/06/15	30/06/17
Comments: This is a long term piece of work. Information Security Manager devising approach, reporting to Chief Technology Officer.					
SR 10 Risk Action: Business continuity arrangements are being reviewed and updated, then to be considered by decision makers and communicated to services	Civil Contingencies Manager	25	31/03/17	01/04/14	31/03/17
Comments: Update April 2016 - All DMTs have held BCP review sessions, and this is scheduled in quarterly. The Corporate Business Group representatives have been advised of dates. Emergencies & Resilience Team co-ordinates service business continuity plans through Corporate Business Continuity Group representatives. Prioritisation of recovery of services and ICT requirements to be reported to ELT for approval in January 2016. Work to inform services and review business continuity plans will be undertaken on a quarterly basis via DMTs					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>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.</p> <p>Comments: All policies must be reviewed and updated (where there is a material change in legislation or guidance) by 31st March 2016. The work has started and will be completed in time to meet compliance requirements. Policies were reviewed and updates, where required, were agreed at Information Governance Board on 12th February 2016</p>	Head of ICT Business Strategy	100	31/03/16	01/04/14	31/03/16
<p>SR 10 Risk Action: Continue to deliver CoCo project programme of works as agreed by Information Management Board</p> <p>Comments: We have successfully passed 2015 CoCo. An action plan is being followed in preparation for the next submission in August 2016</p>	Chief Technology Officer	100	31/08/15	01/09/14	31/08/15
<p>SR 10 Risk Action: Implement an organisation wide information risk management process and maintain a prioritised information risk register.</p> <p>Comments: Work to embed the risk management process within ICT is on-going. However, owing to other demands on the team, the deployment of a fully comprehensive risk management process outside ICT has been delayed. The addition of a new security analyst to the team will free up resource to move it forwards.</p>	Head of ICT Business Strategy	60	30/06/16	01/09/15	30/06/16
<p>SR 10 Risk Action: Refreshed and updated the Information Governance training package and made it available to staff via elearning</p>	Head of ICT Business Strategy	100	30/09/14	01/05/14	30/09/14

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: E-learning module available to all staff with access to computers. Staff without access to computers have been provided with briefing delivered via team or other appropriate meetings.</p>					
<p>SR 10 Risk Action: Sharing of best practice across SE7 authorities particularly for remote access</p>	<p>Chief Technology Officer</p>	<p>100</p>	<p>31/03/16</p>	<p>01/05/13</p>	<p>31/03/16</p>
<p>Comments: Inter Authority Information Governance and Information Security Group has been initiated and will meet to share best practice on an ongoing basis. Remote access proof of concept is in development.</p>					
<p>SR10 New education and awareness programme approved at Information Governance Board on 15/12/15. Objectives - 1. Increase awareness, and understanding of IG across organisation 2. Information Asset Owners practical training to target good IG in their areas with a focus reducing data incidents</p>	<p>Head of ICT Business Strategy</p>	<p>25</p>	<p>31/12/16</p>	<p>15/12/15</p>	<p>31/12/16</p>
<p>Comments: The training and awareness programme to be implemented over the course of the year will include; Data Protection and Information security messages on laptops and hot desks, refreshed e-learning module, targeted training for Information Asset owners, DP and IS workshops and surgeries</p>					
<p>SR10 Risk Action: Review arrangements for dealing with Freedom of Information Requests</p>	<p>Chief Technology Officer</p>	<p>50</p>	<p>31/03/16</p>	<p>01/04/15</p>	<p>31/03/16</p>
<p>Comments: We are exploring the technology options for both managing and publishing FOIs. April 16 Update; new website specified and approved by IGB. For development in next quarter</p>					

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Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR13	Keeping vulnerable adults safe from harm and abuse	Executive Director, Adult Services Head of Professional Standards & Safeguarding	BHCC Strategic Risk,Legislative	20/04/16	Threat	Treat	 L4 x I4 10/06/14	 L3 x I4 10/06/14		Revised: Adequate

Causes

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

Due to a national legal judgement in early 2014 on Deprivation of Liberty Safeguards (DoLS) the council has seen a significant increase in requests for Best Interest Assessments (BIAs); numbers have increased significantly testing the council's capacity to deliver.

Potential Consequence(s)

*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

Existing Controls

- * Care Act implemented and procedures updated, guidance continues to come out in relation to the Care Act and Safeguarding
- * Awareness through messages and training;
- * Safeguarding Board workplan arising from review of Board. Independent Chair appointed
- * Learning from Safeguarding Adult Reviews, coroners concerns and case review from national work;
- * Good multi-agency work: multi agency safeguarding procedures promote joint working
- * Multi-agency audits of Safeguarding enquiries in place
- * Maintain the role and numbers of professional social workers through service redesign to ensure capacity;
- * Multi-agency training in place for better awareness, safeguarding enquiry 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 ongoing legal judgement and advice on DoLs ;
- * Working with Care Providers to ensure requests for Best Interest Assessments are appropriate and provides best and least restrictive practice;
- * Independent Chair of Safeguarding Board

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
SR 13 Risk Action: Continue to raise awareness through messages and training	Head of Professional Standards & Safeguarding	25	31/03/17	01/04/15	31/03/17
<p>Comments: Joint Participation and Engagement Group has been set up (April 16), linking the Safeguarding Adults and Children's Boards to engage with the community and promote awareness</p> <p>Regular and ongoing programme of Practice Development Groups within adults assessment service to ensure practice standards are met for safeguarding and mental capacity work.</p>					
SR13 Risk Action: Continue to learn from serious case reviews, coroners inquests and case reviews	Head of Professional Standards & Safeguarding	25	31/03/17	01/04/15	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Revised Pan Sussex Safeguarding Adults Review protocol in place April 2015, to replace Serious Case Review process following implementation of Care Act. Revised protocol reflects new duties regarding Safeguarding Adults Reviews. A Safeguarding Adults Review agreed to be undertaken following referral to the Safeguarding Adults Board. In process of being completed, for final report November 2016. Review of recent deaths of homeless people being undertaken, to report to the Safeguarding Adults Board June 16.</p>					
SR13 Risk Action: From multi-agency work with Police, review pilot to inform service delivery	Head of Service Adults Assessment	75	30/09/16	01/04/15	30/09/16
<p>Comments: March 16 update: New arrangement for safeguarding vulnerable adults is a key component of the redesign for assessment services. Consultation underway until April 16, phase 1 implementation Sept 16 As part of wider process re-design of Assessment Services as a result of the Care Act.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR15	Keeping children safe from harm and abuse	Executive Director Children's Services Service Development Officer Assistant Director - Children's Health, Safeguarding & Care	BHCC Strategic Risk, Legislative	20/04/16	Threat	Treat	 L4 x I4 04/06/14	 L3 x I4 10/06/14		Revised: Adequate

Causes

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 those on Child Protection Plans are significantly higher than in similar authorities. The number of children and young people who are sexually exploited is also of concern.

Potential Consequence(s)

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.

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;
- * Oct 15 saw the introduction of the new model of practice for social work teams, with Pods in place to provide stability to service users;
- * Performance management across children's social work is always improving and this enables a more informed view on current activity and planning for future service changes;
- * The Child Review Board meetings quarterly and is an opportunity for Lead Members to receive information, provide challenge and comments on children's social care issues with Heads of Service, Assistant Director and Director for Children's Services.

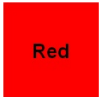
Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
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SR 15 Action: Address failures in ICT information storage and retrieval processes to ensure appropriate access to case files by social workers.	Assistant Director - Children's Health, Safeguarding & Care	50	30/06/16	01/04/15	30/06/16
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Comments: Children's Social Care Teams currently hold over 800,000 documents on the shared drive Client Files. Previous audit reports have identified the risk to this data and that no auditing of deletions is present. These documents were restructured at the end of 2015, moving from the previous team structures, to a single structure reflecting the POD structure. As a second phase of this work, ICT has developed a 'proof of concept' tool which offers Social Care a much simpler, safer way to access case files addressing the current lack of auditability. All documents held on the S drive relating to client files would be accessed via CareFirst with a customised application providing secure and auditable access. Further benefits will be achieved by structuring case files and adding additional metadata which will significantly ease Social Care's shift to a future ECM system as well as creating a cultural change in how the service manages records.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Support the Child Sexual Exploitation (CSE) Action Plan delivery	Assistant Director - Children's Health, Safeguarding & Care	75	30/06/16	01/04/15	30/06/16
<p>Comments: Progress to date: The Kite Team (supporting those at risk of CSE) has now been incorporated into our Adolescent Pod and launched on 26th October 2015. Monthly Monitoring meetings of those at high risk of CSE continue. Commissioning of Independent Return Home Interview service to work Pan Sussex, is now complete and should commence in April 2016. Discussions are taking place with the Police & Crime Commissioners Office and Downslink YMCA regarding CSE support and funding for 16/17. A pan Sussex approach from 17/18 has started to be explored involving East & West Sussex, Sussex Police via the Police & Crime Commissioner and possibly health partners so arrangements for 16/17 will be a holding position.</p>					
Work with partner agencies to safeguard young people at risk of radicalisation including Prevent.	Assistant Director - Children's Health, Safeguarding & Care	75	30/06/16	01/04/15	30/06/16
<p>Comments: We have robust plans in place around every child we have identified at risk of radicalisation / violent extremism which are reviewed every 6 weeks by a multi-agency group to ensure an effective, joined up response. There are good inter agency networks established and growing involvement with the community.</p> <p>Next steps: 1) Multi agency reviews to continue. Lead: Head of Service Safeguarding Deadline: Ongoing 2) Continue to monitor inter agency co-operation. Lead: Head of Service Safeguarding. Deadline: Ongoing.</p>					

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Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR17	School Places Planning	Executive Director Children's Services Service Development Officer Head of Education and Inclusion Head of School Organisation	BHCC Strategic Risk,Customer / Citizen	20/04/16	Threat	Treat	 L4 x I4 10/06/14	 L3 x I4 10/06/14		Revised: Adequate

Causes

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 Consequence(s)

- * 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.

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);
- * Following a public consultation two permanent additional forms of entry opened in 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.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Provide support to the University of Brighton to develop a free school proposal	Head of Education and Inclusion	75	03/09/18	01/04/15	03/09/18
<p>Comments: Discussions have progressed with the University of Brighton Academies Trust with regards to them becoming a new school sponsor. Following an all party endorsement of these discussions by Policy & Resources Committee on 9 March 2015 the Trust submitted a free school application to the DfE (Department for Education) at the end of May 2015 with support from council officers. The University of Brighton Academies Trusts heard in early February 2016 that the application has been approved for the next stage. Work continues to locate a suitable site for the new school. Brighton & Hove City Council continue to provide maximum support to the process.</p>					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
SR 17 Risk Action: Deliver the School Improvement Strategy to support the remaining 20% of schools to be good or outstanding	Head of Education and Inclusion	75	30/06/16	01/04/15	30/06/16
<p>Comments: We have reviewed the School Improvement Strategy which outlines how we provide support and challenge to schools. Schools that are good or outstanding are expected to engage in a range of activities together to maintain this. Where this is not the case (identified by the schools themselves or by our rigorous categorisation process) we support and challenge through additional School Partnership Adviser visits and links with other schools.</p> <p>The revised categorisation process for primary and secondary is being rolled out following a consultation held with primary and secondary headteachers. A final version has been produced and representatives from a range of teams will meet to discuss and propose the level of priority / support. A special school model is also under construction. As at the end of December 2015 83.3% of schools in Brighton and Hove were judged to be good or outstanding. In Brighton & Hove the percentage of pupils in good or outstanding schools is 88.1% in primary and 80.8% secondary schools. The percentage of pupils in good or outstanding schools median for 152 local authorities in England was 86% for primary and 79% for secondary schools as at the end of August 2015 from Ofsted.</p>					
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	Head of Education and Inclusion	80	30/06/16	01/04/15	30/06/16
<p>Comments: A greater proportion of primary school age children have been offered places at their first preference school for September 2015. The total number of pupils offered their first preference school up by 117 this year at 2509 or 87.8%, compared to 2392 or 82.5% in 2014-5. The proportion of pupils offered one of their three preferred schools is also up at 95.9% from 94.2% last year. Where the council has not been able to meet any of the three preferred schools, parents have been offered a place at the nearest school that has places available. We have continued to review the work of the admissions team and learn from feedback. A recent review commissioned by Children, Young People & Skills Committee has supported our pupil number forecasts methodology. The provision of an additional permanent form of entry at two primary schools meant there was no need for bulge classes in 2015.</p>					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
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 :	Head of Education and Inclusion	50	31/01/17	01/04/15	31/01/17
<p>Comments: A significant new factor in the review has been the proposed new school for Brighton. The steering group has continued to consider modelling of possible options taking this into account and has also considered whether children eligible for the Pupil Premium should be given specific priority in the admissions arrangements. The steering group has agreed a programme for this work and timeline for consultation which will now be taken forward in March 2016 onwards. The near final report on the research project commissioned from the University of Brighton has been received, and its conclusions will be taken into account in shaping the consultation proposals.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR18	Sustainable ICT & Digital Modernisation	Executive Director of Finance & Resources Chief Technology Officer	BHCC Strategic Risk, Technological	20/04/16	Threat	Treat	Red L5 x I4 24/10/14	Red L4 x I4 31/10/14		Revised: Uncertain

Causes

Service redesign and development of user centric, secure, resilient, flexible digital capabilities which meet safeguarding and other legislative duties relies on:

- 1) a sufficient number of ICT staff with appropriate skills and effective, efficient suppliers
- 2) an investment strategy for sustainable targeted improvements of ICT platforms and systems
- 3) services' and ICT capacity for joint work to co-design business change
- 4) appropriate access for those with safeguarding responsibilities, including in partnership, to ICT systems which enable the protection of the most vulnerable
- 5) improved information systems and services to enable delivery of council objectives as set out in the corporate plan

Potential Consequence(s)

- * Less confidence in digital technology to assist achievement of Corporate Plan objectives
- * Unable to redesign key services to achieve efficiencies and better outcomes for residents, communities, businesses and visitors
- * Communications offer, including with citizens and communities is less effective and engaging
- * Safeguarding issues if staff do not have appropriate access to the information and support needed to carry out their roles
- * Impact on council and city reputation as a digital city
- * Staff morale affected

Existing Controls

- * £6 million funding decision by Policy & Resources Committee and full Council for Customer First in a Digital Age Programme
- * ICT Infrastructure Programme is delivering core ICT infrastructure platforms to improve service flexibility, availability, business continuity and cybersecurity - this includes clear service levels, hybrid cloud platform, flexible connectivity options and robust cybersecurity.
- * Feedback and engagement from customers and partners is driving the development of services, including focus inside and outside of CFDA on mobile, digital and information sharing.
- * Alignment and prioritisation of project resources to modernisation requirements.
- * Established working relationships and governance (Informatics Oversight Committee) for cross social care and health system developments and resourcing, linked to Better Care and Digital Roadmap development.
- * Customer First in a Digital Age (CFDA) programme is now up and running and delivering new digital and data capabilities to support business strategies across the Council including digital channels, mobile capabilities and staff capabilities required to make us fit for the future,
- * Work with City and City region partners including Wired Sussex, Digital Catapult, Brighton University and Sussex University to establish cross sector relationships which support the ambitions of the City and channel opportunities to further establish Brighton & Hove as the Connected City. Includes joint development of research and investment bids in support of shared agendas and supporting devolution agenda.
- * Early work with Orbis partners to carry out joint procurement and align supply chain where possible. For example joint procurement of Microsoft Licensing Solutions Partner.
- * The close linking in of the partnership Digital Resilience project into the CFDA programme, Libraries, Services to Schools and Customer Service Centres work is ensuring that solutions to the risks of digital exclusion are well managed and sustainably implemented.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Develop Customer First in a Digital Age programme after P&R/Council approved £6m funds, incorporate current investments in Digital improving Customer Experience and Information Management Programme, target work to support the new corporate plan and ambitions identified by the board & strategic priorities engagement.	Chief Technology Officer	100	31/03/16	01/02/15	31/03/16
Comments: The Customer First in a Digital Age programme has now been established with £6m of funding approved by P&R/Council, required outcomes and benefits and governance in place. The early stage projects including MyAccount, Mobile and Digital Resilience are started.					
Ensure development of cross-sector digital partnerships across city and city region.	Chief Technology Officer	10	31/03/17	01/04/16	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Initial relationships have been established with Wired Sussex, Digital Catapult, Brighton University and Sussex University. This has included joint work on bidding for a cross research council and Innovate UK project. The bid was in the final list but was not successful.</p>					
<p>Initial work within CFDA on the approach to supplier engagement has been started.</p>					
<p>The Greater Brighton Digital working group has developed an initial draft of a Greater Brighton digital strategy, which has been submitted to the Greater Brighton Economic Board, alongside indicative plans for Digital Infrastructure and support for public service reform plans.</p>					
<p>Ensure outcomes of ICT Infrastructure Programme are sustainable, embedded and enabling of change within the organisation.</p>	<p>Chief Technology Officer</p>	<p>10</p>	<p>31/03/17</p>	<p>01/04/16</p>	<p>31/03/17</p>
<p>Comments: The ICT Infrastructure Programme is working to clear vision of sustainable, enabling services. It is also ensuring that clear SLAs and DR plans are delivered as services are migrated.</p>					
<p>Help develop network of business change capacity across the breadth of the organisation who can work together to redesign and embed change.</p>	<p>Chief Technology Officer</p>	<p>10</p>	<p>31/03/17</p>	<p>01/04/16</p>	<p>31/03/17</p>
<p>Comments: Working with CPMO and BPI a network of business change managers has been identified. Close work is underway to ensure that this group have necessary skills and capabilities to redesign and embed change.</p>					
<p>Information Management strand of CFDA developing and delivering core information practices including customer index, enterprise content management and robust data and record management practices.</p>	<p>Chief Technology Officer</p>	<p>10</p>	<p>31/03/17</p>	<p>01/04/16</p>	<p>31/03/17</p>

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Record management practices are now well embedded within the practice of the organisation, with increasing maturity in their application. Data management practices are still mixed with strong data management in relation to location (Gold Award from GeoPlace in 2016), while initial management of customer index data is still under development. Development and data matching in support of the customer index is progressing well. Enterprise Content Management approach has been agreed through discovery work and initial alpha targets being defined to test approach with users.</p>					
<p>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</p>	Chief Technology Officer	100	31/03/16	01/10/14	31/03/16
<p>Comments: The ICT Investment programme is now organised under two Programmes, Infrastructure and Information Management. These have now been placed under the oversight of the Corporate Modernisation Delivery Board to ensure continued alignment and delivery of the benefits.</p>					
<p>The ICT Service Redesign is realigning available capacity within budget constraints to most effectively support the organisations needs.</p>	Chief Technology Officer	50	31/07/16	01/04/16	31/07/16
<p>Comments: ICT Service redesign consultation with staff has taken place and is pending the final outcome and implementation. This redesign takes feedback from customers to inform the future shape of ICT service within the constraints of the service.</p>					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Work with Orbis, Greater Brighton and Supplier partners to ensure resilient capacity, a sustainable set of core platforms, services and practices are in place to support and enable modernisation, devolution and safeguarding. Includes taking the learning early from others and using collective economies of scale.</p>	Chief Technology Officer	10	31/03/17	01/04/16	31/03/17
<p>Comments: The engagement with Orbis partners is progressing well, BHCC is represented and well established within the Architectural Design Authority for Orbis, agreeing the core platforms and practices for the Orbis partnership. The Greater Brighton digital digital working group is up and running with an initial focus on digital infrastructure and public service reform.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR2	Financial Outlook for the Council	Executive Director of Finance & Resources Head of Integrated Financial Management & Planning Assistant Director, Finance Head of Performance & Improvement	BHCC Strategic Risk, Economic / Financial	20/04/16	Threat	Treat	 L 5 x I 4 04/06/14	 L 4 x I 4 10/06/14		Revised: Adequate

Causes

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.

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. 2016).

Potential Consequence(s)

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.

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;
- * Adoption of 4-year service & financial planning approach which sets out what services propose to Stop, Retain and redesign, or commercialise;
- * Consultation and engagement for budget proposals continues to include staff, partners, businesses and Community & Voluntary Sector;
- * Development of skills and knowledge and/or investment 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.
- * Financial controls introduced in September 2015 to help mitigate a substantial in-year forecast overspend in 2015/16.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
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.	Head of Performance & Improvement	75	31/03/17	01/04/15	31/03/17
<p>Comments: Corporate Modernisation governance arrangements in place. Internal audit provided 'reasonable assurance'. Some of the savings targets for 2016/17 are expected to be difficult to achieve (hence £3m risk provisions). Corporate Modernisation Delivery Board to continue to provide support and challenge to project/programme managers and Senior Responsible Owners.</p> <p>All budget figures reported link to TBM process. Modernisation arrangements fully integrated within 4 year Service & Finance Planning. Finance guidance has been drafted for project/programme managers to ensure consistency of figures being reported to accurately calculate 'return on investment'.</p>					



Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
SR 2 Risk Action: Continue to monitor impact of health sector reforms and local savings strategies	Assistant Director, Finance	25	31/03/17	01/04/15	31/03/17
<p>Comments: Attending monthly Finance & Performance Better Care Fund Board chaired by the CCG. S75 Agreement has been signed and is in place (April 2016). Pool Manager has reverted to the CCG Director of Finance from April 2016. Reporting on pool performance will be to F&P Board and the BCF Programme Board on a monthly basis. Recovery plans and corrective measures will be proposed where necessary. Other discussions with the CCG regarding funding have been undertaken by the DAS resulting in £1.3m additional Better Care Funding and additional S75 risk funding in 2015/16.</p>					
SR 2 Risk Action: Delivery of value for money programme financial and non-financial benefits as part of the Modernisation Programme	Assistant Director, Finance	25	31/03/17	01/04/15	31/03/17
<p>Comments: Regular monitoring of performance against target is submitted to CMDDB. Member Oversight Group meets quarterly to focus on each area of the Modernisation Programme including VFM programmes.. All VFM programmes have appropriate project and programme management resources in place. Detailed implementation plans are in place. Regular monitoring will be through monthly TBM reports to DMT's, ELT, Budget Review Group, and PR&G (5 times per year). The TBM position indicates continued underlying pressures across social care budgets which are impacting on achievement of VFM targets in 2016/17 and later years. Pressures on demand-led budgets have been recognised in setting the 2016/17 budget with over £11m of Service Pressure funding provided. A Financial Recovery Plan approach has been adopted for 2016/17 to ensure early consideration and planning to mitigate against in-year forecast risks, including savings/VFM risks.</p>					
SR 2 Risk Action: Devise and implement Corporate Plan & MTFs service and financial planning timetable and process.	Assistant Director, Finance	75	31/07/16	01/05/15	31/07/16

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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: 4-year Integrated Service & Financial Plans have now been developed and considered by Full Council including approval of the 2016/17 savings programme. An MTFS update will be undertaken in Summer 2016 to complement a Corporate Plan refresh. Early planning discussions have been held between Finance and the ED Finance & Resources (May 16) and these will continue through to development of a PR&G report to 14 July meeting which will set out a refreshed MTFS and a recommended financial planning approach for setting the 2017/18 budget. This will include a high level refresh of the 4-Year Integrated Service & Financial Plans.</p>					
<p>SR 2 Risk Action: Meet Targeted Budget Management (TBM) reporting timetable and identify risk mitigation and corrective action where necessary</p>	<p>Assistant Director, Finance</p>	<p>25</p>	<p>31/03/17</p>	<p>01/04/15</p>	<p>31/03/17</p>
<p>Comments: 2016/17 TBM Timetable produced and agreed. TBM Month 2 will be the first reporting period for 2016/17 to 9 June PR&G. ELT have considered an early draft and a discussion was held at CMT (11 May) to consider the approach to addressing forecast overspend risks. CMT agreed to the development of Financial Recovery Plans for ELT consideration on 8 June. As last year, TBM reports will continue to be reported to the cross-party Budget Review Group (BRG) to ensure additional member oversight of the financial position. TBM reporting will identify risk mitigation and corrective action for overspending areas. All savings programmes will also be monitored (including key VFM programmes) through TBM. A review of the financial accountability regime is being undertaken by the ED F&R to consider an escalation process for continued overspending or underachievement of savings.</p>					
<p>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.</p>	<p>Assistant Director, Finance</p>	<p>25</p>	<p>31/03/17</p>	<p>01/06/15</p>	<p>31/03/17</p>
<p>Comments: Joint Finance Leads/CMB sessions were held in 2015/16. City-wide pressures were considered and joint action and/or funding options explored and agreed where appropriate (mainly with health partners). MTFS plans were also shared across the group including budget and taxation proposals, and consultation and engagement information information was shared with CMB partners where appropriate (e.g. Council Tax Reduction Scheme proposals affecting Police and Fire). It is planned to continue joint meetings and information sharing in 2016/17.</p>					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
SR 2 Risk Action: Regular MTFS updates of the City Council's projected financial position for future years	Head of Integrated Financial Management & Planning	25	31/03/17	01/04/15	31/03/17
<p>Comments: MTFS 2015/16-2019/2020 updated and approved by P&R and Full Council in March 2015. 4-year. An updated MTFS was provided to 9 July P&R titled 'Corporate Plan & MTFS 2015 - 2019: Budget Planning and Resource Update 2016/17'. 4-year Service & Financial Plans were considered by P&R and Full Council for the 2016/17 budget process and approved a £20m savings programme for 2016/17 and around £58m savings over 4-years toward meeting the £68m gap over the period. The approved 2016/17 budget also included over £11m service pressure funding together with £20m investment funding (for Restructure & Redundancy, Modernisation, 4 year plans and CFDA) and £3m risk provisions to support and ensure delivery of the budget and savings targets. The budget and 4-year plan therefore identifies clear plans and opportunities for managing the financial situation over the next 4 years. Potential changes to Local Government Finance are being closely monitored including 100% Business Rate Retention, Attendance Allowance transfer, 2017 Business Rate revaluation, etc.</p>					
SR2 risk action: Incorporating progress on delivery of 2015/16 savings within the monthly TBM reports	Assistant Director, Finance	100	30/06/15	01/06/15	30/06/15
<p>Comments: Completed. New TBM format designed and presented to 9 July 15 P&R Committee. The new format tracks all 2015/16 approved savings and sets out whether they are 'achieved', 'anticipated' or 'at risk'. Each TBM report to ELT and P&R will include updated information.</p>					

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Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR20	Better Care Fund: Ability of health and social care to integrate services at a local level to deliver timely and appropriate interventions	Executive Director, Adult Services	BHCC Strategic Risk, Economic / Financial	20/04/16	Threat	Treat	 L4 x I4 10/06/14	 L3 x I4 10/06/14		Revised: Adequate

Causes

The ability of the health and social care system to progress with integrated teams and to commission appropriate services to support early intervention and ongoing care.

Potential Consequence(s)

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.

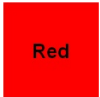

Existing Controls

- * 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.
- * Continued roll out of cluster working started in 3 of the 6 clusters.
- * Key stakeholders event taken place and strategic intentions and plans currently being updated- end of June 2016.
- * 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. Revised Better Care plan for 2016/17 submitted.
- * Better Care Board refocusing on commissioning and integrated provider board being set up. June 2015

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Robust Section 75 agreement to be revised annually each June.	Executive Director, Adult Services	50	30/06/16	23/03/16	30/06/16

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Current discussions to revise both section 75 agreements relate to 1) Better Care which is led by the CCG and likely to require minor update; and 2) with the Sussex Partnership Foundation Trust (SPFT) which, once agreed, may involve a slight change to risk share and budget.</p>					
<p>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</p>	<p>Executive Director, Adult Services</p>	<p>40</p>	<p>31/03/17</p>	<p>01/09/15</p>	<p>31/03/17</p>
<p>Comments: 2 clusters currently operating with multi-disciplinary team working. 3rd cluster to commence early spring 2016.</p>					

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Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR21	Housing Pressures	Head of City Regeneration Head of Planning Strategy Head of Housing	BHCC Strategic Risk, Citywide risk, Environmental / Sustainability	20/04/16	Threat	Treat	 L4 x I4 10/06/14	 L3 x I4 10/06/14		Revised: Adequate

Causes

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 Consequence(s)

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.

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

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
SR 21 Risk Action: Affordable housing City Plan policy to be adopted	Head of Planning Strategy	100	31/03/16	01/04/15	31/03/16
Comments: The Affordable Housing Policy is part of the City Plan which was Adopted by Full Council on 24th March 2016.					
SR 21 Risk Action: Continue to track numbers of Right to Buy Purchases; student houses; HMOs and homelessness in specific areas and across city	Head of Housing	25	31/03/17	01/04/15	31/03/17
Comments: RTB completions are monitored and reported to housing leadership team; Qtrly meetings with the strategic housing group including university reps and private landlords. Evidence for an Additional licencing scheme for HMOs currently being researched. Student housing strategy work underway.					
SR 21 Risk Action: Greater Brighton Economic Board, City Deal & regional working to find housing solutions.	Head of City Regeneration	30	31/03/17	01/04/15	31/03/17
Comments: Negotiations underway with neighbouring authorities with the view to bring a report to committee.					
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	Head of City Regeneration	30	31/03/16	01/04/15	31/03/16
Comments: work continues with neighbouring authorities					



Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
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	Head of Planning Strategy	10	29/07/16	01/04/15	29/07/16
Comments: City plan approved and work is underway					
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	Head of Housing	100	16/03/16	01/04/14	16/03/16
Comments: Delivery of Temporary accommodation for homeless families through the temporary accommodation procurement (DPS) for the Greater Brighton area has been in place wef March 2016					
SR21 Risk Action: Explore options with universities to improve student accommodation provision to meet forecast growth in student numbers.	Head of Housing	20	31/03/17	01/04/15	31/03/17
Comments: A independent research paper on student accommodation has been submitted to the council and work is now underway to develop a student housing strategy					
SR21 Risk Action: HRA stock improvement & estate regeneration initiative (New Homes for Neighbourhoods) to increase affordable housing supply	Head of Housing	30	31/03/17	01/04/15	31/03/17

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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: HRA asset management strategy has been approved by Housing and New homes committee and P&R committee March 2016 for 2016-2020. New homes delivered at Robert lodge. Further schemes on site at Findon Road, Wellsbourne,, Selsfield Drive and Lynchet Close Improvements being carried out to senior housing units to convert bedsits into 1 bed flats</p>					
<p>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</p>	<p>Head of Housing</p>	<p>30</p>	<p>31/03/17</p>	<p>01/04/15</p>	<p>31/03/17</p>
<p>Comments: funding approval agreed at Housing and New homes committee in March 2016 to evaluate and progress proposals for alternative models to deliver affordable homes including joint ventures</p>					
<p>SR21 Risk Action: Investigate options to procure more housing for affordable rented and shared ownership use</p>	<p>Head of Housing</p>	<p>30</p>	<p>31/03/17</p>	<p>01/04/14</p>	<p>31/03/17</p>
<p>Comments: funding approval agreed at Housing and New homes committee in March 2016 to evaluate and progress proposals for alternative models to deliver affordable homes including joint ventures</p>					
<p>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</p>	<p>Head of Housing</p>	<p>30</p>	<p>31/03/17</p>	<p>01/04/15</p>	<p>31/03/17</p>

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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Comments: Brooke Mead build on site. Work underway with Housing and Adult social services to identify suitable households for the scheme					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR22	Modernising the Council	Chief Executive Assistant Chief Executive Head of Performance & Improvement	BHCC Strategic Risk	20/04/16	Threat	Treat	 L4 x I4 03/11/14	 L3 x I3 03/11/14		Revised: Adequate

Causes

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. 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 Consequence(s)

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.
Modernisation drives the budget planning process and feeds into the Medium Term Finance Strategy. A number of cross-cutting programmes such as Income & Debt, Third Party Spend and Customer First in a Digital Age enable directorates to drive efficiency savings. If the modernisation project/programmes are not delivered successfully, it may impact on council's financial position.

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 Executive Leadership Team 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.

* Executive Leadership Team (ELT) and Directorate Management Teams (DMTs) are responsible for oversight of business as usual at the time when the organisation is going through significant change.

* Corporate Modernisation Network consisting of project/programme managers across the organisation work to map and manage project/programme dependencies and escalate any risks/issues to Corporate Modernisation Delivery Board.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
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	Chief Executive	25	31/03/20	01/07/15	31/03/20
<p>Comments: A Neighbourhood, Communities Modernisation Programme Board is currently chaired by Geoff Raw, Chief Executive pending arrival of Executive Director, Neighbourhoods, Communities & Housing. The Programme's board remit includes developing: neighbourhood hubs; programme of activity to work better with citizens & communities including local governance; more integrated services; and agreement of frameworks, e.g. Social Value Framework, and policies e.g. Volunteering Policy</p>					
Risk Action: Corporate Modernisation Delivery Board to continue to regularly review risks escalated by individual programmes and projects and initiate mitigating actions	Head of Performance & Improvement	75	31/03/20	01/04/14	31/03/20

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Corporate Modernisation governance arrangements in place. Internal audit provided 'reasonable assurance'. Some of the savings targets are proving difficult to achieve. Corporate Modernisation Delivery Board to continue to provide support and challenge to project/programme managers and Senior Responsible Owners. Highlight reports provided by project/programme managers include risk section and these are escalated to Corporate Modernisation Delivery Board as appropriate to request support and guidance from the Board.</p>					
<p>Risk Action: Performance Improvement & Programmes team to support, coordinate and challenge programmes and projects delivery.</p>	<p>Head of Performance & Improvement</p>	<p>75</p>	<p>31/03/17</p>	<p>01/10/14</p>	<p>31/03/17</p>
<p>Comments: Corporate Modernisation governance arrangements defined and being implemented by the Corporate Programme Management Office. This includes Advisory & Support Group consisting of key support services to ensure all implications of any change proposals are fully considered. Business partnering arrangements in place to provide change management support for lead officers across all directorates Project/programme/BPI training/toolkit/templates in place to ensure consistency across the organisation. Modernisation Network consisting of project/programme managers managing corporate projects/programmes set up to share best practice and identify/resolve barriers. SharePoint site set up to share key documents.</p>					
<p>Risk Action: The funding of the Modernisation portfolio 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.</p>	<p>Head of Performance & Improvement</p>	<p>75</p>	<p>31/03/20</p>	<p>01/04/14</p>	<p>31/03/20</p>
<p>Comments: Corporate Modernisation Delivery Board at every meeting reviews expenditure against funding available. Resource requirements identified in business cases are carefully considered. Modernisation funding for future years has been obtained as part of 4 year Integrated Service & Finance Planning.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR23	<p>Developing an investment strategy to refurbish and develop the city's major asset of the seafront</p> <p>(Joint Risk Owners: Paula Murray - Assistant Chief Executive and Nick Hibberd - Acting Director Environment Development and Housing)</p>	Assistant Chief Executive Head of City Regeneration	BHCC Strategic Risk	20/04/16	Threat	Treat	 L5 x I4 03/11/14	 L3 x I3 10/05/16		Revised: Adequate

Causes

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 Consequence(s)



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.

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
- * Seafront Investment Programme and Project Boards have been established and are actively considering seafront redevelopment opportunities including the Black Rock and King Alfred sites.
- * Preferred developer has been selected for the King Alfred Site to reprovide a Sports Leisure facility funded through housing development
- * DfT funding secured for the redevelopment of the West Street / A259 Junction and Shelter Hall. Initial infrastructure work commenced late 2015.
- * Coast Revival Funding secured to develop Madeira Drive Investment and Regeneration Plan
- * HLF Funding secured for improvements to Volks Railway
- * Seafront Arches and A259 infrastructure Phase 2 works due for completion June 2016
- * P&R approval to commence seafront landscaping around i360 and seafront arches
- * P&R approval to enter into a conditional development agreement with Standard Life Investments for the Brighton Waterfront Project
- * Installation of anti-climb fencing at Madeira Terraces November-December 2015 and continued work to minimise risk from potential structural failure

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Officers continue to respond to Seafront Scrutiny report recommendations.	Assistant Chief Executive	90	31/12/16	01/12/14	31/12/16
<p>Comments: Seafront Investment Programme governance arrangement agreed March 2015. Seafront Investment Plan under development. Report to Policy & Resources Committee Jan-Feb 2016. Funding secured for redevelopment of Shelter Hall. Planning application May 2016 Seafront projects included in Greater Brighton Economic Board project pipeline for future rounds of Local Growth Fund</p>					
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	Head of City Regeneration	45	31/12/16	03/08/15	31/12/16

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: The Council is exploring practical solutions to secure investment to rebuild and regenerate the Terraces and secure the long-term future of the seafront as a whole.</p> <p>Actions to date include:</p> <ul style="list-style-type: none"> • Planning permission secure for anti-climb fencing • £50,000 funding secured from CLG's Coastal Revival Fund for £50,000 to develop investment and regeneration options. Draft investment and regeneration plan anticipated September 2016. • The Greater Brighton Economic Board agreed at the meeting on the 13th of October 2015 to include Madeira Drive regeneration in the project pipeline for potential funding through Local Growth Fund Round 3. <p>Next steps:</p> <ul style="list-style-type: none"> • Continue to explore potential solutions to secure investment to rebuild and regenerate the Terraces • Continue to liaise with affected tenants and relocate to alternative accommodation where possible • Continue to liaise with tenants on the on-going operation of Madeira Drive 					
Work to implement the HLF funded plans for Volks can continue with the success of stage 2 funding bid.	Seafront Development Manager	20	31/07/16	01/11/15	31/07/16
<p>Comments: Project Manager and Activity Plan Managers now appointed. Design Team to be appointed by end of January.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR24	Welfare Reform	Executive Director of Finance & Resources Welfare Reform Programme Manager	BHCC Strategic Risk	20/04/16	Threat	Treat	 L4 x I4 27/03/15	 L4 x I3 04/06/15		Revised: Uncertain

Causes
 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 Consequence(s)
 Increased service pressures on housing and social services.
 Decreased rent and Council Tax collection

Existing Controls
 A welfare reform team is in place to monitor welfare changes and to coordinate a corporate response to them
 Ongoing meetings have been held with DWP about change to Universal Credit and go live date for Universal Credit for a limited cohort is 14th December 2015. Negotiations with DWP and third sector about business readiness and commissioning of support for customers who will claim Universal Credit are at an advanced stage.
 Information is provided to inform housing and children's services colleagues re changes to benefit cap policy and impact on funding of temporary accommodation. Analysis of impact of the changes to the benefit cap in 2016 has been done and a joint strategy to minimise the impact of these changes is being planned across services.
 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. Consultation has been undertaken and reports authored for committee and council.
 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.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Analysis of Party political policies to be presented to F&R DMT pre election	Welfare Reform Programme Manager	100	30/04/15	16/03/15	30/04/15
Comments: completed, on feedback from F&R DMT paper re-worked post election and circulated to CMT					
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.	Welfare Reform Programme Manager	50	31/12/16	01/06/15	31/12/16

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Precise measures now known, £20k Implementation date only vague Autumn 2016 Probable caseload identified Action plan in development with Housing colleagues Discretionary Housing Payment (DHP) position not clear but some increase in funding expected Workshop held 15th October with colleagues from Housing, Children's Services, ASC, CVS, Advice services to develop cross services approach to benefit cap. Initial meetings held with DWP to plan for practicalities of implementation Feb 2016: Waiting for Welfare Reform and Work bill to complete passage through Parliament. Work continues with Housing and Children's services to implement action plan</p> <p>March 2016: Exact timing of implementation of £20k cap still not known, meeting held with member of project team from DWP and still slotted for 'Autmn 2016'. As such this solution Risk Action title has been extended until December 2016 DWP allocation for 16/17 confirmed, £170k increase on 15/16. The full year impact of the new cap is estimated to be between £2m and £3m. Specific project meeting to address the cap now formed Specific HOS meeting with colleagues from Housing and Children's services in place Specific action plan to address the impacts now in first draft Risks for implementation and possible budget pressures being fed up through Welfare Reform Programme Board 10th March</p>					
Keep relevant staff and stakeholders up to date with information as it becomes available	Welfare Reform Programme Manager	75	05/12/16	01/06/15	05/12/16

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Programme governance in place (Senior level, operational level, City Wide Partners level) in place and meetings happening as planned. Members briefed as appropriate through various channels. Key updates have included details and key impacts of July 2015 budget measures and CTR issues.</p> <p>Information provided to relevant services (largely Housing and Children's services) about policy changes which are likely to have direct service impacts and create budget pressures.</p>					
Prepare for Universal Credit (UC)	Welfare Reform Programme Manager	50	01/03/17	04/05/15	01/03/17
<p>Comments: Further meetings with DWP re rollout of Universal Credit (UC) in place. Council will commission some support services for people on UC (funded by DWP). Housing have own action plan re direct payments of rent. Revenues and Benefits are required to undertake some business process changes. Rollout of UC planned for 14th December 15, project underway to enable required business changes in revs and bens; and, project underway to commission budgeting and digital support for people on UC (funded by DWP, commissioned by council). Rollout of UC complete. Systems in place within the Revenues and Benefits service and Housing services to manage functionality change. Contract in place to commission Moneyworks to provide digital and budgeting support to claimants of UC.</p> <p>Contract with Moneyworks to be managed through until Mar 2017, impact on customers' ability to pay rent to be monitored and responded to over this time.</p>					
Provide policy options and author reports to give members options on policy issues Eg Council Tax Reduction	Welfare Reform Programme Manager	100	31/03/16	01/04/15	31/03/16

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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Council Tax Reduction Report due to P&R and Council in December - on track Welfare Reform Report due to NCE committee November - on track May have to review DHP policy later in the year which will require committee report CTR report on schedule; NCE report completed CTR governance completed, decision made by full Council Dec 16 DHP policy reviewed, no requirement to take report back to committee as current policy allows Universal Credit to be encompassed.</p>					
<p>Report data to programme board on the effectiveness of the caseworking support in place to help the most significantly affected by the Welfare Reforms. Eg trend analysis, financial impact</p>	Welfare Reform Programme Manager	100	31/03/16	01/04/15	31/03/16
<p>Comments: Previous programme board (PB) cancelled, next PB due in December where progress will be reported December PB was also cancelled due to a number of staff having left BHCC, however a meeting was held with the corporate owner of SR24 and the SRO of the welfare reform programme to review the analysis of the caseworking so far. The work is on track and the approach is showing considerable benefits in comparison with national trends. Feedback received and a full business case based on this evidence for the continuation of the programme will be presented by the end of March.</p> <p>PB did not go ahead due to staff changes within the organisation but a meeting was held with the owner of SR24 and the SRO for welfare reform to review the progress made. Feedback received which has been incorporated into a business case for 17/18</p>					
<p>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.</p>	Welfare Reform Programme Manager	100	14/12/15	01/04/15	14/12/15

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Project to commission digital support for people claiming UC underway</p> <p>Project to commission digital support completed, digital support for people on Universal Credit will be provided by Moneyworks</p>					
<p>The programme maintains a detailed risk register which is reviewed quarterly.</p>	<p>Welfare Reform Programme Manager</p>	<p>50</p>	<p>31/03/17</p>	<p>01/04/15</p>	<p>31/03/17</p>
<p>Comments: Next meeting due September 2015; previous meeting due Sept cancelled, next meeting due December 2015 and will be reviewed there. PB in December also cancelled due to a number of staff having left bhcc. In its place a meeting was held with the corporate owner of SR24 and the SRO of the welfare reform programme to review the risk log.</p>					
<p>The welfare reform programme has been extended for a year, therefore this solution has been extended until 31st March 2017</p>					

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Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR25	Organisational Capacity as a Result of Change	Executive Director of Finance & Resources Head of HR & OD	BHCC Strategic Risk, Professional / Managerial	20/04/16	Threat	Treat	Amber L4 x I3 10/05/16	Amber L4 x I3 10/05/16		Revised: Uncertain

Causes
Resilience of organisation due to pace of change, reduction in staff, changing staff and loss of knowledge and history

Potential Consequence(s)
 * Capacity to undertake change work to design high quality services
 * Impact on fulfilment of statutory duties
 * Partnership working becomes more fragile as a result of personnel change
 * Staff resilience tested by increased workloads leading to potential stress and sickness
 * Difficulty of recruiting staff to key posts as a consequence of the rapidly increasing costs of living in the city

Existing Controls
 Compensation Working Panel assess impact of staff redundancy packages
 Business Planning process including Directorate Plans applies delivery of Corporate Plan to each service area
 ELT and City Management Board exchange details of working arrangements and changes to key personnel across organisations
 Some statutory Performance Indicators (PIs) are Key PIs and are reported regularly to ELT, quarterly or annually
 Other Management Information for example from the annual Staff Survey highlighting areas for focus
 HR working with others to develop a people strategy taking into account organisational needs

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Each DMT monitors staff absence and welfare and are supported by HR Business Partners to determine any necessary interventions	Head of Business Partnering	20	31/03/17	01/04/16	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: HR Business Partners have flagged the need for DMT and other managers to hold regular 1 to 1s with staff and return to work interviews for all absences Staff reminded to update the Pier HR system for all 1 to 1 engagements so that compliance can be tracked Policies and arrangements in place to address concerns of both management and staff, eg Occupational Health referral, whistleblowing, etc.</p>					
Finance monitor contributions from and financial standing of Key Partners to key council policies and programmes as part of routine service	Assistant Director, Finance	25	31/03/17	01/04/16	31/03/17
<p>Comments: TBM (Targeted Budget Management) reports to PR&G Committee on a regular basis including issues and risks relating to Key Partners</p>					
HR working with others to develop a people strategy taking into account organisational needs and informed by Corporate Plan refresh and Medium Term Financial Plan	Head of HR & OD	25	31/03/17	01/04/16	31/03/17
<p>Comments: Current work on People Strategy is ongoing and will be prepared for Policy & Resources and Growth (PR&G) Committee</p>					
Through the Corporate Modernisation Programme Affordable Housing Development Programme support affordable housing for households working in the city	Head of Housing	10	31/03/19	20/04/16	31/03/19
<p>Comments: Recommendations in Housing & New Homes / Policy & Resources Committee reports for March 2016 Committee cycle were approved.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR26	Council's relationship with citizens	Executive Director of Finance & Resources Acting Head of Communications	BHCC Strategic Risk, Customer/Citizen	20/04/16	Threat	Treat	Amber L3 x I3 10/05/16	Amber L3 x I3 10/05/16		Revised: Uncertain

Causes
Potential reduced service offers by the council or its Key Partners may lead to poor perceptions from citizens
Adverse media coverage may impact on stakeholders' perceptions of the council and wider city

Potential Consequence(s)
* Less support for the council from its citizens
* The council's leadership role may be compromised if other organisations are influenced by negative perceptions
* Less ability to instigate changes for the city and to council services
* Business Rate payers may increasingly hold the council to account for the value for money of services
* Reliance on Business Rates means that there is increased focus on meeting the needs of businesses
* Increased need to collaborate with other public agencies and third sector organisations to service citizens, including as 'service of last resort'

Existing Controls
Customer Feedback, including complaints and survey methods monitor council reputation, e.g. City Tracker, Media Monitoring
Fairness Commission working with other public sector agencies and third sector organisations
'Horizon scanning' by ELT and DMTs of legislative change affecting council service delivery, e.g. Academies White Paper
Increased joint commissioning with other public sector organisations to demonstrate value for money
Corporate Plan 2015-2019 emphasises working with Communities
Officer Steering Group representing 5 biggest customer service functions meets regularly to analyse impact on citizens and plan improvements
CCG and council work on the Health & Wellbeing Board, including co-location at Hove Town Hall
Organisational Restructure as agreed by P&R in May 2016 facilitates a new Executive Director, Health & Adult Social Care to work closely with CCG and Public Health England to ensure planning of delivery to our residents
Front line services work to manage down demand, as detailed in the Directorate Plans for Adult Services and Childrens Services

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Deliver Integrated Health Care Plan between CCG and council	Executive Director, Adult Services	10	20/01/17	01/04/16	20/01/17
<p>Comments: 1) Proposed appointment of a joint head of commissioning to deliver integrated health services 2) GP cluster continues to roll out across the city and culture change development is underway 3) Appointing an Integrated Service Director in June 2016 who will cover mental health, community, adult services and Brighton Integrated Care (GP organisation) to help with the integrated team development.</p>					
Develop customer service standards and reporting against these standards	Head of Performance & Improvement	50	31/12/16	20/04/16	31/12/16
<p>Comments: Work is in progress to refresh our Customer Promise. First draft agreed by Virtual Contact Centre steering group consisting of services representing top 20 transactions with the council. This draft has been shared with Institute of Customer Service. Next step is to seek views from customers on our promise, seek approval from ELT on the final draft and publish it on the website + communicate to customers via various channels. Our performance against these standards gets reported in the Customer Insight Report. Work is underway to finalise Customer Insight Report for 2015/16.</p>					
Finance work with partner authorities on developing lobbying arrangements to push central government to clarify and maximising future income streams and government grants	Executive Director of Finance & Resources	10	31/03/17	20/04/16	31/03/17
<p>Comments: Finance working with central government (including DCLG / LGA Business Rates Steering Group) to explore direction of travel BHCC working with SE7 partners to assess potential impact of different Business Rate Retention policy designs</p>					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Redesign citizen communications and feedback arrangements to enable ELT to make arrangements for service design and ensure relevance to the community	Acting Head of Communications	0	14/12/16	20/04/16	14/12/16
Comments: This is a new strategic risk and action has not yet started but will be developed.					
Volunteering Policy and delivery arrangements across council services and with CVS	Central Policy Development Manager	10	30/06/19	01/06/15	30/06/19
Comments: Volunteering Policy to be submitted for approval to the Neighbourhood, Communities and Equalities Committee in July 2016 after wide consultation. Development of delivery arrangements will continue.					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR27	Devolution	Head of City Regeneration Project Manager Greater Brighton Economic Board Business Manager	BHCC Strategic Risk, Political	20/04/16	Threat	Treat	Amber L4 x I3 10/05/16	Amber L4 x I3 10/05/16		Revised: Adequate

Causes
 Readiness of politicians and management teams to take up opportunity of Devolution could determine the city's profile in the Region.

Potential Consequence(s)

- * Council preparedness for devolution will be tested by increased regionalisation
- * Devolution settlements increasingly linked to new governance arrangements
- * Relationship with HM Government affected
- * Impact on council ability to drive economic growth and public service delivery

Existing Controls

Brighton & Hove City Council is part of Greater Brighton and the Greater Brighton Economic Board has been established
 The City Council submitted a bid for devolution deal with government with Greater Brighton Economic Board partners in September 2015
 Devolution Programme consisting of four streams submitted for approval to the Corporate Modernisation Board

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Develop appropriate communications programme	Head of City Regeneration	0	31/03/17	20/04/16	31/03/17
Comments: This is a new strategic risk and action has not yet started but will be developed at the appropriate time.					
Establish Devolution Programme governance arrangements	Head of City Regeneration	0	15/06/16	20/04/16	15/06/16

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Comments: This is a new strategic risk and action has not yet started but will be developed at the appropriate time.					
Review of Governance arrangements	Head of Law	0	31/03/17	20/04/16	31/03/17
Comments: This is a new strategic risk and action has not yet started but will be developed at the appropriate time.					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR28	Governance & Assurance Framework	Executive Director of Finance & Resources Head of Internal Audit Risk Manager Head of Performance & Improvement	BHCC Strategic Risk, Legislative	20/04/16	Threat	Treat	Amber L4 x I3 10/05/16	Amber L4 x I3 10/05/16		Revised: Adequate

Causes
Lack of corporate oversight and timely intervention where assurance issues will impact adversely on council activities

Potential Consequence(s)

- * Impact on council reputation as a vibrant, well managed organisation affects inwards investment of city
- * Losses and fraud arise
- * Impact on decision making and community leadership to address challenges
- * Less able to manage public sector change and work in new ways

Existing Controls

Council has an active Audit & Standards Committee meeting at least five times a year and reviews governance arrangements, including risk management and internal control

External Audit Letter published

Work underway to develop Corporate Risk Assurance Framework (CRAF) by December 2016

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Seek approval of Corporate Risk Assurance Framework (CRAF)	Head of Performance & Improvement	25	28/02/17	20/04/16	28/02/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Work in progress to draft CRAF. Initial template designed. Meetings arranged with working group of officers. Scheduled to be presented to Audit & Standards Committee in January 17. By February 17, will incorporate all the changes suggested by the committee and publish the document.</p>					

Subject:	Strategic Risk Focus: SR2 Financial Outlook; SR25 Organisational Capacity as a result of Change and SR26 Council's relationship with Citizens		
Date of Meeting:	21 June 2016		
Report of:	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 of 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 controls and future actions to address the risk.
- 1.2 The Committee has agreed to focus on at least two strategic risks 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 item will be presented by David Kuenssberg, Executive Director Finance & Resources, who is the Risk Owner for SR2 Financial Outlook, SR25 Organisational Capacity a result of Change and SR26 Council's relationship with Citizens.
- 1.4 As this item links to another item on the agenda for this meeting, the Strategic Risk Register Review April 2016, there is no separate appendix; instead reference should be made to papers relating to SR2, SR25 and SR26 on the previous item.

2. RECOMMENDATIONS:

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

3. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 3.1 For each Strategic Risk there is detail of the actions already in place ('Existing Controls') or work to be done as part of business or project plans ('Risk Actions') to address the 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 and the development of the Medium Term Financial Strategy.

Finance Officer Consulted: James Hengeveld

Date: 31/05/2016

Legal Implications:

- 3.2 Members of the Committee are entitled to any 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: 23/05/2016

SUPPORTING DOCUMENTATION

Appendices:

1. None.

Documents in Members' Rooms

1. None.

Background Documents

1. Strategic Risk Register Report May 2016 on previous item Strategic Risk Register Review April 2016.

Subject:	Ernst & Young – External Audit Papers – June 2016		
Date of Meeting:	21 June 2016		
Report of:	EY		
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 **Audit Fee Letter 2016/17** – This letter confirms the audit work and associated fee that we propose for the 2016/17 financial year. The fee was set by Public Sector Audit Appointments Ltd (PSAA) and has been agreed with the Director of Finance.
- 1.2 **Follow up of recommendations** – We will provide the Committee with a verbal update on the progress the Council has made against the external audit recommendations made in previous years.

2. RECOMMENDATIONS:

- 2.1 Note the Audit Fee for 2016/17 and the progress on recommendations made by the Council

Geoff Raw
Chief Executive
Brighton & Hove City Council
Kings House
Grand Avenue
Hove
BN3 2LS

4 April 2016

Ref: BHCC/1617 Fee Letter

Direct line: 07974 757910

Email: PKing1@uk.ey.com

Dear Geoff

Annual Audit and Certification Fees 2016/17

We are writing to confirm the audit and certification work that we propose to undertake for the 2016/17 financial year at Brighton & Hove City Council.

Indicative audit fee

For the 2016/17 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements;
- Value for money conclusion; and
- Whole of Government accounts.

For Brighton & Hove City Council our indicative fee is set at the scale fee level. This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- Officers meeting the agreed timetable of deliverables;
- The operating effectiveness of the internal controls for the key processes identified within our audit strategy;
- We can rely on the work of internal audit as planned;
- Our accounts opinion and value for money conclusion being unqualified;

- Appropriate quality of documentation is provided by the Council;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2015/16, our audit planning process for 2016/17 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Certification fee

The PSAA has set an indicative certification fee for housing benefit subsidy claim certification work for each audited benefits authority. The indicative fee is based on actual 2014/15 benefit certification fees, and incorporating a 25 per cent reduction.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2016/17 relates to work on the housing benefit subsidy claim for the year ended 31 March 2017. We have set the certification fee at the indicative fee level. We will update our risk assessment after we complete 2015/16 benefit certification work, and to reflect any further changes in the certification arrangements.

Summary of fees

	Indicative fee 2016/17 £	Planned fee 2015/16 £	Actual fee 2014/15 £
Total Code audit fee	158,550	158,550	215,878
Certification of housing benefit subsidy claim	13,898	15,957	18,530

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative audit fee will be billed in 4 quarterly instalments of £43,112.

Audit plan

Our plan is expected to be issued in March 2017. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Director of Finance and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit and Standards Committee.

Audit team

The key members of the audit team for the 2016/17 financial year are:

Paul King Executive Director	PKing1@uk.ey.com	Tel: 07974 757910
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Ian Young Senior Manager	IYoung@uk.ey.com	Tel: 07867 152505
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We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



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

cc. David Kuenssberg, Director of Finance
Councillor Ann Norman, Chair of the Audit and Standards Committee

Subject:	Counter fraud strategy and framework		
Date of Meeting:	21 June 2016		
Report of:	Executive Director, 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 The public is entitled to expect Brighton & Hove City Council to conduct its affairs with integrity, honesty and openness and demand the highest standards of conduct from those working for and with it. They also expect that the council will safeguard public funds and ensure that they are available and used for their intended purpose of providing services for the citizens of Brighton and Hove.
- 1.2 The council is committed to meeting these expectations by working with its members, officers, contractors, partners and the public to create a zero tolerance to fraud and to maintain high ethical standards in its administration of public funds.
- 1.3 The council's counter fraud strategy and framework (appendix 1) sets out the council's:
 - approach to countering fraud
 - policies and procedures that set out the responsibilities of members, officers, contractors, partners and the public and how to report concerns.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee approves the counter fraud policy and framework (appendix 1)
- 2.2 That the Audit & Standards Committee notes the arrangements put in place for members, officers and citizens to report fraud.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The council's counter fraud strategy and framework is set out in approach to fraud is based on three key strands:
 - acknowledging that fraud happens and understanding fraud risks
 - a commitment to preventing and detecting fraud

- a commitment to punishing fraud and recovering losses
- 3.2 The council's counter fraud framework comprises the internal control system, internal audit and a wide range of interrelated policies and procedures including codes of conduct, financial regulations, whistle blowing arrangements and staff disciplinary procedures. It also includes the specific policies and procedures that are targeted at countering fraud. These are as follows and are set out in the appendices to the strategy:
- anti-bribery policy
 - anti-money laundering policy and procedure
 - fraud response plan
 - sanctions policy
- 3.3 The council has put in place a safe environment to report suspected cases of fraud. This provides a range of channels for reporting fraud. These are set out in the fraud response plan.
- 3.4 Members of the public, including those working for contractors, can report fraud via the council's website www.brighton-hove.gov.uk.
- 3.5 Any individual (including council members, members of the public and officers) can contact the corporate fraud team direct:
- by email at anti-fraud@brighton-hove.gov.uk
 - by telephone on 01273 291847
 - or by post at Corporate Fraud Team, First Floor, Brighton Town Hall, Bartholomew Square, Brighton. BN1 1JA
 - Members of the council, officers, contractors and agents of the council who may be concerned about recriminations for reporting fraud may wish to refer to the council's whistle blowing policy.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The estimated cost of fraud to Local Government nationally is currently estimated to be £2.1bn per annum. The publication Fighting Fraud & Corruption Locally – The Local Government counter fraud & corruption strategy 2016-19 identifies known fraud risks that remain significant and emerging/increasing fraud risks. This emphasises the importance of embedding a counter-fraud culture at the heart of the organisation. A strong counter-fraud culture also plays a key role in giving the council's partners and the citizens of Brighton & Hove confidence in the council's arrangements.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The fraud framework has been developed in consultation with the Officer's Governance Board.

6. CONCLUSION

- 6.1 The council is facing significant financial challenges and the attached counter fraud strategy and framework strengthens the councils stance against fraud and corruption and how it is dealt with and sends out a clear message that it will not be tolerated.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 There are no direct financial implications arising from the report. The Counter Fraud Strategy and Framework supports the council to safeguard public funds.

Finance Officer Consulted: James Hengeveld *Date: 06/06/16*

Legal Implications:

- 7.2 The recommendations in the report are consistent with the requirements of the Local Government Counter Fraud and Corruption Strategy. The Council is obliged by the DCLG Transparency Code to report on their counter fraud work.

Lawyer Consulted: Elizabeth Culbert *Date: 23rd May 2016*

Equalities Implications:

- 7.3 None

Sustainability Implications:

- 7.4 None

Any Other Significant Implications:

- 7.5 None

SUPPORTING DOCUMENTATION

Appendices:

1. Counter fraud strategy and framework

Documents in Members' Rooms

1. None

Background Documents

1. None

Counter fraud strategy and framework

1. Introduction

1.1 The public is entitled to expect Brighton & Hove City Council (the council) to conduct its affairs with integrity, honesty and openness and demand the highest standards of conduct from those working for and with it. They also expect that the council will safeguard public funds and ensure that they are available and used for their intended purpose of providing services for the citizens of Brighton and Hove.

1.2 The council is committed to meeting these expectations by working with its members, officers, contractors, partners and the public to create a zero tolerance to fraud and to maintain high ethical standards in its administration of public funds.

1.3 This strategy and framework sets out the council's

- approach to countering fraud
- policies and procedures that set out the responsibilities of members, officers, contractors, partners and the public and how to report concerns.

2. Definition of fraud and the impact on the council

2.1 The Fraud Act 2006 defines fraud as obtaining money, property or services dishonestly by making a false or misleading representation, failing to disclose information or abusing a position of trust. For the purpose of this strategy it includes:

- internal fraud by members or employees, for example by abusing their position in the council for personal gain
- fraud committed on the council by contractors or members of the public. This includes offering bribes or falsifying information to receive payments for work not done or making untrue statements in order to obtain access to council services such as a council dwelling or a parking permit.

2.2 Fraud deprives the council of funds, diverts services and resources away from those that need it most and undermines confidence in the council.

3. The council's approach to fraud

3.1 The council's approach to fraud is based on three key strands.

<p>1 Acknowledge</p> <p>That fraud happens and understanding fraud risks</p>	<ul style="list-style-type: none"> ● The council acknowledges and understands fraud risks and takes appropriate actions to mitigate these through <ul style="list-style-type: none"> ○ continually reviewing and updating fraud risk assessment ○ maintaining a robust counter fraud framework ○ an annual counter fraud programme ○ raising awareness of fraud and how to report concerns
<p>2 Prevent</p> <p>Committed to preventing and detecting fraud happening</p>	<ul style="list-style-type: none"> ● Maintaining and continually improving arrangements to prevent fraud by: <ul style="list-style-type: none"> ○ developing a strong internal control environment including an effective counter fraud culture ○ providing a safe environment to report suspected cases of fraud and corruption ○ ensuring key policies and procedures are up to date, effective and complied with ○ using information and technology and sharing intelligence to prevent and detect fraud ○ learning from instances of fraud to building stronger fraud prevention measures and improve system processes.
<p>3 Pursue</p> <p>Being committed to punishing fraud and recovering losses</p>	<ul style="list-style-type: none"> ● Taking immediate action when fraud is detected including disciplinary, civil, regulatory and criminal action by: <ul style="list-style-type: none"> ○ maintaining capability to investigate and sanction fraud ○ collaborating with other organisations such as the Police, Government Departments and other local authorities ○ effective use of fraud recovery processes to recover as far as possible, any loss suffered as a result of fraud.

4. Corporate Fraud Framework

4.1 The council's counter fraud framework comprises the internal control system, internal audit and a wide range of interrelated policies and procedures including codes of conduct, financial regulations, whistle blowing arrangements and staff disciplinary procedures. It also includes policies and procedures that are specifically targeted at countering fraud. These are attached as appendices to this strategy.

Appendix	Document	What it covers
A	Anti-bribery policy	The council's policy on zero-tolerance of bribery and the arrangements in place for complying with the Bribery Act 2010.
B	Anti-money laundering policy and procedure	Responsibilities of members and officers in respect of money laundering. Includes the legal requirement to report suspicions promptly and avoiding "tipping off" those suspected of money laundering.
C	Fraud response plan	Procedures for ensuring that the council deals promptly and effectively with suspected fraud including: <ul style="list-style-type: none"> responsibilities of members and officers if they suspect or become aware of a fraud guidance for members and officers on how to report a fraud how the council will investigate and deal with allegations of fraud
D	Sanctions Policy	Policy and guidance on determining sanctions when a fraud has been committed.

5. Reporting suspected fraud (excluding housing benefit fraud)

5.1 The council has put in place a safe environment to report suspected cases of fraud. This provides a range of channels for reporting fraud. As noted above detailed guidance for members and officers is set out in the fraud response plan (appendix C). In addition to this

- **Members of the public**, including those working for contractors, can report fraud via the council's website www.brighton-hove.gov.uk

- **Any individual** (including council members, members of the public and officers) can contact the corporate fraud team direct:
 - by email at anti-fraud@brighton-hove.gov.uk
 - by telephone on 01273 291847
 - or by post at Corporate Fraud Team
First Floor,
Brighton Town Hall
Bartholomew Square
Brighton
BN1 1JA

- **Members of the council, officers, contractors and agents** of the council who may be concerned about recriminations for reporting fraud may wish to refer to the council's whistle blowing policy on www.brighton-hove.gov.uk

6. Reporting all benefit fraud (including Housing Benefit)

6.1 The Department for Work and Pensions is responsible for investigating all benefit fraud including housing benefit fraud. They can be contacted at www.gov.uk/report-benefit-fraud.

7. Review of the strategy and framework

7.1 This strategy will be reviewed and updated on at least an annual basis.

Appendix A

Anti-bribery policy

1. Introduction

1.1. The council has a zero tolerance approach to all forms of fraud and corruption, including bribery.

1.2. This policy forms part of the council's counter fraud strategy and framework and sets out:

- definitions and legal background to the Bribery Act 2010 (the Act)
- the council's approach to bribery, including the arrangements the council has put in place for "adequate procedures" under the Act

1.3. It should be read alongside the council's:

- Code of Conduct for Employees (gifts and hospitality)
- fraud response plan (appendix C of the counter fraud strategy and framework)

2. Definitions and Legal Background

2.1. An act of bribery is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage. The Bribery Act 2010 makes it *a criminal offence to give, promise or offer a bribe and to request, agree to receive or accept a bribe either at home or abroad.*

2.2. All 'relevant commercial organisations' are required to comply with the Act, which defines a 'relevant commercial organisation' as including any body incorporated in the UK that engages in commercial activities. It further states '...it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made.'

2.3. The Act directs that all organisations should demonstrate that they have adequate procedures in place to:

- prevent bribery; and,
- ensure that all employees, or anyone else doing business with the organisation, are aware of the procedures and adhere to its principles.

2.4. There are four key offences under the Act:

- to offer, promise or give a bribe (**Section 1**)
- to request, agree to receive, or accept a bribe (**Section 2**)
- bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business (**Section 6**)
- a corporate offence of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation (**Section 7**).

2.5. An individual guilty of an offence under sections 1, 2 or 6 is liable:

- on conviction in a magistrates court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both
- on conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both Organisations are liable for these fines and if guilty of an offence under Section 7 are liable to an unlimited fine as well as the possibility of civil prosecution.

2.6. Although the Act does not distinguish between the public and private spheres, it does apply to organisations providing public functions, such as local authorities. Public bodies, such as the council, must also ensure that the commercial organisations that they do business with also comply with Section 7 of the Act.

2.7. An organisation will have a defence to this corporate offence of failure to prevent bribery if it can show that it had in place “adequate procedures” designed to prevent bribery by or of persons associated with the organisation.

2.8. Whether an organisation’s procedures are “adequate” will ultimately be a matter for the courts to decide on a case-by-case basis. Adequate procedures need to be applied proportionately, based on the level of risk of bribery in the organisation.

2.9. Under the Public Contracts Regulations 2006 (which gives effect to EU law in the UK), a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. There are no plans to amend the 2006 Regulations for this to include the crime of failure to prevent bribery. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. This organisation has the discretion to exclude organisations convicted of this offence.

3. The council's approach to bribery

3.1. The council requires that all members and personnel, including permanent and fixed term employees, contractors, agency workers and other agents of the council:

- act honestly and with integrity at all times and to safeguard the council's resources for which they are responsible;
- comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the council operates, in respect of the lawful and responsible conduct of activities.

3.2. Members, employees, contractors or agents engaged in any activity for or on behalf of the council must not:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to facilitate¹ or expedite a routine procedure
- accept payment from a third party that they know or suspect is offered with the expectation that it will obtain a business advantage for the third party
- accept a gift or hospitality from a third party if they know or suspect that it is offered or provided with an expectation that a business advantage will be provided by the council in return

¹ Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions. Actions can include, but are not limited to:

- awarding contracts,
- making appointments to temporary or permanent positions,
- awarding of benefits and concessions
- determining eligibility to receive services
- approval of applications under regulations.

- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns about a bribery
- engage in activity in breach of this strategy.

3.3. In addition to criminal or civil action under the Act, failure to comply with the requirements of the Act or the requirements of this strategy will result in action being considered under the corporate sanctions policy. This includes:

- for employees, disciplinary action under the council's Disciplinary Policy, which may result in dismissal for gross misconduct
- for Members, action under the Code of Conduct for Members
- for contractors and agents, action as set out in their terms of engagement or contract terms and conditions.

4. Reporting suspected bribery

4.1 The council has put in place a safe environment to report suspected cases of fraud. This includes bribery and provides a range of reporting channels. Detailed guidance for members and officers is set out in the fraud response plan (appendix C). In addition to this

- **Members of the public**, including those working for contractors, can report fraud via the council's website www.brighton-hove.gov.uk
- **Any individual** (including council members, members of the public and officers) can contact the corporate fraud team direct:
 - by email at anti-fraud@brighton-hove.gov.uk
 - by telephone on 01273 291847
 - or by post at Corporate Fraud Team
First Floor
Brighton Town Hall
Bartholomews Square
Brighton
BN1 1JA
- **Members of the council, officers, contractors and agents** of the council who may be concerned about recriminations for reporting fraud may wish to refer to the council's whistle blowing policy on www.brighton-hove.gov.uk

Appendix B

Anti-money laundering policy and procedure

1. Introduction

1.1 The Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 (as amended by the Money Laundering (Amendment) Regulations 2012) place obligations on the council, including its members and employees, with respect to suspected money laundering.

1.2 Most money laundering in the UK takes place outside the public sector and not all of the council's activities fall within the scope of the Money Laundering Regulations. However, the public is entitled to expect the council to have the highest standards of conduct and vigilance by employees of the council can help identify those who are or may be perpetrating crimes relating to the financing of terrorism and money laundering. As such the council has established this policy to ensure compliance.

1.3 This policy and procedure forms part of the council's counter fraud strategy and framework and sets out:

- definitions and legal background in respect of money laundering
- the council's approach to money laundering including the responsibility on members and officers to report suspicions promptly and avoid "tipping off"
- detailed guidance and procedures for members and officers

1.4 It should be read alongside the council's fraud response plan (appendix C of the counter fraud strategy and framework).

2. Definitions and legal background

2.1. Money laundering is any attempt to use the proceeds of crime for legitimate purposes. The primary money laundering offences are:

- concealing, disguising, converting, transferring, or removing from the UK, any criminal property (section 327 of the Proceeds of Crime Act 2012)
- becoming concerned in an arrangement which you know or suspect, facilitates the acquisition, retention, use, or control of criminal property (section 328)
- acquiring, using, or possessing criminal property (section 329)

2.2. There are also two secondary offences:

- failure to disclose any of the three primary offences
- tipping off (where someone informs a person or people who are, or who are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation).

2.3. Any member of the council or officer could potentially be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. The key requirement is to report promptly any suspected money laundering activity to the Money Laundering Reporting Officer.

3. The council's approach to money laundering

3.1. The council will do all it can to:

- prevent the council and its staff being exposed to money laundering
- identify the potential areas where money laundering may occur
- comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases of money laundering.

3.2. Every member of the council and officer has a responsibility to be alert to the possibility of money laundering and to:

- report promptly, all suspicions of money laundering activity to the Money Laundering Reporting Officer (MLRO) or Deputy MLRO
- follow any subsequent directions of the MLRO or Deputy.

3.3. Failure to comply with the requirements of this strategy will result in action being considered under the corporate sanctions policy (see appendix D) including:

- for employees, disciplinary action under the council's Disciplinary Policy, which may result in dismissal for gross misconduct
- for Members, action under the Code of Conduct for Members

4. The Money Laundering Reporting Officer (MLRO)

- 4.1. The officer nominated to receive disclosures about money laundering activity within the council is the Head of Audit:

Graham Liddell
Head of Audit
Brighton & Hove City Council,
First Floor
Brighton Town Hall
Bartholomew's Square
Brighton
BN1 1JA

Telephone: 01273 291323

Email: Graham.Liddell@brighton-hove.gov.uk

- 4.2. In the absence of the MLRO, the Corporate Fraud Manager (the CFM) is authorised to deputise:

Tony Barnard
Corporate Fraud Manager
First Floor
Brighton Town Hall
Bartholomew's Square
Brighton
BN1 1JA

Telephone: 01273 291330

Email: Tony.Barnard@brighton-hove.gcsx.gov.uk

5. Procedures

5.1. Cash payments

- 5.1.1. No payment to the council will be accepted in cash if it exceeds £10,000²

5.2. Responsibilities of members and officers who suspect money laundering activity

² Cash is defined as including notes, coins or travellers' cheques in any currency

5.2.1. Any member or officer who suspects money laundering must report their suspicion promptly (ie within hours) to the MLRO, or to the deputy MLRO if appropriate. If you prefer, you can discuss your suspicions with the MLRO or deputy first.

5.2.2. You must follow any subsequent directions of the MLRO or deputy, and must not:

- make any further enquiries into the matter
- take any further steps in any related transaction without authorisation from the MLRO
- disclose or otherwise indicate their suspicions to the person suspected of the money laundering
- discuss the matter with others or make file notes that a report has been made to the MLRO in case this results in the suspect becoming aware of the situation.

5.2.3. The disclosure should ideally be made within “hours” of the information coming to your attention wherever practicable, not weeks or months later.

5.2.4. Your disclosure should be made to the MLRO using the proforma attached at appendix 1 to this policy

5.3. Responsibilities of the MLRO

5.3.1. The MLRO or deputy must promptly evaluate any disclosure to determine whether it should be reported to the National Crime Agency (NCA).

5.3.2. The MLRO or deputy must, if they so determine, promptly report the matter to NCA on their standard report from and in the prescribed manner. Up to date forms can be downloaded from the NCA website at www.nationalcrimeagency.gov.uk.

5.3.3. The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.

5.4. Carrying out a 'client identification process' for 'relevant business'

5.4.1. The council must carry out its **client identification process** where it is carrying out **relevant business**³ and as part of this:

- forms an ongoing business relationship with a client
- **or** undertakes a one-off transaction involving payment by or to the client of €15,000 (or the current equivalent in Sterling) or more.

5.4.2. Where the relevant business is being provided to another public sector body then you must ensure that you have signed, written instructions on the body's headed paper before any business is undertaken.

5.4.3. Where the relevant business is not for a public sector body, then you should seek additional evidence of identity such as:

- checking with the organisation's website to confirm their business address
- conducting an on-line search via Companies House
- seeking evidence from the key contact of their personal identity and position within the organisation.

5.4.4. Where relevant business is carried out then the client identification evidence and details of the relevant transaction(s) for that client must be retained for at least five years.

³ **Relevant business** is defined as the provision 'by way of business' of: advice about tax affairs; accounting services; audit services; legal services; services involving the formation, operation or arrangement of a company or trust or; dealing in goods wherever a transaction involves a cash payment of €15,000 or more.

5.5. Guidance and training

5.5.1. The council will:

- make all staff aware of the obligations placed on the council and on themselves as individuals, by the anti-money laundering legislation
- give targeted training to those most likely to encounter money laundering activity.

5.5.2. Further information can be obtained from the MLRO and the following sources:

- www.nationalcrimeagency.gov.uk - website of the National Crime Agency
- “Proceeds of Crime (Anti-Money Laundering) – Practical Guidance for Public Service Organisations” – CIPFA
- “Anti-Money Laundering (Proceeds of Crime and Terrorism) - Second Interim Guidance for Accountants” – CCAB (www.ccab.org.uk)
- Money Laundering Guidance at www.lawsociety.org.uk Anti-Money Laundering Policy

Appendix 1 to Money Laundering Policy and Procedure

Confidential report to Money Laundering Reporting Officer in respect of money laundering activity

To Money Laundering Reporting Officer:

From:
[insert name of employee and position]

Directorate: Ext/Tel No:.....
[insert post title and Service Unit]

DETAILS OF SUSPECTED OFFENCE:

Name(s) and address(es) of person(s) involved:
[if a company/public body please include details of nature of business]

Nature, value and timing of activity involved:
[Please include full details e.g. what, when, where, how. Please include whereabouts of laundered property, so far as you are aware. Continue on a separate sheet if necessary]

You must follow any subsequent directions of the MLRO or deputy, and must not:

- make any further enquiries into the matter
- take any further steps in any related transaction without authorisation from the MLRO
- disclose or otherwise indicate their suspicions to the person suspected of the money laundering
- discuss the matter with others or make file notes that a report has been made to the MLRO in case this results in the suspect becoming aware of the situation.

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MONEY LAUNDERING REPORTING OFFICER

Date report received:

Date receipt of report acknowledged:

CONSIDERATION OF DISCLOSURE:

What action is to be taken?

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money-laundering activity?

Do you know the identity of the alleged money launderer or the whereabouts of the property concerned?

If there are reasonable grounds for suspicion, will a report be made to the NCA? *[Please tick the relevant box]*

Yes

No

**If yes, please confirm date of report to NCA:
and complete the box below:**

Details of liaison with the NCA regarding the report:

Notice Period: to

Moratorium Period: to

Is consent required from the NCA to any ongoing or imminent transactions, which would otherwise be, prohibited acts?

Yes

No

If yes, please confirm full details in the box below:

Date consent received from NCA:

Date consent given by you to employee:

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:

[Please set out any reasonable excuse for non-disclosure]

Date consent given by you to employee for any prohibited act transactions to proceed:

.....

Other relevant information

Signed:..... **Dated:**.....

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS

Appendix C

Fraud response plan

1. Introduction

- 1.1 This document provides guidance to members and officers who become aware of, or suspect, that a fraud has been committed, on the circumstances in which a fraud investigation is carried out and what to expect from an investigation.

2. Responsibilities of members and officers

- 2.1. If you become aware of or suspect a fraud there are three critical rules to follow:

- **Report your concerns** to the appropriate person as soon as possible (see section 4).
- **Document** what you have witnessed and any information you have or are aware of at the earliest opportunity. You should provide as much detail as possible including dates, times and sequence of events. Follow the **guidance on preserving evidence** (see section 8)
- **Don't discuss your concerns** with other colleagues and **never confront** the person you suspect.

- 2.2. You must only report genuine concerns and believe the concerns to be true. Any reports which are subsequently determined to be malicious could be dealt with as a disciplinary matter.

3. Reporting to the appropriate person

- 3.1. The appropriate person to report your concerns to depends on the nature of the fraud and who is involved. Detailed guidance is set out in the tables below.
- 3.2. In some cases you may not wish to report to the "appropriate person", for example if you suspect that person of committing the fraud. For this reason the council also provides other channels to report fraud. These are set out in section 4.

Appropriate person for members

Type of fraud	Appropriate person to report concerns (see contact details below)	Notes
Money laundering	<ul style="list-style-type: none"> • Money Laundering Reporting Officer or <ul style="list-style-type: none"> • Deputy Money Laundering Officer 	Please refer to the anti-money laundering policy and procedure attached at appendix B)
Other fraud	<ul style="list-style-type: none"> • The Monitoring Officer or <ul style="list-style-type: none"> • The Corporate Fraud Manager 	

Appropriate person for officers

Type of fraud	Appropriate person to report concerns (see contact details below)	Notes
Money laundering	<ul style="list-style-type: none"> • Money Laundering Reporting Officer or <ul style="list-style-type: none"> • Deputy Money Laundering Officer 	Please refer to the anti-money laundering policy and procedure attached at appendix B
Receiving an offer of a bribe or inducement	<ul style="list-style-type: none"> • Your line manager and <ul style="list-style-type: none"> • The Monitoring Officer 	The referral to the monitoring officer can be by you directly or by your line manager.
Fraud by a member	<ul style="list-style-type: none"> • The Monitoring Officer or <ul style="list-style-type: none"> • The Head of Internal Audit 	
Other fraud in your area of service	<ul style="list-style-type: none"> • Your line manager and <ul style="list-style-type: none"> • The Corporate Fraud Team 	The referral to the corporate fraud team can be by you directly or by your line manager.
Other fraud outside your area of service	<ul style="list-style-type: none"> • The Corporate Fraud Team 	

4. Other ways to report fraud and corruption

- 4.1. You may not wish to report to your line manager or other individual particularly if you suspect that person of committing the fraud or corrupt act or having an involvement or knowledge.

4.2. The council is committed to ensuring that all of us have a safe, reliable, and confidential way of reporting any suspicious activity. We want each and every member, employee, contractor and agent to know how they can raise concerns. If you wish to raise a concern the council provides several channels for you to be able to do this, as set out below:

- The line manager's manager
- Executive Director
- via the whistle blowing policy. Details of this policy can be found on [the Wave](#) and the council's external website
- contacting the Corporate Fraud Team on 01273 291847.
- Sending an email to anti-fraud@brighton-hove.gov.uk.

4.3. Referrals received via the whistle blowing policy and calls/emails to the Corporate Fraud Team will be treated in confidence. These provide you with an option to leave an anonymous referral but please consider whether this approach will provide the council with all the information necessary to take an investigation forward to a satisfactory conclusion, as the opportunity to ask you follow up questions or to seek clarification will have been lost.

5. Line manager responsibilities

5.1. Where a line manager receives an allegation of fraud from a member of their team, they should:

- ensure that the fraud is reported as soon as possible to the corporate fraud team
- liaise with the corporate fraud team to consider whether there is any other information that might be relevant to the specific case and whether there are any suspicions that similar frauds are or could be being committed.

5.2. Under no circumstances should a manager discuss a suspected employee fraud with other staff members or peer managers.

6. Responsibilities for investigating allegations of fraud

6.1. Any allegation of fraud against a member will be considered by the Monitoring Officer.

6.2. The DWP are responsible for investigating all benefit fraud (including Housing Benefit). If the DWP investigate an allegation of benefit fraud that relates to an employee of the council they will inform the council's Corporate Fraud Team who will consider whether any action of an internal nature under the council's Disciplinary Policy is required.

6.3. When a suspected fraud or corrupt act is reported to or identified by the Corporate Fraud Team an officer within the team will carry out a Fraud Risk

Assessment. Where the risk assessment shows that there is sufficient evidence of a potential fraud the Corporate Fraud Team will carry out a detailed investigation.

7. What to expect from an investigation by the Corporate Fraud Team

- 7.1. Any conversations you have with, or information that you provide to the Corporate Fraud Team will remain confidential. You should remember, however, that the Corporate Fraud Team has a responsibility to investigate all cases of fraud that are referred, where there is sufficient evidence, with a view to considering prosecution.
- 7.2. The council is restricted in how much information it can give about the outcome of any investigation by Data Protection legislation and the council's duty of confidentiality to employees and members. However, where it is possible to do so, the Corporate Fraud Team will update you about the outcome of any investigation.
- 7.3. The Corporate Fraud Team will offer advice and assistance on the most appropriate course of action. Subsequent action could involve the securing of evidence. This evidence could be documents, CCTV tapes or computer records, all of which can easily be destroyed or tampered with. The securing of computers and associated data and records is a specialised procedure and should only be attempted by specialists at the request of the Corporate Fraud Manager or Head of Internal Audit. Further guidance on preserving evidence is given in Section 8 below.
- 7.4. The Corporate Fraud Manager in consultation with the Head of Internal Audit will consider commissioning specialist services from both within and outside the Council to assist with an investigation.
- 7.5. In most instances the Corporate Fraud Team will carry out any further investigation in conjunction with the line manager or other appointed person. In most cases the Corporate Fraud Team will lead the investigation, however each case will be considered individually and the appropriate course of action agreed. One officer, normally an officer in the Corporate Fraud Team, will be responsible for co-ordinating interviews and ensuring any interviews are conducted fairly and in accordance with the Police and Criminal Evidence Act 1984 (PACE). Given the need to comply with PACE regulations all formal interviews will, where possible, be tape-recorded. Interviews will usually be conducted by two officers.

7.6. If the allegation is serious it may be desirable to remove an employee from the workplace, whilst the investigation is undertaken. If suspension is being considered the line manager and the member of the Corporate Fraud Team will discuss the case with HR and a decision as to whether to suspend or not should be taken promptly.

8. Preserving evidence

8.1. When the initial enquiry has established that further investigation is required, it is essential that all available evidence relating to the fraud be preserved. There is a fine balance between preserving evidence and not alerting the alleged perpetrator to your suspicions. In the first instance advice should be sought from the Corporate Fraud Team regarding the procedures to follow to ensure full compliance with RIPA and PACE with regards to obtaining and documenting evidence, to ensure that the evidence obtained remains admissible in a court of law. The most common forms of evidence and a brief note of how they should be preserved are given below:

- **Original documents.** Original documents should be obtained and retained. The documents should be handled as little as possible and should be put in a protective folder. Under no circumstances should they be marked in any way. All original documents should be given to the Corporate Fraud Team for review and preparation as evidence. A record of all documents should be maintained, detailing how, when and where they were obtained. All copies of original documents or screen images should be formally certified as a true copy with the date of copying.
- **Computer based data.** When evidence is held on a computer, the computer should be secured and ICT Security and the Corporate Fraud Manager should be consulted about the most appropriate way of retrieving the data in accordance with the rules of evidence. Under no circumstances should any computer thought to contain likely evidence be powered down or access/download be attempted by individuals not appropriately trained.
- **Video evidence.** There may be CCTV based evidence available. If you suspect that a camera system may have information of value, secure the hard copy media or arrange for a certified download of the data in such a way as it can be treated as evidence in accordance with the rules of evidence. The camera system engineer should be able to provide an appropriate download but you should initially seek advice from the Corporate Fraud Manager and/or ICT Security about how to proceed. Whenever a person is suspended from work they should be asked to remove all personal belongings from their desk/cupboard and be informed that the desk/cupboard may be examined. Under no circumstances should an employee once suspended be allowed to access

their files or computer records, any ASDL or phone-in links should be terminated immediately if not before the suspension is actioned.

9. External Audit

9.1. In some cases it may be necessary to immediately inform the Council's External Auditor of the fraud. This will be the responsibility of either the Head of Internal Audit or Corporate Fraud Manager.

10. Press and Publicity

10.1. The Internal Communications Team will deal with the press and publicity in all matters regarding fraud. Where appropriate the details of all successful prosecutions for fraud should be released to the media through the Internal Communications Team. Staff and Managers must not directly disclose to the press the details of any cases suspected or under investigation. Disclosure of details to the media without the express authority of the Internal Communications Team may be regarded a disciplinary matter. The aim is to publicise the council's intolerance of fraud or corruption both within the council and by users of its services, it also serves to publicise our successes against those who would perpetrate such fraud or corruption against the council

Appendix D Sanctions Policy

1. Introduction

- 1.1. Where an investigation results in evidence of fraud, the council will use the full range of sanctions available. This policy provides guidance to determine the appropriate action to take.
- 1.2. The policy is not prescriptive as a range of factors will need to be considered before deciding on the appropriate action. These include the circumstances of each case, the seriousness of the offence and the person involved in the matter.

2. Sanction/Prosecution Options

2.1. Where there is evidence of fraud the following options will be considered:

- disciplinary action
- referral to professional bodies
- civil action (to recover money, interest, costs or property)
- prosecution (for the purposes of fines, imprisonment, confiscation orders and compensation) by:
 - the DWP
 - the Crown Prosecution Service (via the Police)
 - the council
- administrative penalty (DWP – Benefit Fraud)
- taking no further action

Sanction	Guidance
Disciplinary action	<p>If there is adequate evidence that an officer has committed a fraud, the matter will be reported to HR for disciplinary action. Fraud committed by an officer represents gross misconduct and an officer who commits fraud would be expected to be dismissed.</p> <p>At the same time other appropriate action will be considered, including referral to professional bodies, prosecution and taking civil action.</p>
Referral to professional bodies	<p>If there is adequate evidence that a person or entity has breached professional duties or responsibilities, the council will refer the matter to the relevant professional body.</p>
Civil action	<p>Overpayments or monetary losses that result from fraud will be pursued rigorously and, where</p>

	necessary, legal action will be taken to effect recovery.
Prosecution and administrative penalties applied by DWP	<p>If there is evidence of fraud involving losses relating to Housing/Council Tax Benefits and/or DWP benefit, the DWP may either prosecute or apply administrative penalties.</p> <p>If it is established that a council employee has personally been involved in benefit fraud the matter will be reported to HR for disciplinary action.</p>
Referral to the Police and prosecution by the Crown Prosecution Service (CPS)	<p>There are some offences which can only be prosecuted by the CPS. These include certain offences that are contrary to the Representation of People Act, the Prevention of Corrupt Acts 1906 and 1916, or the Bribery Act 2010. Evidence of such offences will be referred to the Police.</p> <p>The council may also refer other frauds to the police (for example if a fraud is complex and involves large sums of money or organised crime is suspected).</p> <p>Any decision to refer a fraud to the Police will be taken by the Monitoring Officer and/or Chief Finance Officer as advised by the Head of Internal Audit and Corporate Fraud Manager as appropriate.</p>
Prosecution by the local authority	<p>The council may also prosecute fraud offences. This decision will be taken by the Monitoring Officer and/or Chief Finance Officer as advised by the Head of Internal Audit and Corporate Fraud Manager and will include consideration of:</p> <ul style="list-style-type: none"> • whether prosecution would be in the Public Interest Test. • the circumstances of the offence including the duration of the alleged offence. • Factors relating to the offender including their age and state of health. • Other relevant factors and mitigating circumstances. <p>Further guidelines on whether to prosecute are set out below</p>

3. Guidelines on whether to prosecute

3.1 Consideration when deciding on an appropriate course of action will be given to:

- The Public Interest Test
- Circumstances of the offence including the duration of the alleged offence.
- Factors relating to the offender including their age and state of health.
- Other relevant factors and mitigating circumstances

3.2 Where the decision is made that a matter is not in the public interest to prosecute the following factors will be considered:

- The court is likely to impose a very small or nominal penalty
- The loss or harm caused was minor and resulted in a single incident resulting from a misjudgement
- If the offender is considered vulnerable
- The value of the loss or possible gain to the individual
- The offender has not previously offended
- The act was calculated or premeditated
- There was no other persons involved
- The cost of bringing the prosecution (e.g. would it represent value for money for the public purse).

3.3 The following factors will be considered where prosecution is the most likely course of action:

- The deterrent value of a prosecution
- The length of time the fraud has continued
- Whether the offence was calculated and premeditated
- Sufficient evidence leading to a reasonable prospect of conviction and there are no serious errors in the investigation
- Officer from the council has been obstructed from carrying out their investigation by the offender
- Evidence of collusion (with landlord, employer or family member etc)
- Offender holds a position of trust
- Previous history relating to fraud
- The cost of bringing the prosecution e.g. is there sufficient budgetary provision to allow the prosecution to take place

3.4 If any of the following factors exist, it may be unlikely that prosecution will be pursued:

- Serious errors in investigation or assessment of loss
- Unacceptable delay in investigation or the case is 'out of time' for prosecution under certain time limited legislation

- Poor publicity may be attracted, or low deterrent factors exist
- Vulnerable person may be put at risk
- Evidence is insufficient to gain conviction
- Voluntary disclosure of the offence by the offender before the fraud was uncovered, and true remorse is shown
- Evidence that the person has committed the offence under duress
- Prosecution would not particularly deter others from committing a similar offence and it is likely to damage the council's reputation

3.5 Some factors relating to the offender may exist that could influence Brighton & Hove City Council's decision on whether to prosecute or impose another type of sanction. Examples of these factors are as follows:

- Poor health, either mental or physical, of the offender likely to be considerably and permanently worsened by prosecution
- Young, elderly or vulnerable persons
- Families
- Whether the offender has reasonable understanding of the offence committed
- Person is sole carer for vulnerable dependents

4. Housing/Tenancy Fraud

4.1 The view of the council is that one property that has been obtained through fraudulent means is one less property that can be made available for use by genuine applicants that are in need of housing. In all cases of fraudulent housing or homeless applications, where a tenancy has been obtained, the council will seek repossession of the property and will recover any financial losses where it is cost effective to do so.

4.2 Fraud and illegal subletting committed by housing and homeless applicants will be considered for criminal prosecution under the most appropriate legislation e.g. Prevention of Social Housing Fraud Act.

4.3 The factors that will affect our decision to prosecute will be based on the evidential and the public interest test.

5. Welfare Fraud

5.1 This includes any local or national benefit/allowance administered on behalf of the council or central government, for example, council tax support, social fund, direct payment, some council tax discounts/exemptions that the council is empowered to investigate.

5.2 Under amendments to the Local Government and Social Security legislation there is sometimes an option to consider financial penalties as an alternative to prosecution and these should always be considered. However, in serious

cases of fraud or where repeat offending occurs the option to prosecute offenders should be kept open.

- 5.3 The Local Government Finance Act, the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 and the Social Security Administration Act (as amended by the Welfare Reform Act) all provide councils with the ability to impose financial penalties where a person fails to report a material fact or where a person fails, without good reason, to correct an error.
- 5.4 Each Act lays out its own requirement for such a penalty to be imposed but essentially they all require: -
- As a general rule the penalties are fixed one-off fines to be added to a person's liability to pay.
 - They can only be offered where a person fails to report a material fact or is negligent in some way and that failure resulted in an overpayment of benefit or a reduction in council tax liability.
 - These penalties can only be imposed where no criminal charges or other administrative penalties are offered.
 - The person receiving the penalty can appeal against the imposition of it, if permitted by the relevant legislation.

6. Publicity

6.1 In the event of a successful prosecution the decision to publicise the outcome will take into account the following criteria:

- Interest of Brighton & Hove City Council
- Deterrent value to others

Subject:	Standards Update
Date of Meeting:	21 June 2016
Report of:	Executive Lead for Strategy, Governance and Law and Monitoring Officer
Contact Officer:	Name: Abraham Ghebre-Ghiorghis
	Email: Abraham.ghebre-ghiorghis@brighton-hove.gov.uk
Ward(s) affected:	All

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

1.1 This report updates Members on Standards-related matters since the last report.

2. RECOMMENDATIONS:

2.1 That Members note the report.

3. MEMBER-RELATED COMPLAINTS

3.1 Since the last report to the Committee, there have been four new standards complaints, three of which have been determined as outlined in para 4 below.

3.2 The fourth complaint has now been referred for formal investigation following consultation with the Independent Person and that investigation is underway.

4. RESOLVED COMPLAINTS**4.1 Complaint 1**

4.1.1 **The allegation:** The first of the complaints was received in during February 2016 and concerned a complaint about a Member's postings on social media which were said to have breached paras 1.1 and/or 1.2 of the Code of Conduct for members by failing to treat others with respect and/or by behaving in a manner which could reasonably be regarded as bringing the member's office or authority into disrepute.

4.1.2 Following consultation with one of the Independent Persons, a decision was made to instigate initial enquiries regarding the complaint in accordance with the procedure available to the authority for making preliminary assessment with a view to deciding whether or not to progress the matter to formal investigation, or whether to resolve it in another way.

- 4.1.3 The complaint concerned the relevant member's use of language on a public forum during an interaction with another member. It was noted that although the issues arose during a single interchange, there was the potential for an unfavourable impression to be created by a member whose inappropriate use of language appeared to indicate a failure to exhibit appropriate standards of care and reflection.
- 4.1.4 The Monitoring Officer met with the subject member to discuss the complaint and the conduct which had given rise to it. He considered that the member concerned understood the issues which had given rise to the complaint and indicated regret early on at the matters complained of. The complainant had given an early indication that an apology would be considered to by them to be an appropriate means of resolving the matter. The subject member sent a written apology communicating regret.
- 4.1.5 **The outcome:** In this case, a decision was made by the MO in consultation with the Independent Person, under para 5.6(i) of the procedure for dealing with allegations, not to progress the complaint to formal investigation or other resolution. The reasons were that it was not considered to be in the public interest to do so given the particular circumstances, including the fact that the subject member had given an appropriately comprehensive apology which had been accepted by the complainant.
- 4.1.6 Although no further action was taken in this complaint, it was noted that the complaint raised a number of issues of general relevance to members' use of social media: a topic which was the subject of a report to the last Audit and Standards Committee. It is anticipated that the revised guidance on this topic may provide useful clarity regarding the expectations made of members in relation to social media usage.

4.2 **Complaint 2**

- 4.2.1 **The allegation:** A complaint was received in in March 2016 alleging that a specific subject member had used Council information and/or facilities to obtain confidential information regarding the whereabouts of an individual known to them in a personal capacity. The allegation was that paragraphs 1.2 and/or 1.6 of the Code of Conduct had been breached as the member had conducted themselves in a manner which could reasonably be regarded as bringing their office or authority into disrepute and/or by failing to act in accordance with the Practice Note on Publicity and the Use of the Council's resources.
- 4.2.2 Given the nature of the complaint, it was decided in consultation with one of the Independent Persons to make initial enquiries in accordance with the provisions of the relevant procedure with a view to deciding whether to progress the matter to formal investigation or whether to resolve it in another way.
- 4.2.3 Those enquiries involved seeking the views of the subject member as well as further detail from the complainant with a view to ascertaining amongst other things whether the information allegedly improperly obtained was accessible by other means. It was noted that a request that the relevant data be held confidentially by the Council had been received by the Council and that appropriate processes appeared to have been set up. It was also noted that a

complaint that a councillor had used their office to obtain personal data of any type would - if made out – be likely to amount to a serious breach of the Code.

4.2.4 Notably however no evidence of unauthorised access to the Council's systems by the member was identified. The relevant member denied the allegations and was moreover able to provide an account of how the information came to be available to them. That version of events was considered to be plausible although - because of its nature – it could not readily be either verified or disproved. Finally it was noted that in the absence of evidence linking the relevant member with the alleged breach on a specific date or time then the likely next steps in any investigation would be resource-intensive as they would involve interrogating several Council systems on which the relevant data was held as well as interviewing the potentially large number of staff whose day-to-day roles give them access to the type of data alleged to have been the subject of the breach.

4.2.5 **The outcome:** On all of the facts a decision was made by the Monitoring Officer, in consultation with the Independent Person, under para 5.5 of the procedure for dealing with allegations, not to progress the complaint to formal investigation. The reasons for this decision were that it was not considered to be in the public interest to expend public resources on a formal investigation involving investigative activity of the type outlined above in a context where a plausible alternative explanation had been given for the events complained of and in the knowledge that the investigation would be unlikely to generate evidence that would prove that the information had been obtained from the Council by the subject member.

4.3 **Complaint 3**

4.3.1 **The allegation:** Complaints were received in May alleging that a Member had a conflict of interest in connection with work on school admissions. That complaint has been the subject of initial enquiries made at the preliminary assessment stage. Following those enquiries it was decided in consultation with the Independent Person that it was in the public interest to refer the matter for formal investigation.

4.3.2 The Monitoring Officer has appointed an Investigating Officer to carry out the formal investigation with a view to generating a written report and the parties have been notified in accordance with the appropriate procedure.

4.4 **Complaint 4**

4.4.1 **The allegation:** A complaint was received alleging that two Members of the Council breached the Code of Conduct for Members by failing to stop incorrect information being supplied to Members and the public in committee reports and the press.

4.4.2 **The outcome:** Preliminary enquiries indicated that there was nothing to suggest that the Members concerned had themselves provided or instructed officers to provide the allegedly incorrect information. Furthermore, under the Code of Conduct for Member/Officer Relations, committee reports remain reports of the relevant Chief Officer, not Members. It was therefore decided, following

consultation with one of the Independent Persons, not to progress the formal complaint on the grounds that if proven the complaint would not amount to a breach of the Code of Conduct for Members.

5. OTHER MATTERS

- 5.1 A need for training to assist members of the Audit & Standards Committee with their responsibility to sit on Standards Hearing Panels was noted in the last Report. New training dates during July are under discussion and an oral update will be supplied to the Committee.

6. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 6.1 The Council is obliged under the Localism Act to make arrangements for maintaining high standards of conduct among members and to make arrangements for the investigation of complaints. The current arrangements and the proposals in this report reflect this and no alternative proposals are suggested.

7. COMMUNITY ENGAGEMENT & CONSULTATION

- 7.1 This report focuses mainly on internal rules and procedures and as a result no need to consult with the local community has been identified.

8. CONCLUSION

- 8.1 Members are asked to note the contents of this Report, which aims to assist the Committee in discharging its responsibilities for overseeing that high standards of conduct which are compliant with local requirements are maintained.

9. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 10.1 There are no financial implications arising from this report

Legal Implications:

- 10.2 These are covered in the body of the report

Lawyer Consulted: Victoria Simpson

Date: 23/05/16

Equalities Implications:

- 10.3 There are no equalities implications arising from this report

Sustainability Implications:

- 10.4 There are no sustainability implications arising from this report

Any Other Significant Implications:

10.5 None

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms:

None.

Background Documents:

None

Subject:	Cash Collection - Company Administration Update		
Date of Meeting:	21 June 2016		
Report of:	Executive Director, 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 Previous reports regarding the insolvency of the council's previous security carrier provider, CoinCo International Ltd (CCI), advised that updates would be given to the Audit & Standards Committee regarding the progress of the company administration process as appropriate. This report provides a brief update following publication of the Joint Administrators' latest (third) progress report regarding the CCI administration.

2 RECOMMENDATIONS:

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

3 CONTEXT/BACKGROUND INFORMATION

- 3.1 In 2014, the council's contractor for providing cash collection services, Coin Co International Plc ('CCI'), entered into administration owing the council £3.243 million. The company, locally based in Burgess Hill, had been in operation for over 30 years and had been the council's security carrier provider for over 5 years, since 2008. CCI's contract required payment over of cash and coin collected from many council establishments and parking machines in 10 banking days.
- 3.2 A number of delays in payments over to the council were experienced in 2012/13 and CCI were accordingly requested to improve performance. CCI notified the council that they had changed banks and were experiencing processing difficulties with a new system. However, the delays in making payments lengthened to an unacceptable level in early 2014 and the council again took steps to work with the contractor to seek assurances on performance improvement, clearing payment backlogs quickly, and demanding payment over of all sums owing to the council within an agreed period. Backlog payments were made and received on arrangement for a period of months but then performance and payment delays again became unacceptable and, following formal legal exchanges, CCI were given notice with the contract terminating in August 2014.
- 3.3 The council continued to seek recovery of all sums owing at the point of termination but CCI subsequently went into administration in November 2014 owing the council £3.243m and a total of over £10m to all of its creditors. It is now

clear that during 2014 other creditors had also given notice, presumably due to similar concerns, and this ultimately resulted in the company's insolvency.

- 3.4 During the period of performance concerns there was constant communication with the company and its directors, including site visits. Following termination of the contract, the council (and other major creditors) instructed CCI to provide them with independent reports concerning its financial health and its processing operations and seeking assurances over the recovery of sums owing. The report provided to the council was not promising and very shortly afterward, CCI went into administration.
- 3.5 The provider was collecting between £200,000 and £300,000 per week and therefore sums collected built up quickly and the security carrier would therefore legitimately be holding between £400,000 and £600,000, under the terms of the contract, before payment over to the council. Security Carrier contractors operate in this way because they are handling cash for many, many organisations and can negotiate very favourable banking terms as well as providing trained and accredited security staff and appropriate vehicles and secure premises. Were the council to request a security carrier to pay all amounts directly into the council's own bank account this would not only incur additional contract costs but would also incur very substantial bank charges running to tens of thousands of pounds per annum given the large transaction volumes. The terms of the contract with CCI were therefore common with most security carrier contracts for large public or private sector clients.
- 3.6 Following insolvency, Baker Tilley Restructuring & Recovery LLP were appointed Joint Administrators (now renamed RSM Restructuring Advisory LLP) and their initial report into the CCI insolvency (June 2015) did not provide any assurance that significant sums would be realisable on behalf of unsecured creditors. The implications of CCI's insolvency were therefore reported to Policy & Resources Committee in June 2015 (TBM Provisional Outturn 2014/15, Agenda Item 8) and the committee were advised that under the council's approved accounting policies, full provision for the potential loss would need to be made in the 2014/15 accounts. This was a one-off provision of £3.243m which the council was able to meet through prudent financial management and reduced insurance costs and was therefore able to avoid any direct financial impact on services (e.g. greater savings).

Company Administration – Latest Position

- 3.7 The Joint Administrators, RSM Restructuring Advisory LLP, posted their latest (third) progress report on 26 April 2016 covering the period 29 September 2015 to 28 March 2016. The report is available to secured and unsecured creditors of CCI. The report informs creditors that the administration process is continuing and that the Joint Administrators are currently attempting recoveries in various countries and the UK. The main points of the report are:
 - i) The period of the administration has been extended by the Court for 18 months until 25 May 2017 at which point (or earlier if feasible) the company will be wound up;
 - ii) The Joint Administrators are continuing to attempt to recover all realisable assets where this is of economic benefit, in particular, the realisation of assets relating to the secured creditors;

- iii) A significant recovery of realisable assets in Tunisia is currently being pursued and a loan of £210,000 has been recovered;
- iv) At this stage, the Joint Administrators state that it is uncertain that there will be sufficient asset realisations (after the costs of the administration) to enable a distribution to unsecured creditors [including the council]. However, the report also says that the Joint Administrators "...have identified a number of potential avenues for recoveries to be made [but] due to the sensitive commercial nature of these potential recoveries it is not appropriate to give further details at this stage, as such information may prejudice these claims." The administrators anticipate providing a fuller update in their next progress report;
- v) The report informs creditors that the Joint Administrators have been advised that no further action is to be taken in relation to a criminal investigation into three former employees and two directors of the company by the National Crime Agency (NCA).

Other Information

3.8 The council has been separately notified that the Insolvency Service, a Department for Business, Innovation & Skills sponsored executive agency, is making enquiries into the activities of CCI and has requested information from creditors, including the council, to aid its investigations. We have not been informed of the timescale for this investigation or its conclusion.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 Company Administration is a highly legal process covered by the Insolvency Act 1986. With regard to the council's activities in relation to the CCI administration process, it is currently only able to maintain a watching brief. A Creditors Committee can be created if 3 members (creditors) are willing to act together; to date, no other creditors have expressed an interest in doing so. During the period of administration, such a committee would have very limited influence but could ask for meetings with the administrators. However, even in the absence of a Creditors Committee, all creditors may ask questions of the Joint Administrators and are entitled to receive periodic progress reports. The appointed administrators, RSM Restructuring Advisory LLP, are one of the largest and most experienced insolvency practitioners and there is no indication that they are not acting in the best interests of all creditors, including the council.

4.2 The Head of Internal Audit, supported by external consultants, undertook a full and comprehensive review of the contract management and procurement arrangements concerning CCI and considered lessons learned for the council including any recommended improvements to internal controls. The Head of Internal Audit reported his findings to the Audit & Standards Committee meeting on 22 September 2015 at which there was a full discussion. The main recommendations were that for all significant contracts there should be:

- more explicit assessment of risks during the procurement process;
- formal management reviews during the lifetime of contracts to consider the key risks associated with the contract;
- improved team working for contracts that involve officers from different parts of the council.

- 4.3 Arrangements to implement these recommendations (including changes to contract standing orders, additional guidance for officers and training) have been put in place.

5 COMMUNITY ENGAGEMENT & CONSULTATION

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

6 CONCLUSION

- 6.1 Latest information from the appointed administrators indicates that it is uncertain that there will be sufficient realisations (after the costs of administration) to enable a distribution to unsecured creditors. This position is not different to the administrators first progress report and is the position adopted by the council for accounting purposes.
- 6.2 The council will now await further progress reports from the administrators and the conclusion of the winding up process (due by 25 May 2017 at the latest) and will monitor the progress of enquiries into CCI by the Insolvency Service.

7 FINANCIAL AND OTHER IMPLICATIONS

Financial Implications:

- 7.1 This is an update report only and there are no direct financial implications relating to the report. The financial impact of the CCI insolvency has been previously reported elsewhere and is summarised in paragraph 3.6 above.

Finance Officer Consulted: Jane Strudwick Date: 8/6/16

Legal Implications:

- 7.2 There are no direct legal implications arising from this report, which provides an update on the company administration process relating to CCI.

Lawyer Consulted: Isabella Sidoli Date: 9/6/16

Equalities Implications:

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

Sustainability Implications:

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

SUPPORTING DOCUMENTATION

Appendices:

None.

Documents in Members' Rooms:

None.

Background Documents

None.

Subject:	Extract from the proceedings of the Policy & Resources Committee meeting held on the 17 March 2016 – Treasury Management Policy Statement 2015/16		
Date of Meeting:	21 June 2016		
Report of:	Head of Legal & Democratic Services & 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 report referred from the Policy & Resources for information.

Recommendations:

That the Committee note the report.

BRIGHTON & HOVE CITY COUNCIL
POLICY & RESOURCES COMMITTEE

4.00pm 17 MARCH 2016

AUDITORIUM - THE BRIGHTELM CENTRE

MINUTES

Present: Councillor Morgan (Chair)

Also in attendance: Councillor Hamilton (Deputy Chair), G Theobald (Opposition Spokesperson), Mac Cafferty (Group Spokesperson), Janio, Meadows, Mitchell, A Norman, Sykes and Wealls

PART ONE

144 TREASURY MANAGEMENT POLICY STATEMENT 2016/17

- 144.1 The Committee considered a report of the Acting Executive Director for Finance & Resources in relation to Treasury Management Policy Statement 2016/17. The report sought to recommend a treasury management policy statement (TMPS) and treasury management practices for the financial year commencing on 1 April 2016.
- 144.2 In response to Councillor Sykes it was explained that the authority had made additional borrowing this year as monitoring of the market had allowed the Council to take advantage of very favourable rates; cash flow was mapped out of future to ensure it was maintained.
- 144.3 Councillor A. Norman highlighted the excellent work of the team and the skill demonstrated year on year by Officers.
- 144.4 Councillor Hamilton noted that there was no change to the basic policy and commended the work of Officers.
- 144.5 In response to Councillor Janio it was explained that Full Council agreed the overall borrowing limits; any decision to exceed this agreed level would need to be a decision of Council and would only be recommended with a strong financial case.
- 144.6 The Chair then put the recommendations to the vote.
- 144.7 **RESOLVED:**
- 1) That Policy & Resources Committee note that there are no changes to the Treasury Management Policy Statement and Treasury Management Practices approved by Policy & Resources Committee on 19 March 2015.

- 2) That Policy & Resources approve the Borrowing Strategy as set out in Appendix 3 to this report.

Subject:	Treasury Management Policy Statement 2016/17		
Date of Meeting:	17 March 2016		
Report of:	Interim Executive Director of Finance & Resources		
Contact Officer:	Name:	James Hengeveld	Tel: 29-1242
	Email:	James.hengeveld@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 Part 1 of the Local Government Act 2003, which introduced a new capital finance system with effect from April 2004, requires each local authority, inter alia, to:
 - comply with the requirements of 'the Code of Practice for Treasury Management in the Public Services' issued by CIPFA; and
 - comply with investment guidance issued by the Secretary of State
- 1.2 The Code of Practice requires each local authority to set out its strategy on treasury management for the forthcoming year. The purpose of this report is to recommend a treasury management policy statement (TMPS) and treasury management practices for the financial year commencing 1 April 2016.
- 1.3 At the meeting in March 2015 Policy & Resources Committee approved the Treasury Management Statement and Treasury Management Practices for 2015/16 and subsequent years. There are no changes recommended to the Statement or Practices.
- 1.4 The investment guidance relates to the annual investment strategy, which is subject to a separate report to Policy & Resources Committee and full Council elsewhere on this agenda.

2. RECOMMENDATIONS:

- 2.1 That Policy & Resources Committee note that there are no changes to the Treasury Management Policy Statement and Treasury Management Practices approved by Policy & Resources Committee on 19 March 2015.
- 2.2 That Policy & Resources approve the Borrowing Strategy as set out in Appendix 3 to this report.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The recommended TMPS follows the drafting format within the Code of Practice. The treasury management practices identify the practices and procedures that will be followed to achieve the aims of the Statement. These practices remain

unchanged from previous years and are considered 'best practice' under the Code.

- 3.2 The treasury management practices are supplemented by a number of "schedules" which have not been reproduced in Appendix 1 as they have not changed in a number of years. These schedules contain specific details of the systems and routines to be employed and the records to be maintained which underpin the treasury management function.
- 3.3 The Borrowing Strategy is largely determined by the borrowing needs of the council and forecasts of future interest rates. An up-to-date economic analysis and the latest interest rate forecasts are presented in Appendix 2 to this report.
- 3.4 The Borrowing Strategy, as set out in Appendix 3, focuses on reconciling the benefit of undertaking low cost long term funding with the short term cost of carrying additional debt in a low investment rate environment. The Strategy recommends a further reduction in the utilisation of cash balances to fund the borrowing requirement.
- 3.5 The treasury management service is subject to detailed audit each year. The most recent audit has been carried out in February 2016 and is due to report in March. This includes the control environment operating and management of risks for Treasury Management. Appendix 4 sets out the current scheme of delegation.
- 3.6 Under the Prudential Code a number of prudential indicators must be set annually by the council prior to the commencement of the financial year. The indicators for 2016/17 were agreed by Budget Council on 25 February 2016.
- 3.7 HRA housing debt and General Fund debt are managed as separate debt pools. The underlying principles of the 2016/17 Strategy are the same for both debt pools. However, where appropriate, the Strategy is amended where the management of each debt pool requires a different approach.

Training & Qualifications

- 3.8 External training courses for the treasury management team will be considered for value and benefit. Records of individual training will be kept in accordance with the procedures introduced by the council for such purposes. Career development and succession arrangements will also be in accordance with council policy on such arrangement.
- 3.9 Details of the qualifications for treasury staff are set out in the job descriptions and person specifications appertaining to each post. Secondments (if any) will be recorded in accordance with council policy on such instances.
- 3.10 Member training on treasury management is seen as an important tool in the scrutiny of the service. A course entitled "An introduction to treasury management", which gives an overview of treasury management, is available. The course explains what treasury management is, the aims & objectives of the service and an understanding of the key risks. It also covers how the council manages investment risk.

Use of Advisors

- 3.11 The council currently uses an external cash manager to administer part of its investment portfolio. The current manager, Aberdeen Asset Management, was appointed in March 2006 following a competitive selection process. The performance of the cash manager fund has exceeded its benchmark in 2015/16, but fund performance has dropped compared to previous years and has been below the performance of the in-house team. Officers therefore consider it prudent to review the continued management of these funds. The Annual Investment Strategy, elsewhere on this agenda, provides some more details as to the options being explored.
- 3.12 The council uses Capita Asset Services as its external treasury advisors. The advisors are expected to be proactive in analysing information to assist the in-house treasury team to meet its targets on the cost of long term borrowing and investment returns and advise on developments in the treasury management field.
- 3.13 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources.
- 3.14 The contract with Capita Asset services came to an end in November 2015. A tender process was undertaken utilising a public sector framework which resulted in Capita Asset Services being awarded a new three year contract to November 2018.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 This report confirms there are no changes to the treasury management policy statement approved by Policy & Resources last year. The Strategy continues with the strong emphasis on risk management and the impact this may have on the performance of the treasury management service.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The council's external treasury advisors have been consulted in the drafting of this report. No other consultation was necessary.

6. CONCLUSION

- 6.1 Treasury management is governed by a code that is recognised as "best and proper practice" under the Local Government Act 2003. The code requires local authorities to report annually in advance on their treasury management plan and strategy. This report fulfils this requirement.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The Financing Costs budget has been prepared on the basis of the borrowing strategy set out in Appendix 3 and the interest rate forecasts and economic forecast set out in appendix 2.

Finance Officer Consulted: James Hengeveld

Date: 24/02/16

Legal Implications:

- 7.2 This report is made in accordance with Part 1 of the Local Government Act 2003. The statutory framework for the Prudential Code referred to in paragraph 3.6 is regulation 2 of the Local Authority (Capital Finance & Accounting) Regulations 2003.

It is a proper function of Policy & Resources Committee to approve the council's TMPS and Borrowing Strategy.

Lawyer Consulted:

Elizabeth Culbert

Date: 25/02/16

Equalities, Sustainability Implications and other significant implications

- 7.3 There are no direct implications arising from this report

SUPPORTING DOCUMENTATION

Appendices:

1. Treasury Management Policy Statement 2016/17 and Treasury Management Practices 2016/17
2. Economic Outlook and Interest Rate prospects
3. Borrowing Strategy and Indicators 2016/17
4. Treasury Management Scheme of Delegation

Documents in Members' Rooms

None

Background Documents

1. Part I of the Local Government Act 2003 and associated regulations
2. Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes' published by CIPFA third edition 2011
3. 'Treasury Management in the Public Services – Guidance notes for local authorities ... ' published by CIPFA fourth edition 2011
4. 'The Prudential Code for Capital Finance in Local Authorities' published by CIPFA third edition 2011
5. Brighton & Hove City Council Anti-Money Laundering Policy approved by full Council on 19 January 2006

Brighton & Hove City Council
Treasury Management Policy Statement 2016/17

There are no changes to the ***Treasury Management Policy Statement 2015/16 and subsequent years*** approved by Policy & Resources Committee in March 2015.

Brighton & Hove City Council
Treasury Management Practices ('TMPs') 2016/17
and subsequent years

The council's treasury management practices identify the practices and procedures that will be followed to achieve the aims of the Treasury Management Policy Statement.

There are no changes to the ***Treasury Management Practices 2015/16 and subsequent years*** approved by Policy & Resources Committee in March 2015.

Brighton & Hove City Council
Economic Overview and Interest Rate prospect 2016/17

ECONOMIC OVERVIEW (Source – Capita Asset Services, February 2016)

There has been some market unease coming into 2016 fuelled by weaker economic performance in China, a continuation of price pressures on commodities (particularly oil), and a re-pricing of credit risk in respect of major financial institutions. As a result, a number of major economies have implemented or mooted further economic stimulus, including Japan's surprise implementation of negative interest rates. Additionally, Janet Yellen, governor on the board of the US Federal Reserve, has indicated in her February speech that US official rate rises may be slower than originally anticipated in December.

Bank of England Governor Mark Carney has also given indications that a rise in UK interest rates are likely to be pushed back, citing weak growth, pressure on wages, and low inflation as main factors. Current economic forecasts show interest rate rises pushed back to the last quarter of 2016.

The economic environment in general has been volatile and as such, economic forecasting remains difficult with so many external influences weighing on the UK. Confidence remains a significant factor in the economic outlook: ongoing volatility in financial markets could dampen investment decision making as corporates take a more cautious view of prospects in the coming years due to international risks. This could also impact via a slowdown in increases in employment. However, consumers will be enjoying the increase in disposable incomes as a result of falling prices of fuel, food and other imports from emerging countries which could well feed through into an increase in consumer expenditure and demand in the UK economy.

INTEREST RATE PROSPECTS

A forecast of interest rates over the medium term is set out in Table A below.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Eurozone sovereign debt difficulties have not gone away, and are arguably merely postponed. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods. Additionally, investor fear may cause further safe haven investments which will affect gilt rates (and therefore PWLB rates);
- Uncertainty around the risk of a UK exit from the EU is likely to cause volatility in UK markets as investors re-assess UK risk.
- Other external influences such as the pace of global growth, inflation levels, and the impact of monetary policy on sustainable growth across the globe will cause re-assessment by investors which will impact gilt rates, and therefore PWLB rates.

- Investment returns are likely to remain relatively low during 2016/17 and beyond; Capita Asset Services have provided average investment return (Table A), which have been reflected in the 2016/17 budget and the Medium Term Financial Strategy.
- Borrowing interest rates have been volatile during 2015 as alternating bouts of good and bad news have promoted optimism and then pessimism in financial markets. Borrowing rates have reached historical lows at the end of 2015 and early 2016 as a result of the continuation of falling commodity prices, the flight to safe havens arising from geo-political tensions and emerging country economy weakness, and credit risk re-pricing of financial institutions and mining companies.
- Officers have already taken advantage of these very low rates with £15.000m of new borrowing undertaken during 2015/16 to reduce the council's under borrowing position.
- There remains a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns. Achieving an appropriate balance between long term benefits compared to the short term cost of carry will be a fundamental consideration for any borrowing decisions undertaken in the next three years.

Table A – Interest Rate forecasts April 2016 to March 2019 (annual averages)

	Bank Rate	Returns on Investments	Long-term borrowing rates		
			5 year	25 year	50 year
2016/17	0.52%	0.60%	1.96%	3.28%	3.13%
2017/18	0.92%	1.25%	2.41%	3.57%	3.37%
2018/19	1.42%	1.75%	2.88%	4.53%	3.62%

(Source – Capital Asset Services: Interest Rate Forecast, February 2016)

Borrowing Strategy and Indicators 2016/17

The capital expenditure plans of the council are set out in the Capital Programme Report approved by Policy & Resources Committee on 11 February 2016 and full Council on 25 February 2016. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans. This involves both the organisation of the cash flow and where required, the organisation of appropriate borrowing facilities.

As a response to the economic climate, the Council had previously been following a strategy of repaying debt and funding its borrowing requirement through utilising cash balances which were supporting the Council's reserves and balances (known as under borrowing). This was a prudent strategy which has allowed the council to minimise the cost of carry on its borrowing, and reduce its counterparty exposure risk.

This strategy was amended in 2015/16; Table 1 below shows the net borrowing requirement (i.e. after allowing for provision to repay debt) and the level of reserves that is funding the borrowing requirement (under borrowing) over the next three years. The table demonstrates that the Council is currently funding its borrowing requirement with approximately £53.0m of reserves and balances and cash flows but this figure will decline in subsequent years. The 2016/17 budget uses certain reserves to meet one off costs, and this will reduce the availability of cash backed resources to fund the borrowing requirement. Additionally, the Capital Investment Plans set out in the Capital Programme Report presented to Policy & Resources Committee on 11 February 2016 shows an expectation of large capital borrowing requirement over the next 3 years. These factors increase the need to borrow externally to ensure the availability of cash to meet these commitments.

Subsequently, officers, in consultation with the council's treasury advisors, set some trigger points for taking on new borrowing during 2015/16. Both trigger rates set have been met, which has led to the council undertaking two tranches of £5.000m borrowing at very attractive rates. To further reduce the under borrowing position, the Financing budget has been prepared to allow for a further £10.000m of borrowing to be undertaken over the next two years with the first £5.000m forecast for 2016/17. As a result of rates falling to historical lows again in February 2016, the £5.000m within 2016/17 budget was bought forward into 2015/16 to secure borrowing at very low cost. Officers will consider bringing forward the 2017/18 tranche of £5.000m if it is considered that the long term benefits of doing so will outweigh any short term cost of carrying the debt for an additional year.

Table 1 – Projected borrowing requirement (excluding PFIs and other long term liabilities) and under borrowing position

	2015/16 £'m	2016/17 £'m	2017/18 £'m	2018/19 £'m
<u>General Fund</u>				
Borrowing Requirement - start of the year	162.7	180.9	188.7	213.4
Increase in borrowing requirement	25.2	15.9	33.2	44.2
Provision to repay debt	(7.0)	(8.1)	(8.5)	(10.4)
Borrowing Requirement - end of the year	180.9	188.7	213.4	247.2
	127.9	140.4	179.4	222.0

Actual Borrowing				
Under/(over) borrowing position	53.0	48.3	34.0	25.2

Housing Revenue Account				
Borrowing Requirement - start of the year	115.9	117.4	140.5	150.7
Increase in borrowing requirement	4.5	26.1	10.7	
Provision to repay debt	(3.0)	(3.0)	(0.5)	(0.9)
Borrowing Requirement - end of the year	117.4	140.5	150.7	149.8
Actual Borrowing	117.4	140.5	150.7	149.8
Under/(over) borrowing position	(0.0)	(0.0)	(0.0)	(0.0)

Interest rate risk

The under borrowing position illustrated in Table 1 above demonstrates the extent to which the council is exposed to interest rate risk. As Appendix 2 outlines, borrowing rates have been historically low, and expected to rise in the medium term.

Officers will monitor market interest rates and adopt a pragmatic approach to changing circumstances in order to minimise the financial impact any adverse movement on interest rates on the Council's debt and investment portfolios;

- Long term borrowing will be postponed where it was felt there was a significant risk of a sharp fall in long term interest rates
- The borrowing position will be re-appraised and considered where it was felt that there was a significant risk of a sharp rise in long term interest rates with the likely action that new long term borrowing will be raised whilst interest rates are expected to be lower than in subsequent years.

Consideration will be given to the following borrowing options, which will be assessed appraised to seek the most appropriate option at the time:

- Short term borrowing (i.e. repayable for less than a year)
- PWLB variable rate loans for up to 10 years
- PWLB fixed rate loans up to 50 years
- Market loans that offer comparable or better terms to that set out above
- Bond issues by the Municipal Bonds Agency where they offer comparable or better terms than the other options outlined above.

The length and type of borrowing will depend upon factors including prevailing interest rates, interest rate expectations and the maturity profile of the council's existing portfolio.

Policy on Borrowing in advance of need

The council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. With long term fixed interest rates at risk of being higher over the next few years (see Table A, Appendix 2) officers will consider the borrowing in advance of need in order to minimise the expected cost of borrowing. Any decision to borrow in

advance will be within the forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the Treasury Management reporting process.

Debt Rescheduling

Table 2 shows the level of maturing debt over the next three years. The council has a number of loans where the lender may vary the interest rate, after which the council would have the right to repay. Based on the latest interest rate projections (Table A, Appendix 2), it is considered very unlikely that these loans would be repaid early – however, debt that is repaid early will have implications on both the GF and HRA debt portfolios.

	2016/17	2017/18	2018/19
Maturing Debt	£3.7m	£1.7m	£2.4m
Debt subject to early repayment options	£55.0m	£5.0m	£0.0m
Total debt at risk of maturity	£58.7m	£6.7m	£2.4m

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to Policy & Resources Committee within the normal Treasury Management reporting process and/or Target Budget Management process following its action.

Municipal Bonds Agency

It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). The

council will consider borrowing from the agency if the terms offered are in line with the council's borrowing needs.

Borrowing prudential Indicators

The following borrowing indicators were approved as part of the budget report at full Council on 25 February 2016.

Limits to borrow activity

Prudential Indicators D1, D2 and D3 set the limits of external borrowing

The operational boundary is the point at which external debt is not expected to be exceeded. The Authorised Limits is a control on the maximum level of borrowing, defined as the statutory limit under Section 3 (1) of the Local Government Act 2003. External debt is prohibited beyond the Authorised Limit and any revision to the limit would need approval by full Council.

Prudential indicators (D1) "Authorised limit" and (D2) "Operational boundary" 2016/17 to 2018/19

	2016/17 Estimate		2017/18 Estimate		2018/19 Estimate	
<u>Authorised limit</u>						
- Borrowing	£350m		£385m		£420m	
- Other l/term liabilities	£54m	£404m	£52m	£437m	£50m	£470m
<u>Operational boundary</u>						
- Borrowing	£338m		£373m		£407m	
- Other l/term liabilities	£54m	£392m	£52m	£425m	£50m	£457m

Separately, the Council is also limited to a maximum HRA CFR through the HRA self financing regime. This limit is currently:

Prudential indicators (D3) HRA Limit on indebtedness 2016/17 to 2018/19

	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
HRA limit on indebtedness	£156.8m	£156.8m	£156.8m
HRA Debt	£139.2m	£149.3m	£148.4m
Headroom	£17.6m	£7.5m	£8.4m

Treasury management Indicators

Prudential Indicators E2, E2a and E3 below are intended to manage the risk of adverse movement in interest rates and risk associated with refinancing maturing debt.

Prudential indicator (E2) – Upper limits on net debt interest rate exposure 2016/17 to 2018/19

	2016/17	2017/18	2018/19
Upper limit on fixed interest rate exposure	108%	108%	107%

Upper limit on variable interest rate exposure	43%	43%	43%
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The percentages in Indicator E2 are calculated on the net outstanding principal sums (i.e. net of investments). The upper limit of 109% is a consequence of the council maintaining an investment portfolio. Indicator E2a exemplifies the indicator over borrowing and investment.

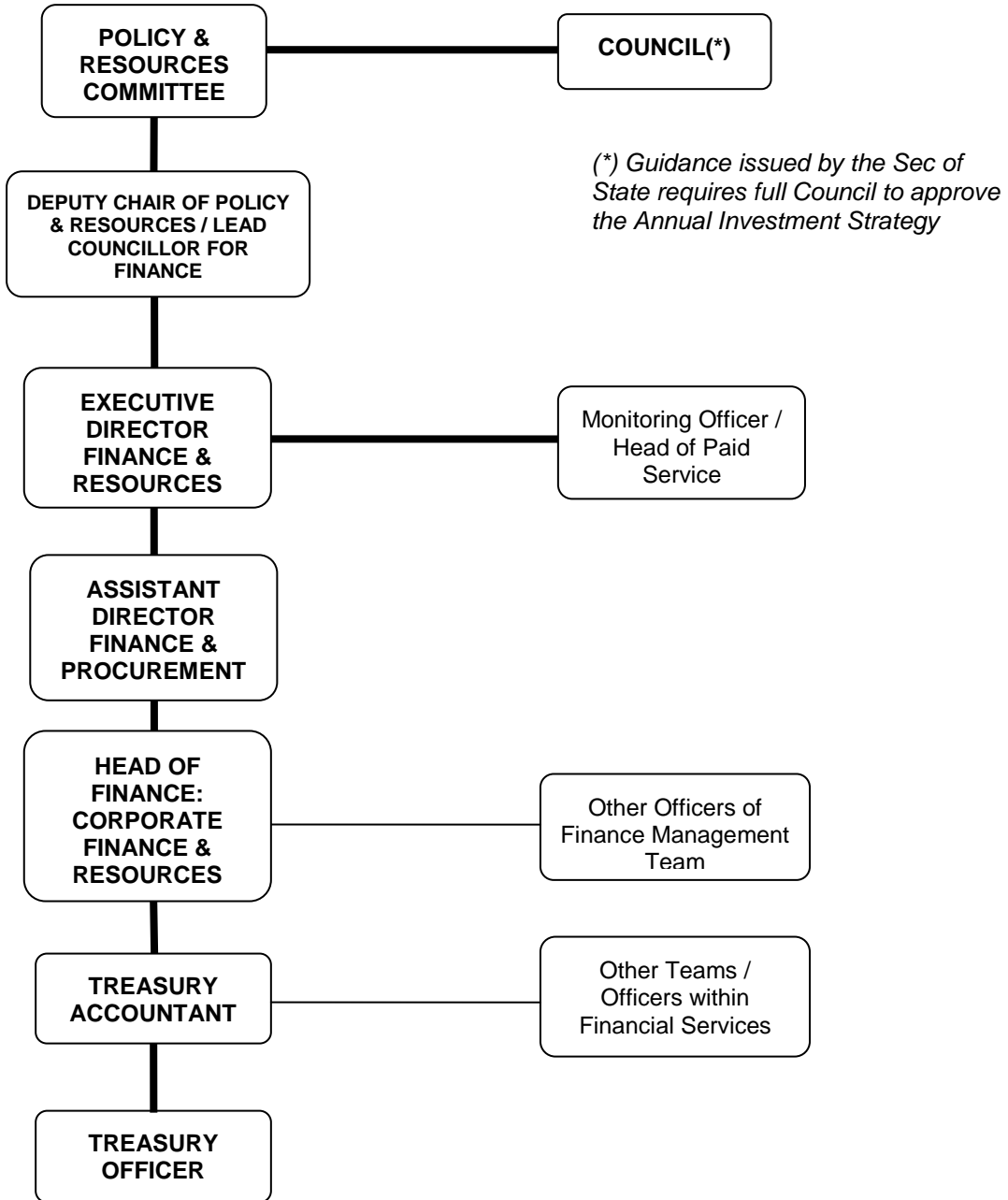
Prudential indicator (E2a) (supplemental) – Upper limits on interest rate exposure 2016/17 to 2018/19

	2016/17	2017/18	2018/19
Upper limit on borrowing – fixed rate exposure	100%	100%	100%
Upper limit on borrowing – variable rate exposure	40%	40%	40%
Upper limit on investments – fixed rate exposure	100%	100%	100%
Upper limit on investments – variable rate exposure	100%	100%	100%

Prudential indicator (E3) – Upper and lower limits on the maturity structure of borrowing 2016/17

	Upper limit	Lower limit
under 12 months	40%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	40%

Brighton & Hove City Council
Treasury Management Organisational Chart



() Guidance issued by the Sec of State requires full Council to approve the Annual Investment Strategy*

The delegation of authority to make executive decisions on, and keep records of, treasury management activity is denoted by the bold line

Subject:	Targeted Budget Management (TBM) Provisional Outturn 2015/16		
Date of Meeting:	9 June 2016		
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		

FOR GENERAL RELEASE

1 SUMMARY AND POLICY CONTEXT:

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out the provisional outturn position (i.e. Month 12) on the council's revenue and capital budgets for the financial year 2015/16.
- 1.2 The final outturn position is subject to the annual external audit review. The final position will be shown in the council's financial statements which must be signed by the Chief Finance Officer by 30 June 2016 and the audited set approved by the Audit & Standards Committee by 30 September 2016.
- 1.3 In summary, the council has achieved an improved resource position of £1.299m on the General Fund since month 9 (December) was reported in February 2016 at which point the forecast resource position was fixed and taken into account in assessing the one-off resources available to support the 2016/17 budget. The improvement relates primarily to additional, one-off Better Care Fund contributions of £0.868m from the Brighton & Hove Clinical Commissioning Group toward Adult Social Care pressures and reduced insurance costs of £0.324m. There were therefore only limited net movements on directorate service budgets since month 9.

2 RECOMMENDATIONS:

- 2.1 That the Committee note that the provisional outturn position for the General Fund is an improvement of £1.299m compared to the projected and planned resource position taken into account when setting next year's budget, including the Month 9 forecast position.
- 2.2 That the Committee note that in total, the General Fund underspend is therefore a £4.780m underspend, which is made up of the projected and planned resources of £3.481m reported to Budget Council in February 2016, including the Month 9 forecast position, together with the improved resource position since month 9 of £1.299m.
- 2.3 That the Committee note the provisional outturn overspend of £0.473m on the council's share of the NHS managed Section 75 services.

- 2.4 That the Committee approve the allocation and use of the additional one-off General Fund resources of £1.299m as set out in paragraph 3.4.
- 2.5 That the Committee note the provisional outturn for the Housing Revenue Account (HRA), which is an underspend of £2.037m.
- 2.6 That the Committee note the provisional outturn position for the Dedicated Schools Grant which is an underspend of £0.432m.
- 2.7 That the Committee approve carry forward requests totalling £1.322m as detailed in Appendix 3.
- 2.8 That the Committee approve the creation of the earmarked reserves as set out in paragraph 6.2.
- 2.9 That the Committee note the provisional outturn position on the capital programme.
- 2.10 That the Committee approve the following changes to the capital programme.
- i) The variations and reprofiles in Appendix 5 and the new schemes as set out in Appendix 6.

3 RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

Change in resources since Month 9 (Budget Setting)

- 3.1 Although the council appears to have achieved a large underspend at year-end, the Committee are advised that when setting the 2016/17 budget in February, the following resource assumptions, including those emanating from a planned change to the council's Minimum Revenue Provision (MRP), were already assumed and taken into account in setting the 2016/17 budget:

Projected and Planned One-off Resources for Budget Setting	£'000
TBM Month 9 Forecast Position:	
TBM Council controlled overspend as at month 9	452
TBM NHS managed S75 overspend (risk share) as at month 9	489
Total TBM Month 9 Forecast Overspend	941
Planned (assumed) Additional Resources at Budget Setting:	
Assumed additional funding from the pooled Better Care Fund (CCG)	(500)
Planned use of the available 2015/16 risk provision	(1,622)
Planned one-off resources resulting from the proposed change to the Minimum Revenue Provision (MRP) policy (agreed at Budget Council)	(2,300)
Total Projected (assumed) Additional Resources	(4,422)
Net one-off resources (i.e. underspend) projected/assumed to be available to support the 2016/17 revenue budget	(3,481)

When setting the 2016/17 revenue budget, it was therefore projected/assumed that £3.481m would be available to provide one-off resources to support the 2016/17 budget. The use of this resource (and other one-off funding) in 2016/17 was set out in detail in the budget report to Full Council (paragraphs 3.24 and 3.25 of the General Fund Revenue Budget Report to Full Council, 25 February 2016). In essence therefore, when considering the provisional outturn position, **only the movement since month 9 is relevant.** To illustrate this, the table below compares the Month 12 provisional outturn position with the projected/assumed resources for budget setting including the Month 9 forecast position. This shows that the forecast/resources have improved by £1.299m since month 9.

Change in resources from Budget Setting Council (including the Month 9 forecast) to Provisional Outturn	Assumed /Forecast Position Month 9	Current Position Month 12	Movement from Budget Setting Council (Month 9) to Month 12
	£'000	£'000	£'000
Council Controlled overspend forecast	452	65	(387)
NHS managed Section 75 overspend forecast (risk share)	489	473	(16)
Sub-Total TBM overspend forecast	941	538	(403)
Better Care Funding from Health	(500)	(1,368)	(868)
Available 2015/16 Risk Provision	(1,622)	(1,622)	(0)
One-off resources assumed to be released by the change to Minimum Revenue Provision	(2,300)	(2,328)	(28)
Total One-off Resources	(3,481)	(4,780)	(1,299)

- 3.2 Therefore, while the General Fund outturn shows a £4.780m underspend (net of Section 75 overspending), the relevant underspend at outturn is the movement since Budget Setting Council (including the month 9 forecast), i.e. £1.299m. This improvement is due to a substantial additional contribution of £0.868m from the pooled Better Care Fund (held by Brighton & Hove Clinical Commissioning Group) toward Adult Social Care pressures in 2015/16. There has also been an additional £0.255m provided toward Section 75 pressures by the B&H Clinical Commissioning Group (CCG). The other main movement is a reduction of insurance costs of £0.324m. Details of these movements and all other directorate changes are provided in Appendix 1 and 2 as normal.
- 3.3 Subject to approval of the carry forward requests in this report, this means that £1.299m additional one-off resources are available for consideration by the Policy, Resources & Growth Committee. However, in the first instance £0.143m of this is required to repay sums to the Restructure & Redundancy Reserve in respect of budget amendments approved at Budget Council which required one-off resources.

Allocation of additional resources

- 3.4 The following table sets out the proposed allocation of the additional resources available at outturn of £1.229m:

Proposed Allocation	Rationale	Amount Proposed
Additional risk provision against Adult Social Care (ASC) and Children's Social Care Demand Management risks	There are nationally recognised pressures on ASC and Children's social care. The provisional outturn report shows that the underlying trends on Corporate Critical social care budgets (paragraph 3.12) are not yet abating. Although the 2016/17 budget provides significant service pressure funding, there remains a risk that demand management activities will not be able to contain or reduce demands to a sufficient degree. If not utilised, these resources would be available to support the 2017/18 budget.	£0.700m
Additional Homelessness risk provision	Brighton and Hove has well recognised issues regarding temporary accommodation and the problems are continuing to grow as the trends on local house prices and levels of private rented accommodation show no signs of immediate change. If not utilised, these resources would be available to support the 2017/18 budget.	£0.100m
Restructure & Redundancy Reserve	The number of posts being deleted has increased significantly and it appears that a higher proportion of these are resulting in severance costs than in previous years at higher average costs. This allocation would provide additional provision that would contribute to the authority's financial resilience in managing change and reducing resources. If not utilised, these resources would be held over to support restructuring in later years.	£0.200m
Restructure & Redundancy Reserve	This allocation is already approved by Budget Council. A number of approved budget amendments required one-off resources and utilised Restructure & Redundancy Reserve resources in lieu of repayment at year-end should the outturn position be favourable. These sums will therefore be repaid to the reserve from the additional resources available at outturn.	£0.143m

City Parks	Primarily to fund a pressure on the cemetery maintenance service.	£0.100m
Transport	For dropped kerbs where there is currently a long waiting list.	£0.056m
Total One-off Allocations		£1.299m

3.5 The remainder of this report is in the standard TBM format and compares the movement from Month 9 to outturn as normal.

Targeted Budget Management (TBM) Reporting Framework

3.6 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.

3.7 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)

3.8 The table below shows the provisional outturn for Council controlled revenue budgets within the General Fund. These are budgets under the direct control and management of the Executive Leadership Team. More detailed explanation of the variances can be found in Appendix 2.

Forecast Variance Month 9 £'000	Directorate	2015/16 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
1,931	Children's Services	58,606	60,533	1,927	3.3%
3,111	Adult Services	69,002	70,648	1,646	2.4%
(227)	Environment, Development & Housing	24,088	23,432	(656)	-2.7%
(609)	Assistant Chief Executive	13,817	13,234	(583)	-4.2%
(348)	Public Health (incl. Community Safety & Public Protection)	4,839	4,475	(364)	-7.5%
(2,213)	Finance, Resources & Law	30,463	28,635	(1,828)	-6.0%
1,645	Sub Total	200,815	200,957	142	0.1%
(1,193)	Corporate Budgets	5,885	490	(5,395)	-91.7%
452	Total Council Controlled Budgets	206,700	201,447	(5,253)	-2.5%

3.9 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. Note that General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Note also that 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).

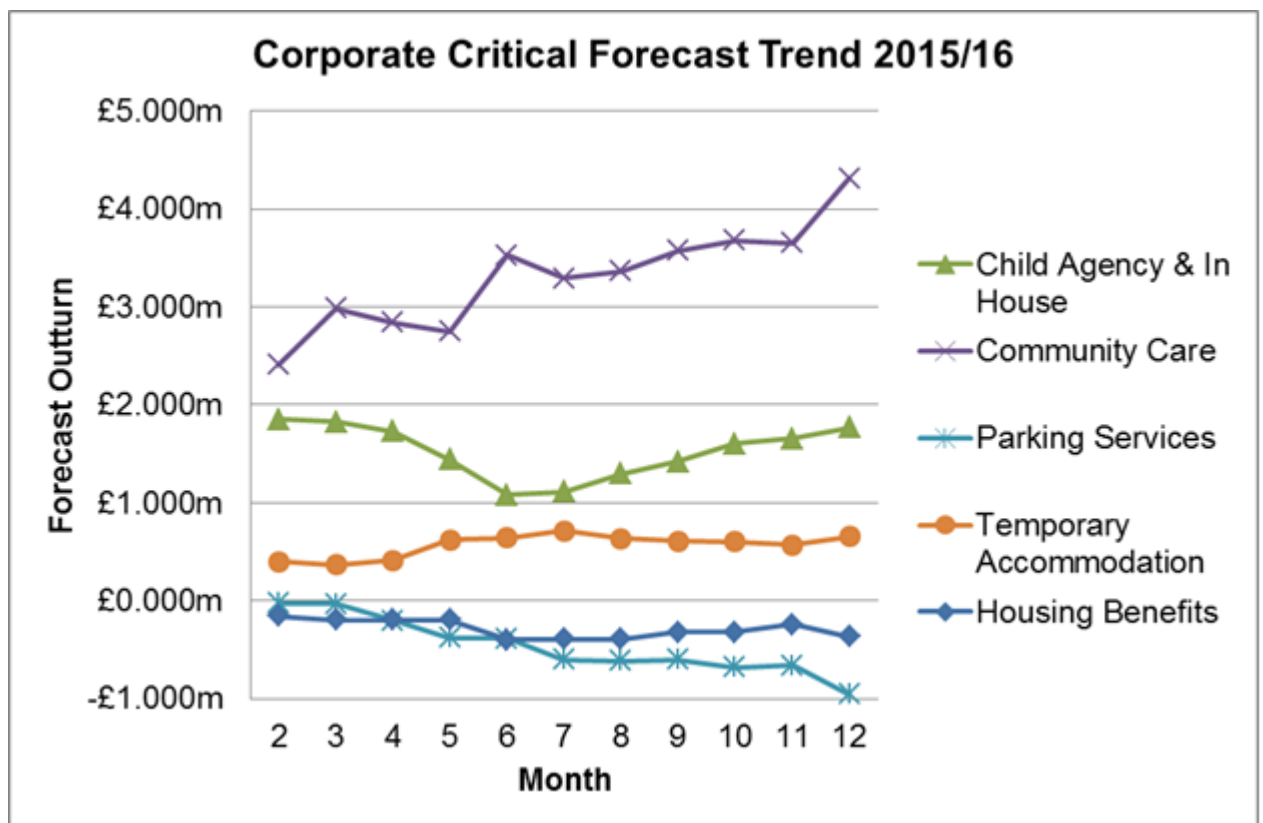
3.10 The large 'Corporate Budgets' underspend in the table above includes resources that were planned to be provided toward the 2016/17 budget as set out in the General Fund Revenue Budget report to Full Council in February. This includes £2.328m for the change to the council's Minimum Revenue Provision (MRP) policy and the release of the risk provision of £1.622m as explained in paragraph 3.1 above. These resources enabled the council to identify the necessary investment needed in 2016/17 to deliver 4-Year Integrated Service & Financial Plan savings and associated modernisation programmes, as well as provide one-off service pressure funding. Further details of the Corporate Budgets outturn are provided in Appendix 1 and 2.

Corporate Critical Budgets

3.11 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. The Community Care figures in the table below exclude one-off Care Act funding of £2.228m and one-off Better Care funding of £0.971m applied to these areas.

Forecast Variance Month 9 £'000	Corporate Critical	2015/16 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
1,416	Child Agency & In House Placements	20,454	22,220	1,766	8.6%
3,570	Community Care	36,711	41,019	4,308	11.7%
(603)	Parking Services	(17,044)	(17,998)	(954)	-5.6%
606	Temporary Accommodation	792	1,448	656	82.8%
(323)	Housing Benefits	(637)	(1,004)	(367)	-57.6%
4,666	Total Council Controlled	40,276	45,685	5,409	13.4%

3.12 The forecast trend on Corporate Critical Budgets over the year-to-date is shown in the graph below. It indicates that Adult Social Care (Community Care) and Temporary Accommodation pressures have been growing over the year while Children's had improved but is now on an upward trajectory. These trends have been reflected in the increased service pressure funding provided in the 2016/17 revenue budget proposals.



Summary of the position at Outturn

The main pressures reported at outturn continue to be across Children's and Adults Social Care and Homelessness (Temporary Accommodation) as follows:

3.13 Children's Services: Nationally, there has been an increase in child protection activity and for example, data received during the year showed that there was a 12% increase in the number of Section 47 enquiries initiated last year compared with the previous year and a 10% increase in the number of initial child protection conferences carried out. Exact causes are difficult to pinpoint locally and nationally as, generally, families experience multiple difficulties. The cumulative effect of welfare reform is an added factor. Locally, the earlier interventions resulting from the creation of a Multi-agency Support Hub (MASH) will have also contributed to increased caseload, so social workers are experiencing a rise in the number of cases coming through as well as cases taking longer to resolve, which means a rise in their caseloads generally creating capacity issues. In Brighton & Hove, the number of children under a child protection plan rose significantly from 310 as at 31st March 2015 to 424 as at 31st August 2015 – an increase of 37% - dropping to 393 at 31st March 2016. As a comparison, the number of children under a CP Plan was 286 as at 31st August 2014.

The significant increase in the pressure on the social work service and a re-design of the service, which was delayed due to the Ofsted Inspection, also meant that a higher number of agency management staff were required than desired (which has since been addressed) and a greater pressure on the spend on residential placements for some of our vulnerable children and young people. In response to the latter an adolescent service has been developed and has improved performance management through the new model of practice. This will ensure that only those children who need support are placed into the care of the local authority.

Overall, this resulted in overspends of £1.218m on social services staffing and £1.516m on placement budgets (as above). Together with risks of £0.681m on savings plans, and other underspendings of £1.488m, this explains the final outturn of £1.927m.

3.14 Adults Services: The outturn position is an overspend of £1.646m which is a decrease of £1.465m from Month 9. This is primarily due to the application of one-off funding from the Better Care Fund of £1.368m toward sustained pressure on residential admissions which the Better Care programme is expected to reduce over the medium term. There are very substantial pressures on the health and social care system which are recognised nationally and resulted in significant lobbying of central government. An Adult Social Care council tax precept of 2% was provided as an option by central government to enable authorities to provide additional resources. This option was taken up by the authority providing £2.3m alongside other service pressure funding of £4.3m provided for in the 2016/17 budget.

The outturn risk includes the following main elements that are described in more detail in Appendix 1:

- Approved budget savings of £8.101m at month 12 fell short of the target by £0.821m;
- In-year spend has been reduced by £2.149m as a result of the action taken to manage demand for and cost of community care placements, improved forecasting through data quality checks, increased scrutiny and management controls and funding from health that has been agreed;

- The in year forecast includes one-off funding identified for the Care Act implementation and Better Care Fund totalling £3.199m which has been applied to support the investment required to deliver the savings plans. There is a subsequent risk in 2016/17 on the savings as a result of this investment being non-recurrent;
- There are unachieved savings from previous years of £3.184m across assessment and provider services for which mitigating recovery plans achieved £0.503m to leave a significant risk of £2.681 million against these savings (reflected in the outturn overspend);
- The main area of overspending (£3.750m) concerns service pressures identified at the beginning of the year relating to increased complexity of need, increased cost of transitions cases, pressures on the provider services budget and Deprivation of Liberty Standards (DoLS) cases. There is a financial and reputational risk to the council if the DoLS cases are not assessed and authorised in accordance with the Mental Capacity Act requirements and developing case law;
- The Better Care Fund also covered additional cost pressures against the new community equipment contract. An additional allocation has been applied to residential and nursing care placements and making use of the flexibility there to achieve agreed outcomes.

3.15 Housing Services and Temporary Accommodation: There is a £0.656m pressure mainly relating to the ongoing need to spot-purchase expensive bed and breakfast accommodation which has been made worse by the need to hand back leased properties this year. 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 (£0.117) which has contributed to the Housing overspend position.

Carry Forward Requests (Appendix 3)

3.16 Under the council's Financial Regulations, the Director of Finance¹ may agree carry forwards of up to £0.050m per member of the Corporate Management Team (up to a maximum of £1m in total) if it is considered that this incentivises good financial management. However, as the council's financial position is more challenging, carry forwards have only been allowed this year where there is clear evidence of a prior commitment that was not able to be completed or undertaken by the end of the financial year. Fortuitous underspends have not been allowed as carry forwards. A total of £0.218m has been agreed for 7 service areas to ensure planned commitments can be met in 2016/17.

¹ Director of Finance is a generic term used in Financial Regulations meaning the Chief Financial Officer or S151 Officer, which in this council is the Executive Director Finance & Resources

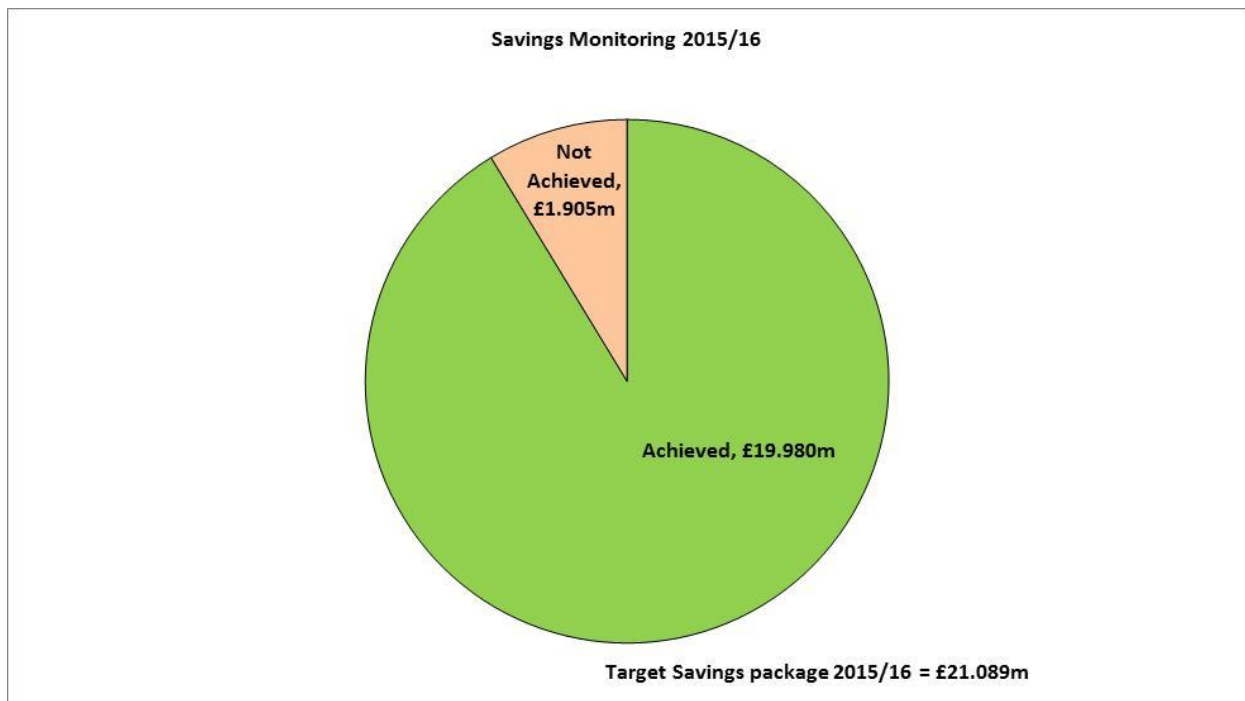
3.17 Policy, Resources & Growth Committee approval is required for carry forward requests in excess of £0.050m. These include grant funded and non-grant funded carry forwards totalling £1.322m and have been included in the outturn figures above. The principles outlined in paragraph 3.16 above also apply. An analysis of these is provided in Appendix 3 split into two categories as follows.

- i) The non-grant funded element of carry forwards totals £0.289m. These items have been proposed where funding is in place for existing projects or partnership working that crosses over financial years and it is therefore a timing issue that this money has not been spent in full before the year-end.
- ii) The grant funded element of carry forwards totals £1.033m. Under current financial reporting standards, grants received by the council that are unringfenced or do not have any conditions attached are now recognised as income in the financial year they are received rather than in the year in which they are used to support services. Prior to 2011/12 these unspent grants would have automatically rolled into the next financial year to fund the commitments against them but now they need to be agreed as part of the carry forward requests. Within the total of £1.033m, a sum of £0.432m relates to the Dedicated Schools Grant. Under the Schools Finance Regulations, the unspent part of the DSG must be carried forward to support the schools budget in future years.

Monitoring Savings

3.18 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 nearly £77m of which around £76m was achieved by year-end. Achievement of savings programmes and actions in 2015/16 was closely monitored to ensure satisfactory progress and, so far as possible, to avoid adding to financial pressures in future years through non-achievement.

3.19 Appendix 2 provides a summary of savings in each directorate and indicates in total what has been achieved and not achieved at year-end. Appendix 4 summarises the position across all directorates and provides details of those savings that were not achieved. The graph below provides a summary of the position as at Month 12. This shows that a substantial proportion of the savings programme for 2015/16 was met with £1.905m not being achieved due to a range of factors outlined in Appendix 4. However, this was partially offset by an over-achievement of £0.796m on other savings areas resulting in overall savings of £19.980m. As savings become more complex and challenging to deliver with time there will inevitably be an element of savings that may become unachievable or delayed for which the council identifies appropriate 'risk provisions' when setting the budget each year.



Housing Revenue Account Performance (Appendix 2)

3.20 The Housing Revenue Account is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents. The provisional outturn is an underspend of £2.037m and more details are provided in Appendix 2.

Dedicated Schools Grant Performance (Appendix 2)

3.21 The Dedicated Schools Grant (DSG) is a ring-fenced grant which can only be used to fund expenditure on the schools budget. The schools budget includes elements for a range of services provided on an authority-wide basis including early years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The provisional outturn is an underspend of £0.432m 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)

3.22 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.

3.23 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 result in financial implications for

the council where a partnership is 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 council's contribution to the risk share at outturn for Section 75 partnerships is an overspend of £0.473m. Details are provided in Appendix 1.

Month 9 Forecast Variance £'000		2015/16 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
489	Section 75 NHS Trust managed S75 Services	11,107	11,580	473	4.3%

Capital Programme Performance and Changes

3.24 The Capital programme spans more than one financial year and therefore monitoring is different to that of the annual revenue budget. Performance needs to be looked at from five different viewpoints at the end of the year as follows:

- i) Forecast Variance: The 'variance' for a scheme or project indicates whether it is expected to be break-even, underspent or overspent. Information on how forecast overspends will be mitigated is given in Appendix 5. If the project is completed, any underspend or overspend will be an outturn variance. Generally, only explanations of significant forecast variances of £0.050m or greater are given.
- ii) Budget Variations: These are changes to the project budget within year, requiring members' approval, and do not change future year projections. The main reason for budget variations is where capital grant or external income changes in year.
- iii) Slippage: This indicates whether or not a scheme or project is on schedule. Slippage of expenditure from one year into another will generally indicate overall delays to a project although some projects can 'catch up' at a later date. Some slippage is normal due to a wide variety of factors affecting capital projects, however substantial amounts of slippage across a number of projects could result in the council losing capital resources (e.g. capital grants) or being unable to manage the cashflow or timing impact of later payments or related borrowing. Wherever possible, the council aims to keep slippage below 5% of the total capital programme.
- iv) Reprofiling: Reprofiling of budget from one year into another is requested by project managers when they become aware of changes or delays to implementation timetables due to reasons outside the council's control. Reprofiling requests are checked in advance by Finance to ensure there is no impact on the council's capital resources before they are recommended to Policy & Resources.
- v) IFRS changes: These accounting changes are necessary for the council to comply with International Financial Reporting Standards (IFRS) for the Statement of Accounts. This concerns the determination of items of expenditure as either capital or revenue expenditure. Only items meeting the IFRS definition of capital expenditure can be capitalised; expenditure

not meeting this definition must be charged to the revenue account. This accounting exercise is undertaken as part of the closure of accounts process and therefore IFRS changes only appear in the outturn TBM report. Where significant changes have occurred an explanation is contained in Appendix 5.

3.25 The table below provides a summary of capital programme performance by Directorate and shows that there is an overall underspend of £1.271 m which is detailed in Appendix 5.

Month 9 Forecast Variance £'000	Capital Budgets	2015/16 Capital Budget £'000	Provisional Outturn £'000	Provisional Outturn Variance £'000	Provisional Outturn Variance %
0	Children's Services	11,433	11,420	(13)	-0.1%
0	Adult Services	404	404	0	0.0%
368	Environment, Development & Housing – General Fund	40,093	39,688	(405)	-1.0%
220	Environment, Development & Housing - HRA	32,407	31,829	(578)	-1.8%
(19)	Assistant Chief Executive	2,443	2,286	(157)	-6.4%
0	Public Health	376	376	0	0.0%
0	Finance, Resources & Law	14,714	14,596	(118)	-0.8%
0	Corporate Services	25	25	0	0.0%
569	Total Capital	101,895	100,624	(1,271)	-1.2%

(Note: Summary may include minor rounding differences to Appendix 5)

3.26 Appendix 5 shows the changes to the budget and Appendix 6 provides details of new schemes added to the Capital Programme after TBM Month 9 still to be approved and new schemes for 2016/17. Policy & Resources Committee's approval for these changes is required under the council's Financial Regulations. The following table shows the movement in the capital budget since approval in the Month 9 report.

Capital Budget Movement	2015/16 Budget £'000
Summary	
Budget approved at Month 9	111,553
Changes reported through other Committees	0
IFRS Changes (to be noted)	(2,847)
Variations to Budget (to be approved)	1,733
Reprofiling of Budget (to be approved)	(7,750)
Slippage (to be approved)	(794)
Total Capital	101,895

3.27 Appendix 5 also details any slippage into next year. In total, project managers have forecast that £0.794m of the capital budget may slip into the next financial year and this equates to 0.8% of the budget.

Implications for the Medium Term Financial Strategy (MTFS)

3.28 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.

Capital Receipts Performance

3.29 Capital receipts are used to support the capital investment programme. For 2015/16 a total of £10.831m capital receipts (excluding 'right to buy' sales) have been received in connection with the disposal of Eastbrook Farm allotments, 76-79 and 80 Buckingham Road, 2 Boundary Road, the appropriation of the Whitehawk library site, the Community Stadium hotel lease, lease extension at Crowhurst Road, the disposal of a number of minor lease extensions at the Marina and the repayment of improvement grants.

3.30 The Government receives a proportion of the proceeds from 'right to buy' sales with a proportion required by the council to repay debt; the remainder is retained by the council and used to fund the capital investment programme. The total net usable receipts for 'right to buy' sales in 2015/16 is £5.881m including £5.431m available for replacement homes..

3.31 A total of £2.899m receipts from the housing Local Delivery Vehicle (LDV) have been received in 2015/16. A final batch will be received during early 2016/17. The net receipts are ringfenced to support investment in council owned homes.

Collection Fund Performance

3.32 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 Crime Commissioner 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.

3.33 The collection fund for council tax at 31st March 2016 has a surplus of £2.676m which is an improvement of £0.376m (council share = £0.322m) from the forecast surplus of £2.300m in January. The improved surplus mainly arose from better than anticipated arrears collection.

3.34 The collection fund for business rates at 31st March 2016 has a deficit of £3.601m which is an increase of £1.378m (council share £0.676m) from the forecast deficit of £2.223m in January. Within the increase there was a Valuation Office Agency

change backdated to 1 April 2010, outside of the appeals scheme, that reduced the rateable value on 3 doctors' surgeries resulting in a refund of business rates of £0.675m. In addition to this, the year-end provision for backdated appeals needed to be increased by £0.500m and there was an increase in the provision for bad debts of £0.200m.

- 3.35 The council's share of the combined net deficit across both collection funds that has not been factored into the 2016/17 budget is £0.354m and this will therefore be included in the budget forecast for 2017/18.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The provisional outturn position on council controlled budgets is an underspend of £5.253m. The council's risk-share of the provisional overspend on NHS managed Section 75 services is £0.473m, resulting in a net underspend of £4.780m of which £3.481m was already accounted for and utilised for the 2016/17 budget as set out in the General Fund Revenue Budget report to Full Council in February 2016. The overall underspend position will not therefore require the use of reserves and will enable the council to maintain its recommended working balance of £9.000m. The improved resource position since the February Budget Council releases one off resources that can be used to aid budget management and planning for 2016/17 and beyond.

5 COMMUNITY ENGAGEMENT & CONSULTATION

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

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

- 6.1 The resource position at outturn has improved by £1.299m compared with the position projected/assumed for the purposes of the 2016/17 Revenue Budget report to Policy & Resources Committee and Budget Council in February. This indicates a favourable position for the financial year brought about primarily due to additional health contributions (Better Care Fund) toward social care pressures, reduced insurance costs and improvements in other Corporate Budgets. The graph at paragraph 3.12 above indicates however that underlying trends on corporate critical, demand-led budgets remain of concern.

Approval of New Earmarked Reserves

- 6.2 Under Financial Regulations, the committee is required to approve the creation of new earmarked reserves. The table below details proposed earmarked reserves, which will support ongoing projects that span financial years and which have already been accounted for in the outturn position:

Directorate	Description	Reason for Reserve	£'000
Environment, Development & Housing	Road Works Permit Scheme	To separately account for permit income so that any surplus can be carried forward to future years. This will enable the level of fees to	65

		be reviewed to ensure cost recovery over a number of years and reduce significant year on year revenue variances.	
Environment, Development & Housing	Homes in Multiple Occupation (HMO) Licensing Fees Reserve	Licence fees cover a 5 year period and the proposed reserve is to carry forward resources to fund the council's annual inspection and administration costs.	65
Finance & Resources	Social Fund Reserve	This relates to the unspent allocation of the former Social Fund grant to support the BHCC Local Discretionary Social Fund in future years.	271
Total			401

7 FINANCIAL AND OTHER IMPLICATIONS

Financial Implications:

- 7.1 The financial implications are covered in the main body of the report. Financial performance is kept under review on a monthly basis by the Cross-Party Budget Review Group and the management and treatment of forecast risks is considered by the Audit & Standards Committee.

Finance Officer Consulted: Jeff Coates Date: 16/05/16

Legal Implications:

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

Lawyer Consulted: Elizabeth Culbert Date: 23/05/16

Equalities Implications:

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

Sustainability Implications:

- 7.4 Although there are no direct sustainability implications arising from this report, the council's financial position is an important aspect of its ability to meet Corporate Plan and Medium Term Financial Strategy priorities. The achievement of a break-even position or better is therefore important in the context of ensuring that there are no adverse impacts on future financial years from performance in 2015/16.

Risk and Opportunity Management Implications:

- 7.5 In 2015/16 the council's revenue budget and Medium Term Financial Strategy contained risk provisions to accommodate emergency spending, even out cash flow movements and/or meet unexpected changes in demands. 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 Movements since Month 9
2. Revenue Budget Performance
3. Carry Forward Requests
4. Summary of 2015/16 Savings Progress
5. Capital Programme Performance
6. New Capital Schemes

Documents in Members' Rooms:

None.

Background Documents

None.

Appendix 1 – Revenue Budget Movement Since Month 9

Service	Forecast Variance Month 9 £'000	Provisional Outturn Month 12 £'000	Movement £'000	Explanation of main movements
Children's Services				
Director of Children's Services	(7)	(15)	(8)	
Education & Inclusion	274	220	(54)	Additional income relating to fines and commitments for expenditure plans not coming to fruition.
SEN & Disability	(466)	(667)	(201)	High cost placement previously designated and funded though the disability budget was reclassified as a 'mainstream' placement.
Children's Health, Safeguarding and Care	2,680	2,925	245	Linked to above – a high cost placement previously designated and funded though the disability budget was reclassified as a 'mainstream' placement. There were also additional legal fees since month 9.
Stronger Families, Youth & Communities	(550)	(536)	14	
Total Children's Services	1,931	1,927	(4)	
Adult Services				
Adults Assessment	1,674	1,104	(570)	Increased funding from the Clinical Commissioning Group (CCG) of £0.549m, vacancy management savings of £0.306m, improved income £0.378m and review of payments of £0.036m. These improvement were offset by savings put at risk of £0.209m, increased costs due to complexity of clients' needs of £0.207m, non pay costs of £0.106m and other variances of £0.177m.
Adults Provider	1,765	1,350	(415)	The forecast improved due to higher savings than expected at Month 9 of £0.210m, non-pay costs of £0.111m, vacancy management of £0.077m and other variances of £0.017m.
Commissioning &	(328)	(808)	(480)	The forecast improved due to increased funding from the CCG

Appendix 1 – Revenue Budget Movement Since Month 9

Service	Forecast Variance Month 9 £'000	Provisional Outturn Month 12 £'000	Movement £'000	Explanation of main movements
Contracts				of £0.349m, non pay costs of £0.150m and increased income of £0.029m which was offset by an increase in staff costs of £0.048m.
Total Adult Services	3,111	1,646	(1,465)	
Environment, Development & Housing				
Transport	(613)	(1,039)	(426)	<p>Parking Services improvement of £0.351m of which £0.209m is due to reduced Pay & Display machine maintenance costs and unforeseen stock adjustment for parts as a result of the machine removal project; other net movements of £0.142m represent approximately 0.5% of the gross parking income budget.</p> <p>Improvement of £0.069m in Transport Planning and Road Safety following underspends as part of continued financial controls, one-off sales income and reductions in external contributions not forecast at Month 9.</p>
City Clean & City Parks	(101)	(74)	27	Overspend movement in the Fleet Management forecast of £0.154m from Month 9 as delays to the fleet replacement schedule resulted in reduced maintenance costs not materialising, as well as sales not being achieved as anticipated. This has been largely offset as expenditure in other areas continued to decrease due to the financial controls in place.
City Regeneration	(80)	(67)	13	Minor movement.
Planning & Building Control	(20)	(9)	11	Minor movement
Housing	587	533	(54)	Higher than expected use of spot purchase bed and breakfast

Appendix 1 – Revenue Budget Movement Since Month 9

Service	Forecast Variance Month 9 £'000	Provisional Outturn Month 12 £'000	Movement £'000	Explanation of main movements
				accommodation in February and March of £0.050m offset by, fewer unauthorised traveller encampments and lower water bills at the transit site (£0.095m).
Total Environment, Development & Housing	(227)	(656)	(429)	
Assistant Chief Executive				
Communications	(91)	(92)	(1)	Minor movement.
Royal Pavilion, Arts & Museums	(19)	(30)	(11)	Minor salaries underspend.
Tourism & Venues	0	60	60	Outstanding dispute with contractors for Brighton Centre frontage works - costs finalised in March.
Libraries	0	(14)	(14)	Income slighter better than expected.
Corporate Policy & Communities	(296)	(309)	(13)	Minor salaries underspend.
Sport & Leisure	(203)	(198)	5	Minor movement
Total Assistant Chief Executive	(609)	(583)	26	
Public Health				
Public Health	(233)	(233)	0	
Community Safety	(42)	(24)	18	Agreed additional spend on Violence Against Women & Girls (VAWG) budget.
Public Protection	(73)	(107)	(34)	Pest Control & Animal Welfare outturn position better than forecast.
Total Public Health	(348)	(364)	(16)	
Finance & Resources				
HR & Organisational	(116)	(195)	(79)	Lower spend than forecast in Training & Development and

Appendix 1 – Revenue Budget Movement Since Month 9

Service	Forecast Variance Month 9 £'000	Provisional Outturn Month 12 £'000	Movement £'000	Explanation of main movements
Development				Health & Safety.
ICT	(86)	(143)	(57)	Reduction in costs of agency staff and lower than expected data line costs.
Property & Design	(863)	(380)	483	Rent accrual adjustment of £0.440m relating to previous years adding to lower than expected commercial income receipts in final quarter.
Finance	(396)	(267)	129	Mitigation plan of vacancy control and other underspends being insufficient to cover costs of recruitment and interim replacement of Director of Finance & Resources post, as well as NAFN office closure costs.
Housing Benefit Subsidy	(323)	(367)	(44)	An improvement of £0.080m on main subsidy budgets, mostly relating to improved position on recovery of overpayments. A worsening of £0.036m relating to recovery of former Council Tax Benefit overpayments.
Performance, Improvement & Programmes	(31)	(33)	(2)	Minor underspends.
Legal & Democratic Services	(398)	(443)	(45)	Additional vacancy control savings within Legal and Democratic Services.
Total Finance & Resources	(2,213)	(1,828)	385	
Corporate Budgets				
Bulk Insurance Premia	0	(324)	(324)	Lower than anticipated settlement of insurance claims.
Concessionary Fares	(137)	(132)	5	Minor Movement.
Capital Financing Costs	(154)	(2,624)	(2,470)	£2.328m is from the Minimum Revenue Provision (MRP) policy changes as planned; £0.160m increased income as a result of higher than anticipated investment rates and balances offset by £0.020m increased interest on borrowing as a result of bringing

Appendix 1 – Revenue Budget Movement Since Month 9

Service	Forecast Variance Month 9 £'000	Provisional Outturn Month 12 £'000	Movement £'000	Explanation of main movements
				2016/17 borrowing forward to take advantage of historically low interest rates.
Levies & Precepts	0	0	0	
Unallocated Contingency & Risk Provisions	(372)	(1,847)	(1,475)	£1.622m general risk provision released as planned; partially offset by £0.148m transferred back to the Troubled Families reserve.
Unringfenced Grants	3	52	49	£0.062m reduction in S31 business rates retention compensation grants based on actual reliefs awarded in 2015/16. Partially offset by £0.013m transparency code grant received in February 2016.
Other Corporate Items	(533)	(520)	13	
Total Corporate Budgets	(1,193)	(5,395)	(4,202)	
TOTAL COUNCIL CONTROLLED	452	(5,253)	(5,705)	
Section 75				
Sussex Partnership Foundation NHS Trust (SPFT)	489	473	(16)	The forecast improved due to increased funding from the CCG of £0.255m, increased income of £0.044m and vacancy management of £0.019m. This was offset by void charges of £0.066m, increased cost due to complexity of clients of £0.065m, other variances of £0.007m and the council's risk share element of £0.164m.
Sussex Community NHS Trust (SCT)	0	0	0	
Total Section 75	489	473	(16)	
TOTAL GENERAL FUND REVENUE BUDGETS	941	(4,780)	(5,721)	

