

# Audit & Standards Committee

Date: **27 October 2020**

Time: **4.00pm**

Venue **Virtual Meeting**

**Note:** in response to current Government Regulations this meeting is being held as a virtual meeting for councillors and accessible via Microsoft Teams. Public speaking and engagement opportunities will be made available.

The meeting will also be webcast live to the internet.

Members: **Councillors:** Yates (Chair), Hugh-Jones (Group Spokesperson), Bagaeen (Group Spokesperson), Hamilton, Heley, Hill, Littman and Peltzer Dunn

**Independent Members:**

Helen Aston

Contact: **John Peel**  
Democratic Services Officer  
01273 291058  
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# AGENDA

## 15 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.*

## 16 MINUTES

7 - 12

To consider the minutes of the meeting held on 21 July 2020.

Contact Officer: John Peel

Tel: 01273 291058

## 17 CHAIR'S COMMUNICATIONS

## 18 CALL OVER

- (a) Items 21 - 29 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.

## 19 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 21 October 2020;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 21 October 2020.

## 20 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.

## 21 STRATEGIC RISK FOCUS ITEM

13 - 50

Report of the Executive Lead Officer, Strategy, Governance & Law

Contact Officer: Jackie Algar

Tel: 01273 291273

Ward Affected: All Wards

## 22 ADULT & COMMUNITY LEARNING

51 - 56

Report of the Executive Lead Officer, Strategy, Governance & Law. Extract from the proceedings of the Special Policy & Resources Committee meeting held on the 30<sup>th</sup> July 2020.

## 23 HOME TO SCHOOL TRANSPORT

57 - 60

Report of the Executive Lead Officer, Strategy, Governance & Law

Contact Officer: Abraham Ghebre-Ghiorghis

Tel: 01273 291500

Ward Affected: All Wards

- |           |   |                          |
|-----------|---|--------------------------|
| <b>24</b> | <b>AUDITED STATEMENT OF ACCOUNTS 2019/20</b>  | <b>To Follow</b>         |
|           | Report of the Acting Executive Director, Finance & Resources  |                          |
|           | <i>Contact Officer: Nigel Manvell</i>   | <i>Tel: 01273 293104</i> |
|           | <i>Ward Affected: All Wards</i>   |                          |
| <br>      |   |                          |
| <b>25</b> | <b>EXTERNAL AUDIT - AUDIT FINDINGS REPORT 2019/20</b>   | <b>To Follow</b>         |
|           | Report of the External Auditor  |                          |
| <br>      |   |                          |
| <b>26</b> | <b>INTERNAL AUDIT PROGRESS REPORT - QUARTER 1 (1 APRIL TO 30 JUNE 2020)</b>   | <b>61 - 88</b>           |
|           | Report of the Acting Executive Director, Finance & Resources  |                          |
|           | <i>Contact Officer: Mark Dallen</i>   | <i>Tel: 01273 291314</i> |
|           | <i>Ward Affected: All Wards</i>   |                          |
| <br>      |   |                          |
| <b>27</b> | <b>REVISED INTERNAL AUDIT PLAN 2020/21</b>  | <b>89 - 100</b>          |
|           | Report of the Acting Executive Director, Finance & Resources  |                          |
|           | <i>Contact Officer: Mark Dallen</i>   | <i>Tel: 01273 291314</i> |
|           | <i>Ward Affected: All Wards</i>   |                          |
| <br>      |   |                          |
| <b>28</b> | <b>ORBIS INTERNAL AUDIT STAFFING AND RESOURCES</b>  | <b>101 - 106</b>         |
|           | Report of the Acting Executive Director, Finance & Resources  |                          |
|           | <i>Contact Officer: Mark Dallen</i>   | <i>Tel: 01273 291314</i> |
|           | <i>Ward Affected: All Wards</i>   |                          |
| <br>      |   |                          |
| <b>29</b> | <b>FORMAL APPROVAL OF THE ANNUAL GOVERNANCE STATEMENT 2019-2020</b>   | <b>107 - 144</b>         |
|           | Report of the Executive Lead Officer, Strategy, Governance & Law  |                          |
|           | <i>Contact Officer: Jackie Algar</i>  | <i>Tel: 01273 291273</i> |
|           | <i>Ward Affected: All Wards</i>   |                          |
| <br>      |   |                          |
| <b>30</b> | <b>STANDARDS UPDATE</b>   | <b>145 - 148</b>         |
|           | Report of the Executive Lead Officer, Strategy, Governance & Law  |                          |
|           | <i>Contact Officer: Victoria Simpson</i>  | <i>Tel: 01273 294687</i> |
|           | <i>Ward Affected: All Wards</i>   |                          |
| <br>      |   |                          |
| <b>31</b> | <b>ITEMS REFERRED FOR COUNCIL</b>   |                          |
|           | To consider items to be submitted to the 17 December 2020 Council meeting for information.  |                          |
|           | <br><i>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</i> |                          |

*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*

## **32 ITEMS FOR THE NEXT MEETING**

**ACCESS NOTICE**

**In response to the current situation with Covid-19 and the easing of Regulations, this Committee meeting will be held virtually via Skype and web cast simultaneously.**

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

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

For those members of the public wishing to actively take part in the meeting a link will be emailed so that they can join the meeting.

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

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Therefore, by joining the meeting via the link provided you are deemed to be consenting to being filmed and to the possible use of those images and sound recordings for the purpose of web casting and/or Member training. If members of the public do not wish to have their image captured, they should ensure they do not use the skype video facility and provide a static image.

**FURTHER INFORMATION**

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

Date of Publication - Monday, 19 October 2020

**BRIGHTON & HOVE CITY COUNCIL**

**AUDIT & STANDARDS COMMITTEE**

**4.00pm 21 JULY 2020**

**VIRTUAL MEETING- SKYPE**

**MINUTES**

**Present:** Councillors Littman (Chair) Hamilton (Group Spokesperson), Bagaeen (Group Spokesperson), Heley, Hill, Hugh-Jones and Peltzer Dunn

**Independent Members present:** Dr David Horne and Helen Aston

**PART ONE**

**1 PROCEDURAL BUSINESS**

**1a Declarations of substitutes**

1.1 There were none.

**1b Declarations of interests**

1.2 There were none

**1c Exclusion of the press and public**

1.3 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.

1.4 **RESOLVED** - That the press and public not be excluded.

**2 MINUTES**

2.1 **RESOLVED** – That the minutes of the previous meeting held on 10 March 2020 be approved and signed as the correct record.

**3 CHAIR'S COMMUNICATIONS**

3.1 The Chair provided the following communications:

“Hello and welcome everybody to the first meeting of Audit & Standards Committee for the new municipal year. I’m delighted to welcome back those members, both Councillors and Independent Persons, who join us ago this year, and I’d particularly like to welcome all the new Committee members. I’d like to thank all those Officers who were involved in providing an excellent induction session for these new members. I think it was a triumph and should provide new members with enough knowledge and understanding of our remit and procedures to allow them to get involved straight away”.

#### **4 CALL OVER**

4.1 All items on the agenda were reserved for discussion.

#### **5 PUBLIC INVOLVEMENT**

5.1 There were none.

#### **6 MEMBER INVOLVEMENT**

##### **(C) LETTERS**

##### **(i) BAi360 Audit**

6.1 The Committee considered a Letter from Councillor Bagaen that requested an audit, full review and assessment of all professional reports and council documents relating to the business case and business case model for the i360 attraction preceding the granting of planning permission and subsequent construction and operation of the i360 be carried out.

6.2 The Chair provided the following response:

Thank you Councillor Bagaen. While I absolutely understand the motive for your bringing this matter to us here, in the context of the i360’s failure to make its loan repayments, I’m afraid that it is my opinion, and the opinion of officers, that this is not the appropriate arena for such an investigation. You’ve asked for over 15 years-worth of reports and other documents to be found, studied, and reported back upon. I’m afraid that this is absolutely not a job for the Council’s internal audit service. I’d like to pass over to our Chief Internal Auditor at this point, to give a broader explanation.

6.3 The Chief Internal Auditor highlighted serviced pressures placed on Internal Audit and that under professional standards, the audit function should prioritise work based on risk levels and this issue could not be prioritised above the audit plan activity.

6.4 The Chair added:

“So, as you can see, although this letter may be entirely valid, it doesn’t really belong here. If I may make a suggestion, I propose you represent the letter, or a similar one, to Policy & Resources Committee, since, should they be willing, they may be able to commit to the considerable expenditure which would be involved in hiring external consultants to undertake the task you’ve outlined here”.



6.5 **RESOLVED-** That the Committee note the Letter.

## 7 STRATEGIC RISK FOCUS

7.1 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.

### **SR20 Failure to achieve Health and Social Care outcomes due to organisational and resource pressures on the Clinical Commissioning Group (CCG) and Brighton & Hove City Council (BHCC) & SR37 Not effectively responding to COVID-19 in Brighton and Hove**

7.2 In response to the questions raised, the Executive Director, Health & Adult Social Care clarified the process for Care Act easements relating to home care as directed by central government and that these had not been required in Brighton & Hove and provided an update on reconciliation processes and how processes had been tightened and that would return to normal following the height of the Covid 19 pandemic.

### **SR2 The Council is not financially sustainable**

7.3 In response to the questions raised by Members, the Acting Director, Finance & Resources explained that parking was a significant part of the council's budget strategy in recent times and there would be challenge in re-aligning strategies should a car free city centre be introduced. The Acting Director, Finance & Resources stated that he was aware that there was a review of the council's senior management structure relating to the current vacancies, but he was not certain of the timelines for that process. Further, the Acting Director, Finance & Resources explained that the council would need to use its reserves in any pandemic recovery scenario but that could be managed and would not mean it would become insolvent.

7.4 **RESOLVED-** That the Committee note Appendix 1 the full CAMMS Risk report which gives full details for SR37, SR20 and SR2.

## 8 INTERNAL AUDIT ANNUAL REPORT AND OPINION 2019/20

8.1 The Committee considered a report of the Acting Director Finance & Resources that set 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 2020.

8.2 Dr Horne stated that the committee should be mindful of the successful implementation of audit recommendations in the current circumstances.

8.3 Councillor Hill asked if there were any Internal Audit concerns relating to Cityclean.

8.4 The Audit Manager stated that the report detailed a summary of some of the difficulties that had occurred in the service and the control response. Most of the control actions had been completed and Internal Audit would shortly be following up on whether those outstanding actions had been completed with the results reported to a future meeting.

- 8.5 Councillor Hamilton asked if the agency payments included schools and whether both of the high priority actions had been completed.
- 8.6 The Audit Manager clarified that the agency payments detailed excluded schools and that an update on the high priority actions would be reported back to the committee members after the meeting.
- 8.7 Councillor Hamilton asked if there had been any financial impact relating to the high priority actions.
- 8.8 The Audit Manager stated that whilst significant control weaknesses had been found, no financial loss had occurred.
- 8.9 Helen Aston noted that there was an overall audit opinion of reasonable assurance and asked if the expected trajectory of the that opinion going forward was upwards or downwards.
- 8.10 The Audit Manager replied that it was a difficult question to answer as the pandemic would raise significant challenges in some areas of the council that would have an impact. Furthermore, the number of partial assurances had remained stable from the previous financial year and there was now good opportunity to benchmark through the Orbis Partnership.
- 8.11 Councillor Hugh-Jones asked whether there was an understanding of the issues behind direct payments being assigned minimal assurance and whether steps toward improvement were being made. Further, Councillor Hugh-Jones asked if correct controls had been put in place for housing rent collections and adult social care debt collections and expressed concern relating to the issues reported on Cityclean.
- 8.12 In response to the questions, the Audit Manager stated that adult social debt collections were some way off target which was found mainly to be down to poor performance rather than a lack of controls. The audit on direct payments had only recently been completed and the high priority actions assigned had a due date of 30 September 2020, so this area was perhaps not as bad as appeared. The Audit Manager stated that he would provide a written update on housing rent collections as the information was not available to hand.
- 8.13 **RESOLVED-**
- 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 2020.
  - 2) That the Committee note the assurances and improvement actions detailed on audits finalised since the last progress report to this Committee in March 2020.

## **9 DRAFT ANNUAL GOVERNANCE STATEMENT 2019-20**

- 9.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law. 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').
- 9.2 In response to questions raised, the Risk Management Lead explained that CIPHA guidance stated that there should be clear maps to strategic risks, and none could be identified for Good Governance Principle G however, this would be raised with the senior management team. Cell systems would be taken into account depending upon how they could be merged into workstreams and the work of Directorates and this would be taken forward as part of next year's AGS. The Senior Lawyer clarified that a challenge to where a decision had been made but not implemented or dealt with, this could be addressed via a Members Letter to the relevant committee. The Risk Manager further clarified that the Executive Director, Economy, Environment & Culture had been assigned as the lead officer for the Covid Recovery Program as this matter predominately dealt with the city economy.
- 9.3 **RESOLVED-** That the Committee:
- 1) Review the attached draft AGS and make recommendations to further strengthen governance to the Leader of the City Council and the Chief Executive.
  - 2) Note that 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.
  - 3) 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 on the Council's website.

## **10 EXTERNAL AUDIT PLAN ADDENDUM FOR COVID-19 RISK 2019/20**

- 10.1 **RESOLVED-** That the Audit & Standards Committee note the updated External Audit Plan at Appendix 1.

## **11 REVIEW OF GUIDANCE ON SOCIAL MEDIA AND MEMBER CORRESPONDENCE**

- 11.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that sought approval for the revised draft Guidance on Correspondence and the Use of Social Media for Members.
- 11.2 Councillor Hill noted that she recalled indicative timeframes set out for Members to respond to correspondence but that did not appear in the current or proposed guidance in the report.
- 11.3 The Senior Lawyer confirmed that indicative timeframes had been set out in previous versions of the guidance however, it was felt that approach was out-moded and a new approach was felt needed to shift discretion onto Members according to their circumstances

- 11.4 Councillor Bagaeen noted that concerns had been raised by his Group who had found the revisions either unnecessary or insufficient and therefore, he would not be supporting the report recommendations.
- 11.5 The Chair welcomed the report and the updates had improved the guidance and brought it up to date with modern methods of correspondence from residents.
- 11.6 **RESOLVED-** That the Committee review the Guidance attached as Appendix 1 and consider approving it formally as a means of assisting members in remaining with the Code of Conduct.

## 12 STANDARDS UPDATE

- 12.1 The Committee considered a report of the Head of Law & Monitoring Officer that provided an update on Member related complaints.
- 12.2 Councillor Bagaeen asked if complaints O and P would be addressed by the changes to the Guidance on Member Correspondence just agreed by the committee.
- 12.3 The Senior Lawyer confirmed that complaints O and P would be reviewed under the rules as they stood at the time they were received however, a common sense approach would be applied.
- 12.4 The Chair noted that due to timetable changes, the meeting would be the final one attended by Dr Horne. The Chair commended Dr Horne and the invaluable contribution he had made to the committee. The Committee members echoed this tribute and paid thanks to Dr Horne.
- 12.5 **RESOLVED-** That the Committee note the information provided in this Report on Member complaints and on standards-related matters.

## 13 ITEMS REFERRED FOR COUNCIL

- 65.1 No items were referred to Full Council for information.

## 14 ITEMS FOR THE NEXT MEETING

- 14.1 There were none.

The meeting concluded at 6.50pm

<b>Subject:</b>	<b>Strategic Risk Focus Report: SR35; SR36; SR23 and SR21</b>		
<b>Date of Meeting:</b>	<b>27 October 2020</b>		
<b>Report of:</b>	<b>Executive Lead Officer, Strategy, Governance &amp; Law</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jackie Algar</b>	<b>Tel: 01273 291273</b>
	<b>Email:</b>	<b>Jackie.algar@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

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

- 1.1 To report to the Audit & Standards Committee on the latest quarterly update to the city council's Strategic Risk Register (SRR).
- 1.2 The Committee has agreed to focus on at least two strategic risks at each of their meetings. For this meeting there are four strategic risks to receive focus and to better enable Members' questions to be responded to there will be attendance by Risk Owners in relation to:  
  
SR35 Unable to manage serious risks and opportunities resulting from the impact of Brexit on the local and regional society and economy;  
  
SR36 Not taking all actions required to address climate and ecological change, and making our city carbon neutral by 2030;  
  
SR23 Unable to develop an effective Regeneration and Investment Strategy for the Seafront and ensure effective maintenance of seafront infrastructure; and  
  
SR21 Unable to manage housing pressures and deliver new housing supply.
- 1.3 The Risk Owners who will be in attendance are the Executive Lead Officer for SR35; the Executive Director, Economy, Environment and Culture for both SR36 and SR23; and the Interim Executive Director, Housing, Neighbourhoods & Communities for SR21.

**2. RECOMMENDATIONS:**



- 2.1 That the Audit & Standards Committee note the SRR detailed within Table 1 of this report.
- 2.2 That the Committee note Appendix 1 the CAMMS Risk report with details of the Strategic Risks and actions taken ('Existing Controls') and those planned.









- 2.3 That the Committee note that there are opportunities for Members, or any staff, to raise issues on Strategic Risks at various points and levels. The process is set out in the amended Appendix 2 which also provides a guide on the risk management process and how Members might want to ask questions of Risk Owners, or officers connected to the strategic risks.
- 2.4 That the Committee make recommendations for further action(s) to the relevant council body.









### 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The city council's Strategic Risks (SRs) are reviewed quarterly by the Executive Leadership Team (ELT) after comments are made by Directorate Management Teams.
- 3.2 The Audit & Standards Committee has a role to monitor and form an opinion on the effectiveness of risk management and internal control.
- 3.3 The ELT on 15<sup>th</sup> July 2020 confirmed all 19 SRs as shown in Table 1 below. Please note that:
- No new risks were added.
  - No risks were removed.
  - The only change to the SRs was an increased initial risk score on SR21 'Unable to manage housing pressures and deliver new housing supply' due to increased uncertainty of council finances for housing as some of the funding allocation by the Department of Communities, Housing and Local Government to the city council is pending.













Table 1 shows the current 19 Strategic Risks in the highest Revised Risk order which takes account of future actions to reduce or mitigate the 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) & Direction of Travel (DOT)	Committee & Chair	Risk Owner
SR 2	The Council is not financially sustainable	5 x 4 ◀▶  RED	4 x 4 ◀▶  RED	Policy & Resources Committee – Cllr. Mac Cafferty	Acting Chief Finance Officer



Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Committee & Chair	Risk Owner
SR 36	Not taking all actions required to address climate and ecological change, and making our city carbon neutral by 2030	5 x 4 ◀▶  RED	4 x 4 ◀▶  RED	Environment, Transport & Sustainability Committee – Cllr. Heley	Executive Director, Economy, Environment & Culture
SR 20	Failure to achieve Health and Social Care outcomes due to organisational and resource pressures on the Clinical Commissioning Group (CCG) and Brighton & Hove City Council (BHCC)	5 x 4 ◀▶  RED	4 x 4 ◀▶  RED	Health & Wellbeing Board – Cllr. Shanks	Executive Director, Health & Adult Social Care
SR 33	Not providing adequate accommodation and support for people with significant and complex needs	4 x 4 ◀▶  RED	3 x 4 ◀▶  AMBER	Health & Wellbeing Board – Cllr. Shanks and Housing Committee – Cllr. Gibson and Cllr. Hugh-Jones	Executive Director, Health & Adult Social Care
SR 37	Not effectively responding to COVID-19 in Brighton and Hove	4 x 4 ◀▶  RED	3 x 4 ◀▶  AMBER	Health & Wellbeing Board – Cllr. Shanks and Housing Committee – Cllr. Gibson and Cllr. Hugh-Jones	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) & Direction of Travel (DOT)	Committee & Chair	Risk Owner
SR 32	Challenges to ensure health & safety measures lead to personal injury, prosecution, financial losses and reputational damage	4 x 4 ◄►  RED	3 x 4 ◄►  AMBER	Policy & Resources Committee – Cllr. Mac Cafferty	Assistant Director Human Resources & Organisational Development
SR 35	Unable to manage serious risks and opportunities resulting from the impact of Brexit on the local and regional society and economy	5 x 4 ◄►  RED	4 x 3 ◄►  AMBER	Policy & Resources Committee – Cllr. Mac Cafferty	Executive Lead Officer, Strategy, Governance & Law
SR 18	The organisation is unable to deliver its functions in a modern, efficient way due to the lack of appropriate technology	4 x 4 ◄►  RED	3 x 4 ◄►  AMBER	Policy & Resources Committee – Cllr. Mac Cafferty	Assistant Director, Human Resources & Organisational Development
SR 38	Difficulty in restoring trust and confidence in the home to school transport service and sourcing sufficient capacity to resolve issues raised by the independent review	4 x 4 ◄►  RED	3 x 4 ◄►  AMBER	Children, Young People & Skills Committee – Cllr. Clare	Acting Executive Director Families, Children & Learning
SR	The lack of	4 x 4	3 x 4	Policy &	Assistant



Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Committee & Chair	Risk Owner
25	organisational capacity leads to sub-optimal service outcomes, failure to meet statutory obligations, and reputational damage	 RED	 AMBER	Resources Committee – Cllr. Mac Cafferty	Director Human Resources & Organisational Development
SR 13	Not keeping Vulnerable Adults Safe from harm and abuse	 RED	 AMBER	Health & Wellbeing Board – Cllr. Shanks	Executive Director, Health & Adult Social Care
SR 15	Not keeping Children Safe from harm and abuse	 RED	 AMBER	Children, Young People & Skills Committee – Cllr. Clare	Acting Executive Director Families, Children & Learning
SR 21	Unable to manage housing pressures and deliver new housing supply	 RED	 AMBER	Housing Committee – Cllr. Gibson and Cllr. Hugh-Jones	Interim Executive Director, Housing, Neighbourhoods & Communities
SR 10	Corporate Information Assets are inadequately controlled and vulnerable to cyber attack	 RED	 AMBER	Policy & Resources Committee – Cllr. Mac Cafferty	Chief Executive
SR 24	The needs and demands for services arising from the changing and evolving landscape of Welfare Reform	 AMBER	 AMBER	Policy & Resources Committee – Cllr. Mac Cafferty	Acting Chief Finance Officer

Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Committee & Chair	Risk Owner
	is not effectively supported by the council				
SR 23	Unable to develop and deliver an effective Regeneration and Investment Strategy for the Seafront and ensure effective maintenance of the seafront infrastructure	3 x 4 ◀▶  AMBER	3 x 3 ◀▶  AMBER	Environment, Transport & Sustainability Committee – Cllr. Heley; and Tourism, Equalities, Communities & Culture Committee – Cllr. Ebel and Cllr. Powell	Executive Director, Economy, Environment & Culture
SR 29	Ineffective contract performance management leads to sub-optimal service outcomes, financial irregularity and losses, and reputational damage	3 x 4 ◀▶  AMBER	3 x 3 ◀▶  AMBER	Policy & Resources Committee – Cllr. Mac Cafferty	Acting Chief Finance Officer
SR 30	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	2 x 4 ◀▶  AMBER	Policy & Resources Committee – Cllr. Mac Cafferty	Chief Executive
SR	Ambitions to	3 x 4	2 x 3	Policy &	Assistant

Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Committee & Chair	Risk Owner
34	improve offer for staff which have been stated in Our People Promise may not be realised	 AMBER	 YELLOW	Resources Committee – Cllr. Mac Cafferty	Director Human Resources & Organisational Development

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

4.1 Through consultation with ELT the Risk Management process currently in operation was deemed to be the most suitable model.

#### 5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 This is an internal risk reporting process and as such no engagement or consultation has been undertaken in this regard.

#### 6. CONCLUSION

6.1 The council must ensure that it manages its risks and meets its responsibilities and delivers its Corporate Plan, risk management is evidence for good governance.

#### 7. FINANCIAL & OTHER IMPLICATIONS:

##### Financial Implications:

7.1 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 there 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: 02/10/20*

##### Legal Implications:

- 7.2 All or any of the Strategic Risks which are reported to the Audit & Standards Committee may potentially have legal implications. Where those implications are of a direct nature, they may be noted in the Appendices to this Report.

*Lawyer Consulted: Victoria Simpson*

*Date 01/10/20*

Equalities Implications:

- 7.3 The SRR is shared with the Equalities Team. It is a corporate requirement that equalities implications are included within the performance management framework which includes risk management. There is an expectation that data will be used to evidence how service improvements are being made which have the aim of reducing inequalities.

Sustainability Implications:

- 7.4 Sustainability will be improved by practicing risk management.

Brexit Implications:

- 7.5 SR35 specifically considers this risk and actions which have taken place or are planned.

Any Other Significant Implications:

- 7.6 None.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. CAMMS Risk report on SR35, SR36, SR23 and SR21.
2. A guide on the risk management process and how Members might want to ask questions of Risk Owners.

### **Background Documents**

1. None.

# **Brighton & Hove City Council**

## Appendix 1

Strategic Risk Report for Audit & Standards Committee Focus:  
SR35; SR36; SR23 and SR21 Risk Report

*Print Date: 29-Sep-2020*

### Initial Rating

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

### Revised Rating

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

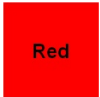

1 - 3
Low
Monitor periodically

4 - 7
Moderate
Monitor if the risk levels increase

8 - 14
Significant
Review and ensure effective controls

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

## Risk Details

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR35	<b>Unable to manage serious risks and opportunities resulting from the impact of Brexit on the local and regional society and economy.</b>	Executive Lead Officer Strategy, Governance and Law Brexit Coordinator	BHCC Strategic Risk	15/07/20	Threat	Treat	 Red L5 x I4	 Amber L4 x I3		Revised: Uncertain

### Causes

The Transition Period comes to an end on 31st December 2020 however uncertainty remains about the outcome of the current UK-EU negotiations. Whatever the outcome, from 1st January 2021 free movement of people, goods and services will end and that will impact on the city and in turn the COVID recovery both locally and regionally.

Potential impacts include:

1. Economic impact of ending of free movement of people, goods and services between UK-EU affecting businesses, citizen wealth and council income
2. Existing rights and regulations applying to EU citizens residing in the UK
3. The ability of partners in the health & social care sector to engage and retain staff
4. Local projects unable to secure future EU funding after Brexit
5. Travel and hospitality businesses' ability to recruit or employ foreign nationals
6. Pool of workers reducing (B&H has a larger pool of European residents)
7. Travel in and out of Greater Brighton due to changed border controls

### Potential Consequence(s)

1. Fragmented communities leading to civil unrest
2. Increased demand for advice services for EU residents, citizens and businesses
3. Increased costs of goods and services for citizens and businesses
4. Reduction in workforce, skills and capacity affecting health and social care in the city
5. Disruption to supply chains – food, fuel, medical supplies and other key components of city infrastructure
6. Less able to manage local environmental impacts e.g. waste disposal
7. Less certainty around export/import regulations
8. Impact on food safety regulations and standards inc. Export Health Certificates

#### Existing Controls

1. City Brexit readiness review to be conducted through Recovery Working Groups where appropriate with oversight maintained by ELT and DMTs. The officer Brexit Resilience & Planning Group (BRPG) will reconvene once outcome of negotiations is known or new national planning assumptions are shared by MHCLG to ensure all risks and mitigations are being developed.
2. COVID-19 Recovery & Renewal Programme will include Brexit related risks and issues.
3. Key areas of potential impact highlighted in Readiness Monitoring Report by officers and partners. An updated report considering COVID-19 impacts to go to October 2020 Policy & Resources (P&R) Committee. Last update on readiness (Jan 2020) provided on council website (<https://new.brighton-hove.gov.uk/sites/default/files/2020-01/BHCC%20Brexit%20Readiness%20Report%20Jan%202020.pdf>)
4. Brexit Member Working Group providing Member oversight of the potential impacts of Brexit on Brighton & Hove and co-ordinating relations with city stakeholders and communities where potential impact has been identified by the Brexit Resilience & Planning Group or Recovery Working Groups.
5. City Management Board (CMB) considering Brexit related risks in September 2020 and including as part of wider city resilience planning.
6. Established contact on potential Brexit impacts with our waste contractor Veolia inc. on post-Brexit and future waste disposal arrangements including reselling of recycled materials
7. Communications are open within council and with city partners to escalate, disseminate and develop solutions to emerging issues through Brexit Implementation Lead and Recovery Working Groups.
8. Brexit Communications Officer coordinating and delivering Brexit related messaging and signposting to city stakeholders.
9. BHCC HR monitoring developments on employment rules and laws related to EU nationals and forthcoming introduction of the new Points Based Immigration System.
10. FCL and HASC monitoring potential impacts on service delivery including EU nationals in workforce and EU nationals as services users through DMTs and involving partners where necessary.

#### Second Line of Defence – Corporate Oversight

1. ELT holding role as strategic lead for Brexit response through monthly overview of DMT and Recovery Working Group actions.
2. Brexit Working Group (BWG) providing democratic oversight of Brexit preparations and reporting quarterly to P&R Committee.
3. P&R Recovery Sub-committee considering Brexit risks and issues in the context of resilience and recovery as a result of Covid-19 pandemic.
4. BHCC is part of the Sussex Resilience Forum (SRF). The SRF is working with colleagues both regionally and nationally to review contingency plans and



ensure the county is prepared for concurrent issues related to Brexit, Covid-19 and other significant Winter challenges across the county.

5. BHCC Director of Public Health is the co-Chair of the Local Health Resilience Partnership and attends meetings and NHS preparedness exercises.

Third Line of Defence – Independent Assurance

1. BHCC completes a range of HM Government surveys and returns. At this stage there is no view communicated by HM Government on BHCC actions but post-Brexit assessment from Home Office of BHCC actions may occur.

Reason for Uncertain rating in Effectiveness of Controls : there is still uncertainty around the outcome of the negotiations and the risk actions are in development.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
All council services to ensure that Business Continuity Plans (BCPs) consider potential impacts on contracts and supply chain issues related to a Brexit 'no deal' scenario.	Environmental Health Manager	70	31/03/21	06/02/19	31/03/21
<p><b>Comments:</b> As at September 2020 all BC Plans are currently being reviewed by services and the deadline for this review is the 25th September. All services have been advised that the review of their plans should include the impacts of BREXIT, COVID 19 pandemic and incorporating winter preparedness. These plans are all receiving quality checks by the emergency planning and resilience team. Status of the business continuity plans is being reported to the Executive Leadership Team (ELT) in early October. The Housing, Neighbourhood &amp; Communities (HNC) directorate's Emergency Planning and Resilience (EPR) team are part of Brexit Resilience &amp; Planning Group (BRPG). ELT instruction to ensure all their BC arrangements are considered in line with SitRep report. Senior officers risk and resilience training part 1 has been delivered. BCPs reviewed in the context of Brexit.</p>					
All directorates to ensure providers messaged to request reviewing of Business Continuity Plans in relation to a 'no deal' Brexit scenario.	Executive Lead Officer Strategy, Governance and Law	60	30/09/20	25/09/19	30/09/20
<p><b>Comments:</b> Audit trail of messaging to providers requested by Policy, Partnerships &amp; Scrutiny (PPS) team for corporate coordination to provide evidence and offer guidance to assist those with any issues. Further assistance required from Procurement to ensure effective coverage across all council services.</p>					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Awareness raising of EU Settlement Scheme (EUSS) and available support across the city for residents, businesses and partners.	Head of Communications	75	30/06/21	06/02/19	30/06/21
<b>Comments:</b> As at August 2020 there were 20,280 applications with potential for more in the future up to 30/6/21. We originally estimated the city's EU population as 19k which was a best guess. The council will work further to ensure as many people as possible are reached and apply.					
BHCC to maintain ongoing liaison with Shoreham Port through SRF planning arrangements.	Environmental Health Manager	80	01/01/21	06/02/19	01/01/21
<b>Comments:</b> EEC & NCH responsibility being covered by 2 officers, the AD City Transport and the Regulatory Services Manager. Shoreham Port risk					
Brexit Resilience & Planning Group (BRPG) to make recommendations for ELT agreement for the prioritisation of Govt funding related to Brexit impact mitigation activities including specific communications needs and staffing resources.	Head of Policy, Partnerships & Scrutiny	75	30/06/21	25/01/19	30/06/21

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p><b>Comments:</b> Brexit Co-Ordinator drafted a Brexit spending plan for the council with funds to be used by 31st March 2021. This was reported to the Member Working Group and will be reported to P&amp;R Committee in October 2020.  Brexit Coordinator appointed Sept 2019 (part of PPS team)  Brexit Communications Officer appointed Nov 2019 (part of Communications team)  4 x EU Settlement Scheme (EUSS) scanning devices purchased. In use at Brighton Town Hall as part of free ID checking service for the EUSS scheme for residents.  Emergency Planning College/Cabinet Office risk &amp; resilience training for senior officers - 2 sessions delivered - a follow up session took place in Jan 2020.  Transition year until Dec 2020 staffing retained and further planning underway.</p>					
Cross-party Member Working Group maintaining oversight of the potential impacts of Brexit on Brighton & Hove .	Executive Lead Officer Strategy, Governance and Law	65	31/03/21	30/09/19	31/03/21
<p><b>Comments:</b> Member Working Group meetings are scheduled every 3 weeks and are influenced by national planning assumptions. Previously taking place fortnightly and will be reviewed after 2019 General Election. Group provides direction to the BRPG through agreement of actions and financial sign-off.</p>					
Health & Social Care services provide contact point for providers if they have Brexit issues related to following the CQC guidance provided to providers.	Head of Adult Social Care Commissioning	60	31/03/21	25/09/19	31/03/21
<p><b>Comments:</b> Health and Social Care (HASC) services were focused March - August 2020 on responding to the Covid-19 pandemic, in September HASC agreed they will send out further reminders re Brexit to all providers. In respect of Brexit Emails were sent to all providers outlining areas of potential impact for them to consider in their Business Continuity Plans and signposting to additional Gov.uk guidance and support. The health care services continue to monitor progress and uptake and signpost further as necessary.</p>					
Readiness Monitoring Report updated on regular basis through 2020.	Brexit Coordinator	70	31/03/21	01/02/19	31/03/21

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p><b>Comments:</b> Updated report considering COVID-19 impacts to go to October 2020 P&amp;R. Last update on readiness (Jan 2020) provided on council website (<a href="https://new.brighton-hove.gov.uk/sites/default/files/2020-01/BHCC%20Brexit%20Readiness%20Report%20Jan%202020.pdf">https://new.brighton-hove.gov.uk/sites/default/files/2020-01/BHCC%20Brexit%20Readiness%20Report%20Jan%202020.pdf</a>). The impact of Covid-19 did have an effect on the delivery of Brexit work but the Brexit Coordinator continues to collate and share emerging issues and risks and previous meetings of Members Working Group &amp; BRPG have been rescheduled and reflect national planning assumptions.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR36	<b>Not taking all actions required to address climate and ecological change, and making our city carbon neutral by 2030.</b>	Executive Director Economy, Environment & Culture Business Development Manager - Transport International & Sustainability Programme Manager	BHCC Strategic Risk	15/07/20	Threat	Treat	Red L5 x I4	Red L4 x I4		Revised: Uncertain

Causes

Link to Corporate Plan 2020-23. Outcome 5 'A sustainable City', action 5.1 'Become a carbon neutral city by 2030'

The climate is warming and studies recommend that actions must be taken to keep global warming to under 1.5 degrees to avoid negative catastrophic impacts on biodiversity and the ecology of the planet.

Potential Consequence(s)

If this is not addressed local impacts are:

Sea-level rise impacting Brighton & Hove as a coastal city

Coastal protections challenged by sea level rise affecting city roads, homes and the coastline

Increasing local flooding due to extreme weather events and prolonged periods of heavy rainfall, inefficiencies in our urban infrastructure and built environment

Water shortage

Crop failure and food insecurity

Depletion or threat to local species and their natural habitats

Ocean acidification

Disproportionate impact upon groups suffering inequality

Impact on public health due to increased temperatures

Existing Controls

### First Line of Defence - Management Actions

1. Brighton & Hove is part of the UNESCO biosphere designated area with biodiversity plan overseen by the biosphere delivery board who meet 3 times p.a. As at January 2020 the delivery board is chaired by Martin Harris CEO of Brighton & Hove buses, the deputy chair is Sean Ashworth of Inshore Fisheries Conservation Authority (IFCA).
2. BHCC, the Brighton & Hove Economic Partnership and the Chamber of Commerce have agreed an economic strategy which includes creating a sustainable city and moving towards a circular economy as a core objective
3. BHCC owns 12,000 acres of downland and agricultural farmland surrounding the city and works in partnership with Southern Water and the South Downs National Park Authority on initiatives to protect the chalk aquifer and city water supply
4. BHCC and the Transport Partnership work together to deliver sustainable transport policies through the delivery of the Local Transport Plan (LTP)
6. Flood and Coastal Erosion risk management - Brighton Marina to River Adur coastal protection scheme undertaken in partnership with the Environment Agency (EA), BHCC, Adur District Council, Shoreham Port Authority.

### Second Line of Defence - Corporate Oversight

1. BHCC's Environment, Transport & Sustainability (ETS) Committee is responsible for the council's functions in relation to coastal protection and flood defence; sustainability; parks; open spaces; sustainable transport; highways management and environmental health
2. Biosphere delivery board oversees delivery of biosphere management strategy
3. BHCC's Policy & Resources (PR) Committee approved the 2030 Carbon Neutral programme in Dec 19 and a Member working group to develop a high level carbon neutral plan by June 2020
4. The Council's Corporate Plan includes a section of priority actions around the theme of 'A Sustainable City' and the target to transition to carbon neutral by 2030.
5. Air quality Programme Board
6. Greater Brighton Economic Board's Infrastructure Panel has oversight of Energy and water plans
7. Communications officer in post to support carbon neutral programme.
7. A Climate Assembly (Citizens Assembly) is being established as part of a deliberative engagement process to identify and prioritise actions which will support the delivery of the 2030 Carbon Neutral Programme, starting with a focus upon Transport.

### Third Line of Defence - Independent Assurance

Environment Agency (EA) in respect of flooding and monthly reports made to EA on how the city council spends the monies received from EA includes schemes such as coastal protection; Property Level Protection; sustainable urban drainage SPG (policy); Strategic Flood Risk Assessment.

Reason for Uncertainty in Effectiveness of Controls - The EEC Directorate Plan has actions specified but there will also be new actions added as the Climate Change agenda issues are determined.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Create a new Climate change fund	Assistant Director - City Development & Regeneration	50	31/03/21	24/06/19	31/03/21
<p><b>Comments:</b> First call for SCRIF funding has gone out, bids due in on 18/10/19. Members Oversight Group met on 27/11/19 to review the bids, first project approval made in January 2020.</p>					
Develop a local cycling and walking infrastructure plan (LCWIP)	Assistant Director City Transport	40	31/03/21	21/05/19	31/03/21
<p><b>Comments:</b> The LCWIP project is underway, with technical support being provided since late March 2020 by consultants Mott MacDonald following a competitive tender exercise. Mott MacDonald have worked on numerous LCWIPs in other cities / areas, and also provide technical support to Department for Transport (DfT) on the LCWIP programme nationally. Therefore we are well placed to learn lessons from these other areas / programmes when developing our LCWIP.</p>					
<p>The second stage of stakeholder engagement is currently taking place on the LCWIP, to review the draft walking and cycling network. This draft network has been developed following input from stakeholders in the first stage as well as data and mapping analysis of current and future journeys. Further stakeholder engagement will follow, to review the updated network and then full public and stakeholder consultation will take place on the draft LCWIP document.</p>					
<p>An Interim LCWIP was developed in response to the Covid-19 emergency and approved at the June ETS committee. This is being carried forward via the Covid-19 Urgent Response Transport Action Plan, which will next be reviewed by members at the September ETS committee.</p>					
Develop a new sustainable transport strategy (LTP5) for the city	Assistant Director City Transport	30	31/10/21	21/05/19	31/10/21

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p><b>Comments:</b> Internal stakeholder engagement workshops are taking place in Autumn 2020, so that a vision for Transport in the city can be agreed by Councillors in the New Year ready for consultation. Public consultation on the vision document is planned for early Spring 2021, after which completion of a draft LTP5 will be due before the summer for further consultation. The content will be informed by inputs from councillors, the Climate Assembly and consultation part 1. The final LTP5 documents are due for completion by Autumn 2021.</p>					
Develop a route map towards a Circular Economy	Assistant Director - City Development & Regeneration	25	31/03/21	21/05/19	31/03/21
<p><b>Comments:</b> Initial events on Built Environment &amp; Construction and Visitor Economy held in June/July 2019. Accelerator Sessions focusing on the Built Environment and Construction to support staff engagement have been held since September 2019 and will continue until February 2020. These are supporting identification of actions, policy and case studies for supporting implementation of circular principles across council services and operations. Environmental consultancy SOENECS have been commissioned to write the CE framework. Work on progressing with the Visitor Economy will commence shortly.</p>					
Develop a whole Downland Estate plan	Assistant Director - Property & Design	33	31/03/21	21/05/19	31/03/21
<p><b>Comments:</b> CDEP consultation paused as a result of COVID19, this has given the team the opportunity to plan the consultation/ engagement stage thoroughly, seek project support and explore Planning for Real techniques. Savills, council teams - project manager, property, Planning &amp; Real are working out the engagement plan and timetable and exploring a variety of Covid secure engagement tools.</p>					
Establish a 2030 Carbon Neutral City Programme to report to P&R Committee (involves work between the ED EEC; the Executive Lead Officer, SGL; and Head of Policy, Partnerships & Scrutiny)	Executive Director Economy, Environment & Culture	60	31/03/21	21/05/19	31/03/21



Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p><b>Comments:</b> • 2030 Carbon Neutral Programme Initiation Document approved at P&amp;R committee in December 2019</p> <ul style="list-style-type: none"> <li>• Cross-party 2030 Carbon Neutral Programme Board established with terms of reference agreed by P&amp;R Committee, December 2019.</li> <li>• Review of current initiatives that currently tackle climate change developed, November 2019</li> <li>• Governance structure for officer steering group and project team established, October 2019</li> <li>• Collation of outline the baseline data and measuring tool, October 2019</li> <li>• Lead BHCC officer identified and working on Communications plus Digital communications support in place , November 2019</li> <li>• Ipsos Mori appointed for support to establish and deliver as deliberative engagement (Climate Assembly) process February 2020</li> </ul> <p>- Independent Advisory Board to oversee the Climate Process established – July 2020</p> <p>- Recruitment of residents to the Climate Assembly – August 2020</p> <p>Next Steps</p> <p>- Virtual Climate Assembly to take place – Oct-Nov 2020</p> <p>- Outcomes from the Climate Assembly to be reported to P&amp;R Committee - end Jan 2021</p> <p>- Draft 2030 Carbon Neutral Programme to be presented to P&amp;R Committee - end March 2021</p>					
Establish a 2030 Carbon Neutral Programme and governance framework	Head of Policy, Partnerships & Scrutiny	20	31/05/21	10/10/19	31/05/21
<p><b>Comments:</b> This is a ten year programme ending 31 March 2030. The draft Programme Initiation Document was considered by Member steering group on 09 Oct 19. Member Working Group established and Climate Assembly agreed. The Climate Assembly was postponed due to Covid-19 but is due to take place on line in November 2020. The Net Zero Carbon Strategy is currently being developed, and is due for launch Spring 2021.</p>					
Improve rates of recycling and re-use and develop business case for food waste collection	Assistant Director - City Environmental Management	50	31/10/20	21/05/19	31/10/20

33

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p><b>Comments:</b> Between April 2019 and December 2019, 29.5% of waste was sent for reuse, recycling and composting. The percentage for the 2019/20 financial year is expected towards the end of June 2020.</p>					
<p>Actions:</p>					
<ul style="list-style-type: none"> <li>• Delivering the Managing Waste Responsibly Project (previously known as Increasing Recycling) to increase recycling rates</li> <li>• Completed the rollout of on-the-go recycling litter bins along the seafront</li> <li>• Introducing a third garden waste round</li> <li>• Sent a recycling leaflet out with council tax bills explaining what can and cannot be recycled</li> <li>• Received funds of £33,960 from the Sustainability &amp; Carbon Reduction Investment Fund to expand the Community Composting scheme</li> <li>• Completing a cost-benefit analysis for the introduction of a food waste service</li> <li>• Rolled out new design communal recycling bins to the Lewes Road Triangle, with different lids for different type of waste and improved signage</li> <li>• Designing the new communal bin system</li> </ul>					
Review Biosphere Management plan	Assistant Director - City Development & Regeneration	25	31/03/21	21/05/19	31/03/21
<p><b>Comments:</b> New Biosphere Programme Manager has started to review the existing management plan. The Biosphere Board held a workshop on principles and alignment with UN sustainable development goals at the last meeting.</p>					
Review procurement of fleet to deliver lower emissions & improve air quality	Assistant Director - City Environmental Management	40	31/12/20	21/05/19	31/12/20

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p><b>Comments:</b> Approval has been obtained for spending of c.£1million on immediate fleet replacement needs. £300k of this has been allocated, and directors will be asked to authorise spending on the remainder as soon as the exact vehicles required have been identified. At Environment, Transport &amp; Sustainability Committee on 26 November 2019, Members agreed a mixed and flexible approach to procurement, aiming for the maximum carbon reduction per pound. The new approach will ensure that the oldest, most costly and non-environmentally friendly vehicles are replaced as soon as possible and will enable a flexible approach to respond to advancing technologies. This approach is to be developed as part of a council-wide Fleet Strategy which will be taken to Members for final approval. A project is underway to hire and test electric vehicles to inform and de-risk our preferred option.</p>					
<p>Roll out a network of electric vehicle charging points (EVCP) - Directorate Plan ref. 4.38</p>	<p>Assistant Director City Transport</p>	<p>60</p>	<p>31/03/21</p>	<p>21/05/19</p>	<p>31/03/21</p>
<p><b>Comments:</b> Informal consultation has been completed with residents living close to proposed fast and rapid charger locations. An update report on Electric Vehicle Charge Points will be presented to ETS Committee in September. Work is nearing completion on the installation of 200 lamp post chargers all linked to the Electric Blue app with live status of charge points.</p> <p>The replacement and upgrading of existing fast chargers should be complete by October. Installation of the 4 rapid taxi hubs with 24 charging bays is due to start in November 2020. A bid for additional Office for Low Emissions funding for 12 fast chargers (£82k) has been successful. Overall the number of electric vehicles registered in the city has increased to 625 and is growing at approximately 10% every 3 months.</p> <p>The project aims to increase electric vehicle uptake in the city through an improved charger network to help meet net carbon neutral ambitions by 2030 and air quality targets. All public chargers are powered by 100% renewable electricity. In August the lamp post chargers were used 650 times providing enough electricity to drive the equivalent of 12,000 miles saving approximately 3 tonnes of CO2.</p>					

## Risk Details

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR23	<b>Unable to develop and deliver an effective Regeneration and Investment Strategy for the Seafront and ensure effective maintenance of the seafront infrastructure</b>	Executive Director Economy, Environment & Culture Business Development Manager - Transport	BHCC Strategic Risk	15/07/20	Threat	Treat	Amber L3 x I4	Amber L3 x I3		Revised: Adequate

### Causes

Link to Corporate Plan 2020-23: Outcome 2 'A city working for all', actions 2.5 'Develop our visitor economy'.

The seafront is a city asset which is iconic and contributes to the city's reputation. The council is the lead custodian of the seafront but the benefits are shared by many. At least 5 million people use our seafront every year. It is a very significant attraction in our visitor economy; provides a series of important public spaces for residents; many businesses in the city rely on the draw of the seafront to sustain their organisation's value and to provide an attractive place for stakeholders and employees. It is being used beyond its original design life and, in many ways, is a victim of its own success and affected by the changing patterns and increased demands of usage. Resourcing required to deliver a solution is not readily available and impacts on timing of delivery of any projects. There several ambitious capital, regeneration and investment projects along seafront in various stages of planning development, including the Waterfront project, Shelter Hall, the King Alfred. The deterioration of Madeira Terraces in particular have reached a critical point, requiring fencing and safety measures until a longer term funding is developed which is expected to cost £24 million. The council is proactive in bidding for Heritage Lottery Funds (HLF) but as at 3 January 2019 two bids have been unsuccessful. The City Council is the coast protection authority and is required to deliver coastal strategy studies, coastal protection, and flood defences in partnership with DEFRA and the Environment Agency. Management of climate events, long shore drift and the impact of climate change requires management and re-profiling of the shingle beaches, groynes and sea walls.

### Potential Consequence(s)

Without adequate investment the seafront will decline in popularity and impact on the visitor economy and the city and regional economy with potential to affect:

1. the heritages structures and infrastructure along the seafront which require significant investment and ongoing revenue in order to ensure suitability for modern use
2. preservation of the reputation of the city and enhancing its offer and protecting the visitor economy
3. the A259 highway and associated structures, such as the seafront arches and sewage infrastructure which could have an impact upon our transport systems and economy, and effect sewage and foul water management in the city centre
5. management of the impact of climate events and long shore drift upon the city's beaches which would lead to reduction in amenity space impact upon the visitor economy and profitability of small businesses
6. provision of adequate sea protection measures which could lead to coastal flooding impacting upon residents, businesses and visitors.

#### Existing Controls

#### First Line of Defence: Management Controls

- 1) Strategic Delivery Board has been established and is actively considering seafront redevelopment opportunities including the Black Rock and King Alfred sites. Project managers provide a monthly report of all projects to the Strategic Delivery Board.
- 2) Department for Transport (DfT) funding secured for the redevelopment of the West Street / A259 Junction and Shelter Hall. Initial infrastructure work commenced late 2015.
- 3) Annual special inspection report on the condition of Madeira Terraces undertaken by Structural Engineering consultants.
- 4) PR&G approval in December 2018 to enter into a conditional land acquisition agreement with Aberdeen Standard Investments for the Brighton Waterfront Project.
- 5) Late 2017 the Save Madeira Terrace crowd funding campaign raised £460K to restore the first three arches and the project is commencing.
- 6) PR&G in January 2019 considered a development agreement for the King Alfred site.
- 7) Physical (weekly and monthly) Inspections of 12km of Coastline and Sea Defences undertaken by Coast Protection Engineer.
8. Seafront Structures supporting the A259 are routinely maintained and restored utilising funding via the Council's LTP annual capital programme.

#### Second Line of Defence: Corporate Oversight

1. Quarterly monitoring of strategic management of the council's investment in the seafront through the Greater Brighton Economic Board and the Member led Strategic Delivery Board, underpinned by the Officer led Corporate Investment Board (capital) and Modernisation Board (revenue).
2. Member oversight by Regional Flood & Coastal Defence Committee, facilitated and Chaired by Environment Agency.
3. Coast Protection solutions and projects delivery by service lead officer.

#### Third Line of Defence: Independent Assurance

1. Projects funded by Government departments are overseen by the Greater Brighton Economic Board (quarterly) and Coast to Capital LEP governance arrangements (quarterly) / and by relevant government department (according to their timetable). No funding has been withdrawn to date.
2. DfT, C2C LEP and TfSE funded schemes will be scrutinised by their respective regional officers
3. Internal Audit - Internal audit review of Seafront Investment Strategy (Strategic Risk23) Reasonable Assurance - December 2018. Internal Audit work on the Waterfront Project in 2017/18. Some independent assurance on this risk is also provided by the Greater Brighton Economic Board (quarterly) and Coast to Capital LEP.  
2016/17 audits were Valley Gardens and Shelter Hall (Limited Assurance)
4. Coast Defence includes oversight of B&H's Coastal Defence Strategy and agreement of Business Cases by Environment Agency and DEFRA.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Bring forward key development sites that form the City Regeneration Programme: - Waterfront project - King Alfred	Assistant Director - City Development & Regeneration	10	31/03/21	01/04/19	31/03/21
<p><b>Comments:</b> - Waterfront: A standstill agreement has been signed on the CLAA. The parties are preparing a programme of workshops to set a brief for the project ahead of Heads of Terms.</p> <p>- King Alfred: The options for development are being re-examined. Firstly looking at the existing condition and investment plan for our other health and leisure facilities, as well as the city's wider Health and Activing Living strategy as part of the process of vdeveloping a new spec for a Leisure facility or facilities in the west of the City. This will then inform a site selection and development options process. A Member Working Group has been convened and has met for the first time.</p>					
Deliver a phased programme of works to manage and improve highways and structures related to the seafront	Assistant Director City Transport	75	31/03/21	01/08/16	31/03/21
<p><b>Comments:</b> Phase 3 of the Shelter Hall scheme shall be complete at the end of October 2020. Inspections and maintenance works are on-going part of the annual maintenance programme for highway structures including the seafront arches. Phase 4 to 5 of the Kings Road Arches bid to DfT is still being reviewed and DfT is seeking further clarifications prior to validation. Their comments and feedback will be reviewed in the coming weeks. All comments following the LPRG review of the Marina to River Adur scheme business case have been responded to and confirmation of approval for the Grant in Aid funding is awaited.</p>					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Flood and Coastal Erosion risk management - complete the feasibility and detailed design work prior to implement the Brighton Marina to River Adur coastal protection scheme undertaken in partnership with the Environment Agency (EA), BHCC, Adur District Council, Shoreham Port Authority. The scheme proposes new and improved groynes, seawall and beach profile management, to improve coastal protection for the seafront arches, promenade, A259, southern storm water sewer, city main foul &amp; storm water</p>	Assistant Director City Transport	60	28/02/22	01/04/18	28/02/22
<p><b>Comments:</b> The final response to the Environment Agency comments has been submitted and final approval of the Outline Business Case is due shortly. Approval from Council committee has been given for the award of the detailed design contract and initial project start up meeting is taking place on 24th September. A report will be taken to committee early 2021 (Q4) to provide an update on the additional funding element.</p>					
<p>Implement high priority actions from the structural engineering report</p>	Assistant Director - Property & Design	100	31/03/21	03/01/19	31/03/21
<p><b>Comments:</b> Madeira Terrace - Works identified as priority in previous reports has been completed, this includes several fractured beams being propped. The 2020 report has been issued which identifies structural defects requiring work to reduce the risk of structural collapse. Monitoring of cracks and additional investigations are required to a number of structural elements to confirm additional works. Structural engineer to be consulted on the specification of works necessary.</p>					
<p>Listed Building Consent was obtained for the removal of the exiting cast iron rainwater goods in April 2020. Future planning approvals will be required for the refurbishment, and Major Projects have now appointed a design team who are in the early stages of conducting site inspections.</p>					
<p>Subject to partnership matchfunding carry out work within 5 years, linking to Council medium term financial strategy</p>	Assistant Director City Transport	20	01/01/25	01/05/19	01/01/25



40



Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p><b>Comments:</b> The council has submitted a funding bid of £20M to Department of Transport as part of the new designation for the A259 in the city as 'Major Route Network', this is being facilitated and prioritised by Transport for The South East (TfSE). In July 2019 we submitted our bid to TfSE for onward submission to DfT. The schemes would begin, if successful, within the financial year 2020/21 for approx. 5 years duration.</p>					
<p>The crowd funding campaign for the renewal and upgrading of the first three arches was successful, we now need to implement the project and spend the funding.</p>	<p>Assistant Director - City Development &amp; Regeneration</p>	<p>25</p>	<p>31/03/21</p>	<p>22/12/17</p>	<p>31/03/21</p>
<p><b>Comments:</b> Funding agreed to progress design work to get the project started. This will look at first 30 arches, but delivery will be of between three and thirty arches.</p>					
<p>08/07/20: Full design team now procured and appointed. starting design work. Additional budget secured in to the 20/21 financial year.</p>					
<p>Procurement of design team has started, complex process taking 6 to 9 months.</p>					
<p>Advisory Group has been formed and has met twice.</p>					

41

## Risk Details

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR21	Unable to manage housing pressures and deliver new housing supply	Interim Executive Director, Housing, Neighbourhoods & Communities Head of Planning Assistant Director Housing	BHCC Strategic Risk, Environmental / Sustainability	15/07/20	Threat	Treat	 L4 x I4	 L3 x I3		Revised: Adequate

Causes

Link to Corporate Plan 2020-23. Outcome 1 'A city to call home'.

Brighton & Hove is a growing city with high house prices, low incomes, an ageing population and a significant proportion of households with a support need. Scope for development within the city is affected by significant geographical constraints and competing land pressures. The increasing demand for housing continues to outstrip new supply and as a consequence accommodation is becoming less affordable. Housing shortages are particularly acute for low income households affecting our ability to retain essential workers in the city. Demand for affordable rented homes is growing with a significant number of households in temporary accommodation. The private rented sector continues to expand at the expense of rates of owner occupation which are in long term decline.

Potential Consequence(s)

1. Changes in Government legislation require council intervention to prevent homelessness at an earlier stage.
2. The city is constrained in its capacity to accommodate economic growth, housing supply obligations and sustainable development objectives.
3. The city council is unable to meet its strategic housing and planning policy objectives to: meet City Plan and Housing Strategy requirements in terms housing numbers; improve overall housing supply and housing mix; deliver affordable lower cost homes, in particular homes for rent.
4. The city council is unable to meet statutory homelessness obligations. In particular, corporate critical budget implications arising from Temporary Accommodation pressures owing to lack of suitable alternative accommodation and overall need to reduce the use of Temporary Accommodation.
5. The shortage of homes to meet the accommodation requirements of elderly and vulnerable people which can have an adverse impact on social care provision and cost pressures on both social care and Health.
6. Impact on our ability to recruit and retain lower income working and younger households and employment in the city, in particular in social care, health and other lower wage sectors.

#### Existing Controls

##### First Line of Defence: Management Controls

1. Housing Work Plan 2019-2023 agreed at Housing Committee on 18 September 2019 with reports on progress to be taken to every other committee. Progress is also subject to regular review against delivery within business plans e.g. HNC Directorate Plan and Service Plans;
2. The City Plan also sets out housing targets across all tenures; policies on securing affordable housing through the planning system, residential development standards;
3. Housing Revenue Account (HRA) Asset Management Strategy is aligned to Housing Strategy in support of improving housing supply & housing quality which is in alignment with the Housing Committee Work Plan;

##### Key controls include:

1. Housing Allocation Policy framework ensuring best use of existing council and registered provider resources through nomination of affordable housing to priority households.
2. Deliver 800 additional council homes - 2019-23. Includes:
  - a) New build council homes under our New Homes for Neighbourhoods programme;
  - b) Homes purchased under our Home Purchase Policy;
  - c) Improving supply through best use of existing HRA assets including conversions and extensions and the hidden homes programme;
  - d) Work in partnership with Community Land Trust to support community housing initiatives.
3. Deliver 700 other affordable homes - 2019-23. Includes:
  - i) Enabling delivery of new affordable homes in partnership with Registered Provider partners and Homes England;
  - ii) Development of additional Housing Delivery Options. The Living Wage Joint Venture 'Homes for Brighton & Hove' with Hyde to deliver 1,000 new lower cost homes for rental and sale. Future possibilities for housing market intervention / direct delivery through a council wholly owned housing company.
4. Increase the supply of council owned Temporary Accommodation (TA) in addition to procurement of TA and long term private sector housing lettings with private landlords for those to whom we owe a housing duty;
5. Bringing long term empty private sector homes back into use through our Empty Property Service;
6. Tenancy sustainment initiatives particularly for more vulnerable people in order to prevent homelessness;
7. Ongoing work of Greater Brighton Housing & Growth initiatives to share good practice and accelerate delivery of new homes;

8. On-going work of the Greater Brighton Strategic Property Board; bringing national, regional and local partners together to make the best use of the combined public estate – including the release of surplus land and sites for economic growth (new jobs, employment floorspace and home);
9. Early intervention through the homelessness trailblazer programme and funding to support households into the private rented sector.

Second Line of Defence: Corporate and Committee Oversight

1. The Housing Committee Work Plan 2019-2023 focuses on key shared priorities around providing Additional Affordable Homes including consultation with stakeholders, resource planning and a timescale for reports to come to Committee. Performance reports to be brought to alternate Housing Committees to monitor how officers are progressing with delivery against the Work Plan.
2. Corporate Investment Board.
3. Strategic Investment Board.
4. Cross Party Housing Supply Members Board (formerly Estates Regeneration Members Board, cross party).
5. Strategic Housing Partnership (cross sector).
6. Strategic Accommodation Board (reviewing accommodation needs of vulnerable households across Housing, CS & ASC). Progress is reported in HNC Directorate Plan.
7. The risk was reviewed at A&S Committee in January 2019.

Third Line of Defence: Independent Assurance

1. Internal Audit - current activity. Ensure all Audit requirements have been actioned. Most recently 2018/19 Audit actions concern Temporary Accommodation – Partial Assurance. Actions, including reduce the budget overspend by increasing homeless prevention work and moving current tenants into private sector rented accommodation, have been agreed with management and will be followed up by Internal Audit as part of the 2020/21 audit plan.
2. Internal Audit - previous activity. June - Oct 2018 Supported & Semi-Independent Accommodation – Reasonable Assurance. No specific Internal Audit work in 2017/18. In 2016/17 on Housing New Builds concluded Substantial Assurance.
3. Ministry of Housing, Communities & Local Government information returns. Submitted annually.
4. Homes England information returns where we have HE grant allocations. Homes England grant for homeless move on accommodation – regular updates to HE on scheme progress and draw down on grant.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Deliver Housing Work Plan	Assistant Director Housing	25	31/03/23	01/10/19	31/03/23

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p><b>Comments:</b> The Housing Committee Work Plan 2019-23 is incorporated in the Housing, Neighbourhoods &amp; Communities Work Directorate Plan and appropriate business plans. Regular reports on progress are made to Housing Committee and Performance reporting six monthly to P&amp;R Committee. Links to reports are available on the council's website</p>					
<p>Effective implementation of affordable housing policy in the City Plan</p>	<p>Head of Planning</p>	<p>50</p>	<p>31/03/21</p>	<p>01/04/15</p>	<p>31/03/21</p>
<p><b>Comments:</b> Housing Delivery Action Plan in place which is being implemented and monitored. This is an action plan required by central government to address the under delivery of housing against planned targets. The action plan includes measures to ensure timely decisions by the Development Management Service and close working with colleagues in the Housing Strategy Team and Estates to support delivery of affordable housing (and housing in general). Report introducing a framework of viability assessors was agreed by TECC Committee in January 20 and will, due to changes in work priorities arising from Covid-19 response, will be implemented in the autumn 20. Proposed Submission City Plan Part Two agreed at Council in April 20 for final stage of consultation and submission for examination. Consultation started in Sept 20. It includes a significant number of sites allocated and includes a policy on Build to Rent Housing. This will go forward for submission to the Secretary of State in early 21 following consultation. Section 106 contributions (Sept 20) received towards delivery of affordable housing stands at £5.7m. Additional project underway to explore options to unblock delayed sites working with colleagues across Greater Brighton.</p>					
<p>Work through City Deal with regional partners &amp; LEP to promote Economic development incl increased sub-regional working to meet housing need</p>	<p>Head of Planning</p>	<p>40</p>	<p>31/03/21</p>	<p>01/04/15</p>	<p>31/03/21</p>

45

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p><b>Comments:</b> New Project Manager for West Sussex and Greater Brighton Local Strategic Statement3 (LSS3) in post. Work started in earnest on statement of common ground setting out agreed approach between the partner authorities. Scoping of evidence to support LSS3 (non statutory Strategic Statement to plan housing, economic growth and infrastructure from 2030-2050) underway and preparation of a work programme. Strategic Planning Board to meeting in October.</p>					
<p>Previous updates Following work by the Greater Brighton Housing &amp; Growth (GBH&amp;G) Working Group to accelerate delivery of new housing supply a Local Strategic Statement 2016 was developed with the sub-regional planning group to consider the wide Greater Brighton area including Surrey.</p>					
Work with partners to address student housing needs	Head of Planning	95	31/03/21	01/04/15	31/03/21
<p><b>Comments:</b> Citywide Article 4 Direction to control change of use to small HMOs came into effect in June 2020. The submission City Plan Part 2 with it's supporting policies, agreed at in April 20, though consultation was delayed, consultation underway in Sept 20 and likely submission in early 21. Collaborative working continues with close working between Private Sector Housing, Planning and other relevant Council Services at PRS meetings - however, these have been stopped as a consequence of covid 19. At meetings there is a focus on enforcement measures and appeals. A further measure agreed to encourage flexible planning permissions for C3/C4 uses to encourage landlords to revert under-occupied HMOs back to small HMOs (as there have been indicators of reduced occupation of HMOs).</p>					
<p>Planning applications service continues to consider new applications for purpose built student housing and support implementation of consented schemes with significant progress on a number of sites including Circus Street and Preston Barracks.</p>					

46

**Appendix 2:** A guide on the risk management process and how Members might want to ask questions of Risk Owners in relation to 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 x I, the greater the risk e.g. L4xI4 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) mostly include 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:

- a) 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.
- b) 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.
- c) Where initial and revised scores are the same – the Risk Owners are 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:
  - 1<sup>st</sup> line: management controls
  - 2<sup>nd</sup> line: corporate oversight
  - 3<sup>rd</sup> 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 3<sup>rd</sup> 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.



## How Members and officers can input on Strategic Risks (SRs)

The risk management process benefits from input by Council Members and by staff at all levels. The opportunities to do this are:

Members to ELT leads	Officers to Line Manager or Risk Management Lead	Officers to their lead Directorate Management Team (DMT)	DMT to ELT
Strategic Risks are discussed between the Committee Chair and the ELT lead at their regular meetings as needed	The Behaviour Framework expects all officers to escalate risks and/or or suggest mitigations to their line managers. If officers feel they do not have appropriate access to their line managers, they may escalate risk to the Risk Management Lead who can offer internal consultancy support.	Risks may get discussed as part of staff meeting, PDPs/121s/ team and service meetings. Any significant risks to be escalated through to their Head of Service/Assistant Director to raise through the management chain and discuss at quarterly DMT risk reviews facilitated by the Risk Management Lead. DMTs may request that the Risk Management Lead offers risk management support, e.g. to assist officers to develop a robust risk register.	The quarterly SR review includes a summary of Directorate Risks reviewed at DMTs.
Members are responsible for raising risks that they identify with their contact officers, often the Head of Service, Assistant Director or Executive Director	Any Member risk suggestion should be responded to by the officer once the ELT discussion has taken place.	The ELT lead within a directorate will discuss escalated risks with the DMT at least on a fortnightly basis and will seek assistance as required. They have access to ELT and determine the way forward in consultation with the Risk Management Lead,	The ELT lead (i.e. an Executive Director/Lead Officer) within a directorate will discuss escalated risks with the ELT and determine the way forward i.e. whether to add to the Strategic Risk Register in consultation with the Risk Management Lead.



**Subject:** Adult & Community Learning

**Date of Meeting:** 27 October 2020

**Report of:** Executive Lead Office for Strategy, Governance & Law

**Contact Officer:** Name: Mark Wall Tel: 01273 291006  
E-mail: [mark.wall@brighton-hove.gov.uk](mailto:mark.wall@brighton-hove.gov.uk)

**Wards Affected:** All

**FOR GENERAL RELEASE****Action Required of the Audit & Standards Committee**

To receive the request from the Special Policy & Resources Committee meeting held on the 30<sup>th</sup> July 2020.

**Recommendation:**

That given the practical, financial and legal implications, the committee requests the Audit & Standards Committee, by way of additional assurance, to request officers to undertake an audit into why it was not possible to implement the decision agreed at the April 30 meeting of the Policy & Resources Committee.

**BRIGHTON & HOVE CITY COUNCIL**  
**SPECIAL POLICY & RESOURCES COMMITTEE**

**4.00pm 30 JULY 2020**

**VIRTUAL MEETING - SKYPE**

**MINUTES**

**Present:** Councillor Druitt (Joint Deputy Chair), Platts (Opposition Spokesperson), Allcock, Clare, Hugh-Jones, Miller, Moonan, Osborne, Wares and Yates

**MINUTE EXTRACT**

**PART ONE**

**43 ADULT COMMUNITY & LEARNING**

- 43.1 The Interim Director for Families, Children & Learning introduced the report, which provided an update and further recommendations on the future delivery model of the Council's Adult & Community Learning offer. She noted that the council had been unable to secure the necessary arrangements with the Friends Centre and therefore could not support the intentions previously agreed to take the service in-house.
- 43.2 Councillor Clare moved an amendment on behalf of the Green Group which sought to provide support to those affected by the situation and to enable lessons to be learnt from the process so that matters could be dealt with more effectively in the future.
- 43.3 Councillor Hugh-Jones formally seconded the amendment and reserved her right to speak.
- 43.4 Members of the Committee expressed their concern about how the situation had progressed having come to committee previously with an intention to provide a solution that had then become unviable. It was felt that there was a clear need to look at the lessons to be learnt from this matter and how critical projects can be sustained. There was a need to consider how more could be done in regard to working with the Community & Voluntary Sector so that available funding was utilised effectively rather than various organisations/groups chasing the same limited resources.
- 43.5 Councillor Hugh-Jones noted that both the Labour and Conservative Groups had expressed their support for the amendment and for it to be taken as a cross-party amendment. She stated that she was happy to accept the request to make it a cross-party amendment and welcomed the approach of collaboration.
- 43.6 Councillor Clare stated that she was also willing to revise the amendment so that it was a cross-party amendment and sought the committee's agreement to the change.

- 43.7 The Chair noted that the Committee wished to accept the revision to the amendment and therefore put the cross-party amendment to the vote which was carried.
- 43.8 The Chair then put the recommendations as amended to the vote which were carried.
- 43.9 **RESOLVED:**
- (1) That the family learning element of the adult education budget which supports the city's vulnerable families will be delivered directly by the tutors currently employed by the council using online or distanced based learning methods where possible. This will involve the TUPE of relevant staff from the Friends Centre;
  - (2) That in order to retain and secure the council's ESFA grant for adult education for the academic year 2020/21 sub-contracting arrangements should be put in place. This will provide a suitable timeframe in which to plan and implement measures which will deliver a sustainable service for the council going forward;
  - (3) That it be noted that the £61,030 allocated by committee to support the transition to an in-house adult and community learning service will not be required unless alternative delivery premises are secured;
  - (4) That the committee request officers to urgently explore with Adult and Community Learning partners in the city what provision can be put in place for some of our city's most vulnerable learners as of September 2020, with consideration to the impact of Covid-19 on service delivery; and
  - (5) That given the practical, financial and legal implications, the committee requests the Audit & Standards Committee, by way of additional assurance, to request officers to undertake an audit into why it was not possible to implement the decision agreed at the April 30 meeting of the Policy & Resources Committee.

**BRIGHTON & HOVE CITY COUNCIL**  
**POLICY & RESOURCES COMMITTEE**

**4.00pm 30 APRIL 2020**

**VIRTUAL MEETING**

**MINUTES**

**Present:** Councillor Platts (Chair) Yates (Deputy Chair), Mac Cafferty (Opposition Spokesperson), Bell (Group Spokesperson), Allcock, Clare, Gibson, Moonan, Miller and Shanks.

**PART ONE**

**167 ADULT & COMMUNITY LEARNING**

- 167.1 The Interim Executive Director for Families, Children & Learning introduced the report concerning the future delivery model of the Council's Adult & Community Learning offer funded by the Education & Skills Funding Agency. She noted that the Housing Committee had agreed to the use of HRA funding for Year 1.
- 167.2 Councillor Shanks welcomed the report and formally moved an amendment on behalf of the Green Group which sought to enable alternative options to be looked at.
- 167.3 Councillor Clare formally seconded the amendment.
- 167.4 Councillor Bell stated that he fully supported the scheme although was concerned about the call on HRA funding and questioned whether it would be more appropriate to use the General Fund.
- 167.5 The Acting Chief Finance Officer stated that the HRA was to be used for then benefit of tenants and this had been demonstrated in the report. However, the decision was for Members although the current pressures on the General Fund should be taken into consideration as outlined in the options listed in the report.
- 167.6 Councillor Allcock noted that the Housing Committee had agreed to the funding from the HRA for the first year and welcomed the Green Group's amendment. He believed there was a need for the service in the city and noted the support of the Trustees from the Friend's Centre.
- 167.7 Councillor Gibson stated that any future funding needed to be proportionate to the tenants' benefits and future consultation on how the service would be provided needed to be improved. He hoped that the service could be turned around and could then continue to provide the important support to adults in the city.

- 167.8 Councillor Miller expressed some reservations about the use of HRA and noted that some people would effectively be paying twice for the service. He was also concerned about funding elements and welcomed the Green amendment.
- 167.9 Councillor Moonan acknowledged the need to look at the funding elements and stated that the service provided an important second opportunity to develop skills and knowledge and hoped that it could be supported.
- 167.10 The Chair noted the comments and put the Green Group's amendment to the vote which was carried unanimously.
- 167.11 The Chair then put the recommendations to the vote, noting that the recommendation to use the £40k funding from the HRA in Year 1 was being put forward as the preferred option.

167.12 **RESOLVED:**

- (1) That a contribution of £40,000 from the HRA be set aside in the 2020/21 financial year only to support the funding requirements detailed in Option 1 in the report and subject to recommendation 3 below, and that any future HRA contributions be conditional on tenants support evidenced by consultation and that should this consultation be favourable, the HRA contribution be proportionate to the established benefits derived by tenants from these services, as also described in paragraph 3.41 of the report;
- (2) That the Adult and Community Learning be brought in-house following the expiry of the current arrangements on 31<sup>st</sup> July 2020;
- (3) That additional funding to be allocated to the Families, Children and Learning Directorate to cover the associated costs of bringing delivery in-house based on the option below be approved:
  - (i) Funding anticipated being in the region of £61,030 in year 1, based on funding of £20,000 each for Neighbourhood Learning in Deprived Communities (Hangleton and Knoll and Whitehawk Inn) is provided by the Housing Revenue Account; and
  - (ii) If necessary, to explore other options to mitigate any loss of NLDC funding to the Hangleton and Knoll and Whitehawk Inn project resulting from the in-house proposal moving beyond year one, should no further funding be obtained from the HRA in future years .

Note: the costs for year two onwards for both options is dependent on securing suitable accommodation within the council.

- (4) That delegated authority be granted to the Executive Director for Economy, Environment & Culture to:
  - (i) Secure a 1year lease or license as appropriate on Isetta Square from the Friends Centre; and

- (ii) Take any other steps necessary to implement the recommendations in this report.
- (5) That delegated authority be granted to the Executive Director for Families, Children & Learning to:
  - (i) Take forward TUPE arrangements to facilitate the in-house provision of community learning currently delivered by the Friends Centre.
  - (ii) Take forward the option to bring in-house two externally funded projects, Step by Step and Get Socially Active projects and manage TUPE arrangements and subsequent liaison with funders.
  - (iii) Take any other steps necessary to implement the recommendations in this report including a comprehensive review of the service after one and three years of operation to assess value for money, opportunities for efficiencies, investment and growth opportunities, performance, satisfaction, and impact on equalities data.
- (6) That delegated authority be granted to the Executive Director for Housing, Neighbourhoods & Communities to take forward the recommendation to fund Neighbourhood Learning in Deprived Communities from the Housing Revenue Account of £40,000; and
- (7) That the Audit & Standards Committee receive a report, to ensure good financial governance for the city council.



<b>Subject:</b>	<b>Home to School Transport</b>		
<b>Date of Meeting:</b>	<b>27 October 2020</b>		
<b>Report of:</b>	<b>Executive Lead Officer for Strategy, Governance &amp; Law</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Alice Rowland</b>	<b>Tel: 01273 291503</b>
	<b>Email:</b>	<b>Alice.rowland@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

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

- 1.1 In response to concerns raised by members, the Chief Executive commissioned an independent barrister to carry out an investigation into the procurements associated with the Home to School Transport service change which was implemented in September 2019.
- 1.2 The independent barrister has now completed a first draft of his report. In response to that report, this committee is asked to establish a panel to consider the next steps and ultimately report back to this committee.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee agrees to set up a panel as outlined in paragraph 3.6 to consider the report and oversee the next steps prior to reporting back to this committee.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The Home to School Transport Members Policy Panel has been reviewing the management of the Home to School Transport service and associated problems that caused significant difficulties for children, young people and families in September 2019. As part of the investigation, the matter was referred to a group of experts from the LGA (the Local Government Association) who undertook a review and consequently made important recommendations.
- 3.2 The HtST Members Policy Panel has seen substantial improvements in the service since September 2019. It has now concluded that the service review side of the work has come to an end and will submit its report to the next meeting of the Children, Young People and Skills Committee which meets on 9<sup>th</sup> November 2020. The report will contain recommendations to that Committee to ensure a high quality and appropriate service in the future.
- 3.3 In March this year, significant concerns were raised with the Council's Chief Executive regarding the consultancy contract to advise and support the Council

on the HTST procurement process. In June the Chief Executive was asked to obtain an independent review of the HtST procurement process to ensure transparency and accountability. Subsequently the matter was referred to an external Barrister for review and advice and Counsel has provided his preliminary draft advice.

- 3.4 Given that these are matters of governance, rather than service, and given their vital importance, the Panel has determined that they would be better dealt with by the Audit & Standards Committee and have recommended that this is taken forward by that Committee, with a suggestion that they set up a cross party panel with an Independent Person, as a matter of urgency. A copy of the statement from the panel is attached as an appendix to this report.
- 3.5 The independent Barrister's opinion will need to be sent to the individuals involved to allow them to comment before the report is finalised. The Panel will consider Counsel's final opinion and make recommendations to the Committee.
- 3.6 The proposed panel will oversee the process by which comments are sought from those mentioned in the report (this is known as the Maxwellisation process) and will consider an updated version of Counsel's report (following his consideration of any comments received) before reporting back to this committee. It is anticipated that the panel will need to meet two or three times. It is recommended that the panel is cross party with one member from each political group and that it is chaired by one of the Council's independent persons. It is proposed that the panel will meet in private following Counsel's advice that his draft report should remain confidential.

#### **4. CONCLUSION**

- 4.1 The panel will be able to consider the Independent Barrister's report and make recommendations to officers as to the next steps.

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

##### Financial Implications:

- 7.1 There are no direct financial implications arising from the recommendation of this report. Any costs associated with setting up the panel will be met from existing resources. The cost of commissioning an independent barrister is reflected in the Targeted Budget Management (TBM) financial position for the service which is reported throughout the year to Policy and Resources Committee.

*Finance Officer Consulted: James Hengeveld*

*Date: 16/10/20*

##### Legal Implications:

- 7.2 The panel constitutes a task and finish group which can be established by this committee. It will not be a decision-making body but will make recommendations to officers. In addition to the advice provided by Counsel the work of the panel will be supported by the Council's internal legal team.

*Lawyer Consulted:*

*Alice Rowland*

*Date: 14/10/20*

Equalities Implications:

- 7.3 The HTST transport service caters for some of the most vulnerable children and young people in the city. This report focuses on setting up a panel to consider concerns about the procurement processes and any recommendations resulting from the Independent Barrister's Review should consider how equalities implications are given priority when services are procured.

Any Other Significant Implications:

- 7.4 None

**SUPPORTING INFORMATION**

**Appendices**

1. Home to School Transport Press Release

**Background Documents**

None

## Appendix 1

### STATEMENT RE: HOME TO SCHOOL TRANSPORT

The Home to School Transport Members Policy Panel has been reviewing the management of the Home to School Transport service and associated problems that caused significant difficulties for children, young people and families in September 2019. As part of the investigation, the matter was referred to a group of experts from the LGA (the Local Government Association) who undertook a thorough review and consequently made important recommendations.

The HtST Members Policy Panel has seen substantial improvements in the service since September 2019. The panel would like to thank all those involved, specifically: parents, children and young people, transport providers, school staff, PACC and Amaze and Council Officers for working together to deliver the improvements. The panel has now concluded that the service review side of the work has come to an end. We will be submitting our report to the next meeting of the Children, Young People and Skills Committee which meets on 9th November 2020. The report will contain recommendations to the Committee to ensure a high quality and appropriate service in the future.

Cllrs. Wares and Mears raised significant concerns in March this year with the Council's CEO – Geoff Raw – regarding the consultancy contract to advise and support the Council on the HTST procurement process requesting the issues be independently investigated. In June, after Cllrs Mears and Wares raising further concerns, Councillor Allcock, the then Chair of the Children, Young People and Skills Committee, asked the Chief Executive to obtain an independent review of the HtST procurement process to ensure transparency and accountability. Subsequently the matter was referred to an external Counsel for review and advice.

Given that these are matters of governance, rather than service, and given their vital importance, the Panel feels they would be better dealt with by the Audit & Standards Committee and are recommending that this is taken forward by that Committee, with a suggestion that they set up a cross party panel with an Independent Person, as a matter of urgency.

The independent Counsel has produced a draft report which will now be sent to the individuals involved to allow them to comment before the report is finalised and publicly published. The Audit & Standards Committee will consider the report before deciding how to proceed.

ENDS

<b>Subject:</b>	<b>Internal Audit Progress Report – Quarter 1 (1 April to 30 June 2020)</b>		
<b>Date of Meeting:</b>	<b>27 October 2020</b>		
<b>Report of:</b>	<b>Executive Director of Finance and Resources</b>		
<b>Contact Officer:</b>	<b>Mark Dallen (Audit Manager)</b>		
	<b>Name:</b>	<b>Russell Banks (Chief Internal Auditor)</b>	<b>Tel: 01273 291314 07824 362739</b>
	<b>Email:</b>	<a href="mailto:mark.dallen@brighton-hove.gov.uk">mark.dallen@brighton-hove.gov.uk</a> <a href="mailto:russell.banks@eastsussex.gov.uk">russell.banks@eastsussex.gov.uk</a>	
<b>Ward(s) affected:</b>	<b>All</b>		

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

- 1.1 The purpose of this report is to provide Members with an update on all internal audit and counter fraud activity completed during quarter 1 (2020/21), including a summary of all key audit findings. As requested by Members the summary of key audit findings also includes narrative on the key findings from the most recent audit of the Housing Repairs Service which was completed after the end of quarter 1.
- 1.2 The report also includes details of progress on delivery of the annual audit plan along with an update on the performance of the Internal Audit service during the period.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee note the report.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 As a result of the Covid-19 pandemic the majority of our planned work during quarter 1 was put on hold and audit resources were redeployed to support the wider organisation. For those staff remaining within the service key areas of focus were on:
  - Advice and support in relation to system changes to support remote working;
  - Finalisation of reports that were in year or put on hold at the 2019/20 year-end;
  - Carrying out data analytics on key financial systems e.g. creditors;
  - Delivery of some high priority audit projects.

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

- 4.1 Full details of both the audit and non-audit work delivered during Quarter 1 are detailed in Appendix 1, together with our progress against our performance targets.
- 4.2 A revised 2020/21 Internal Audit Plan has been produced and is presented as a separate agenda item to this Committee.

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

- 5.1 None.

#### **6. CONCLUSION**

- 6.1 The Committee is asked to note the report.

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

##### Financial Implications:

- 7.1 It is expected that the Internal Audit and Corporate Fraud Plan 2020/21 will be delivered within existing budgetary resources. Progress against the plan and action taken in line with actions support the robustness and resilience of the council's practices and procedures in support of the council's overall financial position.

*Finance Officer Consulted: James Hengeveld*

*Date: 24/09/20*

##### Legal Implications:

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

*Lawyer Consulted: Victoria Simpson*

*Date: 23.9.20*

##### Equalities Implications:

- 7.3 There are no direct equalities implications.

##### Sustainability Implications:

- 7.4 There are no direct sustainability implications.

##### Brexit Implications:

- 7.5 There are no direct Brexit implications.

##### Any Other Significant Implications:

7.6 None

### **SUPPORTING DOCUMENTATION**

#### **Appendices:**

1. Internal Audit Progress Report Quarter 1 - 2020/21.

#### **Background Documents:**

1. Internal Audit Strategy and Annual Audit Plan 2020/21.





# Internal Audit and Counter Fraud Quarter 1 Progress Report 2020/21

## CONTENTS

1. Summary of COVID 19 work and Completed Audits
2. Counter Fraud and Investigation Activities
3. Action Tracking
4. Amendments to the Audit Plan
5. Internal Audit Performance

## 1. Summary of COVID 19 work and Completed Audits

### COVID 19 work (April to June 2020)

1.1 During the quarter 1 (2020/21), Internal Audit redirected its resources to support the organisation in its response to the issues arising from the Coronavirus pandemic and planned work was suspended. As a result, the 2020/21 Internal Audit Plan has been substantially revised and forms a separate report to this Committee.

1.2 During quarter 1 the resources of the Internal Audit and Counter Fraud service have been focused on the following:

- Full time redeployments of staff to support Covid-19 cells/ projects;
- Short term staff placements to support individual Covid-19 related work;
- Advice on, and reviewing, system changes to support remote working;
- Finalisation of reports that were put on hold at the year-end;
- Carrying out data analytics on key financial systems e.g. creditors;
- Delivery of some high priority audit projects e.g., an update review on the housing repairs service.

1.3 The redeployment of some Internal Audit staff included support to the following projects and initiatives:

- Working with the Business Rate Team to develop a verification process for applications made to the Small Business Grant and Retail, Leisure and Hospitality Fund, as well as the processing and validation of business Covid-19 grant applications;
- Supporting the delivery of council Covid-19 newsletters to households across the city;
- Supporting the set up the council's own food bank in the city centre and assisting with the administration of food purchasing;
- Helping to administer a city-wide volunteer register;
- One full time redeployment to the Community Hub within Adult Social Care;
- One full time redeployment to provide project support to the Vulnerable Housing Cell. The cell's objective was to provide oversight of all accommodation needs of those affected by Covid-19 pandemic;
- Helping the Executive Director of Health & Adult Social Care with support to complete a Local Care Home Support Plan for submission to ministers;
- Laptop distribution to essential staff;
- Supporting the Ways of Working Recovery Group and the Governance and Accountability working group.

## Housing and Council Tax Benefits – Substantial Assurance

1.4 Housing Benefit (HB) and Council Tax reductions are administered by the Revenues and Benefits team. In 2017, housing benefit was replaced by Universal Credit for all new claimants. Projected expenditure for housing benefit was £114million at the time of audit in 2019/20.

1.5 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- All benefit payments are legitimate and appropriate;
- Assessment of benefits is accurate and timely;
- Overpayments and Write-offs are managed, monitored and reported;
- Regular reconciliations are undertaken between the Benefits System, Housing Rents and General Ledger;
- Quality Assurance arrangements are effective.

1.6 The audit found that the majority of key controls were in place and that the Revenue and Benefits teams monitor their performance closely and are responsive to demands on the service. There are effective procedures in place to sample check assessments calculations and make corrections. In addition, reconciliation processes between the Benefits Systems, Housing Rents systems and the General Ledger are robust and completed on time.

1.7 One medium priority and one low priority action were agreed to improve the controls within the service. The high priority action resulted from sample testing where we found an instance where the claimant's self-employed income figure had not been reviewed for over six years. The case relates to Council Tax reduction only.

## Payroll - Substantial Assurance

1.8 The council's payroll and HR processes are hosted on the 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.

1.9 Employee expenditure accounts for a significant element of the council's budget. It is therefore essential in terms of accuracy, integrity and value for money that effective control and management is exercised over the payroll function. To provide context, the September 2019 pay run value was £13.6 million (including schools) in relation to 9,320 staff.

- The purpose of the audit was to ensure:

- Starters are properly approved, and pay is calculated and paid from the correct dates and leavers are removed from the payroll in a timely manner;
- Permanent variations to pay are properly approved, calculated and paid from the correct dates;
- 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.

1.10 The audit found that key controls were operating as expected but two areas for improvement were identified. These were:

- there are a number of outstanding historic cases where the Payroll system and the General Ledger do not match. These are mainly salary advances that have not been recovered and cases where salary has been overpaid but an invoice has never been raised;
- the 2018/19 audit report contained an agreed action that a checklist would be used to record details of payslips spot-checked each month to help ensure that payroll calculations are correct. However, this process has not yet been implemented.

1.11 Actions to address these control issues have been agreed with management.

### **Council Tax – Reasonable Assurance**

1.12 The council budgeted to raise £143.6 million from council tax in 2019/20. This is an increase of £5.8 million compared with 2018/19. The target collection rate for year was 96.57%. The objectives of the audit were to ensure:

- all taxable properties have been identified and regularly reconciled to the Valuation Office Records;
- an accurate calculation has been made of the chargeable amount for each property, demand notices are sent out promptly and income collected is posted to the correct debtor account;
- outstanding debt is regularly monitored and reviewed. Recovery action is taken in accordance with an approved (documented) recovery process;
- there is a defined procedure for writing off debts;
- key system reconciliations are carried out.

1.13 We found controls were operating correctly in most areas but that there were a number of areas where improvements to control were still required. We also noted a reduction in the effectiveness of collection processes. Key issues arising from our review are summarised in the following paragraphs.

1.14 As at December 2019, in-year collection was below target and demonstrated a deterioration in performance against the same point in 2018.

1.15 Our sample testing of discounts, exemptions and disregards highlighted cases where there was insufficient evidence held to support the reduced liability and cases where continued eligibility for a discount had not been reviewed for several years. We also noted there are a number of accounts (both live and closed) in arrears where the council itself is the liable party.

1.16 As at January 2020, there was a backlog of around 9,000 processes, which equates to just over one week's worth of work for the service. A comparison of reported figures shows that whilst the backlog is showing a month on month improvement, it was higher when compared to the same period in 2018/19.

1.17 Actions were agreed to address these areas for improvement and will be followed up as part of our 2020/21 audit of the Council Tax system.

#### **Budget Management (2019/20)– Reasonable Assurance**

1.18 Budget management processes are key to ensuring that the council has efficient mechanisms to align financial resources to corporate priorities and to allow the early identification of actual and potential overspends. This audit focused on the setting, monitoring and review of the 2019/20 budget, which was approved by Councillors on the 28th February 2019 and included a savings target for 2019/20 of £12.236m. The specific objectives of the audit were to ensure:

- 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;
- there is an 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.

1.19 We concluded that, despite the current budget management challenges, savings were being delivered and budget management arrangements were generally effective. We found that targeted budget management (TBM) reporting process generally provides a good analysis for budget holders, senior management and Members. We concluded that it could however, be further improved by including a section on income targets.

1.20 The audit identified the following areas where further improvements could be made to budget management:

- In response to increasing demand and costs, additional savings were planned through the Sustainable Social Care Programme. This was largely unsuccessful and led to unachieved savings of £440k. The reasons behind this need to be fully understood, in order for the council to learn from this experience and implement changes that reduce the cost of service provision;
- Income targets are sometimes overly ambitious and lack appropriate challenge. Mechanisms to generate income are not always properly understood. This has led to budget pressures as heads of service have to find additional savings to mitigate missed income targets;
- Where there has been an overachievement of income, this has made overspending elsewhere less visible and less open to challenge and scrutiny.

1.21 Five medium priority actions have been agreed to address these issues which will be followed up during our 2020/21 budget management audit.

### **Housing Allocations – Reasonable Assurance**

1.22 The council operates a housing allocation scheme to ensure that it meets its statutory duty to accommodate and allocate other properties to those assessed as having the greatest need. In 2019/20, a total of 581 properties were let, of which 462 were council stock.

1.23 The purpose of the audit was to provide assurance that:

- a defined allocations scheme is in place which accords with legislative requirements;
- the processing and vetting of initial applications/registrations are made in accordance with the scheme, and addresses key fraud risks;
- the housing register is subject to maintenance and review, which periodically removes applicants should they cease to be eligible;
- allocations are made in accordance with the allocations policy, with appropriate controls in place to manage fraud risks (both internal and external).

1.24 Our testing found that the shortlisting process followed the council's policy for allocations, over the four priority queues (homelessness, home seeker, council interest queue and transfers). However, the following areas for improvement were identified:

- There were a significant number of bidders who had not supplied all the necessary proofs for their housing need, and as such are bypassed when creating a shortlist;
- The policy states that an applicant should not be in rent arrears, prior to shortlisting. However, this is sometimes waived;
- A key action agreed at the previous audit, was to undertake fraud checks on shortlisted applicants, but this had not been implemented;

- Key information should be easily and clearly retained on the Locator System, but instead reliance is placed on other teams confirming that eligibility criteria have been met;
- Data analytics conducted on the housing register identified a large number of applicants who have no housing need, have not bid on any property in the last 3 years or have a registered address outside the city boundary.

1.25 Actions were agreed with management in relation to all of the areas above, with three having been implemented by the date of finalisation of our report.

### **Cloud Computing – Reasonable Assurance**

1.26 Microsoft defines the ‘cloud’ as a term used to describe a global network of servers, each with a unique function. The cloud is not a physical entity, but instead is a vast network of remote servers around the globe which are linked together and meant to operate as a single ecosystem. These servers are designed to either store and manage data, run applications or deliver content or a service such as streaming videos, web email, office productivity software or social media. Instead of accessing files and data from a local server or personal computer, you are accessing them online from any Internet-capable device – the information will be available wherever you go and whenever you need it.

1.27 From a sample of third party applications and systems retained in the cloud and elsewhere, we reviewed the controls in place to manage the security, access, recovery and deletion of the data. Cloud-based systems are hosted outside of the council's network infrastructure and fall outside of the control of the IT & Digital service, who provide limited support for these systems. As such, there is a risk to the security of data held in these systems, as well as to system availability, which can potentially impact service provision.

1.28 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- There are adequate governance processes in place to ensure all cloud-based systems are reviewed and approved by IT&D;
- System access is restricted to appropriately authorised individuals, the permissions provided to those users are in line with business requirements and this is kept up to date with role changes;
- Leavers are promptly and consistently removed from all systems;
- Access to council data is held in accordance with relevant legislation and data is sufficiently protected by the service provider;
- A process or agreement is in place for externally hosted systems in order to identify and manage vulnerabilities as they arise. This could include patches and other updates are applied in a timely manner;



- Service providers have sufficient disaster recovery and business continuity arrangements in place.

1.29 In providing our opinion of reasonable assurance, we found a number of controls to be operating appropriately, with testing confirming that systems within our sample were generally well managed, with satisfactory password controls, audit trails and helpdesk and other support arrangements in place.

1.30 Some opportunities to further strengthen controls were, however, identified in relation to ensuring Business Change documentation is always available and easily locatable and that the templates used to help assess the security of applications are updated to include all appropriate risk factors.

1.31 The review also identified a lack of awareness of the role of system owner, and the responsibilities this entails, which resulted in some weaknesses associated with user access controls, system documentation and system updates.

1.32 In response to the eight findings identified during the audit (seven medium and one low risk) we agreed with management effective actions to manage the associated risks.

### **Creditors – Reasonable Assurance**

1.33 The Creditors System uses both the Authority Purchasing and Authority Financials (Creditors) modules of the Civica Financials application.

1.34 During the period 1st April 2019 to 31st August 2019 there were 165,236 creditor transactions totalling just under £181m.

1.35 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- Orders are raised for goods, works and services for bona fide services in accordance with standard financial procedures and the needs of the council;
- All payments are subject to review and approval to ensure payments are valid and goods, works or services have been received and are correctly processed;
- Payment runs are subject to appropriate review and authorisation;
- Only creditors that meet the needs of the council and that do not already exist in the creditors system are set up.

1.36 We found that the majority of controls within the creditors system are working correctly but subsequent to issuing the draft report, Internal Audit were notified that the Council had been defrauded of approximately £60,000 through the submission of a falsified bank account change. This has been investigated by the council's Counter Fraud Team. Controls to prevent this fraud did not operate as expected.



1.37 Two other issues were identified during the audit that need to be addressed in order to improve the control environment.

- Purchase orders are not always being raised in advance of orders being placed with suppliers, circumventing the authorisation process and meaning that commitments are not being recorded in the accounts.
- Two temporary increases to purchasing approval limits were found to have run on beyond the six-month period authorised by Finance.

### **Residents Parking Permits – Partial Assurance**

1.38 The Residents Parking Permit scheme enables residents to park in permit bays and pay and display bays near their homes. As of 1 July 2019, there were 37,500 Resident Parking Permits issued within the City at a value of between £22.50 for three months and £163.00 for 12 months parking dependent on the zone they were issued for.

1.39 There is a significant risk of fraud and abuse of the parking scheme due to the difference between the high average cost of parking in the city and the cost of purchasing a Residents Parking Permit.

1.40 The purpose of the audit was to provide assurance that:

- Resident Parking Permits are issued in accordance with legislation and council criteria;
- Residency checks are completed at the point of initial application for a Residents Parking Permit;
- All renewal applications are verified to confirm the applicants on-going eligibility to have a Residents Parking Permit.

1.41 The audit concluded partial assurance and identified a number of control weaknesses which need to be addressed to prevent the risk of passes being issued to people within the city who are not entitled. Through the use of data analytics, our review identified instances of permits being issued to applicants who are not eligible.

1.42 Parking Services should obtain two proofs of residency for a new permit application and one proof of residency for a renewal application. Our testing found that no proof of residency was being obtained when a resident applies to renew their parking permit.

1.43 Verification checks are not being conducted against council tax records at the point of application for new or renewed permits. The frequency and number of verification checks against council tax records vary and are currently completed after the permit has been issued.

1.44 Furthermore, two systems for issuing permits are currently in use, increasing the risk of duplicate permits being issued.

1.45 Two high priority and two medium priority actions were agreed to address these control issues. Two of these had been implemented at the time the final report was issued and all of these will be subject to a formal follow up by Internal Audit as part of future work plans.

### **Highways Contract Management – Partial Assurance**

1.46 The Council manages approximately 390 miles of highways and 750 miles of pavements. Under the Highways Act 1980, the Council has a duty to maintain public highways in the city and must take all reasonable action to keep them in a safe condition.

1.47 The Highway Inspection team make decisions on all reported defects and whether these should be passed for repair. Repairs are carried out through a framework contract worth approximately £1million per annum.

1.48 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- Adequate controls are in place governing the ordering and authorisation process for works;
- Highways repairs are delivered under contract and are in accordance with the contract specification and requirements relating to materials;
- Management arrangements for review of contracted work gives sufficient assurance over the quality and quantity of work completed.

1.49 The scope of the work was limited due to Covid-19 restrictions and as a result, testing focussed on a desktop review of inspections rather than physical visits to completed works.

1.50 The audit concluded partial assurance because:

- There is insufficient evidence to support the calculation of some contract rate uplifts;
- The software used to monitor the repairs work has significant limitations, including reporting functionality and access controls;
- Some functionality within the system is accessible by the contractor and some aspects of this are not sufficiently controlled;
- Work flows were found to be significantly reliant on paper-based system, and there was a significant backlog of work to be scanned and archived at the time of the audit;
- The absence of GPS to locate works creates inefficiencies and errors in locating and planned works;

- Performance measures, such as the number of works orders not meeting the target date for completion, or the number of works not passing the inspectors approval first time, are not held. The part year percentage figures and our sample testing highlighted that 40% of works orders were not completed to target times;
- Under the contract, 10% of works orders should have an on-site inspection, prior to the release of payment. Although 15% are recorded as being inspected, this inspection may not be a site visit, but rather a view of the photographs supplied by the contractor.

1.51 Actions have been agreed with management to rectify these control issues and these will be subject to a formal follow up review by Internal Audit to confirm implementation.

### **Debtors – Partial Assurance**

1.52 The Central Collection Team is responsible for ensuring that all income due to the council is collected effectively and efficiently; and that this is correctly accounted for. At the time audit (2019/20), this team processed 88,431 invoices and credit notes, generating a net amount owed to the council of £50.6m.

1.53 The purpose of the audit was to provide assurance that:

- All income generating activities are identified and accurately raised to customers;
- A customer account maintenance process is in place and operating effectively and amendments to invoices are correct and authorised;
- Collection and debt recovery are managed efficiently and effectively, including that write-offs are processed accurately and correctly authorised;
- Payments are received and recorded against the correct debtor account in a timely manner;
- Key systems reconciliations are undertaken on a regular basis;
- Debt recovery performance is monitored and reported.

1.54 The audit concluded Partial Assurance and we identified a number of areas for the improvement of the control environment.

1.55 Due to capacity issues, Court action to recover debts has not been taken during the previous year. Our sample testing found that reminders and arrears notices are being issued as expected, but that later stages of recovery of not always been applied. In addition, the audit identified examples where non-statutory services were still being provided by the council to companies who had already accrued debts with us. This included examples relating to Commercial Waste Collection, where businesses were continuing to have their waste collected up to the time of writing this report, despite having outstanding invoices.

1.56 Although new performance reports had been developed and agreed with budget holders, these were not being distributed.

1.57 Our analysis of invoices issued since April 2019 found accounts set up in trading names rather than the name of a sole trader or limited company. This impacts on the council's ability to be able to manage these debts. Our testing also found that system notes to record the reason for amendments or refunds are not always being completed on debtor accounts.

1.58 In an effort to improve the service and address the issues raised in our review, a Corporate Debt Campaign Team is currently being recruited, with four posts being created for a two-year trial period. This team will be focussed initially on working through the Aged Debtor Report.

1.59 In all cases, actions have been agreed with management to address these issues and again these will be followed-up in our 2020/21 audit of this service.

#### **Direct Payments – Minimal Assurance**

1.60 Direct Payments enable service users to purchase care themselves, based on an assessment of their needs.

1.61 As at December 2019, there were 588 adult clients in receipt of Direct Payments with an estimated annual cost of £8.3m. This is an increase since our previous audit in 2018, when expenditure for the year was forecast to be £6.4m.

1.62 This audit focused on the following control objectives:

- That monitoring arrangements ensure that payments are being controlled to protect the financial interests of the service user and the council;
- Service users' reviews are carried out every 12 months ensuring the care plan reflects the care need;
- Regular monitoring of client contributions is undertaken to ensure sufficient funds are available within the service users' dedicated bank account to pay for their care needs;
- Effective contract management arrangements are in place.

1.63 The audit concluded minimal assurance and a number of areas for improvement were identified, in particular:

- significant resourcing issues within the service in the last 12 months has impacted on the work required to monitor accounts and ensure financial information and balances are up to date and compliant. Linked to this, the service was also not meeting its target to review direct payments every 12 months. As at December 2019, 48% of clients had not received a review in the last 12 months;

- Whilst a card provider has been contracted to improve the monitoring and control of expenditure incurred for all the 170 pre-paid card holders, there is an absence of contract management. The format of the information being provided does not assist the service in reducing the risk of fraudulent activity;
- The service was unable to provide a copy of a contract with a charity that assists in managing finances for approximately 300 council clients;
- Very little monitoring of clients' account statements has occurred since February 2019 and there has been a shortfall with regard to reclaiming surplus balances;
- Processes are not in place to ensure social workers consider issues raised by the Direct Payments Team in relation to financial matters and their implications in the context of the overall care needs of a client.

1.64 Actions for improvement have been agreed with the service and, in view of the number and significance of the findings, a follow-up on these actions is planned for later this financial year (2020/21).

### **Network Security – Partial Assurance**

1.65 Information Technology (IT) systems enable the Council to provide its critical services to its customers and are used to collect, process and retain ever increasing amounts of confidential information. The vulnerabilities that exist in these IT systems across all Councils, as well as the infrastructure that supports them, combined with a perceived lack of awareness regarding security issues, have led to attackers targeting public organisations and exposes Councils to the risk of a cyber-security attack. Cyber security attacks can be launched from any internet connection and can have a significant financial and reputational impact on the Council.

1.66 The purpose of this audit was to provide assurance that controls are in place to meet the following objectives:

- Policies and procedures are clearly defined, regular effective risk assessments are undertaken, network topology is kept up to date, access to routers is restricted through network protocols or IP addresses, separate virtual local area networks (VLANs) are managed for sensitive information assets, network policies encrypt using Wi-Fi protected access II (WPA2), and authentication controls use registered certificates and session tokens.
- Approved protocols are used for inward and outward traffic, demilitarised zones (DMZs) have appropriate segregation (front and back facing), third-party security contractual clauses are in line with internal policies, firewall and antivirus administration is restricted and adequately controlled,

approved router rules are in place (filter traffic to critical hosts, from invalid addresses, and internet control message protocol (ICMP) traffic), network access controls have been enabled and validated for both wired and wireless networks, and network performance is overseen and predictive log reviews are undertaken.

- External penetration tests and internal vulnerability assessments are undertaken by with remediation supported by executive management, server operating system (OS) patching is facilitated automatically, active directory domain administrator rights are restricted and password rules set, virtual private network (VPN) access is restricted to trusted clients, and manufacturer default passwords and settings (where applicable) have been changed.
- Both specialist and general staff awareness training is overseen and owned by executive management, and unnecessary server services have been disabled.
- Recovery action plans are in place for manual operations, understood by key officers, regularly tested and updated.

1.67 As a result of our work, we have only been able to provide Partial Assurance over the controls operating for Network Security. Whilst we noted a number of high-level technical controls were in place and operating as expected, some issues were identified that impact on the overall level of security of the network, making the network vulnerable to attack.

1.68 For reasons of security, we are not able to share the detailed finding within this report, however, actions to manage the risks identified have been agreed with management and will be subject to a formal follow up review by Internal Audit as part of future planned work.

### **Housing Repairs Service – Partial Assurance**

1.69 A report to the January 2020 A&S Committee included a summary of Internal Audit’s work on the insourcing of the housing repairs service. The objective of this audit had been to provide assurance that the insourcing programme was on target to ensure the delivery of the repairs service on time and at the expected cost. As at the date of audit (November 2019), Internal Audit concluded that there was a significant risk that the Council would not be able to successfully deliver a cost effective and efficient in-house repairs service by 1 April 2020.

1.70 A follow-up has now been completed on the live service, and a report was agreed with Housing management at the beginning of October 2020. It should be noted that the roll-out of the service has been significantly impacted by COVID 19 and the restrictions that came into force shortly prior to the commencement of the inhouse service the on 1 April 2020.

1.71 The service has explained that the impact of COVID 19 has included: delays to agreeing contracts and procurement activity; disruption to mobilisation plans such as training and induction; implementing



a safety first approach involving social distancing protocols, working away from the office, sourcing of Personal Protective Equipment, undertaking risk assessments; a large proportion of the workforce being furloughed; and, restricted access to properties needing repair.

1.72 In addition, service delivery has recently been impacted by industrial action.

1.73 The conclusion in the October 2020 report is that Partial Assurance can be given on the operation of the new service and related systems.

1.74 The audit found that in order to deliver the service within the specified timetable, contract waivers totalling over £9.3m have had to be authorised. These contracts were let to existing suppliers and will be in place for the next one to two years. Delegated authority was provided by the Housing Committee & New Homes Committee (26 September 2018) and Policy, Resources & Growth Committee (18th October 2018) to award contracts required to implement the recommendations set out in that report. Members were also informed of the intention to enter into these contracts by a report to the January 2020 Housing Committee.

1.75 However, although these waivers were properly documented and authorised the use of waiver processes does not provide the same level of transparency and assurance over the delivery of value for money as a competitive tendering exercise would have done. The service has agreed an action to ensure that any additional procurements are planned in such a way to avoid the use of waivers. New procurements will be scheduled to replace the existing waiver arrangements as soon as existing contracts allow.

1.76 The audit also found that a number of important contracts have still not yet been signed with the key supplier, six months into the service. Although heads of terms have been agreed, this places the council in a weak position if there was any dispute.

1.77 Due to COVID 19, the council has so far been delivering a limited repair service and many staff were furloughed. At the time of the audit, there was no formal plan in place for returning the service to its normal output and to tackle the backlog of repairs that has been building up since April 1st, 2020. An update report, including on issues with current COVID 19 related performance issues was shared with Housing Committee on 16 September 2020.

1.78 At the time of the transfer in April 2020, many of the contracts with subcontractors, using the Mears supply chain, had not been agreed, which meant that specialist repair jobs could not be assigned. Although progress has been made our audit found that the council has not yet contracted with enough subcontractors to meet the needs of the service. Additional procurements are in progress to address this shortfall.

1.79 We also found that many key business processes had not been mapped. In addition, the service has not determined how the costs of individual jobs will be monitored - although some job costing information is being collated within the MCM system.

1.80 Quality controls are not yet fully in place for this service and post work inspections have been suspended due to COVID 19.

1.81 There is a risk that disrepair claims are likely to increase due to changes in legislation. The delay to repairs due to COVID 19 may also increase volumes of complaints and claims.

1.82 Service Management has identified that it requires additional resources to deliver a full service and tackle the backlog of repairs. There were vacancies at the time of transfer in April (2020) but some agency staff have been recruited to fill these posts. There are also likely to be further costs due to the harmonisation of terms and conditions for transferred staff. This will put additional financial pressure on the budget for 2020-21. It is likely that these will be partly offset by the delay in full-service provision due to COVID 19, with the full financial impact not seen until 2021-22.

1.83 The Internal Audit report includes eight high priority actions for improvement. All of these actions have now been agreed with management. In addition to the above, there were a number of issues where we have agreed medium priority actions for improvement with the service.

1.84 Given the updated opinion of partial assurance, a further follow audit will be carried out by Internal Audit in due course to confirm sufficient improvement has been made.

#### **DFE Laptop Scheme – No specific opinion**

1.85 Brighton and Hove City Council were given an initial allocation of circa 1,100 devices to allocate to children with social workers and care leavers who did not have access to a device, to enable social workers to keep in contact and to support learning whilst educational institutions were closed due to the ongoing Covid 19 pandemic.

1.86 As part of our work, we reviewed controls in relation to the following key areas:

- Ownership;
- Password Management;
- Security;
- Internet monitoring;
- Delivery;
- Support;
- Asset Management;



- Information Governance and Technical Risk Assessments;
- Asset tracking (and wiping in the event that assets are lost or stolen).

1.87 We found that IT&D had a well-managed project in place to manage the set-up and allocation of devices, working on behalf of, and with, Children’s Services. Some minor improvements to controls were agreed with the project team.

## 2. Proactive Counter Fraud Work

2.1 Internal Audit deliver both reactive and proactive counter fraud services across the Orbis partnership. Work to date has focussed on the following areas:

### National Fraud Initiative Exercise

2.2 The results from this exercise were received on 31 January 2019 and continue to be reviewed. This exercise identified total overpayments of £61,304.21. The overpayments were identified across several areas, including £10,126.76 from Housing Benefit Claimants to Student Loans, £7,307.66 from Housing Benefit Claimants to Payroll, £42,519.14 from Private Residential Care Homes to DWP Deceased data and £1,350.65 from duplicate Council Tax Reduction claims between local authorities. A one-off exercise matching council tax to electoral roll records has also conducted. The results of this exercise continue to be processed but so far £4,601.58 in Council Tax discounts have been identified. Internal Audit are currently working with the appropriate departments to ensure that the relevant datasets are uploaded for the next exercise. The results from the exercise are due on 31 January 2021.

### Counter Fraud Policies

2.3 Each Orbis partner has in place a Counter Fraud Strategy that sets out their commitment to preventing, detecting and deterring fraud. Internal Audit have reviewed the sovereign strategies to align with best practice and to ensure a robust and consistent approach to tackling fraud. These were approved by Audit Committee on 10 March 2020 and are now available on the intranet.

### Fraud Risk Assessments

2.4 Fraud risk assessments have been consolidated and are regularly reviewed to ensure that the current fraud threat for the Council has been considered and appropriate mitigating actions identified. We have updated the risk assessment to include new and emerging threats as a result of the Covid-19 pandemic. This includes potential threats to payroll, staff frauds relating to home working and cyber frauds

## **Fraud Response Plans**

2.5 The Fraud Response Plans take into consideration the results of the fraud risk assessments and emerging trends across the public sector in order to provide a proactive counter fraud programme. The fraud response plans include an emphasis on data analytic and during quarter 1, we have conducted data analytics exercises on use of Council procurement cards. We have also developed a data analytics programme for key financial systems and this work will commence in quarter 2..

## **Fraud Awareness**

2.6 The team continue to monitor national intelligence alerts and have produced a Fraud Bulletin identifying potential threats against the Council and its employees. This includes increased risks of bank mandate fraud, cyber threats including various phishing scams and online shopping scams. The bulletin is published on the Council's intranet.

## **Reactive Counter Fraud Work - Summary of Completed Investigations**

### **COVID19 Business Grants**

2.7 Internal Audit have been providing the Business Rates Team with advice and support when administering applications for the Small Business Grant and the Retail, Hospitality and Leisure Grant Fund. This has included 15 investigations of alleged false application for the grant. Our investigations have resulted in the recovery of £10,000 that had been wrongfully paid out as well as the prevention of payment of several other grants.

### **Employee Fraud**

2.8 The team investigated an allegation that a member of staff had ordered goods for private use on a Corporate Amazon account and then attempted to conceal the theft by deleting and falsifying records. The investigation uncovered goods to the value of £3908 had been purchased by the member of staff. The full value of the loss has been recovered and the employee subsequently resigned before a disciplinary hearing took place.

### **Declaration of Interest**

2.9 Following the HR team raising a concern relating to a declaration of interest submission, Internal Audit undertook an investigation into a member of staff who had a financial interest in an external

business that was frequently engaged to carry out work for the Council. The investigation concluded that there was no misconduct by the member of staff, but that there was a potential conflict of interest that needed to be effectively managed. The declaration of interest has since been reviewed and management controls implemented by the member of staff's line manager.

### **Adult Social Care**

2.10 Advice and support continues to be provided to Adult Social Care on individual cases where concerns have been expressed over false applications, the potential deprivation of capital and the misuse direct payments.

### **Mandate Fraud**

2.11 Internal Audit provided advice to a service following concerns being raised over a potential bank mandate fraud by a PPE provider. The service later advised that there was no case to answer.

### **Parking Permit Fraud**

2.12 Following referrals from the Council's Parking Department, Internal Audit have undertaken five investigations into alleged fraudulent applications for residents parking permit. The investigations have resulted in four permits being either stopped or cancelled.

### **Housing Tenancy & Local Taxation**

2.13 In addition to the above, a key focus area remains housing tenancy fraud and Local Taxation. Whilst our team's resources have been impacted Covid-19 and the redeployment of staff, the following progress has been made:

- Tenancy fraud identified in 3 cases resulting in 2 properties returned to the council;
- £1,386.84 in housing benefit overpayment has been identified;
- £9,984.65 in Council Tax Reduction overpayment has been identified;
- Single person discount to the value of £2,715.97 has been removed from council tax accounts.

## **3. Action Tracking**

3.1 All high priority actions agreed with management as part of individual audit reviews are subject to action tracking. As at the end of quarter 1, 96% of high priority actions due had been implemented.

3.2 As at the end of June 2020, there were two high priority actions which were overdue. Details of these are provided below, together with a revised deadline for implementation.

Details of Audit, Risk and Action	Dir.	Due date	Revised date	Progress and comments
<p><u>HASC Temporary Accommodation</u></p> <p>Two providers were used to spot purchase places when general needs temporary accommodation is unavailable (i.e. if an individual is evicted/barred from general needs accommodation). Use of these providers has resulted in high levels of spend which is not in line with corporate procurement processes.</p>	HASC	30/4/20	31/12/20	Through the analysis of the temporary accommodation service it was identified that a Dynamic Purchasing System DPS to enable the procurement of call off contracts for short term and emergency managed temporary accommodation for homeless households was appropriate. This recommendation was presented to Policy & Resources committee on 13 November 2019 and was approved. Due to COVID-19 the project has unfortunately been placed on hold by the client area.
<p><b>Housing Local Delivery Vehicle (Follow-up)</b></p> <p><u>Funding Gap.</u> The terms of the original funding agreement with Seaside Homes included a guaranteed rent payment which is no longer affordable over the last five years the Local Housing Allowance rate (which is the maximum rent the council can charge its tenants to match the housing benefit) has remained static.</p> <p>This has meant a growing and significant financial gap between what the council receives in rent</p>	NCH	30/9/19	31/12/20	<p>This is a complex issue which has not yet been resolved. The Executive Director (F&amp;R) and the former and Acting Director (NCH) have held meetings during 2019 and options are being considered to manage the financial gap.</p> <p>If this issue is not addressed, it will result in a substantial cumulative deficit which cannot be funded from future rents.</p>

Details of Audit, Risk and Action	Dir.	Due date	Revised date	Progress and comments
and what it pays to Seaside Homes.  The Executive Director agreed to work with Seaside Homes to discuss and agree a constructive way forward.				

#### 4. Amendments to the Audit Plan

4.1 During Quarter 1 the delivery of the majority of the 2020/21 audit plan was suspended to focus on supporting the council in its response to the Covid-19 pandemic. Information about this response is included at the beginning of this report and a separate report on this agenda details a revised audit plan.

#### 5 Internal Audit Performance

5.1 In addition to the annual assessment of internal audit effectiveness against Public Sector Internal Audit Standards (PSIAS), the performance of the service is monitored on an ongoing basis against a set of agreed key performance indicators as set out in the following table:

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	<b>G</b>	Approved by Audit Committee on 10 March 2020
	Annual Audit Report and Opinion	By end July	<b>G</b>	2019/20 Annual Report and Opinion approved by Audit Committee on 21 July 2020
	Customer Satisfaction Levels	90% satisfied	<b>G</b>	100% as at the end of quarter 1
Productivity and Process Efficiency	Audit Plan – completion to draft report stage		<b>N/A</b>	Audit plan suspended for first 5 months of 2020/21
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	<b>G</b>	January 2018 – External assessment by the South West Audit Partnership gave an opinion

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
				of 'Generally Conforms' – the highest of three possible rankings
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	<b>G</b>	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	<b>A</b>	96% at end of quarter 1.
Our staff	Professionally Qualified/Accredited	80%	<b>G</b>	92%

## Audit Opinions and Definitions

Opinion	Definition
<b>Substantial Assurance</b>	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Reasonable Assurance</b>	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Partial Assurance</b>	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.
<b>Minimal Assurance</b>	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.





<b>Subject:</b>	<b>Revised Internal Audit Plan 2020/21</b>		
<b>Date of Meeting:</b>	<b>27 October 2020</b>		
<b>Report of:</b>	<b>Acting Executive Director Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Mark Dallen (Audit Manager)</b>		
<b>Name:</b>	<b>Russell Banks (Chief Internal Auditor)</b>	<b>Tel:</b>	<b>01273 291314 07824 362739</b>
<b>Email:</b>	<a href="mailto:mark.dallen@brighton-hove.gov.uk">mark.dallen@brighton-hove.gov.uk</a> <a href="mailto:russell.banks@eastsussex.gov.uk">russell.banks@eastsussex.gov.uk</a>		
<b>Ward(s) affected:</b>	<b>All</b>		

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

- 1.1 As a result of the Covid-19 pandemic the majority of our planned work during quarter 1 of 2020/21 was put on hold and audit resources were redeployed to support the wider organisation.
- 1.2 The service has now completed a process of re-prioritising audit work for the remainder the 2020/21 financial year and Members are asked to review the revised draft of the Internal Audit Plan for 2020/21.

**2. RECOMMENDATIONS:**

- 2.1 That the Revised Internal Audit Annual Audit Plan for 2020/21 is approved.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 As a result of the Covid-19 pandemic the majority of our planned work during quarter 1 was put on hold and audit resources were redeployed to support the wider organisation.
- 3.2 A Revised Audit Plan has been put together for the period 1 September 2020 to 31 March 2021. A copy of this document is attached as Appendix 1.
- 3.3 The development of a revised annual plan again involved consultation with key stakeholders and other processes as discussed in the attached document. The plan comprises 900 days.

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

- 4.1 The revised 2020/21 audit plan will be again be delivered in partnership with our colleagues from East Sussex County Council and Surrey County Council as part of Orbis Internal Audit. The service will be delivered predominantly by a

sovereign team of staff based at Brighton & Hove City Council supplemented by two specialist teams (ICT and Corporate Fraud) who will undertake audit work across the Orbis partnership. There are also resources in place to allow the delivery external IT and other specialist audits if required.

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

5.1 None.

## **6. CONCLUSION**

6.1 The Committee is asked to note the report.

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

### Financial Implications:

7.1 It is expected that the revised 2020/21 Internal Audit plan will be delivered within the proposed budgetary resources. The plan and action taken in line with recommendations from audits support the robustness and resilience of the council's practices and procedures and support the council's overall financial position.

*Finance Officer Consulted: James Hengeveld*

*Date: 24/09/20*

### Legal Implications:

7.2 This report sets out the council's plan for conforming with Regulation 5 of the Accounts and Audit Regulations 2015 which requires the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes.' It is within the delegated authority of the Audit and Standards Committee to approve the Plan.

*Lawyer Consulted: Victoria Simpson*

*Date: 23/9/20*

### Equalities Implications:

7.3 There are no direct equalities implications.

### Sustainability Implications:

7.4 There are no direct sustainability implications.

### Brexit Implications:

7.5 There are no direct Brexit implications.

### Any Other Significant Implications:

7.6 None

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Revised Internal Audit Plan 2020/21.

### **Background Documents:**

1. Internal Audit Strategy and Annual Audit Plan 2020/21.



# Revised Internal Audit Annual Plan 2020-2021

## 1. Introduction

1.1 Unsurprisingly, like all Council services, the Coronavirus pandemic has had a significant impact on Internal Audit, including the way in which our staff work, the nature of the work we are able to carry out and the extent to which we are able to deliver our planned audit activities.

1.2 As explained in previous update reports to this committee, the decision was taken at the outset of the pandemic to effectively suspend all 2020/21 planned audit activities in order to avoid interfering with the organisation's response to the pandemic and also to enable us to refocus our efforts on providing advice and support to services over the control environment, especially where significant changes to working practices have been required. In addition to this, a number of staff from across Orbis Internal Audit were also redeployed to other front-line teams to assist with their own response to the pandemic.

1.3 Now that much of this work has been completed and most staff have returned from redeployment, it has been necessary to revise the original audit plan in order to reflect the new risk environment and the reduced period of coverage. The purpose of this report is therefore to present to management and the committee the revised plan for 2020/21, covering the period from September 2020 to March 2021. Full details of the revised Internal Audit plan are provided in Section 5 of this report.

## 2. Process for amending the plan

2.1 The update to the plan has followed a similar (but reduced) process as that used to produce the original 2020/21 Internal Audit Plan, including management's assessment of risk and our own risk assessment of the Council's major systems and other auditable areas. It has involved consultation with a range of stakeholders, the re-review of risk registers and external guidance, comparison with other authorities' and our knowledge of the impact of Covid 19 on this organisation and the delivery of its services.

2.2 Despite the extent of changes that have been made to our audit coverage in 2020/21, it is anticipated that, taking into account the Covid 19 reactive work carried out in the first part of the year and delivery of the revised plan set out below, sufficient work will still have been completed to enable the Chief Internal Auditor to provide an overall annual internal audit opinion for the organisation covering 2020/21. Periodic update reports on progress and performance of the service will continue to be provided to management and the Audit and Standards Committee.

## 3. Deletions from the original audit plan

3.1 The table below details the proposed deletions from this year's Internal Audit Plan. Only one key financial system has been deleted. This is the audit of Housing Benefits which will be scheduled for quarter 1 of 2021/22. The prioritisation of the other audits in this list will be considered as part of the audit planning process for 2021/22.

Directorate	Audit Title
EEC	Parking Enforcement
EEC	Section 106 (Planning)
F&R	Capital Programme
F&R	Housing & Council Tax Benefits
FCL	Apprenticeship Levy
FCL	Special Education Needs
HASC	Residential Care for the Elderly
HASC	Payments to GPs and Pharmacies
HNC	Housing Local Delivery Vehicle (Follow-up)
IT&D	Orbis ICT Cross-authority Working Arrangements
IT&D	IT&D Major Projects
IT&D	GCSX Replacement
IT&D	Departmental IT Teams
IT&D	End Users and Senior Stakeholder Behaviour
IT&D	Data Sharing Arrangements (with other Authorities and Health Partners)

#### 4. Additions to the Original Audit Plan

4.1 The following audits have been added to the revised Internal Audit Plan for 2020/21. These include a number of reviews that have a direct focus on the Covid 19 pressures faced by the Council, and/or the Council's response to managing the impact of the pandemic.

4.2 A narrative description of each of the audits is contained under paragraph 5 of this report.

Directorate	Audit Title
EEC	City Clean - Commercial Waste (Follow-up)
F&R	Covid 19 System Changes
FCL	Home to School Transport (COVID 19) Grant
FCL	School Attendance
FCL	Children's Assessments - EHCP's
HASC	Better Lives, Stronger Communities Programme
HASC	Health and Social Care Integration (Strategic Risk 20)
HASC	Direct Payments (Follow-up)
IT & Digital	Cyber Security during COVID
IT & Digital	Information Governance (Remote Working)
IT & Digital	IT Asset Management During COVID
IT & Digital	Housing Management System implementation

#### 5. Counter Fraud

5.1 The Counter Fraud Team has continued to operate during the whole of 2020/21 but with significant restrictions on some areas of activity e.g. the investigation of housing tenancy fraud.

5.2 This service will continue throughout the remainder of 2020/21 with contingencies in place to ensure the delivery of both an effective reactive and proactive counter fraud service.

5.3 In addition, Internal Audit will promote an anti-fraud and corruption culture within the Council to aid the prevention and detection of fraud. Through the work of the Counter Fraud Team, Internal Audit will maintain a fraud risk assessment and deliver a programme of proactive and reactive counter fraud services to help ensure that the Council continues to protect its services from fraud loss. This includes leading on the National Fraud Initiative data matching exercise on behalf of the Council.

## 6. Revised Internal Audit Plan 2020/21

6.1 The table below details the full list of audits to be delivered as part of the revised 2020/21 Internal Audit Plan.

Review Name	Outline Objective
<b>Finance and Resources</b>	
Working Time Directive (Follow-up)	A follow-up on a partial assurance 2019/20 report, including providing assurance that effective monitoring arrangements are in place, opt-out agreements are being signed and that managers and staff are aware of their statutory obligations.
Recruitment	An audit of the Council's recruitment arrangements. To provide assurance that all recruitments comply with approved procedures and that controls mean that appropriate evidence of identity and competency is obtained to support all decisions made.
Payroll	To review controls in relation to the staff payment system, including those relating to starters, leavers, temporary and permanent payments, variations of pay, and pre-employment checks.
Debtors	To review the processes and key controls relating to the accounts receivable system, including those in place for ensuring the accuracy of customer details, completeness, accuracy and timeliness of invoicing, recording and matching payments to invoices, and debt recovery.
Creditors	To review the processes and key controls relating to the accounts payable system, including those in place for ensuring the accuracy of vendor details, the processing of invoices, goods receipting and promptness of payments.
Council Tax	To provide assurance that controls over council tax collection are effective, including billing, collection, recovery and the award of discounts.
Business Rates (Amended)	That controls over business rate collection are effective including billing, collection, recovery and reliefs. Additional assurance work will be carried out on Covid Business Grant awards.



<b>Review Name</b>	<b>Outline Objective</b>
Budget Management	A review of the Council's budget management arrangements, to include an assessment of the extent to which planned savings are being delivered.
Covid 19 System Changes (New)	To revisit changes to processes and systems that were made in response to Covid-19 to ascertain whether these remain appropriate and, if so, are adequately controlled.
<b>Families, Children and Learning</b>	
Schools Audits	Allocation to include a sample of individual schools, general advice and the communication of guidance and best practice to schools.
EU Grant- Providing Access to Childcare and Employment (PACE)	To provide financial scrutiny and certification of the grant in accordance with the EU First Level Controller requirements.
Home to School Transport (COVID 19) Grant (New)	To check and certify the grant in accordance with the requirements of the Department for Transport.
School Attendance (New)	To review the council's arrangements to ensure that school attendance is effectively managed and monitored across the city during the Covid pandemic.
Children's Assessments - EHCP's (New)	To review the assessment process for education, health and care packages for young people. To include examining the timeframes for assessment and review.
<b>Health and Adult Social Care</b>	
Hospital Discharge Arrangements	An audit to review governance and accountability arrangements between organisations and teams for discharge planning.
Home Care Follow-up	A follow-up on the 2019/20 Minimal Assurance report on this service. To provide assurance that actions relating to the recording of visits and payments to service providers have been implemented.
Better Lives, Stronger Communities Programme (New)	To review the Better Lives, Stronger Communities Programme. To provide a assurance on the programme management arrangements .
Health and Social Care Integration (Strategic Risk 20) (New)	A review of Strategic Risk 20. The risk reads, "Failure to achieve Health and Social Care outcomes due to organisational and resource pressures on the CCG and BHCC. The audit will review the management of this risk and the documented mitigations put in place.
Direct Payments (Follow-up) (New)	A follow-up on the 2019/20 audit review of Direct Payments which concluded Partial Assurance.
<b>Environment, Economy and Culture</b>	
City Clean (Follow-up)	To follow-up on actions arising from Internal Audit work and investigations within this service in 2019/20.

<b>Review Name</b>	<b>Outline Objective</b>
EU Grant - Shaping Climate change Adaptive PlacEs (SCAPE)	To provide financial scrutiny and certification of the grant in accordance with the EU First Level Controller requirements.
EU Interreg Grant- Brighton Cultural Heritage Tourism	To provide financial scrutiny and certification of the grant in accordance with the EU First Level Controller requirements.
Transport Capital Grants	To check and certify the grant in accordance with the requirements of the Department for Transport.
City Clean - Commercial Waste (Follow-up) – (New)	To follow-up on actions agreed that arose from an Internal Audit review in 2017/18.
<b>Neighbourhoods, Communities and Housing</b>	
Housing Temporary Accommodation	A follow-up on the 2019/20 audit of Housing Temporary Accommodation. To focus on budget management and debt collection.
Housing Repairs Contract	To provide advice and assurance over the arrangements to bring the housing repairs service in house.
EU Grant - Solar Adoption Rise in the Two Seas (Solarise)	To provide financial scrutiny and certification of the grant in accordance with the EU First Level Controller requirements.
EU Grant - Sustainable Housing Initiatives in Excluded Neighbourhoods (SHINE)	To provide financial scrutiny and certification of the grant in accordance with the EU First Level Controller requirements.
Housing and Right to Buy Fraud	The investigation and prevention of HRA housing fraud, including illegal subletting and the prevention of Right to Buy irregularities.
<b>IT and Information Governance Audits</b>	
Care System Implementation - ECLIPSE	An audit of the controls over the implementation of the ECLIPSE care system.
MCM Housing Repairs Application	To enable a smooth transition to an in-house Housing repairs, service the Council has opted to use the Mears MCM works management system for a period of two years. This audit will review major input, processing and output controls and will review the controls in place to interface with the payment system and general ledger.
Cyber Security during COVID (New)	This review will ensure that cyber security controls that are in place remain appropriate and continue to function as expected in this period.
Information Governance (Remote Working) (New)	The audit will review the controls in place to ensure information governance arrangements are in place when staff are working remotely. The audit will include review of the controls over printing, confidentiality of data, use of communication and 3rd party 'cloud'

<b>Review Name</b>	<b>Outline Objective</b>
	tools. We will also ensure there are sufficient arrangements to undertake the investigation and reporting of Data Breaches (remotely).
IT Asset Management during COVID (New)	This review will evaluate the effectiveness of the controls in place to support effective ICT asset management to support remote working arrangements.
Housing Management System implementation (New)	Project review of the implementation on the new Housing Management System.
GDPR Follow-up	This audit will follow-up the previous GDPR audit to ensure actions have been implemented as agreed and to identify any further work required to comply with the requirements of the GDPR.
Children's Safeguarding Data Handling	Social workers/safeguarding teams often use video to record interviews and other interactions with children. This audit will seek to ensure there is an appropriate Data Protection Impact Assessment (DPIA) in place and being complied with, appropriate permissions are sought, and data is encrypted in transit and deleted as appropriate.
<b>Internal Audit Service Management and Delivery</b>	
Action Tracking	Ongoing action tracking and reporting of agreed, high risk actions.
Annual Internal Audit Report and Opinion	Creation of Annual Report and Opinion.
Audit and Fraud Management	Overall management of all audit and counter fraud activity, including work allocation, work scheduling and Orbis Audit Manager meetings.
Audit and Fraud Reporting	Production of periodic reports to management and Audit Committee covering results of all audit and anti-fraud activity.
Audit Committee and other Member Support	Ongoing liaison with Members on internal audit matters and attending Audit Committee meetings and associated pre-meetings.
Client Service Liaison	Liaison with clients and departmental management teams throughout the year.
Client Support and Advice	Ad hoc advice, guidance and support on risk, internal control and governance matters provided to clients and services throughout the year.
Orbis IA Developments	Audit and corporate fraud service developments, including quality improvement and ensuring compliance with Public Sector Internal Audit Standards.
Organisational Management Support	Attendance and ongoing support to organisational management meetings, e.g. Orbis Customer Board, Information Governance Board, Orbis Customer Board, Corporate Health and Safety meetings.
Strategy and Annual Audit Planning	Development and production of the Internal Audit Strategy and Annual Audit Plan, including consultation with management and Members.
System Development and Administration	Development and administration of Audit and Fraud Management systems.



<b>Subject:</b>	<b>Orbis Internal Audit Staffing and Resources</b>		
<b>Date of Meeting:</b>	<b>27 October 2020</b>		
<b>Report of:</b>	<b>Executive Director of Finance and Resources</b>		
<b>Contact Officer:</b>	<b>Mark Dallen (Audit Manager)</b>		
<b>Name:</b>	<b>Russell Banks (Chief Internal Auditor)</b>	<b>Tel:</b>	<b>01273 291314 07824 362739</b>
<b>Email:</b>	<a href="mailto:mark.dallen@brighton-hove.gov.uk">mark.dallen@brighton-hove.gov.uk</a> <a href="mailto:russell.banks@eastsussex.gov.uk">russell.banks@eastsussex.gov.uk</a>		
<b>Ward(s) affected:</b>	<b>All</b>		

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

- 1.1 The purpose of this report is to update the Audit Committee on the staffing and resources position for the Orbis Internal Audit (Orbis IA) Service, including details of the qualifications held by staff within the service and the training and development arrangements for ensuring we continue to maintain the highest calibre personnel.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee note the report and in particular the latest position with regard to resourcing the Internal Audit service, including the professional qualifications held by our staff.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 Orbis IA was officially formed on 1 April 2018 out of the existing internal audit teams from East Sussex County Council (ESCC), Surrey County Council (SCC) and Brighton & Hove City Council (BHCC), along with a small number of staff from Horsham District Council (HDC). These HDC staff joined via TUPE transfer following a new agreement for Orbis to provide internal audit services to HDC under an initial 5-year contract. Other existing external income generating clients for Orbis IA include East Sussex Fire Authority, Elmbridge Borough Council and the South Downs National Park Authority.
- 3.2 At the time of establishing Orbis IA, a new organisational structure was implemented with the intention of continuing to provide high quality, localised services to our partner and client organisations, whilst also developing specialist teams in the areas of ICT Audit and Counter Fraud, who provide these services across all partners and clients. Maintaining such specialisms within smaller individual teams prior to integration had become unsustainable, resulting in the increased costs associated with buying in services from external providers. A

copy of the current Orbis IA structure chart is attached to this report as Appendix 1, a structure that, at the time it went live, delivered significant financial savings to the Orbis partner authorities.

- 3.3 Given that ultimately all staff, regardless of where they are positioned within the structure, are willing and able to operate across all partners and clients, we are able to maximise the substantial knowledge, skills and experience available throughout the service for the benefit of all clients. This, along with the creation of specialist teams and the increased resilience offered by a much larger team, represents one of the fundamental benefits of Orbis IA.
- 3.4 Some ongoing challenges have, however, been faced historically by the service associated with recruiting suitable skilled and experienced staff, especially at the Senior/Principal Auditor levels. For this reason, we have in the past supplemented our own internal resources with external contractors, often resulting in higher costs. In order to help address this issue, we have recently successfully appointed five new staff at entry level, with a focus on training and development to effectively 'grow our own'. Where necessary, this includes support for appropriate professional development, including utilising apprenticeship schemes.
- 3.5 The table below summarises the professional qualifications currently held by staff across Orbis IA. As can be seen, there is a clear mix of different qualifications enabling our clients the ability to draw upon the wide range of knowledge, skills and experience available.

<b>Qualification</b>	<b>No. of Staff</b>
Chartered Institute of Internal Auditors (CMIIA)	6
Chartered Institute of Public Finance and Accountancy (CIPFA)	5
Chartered Institute of Management Accounts (CIMA)	1
Institute of Internal Auditors – Practitioner/Certified (PIIA/CIA)	3
Association of Accounting Technicians (AAT)	5
Certificate in Internal Audit and Business Risk (IACert)	2
Accredited Counter Fraud Specialist (ACFS)	3
Institute of Revenues, Rating and Valuation (IRRV)	2
<b>Staff in Professional Training</b>	
Institute of Internal Auditors – Practitioner/Certified (PIIA/CIA)	3
Not Yet Qualified or In Training	4
<b>Total</b>	<b>34</b>

**NOTE:** In many cases, staff in the team hold more than one qualification or are studying for additional qualifications over and above those currently held.

- 3.6 Finally, at the time of drafting this report, a recruitment process for two vacant Principal Auditor posts had just been completed and it is pleasing to report that in both cases, external appointments have been made (subject to references and

appropriate pre-employment checks). Once these new staff are in post, we will have no further vacancies with the service, something we have not achieved for some considerable time

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

- 4.1 The Internal Audit Service is delivered in partnership with our colleagues from East Sussex County Council and Surrey County Council as part of Orbis Internal Audit. The service is delivered predominantly by a sovereign team of staff based at Brighton & Hove City Council supplemented by two specialist teams (ICT and Corporate Fraud) who will undertake audit work across the Orbis partnership. There are also resources in place to allow the delivery external IT and other specialist audits if required.

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

- 5.1 None.

#### **6. CONCLUSION**

- 6.1 The Committee is asked to note the report.

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

##### Financial Implications:

- 7.1 There are no direct financial implications arising from the recommendation of this report. The successful recruitment referred to in the report is within the existing budgets set for Orbis Internal Audit and does not amend the Council's contribution to Orbis.

*Finance Officer Consulted: James Hengeveld*

*Date: 15/10/20*

##### Legal Implications:

- 7.2 The council is subject to a requirement to maintain an adequate and effective system of internal audit of their records and control systems. This must evaluate the effectiveness of the authority's risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The council's internal audit function discharges these legal requirements as well as the additional requirements that the council undertake annual reviews of the effectiveness of its control systems and prepare an annual governance statement.

*Lawyer Consulted: Victoria Simpson*

*Date: 23/9/20*

##### Equalities Implications:

- 7.3 There are no direct equalities implications.

Sustainability Implications:

7.4 There are no direct sustainability implications.

Brexit Implications:

7.5 There are no direct Brexit implications.

Any Other Significant Implications:

7.6 None

**SUPPORTING DOCUMENTATION**

**Appendices:**

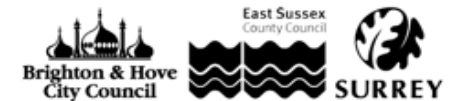
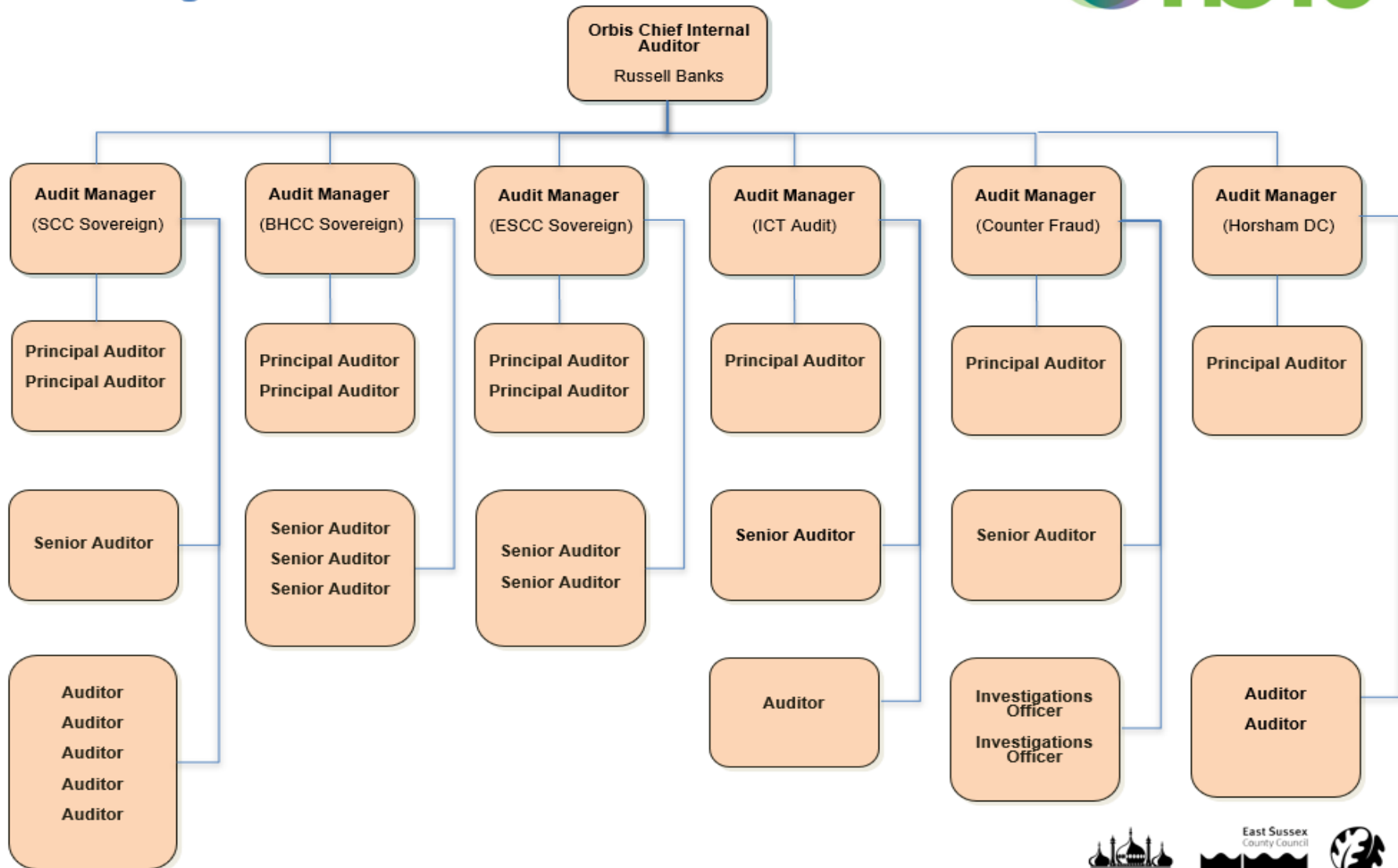
1. Orbis Internal Audit Integrated Structure.

**Background Documents:**

1. Internal Audit Strategy and Annual Audit Plan 2020/21.



# Orbis Internal Audit Integrated Structure





<b>Subject:</b>	<b>Formal approval for the Annual Governance Statement 2019 – 2020</b>		
<b>Date of Meeting:</b>	<b>27 October 2020</b>		
<b>Report of:</b>	<b>Executive Lead Officer, Strategy, Governance &amp; Law</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jackie Algar</b>	<b>Tel: 01273 291273</b>
	<b>Email:</b>	<b>Jackie.algar@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

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

- 1.1 This report is submitted to formally approve the Annual Governance Statement (AGS).
- 1.2 The responsibilities of the Audit & Standards Committee in the Council's Constitution are to:
  - (a) Conduct a review of the effectiveness of the system of internal control required by regulation 3; and
  - (b) Prepare an AGS.
- 1.3 The Committee review the internal control arrangements within Brighton & Hove City Council at each of its quarterly meetings; and on 21 July 2020 considered and made comments on the AGS which are included in Appendix 1.
- 1.4 The comments made the Committee in July were addressed and the subsequent draft was signed by the Leader and the Chief Executive. Legal advice recommends it is formally approved at this meeting although it was discussed in full at the Audit & Standards' Committee meeting on 15 July 2020.

**2. RECOMMENDATIONS:**

- 2.1 That the Audit & Standards Committee formally approve the AGS at Appendix 1.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The timetable for the production of the annual accounts was changed from July to November 2020 as a result of Covid-19 and the AGS arrangements were delivered on the existing timetable however the Committee are asked to formally approve the AGS.

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

- 4.1 Through consultation with Legal Services and the Acting Deputy Chief Finance Officer it is considered that the AGS will need approval.
- 4.2 The recommendations of the AGS approval report will in future explicitly request that the Audit & Standards Committee approve the AGS.

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

- 5.1 This is an internal matter in order to comply with legislation and as such no engagement or consultation has been undertaken in this regard.

#### **6. CONCLUSION**

- 6.1 The council must ensure that it meets its responsibilities under the law which requires the relevant committee to formally approve the AGS.

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

##### Financial Implications:

- 7.1 Sound corporate governance and proper systems of internal control are essential to the financial health and reputation of the council. The resources required to implement the actions outlined to strengthen the governance arrangements are provided for in the agreed 2020/21 budget and will inform the preparation of the 2021/22 budget. The council's response to the Covid 19 pandemic has tested the governance arrangements; the council has adapted its decision making through additional committee and sub-committee meetings and the reporting of the use of emergency powers to ensure proper oversight is maintained. The lessons learned from this exceptional event will be used to inform recommendations for governance going forward. The government has also extended the deadline for publishing the 2019/20 Statement of Accounts to the 30<sup>th</sup> November 2020.

*Finance Officer Consulted: James Hengeveld*

*Date: 19/10/2020*

##### Legal Implications:

- 7.2 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 Regulation 2015 further requires 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. Regulation 6 also requires the council to approve the annual governance statement by resolution of the council, or of the Committee charged with audit functions. Under the council's constitution, the Audit & Standards Committee is responsible for approving the Annual Governance Statement. The recommendation at paragraph 2.1 if agreed will satisfy the legislative requirement.

Equalities Implications:

- 7.3 The Annual Governance Statement is informed by consideration of Equalities, a corporate requirement, in the council's Performance Management Framework including risk management. There is an expectation that the Performance Management Framework will be used to evidence how service improvements are being made which have the aim of reducing inequalities.

Sustainability Implications:

- 7.4 No direct implications however sustainability will be improved through good governance arrangements.

Brexit Implications:

- 7.5 There are no direct Brexit implications arising from this report.

Any Other Significant Implications:

- 7.6 There are no further significant implications arising from this report.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Annual Governance Statement 2019 – 2020.

### **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.

*Explanations of acronyms used in Background documents:*

*CIPFA is the Chartered Institute of Public Finance Accountancy;*

*IFAC is the International Federation of Accountants;*

*SOLACE is the Society of Local Authority Chief Executives and Senior Managers.*



# Annual Governance Statement 2019/2020

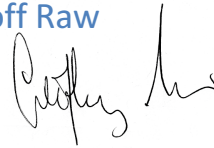
signed by:

Leader of Brighton & Hove City Council,  
Councillor Phelim MacCafferty

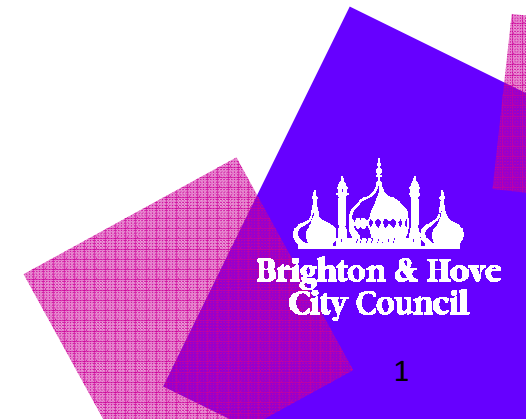


Date: 09 September 2020

and, Chief Executive Officer,  
Geoff Raw



Date: 09 September 2020



# Why we have prepared this Annual Governance Statement (AGS) 2019-20

- 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 2019-20 and help us take further actions to improve governance for delivery in 2020-21



# 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

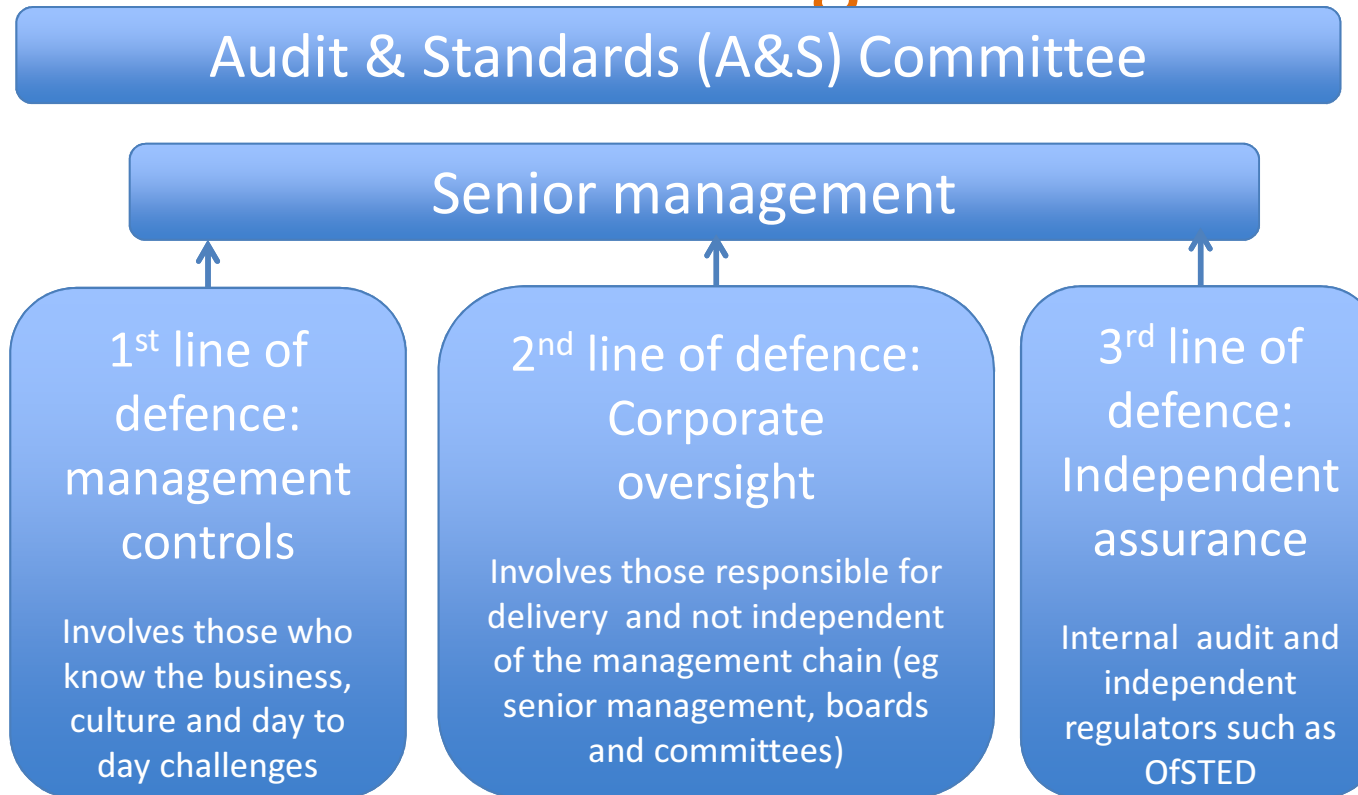
- does the right things
- in the right way
- for the right people

# 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 get assurance on Risk Management?



We use the 'three lines of defence model' to assess the effectiveness of how we manage risks we face as an organisation (this is referred to as Corporate Risk Assurance Framework or 'CRAF')

# 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 specific 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

## Performance Information as at November 2019

### Improvements:



Delivery of savings plan



Improved grip on Modernisation



Reduced escalation of complaints



Progress towards improving equalities for customers and staff

### Priority areas for focus:



Delivery within budget



Develop and embed Climate Change initiatives



Health & Safety governance



Customer experience and complaints response times



Support for and management of staff: completion of PDPs and 1-2-1s



Information governance compliance (GDPR, FOI, Subject Access Requests)

# Head of Internal Audit Opinion for 2019/20

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 2019 to 31 March 2020

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 continue to strengthen governance in 2020/21, page 1 of 3

What we will do

COMMITTEE and  
Lead Officer

1. Financial controls and efficiency & effectiveness of service delivery in Adult Social Care

HEALTH & WELLBEING  
BOARD  
Executive Director, Health  
& Adult Social Care

2. Financial management and ensure controls and risks are managed in key areas relating to Housing e.g. Temporary Accommodation (TA) and Housing Repairs

HOUSING COMMITTEE  
Executive Director, Housing,  
Neighbourhoods &  
Communities

# Further actions to continue to strengthen governance in 2020/21, page 2 of 3

What we will do

COMMITTEE and Lead Officer

3. Control environment and culture at City Clean

ENVIRONMENT,  
TRANSPORT &  
SUSTAINABILITY  
Executive Director,  
Economy, Environment  
and Culture

4. Relationships with Trade Unions

POLICY & RESOURCES  
COMMITTEE  
Executive Director  
Finance & Resources



# Further actions to continue to strengthen governance in 2020/21, page 3 of 3

What we will do

COMMITTEE and  
Lead Officer

5. Covid-19 recovery programme including learning from the challenges of service delivery during the pandemic and our business continuity arrangements

POLICY & RESOURCES  
(RECOVERY) SUB  
COMMITTEE  
Executive Director  
Economy, Environment &  
Culture

## 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

Independent Assurances 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
<p>SR13 Not keeping vulnerable adults safe from harm and abuse..</p>	<p><u>2019/20</u> This risk was last reviewed at A&amp;S Committee in September 2019.</p> <p>No specific Internal Audit work in <u>2019/20</u>.</p> <p>In <u>2016/17</u> this strategic risk was specifically reviewed concluding Reasonable Assurance.</p> <p>Care Quality Commission (CQC) Inspections on an on-going regular basis see council website re. inspection results: <a href="https://www.brighton-hove.gov.uk/content/social-care/getting-touch-and-how-were-doing/adult-social-care-inspection-reports-council">https://www.brighton-hove.gov.uk/content/social-care/getting-touch-and-how-were-doing/adult-social-care-inspection-reports-council</a></p>
<p>SR15 Not keeping children safe from harm and abuse</p>	<p><u>2019/20</u> This risk was reviewed at A&amp;S Committee in March 2020. No specific Internal Audit work in 2019/20.</p> <p>Ofsted inspection of BHCC social work arrangements in July 2018, the overall judgement was 'Good'.</p> <p>In February 2020 Ofsted undertook a focussed visit looking at services to children in need and children with child protection plans to check on progress following their 2018, they were pleased with BHCC's progress.</p>
<p>SR32 Sub-standard health &amp; safety measures lead to personal injury, prosecution, financial losses and reputational damage.</p>	<p><u>2019/20</u> The A&amp;S Committee reviewed this risk in September 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> <p>Health &amp; Safety Executive (HSE) interest in relation to a fatality in BHCC secondary school in August 2018, decision is pending on prosecution. In March 2019 the HSE indicated they would be issuing BHCC with an improvement notice in relation to its management of vibration risk. On 12th March 2019 the BHCC Coroner issued a 'Regulation 28: Report to prevent future deaths' to BHCC which outlined the Coroner's concerns, response made by CEO in May 2019.</p>

## Good Governance Principle B: Ensuring openness and comprehensive stakeholder engagements

Strategic Risk	Independent Assurances
<p>SR20 Failure to achieve health and social care outcomes due to organisational and resource pressures on the Clinical Commissioning Group (CCG) and Brighton &amp; Hove City Council (BHCC).</p>	<p><u>2019/20</u> The risk was reviewed at A&amp;S Committee in September 2019.</p> <p>Internal Audit work in <u>2019/20</u>. Joint Commissioning (Reasonable Assurance), Public Health (Reasonable Assurance).</p> <p>In <u>2016/17</u> Internal Audit work reviewing the Better Care Fund gave Limited Assurance. The audit on Public Health concluded Reasonable Assurance.</p> <p>2017 NHS England signed Better Care Plan, submitted Nov 2017 (approved with 2 conditions, addressed).</p>
<p>SR26 Not strengthening the council's relationship with citizens.</p>	<p><u>2019/20</u> The risk was reviewed at A&amp;S Committee in March 2020.</p> <p>The <u>2017/18</u> Internal Audit Plan included an audit of Public Consultations which concluded Reasonable Assurance.</p>
<p>SR37 Not effectively responding to COVID-19 in Brighton and Hove.</p>	<p>This is a new risk and the council will look for opportunities to obtain independent assurances as soon as possible.</p>

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

### Part 1 of 3

Strategic Risk	Independent Assurances
SR21 Unable to manage housing pressures and deliver new housing supply.	<p><u>2019/20</u> The risk was reviewed at A&amp;S Committee in March 2020. The Internal Audit reports Housing Allocations (Substantial Assurance), Temporary Accommodation (Partial Assurance).</p> <p>No specific Internal Audit work in <u>2018/19</u> and <u>2017/18</u>.</p>
SR23 Unable to develop and deliver an effective Regeneration and Investment Strategy for the Seafront and ensure effective maintenance of the seafront infrastructure.	<p><u>2019/20</u> The risk was reviewed at A&amp;S Committee in January 2020.</p> <p><u>2018/19</u> 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>

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

### Part 2 of 3

Strategic Risk	Independent Assurances
<p>SR29 Ineffective contract performance management leads to sub-optimal service outcomes, financial irregularity and losses, and reputational damage.</p>	<p><u>2019/20</u> The risk was reviewed at A&amp;S Committee in March 2020. The following audits were undertaken, Contract Collusion (Reasonable Assurance), Highways Contract (Partial Assurance – Draft), Agency Staff Contract (Partial Assurance).</p> <p>Internal audit reviews <u>2018/19</u> were Housing Management System procurement (Reasonable Assurance), Care Management System (Reasonable Assurance), Street Lighting Procurement (No specific 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>SR33 Not providing adequate housing and support for people with significant and complex needs.</p>	<p><u>2019/20</u> The risk was reviewed at A&amp;S Committee in September 2019. An audit of HASC Temporary Accommodation was undertaken (Reasonable Assurance).</p> <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 C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

### Part 3 of 3

Strategic Risk	Independent Assurances
<p>SR36 Not taking all actions required to address climate and ecological change, and making our city carbon neutral by 2030.</p>	<p><u>2019/20</u> The risk was reviewed at A&amp;S Committee in January 2020.</p> <p>Internal Audit acts as first level controller to support three EU funded projects part of whose remit is to address some of the challenges. These are EU Grant – Solarise, Shaping Climate change Adaptive Places (SCAPE) and Sustainable Housing Initiatives in Excluded Neighbourhoods (SHINE).</p> <p>There were no significant issues with the grant claims certified for these projects in the last 12 months.</p>

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

### Part 1 of 2

Strategic Risk	Independent Assurances
<p>SR18 The organisation is unable to deliver its functions in a modern, efficient way due to the lack of appropriate technology.</p>	<p><u>2019/20</u> Last reviewed at A&amp;S Committee in July 2019. Internal Audit of Mobile Device Management (Reasonable Assurance – Draft).</p> <p><u>2018/19</u> 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>SR30 Not fulfilling the expectations of residents, businesses, government and the wider community that Brighton &amp; Hove City Council will lead the city well and be stronger in an uncertain environment.</p>	<p><u>2019/20</u> Last reviewed at A&amp;S Committee in January 2020.</p> <p><u>2018/19</u> and <u>2017/18</u> No independent assurance work was carried out on this risk.</p>

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

### Part 2 of 2

Strategic Risk	Independent Assurances
SR35 Unable to manage serious risks and opportunities resulting from the impact of Brexit on the local and regional society and economy.	<u>2019/20</u> Last reviewed at A&S Committee in January 2020.
SR34 Ambitions to improve offer for staff which have been stated in our People Promise may not be realised.	<u>2019/20</u> This risk was identified in July 2019. <u>2018/19</u> 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>2019/20</u> This risk was last reviewed at A&amp;S Committee in July 2019. Internal Audit of Budget Management (Reasonable Assurance). Eight Internal Audit reviews of key financial systems. All Substantial or Reasonable Assurance with one exception (Debtors – Partial assurance).</p> <p><u>2018/19</u> Internal Audit of Budget Management (Reasonable Assurance).</p> <p><u>2017/18</u> Financial Pressures (Reasonable Assurance).</p>
SR24 The impact of Welfare Reform increases need and demand for services.	<p><u>2019/20</u> This risk was last reviewed at the A&amp;S Committee in March 2020.</p> <p><u>2018/19</u> 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>2019/20</u> This risk was last reviewed at A&amp;S Committee in July 2019.</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
<p>SR10 Corporate Information Assets are inadequately controlled and vulnerable to cyber attack.</p>	<p><u>2019/20</u> This risk was last reviewed by the A&amp;S Committee in July 2019. The following audits were undertaken in the year with relevance to the risk: Surveillance Cameras (Partial Assurance), Cloud Computing (Partial Assurance – Draft), Network Security (Partial Assurance – Draft), ICT Compliance Framework (Reasonable Assurance), Cyber Security (Reasonable Assurance), BACS (Reasonable Assurance).</p> <p><u>2018/19</u> Internal audits of GDPR (Partial Assurance) and Disaster Recovery (Partial Assurance).</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>

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

No strategic risks were mapped to this principle

## **Appendix 2 - Progress made in 2019/20 to address AGS 2018/19 actions**

### **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**

1. The Corporate Plan was adopted in December 2019 with the intention to develop the City Strategy.
2. The focus was on promotion of the Corporate Plan. Even though initial planning was considered on the City Wide Strategy this has since been superseded by concentrating on post Covid-19 recovery.
3. The City Council and its partners will use the Corporate Plan and the Covid-19 recovery to enable focus on key priorities for the city.

## **Appendix 2 - Progress made in 2019/20 to address AGS 2018/19 actions**

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

1. Financial Planning in 2019/20 was undertaken against a backdrop of a new minority Labour Administration and the prospect of a Comprehensive Spending Review in Autumn 2019. The new Administration embraced long term planning and at the July P&R Committee Members agreed to continue with a 4-year planning horizon and MTFs. The Administration also worked to develop a new Corporate Plan which was also approved by full Council and provided a helpful steer in terms of financial planning and commitments.
2. Overall, in 2019/20 although Adult Social Care (ASC) pressures resulted in a £4m pressure which was mitigated through effective financial management to achieve a breakeven position in 2019/20, including a small release of surplus reserves. Financial planning and monitoring therefore continued to prove effective overall, but ASC now needs a national funding solution.
3. The impact of the pandemic in late 2019/20 also severely impacted the council's finances beyond its control but this is a separate matter, again, likely to require national funding solutions.



## Appendix 2 - Progress made in 2019/20 to address AGS 2018/19 actions

### 3) Strengthen governance to reduce inequalities for customers and staff

1. After working with key stakeholders across the organisation to co-create a Fair and Inclusive Action Plan, a new Equality Governance Framework was established in February 2019 to govern and oversee delivery of the 4-year plan. Fair & Inclusive Workplace & Services is part of the council's portfolio of modernisation programmes and projects and progress is monitored through corporate modernisation governance.
2. Directorate Plans have been updated to include relevant equality objectives against which progress will be monitored as part of the Performance Management Framework. Achievements in year 1 include:
  - a) continued progress towards our workforce profile targets for under-represented groups
  - b) BHCC's definition of racism and zero tolerance published and the We Need to Talk About Race Campaign launched
  - c) provision of additional 'safe space' for reporting issues of discrimination and procurement of specialist equalities training for HR Advisory Service, investigating managers and and Members
  - d) working collaboratively with our workers' forums and highlighting development opportunities
  - e) holding the council's first Neurodiversity Day and the Diverse Stories series events to raise awareness of equality and inclusion issues.

## **Appendix 2 - Progress made in 2019/20 to address AGS 2018/19 actions**

### **4) Strengthen governance in delivering and procuring services to meet health and safety legislation**

1. The council formed an Assurance Group to specifically review the health and safety (H&S) governance framework and the corporate H&S policy which sets out roles, responsibilities and arrangements. This resulted in a Strategic Corporate Action plan for H&S.
2. The corporate H&S team re-aligned their service to enable support for high priorities identified, e.g. staff support to Housing and City Environment Management services, whilst continuing to provide competent advice including technical fire safety.
3. H&S Training core programme (online learning and face to face where essential) is maintained which includes the management of contracted works and services from a H&S perspective.
4. Oversight of activity is provided by the Housing Fire Health and Safety Board (Council, ESFRS) including and emerging safety issues in EEC.
5. The H&S team is part of the Covid-19 Response Group and related working groups (cells) and a framework that is fit for purpose.

## Appendix 2 - Progress made in 2019/20 to address AGS 2018/19 actions

### 5) Strengthen employee relations and our relationships with Trade Unions

1. A review of the Joint Staff Consultation Forum resulted in changes to engage and consult with our recognised Trade Unions (TUs) at an earlier and more strategic level. Agendas and meetings are planned jointly, and action is monitored through meetings with the Trade Union and employer.
2. Each directorate holds Directorate Consultative Group meetings, and there are also regular meetings informally to discuss how we develop our employer offer to staff, and matters such as budget planning.
3. We work collaboratively with Trade Union colleagues on developing the programme of work for Our People Promise, such as jointly developing the Fair and Inclusive Action Plan to ensure the council is working towards becoming a fairer and more inclusive workplace.

## **Appendix 2 - Progress made in 2019/20 to address AGS 2018/19 actions**

### **6) Strengthen effectiveness and inclusivity of our consultation & engagement processes**

1. The Corporate Plan was approved in December 2019 as more partnership consultation was required in order to agree measured and achievable targets.
2. The council's website has a fully digital and accessible Corporate Plan and we produced a pocket guide for staff.
3. Consideration of performance management of the Corporate Plan was the next planned stage, however focus was diverted to manage the challenges of Covid-19 within the council and with city partners.

## **Appendix 3 – bodies created by BHCC or those which we are in partnership with (page 1 of 3)**

Outside bodies which are registered as Charitable Companies where BHCC has appointed members includes:

- Brighton Dome and Festival Limited
- Brighton and Hove Estates Conservation Trust
- Brighton and Hove Music Trust
- Brighton and Hove Seaside Community Homes Ltd
- Gorham's Gift
- The Brighton Fund
- The West Pier Trust Board

Information on bodies created by BHCC is not available.

## Appendix 3 – bodies created by BHCC or those which we are in partnership with (page 2 of 3)

BHCC appoints members to a range of other external bodies and partnerships as a means of discharging the council's functions across the area of Brighton & Hove. A complete list of appointments is available in the papers of annual Council, which are published on the council's website.



## Appendix 3 – bodies created by BHCC or those which we are in partnership with (page 3 of 3)

Those external bodies include the East Sussex Fire Authority, which is a combined fire authority made up of members of its two constituent authorities: East Sussex County Council and BHCC, and the Police & Crime Panel; a joint committee which monitors and supports the Police and Crime Commissioner.







<b>Subject:</b>	<b>Standards Update</b>		
<b>Date of Meeting:</b>	<b>27<sup>th</sup> October 2020</b>		
<b>Report of:</b>	<b>Executive Lead Officer, Strategy, Governance &amp; Law ( Monitoring Officer)</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Victoria Simpson</b>	<b>Tel: 01273 294687</b>
	<b>Email:</b>	<b>Victoria.Simpson@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

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

- 1.1 This report seeks to update Members on Standards-related matters and is for noting only.

**2. RECOMMENDATIONS**

- 2.1 That the Committee note the information provided in this Report on Member complaints and on standards-related matters.

**3. MEMBER COMPLAINTS**

- 3.1 In the last update to this Committee a number of new complaints (**M** through **S** inclusive) were briefly described and the fact that they were then at preliminary assessment stage noted. Since that last update, a number of them have been determined at preliminary assessment stage. **Complaints M** and **N** were both determined by decisions to take no action on the grounds that the conduct did not on balance have potential to amount to a breach of the Code. **Complaint P** concerned three members and their response to a ward matter: a complaint which invoked a detailed consideration of a series of written communications and resulted in a decision by the Monitoring Officer not to take any action at preliminary assessment stage on the grounds that the conduct complained of did not have potential to give rise to a breach of the Code. Finally, **Complaint Q** was also determined by a decision to take no action following preliminary enquiries on the grounds that the member's conduct was not considered to have potential to give rise to a breach of the Code of Conduct for Members.
- 3.2 **Complaints O, R and S** however remain at preliminary assessment stage, and will be the subject of future Update(s) to this Committee.
- 3.3 **Complaint E** was also referred to in the last update as a matter which had been the subject of a formal investigation some time before but had yet to be determined by a Standards Panel. That complaint was referred to a cross party Standards Panel made up of three members of this Committee, chaired (on a non-voting basis) by one of the Council's two Independent Persons. The Panel hearing took place on 21.9.20 and resulted in a finding that the subject member had

breached the Council's Code of Conduct for Members. A link to the papers and the decision notice is provided [here](#).

- 3.4 A number of additional complaints have been received in between the time of finalisation of the last update report and the preparation of this one. **Complaint T** concerned the responsiveness of a member when asked to engage with a ward constituent who was making an application to the council, while **Complaint U** was about a statement attributed to an elected member by local media which the complainant objected to. **Complaint V** alleged that an elected member should not have put their name to a position being taken by their political Group. All of the complaints in this para (**T, U and V**) were resolved by a decision by the Monitoring Officer to take no further action on the grounds that – having considered each in its context - they did not have potential to amount to a breach of the Code.
- 3.5 In addition to the complaints listed in 3.4 above, the following complaints were also received in during this period. **Complaints W, X, Y, Z, A & B** concerned a single member and related either to comments that person made on social media or to comments they made in a new article or to both. Consideration is currently being given to potentially resolving that matter informally, using the council's Procedure which involves seeking the input of the complainants before making a decision. **Complaints C and D** concern a complaint by one member about the conduct of another group of members and a complaint then made by one of that group. Those complaints both remain at preliminary assessment stage. Finally, **Complaint E** and **Complaint F** are unrelated but both concern comments made by one elected member about another member. Those too remain at preliminary assessment stage and are still being considered by the Monitoring Officer and one of the two Independent Persons.
- 3.6 This Committee has previously requested that an annual review of complaints against members received in be carried out. This will be provided to the January 2021 meeting of this Committee, and will review the number of complaints received in during 2020 as well as any identifiable trends.

## **RECRUITMENT OF AN INDEPENDENT PERSON**

- 4.7 Following an external recruitment campaign, a preferred candidate was identified to fulfil the role of one of the Council's two Independent Persons after Dr David Horne's [second] term ends on 24<sup>th</sup> October. The preferred candidate was selected by a cross party Panel of members of this Committee following a highly competitive selection process during August and September. Mr David Bradly is a resident of Brighton & Hove and a barrister in private practice of considerable seniority with a longstanding specialism in regulatory and disciplinary law. He is a fee paid member of the judiciary and has relevant experience of chairing inquiries and advising disciplinary tribunals.
- 4.8 The selection Panel was pleased to select Mr Bradly as its preferred candidate. By the time this Report is considered, full Council will have been asked to follow a recommendation that it formally appoint Mr Bradly as one of the council's two Independent Persons at [its meeting on 22<sup>nd</sup> October 2020](#).

## **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 current arrangements and the proposals in this Report reflect this. 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 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.

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

### Financial Implications:

7.1 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: 24/09/20

### Legal Implications:

7.2 These are covered in the body of the Report.

Lawyer Consulted: Victoria Simpson

Date: 23/9/20

### Equalities Implications:

7.3 There are no equalities implications arising from this Report

### Sustainability Implications:

7.4 There are no sustainability implications arising from this Report

### Any Other Significant Implications:

7.5 None

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

**Background Documents:**

None