

Audit & Standards Committee

Date: 23 July 2019

Time: 2.00pm

Venue Main Hall, Portslade Town Hall

Members: **Councillors:** Littman (Chair), Appich (Group Spokesperson),
Hamilton, Hugh-Jones, Nemeth, Peltzer Dunn, Robins and West

Co-optees

Dr David Horne and Helen Aston

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AGENDA

1 PROCEDURAL BUSINESS

- (a) **Declarations 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 press and public. A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls and on-line in the Constitution at part 7.1.

2 MINUTES

7 - 20

To consider the minutes of the meeting held on 12 March 2019.

Contact Officer: Kat Hoare

Tel: 01273 291064

3 CHAIR'S COMMUNICATIONS

4 CALL OVER

- (a) Items 7 - 15 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 (insert date);
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the (insert date).

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 CONSTITUTIONAL MATTERS

21 - 30

Report of the Monitoring Officer

Contact Officer: Lisa Johnson

Tel: 01273 291228

Ward Affected: All Wards

8 STRATEGIC RISK FOCUS: SR2, S10, SR18, SR25 AND SR34

31 - 66

Report of the Executive Lead for Strategy, Governance & Law

Contact Officer: Jackie Algar

Tel: 01273 291273

Ward Affected: All Wards

9 AUDITED STATEMENT OF ACCOUNTS 2018/19

To Follow

Contact Officer: Nigel Manvell

Tel: 01273 293104

Ward Affected: All Wards

- 10 EXTERNAL AUDIT - AUDIT RESULTS REPORT 2018/19** **To Follow**
- Contact Officer: Nigel Manvell Tel: 01273 293104*
Ward Affected: All Wards
- 11 ANNUAL INTERNAL AUDIT REPORT 2018/19** **67 - 92**
- Report of the Executive Director for Finance & Resources
- Contact Officer: Mark Dallen Tel: 01273 291314*
Ward Affected: All Wards
- 12 REVIEW OF THE SOCIAL MEDIA PROTOCOL FOR MEMBERS** **93 - 102**
- Report of the Head of Law and Monitoring Officer
- Contact Officer: Victoria Simpson Tel: 01273 294687*
Ward Affected: All Wards
- 13 EXTERNAL AUDIT ANNUAL FEE LETTER 2019-20** **103 - 110**
- Report of the Executive Director for Finance & Resources
- Contact Officer: Nigel Manvell Tel: 01273 293104*
Ward Affected: All Wards
- 14 ANNUAL GOVERNANCE STATEMENT 2018-2019** **111 - 144**
- Report of the Executive Lead for Strategy, Governance & Law
- Contact Officer: Jackie Algar Tel: 01273 291273*
Ward Affected: All Wards
- 15 STANDARDS UPDATE** **145 - 148**
- Report of the Executive Lead for Strategy, Governance & Law
- Contact Officer: Victoria Simpson Tel: 01273 294687*
Ward Affected: All Wards
- 16 ITEMS REFERRED FOR COUNCIL**
- To consider items to be submitted to the 25 July 2019 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*
- 17 ITEMS FOR THE NEXT MEETING**

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FURTHER INFORMATION

For further details and general enquiries about this meeting contact Anoushka Clayton-Walshe, (01273 291354, email Anoushka.Clayton@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk

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BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 12 MARCH 2019

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Miller (Chair) Gilbey (Group Spokesperson), Sykes (Group Spokesperson), Cobb, Greenbaum, Platts, Robins and A Norman, Yates

Independent Members present: Dr David Horne

PART ONE

54 PROCEDURAL BUSINESS

a Declarations of substitutes

- 54.1 Councillor Norman was present as a substitute for Councillor Lewry. Councillor Yates was also present at the meeting. Ms Diane Bushell - Independent Member sent her apologies.

b Declarations of interests

- 54.2 Dr Horne stated that he was a trustee of Citizens Advice Bureau.

c Exclusion of the press and public

- 54.3 In accordance with Section 100A of the Local Government Act 1972 ("the Act"), the Committee considered whether the public should be excluded from the meeting during consideration of any item of business on the grounds that it is likely in view of the business to be transacted or the nature of the proceedings, that if members of the public were present during it, there would be disclosure to them of confidential information as defined in Section 100A (3) of the Act.
- 54.4 **RESOLVED:** That there were no Part Two items on the Agenda.

MINUTES

- 55.1 **RESOLVED:** That the Chair was authorised to sign the minutes of the last meeting held on 8 January 2019 as a correct record.

56 CHAIR'S COMMUNICATIONS

- 56.1 There were no Chair's Communications.

57 CALL OVER

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

- Item 60 – Strategic Risk Focus: SR24, SR29, SR15 and SR31
- Item 62 – Rough Sleeping Statistics
- Item 63 – Internal Audit & Counter Fraud Progress Report; 3rd Quarter 2018 / 2019
- Item 64 – Internal Audit Strategy and Annual Audit Plan 2019 / 20
- Item 65 – External Audit Plan 2018/19
- Item 66 – Standards Update
- Item 67 - Review of the Code of Conduct for Employees

58 PUBLIC INVOLVEMENT**58a Petitions**

58.1 There were no petitions.

58b Written Questions

58.2 The Chair invited Jim Deans to state his Written Question.

58.3 Jim Deans asked the following Written Question on the Rough Sleeping Statistics report by Mark Dallen – Item 62:

“The report shows that the count was at fault the moment it began. Management within council were aware and agreed that snow was expected with wind chill sub-zero. The Head of Housing spoke to me on Tuesday 20th November 2018, asking why SWEP was not planned to open. Why was the figure then used by council to claim a 64% drop in rough sleeping when by the reports criteria on "Rough Sleeping" the numbers clearly have increased. Are council aware that this is a slap in the face to those front-line volunteers including Sussex Homeless Support?”

58.4 The Chair stated that the Council had issued the following reply:

“The processes followed in both 2017 and 2018 were recently reviewed, and found to be compliant with national guidance. All rough sleeping returns submitted by local authorities are independently verified and validated by Homeless Link to ensure they are robust. Homeless Link are the national charity for organisations working directly with people who become homeless, and they were in attendance during the estimate (in 2017) and at the full count (in 2018). Homeless Link is funded by MHCLG to provide verification, validation, and guidance to local authorities for the annual rough sleeping street count and evidence-based estimate process.

Both the counts and estimate single night snapshots provide a way of indicating the number of people sleeping rough and assessing change over time. There is currently no national mechanism for recording every person who sleeps rough across the year although the rollout of the Council’s reporting system *b-think* will allow accurate reporting of numbers on the street.

The single night snapshot methodology aims to get as accurate a representation of the number of people sleeping rough as possible, while acknowledging that each process has its limitations. We therefore conclude that the rough sleeper statistics stated at the NICE Committee in December 2018 were based on reliable and relevant data.”

- 58.5 The Chair then asked if Mr Deans had a supplementary question and Mr Deans confirmed that he did. He asked:

“From the report, the formal definition of rough sleeping makes no mention of cars, vans, boats or some of the places that people are forced to sleep. It does seem that these places are not suitable for habitation. Is this council suggesting that these vulnerable people living this way are not rough sleeping and if not, why are they not counted as such?”

- 58.6 The Chair replied that Officers would provide a detailed response to this question through the committee.

58c Deputation

- 58.7 The Chair asked Adrian Hart to present his Deputation.

- 58.8 Adrian Hart presented the following Deputation:

“This deputation pivots around two issues which I’d like the Committee’s view on. Both have arisen from discussions held by Amex Area Neighbourhood Forum (in Queens Park ward). We became concerned over how our 2018 pro-development resident campaign against what we regarded as a very poor planning proposal (namely ‘The Edward Street Quarter’ scheme for the old Amex House site) was always destined to fail. In short, we did not know what our council knew.

The first issue is how can ward councillors communicate back to their constituents, vital information on neighbourhood matters which they know but citizens do not know? Acting as a ‘forward look-out post’ describes this democratic deficit well as there must surely be instances where ward councillors become aware of, for example, future planning proposals currently in discussion which, if approved, impact on their constituents in no uncertain terms. Had ward councillors been able to publicise (fairly and with their duty to their electorate in-mind) any prior knowledge or worry they have (or simply the facts) in a monthly Ward Newsletter then citizens might have had time to respond and seek rejection or amendment of the scheme. Such a newsletter/ bulletin would be delivered to all ward households as well as by online options.

Following the Edward Street Quarter example, despite developer-led public consultation ahead of application (see Brighton Society comment on this: footnote 1), BHCC statutory notices fixed to lamp-posts became the first indication to public that the proposal had changed (bigger, taller, poor public realm, a mere 20% so-called ‘affordable housing’ as the starting bid and so on). It was too late to effectively oppose. The issue of ‘too late’ is one underscored by the city’s second year of being unable to demonstrate to Whitehall a 5 year housing land supply. However, if our neighbourhood had known earlier that such a scheme was being discussed with planners, it would not,

in theory, have been too late. Recently, planners confirmed to us that prior to the start of the statutory time frame (from application to approval) there are indeed real opportunities for a council to have a developer return to the drawing board. The second issue follows on from the first: will the council accept that there is a democratic deficit here by exploring possibilities of making production of Ward Newsletters a reality? Insofar as leaflets purporting to be 'ward newsletters' do exist, these are laden with the party promo items on behalf of party-focused councillors. 'Forward look-out' items might exist in these occasional leaflets but only when a party branch feels it serves party interests. Surely it would be better that our council look into ways of requiring these newsletters to conform to an entirely new model of 'ward newsletter'?

I note that at the planning hearing for the 'Edward St Quarter' one of our local ward councillors on the planning committee commented, seemingly in despair, words to the effect 'I already have one of these ill-conceived schemes in Circus Street, I don't want another one in my ward'. And yet communities on the front line of both Circus Street [2] and Amex site had and continue to have little or no communication with residents least of all to warn their constituents and thereafter advise, support, defend or advocate. Indeed it feels at street level and citywide that troubled times inflict evermore distractions on councillors buried deep in party political warfare if not infighting.

And so I end by asking that answers to my questions be placed in the context of 2019 and of, we hope, a new intake of councillors who, if our own Queens Park ward candidates are anything to go by, share my desire for better democracy and for councillors as 'look-outs' equipped with new methods of communicating to constituents what constituents need to know."

58.9 The Chair read the following Response to the Deputation:

"There is a minimum requirement regarding Members having to attend certain meetings of the Council under the Local Government Act 1972. Beyond that, how a Member discharges their role, what information they publish and how they communicate with the residents of their ward is a matter for the individual Councillor.

All planning applications are published on the Council's website and the public can get information about important events from the Council's digital newsletter as well as the Council's website.

Article 2 of the Council's constitution sets out what the Council expects of its Councillors in a general way. But that is not legally binding.

I believe that Councillors of all political Groups do communicate with their residents and represent their issues to the best of their ability. Members do not always know of proposals before they reach the planning application stage and there are sometimes issues of commercial sensitivity in what they are able to share with their residents.

Members are accountable to the electorate through the democratic process. However, as long as they comply with the code of conduct for Members, the Council cannot dictate the specifics of how they discharge their roles”.

59 MEMBER INVOLVEMENT

59.1 There was no member involvement.

60 STRATEGIC RISK FOCUS: SR24, SR29, SR15 AND SR31

60.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that provided detail on the actions taken and future actions to manage each strategic risk.

60.2 The Risk Management Lead introduced the report, highlighting that there were now a total of eighteen strategic risks, including one new risk SR35 related to Brexit as detailed in Appendix 1. She also highlighted the scoring and questions that Members may want to put, as summarised in Appendix 2 of the report. She then confirmed that as part of the Strategic Risk Focus item, the four strategic risks to receive focus would start with SR29 owned by David Kuenssberg – Executive Director, Finance & Resources and Clifford Youngman, Head of Procurement would introduce SR29 by way of a presentation.

SR29 - Clifford Youngman, Head of Procurement

60.3 The Executive Director, Finance & Resources introduced the Head of Procurement who gave a short presentation on this risk. He stated that the Council spent £350 million with contracted suppliers and yet of the 200 or so officers involved in managing contracts, an estimated less than 20% had professional experience, and that managing contracts was an add-on part of most officers' jobs. He confirmed that there was a weakness shown in the authority and that City Clean had also recently shown a lack of resources in this area. In the area of Health & Adult Social Care there were some areas of excellence, but these were not consistent and social workers were not naturally finance-minded, as part of their job. Adult Social Care had been supported since 2017 by a Contract Management team with the aim to reduce the cost of social care. £0.600 million had been allotted to enhance the contract performance team and most risks were identified. He also confirmed that in the forward planning of 126 contracts had been undertaken and 44 had been completed. He confirmed they had achieved a saving of £0.950 million in 2018 (some cost avoidance, some cashable) and that they were now looking at rolling out more training in September 2019. He also stated that for 2020 / 21 there was a business case to look at further investment in this area.

60.4 Councillor Sykes questioned why, since they had installed a team, they had not been able to deal fully with the challenge of contract management. The Head of Procurement replied that, although it was possible to get quicker results by throwing ten times the amount of resources at it, these results could still take months to achieve, and additional 'pay back' might not be secured. He confirmed that he felt the balance was right as an ongoing project. He confirmed that they aimed to change the ratio of 80:20 in terms of

prevention versus intervention. He also confirmed that 44 contracts were currently ongoing in their progression, but others had been started.

- 60.5 Councillor Sykes stated that he felt for SR29 the risk register Introduction [Cause and Consequences] painted a negative picture since there was currently a 5 to 1 return on current investments and he supported the idea of a further business case to put more resources into this area.
- 60.6 Dr Horne stated that he welcomed the report's frankness, including the aspects on risk weakness and he was pleased to see that social care was now looking to the longer term. Since he felt that training was the way forward in ensuring the sustainability of this risk, he asked whether the training was mandatory, who the contract owners were and how the results could be obtained and measured. The Head of Procurement replied that training was imperative and that a radical shift in thinking would be required initially for the Local Authority. He confirmed that Brighton & Hove were the only Local Authority to implement a contract performance team within Orbis to significantly improve the situation. He confirmed that training would be mandatory; that there was a keen focus on intervention; that the vast majority of officers were budget holders; and that the contracts needed to be revisited in the future.
- 60.7 The Executive Director, Finance & Resources stated that managers had a limited amount of time to spend on training courses and that for the next financial year, one aspect they were trying to advocate was to resource areas like contract management properly.

SR24 – Paul Ross-Dale - Revenue & Benefits Manager

- 60.8 The Revenue & Benefits Manager introduced this risk, which he stated had existed for some time, but that he wanted to highlight the key impact of current welfare reforms, which affected how people were supported in navigating the benefit system on a day to day basis. He confirmed that the Welfare Rights Team were experts in legislation and assisted people in maximising benefits and the Social Fund team was enabling those who had been benefit-capped to gain more specific support such as the purchase of basic household items. He confirmed that they were currently looking at redesigning their strategic approach along with colleagues in Housing and Adult Social Care so that they could offer a unified council approach and that this would be presented in due course.
- 60.9 Councillor Sykes asked about the first risk action on page 32 of the report about the Benefit Cap, where the Council do not currently have access to the lists of those affected. He wondered if this made the Council's response more reactive on this issue and whether there was a need to redefine the way assistance was offered. The Revenue & Benefits Manager confirmed that the Council was now forced to be reactive to some extent since the move to Universal Credit had meant that the DWP (Department of Work & Pensions) did not inform the council in advance about which claimants were benefit-capped. He stated that since these claimants would now approach the Council in crisis through either the voluntary sector or as a result of council tax arrears, and it was up to the various teams to ensure they received the right help within the local authority.

SR15 – Pinaki Ghoshal, Executive Director, Families, Children & Learning

- 60.10 The Executive Director, Families, Children & Learning gave a brief presentation of this risk, which he said had now reduced in comparison with previous years. He confirmed that the July 2018 Ofsted report judged the City's services to be good, which was the first time in the City and that the reduction in numbers in care and child protection plans was different to other parts of the UK. He also confirmed that both the number of re-referrals were complaints received were reducing, with the number of compliments increasing.
- 60.11 The Chair asked about how the areas for improvement mentioned in the recent Ofsted report were factored in to the risk. The Executive Director, Families, Children & Learning replied regarding the recommendations for children who go missing and he also confirmed that they were in the process of terminating the joint contract with East Sussex. He confirmed that they had shared the action with Ofsted on these issues. He also confirmed that regarding the issue of private fostering arrangements, there had been a vacancy in the role and a new person was appointed to this position in the summer. Regarding the area of Children in Need, the children in the highest risk category had been registered as part of a monitoring audit and these actions had also been shared with Ofsted and a further meeting to check this had already been arranged with Ofsted on the 1st April 2019.
- 60.12 Councillor Norman asked about the local troubled families programme and whether it was proving successful with the most vulnerable families. The Executive Director, Families, Children & Learning replied that they were successful and that the funding arrangements were now more flexible since the Council was now one of the 19 authorities that had been awarded more autonomy – which resulted in a lower level of monitoring, and that also the Council now acquired Government funding upfront. He also confirmed that this aspect of the risk would continue only up until 2020, since the Government plans were not known after this date.
- 60.13 Councillor Robins asked about the impact of risk SR15, which he felt was given a low impact score of 3 (moderate). The Executive Director, Families, Children & Learning replied that the risk was reduced due to the actions that had already been taken and that since the number of children at risk had been reduced, therefore the level of impact for those children had also been reduced. The Risk Management Lead also stated that the revised risk score was lower due to work having been done to mitigate the risk (the Existing Controls) and therefore it was possible that the Directorate Management Team would think again on this issue and advise the Risk Owner.

SR31 – Pinaki Ghoshal, Executive Director, Families, Children & Learning

- 60.14 The Executive Director, Families, Children & Learning stated that regarding the budget situation for the City's schools, they had seen an increase in schools entering a deficit situation, which had exceeded the number of schools who had surpluses. In order to address this situation, there had been a joint action with the Executive Director, Finance & Resources regarding the spend in schools. The Executive Director, Families, Children

& Learning stated that over the course of the year the balance between school deficits and school surpluses had been well managed and that the current estimate for overall surpluses across all schools is now £2.8 million. Therefore he confirmed that their actions had made a difference and only some schools were facing deficits. He also confirmed that the level of deficits was at a level where they did not have to call upon the Council's General Fund.

60.15 Councillor Sykes asked about the potential consequences of this risk, which was both a resource and financial risk and therefore together was a big risk. The Executive Director, Families, Children & Learning confirmed that it was a big risk in theory, but that in all his years in this position, it had never happened. He confirmed that if a school was not managing, the Council had the powers to give a warning about the situation, which would be passed to the Secretary of State.

60.16 Councillor Gilbey asked about Risk 6 regarding Local Authority schools, since they buy particular services from the Council and the Executive Director, Families, Children & Learning replied that they did a lot of work with buy backs from problem schools. The Executive Director, Finance & Resources stated that there was focus on providing a good service, because schools could go elsewhere if this were not the case.

60.17 The Chair asked that since the budget was increasing, at what point did it no longer qualify as a strategic risk. The Executive Director, Families, Children & Learning replied that this had already been discussed and that they would review the situation again at the end of the financial year. He confirmed that they were confident, but had not received all the figures yet.

60.18 **RESOLVED:** That the Committee:

1 Noted in paragraphs 3.3 of the report, changes to the Council's Strategic Risk Register as agreed at ELT on 6 February 2019.

2 Noted Appendix 1 for details of SR24, SR29, SR15, and SR31.

3 Noted Appendix 2: Information on the Council's risk management process relative to Strategic Risks; and suggested questions for Members to ask Risk Owners and officers on Strategic Risks.

4 Having considered Appendix 1 and any clarification and/or comments from the officers, the Committee did not make any recommendations to any other relevant council body.

61 ANNUAL SURVEILLANCE REPORT 2018

61.1 **RESOLVED:** That the Committee agreed:

1 That the continued use of covert surveillance was approved as an enforcement tool to prevent and detect crime and disorder investigated by its officers, providing that the activity was in line with the Council's Policy and Guidance, and that the necessity and proportionality rules were stringently applied.

2. That the surveillance activity undertaken by the authority since the report to Committee in January 2018 as set out in paragraph 3.3 of the report was noted.

3 That the continued use of the amended Policy and Guidance document as set out in Appendix 1 was approved.

62 ROUGH SLEEPING STATISTICS

- 62.1 The Audit Manager introduced this report which had been produced on the request of Councillor Nemeth to examine the rough sleeping statistics methodology. The Audit Manager introduced this report which had been produced on the request of Councillor Nemeth to examine the rough sleeping statistics methodology.
- 62.2 Councillor Yates stated that it was unwelcome that Officers' work was questioned by a councillor and he could not see anywhere that there was a lack of veracity in the figures. He commended the officers involved in the report for their integrity and stated that he felt that hours of public sector resources had been spent on this report, which had been requested by people who should know better.
- 62.3 Councillor Gilbey stated that the figures were monitored on a daily basis by St. Mungo's, and the council's figures were a snapshot of one particular night. She confirmed that the bus used by Sussex Homeless Support was not running the night of the original survey and that although figures vary, at the time of the survey, there may have been fewer rough sleepers in hostels than during the daytime.
- 62.4 Councillor Cobb stated that there were various legitimate ways of achieving a result and asked if the statistics took into account those rough sleepers who did have accommodation, but still chose to sleep rough. The Audit Manager replied that the count last year was made up of people who were on the street and he would have to check and come back to confirm the answer.
- 62.5 Councillor Sykes stated in reply to Councillor Yates' previous remarks, that he felt it was a good use of officers' time, since the Administration were happy to use these figures for their own purposes and the Council needed to be honest and acknowledge this.
- 62.6 Councillor Robins confirmed that the night of the original survey was a particularly snowy night and that therefore the figures were not a genuine reflection of rough sleeping numbers.
- 62.7 Councillor Cobb suggested that due to the weather, the people carrying out the survey may have taken other people off the streets with them.
- 62.8 Councillor Platts stated that no-one was sleeping on the streets through choice and if the rough sleepers that night were in temporary accommodation, would they still be

counted. The Audit Manager confirmed that they would still be counted after the time of 1am.

- 62.9 Councillor Platts also queried whether there had been a discussion with the Government Department involved in providing the figures, since she wondered if they had now chosen a system that would be adhered to in future years. The Audit Manager replied that there were two different approved methods of counting and that different authorities had different methodologies. Councillor Platts then stated that the council should write to the Government department to ask about the problem of two different systems. The Audit Manager replied that he did not know why there were two methodologies and could not speculate on the reason for this.
- 62.10 The Chair queried the decision to change the way the count was made and he wondered when this was made and whether it was included in the audit. The Audit Manager replied that this was not looked into.
- 62.11 Councillor Yates pointed out that there was both national and local data asked if it would be worth suggesting that instead of the different ways of measuring rough sleeping, it might be better to have one method that was agreed. The Chair mentioned the monthly figure given out from St Mungo's would surely be a better way of counting homeless numbers.
- 62.12 RESOLVED:** That the Committee agreed to note the report and did not consider any further actions were required in response to the issues raised.

63 INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT Q3 2018/19

- 63.1 The Audit Manager introduced the report.
- 63.2 Councillor Sykes queried the complexities of homecare payments and how confusion on this could impact on the recipients, as stated on page 107. The Audit Manager replied that the reason behind this was to get the processes working efficiently for homecare and secondly to ensure costs be passed on to the customers in a transparent and timely way. He acknowledged that getting bills out to elderly clients accurately and on time was important and said that some suppliers had to be paid in advance due to IT problems.
- 63.3 Councillor Sykes asked about the plan to look at asset disposals of agricultural buildings. The Audit Manager replied that audits which included the agricultural element were carried out regularly on the council's property portfolio. He added that this included disposals and that he was happy to check this again and report back on this.
- 63.4 Councillor Gilbey queried the hours stated for carers or third party care providers, as mentioned on page 105 and asked how this was monitored and whether there was a rota system. She also asked whether it was checked whether workers were on zero hours contracts and paid the Living Wage. The Audit Manager replied that recent changes had meant that they did not record home visits using the same process as before and that he would have to check the current methods used and report back. The Executive Director, Finance & Resources replied that since there were a number of

different processes used, he was happy to check these and report back to the Committee on these findings.

63.5 Dr Horne asked for clarification on the importance of recommendations, since it was not currently clear whether recommendations were flagged up as high or low priority within the current report. The Audit Manager replied that this was easy to do and would be addressed going forward.

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

64 INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2019/20

64.1 The Audit Manager introduced the report, stating that he had consulted with many Strategic Directors, looked at other Authorities and reviewed past work from the previous three years work as part of the process. He confirmed that there were always emerging issues which were covered by a general contingency and one for emerging risks. He also highlighted the chart depicting the planned use of audit days for 2019/20.

64.2 Councillor Sykes asked about the Bar Chart on page 126 where the two areas of Adult Social Care and Children & Learning appeared to have fewer resources, and asked the Audit Manager what he would do if he had 30% extra audit resource? The Audit Manager replied that the levels on the Bar charts did may appear to appear to be lower than expected but he was aware of this. He stated that last year they had undertaken more work in these directorates and that secondly, for example, the Finance & Resources plan includes audits such as Care Payments. The Audit Manager also stated that with more resources, he would possibly choose to audit areas that were not currently being covered. He stated that this year unplanned audits were carried out on the Royal Pavilion and the Brighton Centre and historically these had occurred more regularly.

64.3 The Executive Director, Finance & Resources stated that a review of audit days was undertaken. He confirmed that this indicated that the number of audit days were quite close to the minimum and he could not see any way at present of reducing this.

64.4 Dr Horne asked about the erosion of the number of auditing days and when these would be carried out since, in his opinion there seemed to have been a loss of detail on how these days should be allocated for the period 2019 / 20. The Audit Manager replied that previously they had listed the detail of the audit days in order to be transparent and now they were trying to streamline the detail and use a bar chart on how these were delivered to each Directorate.

64.5 Dr Horne also asked about how these days would be aligned to the Strategic risk register, which he felt was important. The Audit Manager replied that there was a shrinkage in the coverage of corporate risks but as stated in the risk management report under the third line of defence these are mapped and would be presented at the financial year end. Russell Banks, Chief Internal Auditor stated that a number of different audits covered those Directorates, citing the example of the Budget Management audit which cut across all of those services.

- 64.6 **RESOLVED:** That the Committee approved the Internal Audit Strategy and Annual Audit Plan for 2019 / 20, subject to the identification of any areas for further consultation, or the potential addition or deletion of reviews currently included in the plan.

65 EXTERNAL AUDIT PLAN 2018/19

- 65.1 Mr Darren Wells, Grant Thornton introduced this report, stating that it set out key aspects for their plan. He confirmed that the audit planning was a culmination of risk assessment work that they were undertaking.
- 65.2 Dr Horne asked whether Grant Thornton had been able to get a picture of risks and the wider Council environment from the internal audit team's work. Mr Wells confirmed that they currently looked at key audit reports from internal audit, and that this was standard for external auditors.
- 65.3 Councillor Sykes queried whether the materiality level stated on page 147 of the report was based on net or gross General Fund expenditure. Mr Wells replied that it was based on the gross expenditure.
- .
- 65.4 Councillor Norman queried the significant pension fund risk highlighted in the second paragraph on page 151. Mr Wells replied that this was a standard risk for Councils, and that detailed work by a pension's expert would inform Grant Thornton whether this was a serious concern for Brighton & Hove.
- 65.6 **RESOLVED:** That the Committee:
1. Agreed to consider and notify the external auditor if there were any other matters which it considered may impact on the planned audit.
 2. Noted the External Audit Plan 2018/19.

66 STANDARDS UPDATE

- 66.1 Victoria Simpson, Senior Lawyer introduced the report as this Committee's regular standards update consisting of three parts. She asked the Committee to note the information provided about Standards complaints before proceeding to highlight the second part of the report, which dealt with the review of ethical standards in government carried out by the Committee on Standards in Public Life. A report had been generated by the Committee on Standards in Public Life following a consultation process to which a cross party working group of members of this Committee had contributed on behalf of the authority. It was proposed that a further informal group of members be convened to consider the recommendations of that very detailed report.
- 66.2 The Senior Lawyer also asked the Committee to note that a cross party Panel made up of members of this Committee had selected a preferred candidate for appointment as an Independent Person following a recruitment process. As Ms Diane Bushell's term as Independent Person was due to expire in the next two weeks, she asked the Committee to thank Ms Bushell for her work and commitment.

66.3 Dr Horne asked whether the recent consultation on updating the disqualification criteria for councillors had resulted in any changes in the rules which might affect candidates seeking to be elected in the forthcoming elections. He thus wondered if there were suitable arrangements in place to monitor this. The Senior Lawyer replied that she was aware of the consultation outcome, which had resulted in an indication that government was minded to introduce changes to the disqualification criteria. Doing so would involve changes to primary legislation which had not as yet been proposed: a situation was being and would continue to be monitored.

66.4 **RESOLVED:** That the Committee

1 Noted the information provided in the report on member complaints and on standards-related matters. The latter included the approaching end of the tenure of Diane Bushell, whose four year term as one of the Council's two Independent Persons was to expire on 25th March 2019. The Committee acknowledged her contribution with thanks.

2. Noted that the recruitment process described in the report had resulted in a recommendation being put to Full Council on 28th March 2019 that it approve the appointment of a new Independent Person to exercise the statutory functions of the role in addition to the ongoing incumbent, Dr David Horne.

3 Would invite an informally constituted cross-party working group of members to review the detailed recommendations of the Committee on Standards in Public Life, with a view to making such recommendations as it considers appropriate to a future meeting of this Committee.

67 REVIEW OF THE CODE OF CONDUCT FOR EMPLOYEES

67.1 The Committee considered the report of the Executive Lead Officer for Strategy, Governance & Law. The report was introduced by Victoria Simpson, Senior Lawyer and Liz Boswell, Lead Consultant, Reward & Policy. The Senior Lawyer asked the Committee to note that the overall aim was to update the rules regulating the conduct of council employees, which form a key part of the Council's Constitution. The Committee's earlier discussion about the demands on those officers involved in letting contracts on behalf of the authority highlighted the clear need to ensure that the rules which specify the expectations of officers who let council contracts are made as clear as possible.

67.2 Councillor Gilbey asked for clarification regarding the working time directive on the maximum working hours for staff, since she was concerned about the health and safety of staff working longer hours, she asked how the council monitored this. The Lead Consultant, Reward & Policy replied that working long hours was an important health and safety risk which could result in errors and accidents. She confirmed that it was made clear to staff that they should not take on more work than they could manage and that staff had to report to managers if they were taking on another job outside or within the council and a risk assessment would then be made as to whether they could take this on safely. She confirmed that this was a commitment made by staff when they started working for the council. The Executive Director, Finance & Resources replied that an audit had already been requested on this issue, for this quarter and therefore a future report on this subject would soon be submitted to this Committee. Councillor

Yates stated that, in addition to the issue of the maximum hours staff could work per week, there was also the issue of the length of rest periods for staff, under the working time directive and he asked whether all of these issues would be picked up within the proposed audit and the Executive Director, Finance & Resources replied that he would ensure that all of these issues were addressed.

- 67.3 The Chair enquired how employees would be informed of any of these changes and the Lead Consultant, Reward & Policy replied that every new member of staff would take part in induction training which would involve receiving information according to maintained checklist. Employees continue to be kept informed via a number of sources, including through their managers and via staff communications on The Wave.
- 67.4 **RESOLVED:** That the Committee recommended the Council's revised Code of Conduct for Employees to full Council for approval.

68 REVIEW OF PARTS OF THE CONSTITUTION

- 68.1 The Committee considered the report of the Executive Lead Officer for Strategy, Governance & Law.
- 68.2 **RESOLVED:** That the Committee referred the draft revised documents in Appendix 1 (the Code of Conduct for Members), Appendix 2 (the Practice note on Publicity and the Use of Council Resources), and Appendix 3 (the Code of Conduct for Member/ Officer Relations) to Full Council for approval.

69 ITEMS REFERRED FOR COUNCIL

- 69.1 There were two items referred to Full Council on 28th March 2019:

Item 67 - Review of the Code of Conduct for Employees
Item 68 - Review of parts of the Constitution.

70 ITEMS FOR THE NEXT MEETING

- 70.1 There were none. The Chair thanked everyone for supporting the Committee, since this would be the last Audit & Standards Committee before the election.

The meeting concluded at 6.08 pm

Signed

Chair

Dated this

day of

Subject:	Constitutional Matters		
Date of Meeting:	23 July 2019		
Report of:	Executive Lead for Strategy, Governance & Law (Monitoring Officer)		
Contact Officer:	Name:	Lisa Johnson	Tel: 01273 291228
	Email:	lisa.johnson@brighton-hove.gov.uk	
Ward(s) affected:	(All Wards);		

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

- 1.1 To provide information on the Audit & Standards' Committee's terms of reference and to seek this Committee's formal confirmation to the appointment of a Standards Panel.

2. RECOMMENDATIONS:

- 2.1 That the Committee's terms of reference, which are published in Part 4 of the Council's Constitution and are set out in Appendix 1 to this report, be noted; and
- 2.2 That this Committee formally confirm the establishment of a Standards Panel in accordance with the terms of reference proposed in Appendix 1.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Article 6 of the Constitution incorporates a schedule of all the Committees and Sub-committees established in the current Constitution, together with a summary of their respective functions.

The Audit & Standards Committee – Terms of Reference

- 3.2 A copy of the terms of reference for the Committee is attached in Appendix 1. These should be read in the context of the 'Introduction and General Delegations' included in the Scheme of Delegations to Committees and Sub-Committees at part 4 of the Constitution.

Membership

- 3.3 The membership of the Audit & Standards Committee is set at 8 Members of the Council and 2 Independent Persons, appointed as co-optees.
- 3.4 The arrangements for substitute Members to attend meetings of all Committees/Sub-Committees is as set out in the Council Procedure Rules 18 to 24.

Programme Meetings

- 3.5 Ordinary meetings of the Audit & Standards Committee are scheduled to take place on the following dates during 2019/20:

23 July 2019
17 September 2019
14 January 2020
10 March 2020

- 3.8 Meetings of the Committee are normally held at Hove Town Hall and start at 4.00 p.m., this unless a need for alternative arrangements arises.

Confirmation of the appointment of a Standards Panel

- 3.9 The terms of reference of the Audit & Standards Committee refer also to the establishment of a Standards Panel. This has the status of a Sub-Committee of the Audit & Standards Committee and its terms of reference permit it to carry out a key role by performing Standards-related functions delegated to the Panel by this Committee. Those Standards-related functions include sitting as a Panel in accordance with the procedures in place at this Council for determining allegations of misconduct by members. The Panel is convened as and when required and reflects political balance requirements.
- 3.10 This Committee is recommended to confirm its agreement to the establishment of a Standards Panel to carry out such Standards functions as this Committee delegates to it. This shall include the task of determining allegations of breaches of the Code of Conduct for Members in accordance with the Council's arrangements. The Standards Panel shall meet the political balance requirements and shall be comprised of three members of the Audit & Standards Committee drawn from a pool of those members who have received Standards Panel training from or as directed by the Council's Monitoring Officer. The Panel shall also include one of the Council's Independent persons, who shall act as the Panel's Chair on a non-voting basis.
- 3.11 As well as giving its formal approval to the establishment of a Standards Panel, the Committee is asked to note a separate matter, namely the provision in the Constitution for each Committee of the Council to appoint an Urgency Sub-Committee to exercise its powers in matters of urgency on which it is necessary to make a decision before the next ordinary meeting of the Committee. While each of the Council's Service Committees are being asked to appoint such a Sub-Committee in case any urgent business arises between scheduled meetings, there is not at the current time considered to be a need for the Audit & Standards Committee to do so.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The council's Constitution provides for the appointment of sub-committees and urgency sub-committees. While it is for each Committee to determine its actions, and they could decide not to make such appointment(s), this is considered to be

contrary to the wishes of the Council. It is not therefore offered as a viable alternative option.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 All Members considered and approved the Constitution and the changes therein on 13 December 2018.

6. CONCLUSION

- 6.1 The recommendations are being put forward in line with the requirements of the Constitution.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 There are no direct financial implications arising from this report. Any costs associated with forming and managing Urgency Sub-committees will be met from existing resources.

Finance Officer Consulted: Peter Francis

Date: 25/06/19

Legal Implications:

- 7.2 The Council's Constitution complies with the legal framework set out in the Localism Act 2011, the Local Government Act 2000 and other relevant legislation.

Lawyer Consulted: Victoria Simpson

Date: 24/06/19

Equalities Implications:

- 7.2 There are no equalities implications arising from the report

Sustainability Implications:

- 7.3 There are no sustainability implications arising from the report.

Any Other Significant Implications:

- 7.4 None

SUPPORTING DOCUMENTATION

Appendices:

1. Audit & Standards Committee (including the Standards Panel's) Terms of Reference

Documents in Members' Rooms

1. None

Background Documents

1. The Council's Constitution

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. It plays a key role in acting as a critical friend to the Council and in helping to build trust in the Council's arrangements. The Committee receives referrals from and makes recommendations to the Council, from/to Policy, Resources & Growth Committee, to Officers or to 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, Resources & Growth Committee and to make recommendations to the Policy, Resources & Growth 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 oversee the Council's information governance arrangements*. This will include oversight of those of the Council's policies, procedures and processes which concern information governance and which operate across the Council's internal and external-facing activities.

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.

**NOTE: The Policy, Resources and Growth Committee has concurrent delegated powers in respect of Information Governance.*

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 arrangements to secure value for money;
- the financial management process;
- arrangements for the prevention and detection of fraud and corruption

To meet the requirements of the Accounts and Audit Regulations 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 it contains any actions for improvement; and
- considering and approving the Council's annual Statement of Accounts.

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

To consider and agree the Internal Strategy and Annual Audit Plan, Head of Internal Audit's Annual Internal Audit Report including Opinion, periodic progress reports and other relevant internal audit reports.

To consider and agree the Head of Internal Audit's 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.

STANDARDS PANEL

Explanatory Note

The Panel of the Audit and Standards Committee is a Sub-Committee and its main role is to carry out any functions delegated to it by the Audit and Standards Committee in relation to (a) allegations that Members or Co-opted Members have breached the Code of Conduct and (b) the granting of dispensations to Members or Co-opted Members with pecuniary interests.

Panel membership is determined in accordance with procedures approved by the Audit and Standards Committee.

Delegated Functions

In accordance with procedures approved by the Audit and Standards Committee:-

1. To carry out any arrangements delegated to the Panel by the Audit and Standards Committee in connection with investigating and making decisions on allegations that a Member or Co-opted Member has failed to comply with the Code of Conduct.
2. To hear and determine applications from Members or Co-opted Members with pecuniary interests and in appropriate cases to grant dispensations from the restrictions on speaking and/or voting at meetings of the Council, its committees, sub-committees, joint committees or joint sub-committees.
3. To discharge any of other functions of the Audit and Standards Committee which the Committee delegates to the Panel.

Subject:	Strategic Risk Focus: SR2, SR10, SR18, SR25 and SR34		
Date of Meeting:	23 July 2019		
Report of:	Executive Lead for Strategy, Governance & Law (Monitoring Officer)		
Contact Officer:	Name:	Jackie Algar	Tel: 01273 291273
	Email:	jackie.algar@brighton-hove.gov.uk	
Ward(s) affected:	All Wards		

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 the Committee focuses on at least two Strategic Risks at each of their meetings.
- 1.2 The officers available to answer Members' questions will be the Risk Owner at this meeting will be David Kuenssberg, Executive Directorate Finance & Resources and officers within his Directorate with detailed knowledge of risk actions connected to the following Strategic Risks (SRs):
- i. SR2 'The council is not financially sustainable';
 - ii. SR10 'Corporate Information Assets are inadequately controlled and vulnerable to cyber attack';
 - iii. SR18 'The organisation is unable to deliver its functions in a modern, efficient way due to the lack of appropriate technology';
 - iv. SR25 'The lack of organisational capacity leads to sub-optimal service outcomes, failure to meet statutory obligations, and reputational damage'; and
 - v. SR34 'Ambitions to improve offer for staff which have been stated in Our People Promise may not be realised'.

2. RECOMMENDATIONS:

That the Audit & Standards Committee:

- 2.1 Note in paragraph 3.3 the changes to the council's SRR as agreed at the Executive Leadership Team (ELT) on 15 May 2019.
- 2.2 Note Appendix 1 for details of SR2, SR10, SR18, SR25, and SR34.
- 2.3 Note Appendix 2: Information on the council's risk management process relative to Strategic Risks (SRs); and Suggested questions for Members to ask Risk Owners and officers on Strategic Risks.

- 2.4 Having considered Appendix 1 and any clarification and/or comments from the officers, the Committee makes any recommendations it considers appropriate to the relevant council body.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 This report also provides the Committee with details of the changes to the city council's Strategic Risk Register (SRR) last reviewed by ELT on 15 May 2019.
- 3.2 The SRR details the current prioritised risks which may affect the achievement of the council's Corporate Plan purpose, including in relation to its work with other organisations across the city. The SRR is reviewed and agreed by ELT quarterly.
- 3.3 Summary of changes to the SRR as a result of the ELT review on 15 May 2019.



The SRR is a public document which is supported by data collected on a specific software programme used by the City Council for Risk called 'CAMMS Risk', it links to a parent module, CAMMS Strategy, which we use for collation and analysis of Performance data and Performance reporting. A detailed CAMMS Risk report on the SRs which are the subject of this Risk Focus Item is provided at Appendix 1.



Below at Table 1 changes made to the council's SRR by ELT's quarterly risk review on 15 May 2019 is summarised. One risk was removed, and another added so there are still 18 Strategic Risks (SRs).







Note:












- (i) the addition of new risk SR36 'Not taking all actions required to address climate and ecological change, and making our city carbon neutral by 2030'
- (ii) for 17 of the 18 SRs there were no changes to risk scores
- (iii) for SR32 'Sub-standard health & safety measures lead to personal injury of staff or residents, financial losses and reputational damage' the risk scores were increased. The risk title has also changed
- (iv) changes to risk titles apply to SR18, 20, 25, 23, 29, 31 and SR32 as denoted in italics in the table below.









Table 1 Strategic Risks







Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & DOT	Committee & Chair	Risk Owner
SR20	Inability to integrate health and social care services at local level to the agreed timescales has been primarily	5 x 4 ◀▶  RED	4 x 4 ◀▶  RED	Health & Wellbeing Board – Cllr Moonan	Executive Director, Health & Adult Social Care

Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & DOT	Committee & Chair	Risk Owner
	caused by both unplanned budget reductions impacting upon council budgets and services and system wide restructuring of Clinical Commissioning Groups (CCGs) across Sussex which has distracted attention from the local position <i>(was Inability to integrate health and social care services at local level to the agreed timescales)</i>				
SR2	The Council is not financially sustainable	5 x 4  RED	4 x 4  RED	Policy, Resources & Growth Committee - Cllr. Platts	Executive Director, Finance & Resources

Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & DOT	Committee & Chair	Risk Owner
SR32	Sub-standard health & safety measures lead to personal injury, prosecution, financial losses and reputational damage <i>(was Sub-standard health & safety measures lead to personal injury of staff or residents, financial losses and reputational damage)</i>	5 x 4 ▲  RED Note risk score was 3 x 4 AMBER	4 x 4 ▲  RED Note risk score was 2 x 5 AMBER	Policy, Resources & Growth Committee – Cllr. Platts	Executive Director, Finance & Resources
SR33	Not providing adequate housing and support for people with significant and complex needs	4 x 4 ◀▶  RED	3 x 4 ◀▶  AMBER	Health & Wellbeing Board – Cllr. Moonan Housing & New Homes Committee – Cllr. Allcock	Executive Director, Health & Adult Social Care
SR18	The organisation is unable to deliver its functions in a modern, efficient way due to the lack of appropriate technology <i>(was Service outcomes are sub-optimal due to the lack of appropriate tools for the organisation to manage its functions)</i>	4 x 4 ◀▶  RED	3 x 4 ◀▶  AMBER	Policy, Resources & Growth Committee – Cllr. Platts	Executive Director, Finance & Resources

Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & DOT	Committee & Chair	Risk Owner
SR10	Corporate Information Assets are inadequately controlled and vulnerable to cyber attack	4 x 4  RED	4 x 3  AMBER	Policy, Resources & Growth Committee - Cllr. Platts	Executive Director, Finance & Resources
SR35	Unable to manage serious risks and opportunities resulting from the impact of Brexit on the local and regional society and economy	4 x 4  RED	4 x 3  AMBER	Policy, Resources & Growth Committee - Cllr. Platts	Executive Lead Officer, Strategy, Governance & Law
SR36	Not taking all actions required to address climate and ecological change, and making our city carbon neutral by 2030	5 x 4 NEW  RED	NEW Risk mitigations to be determined to inform revised risk score	Environment, Transport & Sustainability Committee – Cllr. Pissaridou	Executive Director, Economy, Environment & Culture
SR13	Not keeping Vulnerable Adults Safe from harm and abuse	3 x 4  AMBER	3 x 3  AMBER	Health & Wellbeing Board – Cllr. Moonan	Executive Director, Health & Adult Social Care
SR21	Unable to manage housing pressures and deliver new housing supply	3 x 4  AMBER	3 x 3  AMBER	Housing & New Homes Committee – Cllr. Allcock	Executive Director, Neighbourhoods, Communities & Housing
SR25	The lack of organisational capacity leads to sub-optimal service outcomes, failure to meet statutory	3 x 4  AMBER	3 x 3  AMBER	Policy, Resources & Growth Committee – Cllr. Platts	Executive Director, Finance & Resources

Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & DOT	Committee & Chair	Risk Owner
	obligations, and reputational damage (<i>was The lack of organisational capacity leads to sub-optimal service outcomes, financial losses, and reputational damage</i>)				
SR24	The impact of Welfare Reform increases need and demand for services	4 x 3 ◀▶  AMBER	3 x 3 ◀▶  AMBER	Policy, Resources & Growth Committee – Cllr. Platts	Executive Director, Finance & Resources
SR23	Unable to develop and deliver an effective Investment Strategy for the Seafront and ensure effective maintenance of the seafront infrastructure (<i>was Unable to develop an effective Investment Strategy for the Seafront</i>)	3 x 4 ◀▶  AMBER	3 x 3 ◀▶  AMBER	Environment, Transport & Sustainability Committee – Cllr. Pissaridou Tourism & Development & Culture Committee – Cllr. Robins	Executive Director, Economy, Environment & Culture
SR26	Not strengthening the council's relationship with citizens	3 x 4 ◀▶  AMBER	3 x 3 ◀▶  AMBER	Neighbourhoods, Inclusion, Communities & Equalities Committee – Cllr. Knight	Executive Director, Neighbourhoods, Communities & Housing
SR29	Ineffective contract performance management leads to sub-optimal service	3 x 4 ◀▶  AMBER	3 x 3 ◀▶  AMBER	Policy, Resources & Growth Committee – Cllr. Platts	Executive Director, Finance & Resources

Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & DOT	Committee & Chair	Risk Owner
	outcomes, financial irregularity and losses, and reputational damage (was <i>Ineffective contract management leads to sub-optimal service outcomes, financial losses, and reputational damage</i>)				
SR30	Not fulfilling the expectations of residents, businesses, government and the wider community that Brighton & Hove City Council will lead the city well and be stronger in an uncertain environment	3 x 4 ◀▶  AMBER	3 x 3 ◀▶  AMBER	Policy, Resources & Growth Committee - Cllr. Platts	Chief Executive
SR34	Ambitions to improve offer for staff which have been stated in Our People Promise may not be realised	3 x 4 ◀▶  AMBER	2 x 3 ◀▶  YELLOW	Policy, Resources & Growth Committee - Cllr. Platts	Executive Director, Finance & Resources
SR15	Not keeping Children Safe from harm and abuse	3 x 4 ▲  AMBER ELT increased impact score after Member query at Audit & Standards Committee	2 x 3 ◀▶  YELLOW	Children, Young People & Skills Committee – Cllr. Childs	Executive Director, Families, Children & Learning

- 3.4 Appendix 2 provides 'Information on the council's risk management process relative to Strategic Risks (SRs) and Suggested questions for Members to ask Risk Owners and officers on Strategic Risks'. It is intended to provide information on the council's risk management process relative to SRs and is attached as a separate appendix in order to assist Members to scrutinise the information in Appendix 1 and ask questions of the Strategic Risk Owners and officers in order to assist Members on their assurance role at this Committee.

4. FINANCIAL & OTHER IMPLICATIONS

Financial Implications

- 4.1 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: 22/05/2019

Legal Implications

- 4.2 Members of this Committee are entitled to any information, data and other evidence which they consider will enable them to reach an informed view regarding whether the council's Strategic Risks are being adequately managed. The Committee may make recommendations based on any conclusions it comes to.
- 4.3 The individual Strategic Risks which are focused on in this Report may potentially have legal implications. Where those implications are of a direct nature, they are noted in the Report or in the appendices to it.

Lawyer Consulted: Victoria Simpson

Date: 06/06/2019

SUPPORTING DOCUMENTATION

Appendices:

1. Strategic Risk Focus report: SR2, SR10, SR18, SR25 and SR34.
2. Information on the council's risk management process relative to Strategic Risks (SRs) and Suggested questions for Members to ask Risk Owners and officers on Strategic Risks.

Background Documents

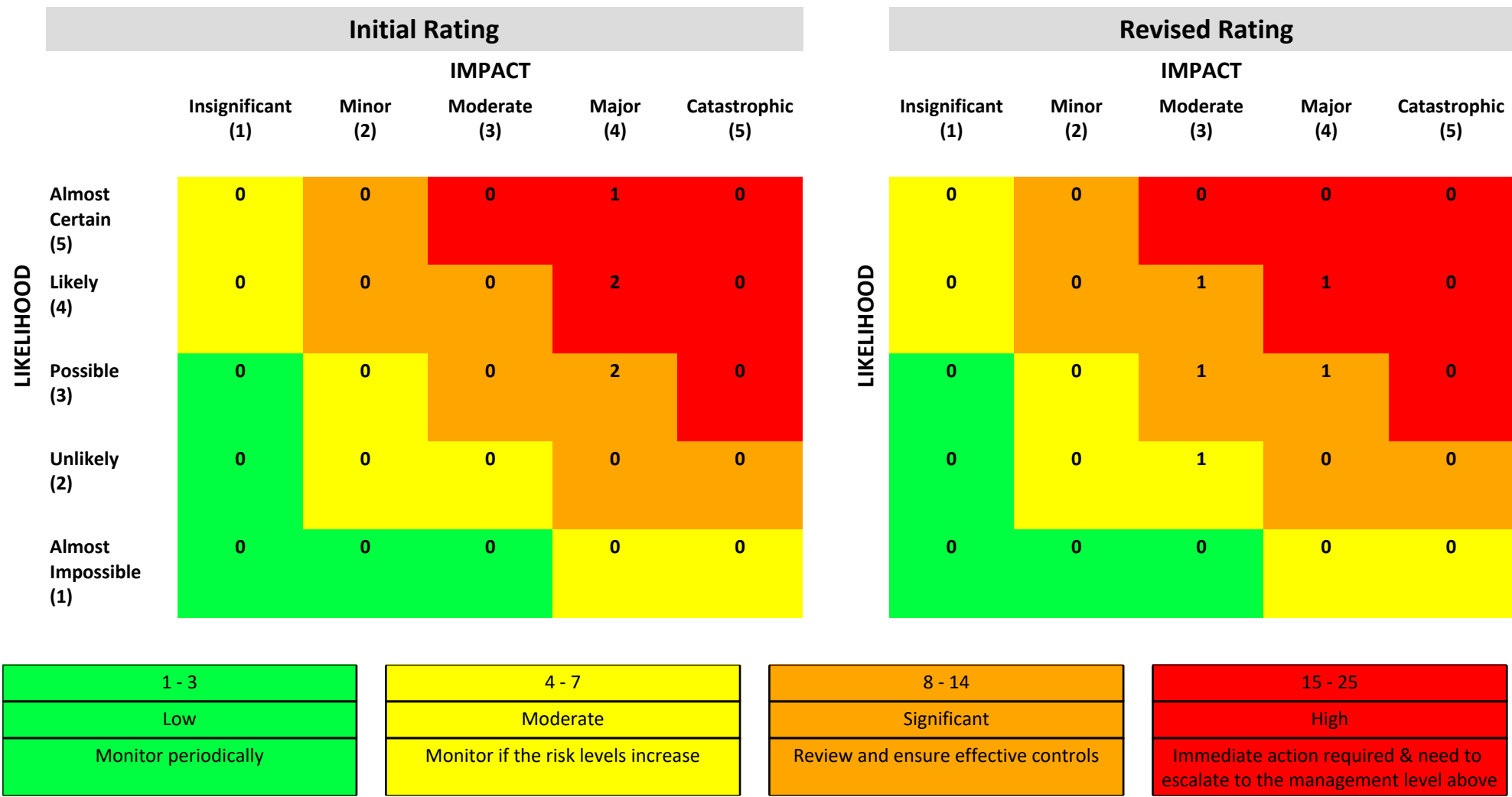
1. None.

Brighton & Hove City Council

Appendix 1: Strategic Risk Focus report: SR2, SR10, SR18, SR25 and SR34

All

Print Date: 14-Jun-2019



Risk Details

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR10	Corporate Information Assets are inadequately controlled and vulnerable to cyber-attack	Executive Director of Finance & Resources Head of Strategy & Engagement	BHCC Strategic Risk, Legislative	15/05/19	Threat	Treat	<div style="background-color: red; color: black; text-align: center; padding: 5px;">Red</div> L4 x I4	<div style="background-color: orange; color: black; text-align: center; padding: 5px;">Amber</div> L4 x I3		Revised: Uncertain

Causes

Link to Corporate Plan: Outcome ' A modern council: Providing open civic leadership and effective public services'

Inadequate Information Security

Inadequate Information Governance

Inadequate Information Management

due to lack of resource and organisational maturity and ever-increasing levels and complexity of threats at a time when the organisation increases information assets.

Potential Consequence(s)

- Individuals could suffer reputational, financial or physical harm,
- The council could suffer reputational and/or financial loss along with an inability to function effectively
- The financial sanctions available to the Information Commissioner's Office (ICO) are significant
- The Public Services Network (PSN) & Health & Social Care Information Centre (HSCIC) could impose operational sanctions which would be catastrophic for many services,
- Inadequate Information Governance management lends itself to poor Data Protection practices incl. non-compliant circulation of data & leaks
- It could result in a loss of trust in the council by citizens and partners.

Existing Controls

First Line of Defence: Management Action

These are set out under each of the Risk Causes (in capital letters)

A) Controls re. Cause relating to INADEQUATE CYBER SECURITY

1. Physical access controls for many services have been improved a result of the move to the Orbis Data Centre (ODC1). Remaining service will be moved during 2019/20.

2. Protective monitoring technology is in place to provide threat, vulnerability and incident alerts

3. The council's Behaviour Framework applies to all staff and includes under 'Behaving Professionally' the text "I handle confidential matters and information discreetly and within set guidelines (e.g. Data Protection, data sharing protocols)

4. Incident management now integrates data breach and cyber security incidents

B) Controls re. Cause relating to INADEQUATE INFORMATION GOVERNANCE

5. A suite of Information Governance Policies are reviewed and approved annually

6. An information risk register is regularly reviewed by Information Governance Board (IGB) and the Senior Information Risk Owner (SIRO)

7. Privacy impacts assessments (PIAs) conducted for all new business process and systems involving personal information.

8. Standardised and repeatable workflows and procedures are in place for privacy by design, new major contracts information rights handling.

9. The key responsibilities of all with Leadership Roles at Tier 2, i.e. including all Executive Directors, includes: 'To be accountable for safeguarding and effective exploitation of all data and information systems within the area(s) managed in line with corporate risk management protocols, and in collaboration with services across the organisation.

Approval of business case in May 2019 for increased and dedicated resources to supplement the management and co-ordination of SARs and FOI requests.

Second Line of Defence: Corporate Oversight

1) The Senior Information Risk Owners (SIRO) oversees the organisation's approach to Information Risk Management, setting the culture along with risk appetite and tolerances;

2) The Information Governance Board ("IGB") oversees and provides leadership on Information Risk Management and obligations arising from legislation such as the Data Protection Act (DPA) 1998 & Freedom of Information (FOI) Act 1998;

3) The Caldicott Guardians (Executive Directors Families, Children & Learning; and Health & Social Care) have corporate responsibility for protecting the confidentiality of Health and Social Care service-user information and enabling appropriate information sharing;

4) The Information Governance Team operates as an independent function to provide advice, guidance and oversight in key areas.

5) Information Governance and Cyber Security receives oversight from the Audit and Standards Committee;

6) A Joint Orbis Data Protection Officer (DPO) has been in post as of May 2018. This role assists in the monitoring of internal compliance, provides advice on data protection obligations and Data Protection Impact Assessments (DPIAs).

Third Line of Defence: Independent Assurance

1) Internal and external IT audits provide an objective evaluation of the design and effectiveness of IT&Ds internal controls. An annual Internal Audit schedule is agreed with internal audit; some focus audits specifically on Information Governance (IG) areas, but all will cover some aspect of IG. The outcome of all audits is reported to the Audit and Standards Committee quarterly.



2) IT Health Check (ITHC) performed by a 'CHECK'/'CREST' approved external service provider – covering both applications and infrastructure assurance. The ITHC approach has been updated to include one standard annual check and one targeted solution specific check (e.g. the mobile service).

3) Continued assurance from compliance regimes, including Public Sector Network (PSN) CoCo (Code of Connection); NHS Digital Data Security and Protection (DSP) Toolkit; and Payment Card Industry Data Security Standard (PCI DSS).

Reason for Uncertain status for effectiveness of controls: Cyber threats are evolving to become more sophisticated and our growing dependence on technology means that the impact of a successful attack has greatly increased. Proportionate technical and behavioural mitigations of this risk may not prevent a highly sophisticated, persistent attack.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
CYBER SECURITY/INFORMATION GOVERNANCE Develop and launch a series of IG training modules	Head of Strategy & Engagement	20	31/12/19	28/04/17	31/12/19
Comments: The IG and IS training project has been transferred into the Digital Organisation Programme (DOP) to provide a programmatic structure for delivery within year. Project initiation will take place in Q1 2019/20.					
INFORMATION GOVERNANCE/CYBER SECURITY: Establish an Orbis-wide approach to the identification, assessment and management of information risk	Head of Strategy & Engagement	20	31/03/20	02/04/18	31/03/20
Comments: A basic approach to risk management has been set up within BHCC, but approaches across the Orbis partnership vary - leading to suboptimal processes and duplication of effort. A joint approach to risk assessment will improve efficiency both BHCC led change work and pan-Orbis change programmes (OCAP, TribePad, etc). Workshops to initiate this work are being arranged.					
INFORMATION GOVERNANCE: Create an Information Sharing Agreement Register and use GDPR data mapping processes to identify info sharing governance gaps	Head of Strategy & Engagement	100	31/05/19	20/11/17	31/05/19
Comments: SA register has been created and gaps in ISA are now being identified and resolved as BAU through the information asset register					
INFORMATION GOVERNANCE: DPO benchmarking & audit	Head of Strategy & Engagement	85	31/07/19	01/08/18	31/07/19

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Comments: Awaiting final audit report prior to creating a prioritised programme of work to address areas requiring development.					
INFORMATION SECURITY: Access management project	Head of Strategy & Engagement	20	31/12/19	02/04/18	31/12/19
Comments: Access Management project has been initiated and a high level plan agreed.					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR18	The organisation is unable to deliver its functions in a modern, efficient way due to the lack of appropriate technology	Executive Director of Finance & Resources Head of Strategy & Engagement	BHCC Strategic Risk, Technological	15/05/19	Threat	Treat	 L4 x I4	 L3 x I4		Revised: Adequate

Causes

Link to Corporate Plan: Priority Economy, Jobs and Homes: Improve the City's digital infrastructure

Failure to adopt and adapt to new digital technologies caused by:

Sub-optimal technology capabilities - led by IT & Digital

1) Insufficient IT & Digital staff with the appropriate skills to interpret business need, create strategies and develop, implement, support and maintain new technologies

2) Insufficient investment in the underlying IT infrastructure and platforms

3) Insufficient investment in modern corporate and line of business applications and user device

Sub-optimal staffing capabilities - led by HR OD

4) Insufficient understanding and leadership at all levels of the organisation to exploit the opportunities of modern, digital IT to improve service delivery

5) Low level of basic technical skills in current staff and low confidence in using and innovating with information and technology

6) Failure to recruit/develop sufficient 'high-end' new data management/data analyst skills across business teams

7) Insufficient understanding, management and use of service and corporate data as an asset

Potential Consequence(s)

- Staff do not have appropriate access to the tools and information needed to carry out their roles
- Unable to transform services to achieve efficiencies and better outcomes for residents, communities, businesses and visitors
- Unable to meet organisational budget reductions if automated services are not introduced
- Less effective and engaging interactions with residents and communities
- Impact on council and city reputation as a digital city
- Staff morale affected
- Unable to attract and retain talent due to not meeting expectations of a modern working environment
- Limits ability to achieve relevant Corporate Plan objectives

Existing Controls

First Line of Defence: Management Action

1. Technology and Digital Board in place to align priorities, coordinate co-delivery, remove blockers and track benefits
2. Data Insight Steering Group in place to oversee the delivery of data & analytic capabilities
3. Through a capital investment programme IT&D has greatly stabilised the underlying IT infrastructure and introduced a number of new capabilities. These include implementing a new Mobile Device Management (MDM) system and migrating all member and officer mobile phones from out of support Blackberrys to iPhones, migrating from an end of life Citrix environment onto a new platform, moving all email off premise onto the Microsoft cloud and moving from the withdrawn Eduserv datacentre service into the Orbis data centre (ODC1).

Second Line of Defence: Corporate Oversight



1. Tech & Digital Board in place to review progress, identify interventions where strategic changes on IT are required, and produce a re-focused strategy that aligns the needs of services
2. Corporate Modernisation Delivery Board overseeing alignment of programmes and projects to Corporate Plan aims and reviewing any gaps. This includes the oversight of IT&D Infrastructure programme (DOP).
3. ELT oversight of Annual staff survey has regularly identified concerns with staff not having the right tools/resources to do their jobs. This may include some issues related to IT provision and provides a benchmark for IT change programmes

Third Line of Defence: Independent Assurance

None.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Sub-optimal technology capabilities: Issue new laptop and upgrade existing desktop devices to Windows 10 prior to the retraction of extended support (including the issuing of security patches) for Windows 7 in early 2020. Additionally, increase the laptop estate from approx. 2000 devices to 4000 devices.</p> <p>Comments: April'19 update: Funding for the project has been agreed and a new PM is in post. The new Window10 build has been developed and tested. Application packaging and testing and the procurement of deployment services is underway.</p>	Head of Strategy & Engagement	25	31/12/19	01/03/18	31/12/19
<p>Sub-optimal technology capabilities: Social Care and Housing service projects to replace core systems of record and establish improved data management practices</p> <p>Comments: April '19 update: Both CareFirst replacement project and OHMS replacement project have selected suppliers and initial architectural/IG reviews have taken place. Both project are in pre-delivery phase.</p>	Head of Strategy & Engagement	35	31/03/20	20/04/17	31/03/20
<p>Use Digital Customer funding to enhance online offer and joined up information systems to improve customer experience thereby reducing avoidable demand on staff time.</p>	Executive Director Neighbourhoods, Communities & Housing	25	31/03/20	01/04/19	31/03/20

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: For 19/20, the priorities for the Digital Customer programme are - transitioning to new website, My Account and Customer Index. Detailed scope of these workstreams is being developed currently. This will be reported to the Corporate Modernisation Delivery Board.</p> <p>Delivery accountability for new website sits with Communications and IT&D. Delivery accountability for My Account and Customer Index sits with IT&D. Within these broad workstreams, specific priorities will be set by Customer Sponsor (Executive Director, NCH) and Customer SRO (Head of Performance, Improvement and Programmes).</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR2	The council is not financially sustainable	Executive Director of Finance & Resources Head of Integrated Financial Management & Planning Deputy Chief Finance Officer Head of Performance, Improvement & Programmes	BHCC Strategic Risk, Economic / Financial	15/05/19	Threat	Treat	 L5 x I4	 L4 x I4		Revised: Adequate

Causes

Link to Corporate Plan: Outcome ' A modern council: Providing open civic leadership and effective public services'

Reductions in central government funding will continue through to 2020 under the 2015 Comprehensive Spending Review and potentially beyond. The changes to local government funding introduced in 2013/14 also transferred 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. The greatest risk is from increasing cost and demands across demand-led services such as social care and homelessness.

Implementing 4-year Integrated Service & Financial Plans in 2016/17 and updating these and the Medium Term Financial Strategy annually is challenging given the continuing uncertainty in funding and taxation levels. There is increased uncertainty until HM Govt re-focuses on local government funding including retention of up to 75% of Business Rates and completion of the Fair Funding Review, both of which could have national distributional impacts.

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

First Line of Defence: Management Controls

1. Ongoing review of the adequacy of risk provisions and reserves to support the medium term budget strategy and to ensure financial resilience 2.

Medium term resource projections (MTFS) and savings plans (4-Year Integrated Service & Financial Plans) are reviewed and revised where necessary to identify and address predicted budget gaps including identification of taxation and savings options.

3. Consultation and engagement with the Leadership (member oversight), cross-party Budget Review Group and partners (particularly the Clinical Commissioning Group 'CCG') for development and approval of the annual budget led by Executive Leadership Team (ELT) and the Chief Finance Officer (CFO).

4. Targeted Budget Management (TBM) Month 7 and month 9 projections are undertaken to accompany draft (Nov/Dec) and final (Feb) budget reports to ensure in-year pressures are reflected in resource projections and budget setting.

5. Taxbase forecasts and projections updated and reflected in the Medium Term Financial Strategy (MTFS) and annual budget proposals and reported by the statutory deadline (31 January).

6. Investment requirements reviewed and funding flexibility identified to ensure delivery of modernisation and savings proposals included in the 4-year plans.

* Key control: annual revenue and capital budgets approved by Full Council in February with a balanced budget and 'funded' capital programme;

* Revised TBM Monitoring regime introduced in 2017/18 to RAG rate budget performance with an escalating scale of scrutiny and intervention where continued overspending is evident. Interventions focus on development of Financial Recovery Plans approved and monitored by the CFO but can ultimately include 'special measures'.

Second Line of Defence: Corporate Oversight

1. Modernisation portfolio monitored by the Corporate Modernisation Delivery Board (CMDDB) and reviewed by cross-party Member Oversight group.

2. Close alignment of corporate priorities with the Medium Term Financial Strategy (MTFS) and, particularly, 4-year Integrated Service & Financial Plans.

3. Regular monitoring and review by Policy, Resources & Growth (PR&G) Committee of the MTFS assumptions, the impact of legislative changes; cost and demand pressures; savings programmes; and income, taxation and grant assumptions through TBM reporting and various budget reports (Jul, Nov/Dec, Jan and Feb).

4. Continued adoption by PR&G of the 4-year Integrated Service & Financial Planning (ISFP) approach which sets out plans through to 2019/20 and identifies investment requirements to ensure delivery.

5. Close monitoring by PR&G of council tax, business rates and other income and regular updating of forecasts.

6. Ongoing review and challenge of value for money including Member review, benchmarking, and external audit review and opinion.

7. The cross-party Budget Review Group reviews monthly TBM performance, including financial recovery plans.

8. The Administration's Budget Oversight Group provides oversight of the budget process for Committee Chairs.

9. Oversight of pooled funds and integrated arrangements through separate governance arrangements including Health & Well-being (HWB) Board, HASC Finance & Performance Board and representation on the SES STP Region Finance Group.

Third Line of Defence: Independent Assurance

1. Annual review 2017/18 reported in July 2018 by external auditors of Value for Money (VfM) arrangements leading to an opinion in the annual audit report concluded No matters to report around arrangements to secure VfM and the council's use of resource.

2. Internal audit reviews of budget management and financial planning arrangements. 2017/18 Financial Pressures (Reasonable Assurance), 2018/19 Budget Management (Substantial Assurance). Eight internal audits were undertaken of other key financial systems. The majority were given Substantial

or Reasonable assurance opinions with the exception of Council Tax and Debtors where a Partial assurance opinion was given.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Continue to monitor impact of health sector reforms, integration and Better Care programmes.	Deputy Chief Finance Officer	50	31/03/20	01/04/15	31/03/20
<p>Comments: Meetings with the CCG Alliance Director of Finance and the council's Executive Director of Finance & Resources and deputies are in place to ensure alignment of budget setting processes as far as possible. The Better Care Fund (BCF) S75 Agreement for 2018/19 has been agreed and submitted to NHSE including the risk share arrangement. Recovery plans and corrective measures will be proposed where necessary. Monthly reporting of the council's element of the risk share is provided via the Targeted Budget Management framework. There is on-going dialogue between the two organisations through the Chief Executives and there is a stated commitment to alignment of long term financial planning. Agreement to 2019/20 CCG funding has now been reached and is reflected in the approved 2019/20 General Fund budget. Conversations are on-going regarding aligning MTFS's in the context of the NHS 5 Year Plan and the shift of STP plans across to Integrated Care Plans (ICPs) within an integrated care system (ICS).</p>					
Corporate Modernisation Delivery 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 & Programmes	78	31/03/20	01/04/15	31/03/20
<p>Comments: Corporate Modernisation governance arrangements are in place. Corporate Modernisation Delivery Board continues to provide support and challenge to project/programme managers and Senior Responsible Owners.</p> <p>All budget figures reported link to the TBM process. 22% of overall savings weren't delivered for 2018/19. Increasing pace of modernisation is one of the key areas of focus. A revised RAG guidance has been prepared which is resulting in more accurate reflection of the progress. Modernisation away day on 26/6/19 will prioritise the programmes within the overall portfolio.</p> <p>Forward planning for the next 4 years (2020/21 to 2023/24) has begun including clarifying investment needs.</p>					
Delivery of modernisation programme financial and non-financial benefits	Deputy Chief Finance Officer	78	31/03/20	01/04/15	31/03/20

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Regular monitoring of performance against target is submitted to Corporate Modernisation Delivery Board (CMDDB). A Member Oversight Group meets quarterly to focus on each area of the Modernisation Programme including VFM savings programmes. All savings programmes have appropriate project and programme management resources in place. Detailed business cases and implementation plans are in place for those requiring in-house service changes and redesign. Regular monitoring will be through monthly TBM reports to Directorate Management Teams (DMTs), Executive Leadership Board (ELT), Budget Review Group, and PR&G (5 times per year). The TBM regime has been revised to RAG rate performance with escalating interventions applicable where there is continued overspending. Interventions focus on the development of Financial Recovery Plans approved by the Chief Finance Officer (CFO). During the year additional vacancy controls were applied corporately to aid the financial position. Underlying and projected pressures on demand-led budgets have been recognized in the Medium Term Financial Strategy and in annual budget setting to ensure budget gaps, and savings to close the gaps, are identified.</p>					
Devise and implement budget, MTFS and 4-year Integrated Service & Financial Planning timetable and process.	Deputy Chief Finance Officer	78	01/02/20	01/05/15	01/02/20
<p>Comments: 4-year Integrated Service & Financial Plans are now in their third year and have been approved for 2018/19. Proposals for 2019/20 were approved by Budget Council on 28 February 2019. An MTFS update is provided each July and February to PR&G to ensure resource projections and predicted budget gaps continue to be identified as early as possible with associated savings proposals (4-year plans). The 2019/20 budget identified £12m savings to close the budget gap. An updated MTFS identifies potential budget gaps for the next 4 years assuming no further reductions in RSG and a neutral impact from the Fair Funding Review and 75% BRR. Budget gaps of between £9m and £6m per annum are projected.</p>					
Meet Targeted Budget Management (TBM) reporting timetable and identify risk mitigation and corrective action where necessary	Deputy Chief Finance Officer	78	31/03/20	01/04/15	31/03/20

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: The current annual TBM reporting timetable has been produced and agreed. TBM Month 2 is the first reporting period each year to July PR&G. 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 identified by RAG rating. A revised TBM regime ensures that escalating interventions apply where continued overspending (RED RAG) is evident. Interventions focus on additional scrutiny by the CFO and/or Chief Executive Officer (CEO), CFO approval of Financial Recovery Plans, and ultimately potential 'special measures' interventions where overspending persists. All 4-year savings programmes will also be monitored (including key VFM programmes) through the TBM report and via the Corporate Modernisation Delivery Board (CMDDB). TBM Month 2 2018/19 was reported to 12 July PR&G Committee indicating a forecast risk of £2.897m (1.3%) including a number of financial recovery measures. TBM Month 11 2018/19 currently indicates a £0.289m overspend risk which is anticipated to be managed down to break-even or better for year-end. However, this includes the use of alternative funding sources to address Homelessness pressures of £900k and IT&D overspending of £700k. Corporate recruitment controls operated between September and December to aid financial management.</p>					
Regular MTFS updates of the City Council's projected financial position for future years	Head of Integrated Financial Management & Planning	50	01/02/20	01/04/15	01/02/20
<p>Comments: A 4-year MTFS is updated and reported to PR&G in July and February each year. The MTFS links closely to 4-Year Integrated Service & Financial Plans (ISFPs) which have been adopted by the Council since 2016/17 and which identify savings programmes and related modernisation investment requirements (one-off) to address predicted budget gaps driven by reducing government grant funding and demand-led budget pressures. The budget and 4-year plans have identified clear plans and opportunities for managing the financial situation through to 2019/20. Beyond this, potential changes to Local Government Finance are being closely monitored including the fair funding review, government announcements within the Autumn Statement, potential 75% Business Rate Retention, additional tax precepting and thresholds, Universal Credit impacts, Better Care funding and health integration, and capital flexibilities. Links to and monitoring of health funding are maintained through representation on the SES STP, MH and TCP Finance Groups and locally through joint finance meetings. An updated MTFS for 2019/20 to 2023/24 has been submitted to full Council, however, this contains a significant number of unknowns and assumptions as mentioned.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR25	The lack of organisational capacity leads to sub-optimal service outcomes, failure to meet statutory obligations, and reputational damage	Executive Director of Finance & Resources Head of Human Resources & Organisational Development Head of Policy, Partnerships & Scrutiny	BHCC Strategic Risk, Professional / Managerial	15/05/19	Threat	Treat	Amber L3 x I4	Amber L3 x I3		Revised: Uncertain

Causes

Link to Corporate Plan: Outcome ' A modern council: Providing open civic leadership and effective public services'

Loss of resilience of organisation due to pace of change, reduction in staff numbers, changing staff and loss of knowledge and history.

Expectations over the services that the council is able to provide and the way in which they are provided.

Potential Consequence(s)

- * Capacity to undertake change work to design high quality services is lost
- * Negative impact on fulfilment of statutory duties
- * Partnership working becomes more fragile as a result of personnel change
- * Personal 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

First Line of Defence Management Control:

1. BPI team and Digital First programme seek to make process more efficient.
2. Management capacity and capability being enhanced by new Behaviours Framework and Management Development Programme
3. Adverse operating conditions are identified and intelligence received from the Staff Survey , and plans in place to mitigate these.
5. Human Resources & Organisational Development (HROD) activity has been pulled together into single 'People Promise' to ensure staff-related initiatives are better co-ordinated.
6. Business Planning process including Directorate Plans to identify key priorities
7. Some statutory Performance Indicators (PIs) are Key PIs and are reported regularly to ELT, quarterly or annually.
8. Other Management Information for example from the annual Staff Survey highlighting areas for focus.
9. HR Business Partners support Directorate Management Teams (DMTS) to monitor staff absence & welfare including managers' compliance with. regular 1 to 1s, return to work interviews and record keeping on Firstcare. This include regular data insight reports bi-annually.
10. HR policies and arrangements in place to address concerns of both management and staff, e.g. Occupational Health Referral newly procured with provider operational across Orbis partners; whistle-blowing; and PDP guidance for managers.
11. HR & OD organised consultative groups have developed a council Behavioural Framework approved by ELT in November 2016. This sets expectations of standards of behaviour and performance
12. HR Business Partners assist DMTs to determine any necessary interventions to improve service capacity

Second Line of Defence Corporate Oversight:

ELT and City Management Board exchange details of working arrangements and changes to key personnel across organisations

ELT tasked with taking stronger cross-City leadership role, e.g. with universities and the health sector.

Actions following Budget Stress Testing exercise including Managing Demand across Orbis services.

Portfolio of modernisation projects and programmes enabling increased organisational capacity such as ICT infrastructure, Business Improvement, Digital First, Workstyles, People and Culture Change

People Plan overseen by ELT, Leadership Board, and Polcy, Resources & Growth Committee.

[Will require updated approach depending on proposals for new MTFS through a priority-based budgeting process.]

Third Line of Defence Independent Assurance:

Internal Audit on Organisational Capacity in September 2017, opinion 'Partial assurance'. Key action is that budget process for 2019/20 will include capacity as a key consideration.

Reason for Uncertain Status of Effectiveness of Controls

Budget decisions will impact on the capacity of officers' capacity to deliver stated outcomes

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>'A Better Brighton & Hove' think tank to deliver greater capacity for research and policy development.</p> <p>Comments: Update June 2019</p> <p>1. Charitable status application initially rejected, but appeal being pursued. Lack of charitable status may damage potential future funding.</p> <p>2. Further work on innovation network being undertaken, though funding uncertainty and current staffing levels present a challenge for progress / completion.</p> <p>3. Young Men Matter project nearing completion with initial feedback sessions scheduled for September 2019.</p> <p>Update May 2019</p> <p>Meeting March 2019 agreed to strengthen the think tank aspect of Better through increasing structure programme, enhanced input from universities. Programme to be delivered over next 12 months.</p> <p>Agreed creation of the Innovation Network.</p> <p>Update July 2018</p> <p>Charitable status application has been submitted.</p> <p>Telehealth and Young Men Matter projects underway, and receiving regular reports at Board</p> <p>Drone Project initiated</p> <p>Update March 18 - Telehealth pilot commenced. 12 month pilot with 6 month evaluation.</p> <p>All other work streams are in progress.</p> <p>Update Jan 18 - Research into complex vulnerable young men has commenced providing information and insight for use by Families, Children and Learning in dealing with this cohort. This research is due to report in June 2019. Further development of Electric Vehicle (EV) scheme working in partnership with transport colleagues, Office of Low Omission Vehicles and private companies has assisted the city to bid for further resources.</p> <p>Oct 17 - A Better Brighton & Hove became operational in October 2017. In its first year it has funded various projects, from research to a one-off event, and has generated interest from various organisations across the city. The Think Tank aspect has invited presentations and discussions on various topics, some of which include machine learning and a potential proposal to encourage Brighton & Hove to become the leader in Electric Vehicle charging points. The actual benefit of projects funded has yet to be realised as most are still in the initiation phase but the potential benefits will continue to be monitored and analysed as the projects progress.</p> <p>July 17 update - Better has continued to meet and provide capacity and funding to specific areas of work, including Young Men Project; Transport</p>	Head of Policy, Partnerships & Scrutiny	75	30/06/20	04/07/17	30/06/20

Vision; Telehealth.

Agreed in principle but specific funds to be agreed relate to 3D Mapping; Economic Strategy support

Further potential areas include Parks; Social Enterprise Support.

Business case has been developed to pilot First Care Solutions as a pro-active absence management solution which has shown results and is in use at Surrey; and East Sussex Councils	Head of Human Resources & Organisational Development	100	31/03/18	01/02/17	31/03/18
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Comments:

Progress update January 18

System implemented from 1st December. Work on-going to maximise the use of more sophisticated management information that will be available via First Care system. This risk action is now closed and should be moved to business as usual within HROD.

Full business case will be submitted to CMBD for approval in April 2017 with options for a a full council service role out or a targeted approach to test the model in terms of staff attendance and cost efficiency. Unions have been consulted and have raised some questions that are being worked through ahead of the case presentation.

July 17 update - Full business case agreed at CMBD and approved at PRG. Contract signed in July. Need to highlight the benefits for staff of OH approach linked to wellbeing. Monitoring of sick stats once in place to assess impact but one clear benefit will be the improvement to management information.

October 17 update



- Union and staff engagement continued, including initial communications and posters
- A clear timeline is in place for implementation on 1st November (with some contingency subject to system checking and union processes)
- Management training underway
- Work linked to the wellbeing work-stream of the people plan to focus on the benefits of immediate medical advice and support for staff

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Corporate services now integrating into Orbis partnership following conclusion of Inter Authority Agreement (IAA) in May 2017. Most services fully integrated in terms of management, however position in Surrey could potentially affect full integration of Finance and HR in the future. In addition decisions on HR, Finance, and Property mean that full integration of these services now will not happen. Efforts will continue with East Sussex on HR and Finance. The position on Property will depend on w	Executive Director of Finance & Resources	75	31/03/20	13/10/16	31/03/20
<p>Comments: Integration with Orbis now well under way - senior management integrated across 5 of 6 services. Main challenge is effecting the transformation while delivering excellent services - genuine capacity risk. Draft 3 year business plan endorsed by Orbis Joint Committee on 20 October; final plan on 19 January 2018. Orbis operational governance being re-constituted to be more risk and action-focused. Principle of 'Managing Demand' established and (potentially) will underpin future service re-designs. Budgets were integrated in 1 April 2018. Review that reported in March broadly shows that ongoing integration (with the exception of Property) between Brighton & Hove and East Sussex is desirable. A challenge remains on disaggregation of budgets, and a refreshed set of management arrangements from November 2019.</p>					
HR & OD developing management development programme to enhance capacity of first 4 tiers of staff	Head of Human Resources & Organisational Development	30	31/03/20	02/01/17	31/03/20
<p>Comments: Progress update March 19</p> <p>The pilot phase is complete and the full roll-out is planned for 19/20. The initial modules have had excellent feedback from participants, and some changes to the challenge and collaboration groups have been made in response to feedback. The success of the full programme will be measured by the quality of leadership in the organisation, including the management scores in the staff survey.</p>					
HR working with others to develop a people strategy (Our People Promise) taking into account organisational needs and informed by our staff survey, corporate plan and our workforce data	Head of Human Resources & Organisational Development	30	31/03/20	01/04/16	31/03/20

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Modernisation funds secured to progress the work to develop and implement actions from Our People Promise for 19/20 and 20/21. The behaviour framework has been re-written following feedback during the Fair and Inclusive focus groups (including feedback that it was too long) and will be launched for consultation in May with the Forums and TU's. The revised framework will be used in end of year appraisals and objective setting in June / July. The senior leadership rated appraisal process will take place in June / July using the 4-scale rating system. The wellbeing work stream is a fundamental part of our approach to drive improved resilience and performance through wellbeing. The menopause and pension awareness training has now been embedded into the corporate training programme, and the wellbeing working group are now focusing on further initiatives around mental and physical health. The sickness procedure has been completed, but further conversations have taken place to agree the toolkit that will provide advice and guidance about the procedure, and ensure the benefits of informal and early resolution are embedded. The new procedure is due to go to PRG in July and the end of year sickness figures showed a reduction in sickness from 10.57 to 10.07 for 18/19. Health checks are going to be rolled out across the council, and the wellbeing steering group is working on this. . With regard to the pay review focus groups across the organisation have been held and a great deal of data about what our staff value has been gathered. This will be used to shape pay review proposals that include how we will also offer non-pay benefits that are more focused to the needs of our employees. The action plan for the draft Fair and Inclusive work stream following the global HPO review has been agreed and the first meeting of the Corporate Equality Delivery Group took place on 29th April 2019. The roll-out of the full Leadership Development programme has been agreed and sessions will run from September onwards. The staff survey has been rolled out and results to measure our OPP work will be available from mid-May</p> <p>Next steps:</p> <ol style="list-style-type: none"> 1. Proposals for the Pay review to be put to the new administration (Head of HR, June 2019). 2. The sickness procedure will go to PRG in July 2019 (HR Business Partner, March 2019) 3. The full delivery plan for the Fair and Inclusive work-stream to be presented to CEDG (Consultant - Reward & Policy, June 2019). <p>Measures of success:</p> <ul style="list-style-type: none"> Deliver specified cashable and non-cashable benefits for the project/programme Effective engagement of Wellbeing Steering Group Improved staff survey results for Wellbeing Successful delivery of rated and moderated mid-year reviews . Staff survey results and action plans in place including an action plan to address the corporate results Reduction in sickness absence Continued reduction in agency spend Improved diversity profile of the workforce 					

Internal Audit review completed in September 2017. This flagged a greater need to focus on resource implications, rather than the council keeping everything running, sometimes carrying greater risks.	Executive Director of Finance & Resources	60	31/12/19	06/10/17	31/12/19
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Comments: Actions due to be completed as part of budget process for 2019/20 and 2020/21. These are around understanding the cost of statutory versus discretionary services and holding management information around the capacity of services. Budget balanced for 2019/20. More detailed priority-based budget process required for new Medium Term Financial Strategy from 2020/21 - planning has commenced for this, as has work to identify the resources required for core risk management around activities such as Health & Safety and Information Governance.

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR34	Ambitions to improve offer for staff which have been stated in Our People Promise may not be realised	Executive Director of Finance & Resources Head of Human Resources & Organisational Development	BHCC Strategic Risk	15/05/19	Threat	Treat	 L3 x I4	 L2 x I3		Revised: Adequate

Causes

Link to Corporate Plan: Outcome ' A modern council: Providing open civic leadership and effective public services'

Lack of consistent support and promotion to staff across the council's leadership and from support services; lack of engagement from trade unions and/or complex employee relations issues diverts resources to deliver Our People Promise..

Potential Consequence(s)

1. Lack of impact on staff wellbeing (as tracked by annual staff survey, due April 2019).
2. Quality of leadership across organisation.
3. Ability of city council to drive improved performance.
4. Impact on staff recruitment and retention.
5. Increased costs.
6. Failure to deliver creates lack of confidence and future support.

Existing Controls

First Line of Defence - Management Controls

1. Our People Promise programme board chaired by Head of Human Resources & Organisational Development.
2. Regular review meetings with Chief Executive and Exec Director, Finance & Resources.

Second Line of Defence - Corporate Oversight

1. Corporate Modernisation Delivery Board.
2. Regular review at Leadership Board and Leaders' Group
3. Policy, Resource & Growth Committee.

Third Line of Defence - Independent Assurance

None.

Policy, Resources & Growth Committee.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
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Monitor effectiveness of Our People Promise offer and consult with others to consider refining details	Head of Human Resources & Organisational Development	30	31/05/19	31/12/20	31/05/19
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Comments: Progress to date update March 2019:

Modernisation funds secured to progress the work to develop and implement actions from Our People Promise for 19/20 and 20/21

The behaviour framework has been re-written following feedback during the Fair and Inclusive focus groups (including feedback that it was too long) and will be launched for consultation in May with the Forums and TU's. The revised framework will be used in end of year appraisals and objective setting in June / July. The senior leadership rated appraisal process will take place in June / July using the 4-scale rating system.

The wellbeing work stream is a fundamental part of our approach to drive improved resilience and performance through wellbeing. The menopause and pension awareness training has now been embedded into the corporate training programme, and the wellbeing working group are now focusing on further initiatives around mental and physical health. The sickness procedure has been completed, but further conversations have taken place to agree the toolkit that will provide advice and guidance about the procedure, and ensure the benefits of informal and early resolution are embedded. The new procedure is due to go to PRG in July and the end of year sickness figures showed a reduction in sickness from 10.57 to 10.07 for 18/19.

Health checks are going to be rolled out across the council, and the wellbeing steering group is working on this. .

With regard to the pay review focus groups across the organisation have been held and a great deal of data about what our staff value has been gathered. This will be used to shape pay review proposals that include how we will also offer non-pay benefits that are more focused to the needs of our employees.

The action plan for the draft Fair and Inclusive work stream following the global HPO review has been agreed and the first meeting of the Corporate

Equality Delivery Group took place on 29th April 2019.

The roll-out of the full Leadership Development programme has been agreed and sessions will run from September onwards.

The staff survey has been rolled out and results to measure our OPP work will be available from mid-May

Next steps:

1. Proposals for the Pay review to be put to the new administration (Head of HR, June 2019).
2. The sickness procedure will go to PRG in July 2019 (HR Business Partner, March 2019)
3. The full delivery plan for the Fair and Inclusive work-stream to be presented to CEDG (Consultant - Reward & Policy, June 2019).

Measures of success:

Deliver specified cashable and non-cashable benefits for the project/programme

Effective engagement of Wellbeing Steering Group

Improved staff survey results for Wellbeing

Successful delivery of rated and moderated mid-year reviews .

Staff survey results and action plans in place including an action plan to address the corporate results

Reduction in sickness absence

Continued reduction in agency spend

Improved diversity profile of the workforce

Appendix 2: Information on the council's risk management process relative to Strategic Risks (SRs); and
Suggested questions for Members to ask Risk Owners and officers on Strategic Risks.

- 1.0 Across the council there are a number of risk registers which prioritise risks consistently by assigning risk scores 1-5 to the likelihood (denoted by 'L') of the risk occurring, and the potential impact (denoted by 'I') if it should occur. These L and I scores are multiplied; the higher the result of $L \times I$, the greater the risk e.g. $L4 \times I4$ which denotes a Likelihood score of 4 (Likely) x Impact score of 4 (Major).

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

- 2.0 A colour coded system, similar to the traffic light system, is used to distinguish risks that require intervention. Red risks are the highest, followed by Amber risks and then Yellow, and then Green.
- 3.0 The Strategic Risk Register (SRR) records Red and Amber risks. Each strategic risk has a unique identifying number and is prefixed by 'SR' representing that it is a strategic risk.
- 4.0 Each risk is scored twice with an Initial ('Now') level of risk and a Revised (Future) risk score:
- Initial Risk Score reflects the Existing Controls under the 'Three Lines of Defence' methodology which is good practice and helps to establish the First Line – Management Controls; Second Line – Corporate Oversight; and Third Line – Independent Assurance and the currency and value of each control in managing the risk. Therefore the Initial Risk Score represents the 'as is/' 'now' position for the risk, taking account of existing controls.
 - The Revised Risk Score focuses on the application of time and expenditure to future reduce the likelihood or impact of each risk and is based on the assumption that any future Risk Actions, as detailed in risk registers, will have been delivered to timescale and will have the desired impact.
 - Where initial and revised scores are the same – the Risk Owners were asked to consider the 4Ts of Risk Treatments (Treat/Tolerate/Terminate/Transfer) and change the scoring or remove all future risk actions/move them to existing control. This is on the understanding that the risk action should either reduce the likelihood and/or reduce the impact – if none of this is true, there will not be any reason to undertake the action.

Suggested questions for Members to ask Risk Owners and officers on Strategic Risks

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 the Committee focuses on at least two Strategic Risks at each of their meetings.

The Committee invite the Risk Owners of Strategic Risks to attend Committee and answer their questions based on a CAMMS Risk report appended to each report. In the CAMMS Risk report, the Risk Owner:

1. Describes the risks, the cause and potential consequences, the officers involved and provides an **Initial Risk Score** which takes account of the existing controls in place to mitigate the risk.
2. Existing Controls are set out using the Three Lines of Defence model:
 - 1st line: management controls
 - 2nd line: corporate oversight
 - 3rd line: independent assurance

in order that Members can identify where the assurance comes from, and how frequently it is reviewed and in the case of the 3rd line if audits of inspections have happened, when did it happen, what the results were. Risk Owners ensure that existing controls continue to operate effectively.

3. (Future) Risk Actions then are detailed and allocated to individuals with percentage achieved against target dates, with commentary on the current position. This provides the **Revised Risk Score** which is based on the assumption that all the risks actions have been successfully delivered.

The Risk Owners of Strategic Risks will always be an Executive Leadership Team (ELT) officer, and they may bring other officers who are more closely connected to the mitigating work.

Three questions are suggested to be explored by the A&S Committee:

1. Is the Risk Description appropriately defined? Does the Committee understand the cause and potential consequences?
2. Is the Committee reassured that each (future) Risk Action either reduces the impact or likelihood of the risk? Are members reassured that risk actions are actually being delivered?
3. In respect of the Revised Risk Score does the Committee feel comfortable with Risk Owner's assessment? This represents the risk level that the organisation is prepared to accept.

Subject:	Annual Internal Audit Report 2018/19		
Date of Meeting:	23 July 2019		
Report of:	Executive Director, Finance & Resources		
Contact Officer:	Name:	Mark Dallen	Tel: 01273 291314
	Email:	mark.dallen@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The Internal Audit Annual Report and Opinion sets out the Chief Internal Auditor's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control for the year-ended 31 March 2019.
- 1.2 The report also includes a summary of the results of internal audit work for the year along with a narrative summary of those audits finalised since the last progress report to this Committee in March 2019.

2. RECOMMENDATIONS:

- 2.1 That the Committee note that reasonable assurance has been given on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control for the year ended 31 March 2019.
- 2.2 That the Committee note the assurances and improvement actions detailed on audits finalised since the last progress report to this Committee in March 2019.

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.
- 3.2 As part of these requirements the Chief Internal Auditor is required to:
- give an opinion on the control environment
 - conduct an annual review of the effectiveness of the internal audit function and have the findings considered by a committee.
- 3.2 The second requirement was met by a self-assessment carried out at the end of 2018/19. Once every 5 years the Public Sector Internal Audit Standards require that an independent assessment is carried out. This requirement was last delivered in 2017/18 through a review of the service by the South West Internal Audit Partnership.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The requirement to have an internal audit function is set out in the Accounts and Audit Regulations (England) 2015.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The annual report has been 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 Chief Internal Auditor has concluded that reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework of governance, risk management and control for the year-ended 31 March 2019.
- 6.2 The council has set out in the annual governance statement how it plans to address the areas for improvement. This statement is part of a separate agenda item on this meeting's agenda.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 *There are no direct financial implications arising from this report. Sound corporate governance, risk management and control are essential to the financial health and reputation of the council.*

Finance Officer Consulted: James Hengeveld

Date: 07/06/2019

Legal Implications:

- 7.2 *The Accounts and Audit Regulations (England) 2015 require that the findings of the effectiveness review be considered by Council or one of its committees. The Audit and Standards Committee is the designated committee for this purpose.*

Lawyer Consulted: Victoria Simpson

Date: 13/06/2019

Equalities Implications:

- 7.3 None

Sustainability Implications:

- 7.4 None

SUPPORTING DOCUMENTATION

Appendices:

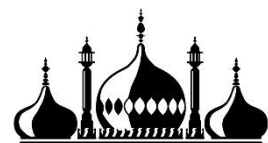
A: Internal Audit Annual Report & Opinion 2018/19

B: Audits Completed in Quarter 4 (January to March 2019)

Background Documents

1. Annual Internal Audit Plan 2018/19

INTERNAL AUDIT ANNUAL REPORT & OPINION 2018/2019



**Brighton & Hove
City Council**

1. Internal Control and the Role of Internal Audit

1.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The full role and scope of the Council's Internal Audit Service is set out within our Internal Audit Charter.

1.2 It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

1.3 Annually the Chief Internal Auditor is required to provide an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

2. Delivery of the Internal Audit Plan

2.1 The Council's Internal Audit Strategy and Plan is updated each year based on a combination of management's assessment of risk (including that set out within the departmental and strategic risk registers) and our own risk assessment of the Council's major systems and other auditable areas. The process of producing the plan involves extensive consultation with a range of stakeholders to ensure that their views on risks and current issues, within individual departments and corporately, are identified and considered.

2.2 In accordance with the audit plan for 2018/19, a programme of audits was carried out covering all Council departments and, in accordance with best practice, this programme was reviewed during the year and revised to reflect changes in risk and priority. This has included responding to and investigating allegations of fraud and other irregularities.

2.3 All adjustments to the audit plan were agreed with the relevant departments and reported throughout the year to the Audit and Standards Committee as part of our periodic internal audit progress reports.

3. Audit Opinion

3.1 No assurance can ever be absolute; however, based on the internal audit work completed, the Chief Internal Auditor can provide reasonable ¹assurance that Brighton & Hove City Council has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2018 to 31 March 2019.

3.2 Further information on the basis of this opinion is provided below but in summary, the results of internal audit activities during the year have been generally favourable, albeit, with a relatively high number of partial assurance opinions issued, along with two reviews resulting in minimal assurance (see below). Whilst it remains important that weaknesses arising from these reviews are addressed as a priority by management, neither of the

¹ This opinion is based on the activities set out in paragraph 4 below. It is therefore important to emphasise that it is not possible or practicable to audit all activities of the council within a single year.

minimal assurance audits are considered sufficiently significant in terms of overall organisational governance to impact on our reasonable assurance annual audit opinion.

3.3 Where improvements in controls are required as a result of any of our work, we have agreed appropriate remedial action with management.

4. Basis of Opinion

4.1 The opinion and the level of assurance given takes into account:

- All audit work completed during 2018/19, planned and unplanned;
- Follow up of actions from previous audits;
- Management's response to the findings and recommendations;
- Ongoing advice and liaison with management, including regular attendance by the Chief Internal Auditor and Audit Managers at organisational meetings relating to risk, governance and internal control matters;
- Effects of significant changes in the Council's systems;
- The extent of resources available to deliver the audit plan;
- Quality of the internal audit service's performance.

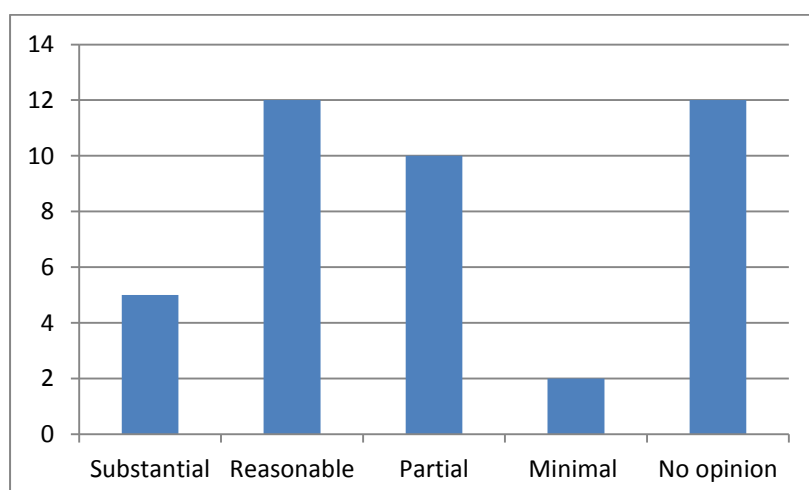
4.2 No limitations have been placed on the scope of Internal Audit during 2018/19.

5. Key Internal Audit Issues for 2018/19

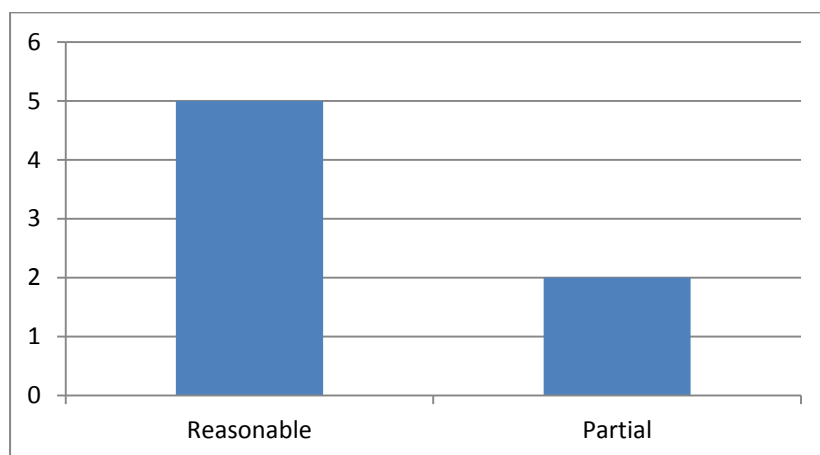
5.1 The overall audit opinion should be read in conjunction with the key issues set out in the following paragraphs. These issues, and the overall opinion, have been taken into account when preparing and approving the Council's Annual Governance Statement.

5.2 The internal audit plan is delivered each year through a combination of formal reviews with standard audit opinions, direct support for projects and new system initiatives, investigations, grant audits and ad hoc advice. The following graphs provide a summary of the outcomes from all audits finalised during 2018/19:

Non-Schools Audit Opinions



Schools Audit Opinions



5.3 A full listing of all completed audits and opinions for the year is included at Appendix B, along with an explanation of each of the assurance levels. Whilst the results of all audit work completed is reported to ELT and Audit and Standards Committee throughout the year, those reviews with minimal assurance have been summarised below for completeness:

- **Brighton Centre** – An unplanned audit review was requested at the Brighton Centre because it had been identified that a group of staff had been underpaid for various shifts relating to weekend /overtime working and the taking of leave during these times. Our review therefore focussed on obtaining assurance over arrangements for rostering and recording of worktime, claiming and approving overtime and other enhancements and pay calculation.

The audit identified a number of areas where controls were considered inadequate, including overly complex payment mechanisms for unsocial hours, overtime and other local extras, local developed databases not working correctly and weak certification arrangements. The review also found that some staff were working significant and regular amounts of overtime with locally determined arrangements for lieu time. New processes have been put in place to ensure that these issues are addressed as a matter of priority and will be subject to follow-up audit early in 2019/20.

- **Digital First Follow-up** – the Digital First programme was formed in 2016, with key outcomes including reducing service costs and improving customer experience. The programme investment budget was £5.3m over three years with anticipated recurring savings of £5.65m per annum.

A previous internal audit report in this area concluded partial assurance, with a range of actions being agreed with management. As a result, a follow up review was carried out to assess implementation of these previously agreed actions. Unfortunately, inadequate action had been taken by management and controls were not found to be effective in delivering the intended project outcomes. Consequently, only minimal assurance could be provided with revised actions focussing on improvement for the remainder of the project

and also lessons to be learned for future modernisation projects to help prevent repetition. A more detailed overview of this work is provided within the summary of our quarter 4 work attached to this report.

5.4 In addition to the above, a total of ten non-schools audits received partial assurance opinions within the year as follows:

- Housing Allocations
- Debtors
- Debtors – Miscellaneous Account Issue
- Orbis Budget Management
- Royal Pavilion and Museums
- General Data Protection Regulations
- Care Leavers
- Home Care
- Extra Care Housing
- Adult Social Care Income

5.5 Whilst actions arising from these reviews will be followed up by Internal Audit, either through specific reviews or via established action tracking arrangements, it is important that management take prompt action to secure the necessary improvements in internal control. As at 31 March 2019, of the 27 high risk recommendations issued and due by the end of the 2018/19, it is pleasing to report that all had been implemented within the agreed timescales.

5.6 At the time of producing this report, a total of six planned reviews remained in progress, all of which will be completed during the first quarter of 2019/20. The finalisation of these reports will result in 100% completion of the 2018/19 internal audit plan.

Key Financial Systems

5.7 Given the substantial values involved, each year a significant proportion of our time is spent reviewing the Council's key financial systems, both corporate and departmental. Of those completed during 2018/19, all of these have resulted in either substantial or reasonable assurance being provided over the control environment, with the exception of the Debtors System (see above). Shortfalls within processes in this area are acknowledged by management and, in addition to implementing the agreed audit actions arising from our review, a Debt Management Improvement Project is now underway.

Other Internal Audit Activity

5.8 During 2018/19, internal audit have continued to provide advice, support and independent challenge to the organisation on a risk, governance and internal control matters across a range of areas. These include:

- Orbis Customer Board;
- Business Intelligence Group;
- Corporate Risk Assurance Group;

- Whistleblowing Co-ordination Meetings;
- Business Continuity Group;
- Information Governance Board.

Anti-Fraud and Corruption

5.9 The Orbis IA structure came into effect from 1st April 2018. The integrated structure was designed to deliver resilience, flexibility and quality; specialisms; and sustain a strong sovereign focus. A key strand of the structure was the formation of a counter fraud team that would deliver specialist fraud resource across the partnership.

5.10 During 2018/19, the counter fraud team logged 25 allegations under the Council's Anti-Fraud and Corruption Strategy, in all cases identified through the Council's confidential reporting hotline, data matching or notifications from departments. As a result of the allegations, 11 investigations were undertaken, with the remainder being referred to local management, another local authority or assessed as requiring no further action. (N.B. These numbers exclude allegations and investigations of housing tenancy, council tax and housing benefit fraud – see 5.11 below).

The following provides a summary of the investigation activity undertaken by Orbis Internal Audit in the last 12 months:

- An investigation was conducted following an allegation of irregularities in a contract letting process (Street Lighting). As a result, one member of staff was dismissed on the basis of conduct issues and an internal control report was issued to help avoid future repetition;
- An investigation was carried out in relation to an alleged cash loss from council premises. Whilst it was not possible to prove the extent of any loss, one member of staff subsequently resigned;
- An allegation of favouritism within the Housing Service was subject to investigation. Whilst no evidence of any irregularity was identified, improvements to the declaration of interest process within the service have been implemented following the findings of the investigation;
- A salary overpayment was investigated in order establish the circumstances and to help ensure appropriate controls are in place to avoid future repetition.

Seven investigations are ongoing at the time of writing this report.

5.11 In addition to the above, a key focus area remains housing tenancy fraud and council tax discounts. Tenancy fraud investigations resulted in 19 council properties being returned to the Council's stock in the year, thereby making them available for people in genuine housing need. In addition, three tenants were removed from the housing waiting list as a result of investigations and another 40 as a result of national data matching. Counter fraud work also identified council tax reduction adjustments of £9,000, together with a further £21,000 in respect of reductions to council tax discounts. Housing and other investigations identified £18,000 of housing benefit overpayments which were referred to the Department of Work and Pensions for investigation.

5.12 Any internal control weaknesses identified during our investigation work are reported to management and actions for improvement are agreed. This work is also used to inform future internal audit activity.

5.13 As well as the investigation work referred to above, we continue to be proactive in the identification and prevention of potential fraud and corruption activity across the Authority and in raising awareness amongst staff. Through data matching and work with officers in service departments, 74 concessionary travel passes were cancelled, reducing the fraud risk of having these passes in circulation and the financial risk to the Council of these passes being used. Data matching also enabled the identification of £42,000 of overpayments in respect of clients who had passed away but for whom payments were still being made for residential care. During 2018/19 additional effort has been spent aligning the policies and procedures to ensure the Counter Fraud Team deliver a consistent standard of service across the Orbis partners. Progress over the last 12 months is outlined below:

Priority	Progress to date
Reactive investigations	The counter fraud team is responsible for assessing and evaluating fraud referrals received by each sovereign partner, and then leading on subsequent investigations. The team have implemented a coordinated approach to assessing and logging referrals and adopted consistent procedures for recording investigations. During the 12 month period to date, there have been several investigations across the partnership which have been resourced through a mixture of the counter fraud team and sovereign audit teams supported by advice and direction from the counter fraud team.
NFI Exercise	The counter fraud team have taken on responsibility for the coordination and submission of datasets at each authority. The NFI Key Contacts are members of the counter fraud team to ensure a consistent approach is followed and good practice is shared across all partners. Results from the matching exercise were received in Spring 2019 and the counter fraud team is liaising with partner authorities to review, prioritise and investigate flagged matches.
Counter Fraud Policies	Each Orbis partner has in place a counter fraud strategy that sets out their commitment to preventing, detecting and deterring fraud. The counter fraud team is reviewing the sovereign strategies and aligning with best practice to ensure a robust and consistent approach to tackling fraud. As a priority the Anti Money Laundering policies have been reviewed and updated to reflect recent changes in legislation.
Fraud Risk Assessments	Fraud risk assessments have been consolidated to ensure that the current fraud threat has been considered and mitigating actions identified.
Fraud Response Plans	The Fraud Response Plans take into consideration the fraud risk assessments and emerging trends across the public sector and provide a proactive counter fraud programme. These have been reviewed and aligned to deliver an efficient and effective programme of work across the Orbis partners. This will form the basis of planned proactive work for 2019/20 and include an increased emphasis on data analytics.
Fraud Awareness	The team have been rolling out a programme of fraud awareness workshops to help services identify the risk of fraud and vulnerabilities in their process and procedures. Workshops have been delivered to several teams across the partners from a mix of services.

Amendments to the Audit Plan

5.14 In accordance with proper professional practice, the Internal Audit plan for the year was kept under regular review to ensure that the service continued to focus its resources in the highest priority areas based on an assessment of risk. Through discussions with management, the following reviews were added to the original audit plan during the year:

- Digital First (Follow-up)
- Royal Pavillion and Museums
- Brighton Centre (pay issue)
- Street Lighting
- Orbis Budgetment Management
- Debtors Miscellaneous Account Issues
- Rough Sleeping Statistics
- EU Grant - BioCultural Heritage Tourism

5.15 In order to allow these additional audits to take place, the following audits have been removed or deferred from the audit plan and, where appropriate, will be considered for inclusion in future audit plans as part of the overall risk assessment completed during the annual audit planning process. These changes have been made on the basis of risk prioritisation and/or as a result of developments within the service areas concerned requiring a rescheduling of audits:

- Troubled Families Grant Claim – No longer requires certification
- Disabled Facilities Grant - No longer requires certification
- Able and Willing (Follow-up) - Deferred to 2019/20
- Housing Local Delivery Vehicle/BHSCH (Follow-up) - Deferred to 2019/20
- On and Of Street Parking - Deferred to 2019/20
- Parking Permits - Deferred to 2019/20
- Mobile Devices Migration - Deferred to 2019/20
- IT & Digital Projects - Deferred to 2019/20
- System Access Controls
- Learning Disabilities

6. Internal Audit Performance

6.1 Public Sector Internal Audit Standards (PSIAS) require the internal audit service to be reviewed annually against the Standards, supplemented with a full and independent external assessment at least every five years. The following paragraphs provide a summary of our performance during 2018/19, including the results of our first independent PSIAS assessment, an update on our Quality Assurance and Improvement Programme and the year end results against our agreed targets.

PSIAS

6.2 The Standards cover the following aspects of internal audit, all of which were independently assessed during 2018 by the South West Audit Partnership (SWAP) and subject to a refreshed self-assessment in 2019:

- Purpose, authority and responsibility;

- Independence and objectivity;
- Proficiency and due professional care;
- Quality assurance and improvement programme;
- Managing the internal audit activity;
- Nature of work;
- Engagement planning;
- Performing the engagement;
- Communicating results;
- Monitoring progress;
- Communicating the acceptance of risks.

6.3 The results of the SWAP review and our latest self-assessment found a high level of conformance with the Standards with only a small number of minor areas for improvement. Work has taken place to address these issues, none of which were considered significant, and these are subject to ongoing monitoring as part of our quality assurance and improvement plan.

Key Service Targets

6.4 Performance against our previously agreed service targets is set out in Appendix A. Overall, client satisfaction levels remain high, demonstrated through the results of our post audit questionnaires, discussions with key stakeholders throughout the year and annual consultation meetings with Chief Officers.

6.5 Significantly, we have completed 92% of the 2018/19 audit plan, exceeding our target of 90%. As reported in 5.6 above, a small number of outstanding reviews were nearing completion at year end, with all reports due to be finalised early in quarter 1 of 2019/20.

6.6 Internal Audit will continue to liaise with the Council's external auditors (now Grant Thornton) to ensure that the Council obtains maximum value from the combined audit resources available.

6.7 In addition to this annual summary, ELT and the Audit and Governance Committee will continue to receive performance information on internal audit throughout the year as part of our quarterly progress reports and corporate performance monitoring arrangements.

Internal Audit Performance Indicators 2018/19

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	G	Approved by Audit & Standards Committee on 27 March 2018.
	Annual Audit Report and Opinion	By end July	G	Approved by Audit & Standards Committee on 24 July 2018.
	Customer Satisfaction Levels	90% satisfied	G	100%
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	90%	G	92%
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	Last independent external assessment awarded highest level of conformance. Confirmed in most recent self-assessment.
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-compliance identified.
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high priority agreed actions	G	100%
Our staff	Professionally Qualified/Accredited	80%	G	87%

Summary of Opinions for Internal Audit Reports Issued During 2018/19

Substantial Assurance:*(Explanation of assurance levels provided at the bottom of this document)*

Audit Title	Department
Payroll	F&R
Council Tax	F&R
Wellbeing Project	F&R
Budget Management	F&R
Cash and Banking	F&R

Reasonable Assurance:

Audit Title	Department
Creditors	F&R
NNDR	F&R
Housing and Council Tax Benefits	F&R
Personal Service Companies and Use of Consultants	F&R
Seafront Investment Strategy (Strategic Risk number 23)	EEC
St Bartholomew's School (Follow-up)	FCL
Fairlight Primary School (Follow-up)	FCL
Brunswick Primary School	FCL
St Mary Magdalen's Primary School	FCL
Bevendean Primary School	FCL
Supported & Semi-Independent Accommodation	FCL
Nursery Services	FCL
Community Equipment Service	HASC
Front Door for Families (Early Help Hub)	FCL
Brighton & Hove Inclusion Support Service	FCL
Care management system re-procurement.	FCL & HASC
Housing Management System Replacement	NCH

Partial Assurance:

Audit Title	Department
Housing Allocations	NCH
Debtors	F&R
Orbis Budget Management (Addition to plan)	F&R
Royal Pavilion and Museums (Addition to plan)	EEC
GDPR	F&R
Disaster Recovery	F&R
Hove Park Secondary School	FCL
Downs View School	FCL
Care Leavers	FCL
Home Care	HASC

Extra Care Housing	HASC
Adult Social Care Income	HASC

Minimal Assurance:

Audit Title	Department
Digital First (follow-up)	NCH
Brighton Centre (Addition to plan)	EEC

Other Audit Activity Undertaken During 2018/19 (including direct support for projects and new system initiatives and grant audits):

Audit Title	Department
EU Grant - Sustainable Housing Initiatives in Excluded Neighbourhoods (SHINE)	NCH
EU Grant – Solarise (Addition to plan)	NCH
EU Grant- Providing Access to Childcare and Employment (PACE)	FCL
EU Grant - Shaping Climate change Adaptive PlacEs (SCAPE)	EEC
Transport Capital Grants	EEC
BioCultural Heritage Tourism project - EU Interreg Grant. (Addition to plan)	EEC
Street Lighting Procurement - Internal Control Report (Addition to plan)	EEC
Housing Repairs Contract	NCH
Housing Tenancy Fraud	NCH
Housing Windows Tendering – Review of system shortfall	NCH
Rough Sleeping Statistics (Addition to plan)	HASC
Debtors Miscellaneous Account Issue	F&R

Audits Carried Forward to 2019/20:

Audit Title	Department
Grants to community and voluntary organisations	NCH
Temporary Accommodation	NCH
Agency Staff Contract	F&R
Contract Collusion	F&R
Agency Staff Contract	F&R
Commissioning Arrangements - Joint Review	FCL & HASC

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

Audits Completed in Quarter 4 (January to March 2019)

Payroll – Substantial Assurance

The council's payroll and HR processes are hosted on the Council's Personal Information and Employment Resource (PIER) system. The system covers salary, overtime and other employment related payments, such as travel and subsistence. Some system data can be input by individual employees on a self-service basis. The September 2018 pay run value was £13.2 million (including schools) in relation to 9,336 staff.

The purpose of the audit was to provide assurance that controls are in place over starters, leavers and permanent variations to pay. Also that:

- Pay runs and Bacs transmissions are correct and authorised;
- Payroll data is regularly reconciled to the general ledger;
- Temporary payments (including additional hours, expense claims and payments to casual staff) are correctly authorised prior to processing;
- Changes to standing data are reviewed, accurately input and authorised.

The audit found that the controls were operating as expected. Further areas for improvement were however, identified in relation to the recovery of salary overpayments, the delegation of authority for payment and retention of evidence in support of monthly spot checks on pay slips. Appropriate actions to address these areas have been agreed with management.

Budget Management – Substantial Assurance

Effective budget management ensures that the Council has appropriate financial information to support service delivery and that any cost overruns or income shortfalls are identified early and resolved as soon as possible. 2018-19 budgets were predicted to break even at the time of audit and of the savings package of £12.678m, £10.622m has been achieved. Any overspends mostly relate to social care areas and have been partially mitigated by other corrective action.

The purpose of the audit was to provide assurance that:

- A properly evidenced and accurate budget is set and approved in accordance within the required timeframes;
- Budget monitoring reports to senior managers and Members are accurate, consistent and timely and that effective budget monitoring process embedded throughout the organisation;
- Where adverse budget reporting is identified, concerns are escalated and remedial action is taken to enable budgets to be met;
- Savings are being delivered in accordance with the plan for that financial year.

The audit provided assurance that key controls were working effectively. Areas where actions were agreed for improvement related to the need for additional challenge and scrutiny of income budgets/targets and for increasing the proportion of orders that are raised prior to the receipt of supplier invoices, to help improve commitment accounting.

Business Rates – Reasonable Assurance

Although the government continues to set business rates nationally, since 1 April 2013 the Council retains 49% of those collected. The Council's share of business rates for 2018/19 was £61.5m.

This audit sought to obtain assurance that:

- The forecast business rates retention for 2018/19 has been accurately calculated;
- All premises subject to business rates are accurately recorded;
- The annual billing process is effectively carried out and documented;
- Amounts due for each chargeable property have been correctly calculated and promptly demanded;
- Arrears, write offs and refunds are properly controlled;
- The liability for business rates is accurately assessed including any reliefs;
- All payments are posted promptly to the correct accounts, reconciliations to the main accounting system are undertaken and suspense accounts are regularly cleared.

The audit found that the majority of key controls were in place and working correctly.

A number of areas for improvement were, however, identified. These include the need to ensure that property forecast data is updated earlier in the year and that an additional control should be put in place for the authorisation of high value refunds. Other opportunities to strengthen controls included introducing:

- An enhanced review processes for empty properties;
- A more consistent application of quality control checking over data input;
- An improvement to some aspects of the arrears management and write-offs arrangements.

All actions arising from this work have been agreed with management as part of a formal action plan.

Community Equipment Service Follow-up – Reasonable Assurance

This is an integrated joint service commissioned by the council and Brighton & Hove Clinical Group (CCG). The service supplies and delivers daily living and community health equipment and minor adaptations to adults and children.

The current contract started in October 2015 and is due to end in September 2020. Although the contract sets out a maximum annual value of £1.7m, this was overspent by £1.3m in 2016/17. Consequently the budget was increased to £2.3m in 2017/18 but overspent once again by £276k.

The purpose of the audit was to ensure:

- Effective management and monitoring arrangements are in place to ensure the service is delivered in accordance with the contract and service requirements;
- There are effective arrangements for the overall budgetary control of the contract;
- Governance (under the Section 75 agreement) is robust, including risk management and risk sharing.

The audit found that the majority of key controls are in place and the service is now being managed within budget. Some actions for further improvement have been agreed with management. These are to:

- Secure further improvements to budget management;
- Enhance contract management arrangements and scrutiny of any additional contract payment;
- Improve the communication of contract management information to all relevant staff.

Debtors – Partial Assurance

The Debtors System is a key financial system enabling debts to be billed accurately and promptly and is administered by the Central Collection Team. During the period April 2018 to December 2018, this team processed 84,756 invoices and credit notes, generating a net amount owed to the council of just under £52m.

The purpose of the audit was to ensure:

- All income generating activities are identified and accurately raised to customers;
- A customer account maintenance process is in place and operating effectively;
- Amendments to invoices are correct and authorised;
- Collection and debt recovery is managed efficiently and effectively;
- Write offs are processed accurately and correctly authorised;
- Payments are received and recorded against the correct debtor account in a timely manner;
- Reconciliations between the debtors system and the General Ledger are undertaken on a regular basis;
- Debt recovery performance is monitored and reported.

The audit found that there were weaknesses with some of the key controls in the system and a total of ten improvement actions (high and medium priority) have been agreed as a result.

These actions can be summarised as follows:

- Key management reports of uncollected debts should be reviewed more frequently;
- Additional debt collection performance reports should be developed to assist with debt recovery;
- Improvement to the collection process for commercial waste debts;

- Additional scrutiny of invoice set-up requests to ensure all key information included is accurate;
- Improved guidance notes and alignment with the new Corporate Debt policy;
- Additional review of disputed invoices;
- Improved processes for the recovery of salary overpayments and controls over the issuing of credit notes and refunds.

This is an area subject to regular review by internal audit and the above actions will therefore be followed up as part of a repeat audit during 2019/20.

General Data Protection Regulations (GDPR) – Partial Assurance

In April 2016, the European Union introduced the General Data Protection Regulations (GDPR). This regulation is intended to strengthen data protection rights for individuals within the EU and came into effect on 25th May 2018.

The purpose of the audit was to provide assurance the Council has sufficient controls and processes in place to comply with the GDPR and provide assurance over the GDPR governance framework in place.

The audit concluded partial assurance as a result of some weaknesses with the levels of compliance with the GDPR. A total of seven high and medium priority actions for improvement were agreed with management.

These included that a central data breach log should be implemented, to document any occurrences of breaches relating to personal data and that improvements are made to the processes for dealing with Subject Access Requests (SARs).

The review also identified a need to:

- Update some policies and procedures;
- Ensure privacy notices for all key services are communicated;
- Provide clarity in recording the legal basis for all data processing activities;
- Review those cases where “legitimate interest” is used as the lawful basis for data processing;
- Improve the functionality of the Council’s Information Asset Registers by purchasing a new software solution.

Digital First Follow-up – Minimal Assurance

The 'Customer First in a Digital Age' programme, approved in 2014, led to the Digital First programme being formed in 2016. The original business case included key outcomes such as reducing service costs and improving customer experience. The programme investment budget was £5.3m (originally £6m) over three years, ending in March 2019, and the original business case anticipated recurring savings of £5.65m per annum.

An Internal Audit report issued in May 2018, concluded Partial Assurance, with 10 medium priority agreed actions. As at January 2019, the majority of these were still outstanding and were overdue.

This audit was therefore a follow-up to focus mainly on the implementation of actions agreed during the audit of Digital First, and report produced in May 2018. The opinion in this review relates to the progress made implementing actions from the previous audit and it assumed that other areas tested in the previous audit, where there were no findings, remained the same.

The audit concluded minimal assurance, which means that controls were not effective in delivering the intended project outcomes. As many of the original actions are no longer deliverable, the agreed actions arising from this audit also included those which capture the lessons learnt from the shortfalls with this project.

The agreed actions for improvement for the remainder of *this* project were:

- A City Wide Digital Strategy and a council Digital Customer Strategy to be developed;
- Robust budget management to be put in place for the ongoing commitment of funds into 2019/20, including the identification of resources required to maintain those systems delivered;

In addition a number of actions were agreed to be applied to *future* modernisation projects. These were that the Corporate Modernisation Delivery Board (CMDDB) should ensure that all modernisation projects above a specified threshold:

- Include a commitment to capturing baseline data at the project outset and that and that any savings figures stated within the business cases are be subject to robust scrutiny;
- Use an appropriate project monitoring template throughout the project lifecycle and include agreed KPIs as part of their project monitoring;
- Include quality assurance processes as part of their project monitoring.

Debtors Miscellaneous Account - Opinion Not Applicable

This was a short unplanned audit concerning the use of a debtor miscellaneous account. At the time of audit the account currently held a credit balance of £160k.

The review found that there were no effective controls around the use of this miscellaneous debtor account or its purpose. Whilst there was no evidence of any irregularities, two actions were agreed for improvement were agreed with management. These were that the miscellaneous account to be reconciled and closed and that a new procedure is written for dormant accounts where there is a credit balance.

Transport Capital Grants – Opinion Not Applicable

This work involved the certification of three 2017/18 grant claims received from the Department for Transport. These were:

- Local Transport Capital Block Funding Grant;
- Bus Subsidy Grant;
- Pot Holes Grant.

No significant issues were identified in the grant certification.

EU Interreg Grant (PACE) Claim 4 - Grant Certification – Opinion Not Applicable

This is one of six EU Interreg projects that require grant certification at least once a year.

The full title of the project is Providing Access to Childcare and Employment. The total value of the project between 2017 to 2020 is approximately £625,000 (Grant expected £375,000).

No significant issues were identified in the grant certification.

EU Interreg Grant (SCAPE) Claim 4 - Grant Certification – Opinion Not Applicable

This is one of six EU Interreg projects that require grant certification at least once a year.

The full title of the project is Shaping Climate Change Adaptive Places. The total value of the project between 2017 to 2020 is approximately £488,000 (Grant expected £293,000).

No significant issues were identified in the grant certification.

Housing Repairs and Maintenance Insourcing – No Opinion

Internal audit is continuing to work closely with officers in Housing to support and provide advice on insourcing of the housing repairs service. This includes attending the Future Repairs Programme Board with a particular focus of providing input in relation to governance, risk and internal control matters.

This role will continue throughout 2019/20.

Downs View School – Partial Assurance

An audit of Downs View School was undertaken in accordance with our standard audit programme. This covers governance arrangements, financial planning, budget monitoring, purchasing, income and payroll. The audit also includes some limited testing on school funds and assets.

The review concluded partial assurance which means that there were weaknesses in the system of control. Actions for improvement were agreed in the following areas:

- Data registration with the ICO to be updated together with the Single Central Record (Safeguarding);

- Updating the schools scheme of delegation and some other policies;
- Ensuring declaration of interest are up to date;
- Completing financial returns on-time and keeping asset registers up to date;
- Improving controls over additional hours/ overtime payments;
- Improving insurance and tax checks on contractors;
- Ensuring orders are raised in advance and suppliers are paid on time;
- Improving controls over purchasing cards, petty cash;
- Ensuring the school fund account is audited.

Subject:		Review of the Social Media Protocol for Members	
Date of Meeting:		23rd July 2019	
Report of:		Head of Law and Monitoring Officer	
Contact Officer:	Name:	Thomas Davies	Tel: 29-1045
		Victoria Simpson	29-4687
	Email:	Thomas.Davies@brighton-hove.gov.uk	
		Victoria.Simpson@brighton-hove.gov.uk	
Ward(s) affected:		All	

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

- 1.1 This report seeks Member approval for a revised Social Media Protocol.

2. RECOMMENDATIONS

- 2.1 That this Committee considers the draft revised Social Media Protocol for Members appended to this Report and approves it, subject to any changes this Committee considers necessary or appropriate.

3. SOCIAL MEDIA PROTOCOL FOR MEMBERS**3.1 Review of the Social Media Protocol for Members**

The Social Media Protocol aims to facilitate members' use of social media by providing clear guidance on how it may be used by members to discharge their public duties. The Protocol is intended to be read alongside the practice note on [Publicity and the Use of Council Facilities](#), which forms part of the Council's Constitution. Although the Protocol does not itself form part of the Constitution, it provides guidance on how members may use social media in a way that ensures they comply with the [Code of Conduct for Members](#).

- 3.2 The above Protocol was last reviewed in early 2017 and a revised version of it was approved by this Committee on 25 July 2017. Since then, social media has continued to evolve and updating the Protocol is considered to be appropriate.

- 3.3 The revised Protocol is attached at Appendix 1 and reflects the following changes:

- the removal of outdated social media terminology and references
- updated guidance regarding the usage of services such as WhatsApp
- additional background about the democratic and political risk of social media.

The revised draft also reflects an ambition to refine the Protocol to make its key messages as clear as possible.

- 3.4 Given that the draft Protocol has been re-organised in its entirety, it has not been possible to provide a tracked changes version which highlights the proposed changes in a clear way. In view of this, members may wish to consider reviewing the draft alongside the version which is currently in place. This may be found from page 113 onward of [the published report pack](#) of the meeting of the July 2017 Audit and Standards Committee.
- 3.5 The draft revised Protocol was generated by officers in the Communications team and has been reviewed by the Legal team. This Committee is invited to consider the proposed amendments and – if minded to do so – to approve them subject to any changes it considers appropriate, this with a view to the circulation of a revised protocol to all elected members of the council.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 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 proposal in this Report reflects this direction of travel. No alternative proposals are suggested.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 No need to consult with the local community has been identified.

6. CONCLUSION

- 6.1 Members are asked to agree the revised draft version of the Social Media Protocol in its capacity as the Committee with delegated responsibility for overseeing that high standards of conduct are maintained by members.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 8.1 There are no direct financial implications arising from the recommendation in this Report.

Finance Officer Consulted: James Hengeveld Date: 19/06/19.

Legal Implications:

- 8.2 These are covered in the body of the Report

Lawyer Consulted: Victoria Simpson

Date: 3/07/19

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:

Appendix 1 – Revised draft Social Media Protocol for Members.

Background Documents:

None

Social media protocol for members

Purpose of this protocol

Social media is an important means of communication for residents and businesses. We welcome members using social media and want to support it by providing guidance about what is acceptable.

This guidance will help you avoid legal and reputational risks inherent in the use of social media. You should read this protocol alongside the practice note on [Publicity and the Use of Council Facilities](#) and the [Code of Conduct for Members](#).

The key message is that your online activity is subject to the Members' Code of Conduct whenever you are – or appear to be – acting in your capacity as a councillor or otherwise representing the council, this rather than acting as a private individual.

Members are not required to use social media tools. However, these guidelines are relevant if you use social media as a councillor or as a private individual.

Social media

Social media is used to describe websites and online tools that allow people to create and share content and engage with other people. It's used to build online communities and encourage participation by sharing information, discuss opinions, create interest groups.

Types of social media include:

- general services used to communicate with friends (that provide blogging, videos, photos and messaging), such as Facebook and Twitter
- business and employment-oriented services, such as LinkedIn
- messaging apps, such as WhatsApp
- blogging services, such as Wordpress and Medium
- video and photo sharing, such as YouTube and Flickr

You can use social media to:

- engage with residents
- become aware of local issues faster than before
- raise your profile as a councillor and as your ward's representative

Over the past few years, social media has not always been used to wholly positive purposes and it's important to be mindful of this. There is evidence to suggest that foreign state actors are using social media to undermine democracy and spread division in our societies¹ by:

- spreading fake news on social media

¹ [The IRA \(Russia's Internet Research Agency\) and Political Polarization in the United States, University of Oxford Computational Propaganda Project, December 2018](#)

- using automated bots to further spread the fake news
- gaining access to sensitive political information by hacking political party email accounts.

Legal issues which may arise from using social media

Please be careful with what you post on social media. Inappropriate use could lead to legal action against you and/or could bring the council into disrepute.

Putting 'these views are my own' as a disclaimer on your social media profile will not offer you any legal protection. It will not prevent you from legal action or from complaints that you have breached the Code of Conduct for Members, nor from it prevent the reputation of the council from being damaged.

Libel

If you publish an untrue statement about someone which damages their reputation, they may take libel action against you. This could also happen if someone else publishes libellous content on your profile (such as a comment on your Facebook Page) and you don't take swift action to remove it (if you knew about the content).

Copyright

Do not use images or text from a copyrighted source without obtaining permission, as this will likely breach copyright laws. A successful claim for breach of copyright would likely lead to an award of damages against you.

Data protection

Do not publish the personal data of individuals unless you have their express permission. Even then, there are some key considerations to bear in mind to ensure compliance with the Data Protection Act 2018 and with the GDPR. Advice on this may be sought from Information Governance if required.

Bias and predetermination

If you're involved in making planning, licensing or other quasi-judicial decisions, do not say anything that suggests you have completely and irrevocably made your mind up on an issue that is due to be formally decided upon.

While your likely view on a particular application may be well known, you need to show that you are prepared to take on board and to weigh up all the evidence and arguments with an open mind and were genuinely persuadable to a different view.

If you weren't, the decision could be challenged as invalid. If a person has suffered some sort of detriment as a result of an invalid decision, they may have a claim against the council for damages.

Blurred identities on social media

As a councillor, you can have a 'blurred identity' online. This can happen when you use a social media account as a councillor and a private individual. This means that your personal views can be taken as the views of the council or your political party, when this may not be the case.

We suggest you create social media accounts specifically dedicated to communications you make in your role as a councillor, and maintain other accounts for when you communicate in a personal capacity. The communications team can provide support with setting up social media accounts.

Members' Code of Conduct

Your online activity is subject to the Members' Code of Conduct whenever you are – or appear to be – acting in your capacity as a councillor rather than as a private individual. This means that amongst other things you must:

- treat others with respect and refrain from making personal attacks or indulging in rude, disrespectful or offensive comments.
- not seek improperly to confer an advantage or disadvantage on anyone
- comply with equality legislation
- not bully or intimidate anyone (including residents, a council employee or a fellow councillor)
- not bring the council into disrepute
- respect the impartiality of officers
- not disclose confidential or exempt information (refer to paragraph 4 of the Members' Code of Conduct for more information)

While it's important that the council conducts its business with openness, it is essential that councillors are clear about what is confidential. Additional guidance on confidential information is available on the Wave and from the Monitoring Officer.

Using social media and mobile devices at meetings

Use mobile devices other than those used to access council papers sparingly, discreetly and with common sense at meetings. Be mindful of the impression you may be giving to others if you're using a personal mobile device during meetings.

There may be occasions when contacting councillors during meetings on matters relevant to the debate may be valuable on the same basis as circulating paper notes to other councillors. Mobile devices may also enable councillors to manage their busy lives when time is at a premium. However, frequent use of these devices other than to access council business during meetings may give the public the impression that the councillor is not paying full attention to an item that is being discussed in a debate regarding a decision that is to be made.

Examples of the acceptable use of devices:

- reading and annotating meeting papers and background information relevant to that meeting
- communicating with others at the meeting on matters relevant to the debate at hand
- sending and receiving urgent communications to/from home relating to domestic issues (such as childcare arrangements)

Avoid the following:

- using social media during quasi-judicial meetings or during the consideration of confidential or exempt items of business at meetings
- frequently checking emails and messages that are not related to the meeting

- extended periods of use of personal devices which may suggest that insufficient attention is being paid to the meeting

Support from council officers

We welcome members using social media and want to support it by providing guidance about what is acceptable. You may contact the Monitoring Officer or the communications team if you wish further advice and guidance. The communications team can also provide training to individual members or groups.

Recommendations on how to use social media appropriately

Things we recommend

Set appropriate privacy settings for your social media accounts (for example, we recommend setting all your personal accounts to private so only your friends can see it).

Monitor defamatory or obscene posts from others on your social media accounts and remove them as soon as possible to avoid the perception that you condone such views (for example, comments on your Facebook posts by members of the public).

Be mindful of the potential for misunderstanding and miscommunication (for example, making in-jokes that might not be understood by members of the public).

If you feel it necessary to 'block' an individual from communicating with you, be mindful of the need to be clear and transparent in your actions. This will normally involve communicating to them your decision and the reasons for it.

Be aware that the higher your profile as an elected member, the more likely it is you will be seen as acting in your official capacity when you blog or network.

Consider keeping your personal and elected member profiles on social media sites separate to maintain appropriate professional boundaries.

Be aware that you'll be seen to be acting in your official capacity if you publish information that you could only have accessed by being an elected member. Similarly, bear in mind that - if you are posting on a council provided blog or social networking area – you are more likely to be viewed as acting in an official capacity.

Feel able to make political points, but be careful about being too specific or personal if referring to individuals. An attack on individuals may be seen as disrespectful, whereas general comments about another party or genuine comments on policy are less likely to be viewed as disrespect.

If you do make a political comment about an individual or organisation on social media, it is recommended that you 'tag' them in your post. This alerts them to the fact you have made a comment about them and gives them the opportunity to respond to it.

Things we don't recommend

Don't post content on social media in haste, particularly in circumstances where your judgement might be impaired (for example, if you are tired or have consumed alcohol).

Don't make unguarded statements which could lead to potential liability, or fail to take care when sharing or copying the comments of others.

Don't post comments that you would not be prepared to make in writing or face to face.

Don't use council facilities (such as the council website or official council social media profiles) for posting personal or political content.

Don't request or accept a council employee or a council contractor as a "friend" on a social networking site where this suggests close personal association. For the avoidance of doubt, this doesn't apply to sites which are intended for professional connections (such as LinkedIn).

Don't use social media in any way to attack, insult, abuse, defame or make negative comments about council staff, service users, their family or friends, colleagues, other professionals, other organisations or the council.

Don't publish confidential information that you may have learned or had access to as part of your role as an elected member. This includes personal information about service users, their families or friends or others (such as contractors, council staff or council related information).

Don't represent your personal views, or those of any political party or interest group you belong to as being those of the council, on any social medium

Don't browse, download, upload or distribute any material that could be considered inappropriate, offensive, defamatory, illegal or discriminatory.

Abraham Ghebre-Ghiorghis, Monitoring Officer

Date of approval by Committee **to be inserted**

Subject:	External Audit Annual Fee Letter 2019-20		
Date of Meeting:	(Insert Date)		
Report of:	Executive Director for Finance & Resources		
Contact Officer:	Name:	Nigel Manvell	Tel: 01273 293104
	Email:	nigel.manvell@brighton-hove.gov.uk	
Ward(s) affected:	(All Wards);		

FOR GENERAL RELEASE/ NOT FOR PUBLICATION**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report provides details of the planned external audit annual fee for the audit of the 2018/19 financial statements and sets out the scope of the external auditor's responsibilities and a high level timetable for the completion of the work.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee note the planned audit fee for the audit of the 2018/19 financial statements as set out in the Annual Fee Letter at Appendix 1.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Local Audit and Accountability Act 2014 abolished the Audit Commission and repealed the Audit Commission Act 1998. Its aim, as stated in Department of Communities & Local Government (DCLG) guidance, was to give local bodies the freedom to appoint their own auditors from an open and competitive market and to manage their own audit arrangements, with appropriate safeguards to ensure independence.
- 3.2 Following the decision to abolish the Audit Commission, auditors for each local authority were appointed by means of a national procurement exercise for a period of 5 years from 2013/14 to 2017/18. This appointment having been made under a contract originally let by the outgoing Audit Commission. This contract passed to the management of Public Sector Audit Appointments (PSAA) Ltd, a new body set up by the Local Government Association (LGA) with delegated authority from the Secretary of State for Communities & Local Government.
- 3.3 In recent years local authorities have benefited from reductions in fees in the order of 50% compared with historic levels. This has been the result of a combination of factors including new contracts negotiated nationally with firms of accountants and savings from closure of the Audit Commission. The council's external audit fee for the 2017/18 accounts, the final year of this contract, was £158,550.

- 3.4 For external audits commencing from the audit of the 2018/19 financial year, the council elected to join a new national procurement process led by PSAA Ltd on behalf of the majority of local authorities. Only a handful of local authorities did not elect to join this process. The decision to join the national process was made by full Council on 26 January 2017. Apart from avoiding administrative costs, the national procurement exercise was considered to be most likely to offer the most favourable scale fees and secure resilient audit firms.
- 3.5 The outcome of the process was completed in December 2017 and resulted in the appointment of Grant Thornton UK LLP as the council's external auditor for a period of 5 years. The process also ensured that the same audit firm was also appointed to Orbis Partners, Surrey and East Sussex County Councils. The scale fee for the 2018/19 accounts audit is confirmed in a letter from Grant Thornton's Engagement Lead, Darren Wells, at appendix 1 which confirms the planned annual fee to be £122,084, a reduction of 23% on the previous contract.
- 3.6 The Audit Fee Letter also confirms the scope of the external auditor's responsibilities which in summary are:

- To undertake the audit and give an opinion on the council's financial statements;
- To review the arrangements and provide a conclusion on the council's approach to securing value for money;
- To audit the Whole of Government Accounts (WGA) return.

The letter also sets out a high level timetable for the audit work.

- 3.7 It should be noted that all grant work, including housing benefit certification, falls outside the PSAA contract, as PSAA no longer has the power to make appointments for assurance on grant claims and returns. The council will therefore need to separately procure these assurance services in respect of:

- Housing Benefit subsidy certification
- Teachers Pensions Scheme certification
- Decent Homes Standard certification

These separate audits will be procured in accordance with Contract Standing Orders (under £25,000 procurements) by the Chief Finance Officer and are not expected to exceed £25,000 in total. There is existing budget provision for these audits. A saving of £30,000 has been included in the council's 2019/20 budget to reflect the overall reduction in costs across all audit and certification work.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The council elected to join the sector-led procurement of its external auditor appointment by PSAA Ltd and is therefore bound by the outcome of this national procurement process.
- 4.2 The procurement of other minor audit and certification processes will be undertaken through tender processes in accordance with Contract Standing Orders to ensure value for money.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Engagement and consultation with all local authorities was undertaken by PSAA Ltd in the lead up to the decision to elect to join the national procurement process. No other consultation has been undertaken.

6. CONCLUSION

- 6.1 The Annual Fee Letter sets out the scope of the external auditor's duties and the anticipated audit fee for the audit of the 2018/19 accounts.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 As noted in the report, the scale fee for Brighton & Hove City Council will be £122,084, a reduction of 23% on the previous audit fee. A saving of £30,000 has been incorporated in the 2019/20 budget in respect of this and other audit and certification fees. There is existing budget provision for the smaller, separate grant audit and certification processes that fall outside of the PSAA contract. Therefore the revised audit fees are covered by the planned and approved budget in 2019/20.

Finance Officer Consulted: James Hengeveld

Date: 07/06/19

Legal Implications:

- 7.2 Section 7 of the Audit Commission Act 1998 places the council under a legal duty to pay an audit fee in line with the scale of fees prescribed by the Audit Commission.

*Lawyer Consulted: Elizabeth Culbert
2019*

Date: 13th June

Equalities Implications:

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

Sustainability Implications:

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

SUPPORTING DOCUMENTATION

Appendices:

1. Grant Thornton UK LLP Audit Fee Letter

Background Documents:

None

Dave Kuenssberg
Executive Director, Finance & Resources
Brighton and Hove City Council
Bartholomew Square
Brighton
BN1 1JA

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG
T +44 (0)20 7383 5100
www.grant-thornton.co.uk

29th April 2018

Dear Dave,

Planned audit fee for 2019/20

The Local Audit and Accountability Act 2014 (the Act) provides the framework for local public audit. Public Sector Audit Appointments Ltd (PSAA) has been specified as an appointing person under the Act and the Local Authority (Appointing Person) Regulations 2015 and had the power to make auditor appointments for audits of opted-in local government bodies from 2018/19.

For opted-in bodies PSAA's responsibilities also include setting fees and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

All grant work, including housing benefit certification, falls outside the PSAA contract, as PSAA no longer has the power to make appointments for assurance on grant claims and returns. Any assurance engagements will therefore be subject to separate engagements agreed between the grant-paying body, the Council and ourselves and separate fees agreed with the Council.

Scale fee

PSAA published the 2019/20 scale fees for opted-in bodies at the end of March 2019, following a consultation process. Individual scale fees have been maintained at the same level as in 2018/19, unless there were specific circumstances which required otherwise. Further details are set out on the [PSAA website](#). The Council's scale fee for 2019/20 has been set by PSAA at £122,084 which is the same as in 2018/19.

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes'.

The audit planning process for 2019/20, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

There are no changes to the overall work programme for audits of local government audited bodies for 2019/20. Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors. Audits of the accounts for 2019/20 will be undertaken under this Code. Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements;

- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its latest guidance for auditors on value for money work in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
August 2019	30,521
November 2019	30,521
February 2020	30,521
May 2020	30,521
Total	122,084

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2019 to March 2020. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in July 2020 and work on the whole of government accounts return in July 2020.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2019 to March 2020	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June to July 2020	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.

VfM conclusion	January 2020 to July 2020	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	July 2020	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	August 2020	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2019/20 are:

	Name	Phone Number	E-mail
Engagement Lead	Darren Wells	+44 1293 554120	Darren.J.Wells@uk.gt.com
Engagement Manager	Andy Conlan	+44 20 7728 2492	Andy.N.Conlan@uk.gt.com
In Charge Auditor	Philip Mundy	+44 20 7865 2070	Philip.Mundy@uk.gt.com

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed, and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively, you may wish to contact Paul Dossett, our Public Sector Assurance regional lead partner, via Paul.Dossett@uk.gt.com.

Yours sincerely



Darren Wells
Engagement Lead

Grant Thornton UK LLP

Subject:		Draft Annual Governance Statement 2018-2019	
Date of Meeting:		23 July 2019	
Report of:		Executive Lead for Strategy, Governance & Law (Monitoring Officer)	
Contact Officer:	Name:	Jackie Algar	Tel: 01273 291273
	Email:	jackie.algar@brighton-hove.gov.uk	
Ward(s) affected:		All Wards	

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

- 1.1 The Annual Governance Statement (AGS) is a requirement of Local Authorities to report publicly on the extent to which they comply with their own Code of Corporate Governance ('the Local Code').
- 1.2 The council is responsible for ensuring a sound system of governance (incorporating the system of internal control). The AGS publicises how the council strives to be effective in meeting the highest standards of governance as set out in the International Framework for Good Governance (henceforth referred to as 'the Framework')¹ and provides information on the review of governance that has taken place during the course of the last complete financial year.

2. RECOMMENDATIONS:

- 2.1 That the Committee review the attached AGS and make recommendations for the Leader of the City Council and the Chief Executive.
- 2.2 To note the Leader of the City Council and the Chief Executive will be asked to confirm their agreement to the AGS by signing a hard copy of Appendix 1 which will be stored securely.
- 2.3 To note that the AGS once signed by the Leader of the City Council and Chief Executive will be published alongside the council's Annual Accounts.

3. CONTEXT/ BACKGROUND INFORMATION**3.1 The Local Code of Corporate Governance**

- 3.1.1 The Council is responsible for ensuring that it conducts its business in accordance with the law and according to relevant standards. This requires Members and officers to make arrangements which ensure that

¹ CIPFA (Chartered Institute of Public Finance Accountancy) and IFAC (International Federation of Accountants) 'Delivering Good Governance in Local Government Framework 2014'.

public money is safeguarded and properly accounted for, and is used economically, efficiently and effectively, so as to ensure continuous improvement. A key element is the responsibility of ensuring that our systems of internal control are sound and reflect best practice.

- 3.1.2 Brighton & Hove City Council's Local Code of Corporate Governance was last substantively reviewed in July 2017 in the light of CIPFA & SOLACE² guidance 'Delivering Good Governance in Local Government: Framework (2016)'. At its meeting on 25 July 2017, the Audit and Standards Committee exercised its delegated powers under article 13.03 (xi) of the Constitution to approve a revised Code of Corporate Governance, which is published as Part 8.11 of Brighton & Hove City Council's Constitution.
- 3.1.3 The afore-mentioned Code of Corporate Governance is based on the good practice guidance referred to above, which was developed following work carried out by a joint working party sponsored by CIPFA and SOLACE. The Code of Corporate Governance incorporates the Framework proposed in the guidance, using the definition of good governance and the core principles cited therein.
- 3.1.4 It is a legal requirement that authorities conduct a review each financial year on the effectiveness of their systems of internal control and report publicly on the findings of that review. At Brighton & Hove City Council this review - as well as the Council's compliance with its Code of Corporate Governance - is conducted and monitored through the AGS process.

3.2 Best Practice

The city council has complied with best practice guidance³ published by CIPFA and SOLACE) which are to:

- i) review existing governance arrangements
- ii) develop maintain an up-to-date local code of governance, including arrangements for ensuring on-going effectiveness
- iii) report publicly on compliance with the local code on an annual basis including how they have monitored the effectiveness of their governance arrangements in the year and on any planned changes. This is delivered primarily through the AGS and the reports to the Audit & Standards Committee, policy updates sent for approval by other relevant committees and reflected as necessary in changes to the Council's Constitution and internal documentation.

The format of the council's AGS was included as an example of best practice by CIPFA as we have followed their advice that:

² CIPFA is acronym for the Chartered Institute of Public Finance Accountancy; SOLACE is acronym for the Society of Local Authority Chief Executives.

³ CIPFA and SOLACE guidance 'Delivering good governance in local government framework 2016 edition'.

'The annual governance statement should:

- provide a meaningful but brief communication regarding the review of governance that has taken place including the role of the governance structures involved (such as the authority; the audit and other committees)
- be high level, strategic and written in an open and readable style
- focus on outcomes and value for money and relate to the authority's vision for the area.'

3.3 The city council is active in delivery of its risk management process through its senior officers in order to use risk management to manage its business and keep the council safe. The internal audit service analyse the strategic risks agreed by the Executive Leadership Team (ELT) and in Appendix 1 of the AGS provide for each risk details of their work and other independent assurance. This helps to inform stakeholders on the level of assurance for each strategic risk against the Good Governance Principles set out in the International Framework for Good Governance.

3.4 Risk Management and Assurance are inter-related and are crucial to Governance and the council achieving its 'purpose' as an organisation.

3.5 The council is required to report on any planned changes in the current period beyond the AGS period covered in this report (2018/19). There are no significant issues to be reported.

4. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

4.1 Sound corporate governance and proper systems of internal control are essential to the financial health and reputation of the council. The resources required to implement the actions outlined to strengthen the governance arrangements are provided for the agreed 2018/19 budget.

Finance Officer Consulted: James Hengeveld

Date: 21/05/19

Legal Implications:

4.2 The council is under a duty to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for the management of risk. Regulation 6 of the Accounts and Audit Regulations 2015 further require the council to at least annually conduct a review of the effectiveness of its system of internal control and to prepare an annual governance statement in addition to the statement of accounts which it is obliged to prepare in accordance with regulations 9 and 12.

The council's Audit & Standards Committee is responsible for amongst other things reviewing the outcome of the annual review of governance arrangements and

approving the Annual Governance Statement, thereby ensuring that the council meets the requirements of the Accounts and Audit Regulations 2015 by fulfilling these requirements as a committee of the council designated for this purpose.

Lawyer Consulted:

Victoria Simpson

Date: 13/06/19

SUPPORTING DOCUMENTATION

Appendices:

1. Draft Annual Governance Statement 2018 – 2019.

Background Documents

1. International Framework Good Governance in the Public Sector, CIPFA/ IFAC 2014.
2. Delivering good governance in local government framework 2016 edition, CIPFA/SOLACE 2016.

Annual Governance Statement 2018/2019 DRAFT

TO BE signed by:
Leader of Brighton & Hove City Council,
Nancy Platts

Date:
and, Chief Executive Officer,
Geoff Raw

Date:



Why we have prepared this Annual Governance Statement (AGS) 2018-19

- To fulfil the statutory requirement for each local authority to conduct a review of its system of internal control and prepare and publish an AGS at least once a year in each financial year
- To demonstrate that there is a sound system of governance (incorporating the system of internal control) and complying with its [Local Code of Governance \(approved 25 July 2017\)](#)
- To outline our progress in 2018-19 and help us take further actions to improve governance for delivery in 2019-20

What we mean by governance

The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved

=

How the council makes sure it

- does the right things
- in the right way
- for the right people

Corporate Governance Structure: within Brighton & Hove City Council



Corporate Governance Structure:

Working with our partners through Brighton & Hove Connected's thematic partnerships, to ensure community and stakeholder buy-in to assist with legitimising our city's governance.

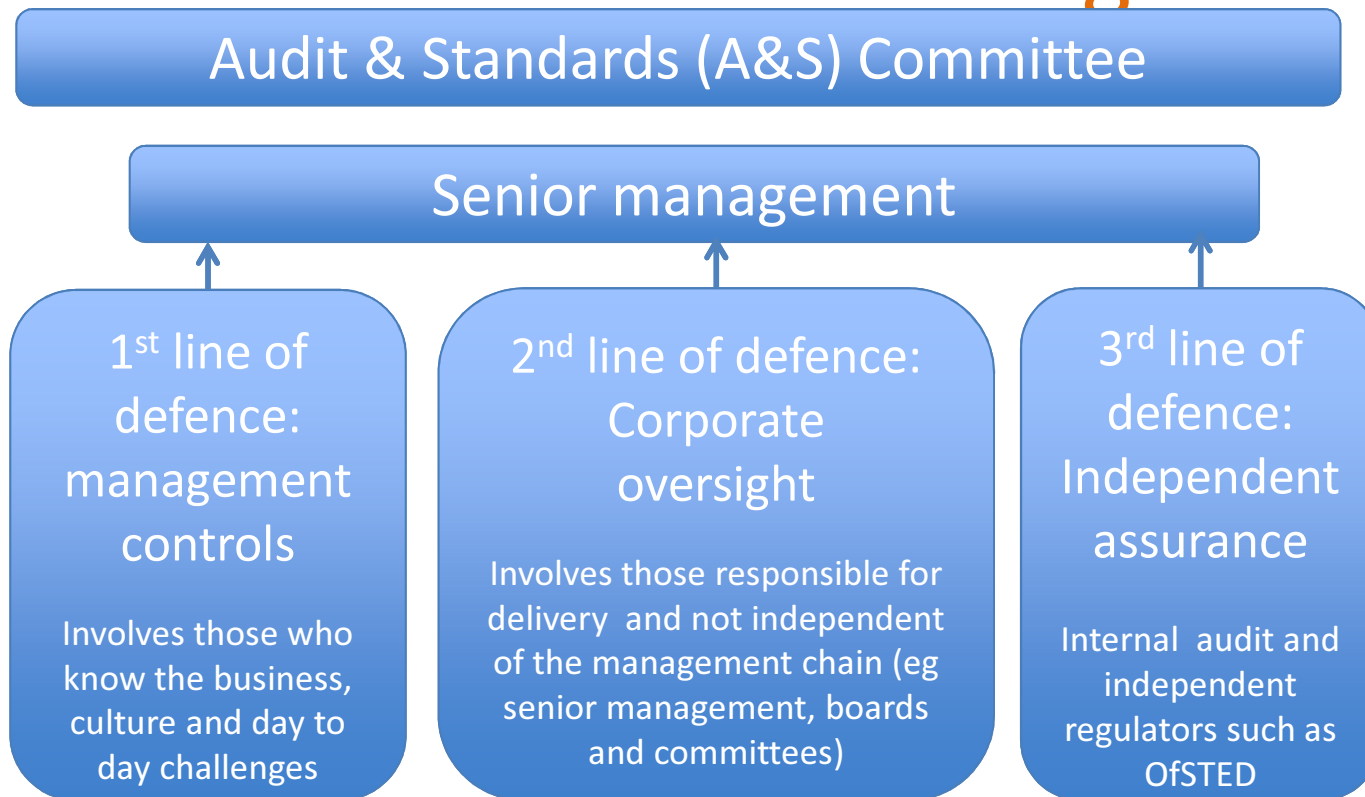


We provide assurance based on the 7 principles of the International Good Governance Framework*

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcome
- E. Developing the entity's capacity including the capacity of its leadership and with individuals within it
- F. Managing risks and performance through robust internal control and strong financial management
- G. Implementing good practice in transparency, reporting and audit to deliver effective accountability

*IFAC
and
CIPFA,
2014

How we make sure our arrangements are working



We use the 'three lines of defence model' to assess the effectiveness of how we manage risks we face as an organisation

Assurance on Risks

- Strategic risks are considered quarterly by the Executive Leadership Team (ELT) and are reported to the Audit & Standards Committee at each meeting and the Committee focus on up to four Strategic Risks for more in depth review. All Strategic Risks are detailed in Appendix 1
- Directorate risks are reviewed quarterly by Directorate Management Teams and the Directorate Risk Lists are reported to ELT as part of their quarterly risk review

Head of Internal Audit Opinion

Based on the internal audit work completed,
the Chief Internal Auditor can provide

reasonable assurance*

that Brighton & Hove City Council has in place an adequate and
effective framework of governance, risk management and internal
control for the period 1 April 2018 to 31 March 2019

Chief Internal Auditor, Russell Banks/
Audit Manager, Mark Dallen

* Assurance can never be absolute. In this context 'reasonable assurance' means that arrangements are in place to manage key risks and to meet good governance principles, but there are one or more areas where improvements are required

Further Actions to improve governance for delivery 2019/20, page 1 of 3

What we will do

Lead Officer

1. Develop the City Strategy with partners and clarify council's role in delivering this via Corporate Strategy to deliver key priorities for the city

Executive Lead Officer,
Strategy, Governance &
Law

2. Strengthen financial planning and implementation to deliver savings to future proof the council's financial position

Executive Director, Finance
& Resources

Further Actions to improve governance for delivery 2019/20, page 2 of 3

What we will do

Lead Officer

3. Strengthen governance to reduce inequalities for customers and staff

Executive Director,
Families, Children &
Learning on behalf of
Executive Leadership
Team

4. Strengthen governance in delivering and procuring services to meet health and safety legislation

Executive Director,
Finance & Resources

Further Actions to improve governance for delivery 2019/20, page 3 of 3

What we will do

Lead Officer

5. Strengthen employee relations and our relationships with Trade Unions

Executive Director,
Finance & Resources

6. Strengthen effectiveness and inclusivity of our consultation and engagement processes

Executive Lead Officer,
Strategy, Governance &
Law

In conclusion...

This document:

- shows how we have met the statutory requirement to conduct a review of our system of internal control
- meets the requirement to publish an Annual Governance Statement
- demonstrates our achievements and helps us to be more effective and take action to improve

What happens next...

We will:

- continue to further strengthen our governance arrangements
- monitor the implementation of the actions set out in this statement
- report the progress we have made in our next annual review

Appendix 1 Strategic Risk Analysis

Internal Audit's analysis of the Strategic risks in the Corporate Risk Assurance Framework (CRAF)

Good Governance Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Strategic Risk	Independent Assurances
SR13 Not keeping vulnerable adults safe from harm and abuse	<p><u>2018/19</u> This risk was last reviewed at A&S Committee in September 2018.</p> <p>No specific Internal Audit work in <u>2017/18</u>. Independent assurance on this risk is available from the inspections carried out by the Care Quality Commission and Peer reviews.</p> <p>In <u>2016/17</u> this strategic risk was specifically reviewed concluding Reasonable Assurance.</p>
SR15 Not keeping children safe from harm and abuse	<p><u>2018/19</u> This risk was reviewed at A&S Committee in March 2019.</p> <p>No specific Internal Audit work in <u>2017/18</u>. Independent assurance on this risk is available from the inspections carried out by the OFSTED, Peer review and Work carried out by the University of Sussex.</p> <p>The audits undertaken in <u>2015/16</u> on Children's Services Procurement gave Substantial Assurance. Our work on Fostering & Adoption and (SR15) and Safeguarding Children both gave Substantial Assurance.</p>
SR32 Sub-standard health & safety measures lead to personal injury, prosecution, financial losses and reputational damage	<p><u>2018/19</u> The A&S Committee reviewed this risk in September 2018. HSE interest in relation to a fatality at a BHCC secondary school in August 2018, decision is pending by Health & Safety Executive (HSE) on prosecution. This interest in BHCC has broadened with the HSE now focussing on risk management arrangements in relation to vibration, noise and contract monitoring. In March 2019 the HSE indicated they would be issuing BHCC with an improvement notice in relation to its management of vibration risk. On 12 March 2019 the BHCC Coroner issued a 'Regulation 28: Report to prevent future deaths' to BHCC which outlined the Coroner's concerns. This has been responded to by the Chief Executive Officer in May 2019.</p> <p>No specific Internal Audit work in <u>2017/18</u>. Independent assurance on this risk is available from the inspections carried out by the HSE and East Sussex Fire and Rescue Authority.</p>

Good Governance Principle B: Ensuring openness and comprehensive stakeholder engagements

Strategic Risk	Independent Assurances
SR20 Inability to integrate health and social care services at a local level to the agreed timescales	<p><u>2018/19</u> The risk was reviewed at A&S Committee in September 2018.</p> <p>No specific Internal Audit work in <u>2017/18</u>. Some independent assurance on this risk is provided by NHS England.</p> <p>In <u>2016/17</u> our work reviewing the Better Care Fund gave Limited Assurance. The audit on Public Health concluded Reasonable Assurance.</p>
SR26 Not strengthening the council's relationship with citizens	<p><u>2018/19</u> The risk was reviewed at A&S Committee in January 2019.</p> <p>The <u>2017/18</u> Internal Audit Plan included an audit of Public Consultations which concluded Reasonable Assurance.</p> <p>In <u>2015/16</u> the audit on Organisational Ethics concluded Substantial Assurance.</p>

Good Governance Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Strategic Risk	Independent Assurances
SR21 Unable to manage housing pressures and deliver new housing supply	<p><u>2018/19</u> The risk was reviewed at A&S Committee in January 2019.</p> <p>No specific Internal Audit work in <u>2017/18</u>. Our audit work in <u>2016/17</u> on Housing New Builds concluded Substantial Assurance.</p>
SR23 Unable to develop and deliver an effective Investment Strategy for the Seafront and ensure effective maintenance of the seafront infrastructure	<p><u>2018/19</u> The risk was reviewed at A&S Committee in January 2019. Internal Audit review on SR23 (Reasonable Assurance).</p> <p><u>2017/18</u> Internal audit review of the Waterfront Project. Some independent assurance on this risk is also provided by the Greater Brighton Economic Board (quarterly) and Coast to Capital LEP.</p> <p><u>2016/17</u> audits were Valley Gardens and Shelter Hall (Limited Assurance).</p>
SR29 Ineffective contract management leads to sub-optimal service outcomes, financial losses, and reputational damage	<p>Internal audit reviews <u>2018/19</u> were Housing Management System procurement (Reasonable Assurance), Care Management System (Reasonable Assurance), Street Lighting Procurement (no opinion).</p> <p>Internal audits during <u>2017/18</u> were Strategic Construction Contract (Substantial Assurance), Contract Waivers (Substantial Assurance) and Lift Maintenance Contract (Substantial Assurance).</p> <p><u>2016/17</u> audits were Waivers (Limited Assurance), Housing Electrical Works (Limited Assurance).</p>
SR33 Not providing adequate housing and support for people with significant and complex needs.	<p><u>2018/19</u> Internal Audit review of Supported Accommodation (Reasonable Assurance)</p> <p><u>2017/18</u> This risk was identified in March 2018. No specific Internal Audit work. Assurance on this risk is provided by the Local Safeguarding Adults Board and the Local Safeguarding Children Board, both of which are independently chaired.</p>

Good Governance Principle D: Determining the interventions necessary to optimise the achievement of the intended outcome

Strategic Risk	Independent Assurances
SR18 The organisation is unable to deliver its functions in a modern, efficient way due to the lack of appropriate technology	<p><u>2018/19</u> Last reviewed at A&S Committee in July 2018. Internal audit review of Digital First – Follow up (Minimal Assurance).</p> <p><u>2017/18</u> audit of the Digital First Programme (Partial Assurance given). Annual staff survey has identified significant concerns with staff not having the right tools to do their jobs.</p> <p>In <u>2015/16</u> Audits included a review of the Modernisation Agenda (Reasonable Assurance).</p>
SR30 Not fulfilling the expectations of residents, businesses, government and the wider community that Brighton & Hove City Council will lead the city well and be stronger in an uncertain environment	<p><u>2018/19</u> Last reviewed at A&S Committee in January 2019.</p> <p><u>2017/18</u> No independent assurance work was carried out on this risk.</p>
SR35 Unable to manage serious risks and opportunities resulting from the impact of Brexit on the local and regional society and economy	<u>2018/19</u> This risk was agreed February 2019.
SR34 Ambitions to improve offer for staff which have been stated in our People Promise may not be realised	<u>2018/19</u> This risk was identified in November 2018. Internal Audit of Wellbeing Project (Substantial Assurance).

Good Governance Principle E: Developing the entity's capacity including the capacity of its leadership and with individuals within it

Strategic Risk	Independent Assurances
SR2 The council is not financially sustainable	<p><u>2018/19</u> This risk was last reviewed at A&S Committee in July 2018. Internal Audit of Budget Management (Substantial Assurance). Eight Internal Audit reviews of key financial systems. All Substantial or Reasonable Assurance with one exception (Debtors – Partial assurance).</p> <p><u>2017/18</u> Financial Pressures (Reasonable Assurance). Eight internal audits were undertaken of other key financial systems. The majority were given Substantial or Reasonable assurance opinions with the exception of Council Tax and Debtors where a partial assurance opinion was given.</p> <p><u>2016/17</u> Budget setting (Reasonable Assurance).</p>
SR24 The impact of Welfare Reform increases need and demand for services	<p><u>2018/19</u> This risk was last reviewed at the A&S Committee in March 2019. Welfare Reform (Substantial Assurance).</p>
SR25 The lack of organisational capacity leads to sub-optimal service outcomes, failure to meet statutory obligations, and reputational damage	<p><u>2018/19</u> This risk was last reviewed at A&S Committee in July 2018.</p> <p><u>2017/18</u> Organisational Capacity (Partial Assurance).</p>

Good Governance Principle F: Managing risks and performance through robust internal control and strong financial management

Strategic Risk	Independent Assurances
SR10 Corporate Information Assets are inadequately controlled and vulnerable to cyber attack	<p><u>2018/19</u> Internal audits of GDPR (Partial Assurance) and Disaster Recovery (Partial Assurance). This risk was last reviewed by the A&S Committee in July 2018.</p> <p><u>2017/18</u> Six partial assurance reports: Building and System Access Controls, PCI DSS, Active Directory, Parking Service Systems, Corporate Banking System, IG Toolkit.</p> <p>This risk was reviewed at A&S Committee in September 2017.</p> <p><u>2016/17</u> Cyber Security and IT Disposals (both Limited Assurance), IT Incident Management (Substantial Assurance), IT Service Desk (Reasonable Assurance), Computer Facilities (Limited Assurance).</p>
SR31 Greater liability on the council's budget due to budgetary pressures on schools	<p><u>2018/19</u> This risk was last reviewed at A&S Committee in March 2019. Seven schools audits in the year. Reasonable Assurance (5 Schools), Partial assurance (2 Schools).</p> <p><u>2017/18</u> Financial Pressures (Reasonable Assurance). Nine school reviews were carried out in the year. The opinions given were Reasonable Assurance (5 schools), Partial Assurance (3 schools), Minimal Assurance (1 school).</p> <p><u>2016/17</u> Schools Funding Arrangements (Substantial Assurance).</p>

Good Governance Principle G: Implementing good practice in transparency, reporting and audit to deliver effective accountability

No strategic risks were mapped to this risk

Appendix 2 - Progress made to address AGS 2017/18 actions

1) Information Governance

i) Deliver the GDPR Implementation actions from GDPR Plan

- a) The Corporate Modernisation Programme GDPR co-ordinated activity across BHCC including establishing Information Asset Owners, Asset Management Administrator resources identified, communications campaign, workshops with services, an Information Audit and Data Privacy Impact Assessments built in to business change processes.
- b) Internal Audit of GDPR compliance in 2018/19 gave an audit opinion of Partial Assurance.

ii) Continue to improve security over our information assets

- a) IT policies reviewed and updated.
- b) Adoption of TLS secure mail – all mail sent from BHCC domain is now encrypted in transit.
- c) Migration from Blackberry to iPhone mobile platforms – improved security native to iPhones/iOS.

Progress made in 2018/19 to address AGS 2017/18 actions

2) Financial Pressures

i) Control the cost of demand led services including childrens & adults social care, housing and schools

- a) 4 year Integrated Savings & Financial Plans are in place and being monitored for all directorates. Children's and Adults social care budgets and City Environment Management costs pressures are stabilised or improving with remaining pressures monitored. Monthly analysis of the expected budget position of each school, informed by schools' budget monitoring updates. The sharing of primary school applications data in January 2019 and the determination of the council's funding format provided an opportunity to remind schools of the potential funding pressures in the coming years that they need to be mindful about for action.
- b) Improved governance around social care to contain the costs within council budgets included two Sustainable Social Care Boards chaired by the Chief Executive with plan for 'new view of care budgets' presented to Leadership Board & Opposition Groups as requested at [Policy, Resources & Growth Committee 11 October 2018](#).

Appendix 2 - Progress made to address AGS 2017/18 actions

3) Organisational Capacity

i) Budget processes to include a clear and specific assessment of the impact on organisational capacity

- a) All financially significant policy and service developments have nominated finance officers. These include Housing Joint Venture and company, Seaside Homes; Orbis; Integration with Health/CCG; Major Projects (PPP schemes); Royal Pavilion & Museums Trust; Estate Regeneration; new social care systems; Saltdean Lido; City Parks Trust; Housing Options (HRA); i360 re-financing, Housing Repairs in-sourcing project etc. All quantifiable impacts have been factored into the Medium Term Financial Strategy.
- b) Modernisation funds secured for 2019/20 and 2020/21 to progress work on Our People Promise which aims to ensure the council is able to recruit and retain the people it needs, and to improve the motivation and morale of staff as measured in the staff survey.

Appendix 2 - Progress made to address AGS 2017/18 actions

4) Integrating Health & Social Care

i) **Work with the CCG and primary and community health care stakeholders to develop new care and delivery models to support closer integration**

- a) The Joint Health and Social Care Integration Board (BHCC and BH CCG) meets monthly to develop a [Brighton & Hove Joint Health & Wellbeing Strategy](#). Integrated commissioning functions are started and are to complete by March 2020.
- b) The council and the CCG's joint approach to managing and supporting the care market is detailed in the Market Position Statement. It includes brokerage of packages of care and a programme including continuing health care.
- c) Updated Public Health Memorandum of Understanding with the CCG approved April 2018. The public health work-plan within the CCG falls within this, it includes planning for needs assessments, public health support for Clinically Effective Commissioning work.

ii) **Establish an integrated management team structure to support a fully integrated Health and Social Care Service from 2020**

- a) HWBB has agreed to the development of a collaborative approach and in response HASC finalising a senior management re-structure ready for consultation.

Progress made in 2018/19 to address AGS 2017/18 actions

5) Governance and management in key services

i) Strengthen and build on good management in key services

- a) Leadership Development Programme with various modules and over 180 spaces for tier 1-4 managers to attend
- b) The behaviour framework was used in mid year reviews Nov-Dec 2018, including rated appraisals mid-year scores for senior leaders based on a 4 scale rating system. The moderation of the Executive Leadership Team's performance was carried out by Members who have confirmed scores for ELT
- c) The sickness procedure has been completed with further conversations with the unions to plan to agree the toolkit that will provide advice and guidance about the procedure and ensure the benefits of information and early resolution are embedded
- d) The well being workstream, part of delivery of Our People Promise, started to drive improved resilience and performance through wellbeing. The sickness figures showed a reduction in sickness days from 10.57 to 10.09.

Progress made in 2018/19 to address AGS 2017/18 actions

6) Continue to clarify the shared vision for Brighton & Hove as a city which will inform Leadership and the new Corporate Strategy to be developed after May 2019

- a) after working with key partners across the city from all sectors to develop a City Vision for 2030, the City Vision 2030 is almost complete.
- b) the Council's Corporate Strategy will commence starting March 2019 with a view to it being adopted in Autumn 2019. Directorate Plans will be developed to clarify plans for delivery against which progress will be monitored as part of the Performance Management Framework.

Progress made in 2018/19 to address AGS 2017/18 actions

7) Governance of Property Portfolio

i) Annual report to Policy, Resource & Growth Committee in relation to making best use of the council's assets (investment strategy) to improve income, achieve capital receipts requirements under the Medium term Financial Strategy

- a) Asset Management Board (AMB) focus on urban portfolio Asset Investment Strategy to ensure that opportunity to acquire high performing property can happen, e.g. acquisition of Phoenix House central Brighton office use which should help investment portfolio targets and re-balance the portfolio which is mainly retail
- b) Capital receipt programme progressing, capital monitoring continues
- c) Disposals are progressing to include strategic disposals generated by Workstyles programme and support for the Stanmer Heritage Lottery Fund premises change
- d) Asset Management Strategy on website and being reviewed



Brighton & Hove
City Council

Subject:	Standards Update		
Date of Meeting:	23rd July 2019		
Report of:	Executive Lead for Strategy, Governance & Law (Monitoring Officer)		
Contact Officer:	Name:	Victoria Simpson	Tel: 01273 294687
	Email:	victoria.simpson@brighton-hove.gov.uk	
Ward(s) affected:	(All Wards);		

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

- 1.1 This report seeks to update Members on a range of Standards-related matters.

2. RECOMMENDATIONS

- 2.1 That this Committee note the information provided in the Report on member complaints and on other standards-related matters.
- 2.2 That this Committee agree the proposal that an informally constituted cross-party group of members of this Committee be convened to review the report of the Committee on Standards in Public Life into Local Government Ethical Standards, with a view to reporting back to a future meeting of the Audit and Standards Committee with any recommendations it considers to be appropriate.

3. MEMBER COMPLAINTS, and TRAINING**3.1 COMPLAINTS**

- 3.2 Four complaints were referred to in the last Standards Update Report in March 2019 as being outstanding. Two of those have now been determined at preliminary assessment stage following the decision of the Monitoring Officer (having first consulted with the Independent Person) not to progress them either by referring them for formal investigation or by taking other informal action.
- 3.3 The third of the four complaints referred to in para 3.2 above was the subject of ongoing negotiations which aimed to resolve matters informally at preliminary assessment stage with the active input of the parties involved. That complaint has now been resolved informally on the basis that the subject members concerned have taken steps to publish a clarificatory statement which acknowledged that a misleading impression may have been created by their publicity and have apologised for that. As a result, that complaint has also at an end.
- 3.4 The last of the four complaints referred to in the March 2019 Report ('Complaint A') has been referred for formal investigation following a decision by the Monitoring Officer, following consultation in the normal way with the Independent Person.

That process is well underway and although no further information can be divulged at this stage, an update will be provided to a future committee regarding it.

- 3.5 Five new complaints have been received in between March 2019 and the deadline for publication of this Report. Two of those ('B' & 'C') have been resolved at preliminary assessment stage by a decision not to progress either of them. One of those complaints ('D') remains at preliminary assessment stage as further information has been requested from the complainant but remains outstanding. The fourth complaint ('E') has been referred for formal investigation and will be the subject of further reports to this Committee in due course, while the most recent complaint ('F') remains at preliminary assessment stage.
- 3.6 Throughout, all complaints against members have been dealt with in accordance with the Council's procedures for processing complaints against members.

3.7 STANDARDS TRAINING FOR MEMBERS

- 3.8 Training on the Code of Conduct for Members and on related matters is considered to be a key means of equipping members to navigate the structures which are in place to ensure high standards of ethical conduct. Ensuring that effective training and signposting is available to elected councillors is a key part of how this Committee discharges its responsibilities to promote high standards of conduct. With this in mind, the Committee is asked to note that plans are underway to deliver a training session for all elected members of this council on two alternative dates in September and October 2019, with a view to ensuring the attendance of as many members as possible.
- 3.9 There is also considered to be a need for those members of this Committee who have not yet received training on the specific topic of participating in a Standards Panel to do so in order to ensure that sufficient numbers of members are eligible for appointment to a Panel if or when it next becomes necessary to convene one. Steps are in train to identify a date in the near future which a significant proportion of members of this Committee (including its Independent Persons) are able to attend and to schedule Standards Panel training for then.

4. LOCAL GOVERNMENT ETHICAL STANDARDS: REVIEW BY THE COMMITTEE ON STANDARDS IN PUBLIC LIFE

- 4.1 As previously reported to this Committee, the Committee on Standards in Public Life ('CSPL') published its detailed and much-anticipated report on Local Government Ethical Standards on 30 January 2019. [The Report](#) followed a consultation process last year, whereby a cross-party working group of members of this Committee worked together to generate a detailed written response which was submitted on behalf of this authority. The fact of the publication of that report was noted when this Committee last met, in March 2019, when they agreed the suggestion that those members who had inputted into the consultation process review the CSPL report and report back to the Committee. However it did not in the event prove possible to act on that recommendation, for reasons of time. Members may be aware that in the meantime, some limited amendments to the Code of Conduct for Members and to related arrangements were recommended by this Committee and received full Council approval on 28 March 2019. This was

a separate initiative, taken in response to a recommendation made by Policy Resources & Growth Committee which aimed to implement some of the recommendations of the Report of the Local Government Commission which saw the Fawcett Society and the Local Government Information Unit report its response to the question: Does Local Government Work for Women?

- 4.2 The CSPL report referred to above is the outcome of a root and branch review which assessed the effectiveness of the current Localism Act 2011 framework in ensuring that appropriate standards of conduct are maintained by elected councillors. Whilst supporting the principle of a devolved system for regulating councillor conduct, the report authors identify a number of risks and areas of concern which they consider need to be addressed in order to strengthen the locally determined systems in place at local authorities. They consider there to be a need for some additional mechanisms and to that aim make a series of 26 main recommendations. Many of those (such as the power to suspend councillors and the introduction of a right of appeal against such decisions to the Local Government Ombudsman, as well as changes to extend the definition of Disclosable Pecuniary Interests) would require legislative change if they are to be implemented.
- 4.3 It is suggested that this Committee therefore focus instead on another key aspect of the report, namely the fifteen additional best practice recommendations which the CSPL identifies as being key initiatives for local authorities themselves to implement (if they have not already done so) by making changes to their individual arrangements. A list of the best practice recommendations directed at local authorities is available at pages 18 and 19 of the CSPL's report.
- 4.4 In order to scrutinise the best practice recommendations against this authority's current arrangements in a focused way, it is proposed that an informally constituted working group of members of this Committee be set up on a cross party basis, with the addition of the two Independent Persons. The recommendation is that that working group be charged with doing this on a 'task and finish' basis, and with reporting back to this Committee in a detailed way on its findings, making such suggestions as it considers appropriate.

5. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 5.1 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. No alternative proposals are suggested.

6. COMMUNITY ENGAGEMENT & CONSULTATION

- 6.1 No need to consult with the local community has been identified.

7. CONCLUSION

- 7.1 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 are maintained in a way which is compliant with local requirements.

8. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 8.1 There are no additional financial implications arising from the recommendation in this Report. All activity referred to has been, or will be, met from existing budgets.

Finance Officer Consulted: James Hengeveld

Date: 19/06/19

Legal Implications:

- 8.2 These are covered in the body of the Report.

Lawyer Consulted: Victoria Simpson

Date: 26/06/19

Equalities Implications:

- 8.3 There are no equalities implications arising from this Report

Sustainability Implications:

- 8.4 There are no sustainability implications arising from this Report

Any Other Significant Implications:

- 10.5 None

SUPPORTING DOCUMENTATION

Appendices:

None

Background Documents:

1. Local Government Ethical Standards: A Review by the Committee on Standards in Public Life: available at <https://www.gov.uk/government/collections/local-government-ethical-standards>

[For context only: Does Local Government Work for Women? The Final Report of the Local Government Commission: study led by the Fawcett Society in partnership with the Local Government Information Unit; available at: <https://www.fawcettsociety.org.uk/local-government-commission>]