

Brighton & Hove City Council

Strategic Risk Focus Item for Audit & Standards Committee 25
July 2017:

SR2 Financial Outlook;

→ SR25 Organisational Capacity as a result of Change; and
SR32 Health & Safety Assurance

Print Date: 06-Jul-2017

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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	0	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

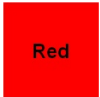

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LIKELIHOOD	Almost Certain (5)	0	0	0	0	0
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	Possible (3)	0	0	1	1	0
	Unlikely (2)	0	0	0	1	0
	Almost Impossible (1)	0	0	0	0	0

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 Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR2	Financial Outlook for the Council	Executive Director of Finance & Resources Head of Integrated Financial Management & Planning Deputy Chief Finance Officer Head of Performance, Improvement & Programmes	BHCC Strategic Risk, Economic / Financial	20/10/16	Threat	Treat	 L5 x I4	 L3 x I4		Revised: Adequate

Causes

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

Reductions in central government funding may continue well beyond the current Comprehensive Spending Review period through to 2020. The changes to local government funding introduced in 2013/14 transferred greater risks to the council, particularly in relation to Business Rate valuation appeals. There is a cumulative impact of reductions in government funding to other public agencies in the city. The biggest impact is from demand-led services such as social care and homelessness.

Implementing the current budget strategy and devising budget plans for 2016/17 is challenging and there is increased uncertainty until HM Govt re-focuses on local government funding further to speculation that Business Rates Retention has been shelved.

Potential Consequence(s)

The council will need to continue robust financial planning in a highly complex environment. Failure to do so could impact on financial resilience and mean that outcomes for residents are not optimised.

Existing Controls

First Line of Defence: Management Controls

- * Ongoing review of the adequacy of risk provisions and reserves to support the budget strategy and to ensure financial resilience;
- * Financial recovery planning introduced in May 2016 for demand-led services to help mitigate an in-year forecast overspend in 2016/17 (recovery plans already in place for 2017/18 for Families, Children & Learning).
- * Consultation and engagement for budget proposals completed.
- * Revenue and capital budgets approved by Full Council 23 Feb 2017 - balanced budget.
- * TBM zero analysis undertaken.

Second Line of Defence: Corporate Oversight

- * Modernisation portfolio including VfM projects/programmes reviewed by cross-party Member Oversight group;
- * Close alignment of Corporate Plan and Medium Term Financial Strategy (MTFS) and service and financial planning;
- * Ongoing review by Policy, Resources & Growth (PR&G) Committee of the MTFS assumptions, the impact of legislative changes; cost and demand pressures; savings programmes; and income and grant assumptions;
- * Adoption by PR&G of 4-year service & financial planning approach which sets out what services propose to Stop, Retain and redesign, or commercialise;
- * Close monitoring by PR&G of council tax, business rates and other income and regular updating of forecasts;
- * Continued review by PR&G of the adequacy of savings programmes alongside other budget measures to support the budget strategy;
- * Ongoing review and challenge of value for money including Member review, benchmarking, and external audit review;
- * The cross-party Budget Review Group reviews monthly TBM performance, including financial recovery plans.

Third Line of Defence: Independent Assurance

- * Annual review by Ernst Young (external auditors) of VfM arrangements leading to an opinion in the annual audit report.
- * Internal audit reviews of budget management arrangements.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
* Development of skills and knowledge and/or investment to support options appraisal of new delivery models (action);	Executive Director of Finance & Resources	100	01/04/17	01/09/16	01/04/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Business Canvass Model review completed in November 2017 - service managers needing support identified. ELT to decide next steps as part of wider Modernisation Programme. Mgmt development programme in preparation - will include commercial element to be provided by CIPFA.</p>					
<p>Corporate Modernisation Delivery Board board includes monitoring and RAG rating of critical VFM and other savings programmes that support the council's current and medium term financial position. Reporting links to TBM reporting which also monitors savings delivery.</p>	<p>Head of Performance, Improvement & Programmes</p>	<p>90</p>	<p>31/03/20</p>	<p>01/04/15</p>	<p>31/03/20</p>
<p>Comments: Corporate Modernisation governance arrangements in place. Internal audit provided 'reasonable assurance' in May 2016. Corporate Modernisation Delivery Board to continue to provide support and challenge to project/programme managers and Senior Responsible Owners.</p> <p>All budget figures reported link to TBM process. Modernisation arrangements fully integrated within Service & Finance Planning. Finance guidance has been drafted for project/programme managers to ensure consistency of figures being reported to accurately calculate 'return on investment'. 10% savings at risk according to TBM2 for 17/18</p>					
<p>Schedule regular sessions at City Management Board to enable Finance Directors to review city wide impact & opportunities for joint budget planning</p>	<p>Executive Director of Finance & Resources</p>	<p>60</p>	<p>31/03/18</p>	<p>04/10/16</p>	<p>31/03/18</p>
<p>Comments: Exec Director, F&R chairs new Finance & Performance Board to drive integration of social care (finance, commissioning, data). Clear programme of work now emerging. FD group re-calibrated - social care aside, first area of focus is neighbourhoods and enforcement.</p>					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
SR 2 Risk Action: Continue to monitor impact of health sector reforms and local savings strategies.	Deputy Chief Finance Officer	75	31/03/18	01/04/15	31/03/18
<p>Comments: Attending monthly Finance & Performance Better Care Fund Board chaired by the CCG. S75 Agreement has been signed and is in place (April 2016). Pool Manager has reverted to the CCG Director of Finance from April 2016. Reporting on pool performance will be to F&P Board and the BCF Programme Board on a monthly basis. Recovery plans and corrective measures will be proposed where necessary. Other discussions with the CCG regarding funding have been undertaken by the DAS resulting in £1.3m additional Better Care Funding and additional S75 risk funding in 2015/16. More recently working with CCG to integrate social care and health budgets - co-chair Finance & Performance Board.</p>					
SR 2 Risk Action: Delivery of value for money programme financial and non-financial benefits as part of the Modernisation Programme	Deputy Chief Finance Officer	100	31/03/17	01/04/15	31/03/17
<p>Comments: Regular monitoring of performance against target is submitted to CMDDB. Member Oversight Group meets quarterly to focus on each area of the Modernisation Programme including VFM programmes.. All VFM programmes have appropriate project and programme management resources in place. Detailed implementation plans are in place. Regular monitoring will be through monthly TBM reports to DMT's, ELT, Budget Review Group, and PR&G (5 times per year). The TBM position indicates continued underlying pressures across social care budgets which are impacting on achievement of VFM targets in 2016/17 and later years. Pressures on demand-led budgets have been recognised in setting the 2016/17 budget with over £11m of Service Pressure funding provided. A Financial Recovery Plan approach has been adopted for 2016/17 to ensure early consideration and planning to mitigate against in-year forecast risks, including savings/VFM risks.</p>					
SR 2 Risk Action: Devise and implement Corporate Plan & MTFS service and financial planning timetable and process.	Deputy Chief Finance Officer	100	31/07/16	01/05/15	31/07/16

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: 4-year Integrated Service & Financial Plans have now been developed and considered by Full Council including approval of the 2016/17 savings programme. An MTFS update will be undertaken in Summer 2016 to complement a Corporate Plan refresh. Early planning discussions have been held between Finance and the ED Finance & Resources (May 16) and these will continue through to development of a PR&G report to 14 July meeting which will set out a refreshed MTFS and a recommended financial planning approach for setting the 2017/18 budget. This will include a high level refresh of the 4-Year Integrated Service & Financial Plans.</p>					
<p>SR 2 Risk Action: Meet Targeted Budget Management (TBM) reporting timetable and identify risk mitigation and corrective action where necessary</p>	Deputy Chief Finance Officer	100	31/03/17	01/04/15	31/03/17
<p>Comments: 2016/17 TBM Timetable produced and agreed. TBM Month 2 will be the first reporting period for 2016/17 to 9 June PR&G. ELT have considered an early draft and a discussion was held at CMT (11 May) to consider the approach to addressing forecast overspend risks. CMT agreed to the development of Financial Recovery Plans for ELT consideration on 8 June. As last year, TBM reports will continue to be reported to the cross-party Budget Review Group (BRG) to ensure additional member oversight of the financial position. TBM reporting will identify risk mitigation and corrective action for overspending areas. All savings programmes will also be monitored (including key VFM programmes) through TBM. A review of the financial accountability regime is being undertaken by the ED F&R to consider an escalation process for continued overspending or underachievement of savings.</p>					
<p>SR 2 Risk Action: Regular MTFS updates of the City Council's projected financial position for future years</p>	Head of Integrated Financial Management & Planning	100	31/03/17	01/04/15	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: MTFS 2015/16-2019/2020 updated and approved by P&R and Full Council in March 2015. 4-year. An updated MTFS was provided to 9 July P&R titled 'Corporate Plan & MTFS 2015 - 2019: Budget Planning and Resource Update 2016/17'. 4-year Service & Financial Plans were considered by P&R and Full Council for the 2016/17 budget process and approved a £20m savings programme for 2016/17 and around £58m savings over 4-years toward meeting the £68m gap over the period. The approved 2016/17 budget also included over £11m service pressure funding together with £20m investment funding (for Restructure & Redundancy, Modernisation, 4 year plans and CFDA) and £3m risk provisions to support and ensure delivery of the budget and savings targets. The budget and 4-year plan therefore identifies clear plans and opportunities for managing the financial situation over the next 4 years. Potential changes to Local Government Finance are being closely monitored including 100% Business Rate Retention, Attendance Allowance transfer, 2017 Business Rate revaluation, etc.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR25	Organisational Capacity as a Result of Change	Executive Director of Finance & Resources Head of Human Resources & Organisational Development	BHCC Strategic Risk, Professional / Managerial	18/01/17	Threat	Treat	Amber L3 x I4	Amber L3 x I3		Revised: Uncertain

Causes

Link to Corporate Plan: Outcome ' A modern council: Providing open civic leadership and effective public services'
 Loss of resilience of organisation due to pace of change, reduction in staff numbers, changing staff and loss of knowledge and history.
 Expectations over the services that the council is able to provide and they way in which they are provided.

Potential Consequence(s)

- * Capacity to undertake change work to design high quality services is lost
- * Negative impact on fulfilment of statutory duties
- * Partnership working becomes more fragile as a result of personnel change
- * Personal resilience tested by increased workloads leading to potential stress and sickness
- * Difficulty of recruiting staff to key posts as a consequence of the rapidly increasing costs of living in the city

Existing Controls

First Line of Defence Management Control:

1. New Director of NCH is bringing the Neighbourhoods agenda forward – this includes the potential for delivering services in different ways, including by extending use of Digital.
2. Management capacity and capability will be enhanced by new Behaviour Framework and Management Development Programme
3. Adverse operating conditions are identified, and plans are being created to mitigate these.
4. 'Better Brighton & Hove' think tank is being set up to deliver greater capacity for research and policy development.
5. HROD activity to be pulled together into single 'People Strategy' to ensure staff-related initiatives are better co-ordinated.
6. Business Planning process including Directorate Plans applies delivery of Corporate Plan to each service area
7. Some statutory Performance Indicators (PIs) are Key PIs and are reported regularly to ELT, quarterly or annually.
8. Other Management Information for example from the annual Staff Survey highlighting areas for focus.
9. HR Business Partners support DMT to monitor staff absence & welfare including managers' compliance with. regular 1 to 1s, return to work interviews and record keeping on PIER. This include regular data insight reports bi-annually.
10. HR policies and arrangements in place to address concerns of both management and staff, e.g. Occupational Health Referral newly procured with provider operational across Orbis partners; whistle-blowing; and PDP guidance for managers
11. HR & OD organised consultative groups developed a council Behavioural Framework approved by ELT in November 2016. This sets expectations of standards of behaviour and performance
12. HR Business Partners assist DMTs to determine any necessary interventions to improve service capacity

Second Line of Defence Corporate Oversight:

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

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

Emerging actions following Budget Stress Testing exercise

Third Line of Defence Independent Assurance:

None

Reason for Uncertain Status of Effectiveness of Controls

Management to ascertain impact on services following outcome of 2017/18 budget round.

Where resources have been reduced, management to identify the validity and strength of key controls.

Formal assurances to be sought from these areas over the ability to maintain and operate the controls.

Material concerns to be reported by Internal Audit to Audit & Standards Committee.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
'Better Brighton & Hove' think tank is being set up to deliver greater capacity for research and policy development.	Executive Lead Officer Strategy, Governance and Law	50	31/03/18	04/07/17	31/03/18
Business case has been developed to pilot First Care Solutions as a pro-active absence management solution which has shown results and is in use at Surrey; and East Sussex Councils	Head of Human Resources & Organisational Development	60	31/03/18	01/02/17	31/03/18
<p>Comments: Full business case will be submitted to CMBD for approval in April 2017 with options for a a full council service role out or a targeted approach to test the model in terms of staff attendance and cost efficiency. Unions have been consulted and have raised some questions that are being worked through ahead of the case presentation.</p>					
<p>Full business case agreed at CMBD and approved at PRG. Contract signed in July. Need to highlight the benefits for staff of OH approach linked to wellbeing. Monitoring of sick stats once in place to assess impact but one clear benefot will be the improvement to management information.</p>					
Corporate services now integrating into Orbis partnership following conclusion of Inter Authority Agreement in May 2017.	Executive Director of Finance & Resources	50	01/04/18	13/10/16	01/04/18
HR & OD developing management development programme, including commissioning of Digital First training, to enhance capacity of first 4 tiers of staff	Head of Human Resources & Organisational Development	75	31/03/18	02/01/17	31/03/18

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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Project Manager recruited and will commence 30 Jan 17. Membership of CEB to provide qulaiyt resource for training materials that can be tailored to BHCC and learning and development activity managed via the councils learning management system.</p>					
<p>First module completed and further modules planned to March 18.</p>					
<p>HR working with others to develop a people strategy taking into account organisational needs and informed by Corporate Plan refresh and Medium Term Financial Plan</p>	<p>Head of Human Resources & Organisational Development</p>	<p>50</p>	<p>31/03/18</p>	<p>01/04/16</p>	<p>31/03/18</p>
<p>Comments: Current work on People Strategy identification is ongoing and will be prepared for Policy & Resources and Growth (PR&G) Committee in April 18. Draft strategy scope is available to be informed by refresh of corporate plan to 2020, the outputs of the budget scrutiny process and further informed by EFLG assessment report and workforce planning activity.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR32	Health & Safety Assurance	Executive Director of Finance & Resources Head of Health and Safety	BHCC Strategic Risk		Threat	Treat	Amber L3 x 14	Amber L2 x 14		Revised: Adequate

Causes

To ensure that the council meets the requirements of law and controls the likelihood and impact of risks which have potential to cause harm to residents, visitors and stakeholders there must be robust oversight of arrangements in delivering services and procuring goods to meet health and safety legislation and other regulatory requirements. This is challenged by reducing resources, increasing demands and changes to our operating environment.

Potential Consequence(s)

- * Actual and potential harm
- * Custodial sentences for duty holders
- * Fines and litigation
- * Resources wasted
- * Decisions made are challenged
- * Increased costs of rectifying mistakes
- * Financial stability of organisation compromised
- * Reputational damage

Existing Controls

First Line of Defence: Management Controls

- * Health & Safety policy which sets out roles, responsibility and arrangements
- * Access to competent advice (Health & Safety team) including investigation of all incidents
- * Safety management framework - Team Safety
- * H&S Training core programme
- * Fire Risk Assessments (FRAs) in place on all council buildings and tracked on database

Second Line of Defence - Corporate Oversight

- * Corporate H&S Committee
- * Data insight on managers' health and safety checklists reported annual at ELT and DMT
- * H&S audit programme
- * Housing, Fire, Health & Safety Board meets regularly includes representation from East Sussex Fire & Rescue Service, the council's health & safety, Communications and Building Control Teams alongside housing managers
- * Community Initiatives Partnership (CIP) involving council, voluntary sector, health sector
- * H&S representation at Risk Management Steering Group/Safety Advisory Group/Major Incident Support Team (MIST)

Third Line of Defence: Independent Assurance

- * Health & Safety Executive (HSE) - last HSE visit as part of National Waste Initiatives at Depot in 2016 resulted in minor recommendations which were actioned
- * East Sussex Fire & Rescue Service (ESFRS) Regulatory Reform (Fire Safety) Order - ESFRS undertake citywide audits according to a prioritised programme which includes a range of council buildings. No inspections of council buildings have led to the need for enforcement action
- * Internal Audit
- * CQC/Ofsted

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
All housing blocks have had fire safety checks by council surveyors, a number of these jointly with ESFRS	Assistant Director Housing	90	07/07/17	16/06/17	07/07/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Continue Community Initiative Partnership agreed actions - meetings quarterly to review progress. Annual report each June will detail activity	Head of Health and Safety	50	30/03/18	03/04/17	30/03/18
Contribute to Department for Education (DfE) on-line survey of construction of schools premises returned by the council 30/6/17	Assistant Director - Property & Design	100	30/06/17	16/06/17	30/06/17
Independent survey to be commissioned to double check council housing buildings aimed to provide tenants with extra assurance, communications will be provided ahead of the survey to each tenant	Assistant Director Housing	10	01/09/17	05/07/17	01/09/17
Property & Design team check of cladding on all non housing buildings in the operational portfolio, eg. civic officers, historic (museums and libraries) , social care, schools, sports pavilions etc. and the non-operational commercial portfolio	Assistant Director - Property & Design	20	16/08/17	05/07/17	16/08/17

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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Provide information to the DCLG review of Fire Safety in response to the Grenfell Tower fire	Assistant Director Housing	100	30/06/17	16/06/17	30/06/17