

Audit & Standards Committee

Date: **29 June 2021**

Time: **4.00pm**

Venue **Council Chamber, Hove Town Hall**

Members: **Councillors:** Yates (Chair), Hugh-Jones (Group Spokesperson), Meadows (Group Spokesperson), Hamilton, Moonan, Peltzer Dunn, Phillips and Shanks

Co-optees

Helen Aston and David Bradly

Contact: **John Peel**
Democratic Services Officer
01273 291058
john.peel@brighton-hove.gov.uk

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AGENDA

1 PROCEDURAL BUSINESS

- (a) **Declarations of Substitutes:** Where councillors are unable to attend a meeting, a substitute Member from the same political group may attend, speak and vote in their place for that meeting.
- (b) **Declarations of Interest:**
- (a) Disclosable pecuniary interests;
 - (b) Any other interests required to be registered under the local code;
 - (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

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

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

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

Note: Any item appearing in Part Two of the agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the press and public. A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls and on-line in the Constitution at part 7.1.

2 MINUTES

7 - 16

To consider the minutes of the meeting held on 9 March and 26 March 2021.

Contact Officer: John Peel

Tel: 01273 291058

3 CHAIR'S COMMUNICATIONS

4 CALL OVER

- (a) Items 7 - 12 will be read out at the meeting and Members invited to reserve the items for consideration.
- (b) Those items not reserved will be taken as having been received and the reports' recommendations agreed.

5 PUBLIC INVOLVEMENT

To consider the following matters raised by members of the public:

- (a) **Petitions:** to receive any petitions presented to the full council or at the meeting itself;
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 23 June 2021;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 23 June 2021.

6 MEMBER INVOLVEMENT

17 - 18

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;
 - (1) Freedom of Information requests- Councillor Meadows
- (d) **Notices of Motion:** to consider any Notices of Motion referred from Council or submitted directly to the Committee.

7 STRATEGIC RISK FOCUS: SR2, SR20 AND SR37

19 - 48

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

Contact Officer: Jackie Algar

Tel: 01273 291273

Ward Affected: All Wards

8 INTERNAL AUDIT ANNUAL REPORT AND OPINION 2020/21

49 - 78

Report of the Acting Chief Finance Officer

Contact Officer: Mark Dallen

Tel: 01273 291314

Ward Affected: All Wards

- 9 DRAFT ANNUAL GOVERNANCE STATEMENT 2020-21 79 - 120**
Report of the Executive Lead Officer, Strategy, Governance & Law
Contact Officer: Jackie Algar Tel: 01273 291273
Ward Affected: All Wards
- 10 EXTERNAL AUDIT PLAN FOR 2021/22 121 - 146**
Report of External Audit
- 11 REVIEW OF THE CODE OF CONDUCT FOR MEMBERS 147 - 190**
Report of the Executive Lead Officer, Strategy, Governance & Law
Contact Officer: Victoria Simpson Tel: 01273 294687
Ward Affected: All Wards
- 12 STANDARDS UPDATE 191 - 194**
Report of the Executive Lead Officer, Strategy, Governance & Law
Contact Officer: Victoria Simpson Tel: 01273 294687
Ward Affected: All Wards
- 13 ITEMS REFERRED FOR COUNCIL**
To consider items to be submitted to the 15 July 2021 Council meeting for information.

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

PART TWO
- 15 PART TWO MINUTES (EXEMPT CATEGORY 5) 195 - 198**
To consider the part two minutes of the meeting held on 26 March 2021.
- 16 PART TWO PROCEEDINGS**
To consider whether the items listed in Part Two of the agenda and decisions thereon should remain exempt from disclosure to the press and public.

The City Council 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.

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Infra-red hearing aids are available for use during the meeting. If you require any further information or assistance, please contact the receptionist on arrival.

FURTHER INFORMATION

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

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- Do not re-enter the building until told that it is safe to do so.

BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 9 MARCH 2021

VIRTUAL MEETING

MINUTES

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

Independent Members present: Helen Aston

PART ONE

46 PROCEDURAL BUSINESS

46a Declarations of substitutes

46.1 There were none.

46b Declarations of interests

46.2 There were none

46c Exclusion of the press and public

46.3 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.

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

47 MINUTES

47.1 **RESOLVED** – That the minutes of the previous meeting held on 12 January 2021 be approved and signed as the correct record.

48 CHAIR'S COMMUNICATIONS

48.1 The Chair provided the following communications:

“I am aware that there has been a considerable level of critical coverage in the press and social media regarding the commissioning of the domestic violence and abuse services. The comments were expressed by reference to the current provider RISE. Many aspects of the concerns raised relate to the decision-making process as well as the fact that the decision of the then Neighbourhoods, Inclusion Communities and Equalities Committee to set up a working group to oversee the process was not implemented.

RISE has provided services in the area for many years. The decision to recommission the service was taken by a committee, but issues have been raised about the extent to which Social Value was taken into account in the process.

I do not wish to question the legality of the process or the competence of the new providers which I am sure will do their best to provide an excellent service. However, some of the concerns raised do touch on governance and process which could be of interest to the Audit & Standards Committee. There are also issues about the future of RISE as a local provider which I’m sure is of interest and concern to many in the city. I did seriously consider whether this should be something that the Audit & Standards Committee should look at. However, on balance, this is looking primarily at front line service delivery and implementation of policies rather issues of propriety or irregularity. I also understand that there will be reports going to the TECC Committee this Thursday and a petition will be delivered to the next Policy & Resources Committee alongside an officer report. I understand that there are proposals to set up a working group to review the Council’s approach.

Given all these, I do not think it would be necessary or proportionate to commission yet another workstream. But we will keep this under review and, should any issues come up that are of legitimate interest to this committee, we can, of course look at them.”

49 CALL OVER

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

- Item 52: Strategic Risk Focus Item
- Item 53: Direct Payments Internal Report (2019/20) Progress Update
- Item 54: Debtors Update on Internal Audit Actions
- Item 55: Internal Audit Progress Report- Quarter 3
- Item 57: External Audit Plan 2021/22
- Item 58: Annual Surveillance Report

49.2 The Democratic Services Officer confirmed that the items listed above had been reserved for discussion and that the following reports on the agenda with the recommendations therein had been approved and adopted:

- Item 56: Internal Audit Strategy and Annual Plan (2021/22)
- Item 59: Standards Update

50 PUBLIC INVOLVEMENT

50.1 No items were received from members of the public.

51 MEMBER INVOLVEMENT

51.1 No items were received from Members.

52 STRATEGIC RISK FOCUS REPORT;SR13; SR33; SR15; SR38; SR24; AND SR29

52.1 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.

52.2 In response to a question from Councillor Hugh Jones, the Chief Executive confirmed that the current strategic risk for the current pandemic could be developed to apply to planning for future pandemics and further, any potential C-19 variants.

52.3 In response to questions from Councillor Moonan, the Executive Director Health & Adult Social Care explained that the newly established Safeguarding Adults Board was working effectively, and partners were engaging well. With reference to the Better Care Fund, it was now clear the Fund would be a permanent arrangement and a report was likely to be submitted to the June meeting of the Health & Wellbeing Board providing Members with an update.

SR24 In the context of Covid-19 the needs and demands for services arising from the changing and evolving landscape of welfare reform is not effectively supported by the council

SR29 Ineffective contract performance management leads to sub-optimal service outcomes, financial irregularity and losses, and reputational damage.

52.4 In response to a question from Councillor Hugh-Jones, the Acting Chief Finance Officer stated that the additional resource invested in procurement would mitigate a lot of the concerns regarding contract management and could well negate the need for a new business case. The Acting Chief Finance Officer noted that the contracts referred to in the report were targeted and examined precisely because there were existing concerns about them and was not an accurate portrayal of the council's overall contract procurement and management. The Acting Chief Finance Officer added that a new training package for contract managers was coming forward and would embed good contract management across the council.

52.5 In response to a question from Councillor Littman, the Head of Procurement clarified that social value was an important part of procurement process and that had been boosted by recent changes in national policy by central government.

52.6 In response to a question from Councillor Moonan, the Head of Procurement explained that contract included waivers as they were an attractive element of the procurement process. The waiver process was extremely strict and there were several steps for obtaining authorisation to apply a waiver, including legal advice.

SR25 Insufficient organisational capacity or resources to deliver all services as before and respond to changing needs and changing circumstances.

52.7 In response to a question from Councillor Hugh-Jones, the Chief Executive explained that the Council's governance position of one as No Overall Control ensured there was

wide spot checking and scrutiny by Members of internal processes and those checks were very informative for officers when developing policy and procedures and when those issues were presented to committee.

SR15 Not keeping children safe from harm and abuse

52.8 In response to a question from Councillor Hugh-Jones, the Executive Director Families Children & Learning confirmed that Early Years Coaches were now based in Children's Centres.

SR38 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

52.9 In response to a question from Councillor Hugh-Jones, the Executive Director Families Children & Learning answered that there had been some difficulty recruiting a Head of Service for the Home to School Transport Service but the position continued to be filled on an interim basis. The Executive Director Families Children & Learning added that the other vacancies in the service had been filled and the corporate risk was reducing and could be removed from the Strategic Risk Register by the end of the year if progress continued.

SR13 Not keeping vulnerable adults safe from harm and abuse

52.10 Councillor Hugh-Jones requested that output results be included in future Risk reports.

SR33 Not providing adequate accommodation and support for people with significant and complex needs

52.11 In response to a question from Councillor Moonan in relation to private sector housing provision to rough sleepers during the pandemic, the Chief Executive replied that central government had provided the funding to facilitate that arrangement. There would be a challenge to the service if that arrangement was cancelled quickly and negating the risks in that scenario was the key focus currently.

52.12 **RESOLVED-** That the Audit & Standards Committee:

- 1) Note the SRR detailed within Table 1 of this report.
- 2) Note Appendix 1 the CAMMS Risk report with details of the SRs and actions taken ('Existing Controls') and actions planned.
- 3) Note Appendix 2 which provides:
 - i. a guide on the risk management process;
 - ii. guidance on how Members might want to ask questions of Risk Owners, or officers connected to the strategic risks; and
 - iii. details of opportunities for Members, or any staff, to raise issues on Strategic Risks at various points and levels.

53 DIRECT PAYMENTS INTERNAL REPORT (2019/20)- PROGRESS UPDATE

53.1 The Committee considered a report of the Executive Director, Health & Adult Social Care that provided a progress update from Health & Adult Social Care on the Direct Payment audit carried out in 2019/20.

53.2 **RESOLVED-** That the Committee notes the progress update.

54 DEBTORS - UPDATE ON INTERNAL AUDIT ACTIONS

54.1 The Committee considered a report of the Acting Chief Finance Officer that provided an update on progress on the actions within the 2019/20 Internal Audit report on Debtors.

54.2 In reply to a question from Councillor Moonan, the Head of Finance & Procurement Operations clarified that the Adult Social Care service was the biggest area of debt concern and work was ongoing with that service to increase understanding and focus upon areas for improvement.

54.3 In response to question from Councillor Hamilton, the Banking & Income Operations Lead explained that the 96% target for debt recovery was too high and currently under review. The Acting Chief Finance Officer replied that there was a fixed Bad Debt provision process that made assumptions of accounted for the likelihood of debt recovery in the accounts as well as clear timescales and actions for the process of debt recovery.

54.4 In answer to questions from Councillor Hugh-Jones, the Banking & Income Operations Lead explained that payment options and payment plans had been offered to debtors before the pandemic and were sympathetic to individual circumstances. In relation to the audit actions, the pandemic had meant there had been some delay to a small number of actions, but progress had been made in most areas.

54.5 **RESOLVED-** That the Audit & Standards Committee note the report.

55 INTERNAL AUDIT PROGRESS REPORT – QUARTER 3 (1 SEPTEMBER TO 31 DECEMBER 2020)

55.1 The Committee considered a report of the Acting Chief Finance Officer that provided an update on all internal audit and counter fraud activity completed during quarter 3 (2020/21), including a summary of all key audit findings. The report also includes an update on the performance of the Internal Audit service during the period.

55.2 In response to a question from Councillor Moonan, the Audit Manager agreed the number of recorded breaches of the Working Time Directive highlighted that the pandemic had resulted in staff working significant additional hours and had been discussed by ELT as a potential risk area.

55.3 In reply to a question from Councillor Hugh-Jones, the Audit Manager explained that the partial assurance assigned to Homecare mainly related to the software platform being used to make payments. A new in-house software platform had been rolled out, but this

had not addressed all of the issues. The Audit Manager stated that it was his view that there was focus in the service to resolving the matter.

55.4 **RESOLVED-** That the Committee note the report.

56 INTERNAL AUDIT STRATEGY AND ANNUAL PLAN (2021/22)

56.1 **RESOLVED-** That the Internal Audit Strategy and Indicative Annual Audit Plan for 2021/22 is approved.

57 EXTERNAL AUDIT: AUDIT PLAN 2021/22

52.1 The Committee considered a report of the External Auditors that set out the External Audit Plan for 2021/22 and provided the Annual Audit Letter for 2019/20.

52.2 The External Auditor explained that due to significant delays to the report being issued to the Committee, it was proposed to defer the Audit Plan to the meeting due to be held in June 2021.

52.3 The Committee agreed to the deferral.

52.4 **RESOLVED-** That the Audit and Standards Committee note the Annual Audit Letter 2019/20.

58 ANNUAL SURVEILLANCE REPORT

58.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that detailed the activities that have been undertaken utilising the powers under the Regulation of Investigatory Powers Act 2000 (RIPA) since the last report to Committee in January 2020 and report sought approval for a revised Policy and Guidance document.

58.2 In response to questions from Councillor Moonan and Councillor Hugh-Jones, the Head of Safer Communities confirmed that the one instance where covert surveillance had been undertaken without any issues and in accordance with policy and procedures. The Executive Lead Officer, Strategy, Governance & Law explained that requests were made to use RIPA and these were thoroughly scrutinised, and the arrangements regularly reviewed by the Surveillance Commissioner. Furthermore, any requests to use RIPA had to be applied by a magistrate.

58.3 **RESOLVED-**

- 1) That Committee agree that the continued use of covert surveillance and the Policy be approved as an enforcement tool to prevent and detect crime and disorder investigated by its named officers, providing the activity is in line with the Council's Policy and Guidance and the necessity and proportionality rules are stringently applied.
- 2) That the surveillance activity undertaken by the authority since the report to Committee in January 2020 as set out in paragraph 3.3 is noted.

- 3) That the continued use of the Policy and Guidance document as set out in Appendix 1 be approved.

59 STANDARDS UPDATE

- 59.1 **RESOLVED-** That Audit & Standards Committee note the information provided in this Report on Member complaints and on standards-related matters.

60 ITEMS REFERRED FOR COUNCIL

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

61 ITEMS FOR THE NEXT MEETING

- 61.1 No items were requested for the next meeting.

The meeting concluded at 7.15pm

Signed

Chair

Dated this

day of

BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 26 MARCH 2021

VIRTUAL MEETING (MICROSOFT TEAMS)

MINUTES

Present: Councillors Yates (Chair) Hugh-Jones (Group Spokesperson), Bagaeen (Group Spokesperson), Clare, Hamilton, Heley, Moonan and Peltzer Dunn

Independent Members present: Helen Aston and David Bradly

PART ONE

62 PROCEDURAL BUSINESS

62a Declarations of substitutes

62.1 Councillor Clare was present as substitute for Councillor Littman.

62b Declarations of interests

62.2 Councillor Hamilton noted that he had been Chair of the Children, Young People & Skills Committee at the time the specific decision on Home to School Transport arrangements had been taken.

62.3 Councillor Yates noted that he had been Leader of the Council and Chair of the Policy & Resources Committee at the time the specific decision on Home to School Transport arrangements had been taken

62c Exclusion of the press and public

62.4 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.

62.5 **RESOLVED** - That the press and public are excluded from the meeting for items listed on Part 2 of the agenda.

63 CHAIR'S COMMUNICATIONS

63.1 There were none.

64 PUBLIC INVOLVEMENT

64.1 No items were received from members of the public.

65 MEMBER INVOLVEMENT

65.1 No items were received from Members.

66 INDEPENDENT BARRISTER'S REVIEW INTO HOME TO SCHOOL TRANSPORT

66.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that presented the findings from the independent barrister commissioned by the Chief Executive to carry out an investigation into the procurements associated with the Home to School Transport service change which was implemented in September 2019 following concerns from Members. The report made recommendations about how the Council should deliver change programmes.

66.2 In response to a query from the Chair, the Head of Commercial Law clarified that the Panel was comprised of Councillor Hugh-Jones, Councillor Williams, Councillor Wares and Chaired by David Bradly, one of the Council's Independent Persons.

66.3 The Committee then resolved to exclude the press and public under Section 100(A) Section 4 of the Local Government Act 1972.

66.4 The Committee reconvened in public session at 18.10pm.

66.5 The Chair put the recommendations to the vote that were agreed.

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

67 INDEPENDENT BARRISTER'S REVIEW INTO HOME TO SCHOOL TRANSPORT (EXEMPT CATEGORY 5)

67.1 As detailed in the Part Two minutes.

68 PART TWO PROCEEDINGS

68.1 **RESOLVED** – That Committee agreed that the Part 2 Items remain exempt from disclosure from the press and public.

69 ITEMS REFERRED FOR COUNCIL

69.1 No items were referred to Full Council for information.

The meeting concluded at 6.15pm



**Brighton & Hove
City Council**

**CONSERVATIVE GROUP
Room G84, Hove Town Hall
Norton Road, Hove BN23 3BQ**

16 June 2021

Geoff Raw
CEO, Brighton & Hove City Council
1st Floor, Hove Town Hall
Norton Road, Hove, East Sussex. BN3 3BQ

Dear Mr Raw,

Following numerous reports of slow response times to Freedom of Information requests, including some taking as long as six months, I wish to request this Committee:

1. Calls for an Officer report detailing key statistics relating to Freedom of Information requests including (i) number submitted annually, (ii) average response times each year, (iii) maximum response times, (iv) number of declined requests and (v) current number of outstanding requests.
2. Calls for a series of recommendations to be made to resolve any issues that are uncovered in (1) above.

Yours sincerely,

Cllr Anne Meadows
Patcham Ward

Subject:	Strategic Risk Focus: SR2, SR20 and SR37		
Date of Meeting:	29 June 2021		
Report of:	Executive Lead Officer, Strategy, Governance & Law		
Contact Officer:	Name:	Jackie Algar	Tel: 01273 291273
	Email:	Jackie.algar@brighton-hove.gov.uk	
Ward(s) affected:	All		

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 have agreed to focus on at least two strategic risks (SRs) at each of their meetings. For this meeting there are three SRs risks to receive focus and to enable Members' questions to be asked there will be attendance by Risk Owners as detailed below:

Nigel Manvell, Acting Chief Finance Officer for:

SR2 The Council is not financially sustainable.

Robert Persey, Executive Director, Health & Adult Social Care for:

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);

and

SR37 Not effectively responding to and recovering from COVID-19 in Brighton and Hove including building resilience for future pandemics.

2. RECOMMENDATIONS:

That the Audit & Standards Committee:

- 2.1 Note the SRR detailed within Table 1 of this report.
- 2.2 Note Appendix 1 the CAMMS Risk report with details of the SRs and actions taken ('Existing Controls') and actions planned.
- 2.3 Note Appendix 2 which provides:

- i. a guide on the risk management process;
 - ii. guidance on how Members might want to ask questions of Risk Owners, or officers connected to the strategic risks; and
 - iii. details of opportunities for Members, or any staff, to raise issues on Strategic Risks at various points and levels.
- 2.4 Make recommendations for further action(s) to the relevant council body.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The city council's SRs are reviewed quarterly by the Executive Leadership Team (ELT) taking on board comments from quarterly risk reviews carried out at Directorate Management Teams. This process ensures the currency of the city council's SRR.
- 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 At ELT's review of the SRR on 19 May 2021:
- i) two risks were removed as it was agreed to de-escalate these from strategic level to be managed by the relevant ELT Lead and monitored through the relevant directorate plans.
 - ii) No new risks were proposed or agreed.

There are now 16 Strategic Risks.









- 3.4 The reason why changes to the SRR were made to remove two SRs are as follows:
- a) SR35 'Unable to manage serious risks and opportunities resulting from the impact of Brexit on the local and regional society and economy' because Brexit arrangements are in place and directorates and services are managing the implications for delivery whilst the corporate reporting point continues to co-ordinate now to a lesser extent and maintain links with regional and national bodies. As a directorate risk, SGL DR 09, it will be owned by the Executive Lead Officer, Strategy Governance & Law.
 - b) SR38 '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' will be FCL DR 14 owned by the ED FCL and managed within her directorate plan as the service is running well.
- 3.5 There were no changes to risk scores.
- 3.6 Changes to risk titles were agreed:
- a) SR36 has been amended to better reflect the council's ability to assist the city in Climate and Ecological Change. The word 'making' has been replaced with 'transitioning' so that the title is now 'Not taking all actions required to address













climate and ecological change and transitioning our city to carbon neutral by 2030’.













- b) SR37 on Covid-19 reflects a Member query relating to future pandemics so the risk title now ends with ‘including building resilience for future pandemics’.
- c) For ease of reference the changed text in the titles of SR36 and SR37 are shown in italics.

Table 1

Table 1 shows the current 16 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 (s)	Risk Owner
SR 2	The Council is not financially sustainable	5 x 4 ◀▶  RED	4 x 4 ◀▶  RED	Policy & Resources Committee	Acting Chief Finance Officer
SR 36	Not taking all actions required to address climate and ecological change and <i>transitioning our city to carbon neutral by 2030</i>	5 x 4 ◀▶  RED	4 x 4 ◀▶  RED	Environment, Transport & Sustainability Committee	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	Executive Director, Health & Adult Social Care
SR 37	Not effectively responding to and recovering from COVID-19 in Brighton and Hove <i>including building resilience for future pandemics</i>	4 x 4 ◀▶  RED	3 x 4 ◀▶  AMBER	Health & Wellbeing Board And Policy & Resources (Recovery) Sub-Committee	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 (s)	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	Assistant Director Human Resources & Organisational Development
SR 33	Not providing adequate housing and support for people with significant and complex needs	4 x 4 ◀▶  RED	3 x 4 ◀▶  AMBER	Health & Wellbeing Board And Housing Committee	Executive Director, Health & Adult Social Care
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	Assistant Director Human Resources & Organisational Development
SR 25	Insufficient organisational capacity or resources to deliver all services as before and respond to changing needs and changing circumstances	4 x 4 ◀▶  RED	3 x 4 ◀▶  AMBER	Policy & Resources Committee	Chief Executive
SR 13	Not keeping vulnerable adults safe from harm and abuse	4 x 4 ◀▶  RED	3 x 4 ◀▶  AMBER	Health & Wellbeing Board	Executive Director, Health & Adult Social Care
SR 15	Not keeping children safe from harm and abuse	4 x 4 ◀▶  RED	3 x 4 ◀▶  AMBER	Children, Young People & Skills Committee	Executive Director Families, Children & Learning

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 (s)	Risk Owner
SR 10	Corporate information assets are inadequately controlled and vulnerable to cyber attack	4 x 4 ◄►  RED	4 x 3 ◄►  AMBER	Policy & Resources Committee	Chief Executive
SR 21	Unable to manage housing pressures and deliver new housing supply	4 x 4 ◄►  RED	3 x 3 ◄►  AMBER	Housing Committee	Executive Director, Housing, Neighbourhoods & Communities
SR 24	In the context of Covid-19 the needs and demands for services arising from the changing and evolving landscape of welfare reform is not effectively supported by the council	4 x 3 ◄►  AMBER	3 x 3 ◄►  AMBER	Policy & Resources Committee	Acting Chief Finance Officer
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 Tourism, Equalities, Communities & Culture Committee	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	Acting Chief Finance Officer
SR 30	Not fulfilling the expectations of residents, businesses,	3 x 4 ◄►  AMBER	2 x 4 ◄►  AMBER	Policy & Resources Committee	Chief Executive

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 (s)	Risk Owner
	government and the wider community that Brighton & Hove City Council will lead the city well and be stronger in an uncertain environment				

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 deliver 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: 24/05/21

Legal Implications

- 7.2 The Accounts and Audit Regulations (England) 2015 require local authorities to maintain a sound system of internal control, amongst other things to effectively manage risk. The Audit and Standards Committee has delegated to it the task of overseeing this area of the council's performance of its functions.
- 7.3 All Strategic Risks which are reported to the Audit & Standards Committee may potentially have legal implications. Where implications of a direct nature have been identified, reference to them may be made in the Appendices to this Report.

Lawyer Consulted: Victoria Simpson

Date 21/05/21

Equalities Implications:

- 7.4 It is a corporate requirement that equalities implications are included within the performance management framework which includes risk management.

Sustainability Implications:

- 7.5 The strategic risk register includes a risk in relation to sustainability.

Brexit Implications:

- 7.6 There are no direct implications in this report. SR35 has been removed but Brexit impacts will be monitored through the Strategy Governance & Law Directorate Management Team as detailed in paragraph 3.4 a) of this report.

Any Other Significant Implications:

- 7.7 None.

SUPPORTING DOCUMENTATION

Appendices:

1. Appendix 1 CAMMS Risk report SR2, SR20 and SR37.
2. 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.

Background Documents

1. None.

Brighton & Hove City Council

Appendix 1 Strategic Risk Focus Report SR2, SR20 and SR37
for Audit & Standards Committee 29 June 2021

Print Date: 09-Jun-2021

Initial Rating

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

Revised Rating

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

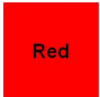

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1 - 3
Low
Monitor periodically

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	The council is not financially sustainable	Deputy Chief Finance Officer Head of Performance, Improvement & Programmes	BHCC Strategic Risk, Economic / Financial	19/05/21	Threat	Treat	 L5 x I4	 L4 x I4		Revised: Uncertain

Causes

Link to Corporate Plan 2020-23: Attributes 7. 'How will the plan be delivered' actions to achieve 'A well run council'.
 Reductions in central government funding continued through to 2020 under the 2015 Comprehensive Spending Review. The changes to local government funding introduced in 2013/14 also transferred greater risks to the council, particularly in relation to Business Rate valuation appeals. There is a cumulative impact of reductions in government funding to other public agencies in the city. The greatest risks are from the new financial impacts of Covid-19 and already identified increasing cost and demands across demand-led services such as social care and homelessness.
 Medium Term Service and Financial Planning was introduced in 2016/17 but the one-year local authority financial settlement in 2019 made longer term planning difficult. It is expected that planning over a 3-year period will be possible following the 2020 Spending Review announcement. However, forecasting the Medium Term Financial Strategy will remain challenging given the continuing uncertainty in funding and taxation levels and the added dimension of the pandemic. There is also increased uncertainty until HM government determines its long term approach to the business rate system and the funding of social care.

Potential Consequence(s)

The council will need to adapt to the financial impact of Covid-19 and continue robust financial planning in a highly complex environment. Failure to do so could impact on financial resilience and mean that outcomes for residents are not optimised.

Existing Controls

First Line of Defence: Management Controls

1. Ongoing review of the adequacy of risk provisions and reserves to support the medium term budget strategy and to ensure financial resilience.
2. Medium term resource projections (MTFS) and savings plans are reviewed and revised where necessary to identify and address predicted budget gaps including identification of taxation and savings options.
3. Consultation and engagement with the Leadership (member oversight), cross-party Budget Review Group and partners (particularly the Clinical Commissioning Group 'CCG') for development and approval of the annual budget led by Executive Leadership Team (ELT) and the Chief Finance Officer (CFO).
4. Targeted Budget Management (TBM) Month 7 and month 9 projections are undertaken to accompany draft (Nov/Dec) and final (Feb) budget reports to ensure in-year pressures are reflected in resource projections and budget setting.

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

6. Investment requirements reviewed and funding flexibility identified to ensure delivery of modernisation and savings proposals.

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

* TBM Monitoring regime includes RAG rating of budget performance with an escalating scale of scrutiny and intervention where continued overspending is evident. Interventions focus on development of Financial Recovery Plans approved and monitored by the CFO but can ultimately include 'special measures' such as specific vacancy controls.

Second Line of Defence: Corporate Oversight

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

2. Close alignment of Corporate Plan priorities with the annual budget and Medium Term Financial Strategy (MTFS).

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

4. Continued adoption by P&R of a longer term planning approach when the next longer term Comprehensive Spending Review is announced by government. Plans should cover a 3 to 4 year period (depending on the CSR period) and identify investment requirements, including capital investment, to ensure delivery.

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

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

7. The cross-party Budget Review Group periodically reviews TBM performance and Treasury Management performance.

8. The Administration's Leader, Deputy Leader and Finance Lead/s, and Policy Chairs Board provide oversight of the budget.

9. Oversight of pooled funds and integrated arrangements through separate governance arrangements including Health & Wellbeing (HWB) Board and BHCC - CCG officer meetings.

Third Line of Defence: Independent Assurance

1. Annual review 2019/20 reported in October 2020 by external auditors of Value for Money (VfM) arrangements leading to an opinion in the annual audit report concluded there were no governance issues to report and arrangements to secure VfM and the council's use of resource were reasonable.

2. Internal audit reviews of budget management and financial planning arrangements. The latest 2020/21 Budget Management audit completed in April 2021 gives a 'Substantial Assurance' opinion. Internal audits of other key financial systems are undertaken regularly. The majority have been given Substantial or Reasonable assurance opinions with the exception of Council Tax and Debtors where a Partial assurance opinion was given.

3. 2020/21 Reviewed by A&S Committee in July 2020.

4. Internal Audit reviews of key financial systems: Budget Management (Substantial Assurance), Payroll (Reasonable Assurance), Creditors (Reasonable assurance), Debtors (Partial Assurance), Business Rates (Reasonable Assurance).

2019/20 This risk was reviewed at A&S Committee in July 2019. Internal Audit of Budget Management (Reasonable Assurance).

2018/19 Internal Audit of Budget Management (Reasonable Assurance).

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Continue to monitor impact of health sector reforms, integration and Better Care programmes.	Deputy Chief Finance Officer	25	31/03/22	01/04/20	31/03/22
<p>Comments: Meetings with the CCG Chief Executive and Chief Operating Officer and the council's Chief Executive and Director of Adult Services (DAS) are in place to ensure alignment of budget setting processes as far as possible.</p> <p>The Better Care Fund (BCF) S75 Agreement for 2020/21 has been agreed in principle and Hospital Discharge Planning to manage Covid has been agreed. Agreement for pooling COVID-19 resources has been approved by Policy & Resources Committee (27 May 20). Recovery plans and corrective measures will be proposed where necessary.</p> <p>Monthly reporting of the council's element of the risk share is provided via the Targeted Budget Management framework. There is on-going dialogue between the two organisations through the Chief Executives, the DAS and CCG COO and there is a stated commitment to alignment of long term financial planning.</p> <p>Agreement to 2020/21 baseline CCG funding has been reached, with no reductions, and is reflected in the approved 2020/21 General Fund budget. Discussions are ongoing regarding 2021/22 but the NHS has not received detailed allocations as yet.</p> <p>Discussions regarding S117 funding are ongoing and there are indications that additional support will be provided by the CCG in 2021/22.</p> <p>Discharge to Assess (D2A) funding is expected to continue for up to 6 weeks into 2021/22 to mitigate Covid-related discharge costs.</p>					
Corporate Modernisation Delivery Board includes monitoring and RAG rating of critical VFM and other savings programmes that support the council's current and medium term financial position. Reporting links to TBM reporting which also monitors savings delivery.	Head of Performance, Improvement & Programmes	20	31/03/22	01/04/20	31/03/22

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Corporate Modernisation governance arrangements are in place. Corporate Modernisation Delivery Board (CMDDB) continues to provide support and challenge to project/programme managers and Senior Responsible Owners.</p> <p>All budget figures reported link to the TBM budget monitoring process. A revised RAG guidance has been prepared which is resulting in more accurate reflection of the progress.</p> <p>A revised Modernisation Investment programme was agreed by Budget Council in February 2020 and will underpin modernisation programmes and activity over the next 4 years to support achievement of identified savings requirements to address budget gaps in the MTFS. Covid-19 has resulted in some delays to deliver modernisation plans and therefore there will be some unachieved savings in 2020/21. Officers are working with relevant stakeholders to bring these plans back on track in 2021/22. One of the key corporate modernisation programme is 'Fair & Inclusive - workforce and services'.</p>					
<p>Meet Targeted Budget Management (TBM) reporting timetable and identify risk mitigation and corrective action where necessary</p>	<p>Deputy Chief Finance Officer</p>	<p>5</p>	<p>31/03/22</p>	<p>01/04/20</p>	<p>31/03/22</p>

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: The current annual TBM reporting timetable has been produced and agreed. TBM Month 2 is the first reporting period each year to July P&R. TBM reports are regularly shared with the cross-party Budget Review Group (BRG) to ensure additional member oversight of the financial position. TBM reporting will identify risk mitigation and corrective action for overspending areas identified by RAG rating. A revised TBM regime ensures that escalating interventions apply where continued overspending (RED RAG) is evident. Interventions focus on additional scrutiny by the CFO and/or Chief Executive Officer (CEO), CFO approval of Financial Recovery Plans, and ultimately potential 'special measures' interventions where overspending persists. All savings programmes will also be monitored through the TBM report and via the Corporate Modernisation Delivery Board (CMDDB). The council maintains a Working Balance of £9m to mitigate financial risks and set aside a specific risk provision of £0.750m to mitigate forecast risks or underachievement of savings. £0.575m of this has been used to meet the higher than estimated pay award cost in 2020/21.</p> <p>The impact of COVID-19 on the council's finances is likely to be fundamental and have far-reaching consequences for financial planning over the medium term. However, current estimates indicate a 2020/21 budget underspend of over £8m following receipt of over £50m government grant funding for Covid related costs and losses. The impact in 2021/22 will be dependent on the speed of recovery of the visitor and business economies, both of which have direct links to the level of taxation, fees and charges, and commercial rents receivable by the council.</p> <p>The COVID-19 impact is being monitored closely and reported regularly to Policy & Resources Committee (including Special P&R's and Urgency meetings). The process of identifying mitigating actions started with the 'pausing' of capital programmes funded by borrowing and other actions were identified including:</p> <ul style="list-style-type: none"> - Furlough of staff (where the service is funded by fees & charges income); - Vacancy management processes (with necessary exceptions for key services); - Curtailment of non-essential, discretionary spend and programmes. <p>In the meantime, the council continues to closely monitor the impact of COVID-19 and continues to lobby government for more resources and other medium term financial support.</p>					
Update and maintain an MTF5 and 4-year Budget Planning timetable and process.	Deputy Chief Finance Officer	95	31/03/22	01/09/19	31/03/22

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Medium Term Budget Planning will continue over the current political term and beyond. Proposals for 2021/22 were approved by Budget Council on 25 February 2021. An MTFS update is provided each July and February to P&R to ensure resource projections and predicted budget gaps continue to be identified as early as possible with associated savings proposals. The 2021/22 budget identifies a further £10.644m savings to balance the budget. An updated MTFS identifies potential budget gaps for the next 4 years of £24m, however, this is highly uncertain and depends on ongoing financial impacts of the pandemic and government funding support provided through the Spending Review 2021.</p> <p>The council has a well-defined budget setting process which begins early in the financial year (May) and works iteratively through to draft proposals in November/December and final proposals and approval of the budget in February. The budget process is designed to ensure that MTFS estimates and assumptions are kept under review using latest information to inform the position for the next 3 years with a primary focus on the next financial year which is the only budget requiring formal approval. The budget process includes the following iterative elements:</p> <ul style="list-style-type: none"> - Assessment of underlying demographic demands and cost pressures and forward projections of these based on current activity and current financial monitoring trends; - Assessment of current income collection & recovery and performance trends; - Updated estimates of resources based on latest government information and announcements, and anticipated legislative changes including transfers of services in (new burdens) or out of local government; - Updated estimates of taxation resources based on latest monitoring information and government information and announcements, including consideration of any expected in-year surplus or deficit; - Estimates of inflationary pressures based on latest information and announcements, for example, from Local Government Employers (LGA) pay negotiations, reports from the Actuary on Pension Fund liabilities, tracking of indicators including RPI/CPI and other inflationary indicators, and consideration of legislative changes (e.g. known changes to employers National Insurance); - Iterative development and review of savings proposals to meet the latest estimated 'budget gap'. This is achieved by allocating 'working targets' to each directorate as a guideline for developing savings – normally taking some account of the relative scale of budgets and corporate priorities (e.g. providing relative protection to budgets for services to vulnerable people). Proposals are regularly reviewed by ELT and by members of the Administration through agreed and regular member oversight processes (usually led by the Lead Finance member). This ensures that member prioritisation and alignment with corporate priorities is built into the process. <p>All elements are updated at least 3 times formally, often much more regularly, throughout the budget process.</p> <p>The impact of COVID-19 has changed the financial planning outlook for 2021/22 and future years subject to final levels of government emergency funding support and other measures adopted by government (e.g. allowing precepts or higher Council Tax rises or allowing local authorities to spread the repayment of COVID-19 deficits/debts over a long period of time). The situation is being monitored closely and updates taken regularly to P&R Committee. Estimated impacts of Covid-19 in 2021/22 have been included in the budget approved by Budget Council on 25 Feb 2021.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
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)	Executive Director Health and Adult Social Care Head of Adult Social Care Commissioning Assistant Director - Operations and Transformation	BHCC Strategic Risk, Economic / Financial	19/05/21	Threat	Treat	Red L5 x I4	Red L4 x I4		Revised: Uncertain

Causes

Link to Corporate Plan 2020-23. Outcome 6: 'A healthy and caring city; and action ensure that health and care services meet the needs of all'. The high level Health & Wellbeing Strategy was formally adopted in March 2019 and provides a policy framework that is monitored and assured through the Health & Wellbeing Board (HWB). The systems to deliver improved collaboration are made up of a number of organisations outside the council and there are competing drivers including budget and performance challenges which have been difficult to align. National Government is introducing legislation through Parliament to determine how the system will operate to ensure health and social care integration. The impacts of COVID-19 affects health and social inequalities and needs to be addressed in partnership for the benefit of our city.

Potential Consequence(s)

If parties do not work together as effectively as required, or organisations' priorities change, it will affect delivery of performance targets. Any failure of delivery across the health and care system could impact on costs and pressures throughout the system and frustrate attempts to release efficiency savings and improve system performance.

Existing Controls

First Line of Defence: Management Controls

1. The CCG operates across 7 Primary Care Networks (PCNs). From April 2017 three Social Care District teams support these PCNs so that social care operational work is aligned. Further reorganisation has been completed to streamline activity into 2 pathways to meet need.
2. Better Care Board established (high level and cross sector representation) and co-chaired by Executive Director Health & Adult Social Care and CCG Director of Commissioning, with oversight by Health & Wellbeing Board.
3. Health & Social Care Partnership Board (HSCP) jointly chaired by CCG and BHCC meets monthly to identify and collaboratively plan for service delivery.
4. Health & Wellbeing Strategy adopted in March 2019 running until 2030.
5. Considerable collaborative operational working is being delivered within both the hospital social work teams and community adult social work teams. As part of the Covid-19 response we worked with partners to expedite set up of the Discharge Hub at Royal Sussex County Hospital in order to implement the community pathways (July 20) for discharge review of people leaving hospital care.
6. 2nd Tier of Mental Health Integrated Services with Sussex Partnership Foundation Trust (SPFT) involve BHCC staff seconded to SPFT within the framework for the revised S75 agreement.

Second Line of Defence: Corporate Oversight

1. Health & Wellbeing Board being reviewed with consultation taking place. Proposals developed for HWB in Jan 2021 for delivery of a collaborative approach, including oversight of the Better Care Plan.
2. Better Care Plans in place. Section 75 agreement currently being reviewed.
3. Partnership work agreed and submitting an annual Better Care Plan since the deadline in March 2014. The Better Care Fund is currently being reviewed in light of updated Government Guidance for July 2021 Committee.

Third Line of Defence - Independent Assurance



- Quarterly Better Care submissions to NHS England ongoing. There has not been any challenge back from NHS England. In 2017 NHS England signed Better Care Plan, submitted in November 2017 (approved with 2 conditions, addressed).
2. The A&S Committee reviewed this risk in September 2021, and at A&S Committee in September 2019.
 3. Internal Audit 2020/21 Hospital discharge arrangements audit (Reasonable Assurance).
 4. Internal Audit work in 2019/20. Joint Commissioning (Reasonable Assurance), Public Health (Reasonable Assurance).
 5. No specific Internal Audit work in 2017/18.
 6. In 2016/17 internal audit work reviewing the Better Care Fund gave Limited Assurance.

Reason for Uncertain status of Effectiveness of Controls - This risk is affected by changes affecting a number of organisations which contribute to the health care system.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>A new D2A (discharge to assess) pathway commenced 6/1/20 which determines 3 pathways for patients and Pathway 1 (D2A) is being reviewed commencing with a Task & Finish group which considered how further efficiencies and improved flow can be delivered.</p> <p>Comments: A multi-agency Discharge (DC) HUB established since May 2020 works to ensure adherence to Government discharge guidance issued in August 20. This enables an improved co-ordinated approach to implement effective discharge pathways as agreed in accordance with the revised Discharge to Assess (Home First) aka D2A pathways first implemented in January 2020. This includes a performance dash board supported by an adopted NHS programme. Performance is tracked in HASC Directorate Plan and through weekly joint meetings with Health. Demand and capacity is co-ordinated by the Operational Command Group, consisting of senior representatives of leadership across both the health and social care system. Performance reviews are closely monitored in these exceptional times of demand and challenges. All pathways have been running through Covid and we will be reviewing their ongoing effectiveness from the learning.</p>	<p>Assistant Director - Operations and Transformation</p>	80	31/03/22	01/04/16	31/03/22
<p>Further integration with Primary and Community Care</p>	<p>Assistant Director - Operations and Transformation</p>	55	31/03/22	01/04/16	31/03/22
<p>Comments: This worked has been slowed by COVID. Progress on this will also be determined by any forthcoming Government legislation and local interpretation of this legislation through 2021. This work is being progressed and monitored via the new HASC Modernisation programme.</p>					
<p>Plan Admission Avoidance with SCFT to extend delivery of social care responsibilities and enable more effective services</p>	<p>Assistant Director - Operations and Transformation</p>	35	31/03/22	02/01/18	31/03/22

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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: May 21 – this work has now started and is being progressed through the HASC Modernisation Programme.</p> <p>January 2021 update – Pressure on system and Covid response to support hospital discharge has remained the focus. The work aligned to admission avoidance has not as yet been progressed.</p> <p>The focus of work to date has mostly been on discharge through the multi-agency discharge hub (involves BSUH, SPFT and BHCC) to utilise increased opportunities to divert clients as appropriate at the 'front door'. There has been a slight progression but focus of partners is diverted by Covid-19.</p> <p>Reviewing the Hospital rapid discharge team to prevent admission, through 4 social workers working on the acute floor with nurses and therapists. The aim is to triage at the first stage to prevent admission to hospital where possible.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR37	Not effectively responding to and recovering from COVID-19 in Brighton and Hove including building resilience for future pandemics	Executive Director Health and Adult Social Care Programme Manager - PMO	BHCC Strategic Risk	19/05/21	Threat	Treat	 L4 x I4	 L3 x I4		Revised: Uncertain

Causes

Link to Corporate Plan 2020-23. Outcome 6 ‘A healthy and caring city’, action 5.1 ‘Increase ’s ability to work with its partners and others to deliver services, including statutory. to support service users, residents, businesses and employees of the council

Potential Consequence(s)

1. Increases in numbers suffering physical and mental illness; and deaths
2. compromised ability to delivers statutory duties and business as usual
3. not delivering safe services and meet needs
4. trust and confidence and reputation of the council affected
5. damage to city economy and the wealth of citizens
6. capacity of staff, providers and contractors tested
7. health and wellbeing impact on those delivering services
8. emergency operating arrangements increase budget overspend
9. sustainability of local tax base affects council’s financial position to deliver Corporate Plan

Existing Controls

First Line of Defence: Management Action

Response:

1. Covid-19 Response programme has continued with clear governance structure proportionate to the current situation
2. BHCC working with NHS and Education, Care Homes and Care Settings to create a joint response to outbreaks. Engaging with other partners as and when required to ensure actions are taken minimising the spread of Covid-19

3. Covid-19 Co-ordination Group met weekly until March 2021 with Emergency Planning, Environmental Health, Public Health and representatives from Directorate Management Teams (DMTs). From April 2021 onwards, arrangements of the revised Local Outbreak Management Plan (LOMP) will determine future groups and regularity of meetings.

4. City Council continues to link with Local Resilience Forum (LRF), Public Health England and National Health England to address response to COVID-19

5. Regular communications on the council's website and intranet and press releases.

6. Emergency Resilience Team connected with work with neighbouring local authorities and blue-light services

Recovery:

1. The scope of, and governance arrangements for, the Recovery & Renewal programme have been reviewed in March 2021 to ensure they remain appropriate. Revised proposals were reported to, and agreed by, the Corporate Modernisation Delivery Board (CMDDB) on 17 March 2021 to take effect from April 2021.

2. Each working group within the programme has a Lead and Project Manager to manage specific aspects of city and council recovery. The working groups include representatives from partner organisations, including the Community & Voluntary Sector (CVS), as appropriate. All activity is overseen by the Recovery & Renewal Programme Manager and Senior Responsible Owner (SRO).

3. The Covid Recovery & Renewal Group which was, until December 2020, a monthly forum for the leads of the Recovery & Renewal working groups has been paused until April 2021 to enable review of the programme scope and its working groups. The Group includes representatives from the Clinical Commissioning Group and CVS.

4. Weekly catch up meetings are held with the Recovery & Renewal Sponsor, SRO and Programme Manager, Local Outbreak Control Senior Programme Manager and Head of Policy, Partnerships & Scrutiny.

Second Line of Defence: Corporate Oversight

Response:

1. Daily Public Health (PH) Cell that meets to analyse day-to-day data and intelligence. Weekly the same group meets spending more time on the data

2. BHCC Covid-19 Co-ordination Group meets weekly

3. Covid-19 ELT Gold meets weekly receiving points of escalation from Daily PH Cell and Covid-19 Co-ordination Group

4. Reports to the Policy Chairs' Board and relevant Committees e.g. Policy & Resources Committee on financial implications for Council as a result of Covid-19 on 4th April 2020

5. Local Outbreak Management Plan has been revised and reported to the Executive Leadership Team (ELT) in March 2021.

6. Local Outbreak Engagement Board has been established, meeting weekly

7. Director of Public Health engages with Sector Led Improvement and Peer Challenge

8. Briefings have been created with City Leadership, All Councillors (when required) and Wider Local Outbreak Engagement Board.

Recovery:

1. CMDDB meets monthly as the Recovery & Renewal Programme Board to oversee progress and satisfy itself that the programme is being managed and delivered correctly.

2. ELT Covid-19 Gold Recovery Co-ordination Group meets monthly as the Recovery & Renewal Steering Group to provide strategic leadership and drive the city and council's recovery from the pandemic.

3. Policy & Resources (Recovery) Sub-committee has been established and meets bi-monthly to oversee, and receive reports pertaining to, the recovery

of the city and council from the pandemic.

4. Recovery & Renewal governance links into emergency response governance, as appropriate.

5. Governance arrangements also link into the appropriate citywide and regional structures, including the City Management Board, Brighton & Hove Connected Partnerships, Greater Brighton Economic Board and Coast to Capital Local Enterprise Partnership.

Third Line of Defence:

The Local Government Association (LGA) Peer Review visit on 29 March 2021 to include the council's arrangements to recover from the pandemic.

This risk was added to the SRR in April 2020 and was reviewed at A&S Committee in July 2020..

Internal Audit counter fraud work on Business Grants and certification of other Covid Grants in accordance with central government department requirements.

Uncertainty of Effectiveness of Controls is that this is an unprecedented global incident and we have learnt and continue to learn from the experience

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Deliver Covid-19 Recovery and Renewal Programme	Corporate Portfolio Lead	75	31/03/22	29/06/20	31/03/22
<p>Comments: Recovery & Renewal: Risk is managed as follows:</p> <ol style="list-style-type: none"> 1. The working groups conduct a risk analysis exercise to identify the risks relevant to their area of focus and captured these in a risk log. 2. Each risk is categorised as either working group or programme level. 3. Working group level risks are managed by that working group and only reported to the Programme Board if they need to be escalated('red' risks). 4. Programme level risks are included in the working group's highlight report and reported to schedule to the Programme Board, if the working group feels they are of corporate interest. 5. The Covid-19 Programme Manager will maintain a programme risk log comprising the programme level risks from the working groups, escalated 'red' risks, corporate risks and those that cut across more than one working group. This will be shared periodically with the Programme Board. 6. The Programme Board will escalate risks to the Sussex Resilience Forum Recovery Co-ordination Group, as appropriate. 					
Develop and deliver Covid-19 response programme	Programme Manager - PMO	30	31/03/22	20/03/20	31/03/22

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: 18 March 2021 - Per national directive and informed by our experience the Local Outbreak Mangement Plan has been re-designed and was reported to ELT on 30 March 2021. It re-designs the response programme to simplify the structures for Covid-19 response and focuses on 4 areas: Vaccination/ Opening City Safely/ Response to confirmed cases/ Outbreaks.</p> <p>12 November 2020 - Covid-19 Response Programme has evolved and been created around Local Outbreak Engagement. The Governance structure will be in place Bronze, Silver and Gold level oversight. Winter planning has been started and exercise programme has been launched</p> <p>22nd September 2020 - Covid-19 Response Programme has moved on to a new phase and is focussed around Recovery & Renewal Programme and Local Outbreak Plan as the active part of the response. The Governance structure will be in place Bronze, Silver and Gold level oversight. Winter planning has been started and exercise programme has been launched</p> <p>26 June 20 update - Covid-19 Response Group has been presented with data on the disproportionate impact of Covid-19 on some protected characteristic groups. The presentation framed the discussion that took place after with Cells tasked to identify additional actions that affect these groups. Process have been established for funding requests, risk management and progress updates. Learning from Response will be incorporated into Recovery & Renewal work including approach to equalities which will be considered in developing the programme</p> <p>First comments - Covid-19 response programme developed. Governance arrangements agreed with Executive Leadership Group and the Leader/Deputy Leader of the council. 'Cell's developed to work on specific areas of work – project management and communications support assigned to each cell. Regular progress update arrangements from 'Cells' being reported to the Covid Response Group and to the ELT oversight group. Risk management at the corporate and directorate level in place.</p>					
Establish & maintain effective links at national and regional level to ensure a coherent response	Programme Manager - PMO	30	31/03/22	10/02/20	31/03/22

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: The links that have been developed throughout Covid-19 have been maintained and are reviewed to ensure currency so that the governance structures we have locally (particularly working with both county councils in Sussex) and regional groups (the Sussex Resilience Forum 'SRF') all link up to the national body of COBRA.</p> <p>Update 26.06.20 - BHCC continues to be represented on the Incident Strategic Co-ordinating Group and Incident tactical co-ordinating group to ensure co-ordination across the region. BHCC has used this a platform to maintain its role as regional groups move to Recovery</p> <p>First comment - BHCC represented on the Incident Strategic Co-ordinating Group and Incident tactical co-ordinating group to ensure co-ordination across the region.</p>					
Horizon scanning and implementing actions to build resilience for response to future pandemics	Programme Manager - PMO	25	31/03/23	27/04/21	31/03/23
<p>Comments: Director of Public Health working with their counterparts in other Local Authorities to develop a peer review approach and share learning. Public health team will also be proactive in understanding national approach to future pandemics and take actions as they emerge.</p>					

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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:
 - 1st line: management controls
 - 2nd line: corporate oversight
 - 3rd line: independent assurance

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

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

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

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

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

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 Manager	Officers to their lead Directorate Management Team (DMT)	DMT to ELT
Each SR is discussed between the regular meetings with Committee Chairs	The Behaviour Framework expects all officers to escalate risks and/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 contract 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:	Internal Audit Annual Report and Opinion 2020/21		
Date of Meeting:	29 June 2021		
Report of:	Acting Chief Finance Officer		
Contact Officer:	Mark Dallen (Audit Manager)	07795 336145	
	Name: Russell Banks (Chief Internal Auditor)	Tel: 07824 362739	
	Email: mark.dallen@brighton-hove.gov.uk		
	russell.banks@eastsussex.gov.uk		
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The purpose of this report is to give an opinion on the adequacy of Brighton & Hove City Council's control environment as a contribution to the proper, economic, efficient and effective use of resources. The report covers the audit work completed in the year from 1 April 2020 to 31 March 2021 in accordance with the Internal Audit Strategy for 2020/21.
- 1.2 The report also includes a summary of the results of internal audit work for the year along with a narrative summary of those audits finalised since the last progress report to this Committee in March 2021.

2. RECOMMENDATIONS:

- 2.1 That the Committee note that, whilst no assurance can ever be absolute, based on the internal audit work completed in the year, reasonable assurance has been provided on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control for the year ended 31 March 2021.
- 2.2 That the Committee note the assurances and improvement actions detailed on audits finalised since the last progress report to this Committee in March 2021.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities 'must 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 or guidance'. Annually, the Chief Internal Auditor is required to provide an overall opinion on the Council's internal control environment, risk management

arrangements and governance framework to support the Annual Governance Statement.

- 3.2 It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.
- 3.3 The overall annual audit opinion, and the evidence that underpins it, is further explained in the full Internal Audit Service's Annual Report and Opinion which forms Annexe A of this report.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

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

5. COMMUNITY ENGAGEMENT & CONSULTATION

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

6. CONCLUSION

- 6.1 The Chief Internal Auditor has concluded that reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework of governance, risk management and control for the year-ended 31 March 2021.
- 6.2 The Council has set out in the annual governance statement how it plans to address the areas for improvement. This statement is part of a separate agenda item on this meeting's agenda.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Finance Officer Consulted: James Hengeveld

Date: 08/06/21

Legal Implications:

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

Lawyer Consulted:

Victoria Simpson

Date: 9/6/21

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:

A: Internal Audit Annual Report & Opinion

B: Internal Audit Performance Indicators

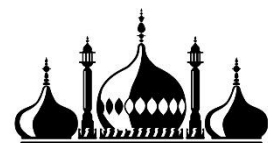
C: Summary of Opinions for Internal Audit Reports Issued During 2020/21

D: Internal Audit work completed in Quarter 4 2020/2021

Background Documents

1. Revised Annual Internal Audit Plan (October) 2020/21

INTERNAL AUDIT ANNUAL REPORT & OPINION 2020/2021



**Brighton & Hove
City Council**

1. Internal Control and the Role of Internal Audit

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

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

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

2. Delivery of the Internal Audit Plan

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

2.2 The impact of the Covid 19 has made 2020/21 a unique year for Internal Audit as was the case for the vast majority of the services we have audited. This has meant that we have had to adopt our working practices, reschedule audits and make a much greater number of amendments to the year's audit plan than would normally be the case.

2.3 The significant changes to our workplan meant that it was necessary to produce a revised audit plan part way through the year. This was agreed by the Audit & Standards Committee in October 2020 and replaced the Internal Audit Plan that was approved in March 2020.

2.4 In addition, Orbis Internal Audit redeployed some of its resources during the year to support the Covid 19 response and recovery work streams across the Council. This work has been detailed in our quarterly update reports but is also summarised elsewhere in this report.

2.5 During 2020/21 we have seen a substantial increase in the number of government grants that need to be certified by Internal Audit, all of which are specific to supporting the City Council through the pandemic. In addition, significant resources have been directed to providing advice and support on system changes (to support remote working) and data analytics to identify any issues arising from new ways of working.

2.6 Notwithstanding the above, we have still been able to deliver sufficient audit and assurance activity within the year to enable us to form an overall annual audit opinion for

the Council in the normal way. This includes delivery of the revised programme of audits and investigating any allegations of fraud and other irregularities.

2.7 All adjustments to the audit plan were agreed with the relevant departments and reported throughout the year to the Audit & Standards Committee as part of our periodic internal audit progress reports. It should be noted that whilst there were a number of audits reports still in draft at the year-end, the outcomes from this work have been taken into account in forming our annual opinion. Full details of these audits will be reported to the Audit & Standards Committee once each of the reports have been finalised with management.

3. Audit Opinion

3.1 No assurance can ever be absolute; however, based on the internal audit work completed, the Chief Internal Auditor can provide reasonable⁽¹⁾ 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 2020 to 31 March 2021.

3.2 Further information on the basis of this opinion is provided below. Overall, whilst the majority of audit opinions issued in the year were generally positive, internal audit activities have identified a number of areas where the operation of internal controls has not been fully effective, as reflected by one minimal assurance opinion and the number of partial assurance reports issued in the year.

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

4. Basis of Opinion

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

- All audit work completed during 2020/21, planned and unplanned;
- Follow up of actions from previous audits;
- Management's response to the findings and recommendations;
- Ongoing advice and liaison with management, including regular attendance by the Chief Internal Auditor and Audit Managers at organisational meetings relating to risk, governance and internal control matters;
- Effects of significant changes in the council's systems;
- The extent of resources available to deliver the audit plan;
- Quality of the internal audit service's performance.

4.2 No limitations have been placed on the scope of Internal Audit during 2020/21, however, as explained above, Covid 19 and remote working have impacted on how our work was delivered, with a number of specific audits having to be rescheduled or in some cases, replaced with other activities.

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

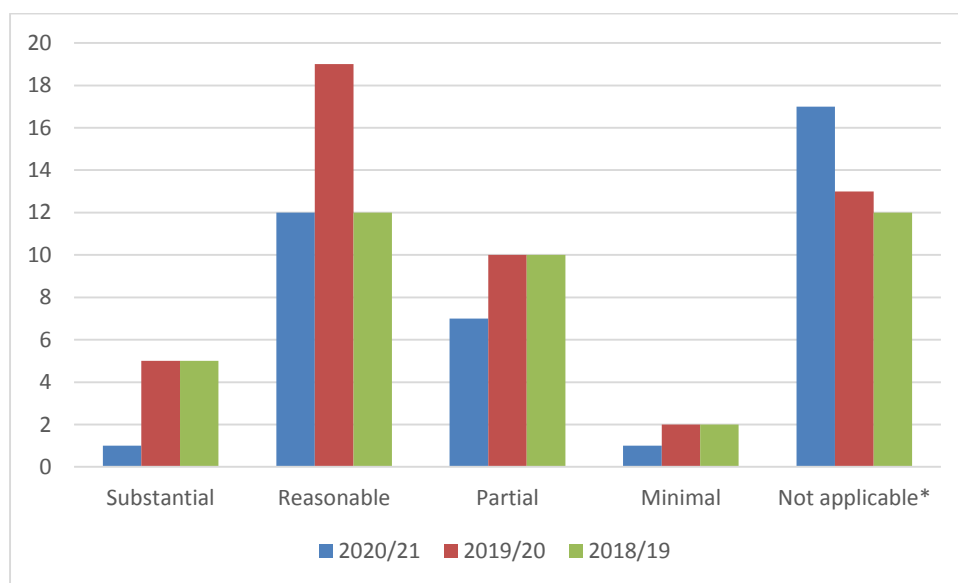
4.3 It should be noted Covid 19 has had a significant impact on many of the services we have audited in the 2020/21 financial year. In some instances this has led to a reprioritisation of work to front line services which has meant that some projects to improve the management of internal control risks have been delayed.

5. Key Internal Audit Issues for 2020/21

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

5.2 The internal audit plan is delivered each year through a combination of formal reviews with standard audit opinions, direct support for projects and new system initiatives, investigations, grant audits and ad hoc advice. The following graphs provide a summary of the outcomes from all audits finalised during 2020/21:

Audit Opinions



*Not applicable: Includes grant certifications and audit reports where we did not give a specific audit opinion.

5.3 A full listing of all completed audits and opinions for the year is included at Appendix C, along with an explanation of each of the assurance levels. During 2020/21, one audit was completed, relating to a follow up on Housing Temporary Accommodation, where we have concluded minimal assurance. Once finalised, details of the report’s findings and agreed actions will be presented to the September 2021 Audit & Standards Committee.

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

- Debtors;
- Direct Payments (Follow-up);
- IT Access Management;

- Home Care (Follow-up);
- Housing Management System implementation (Draft);
- Housing Repairs Service;
- Working Time Directive (Follow-up).

5.5 Whilst actions arising from these reviews will be followed up by Internal Audit, either through specific reviews or via established action tracking arrangements, it is important that management take prompt action to secure the necessary improvements in internal control.

Key Financial Systems

5.6 Given the substantial values involved, each year a significant proportion of our time is spent reviewing the Council's key financial systems, both corporate and departmental. Of those completed during 2020/21, all of these have resulted in either substantial or reasonable assurance being provided over the control environment, with the exception of the Debtors System. This replicates our conclusion on the Debtors System in both 2018/19 and 2019/20 and therefore remains a concern, albeit recognising that the delivery of the service has been impacted by the Covid 19. A comprehensive project is, however, now in place to improve the service with details of the improvement plans reported in detail by management to the Audit & Standards Committee.

5.7 At the year-end we had not completed our work on the Council Tax system, and the audit of the Housing Benefits system was removed from the revised audit plan for the year. Both of these audits will be delivered in the first quarter of 2021/22.

Housing Audits

5.8 During 2020/21, we carried out a number of audits of housing related areas within the Housing Neighbourhoods and Communities Directorate. Two of these audits resulted in partial assurance opinion and one minimal assurance. These were:

- Housing Management System Implementation (Partial Assurance);
- Housing Repairs Service (Partial Assurance);
- Housing Temporary Accommodation (Minimal Assurance).

5.9 In addition, another (non-opinion) review was carried out following concerns being raised about some of the procurement arrangements within the housing response repairs service, which also identified the need for improvements in control.

5.10 It should however be noted, when considering all of the above findings, that Covid 19 has had a significant impact on all housing activities, including the demand for temporary accommodation services. As such, resources have naturally been prioritised to meet operational demands during this period. Likewise, the housing repairs service has also been significantly impacted by the pandemic, along with the challenges of being the first year of insourcing, which was also impacted by industrial relations and associated resourcing issues. Management have recognised the importance of strengthening arrangements in the future and this is something Internal Audit will aim to activity contribute to.

Other Internal Audit Activity

5.11 During the year, Internal Audit have continued to provide advice, support and independent challenge to the organisation on risk, governance and internal control matters across a range of areas. These include:

- Orbis Customer Board/DMT/Finance & Resources Lead Business Partners Meetings;
- Business Intelligence Group/ Governance Assurance Meetings;
- Corporate Risk Assurance Group;
- Whistleblowing Co-ordination Meetings;
- Information Governance Board.

5.12 As well as actively contributing to, and advising these groups, we utilise the intelligence gained from the discussions to inform our own current and future work programmes to help ensure our work continues to focus on the most important risk areas.

5.13 In addition, for 2020/21, we have provided significant support to individual Covid 19 response and recovery work streams. As noted in our quarterly progress reports this has included:

- Verification of Business Rate Grants: including verification of individual grants and undertaking batch verification checks, assisting in overall risk assessments and post payment verification plans;
- Supporting the Ways of Working Recovery Group;
- Supporting Public Health with the Covid-19 related work;
- Supporting the set up the Council's own food bank in the city centre and providing advice over the administration of food purchasing;
- Helping to administer a city-wide volunteer register;
- A redeployment to the Community Hub within Adult Social Care;
- A redeployment to provide project support to the Vulnerable Housing Cell;
- Supporting the Executive Director of Health & Adult Social Care with the completion of a Local Care Home Support Plan;
- Supporting the Ways of Working Recovery Group Governance and Accountability working groups and Programme Management Office Covid-19 meeting/group;
- Supporting the delivery of Council Covid-19 newsletters to households across the city;
- Laptop distribution to priority staff.

Anti-Fraud and Corruption

5.14 During 2020/21, the Internal Audit Counter Fraud Team continued to deliver both reactive and proactive fraud services across the Orbis Partnership.

5.15 The team logged 43 allegations under the Council's Anti-Fraud and Corruption Strategy, with cases being identified through the Council's confidential reporting hotline or referrals from other departments. As a result of the allegations, 36 cases were taken forward to investigation by Internal Audit or support was provided to a management

investigation. Seven cases were logged with no action required or insufficient information to progress an investigation.

5.16 The following provides a summary of the investigation activity undertaken by the Internal Audit Counter Fraud Team in the last 12 months:

- 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. The team have also received 20 referrals of alleged false applications for the grant. 18 referrals were investigated and resulted in the recovery of £10,000 that had been wrongfully paid out, as well as the prevention of payment of several other grants.
- 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 £3,908 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.
- Following the HR team raising a concern relating to a declaration of interest submission, we undertook an investigation into a member of staff who had a financial interest in an external Brighton & Hove City Council 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.
- Advice was provided 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.
- The team investigated an allegation that a community interest company had made a false claim to the Communities Fund for a grant to assist them to put in place policies and procedures that were COVID-19 compliant. However, investigation has confirmed that there was no case to answer.
- Following referrals from the Council's Parking Department, we have undertaken five investigations into alleged fraudulent applications for residents parking permit. The investigations have resulted in four permits being either stopped or cancelled.
- 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 of direct payments.

5.17 Four investigations remain open at the time of writing this report.

5.18 In addition to the above, a key focus area remains housing tenancy fraud and local taxation. Resources have been impacted by COVID-19, especially with the redeployment of key staff, however, the following progress has still been made:

- Tenancy fraud identified in 6 cases, resulting in 5 properties returned to the Council;
- The recovery of £1,386 in housing benefit overpayment and £9,984 in Council Tax Reduction overpayments;
- Single Person Discounts to the value of £22,935 have been removed from Council Tax accounts following investigation.

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

5.20 As well as the investigation work referred to above, we continue to be proactive in the identification and prevention of potential fraud and corruption activity across the Authority and in raising awareness amongst staff.

Priority	Progress to date
Reactive investigations	The Counter Fraud Team is responsible for assessing and evaluating fraud referrals received by each sovereign partner, and then leading on subsequent investigations. The team have implemented a coordinated approach to assessing and logging referrals and adopted consistent procedures for recording investigations and continue to work with sovereign audit teams to investigate allegations across the partnership.
NFI Exercise	Internal Audit coordinated the recent submission of Council datasets to the biennial NFI exercise. The results from the data matching were provided to the Council on 31 January 2021 and Internal Audit have been liaising with the relevant departments to ensure that flagged matches are investigated and actioned appropriately. Results from the exercise will be shared with the committee in future progress updates.
Counter Fraud Policies	Each Orbis partner has in place a Counter Fraud Strategy that sets out their commitment to preventing, detecting and deterring fraud. Internal Audit has 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 & Standards Committee on 10 March 2020 and are now available on the council's intranet.
Fraud Risk Assessments	Fraud risk assessments 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 Covid 19. This includes potential threats to payroll, staff frauds relating to home working and cyber frauds.
Fraud Response Plans	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 Plan for 2020/21 included a pilot data analytics programme for key financial systems. The pilot is currently paused and will be reviewed. The Fraud Response Plans will be refreshed for 2021/22 and will set out the proactive work plan for Internal Audit.
Fraud Awareness	The team have published fraud bulletins raising awareness to emerging threats, in particular risks from the Covid 19 pandemic. These have been

Priority	Progress to date
	published on the intranet and shared with high risk service areas. In addition, the team continuing to monitor intel alerts and work closely with neighbouring councils to share intelligence and best practice.

Amendments to the Audit Plan

5.21 In accordance with proper professional practice, the Internal Audit plan for the year was kept under regular review to ensure that the service continued to focus its resources in the highest priority areas based on an assessment of risk. As already noted, Covid 19 meant that for the first time, we found it necessary to revise and re-issue the audit plan part way through the year. This update was presented to and approved by the October 2020 Audit & Standards Committee. However, even since then, revised plan was issued, a number of further additions and amendments have taken place, principally as a result of the most recent national lockdown. This includes the following addition audit activities:

- Review of Payroll Control Issues;
- IT Access Management;
- Middle Street Primary School;
- Public Convenience Contract Issues;
- Housing Repairs Subcontractor Issues;
- Asset Management During Covid 19;
- Emergency Active Travel Grant.

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

- School attendance;
- Better Lives, Stronger Communities Programme;
- Health and Social Care Integration;
- Children's Safeguarding Data Handling.

6. Internal Audit Performance

6.1 Public Sector Internal Audit Standards (PSIAS) require the internal audit service to be reviewed annually against the Standards, supplemented with a full and independent external assessment at least every five years. The following paragraphs provide a summary of our performance during 2020/21, including the results of our first independent PSIAS assessment, an update on our Quality Assurance and Improvement Programme and the year end results against our agreed targets.

PSIAS

6.2 The Standards cover the following aspects of internal audit, all of which were independently assessed during 2018 by the South West Audit Partnership (SWAP) and subject to a refreshed self-assessment in 2020/21:

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

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

Key Service Targets

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

6.5 As reported a small number of outstanding reviews were nearing completion at year end and, due to the impact of the Covid 19 crisis, there were a number of reports still in draft at the year end. Where this is the case, this is noted against the title of the audit in this report.

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

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

Internal Audit Performance Indicators 2020/21

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee (2020/21)	By end April	G	Approved by Audit & Standards Committee on 10 March 2020.
	Annual Audit Report and Opinion (2019/20)	By end July	G	Approved by Audit & Standards Committee on 3 July 2020.
	Customer Satisfaction Levels	90% satisfied	G	100%
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	90%	Not applicable	During the COVID-19 pandemic, the audit plan was suspended before being revised and reauthorised. As a result this PI is not applicable.
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	January 2018 – External assessment by the South West Audit Partnership gave an opinion 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	G	No evidence of non-compliance identified.
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high priority agreed actions	A	93.8%
Our staff	Professionally Qualified/Accredited	80%	G	94%

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance

Appendix C

Summary of Opinions for Internal Audit Reports Issued During 2020/21

Substantial Assurance:

(Explanation of assurance levels provided at the bottom of this document)

Audit Title	Department
Budget Management	F&R

Reasonable Assurance:

Audit Title	Department
Business Rates	F&R
Care System Replacement Project – Eclipse	HASC/FCL
City Clean Fleet (Follow-up)	EEC
Cloud Computing (2019/20)	F&R
Creditors	F&R
Cyber Security	F&R
GDPR (Follow-up)	F&R
Hospital Discharge Arrangements	HASC
IT Asset Management during Covid 19	F&R
Patch Management	F&R
Payroll (Draft)	F&R
Recruitment (Draft)	F&R

Partial Assurance:

Audit Title	Department
Debtors	F&R
Direct Payments (Follow-up)	HASC
IT Access Management	F&R
Home Care (Follow-up)	HASC
Housing Management System implementation (Draft)	HNC
Housing Repairs Service	HNC
Working Time Directive (Follow-up)	F&R

Minimal Assurance:

Audit Title	Department
Housing Temporary Accommodation (Follow-up) – (Draft)	HNC

Grant Claims

Audit Title	Department
Covid 19 Bus Services Support Grant	EEC

Audit Title	Department
Emergency Active Travel Grant	EEC
EU Grant - Sustainable Housing Initiatives in Excluded Neighbourhoods (SHINE)	HNC
EU Grant – Solarise	HNC
EU Grant- Providing Access to Childcare and Employment (PACE)	FCL
EU Grant - Shaping Climate change Adaptive PlacEs (SCAPE)	EEC
EU Interreg Grant - BioCultural Heritage Tourism project	EEC
Home to School Transport (COVID 19) Grant (3 Claims)	FCL
Transport Capital Grants (2 Claims)	EEC

Other Audit Activity Undertaken During 2020/21

Audit Title	Department
Covid 19 System Changes	F&R
Data Analytics - Creditors	F&R
Data Analytics – Purchasing Cards	F&R
DFE Laptop Scheme	FCL
Public Conveniences – Contract Management Issues	HNC
Housing Repairs – Subcontractor Issue (Draft)	HNC
Middle Street Primary School	FCL
Payroll Control Issue	F&R

Audit Opinions and Definitions

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

Internal Audit work completed in Quarter 4 2020/2021

Budgetary Management – Substantial Assurance

Budget management processes are key to ensuring that the Council has effective mechanisms to align financial resources to corporate priorities and to allow the early identification of actual and potential overspends.

The City Council's gross budget for 2020/21 was £780m.

Budget forecasting during 2020/21 has been extremely challenging, with many uncertainties over income budgets (due to numerous lockdowns and restrictions). This was further complicated by the various Covid-19 grants due to the Council coming onstream at different times of the year (some with very little notice), along with unbudgeted expenses such as for PPE, food banks, and sheltering rough sleepers. Initial estimates at the start of the year were a forecast of around £35million deficit.

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

- 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.

The audit concluded substantial assurance and found that key decision dates in relation to the preparation of the budget and reporting to Members (via Policy & Resources Committee) were maintained during 2020/21. Our testing confirmed that the approved budget was correctly loaded into Civica (general ledger).

The Targeted Budget Management process (TBM) continues to work well and budget holders are supported by their Finance Officers to record and report variances via a Sharepoint site.

TBM reports to Policy & Resources Committee have been clear in reporting our current financial position, and in setting out various scenarios to guide Members in their decision making. Significant variances are reported through to P&R reports, along with the supporting narrative, to enable Members clear oversight and provide evidence for any consequential decisions on that service.

Our testing on high value virements showed that all the required evidence and approvals had been obtained.

Three actions for improving controls were agreed , although two were low priority. These were:

- To improve the detailed narrative to support the communication of savings table in P&R reports;
- Improvements to the process to ensure that the general ledger accurately reflects current budget holders and Finance Officers;
- Updating budget management guidance on the Council's intranet.

Business Rates – Reasonable Assurance

Business Rates processes have been significantly impacted by Covid 19 and the decision of central government not to charge any rates on a large number of properties during 2020/21.

As at September 2020 (the date our audit work was carried out), the collection fund was forecast to be in deficit by £7.184m at the year-end. This was based on the estimated impact of Covid 19 on reduced collection of business rates income and potential business failures, equating to 5% of the original net rates payable and increased empty property relief. The Council's 49% share of the deficit is £3.520m.

Our audit concluded reasonable assurance, with fully documented processes is in place to ensure the business rates system complies with legislation. A robust and documented series of checks and reconciliations remained in place to ensure the 2020/21 annual billing process was accurate and that business rates bills contained all mandatory information.

Whilst weekly amendments were still being sent to the Valuation Office Agency (VOA), COVID-19 has impacted on this process, causing a significant backlog of amendments to the Council's rateable values.

At the time of audit, inspectors had not been allowed to enter premises since March and have only recently been able to carry out walk and drive-by inspections.

Monitoring of arrears has remained in place but enforcement action has not taken place in most instances because of Covid 19.

Some key information, in the form of a property forecast spreadsheet, was not being updated and provided to the Revenue Accountant to assist with revenue forecasting at key dates during the financial year.

Due to resourcing issues, management had not been sampling data input by staff to verify accuracy and entitlement to any relief applied to an account in the financial year and not all types of write offs were being scheduled on a regular basis during.

Areas for improvement were identified, as follows, all of which have been agreed with management:

- an updated property forecast spreadsheet has been provided to Finance to improve budget forecasting;
- the control over the authorisation of high value refunds to be reinforced;
- the reintroduction of inspections to monitoring void and zero-rated properties on a regular basis;
- the reintroduction of quality assurance testing where reliefs are applied to accounts;
- reintroduce normal debt recovery and enforcement visits as soon as circumstances allow.

Care System Replacement Project – Eclipse – Reasonable Assurance

The CareFirst system has been used to support services provided to social work clients (both children and adults) since 1999. It is a critical system and is used by over 1,100 Council staff. The system supports the day to day case management of social work processes and the financial transactions associated with this work.

Following evaluation of a range of options, a decision was made in 2018 to replace CareFirst with OLM's new system, Eclipse.

A previous internal audit report was issued in July 2018 which covered the early stages of the project, including the business need, stakeholder engagement, governance and assurance, and resources and planning.

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

- Effective quality and cost controls are in place;
- Risk management is appropriately addressed;
- Reporting and communication during the programme is well managed;
- Detailed implementation and change management plans are in place;
- Delivery of the Eclipse Digital Project is on track, with expected outcomes clearly defined.

The audit found that there is regular monitoring of expenditure against the budget, and the budget has been subject to periodic review. At the time of writing, the Eclipse programme is forecast to be delivered within budget.

Detailed implementation, testing and training plans were prepared, and there is an effective system in place (JIRA) for managing errors, issues, and enhancements. This is monitored daily by the Programme Manager. An effective change management process has also been set up.

Risk logs have been created for each of the various project strands. Risks are raised in highlight reports and are discussed in Board meetings. However, a programme-wide review of the risk logs has not taken place, and our audit has found that some of the logs are incomplete.

As at the time of our review, it was noted that although the system was scheduled to go live on the 12th April 2021, this had been delayed, with a revised anticipated go live date later in the summer of 2021. There are various reasons for these delays including issues with the procurement, legal matters, and the impact of Covid 19.

We also noted that a significant proportion of the Programme Board meetings scheduled to take place monthly during 2020 had either been cancelled or had taken place without the Senior Responsible Officer being present, reducing effective oversight and governance.

While the main focus of this audit was on the replacement of the core case management system, our review was expanded to consider risks relating to the Digital Project (formerly Sustainable Social Care), which had become part of a wider Eclipse Programme in 2019. It has subsequently been decided by senior management that the Digital projects will be removed from the Eclipse programme and transferred to the respective HASC and FCL modernisation programmes, all of which will be the subject of separate audits in the future. It should be noted however, that we found that the original business case and the Project Initiation Document (PID) were both lacking a detailed timetable for the implementation of the various Digital projects.

Actions have been agreed with management to address all of the issues arising from this work.

Creditors – Reasonable Assurance

This was the annual key financial systems audit of the Creditors/ Accounts Payable systems at the Council. For 2020/21, our work was supplemented by a Creditors Data Analytics exercise that was undertaken and reported earlier in the financial year.

During the period 1 April 2020 to 30 November 2020, there were 282,000 creditor transactions totalling £336 million.

Overall, our audit found that most key controls were in place and operating as expected. This included that:

- The controls over the processing, approval and payment of invoices;
- Payment runs are subject to review and testing to ensure that payments made are accurate and correct and any errors are adequately rectified;
- BACS payments are reconciled against the relevant creditor reports prior to release and are subject to appropriate authorisation;
- There is a clear process in place for the creation and authorisation of new creditors with appropriate separation of duties within the process;
- Reconciliation between the Creditor's systems and the General Ledger is undertaken effectively.

Whilst this was the case, a number of areas for improvement were also identified and agreed with the service. These were to:

- Increase the percentage of purchase orders raised in advance in advance of orders being placed;
- Monitor and ensure that low value orders are not split to circumvent officer authorisation limits;
- Introduce a control to ensure that the correct authorisation limits are always uploaded to the system;
- Continue to apply and document security checks to ensure that any changes to customer bank accounts protect the council from the risk of fraud.

Cyber Security during Covid – Reasonable Assurance

Cyber-attacks on the Council's IT systems and devices are a threat to the security of the Council's data and could have a significant adverse impact on service delivery. Cyber security refers to the measures in place to combat these threats, and is defined as the protection of information systems, the data on them, and the services they provide, from unauthorised access, harm or misuse.

During the Covid-19 pandemic, the majority of Council employees have been working remotely, a change which was, through necessity, introduced quickly. For this reason, the Council is even more reliant on its IT network infrastructure.

This audit sought to evaluate whether suitable controls in relation to cyber security have remained in place, taking into account this new way of working, and to ensure new controls are introduced where there are new or emerging risks as a result. Arrangements for protecting Council information systems, data and services, and the approach to responding to identified incidents were also considered, primarily via structured interviews with key staff within Information Security.

We do not intend to share the specific details of our findings here, as this information may be used to increase the risks of a successful cyber-attack, however, based upon testing we have undertaken, we are able to provide assurance that there have been no significant changes in cyber security arrangements due to remote working and other factors associated with the Council's response to the Covid-19 pandemic. Having said this, it was noted that some previously identified control weaknesses in relation to cyber security remained in place, presenting a level of ongoing risk.

Overall, the audit provided Reasonable Assurance with two medium risk findings being identified. Appropriate actions to mitigate the risks associated with these findings have been agreed with management.

Hospital Discharge Arrangements – Reasonable Assurance

This audit of hospital discharge arrangements was included on our original 2020/21 audit plan with the report finalised in March 2021.

The discharge of patients from hospital to home or a supported care facility is a key process in terms of both the health and wellbeing of the patient and the costs of future care provision for that individual. A 'delayed transfer of care' (DTC) can occur when a patient is

ready to leave hospital but is still occupying a bed. Hospital discharges of patients transferring from NHS care to Council funded social care placements are monitored by both the NHS and the Council, as both parties have a shared objective to minimise delayed transfers.

These arrangements were significantly impacted by Covid 19 with the publication of local DTOC figures by NHS England paused from February 2020. This measurement has previously been one of the Council's key performance indicators. The rate of DTOC for BHCC, attributable to social care transfers between April 2019 and February 2020, rose to 6.07 against a target of 4.7 days per 100,000 and was an increase on the 4.7 days per 100,000 in 2018/19. The 4.7 day figure was significantly higher than the national average of 3.1 days in 2018/19.

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

- Governance and accountability arrangements are clearly documented and communicated between organisations for discharge planning;
- There is capacity in the system to meet the demand and commissioning arrangements maximise the opportunity for efficient and effective placements to be made;
- Effective performance monitoring is in place. This ensures that shortfalls in the process can be captured to improve the patient experience, remedy immediate problems and manage the budget impact.

The audit concluded reasonable assurance. It found that the hospital discharge process is complicated but is well documented and effectively managed via agreed pathways. There is regular communication and agreement between the various organisations involved in hospital discharge. Overall success in preventing delays in discharge and ensuring patients are on the right pathway is dependent on the partnership arrangements and further integration is planned between health and social care services.

The service has responded quickly to changes in the discharge process from central government to manage hospital beds during the Covid- 19 pandemic.

There were two of areas of improvement identified during our review:

- The first related to delays to the care assessment reviews that should take place between 4-6 weeks of a patient being discharged. For many patients their need for support and additional care will decrease as they leave hospital and begin to recover. Delays to these assessments have a financial impact on the Council as we may be paying for services that are no longer required;
- The second relates to a shortage of intermediate care beds or 'step down beds', particularly for those with complex needs. These act as a transition between hospital and primary care and provide bed- based care, rehabilitation and reablement services. This has already been recognised by the CCG and Council and during the

Covid 19 pandemic there has been an increase some capacity in this area, with a new pilot process being tested.

Management have confirmed that actions to address both of these issues are now in place.

Finally, it should be noted that during this audit review we were unable to speak to all relevant officers regarding the impact of COVID 19 on hospital discharges, given that Council teams were still dealing with increased demand on services as a result of the pandemic. This limited the scope of our review and particularly coverage of controls relating to commissioning arrangements. These will be considered as part of any future review.

IT Asset Management during Covid – Reasonable Assurance

Since the outbreak of COVID-19 and the UK being subject to lockdown measures, the need for officers to be able to work remotely has increased significantly for many organisations, including local councils, to enable them to continue to provide services to residents.

This has placed significant demand on councils to provide IT assets to its staff to enable them to work remotely. In many cases, these staff were previously office based, so IT departments have had to respond by providing mobile devices (laptops and mobiles) to a significant number of individuals, along with other peripheral items such as monitors and mice, to support Display Screen Equipment (DSE) requirements. Some departments made their own arrangements for procuring devices, which are not supported by corporate IT&D, or central records held. Examples include PayAsYouGo phones and laptops to enable Citrix connectivity, these assets were excluded from the specific scope of this audit. This audit sought to evaluate whether suitable controls in relation to IT Asset Management have remained in place, taking into account this new way of working and to ensure new controls were introduced where there are new or emerging risks.

From our testing, we were able to provide an opinion of Reasonable Assurance, for the following reasons:

- Most of the existing controls that support effective management of IT assets, remain in place and continue to operate as usual, further, there were no specific central emergency procurements made for monitors, laptops or mobiles.
- Storage of all IT&D equipment has not changed since the pandemic and remains in a secure area, with limited access to specific staff.

Opportunities to improve the control environment were identified as follows:

- We found that there is no single central asset register held that covers laptops, mobile phones and monitors. Each of these is the responsibility of a separate team and records are held in a variety of places and mediums. In one instance, the spreadsheet record had become corrupted.
- Communication from HR/line managers on when staff leave requires improvement, and the culture of keeping equipment to hand over to the new/replacement staff member

needs addressing. Also without good communication between these teams, HR and operational services, it increases the risk that equipment may not be returned causing additional costs to be incurred

Debtors –Partial Assurance

For the period 1/4/20 to 21/1/21 a total of 78,174 invoices and credit notes had been processed in 2020/21, generating a net amount owed to the Council of £65.2m.

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

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

Overall, our audit concluded partial assurance, with a number of key areas for improvement being identified, including:

- In our previous audit report (2019/20) an action was agreed that an Aged Debtor Report would be produced and communicated to all relevant services and recovery routes would be agreed with each service to improve debt collection. Court action would also be reintroduced on a trial basis. However, due to the impact of Covid 19 these actions have been delayed;
- There is still a need to improve the accuracy of debtor invoices raised along other improvements being required to the associated processes, including enhanced guidance notes and procedures;
- Sample testing identified that refund authorisation processes are not always consistently applied;
- There has been an increasing backlog of e-mails from customers during the pandemic;
- System changes have meant that the number of items in debtors suspense has increased and therefore requiring action to ensure all accounts are up to date;
- Improvements are required to the system for managing and collecting salary overpayments.

A detailed action plan has been put together by the Business Operations Service to address these findings and implement the actions agreed in the audit report. Details of this plan were previously reported to the Audit & Standards Committee in March 2021.

IT Access Management – Partial Assurance

Since the outbreak of the COVID-19 pandemic and the UK being subject to lockdown measures, the need for officers to be able to work remotely has increased significantly for many organisations, including local councils, to enable them to continue to provide services to residents.

This has placed significant demand on councils to provide IT assets to their staff to enable them to work remotely. In many cases, these staff were previously office based, so IT departments have had to respond by providing mobile devices (laptops and mobiles) to a significant number of individuals, along with other peripheral items such as monitors and mice, to support Display Screen Equipment (DSE) requirements.

This audit sought to evaluate whether suitable controls in relation to IT Asset Management have remained in place, taking into account these new ways of working and to ensure new controls were introduced where there are new or emerging risks.

From our testing, we were able to provide an opinion of Reasonable Assurance, for the following reasons:

- Most of the existing controls that support effective management of IT assets, remain in place and continue to operate as usual. Further, there were no specific central emergency procurements made for monitors, laptops or mobiles;
- Storage of all IT&D equipment has not changed since the pandemic and remains in a secure area, with limited access to specific staff.

Some opportunities to improve the control environment were however, also identified, including:

- The need for a single central asset register that covers laptops, mobile phones and monitors. Each of these is the responsibility of a separate team and records are currently held in a variety of places and mediums;
- Improving communication from HR/line managers on when staff leave, along with arrangements for keeping equipment to hand over to the new/replacement staff member;
- Ensuring that post pandemic, general monitoring of assets is improved, including ensuring that all laptops deployed since March 2020 are fully uploaded into the asset management register (Cherwell).

Actions were agreed with management in response to the findings identified during the audit.

Emergency Active Travel Grant

The Council has received a number of Covid 19 related grants from the DfE to support active travel arrangements within the City during the pandemic. Some (but not all) of this funding required certification by the Chief Internal Auditor and the Chief Executive.

The Covid-19 Emergency Active Travel Fund Capital Grant for £663,657 was certified in accordance with the grant conditions.

Public Conveniences – Contract Management Issues

This was an unplanned audit report which follow-up on two previous allegations that were received by the Council in relation to the public convenience cleaning contract.

The allegations received detailed a number of concerns relating to the delivery of the service, including anti-social behaviour of members of the public, health and safety and the resourcing of the contract.

The purpose of this review was to obtain assurance that the allegations made had been reviewed and investigated by the service and whether there was any evidence of areas of outstanding risk. This was intended to be a short piece of unplanned work but given the number of outstanding issues these were brought together into a single audit report.

Our review found that contract meeting minutes demonstrate that shortfalls in service delivery were being discussed with the contractor and actions agreed. However, there is also evidence that issues are not always promptly resolved and further follow-up is required.

Following the issue of the report, the Assistant Director City Environment has confirmed that the service will:

- follow-up on all outstanding issues through the next contract management meeting;
- develop an extended programme of spot checks across our sites, in addition to joint visits with the service provider.

Home to School Transport (COVID 19) Grant (3 Claims)

During 2020/21, the Council received funding from the Department for Education to boost transport capacity for dedicated school and college services as part of Covid 19 support to councils. This funding was designed to enable councils to provide additional transport capacity for journeys to school and college, whilst social distancing measures are in place on public transport.

The first three tranches of this grant required checking and certification by the Chief Internal Auditor and the Chief Executive in accordance with the terms of the grants.

The amounts certificated were:

- Tranche 1 - £158,312
- Tranche 2 - £290,318

- Tranche 3 - £144,649

No issues were identified and all three grants were duly certified.

Housing Repairs – Subcontractor Issue

An unplanned audit was carried out on the use of subcontractors by the inhouse Housing Repairs Service following the referral of a number of issues from the Council’s Procurement Team. These issues mainly related to compliance with a contract waiver agreed in April 2020, which allowed the direct award of work worth £5.8 million. Part of this waiver was to allow a number of subcontractors to be used who were appointed by the previous main contractor, Mears.

Our findings confirmed the initial concerns of the Procurement Team. Specifically:

- By February 2021, five of the 21 contractors on the list had exceeded their “Projected Spend (per annum)” as detailed in the waiver. Two of these had been exceeded by a significant amount and that the proportion of work awarded to one contractor was significantly more than planned in the “project spend”;
- That those contractors named in the contract waiver were not subject to a financial assessment before works were commenced in April 2020. Instead, the Council appears to have relied on historical approval processes, including any certification requirements (insurances and health and safety certification);
- Further investigation identified shortfalls with the insurances/ insurance documentation for some of the contractors.

The direct award of contracts using a waiver process reduces the Council’s opportunity to demonstrate transparency and value for money over the use of these contractors. In addition, it highlighted the need to implement appropriate officer declaration of interest processes in the service.

Our report also noted that the service has reported a voids backlog of 214 properties (as at 2021). Whilst this is much higher than usual, it is understood that the underlying causes of this increase are associated with the impact of Covid 19, the shortage of sub-contractors and industrial relations issues that have impacted on the service’s ability to recruit additional staff.

Actions have been agreed to address the shortfalls above and these will be tracked by Internal Audit alongside the other actions agreed in respect of the Housing Repairs Service and systems.

Subject:	Formal approval of the Annual Governance Statement 2020-2021	
Date of Meeting:	29 June 2021	
Report of:	Executive Lead Officer, Strategy, Governance & Law	
Contact Officer:	Jackie Algar	Tel: 01273 291273
Ward(s) affected:	All	

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

- 1.1 This report shows the city council's governance arrangements and requests that the Committee approves the Annual Governance Statement (AGS) 2020-2021.

The responsibilities of the Audit & Standards Committee in the Council's Constitution include:

- (a) Considering the annual review of the effectiveness of the system of internal control required by regulation 3 of the Accounts and Audit Regulations 2015; and
- (b) Approving the Annual Governance Statement prepared in accordance with regulation 6 of the above Regulations.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee formally approve the Annual Governance Statement 2020 – 21 at Appendix 1 having regard to the findings of the annual review so that the AGS may be signed by the City Council's Leader and the Chief Executive before publication alongside the City Council's Accounts.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Good corporate governance in Brighton & Hove City Council is about doing the right things in the right way. It's about:
- ❖ Demonstrating accountability and transparency in our actions and decisions, and is everyone's responsibility
 - ❖ Establishing and following robust systems and processes
 - ❖ Demonstrating effective leadership and high standards of behaviour
 - ❖ Creating a culture based on openness and transparency
 - ❖ Keeping our focus on the needs of service users and the public.

- 3.2 We have used the CIPFA/SOLACE guidance refreshed in 2021¹ to comply with the Good Governance Framework² which sets our seven core principles to achieve good governance as follows:
- 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 outcomes
 - E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
 - F. Managing risks and performance through robust internal control and strong public financial management
 - G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

4. Summary of Annual Governance Statement

- 4.1 Overall we have received 'Reasonable assurance' for our governance arrangements in 2020/21.
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.
- 4.2 The key actions we need to undertake in 2021/22 to further strengthen our governance are:
- 1. Undertake an assessment of compliance with the Financial Management Code and take forward identified improvement actions to the Policy & Resources Committee
 - 2. Co-ordinate CIPFA review of Audit & Standards Committee and enable implementation of recommended actions
 - 3. Manage the impact of Covid-19
 - 4. Continue to work to improve relationship with Trade Unions
 - 5. Implement improvements in Housing, including the Temporary Accommodation and the Housing Repairs services, in line with internal audit actions and other improvement plans.

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

- 5.1 Reflecting the new CIPFA guidance of 2021 we have taken the opportunity to review the content and format of our Annual Governance Statement and compare it ours to those of other authorities, including our CIPFA peer group. We consider that our approach accords with the CIPFA guidance, is backed up by

¹ cipfa-bulletin-06-application-of-the- good-governance-framework-202021

² Delivering Good Governance in Local Government Framework 2016 jointly authored by CIPFA and Solace (the Society of Chief Executives and Senior Managers (SOLACE) 2016

our embedded operating arrangements, is proportionate and evidences good governance.

6. COMMUNITY ENGAGEMENT & CONSULTATION

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

7. CONCLUSION

- 7.1 We will act on the actions identified in AGS and have arrangements to monitor progress through regular review of Directorate Plan actions.

8. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 8.1 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 2021/22 budget and will inform the preparation of the 2022/23 budget. The council's response to the Covid-19 pandemic has tested the governance arrangements and the council has adapted decision making including additional committee and sub-committee meetings and the reporting of the use of urgency powers, to ensure proper oversight is maintained. The lessons learned from this ongoing experience will be used to inform recommendations for governance going forward.

Finance Officer Consulted: James Hengeveld

Date: 19/05/21

Legal Implications:

- 8.2 The Council is responsible for ensuring that it conducts its business in accordance with the Accounts and Audit Regulations 2015. The Council's Audit & Standards Committee has delegated responsibility for amongst other things reviewing the outcome of the annual review of governance arrangements and formally approving the Annual Governance Statement. In this way, the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 are met by a committee of the Council designated for this purpose.

Lawyer Consulted: Victoria Simpson

Date: 25/05/21

Equalities Implications:

- 8.3 The AGS links to the Performance Management Framework through which as an organisation we have an oversight of our progress in becoming a more fair and inclusive council.

Sustainability Implications:

8.4 The AGS links to the Performance Management Framework through which we have an oversight of our progress in becoming a more sustainable organisation.

Brexit Implications:

8.5 There are no direct Brexit implications arising from this report.

Any Other Significant Implications:

8.6 None.

SUPPORTING DOCUMENTATION

Appendices:

1. Draft Annual Governance Statement 2020-21.

Background Documents

1. None.

Draft Annual Governance Statement 2020/2021

signed by:
Leader of Brighton & Hove City Council,
Councillor Phelim MacCafferty

Date: DD MM 2021

and, Chief Executive Officer,

Date: DD MM 2021

Why we have prepared this Annual Governance Statement (AGS) 2020-21

- 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 2020-21 and help us take further actions to improve governance for delivery in 2021-22

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

What is Corporate Governance?

- It's about demonstrating accountability and transparency in our actions and decisions, and is everyone's responsibility
- Establishing and following robust systems and processes
- Demonstrating effective leadership and high standards of behaviour
- Creating a culture based on openness and transparency
- Keeping our focus on the needs of service users and the public

The 7 principles of Good Governance

Appendix 4 provides examples of policies/processes/strategies by each Principle

- 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

Opinion of Internal Audit for 2020/21

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 2020 to 31 March 2021

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

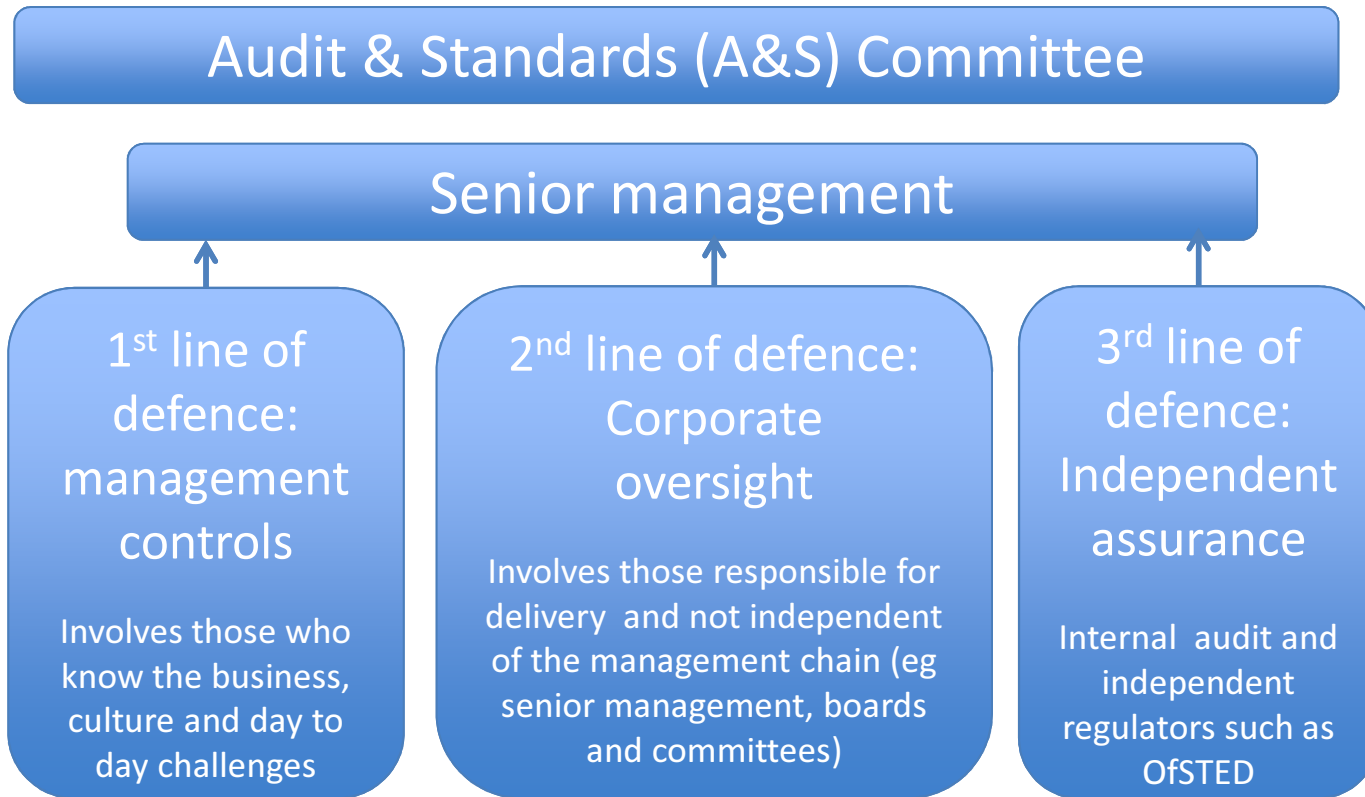
The process for sign off of the AGS

1. The Audit Manager, Head of Performance Improvement & Programmes and Risk Management Lead regularly share and consider service delivery challenges to inform the first draft of the AGS.
2. The Governance Assurance Meeting consider the draft in advance of the Executive Leadership Team reviewing the draft particularly agreeing future actions to strengthen governance.
3. The revised draft is then reviewed by the Leader of the Council in advance of the agreement by the Audit & Standards Committee meeting.
4. The final version is signed off by the Leader of the Council and the Chief Executive.
5. Future actions are included in the relevant Directorate Plans for regular monitoring as part of the Performance Management Framework

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 (DMTs) and the Directorate Risk Lists are reported to ELT as part of their quarterly risk review

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

Performance Information as at March 2021

Improvements/good performance:



Fair and inclusive workforce and services



Safeguarding of children and adults



Sickness absence

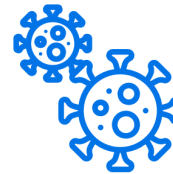
Priority areas for focus:



Delivery within budget and achievement of savings plans



Managing the risks associated with Climate Change



Covid-19 response and recovery



Review of Health and Social Care outcomes taking account of pressures on the CCG and BHCC



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



Customer satisfaction and complaints response time

Further actions to continue to strengthen governance in 2021/22, page 1 of 3

What we will do

COMMITTEE and
Lead Officer

1. Undertake an assessment of compliance with the Financial Management Code and take forward identified improvement actions to the Policy & Resources Committee

AUDIT & STANDARDS
COMMITTEE
Acting Chief Finance
Officer

2. Coordinate CIPFA review of Audit & Standards Committee and enable implementation of recommended actions

AUDIT & STANDARDS
COMMITTEE
Chief Executive

Further actions to continue to strengthen governance in 2021/22, page 2 of 3

What we will do

COMMITTEE and Lead Officer

3. Manage the impact of Covid-19

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

4. Continue to work to improve relationship with Trade Unions

POLICY & RESOURCES
COMMITTEE
Chief Executive

Further actions to continue to strengthen governance in 2021/22, page 3 of 3

What we will do

COMMITTEE and Lead Officer

5. Implement improvements in Housing, including the Temporary Accommodation and the Housing Repairs services, in line with internal audit actions and other improvement plans

HOUSING COMMITTEE
Executive Director,
Housing, Neighbourhoods
& Communities

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 through the Performance monitoring process
- report the progress we have made in our next annual review

Appendix 1 Strategic Risk Analysis

Independent Assurances of the Strategic risks*

We link Strategic Risks to Good Governance principles as a framework to provide assurance on our activity to deliver our business

* As last reported to Audit & Standards Committee on 9 March 2021

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

Strategic Risk	Independent Assurances
SR13 Not keeping vulnerable adults safe from harm and abuse.	<p><u>2020/21</u> The A&S Committee reviewed this risk in March 2021. Internal Audit in 2020/21 included Home Care - Follow-up (Partial Assurance), Direct Payments (Partial Assurance).</p> <p><u>2019/20</u> This risk was reviewed at A&S Committee in September 2019. Care Quality Commission Inspections ongoing and regular - see council website re. inspection results: https://www.brighton-hove.gov.uk/content/social-care/getting-touch-and-how-were-doing/adult-social-care-inspection-reports-council</p>
SR15 Not keeping children safe from harm and abuse.	<p><u>2020/21</u> The A&S Committee reviewed this risk in March 2021. An Internal Audit of Children’s Assessments – Education Health Care Plans (Reasonable Assurance).</p> <p><u>2019/20</u> January 2020 the Local Government Association review of Early Help processes, recommendations to be taken forward during 2021. In February 2020 Ofsted focused visit re. services to children in need and children with child protection plans and were pleased with progress made since 2018. Improvement plans have been adjusted according to Ofsted’s most recent feedback. This risk was reviewed at A&S Committee in March 2020.</p> <p><u>2018/19</u> Ofsted inspection of BHCC social work arrangements in July 2018, the overall judgement was ‘Good’.</p>
SR32 Challenges to ensure health & safety measures lead to personal injury, prosecution, financial losses and reputational damage.	<p><u>2020/21</u> and <u>2019/20</u> Internal Audit of the Working Time Directive – Follow-up (Partial Assurance). The A&S Committee reviewed this risk in September 2019 and January 2021.</p> <p><u>2018/19</u> There was no internal audit work however independent assurance was provided by: 1) Health & Safety Executive (HSE) after a school fatality in 2018, decision on prosecution remains pending 2) HSE March 2019 unannounced inspection with Improvement Notice pending re. BHCC managing vibration risk 3) In March 2019 the BHCC Coroner issue of Regulation 28: Report to Prevent Future Deaths was responded to by BHCC with plans to address actions. 4) East Sussex Fire and Rescue Authority’s city wide audits resulted in no actions for BHCC.</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 & Hove City Council (BHCC).</p>	<p><u>2020/21</u> The A&S Committee reviewed this risk in July 2020. Hospital discharge arrangements audit (Reasonable Assurance).</p> <p><u>2019/20</u> This risk was reviewed at A&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>SR37 Not effectively responding to and recovering from COVID-19 in Brighton and Hove.</p>	<p><u>2020/21</u> This risk was added to the SRR in April 2020 and was reviewed at A&S Committee in July 2020.</p> <p>Internal Audit counter fraud work on Business Grants and certification of other Covid Grants in accordance with central government department requirements.</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>2020/21</u> The risk was reviewed at A&S Committee in March and October 2020. An Internal Audit of Temporary Accommodation was undertaken (Minimal Assurance), Housing Repairs Service (Partial Assurance).</p> <p><u>2019/20</u> The risk was reviewed at A&S Committee in March 2020. The Internal Audit reports Housing Allocations (Substantial Assurance), Temporary Accommodation (Partial Assurance).</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>2020/21</u> The risk was reviewed at A&S Committee in October 2020.</p> <p><u>2019/20</u> The risk was reviewed at A&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>2020/21</u> A&S Committee reviewed the risk in March 2021.</p> <p><u>2019/20</u> The risk was reviewed at A&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><u>2018/19</u> The risk was reviewed at A&S Committee in March 2019. 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>SR33 Not providing adequate housing and support for people with significant and complex needs.</p>	<p><u>2020/21</u> A&S Committee reviewed the risk in March 2021.</p> <p><u>2019/20</u> The risk was reviewed at A&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. 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>2020/21</u> The risk was reviewed at A&S Committee in October 2020.</p> <p>Internal Audit acts as first level controller to support three EU funded projects part of whose remit is to address some elements of this risk. These are Solar Adoption Rise In the 2 Seas (Solarise), Shaping Climate change Adaptive Places (SCAPE) and Sustainable Housing Initiatives in Excluded Neighbourhoods (SHINE). All claims during 2020/21 were certificated in accordance with EU processes.</p> <p><u>2019/20</u> The risk was reviewed at A&S Committee in January 2020.</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>2020/21</u> The A&S Committee reviewed this risk in January 2021. Internal Audits of Mobile Device Management (Reasonable Assurance), Eclipse System Implementation (Reasonable Assurance), Housing Management System Implementation (Partial Assurance); IT Asset Management during Covid (Reasonable Assurance),</p> <p><u>2019/20</u> Reviewed at A&S Committee in July 2019. Internal Audit of Mobile Device Management (Reasonable Assurance).</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 & Hove City Council will lead the city well and be stronger in an uncertain environment.</p>	<p><u>2020/21</u> The A&S Committee reviewed this risk in January 2021.</p> <p><u>2019/20</u> Reviewed at A&S Committee in January 2020.</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.	<p><u>2020/21</u> This risk was reviewed by A&S Committee in October 2020.</p> <p><u>2019/20</u> Reviewed at A&S Committee in January 2020.</p>
SR38 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	<p><u>2020/21</u> This risk was added to the Strategic Risk Register in April 2020 following an independent review and recommendations co-ordinated by the Local Government Association.</p> <p>This risk was presented to the A&S Committee in March 2021 with a further report on procurement arrangements to A&S in March 2021.</p> <p>There was no Internal Audit work 2020/21.</p>

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>2020/21</u> Reviewed by A&S Committee in July 2020. Six Internal Audit reviews of key financial systems. Budget Management (Substantial Assurance), Payroll (Reasonable Assurance), Creditors (Reasonable assurance), Debtors (Partial Assurance), Business Rates (Reasonable Assurance).</p> <p><u>2019/20</u> This risk was reviewed at A&S Committee in July 2019. Internal Audit of Budget Management (Reasonable Assurance).</p> <p><u>2018/19</u> Internal Audit of Budget Management (Reasonable Assurance).</p>
SR24 The impact of Covid-19 on Welfare Reform increases need and demand for services.	<p><u>2020/21</u> Reviewed by A&S Committee in March 2021.</p> <p><u>2019/20</u> This risk was reviewed at the A&S Committee in March 2020.</p> <p><u>2018/19</u> Welfare Reform (Substantial Assurance). Reviewed by AS Committee in March 2019.</p>
SR25 Insufficient organisational capacity or resources to deliver all services a before and respond to changing needs and changing circumstances.	<p><u>2020/21</u> Reviewed by A&S Committee in March 2021.</p> <p><u>2019/20</u> This risk was reviewed at A&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>2020/21</u> Reviewed by A&S Committee in January 2021. The following audits were undertaken in the year: Patch Management (Reasonable Assurance), IT Access Management (Partial Assurance), GDPR – Follow-up (Reasonable Assurance),</p> <p><u>2019/20</u> This risk was reviewed by the A&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 linked to this Principle

Appendix 2 Progress made in 2020/21 on last year's actions

AGS Actions	Directorate Plan actions		Q4 RAG
Financial controls and efficiency & effectiveness of service delivery in Adult Social Care	HASC - Budget management/delivery of spend to save proposals	↔	Red
	HASC - Budget management intelligence/more effective use of data	↔	Amber
	HASC - Starting Well	↔	Amber
	HASC - Living Well	↔	Amber
	HASC - Ageing and Dying Well	↑	Green
	HASC - Good quality care/safeguarding arrangements	↔	Amber
	HASC – Directorate Modernisation Programme	↑	Amber
Financial management and ensure controls and risks are managed in key areas relating to Housing e.g. Temporary Accommodation (TA) and Housing Repairs	HNC - Strategy for the provision of council run temporary accommodation	↔	Amber
	HNC - Repairs and maintenance housing service	↔	Amber
Control environment and culture at City Clean	EEC - City Environment Modernisation programme	↔	Amber
Relationships with Trade Unions	FR - Our People Promise modernisation programme	↔	Amber
Covid-19 recovery programme including learning from the challenges of service delivery during the pandemic and our business continuity arrangements	EEC/SGL - Covid Recovery & Renewal modernisation programme	↔	Amber

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

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

- The Royal Pavilion & Museums Trust
- 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

Appendix 3 – bodies created by BHCC or those which we are in partnership with (part 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 (part 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.

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

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

1. Constitution
2. Code on Officer/Member Relations
3. BHCC Anti-Fraud & Corruption Strategy and Framework

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

B: Ensuring openness and comprehensive stakeholder engagement

1. Customer Experience Strategy
2. Sustainable Communities Strategy
3. Freedom of Information and Subject Access Request

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

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

1. Corporate Plan
2. Economic Strategy
3. Carbon Reduction Programme
4. Medium Term Financial Strategy

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

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

1. Financial Regulations & Standard Financial Procedures
2. Modernisation Portfolio of Change Projects and Programmes
3. Contract Standing Orders

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

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

1. Human Resources Policies
2. Fair & Inclusive Action Plan
3. Staff and Member Training
4. Scheme of Delegation

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

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

1. Risk Management Process part of Performance Management Framework
2. Information Governance Board
3. Health & Safety Policies
4. Whistleblowing Policy

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

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

1. Performance Management Framework
2. Internal Audit Plan

Subject:	External Audit – Audit Plan 2020/21		
Date of Meeting:	29 June 2021		
Report of:	External Auditor (Grant Thornton)		
Contact Officer:	Name:	Nigel Manvell	Tel: 01273 293104
	Email:	nigel.manvell@brighton-hove.gov.uk	
Ward(s) affected:	All		

GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

External Audit Plan 2020/21

- 1.1 The Audit Plan 2020/21 sets out how the council's appointed external auditor, Grant Thornton, intends to carry out their responsibilities as external auditor for the financial year ending 31 March 2021. The plan covers:
- Identified risks and issues that are expected to impact on the audit;
 - Consideration of materiality;
 - Arrangements for reviewing Value for Money;
 - The anticipated audit fees;
 - Assurance regarding independence and ethical considerations.
- 1.2 The work plan is designed to provide the Council with:
- An audit opinion on whether the council's financial statements give a true and fair view of the financial position as at 31 March 2021 and the income and expenditure account for the year then ended; and
 - A statutory conclusion on the council's arrangements to secure economy, efficiency and effectiveness in the use of its resources.
- 1.3 The report also gives information as to the impact on the audit process of the new Code of Audit Practice which has come into effect from the year 2020/21. There are three main changes arising from the new approach:
- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness;
 - More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all the key criteria, rather than the current "reporting by exception" approach;
 - The replacement of the binary qualified/unqualified approach to VFM conclusions with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

- 1.4 The Financial Reporting Council has also issued an updated International Standard on Auditing ISA(UK) 540: Auditing Accounting Estimates and Related Disclosures for application in the 2020/21 year. The new standard requires significant enhancements in respect of the audit risk assessment process for accounting estimates.

The External Auditor will need to carry out processes to understand and assess the Council's internal controls over accounting estimates, including obtaining an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement. The External Auditor will carry out this work across their planning phase in March and the fieldwork phase in July/August.

- 1.5 The report contains an update on the 2019/20 fee variance which is pending approval by Public Sector Audit Appointments (PSAA) and the proposed fee variance for the 2020/21 audit including fees associated with the additional new work detailed in points 1.3 and 1.4, is still to be confirmed.

Note that we are seeking approval from PSAA to secure the additional fees which were included in the 2019/20 fee for the remainder of the contract via a formal rebasing of scale fees to reflect the increased level of audit work required to enable External Auditors to discharge their responsibilities.

- 1.6 The report summarises the scope of the audit and the planned approach to reviewing assessed risks.

2. RECOMMENDATIONS:

That the Audit and Standards Committee:

- 2.1 Considers and notifies the external auditor as to whether or not there are any other matters which may impact on the planned audit.
- 2.2 Note the External Audit Plan 2020/21

3. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 3.1 The total audit fee for 2019/20 was £168,572, pending approval by PSAA of an additional fee variance £21,988 for additional work which was necessary to be carried out during the 2019/20 audit due to the added complexities of the impact of Covid-19. There have been a number of developments since 2019/20, particularly in relation to the revised Code and updated ISA's which will be relevant to the 2020/21 audit and subsequent year audits. These together with the findings of the Redmond Review mean that a fee variance for the 2020/21 audit with the proposed total fee being £187,084. Discussions with PSAA around fee variances are ongoing.

Legal Implications:

- 3.2 The Accounts and Audit Regulations 2015, made under the Local Audit and Accountability Act 2014, provide a process whereby the council's statement of accounts in each year must be approved by Members. The council's Constitution delegates responsibility for that function to the Audit & Standards Committee.
- 3.3 The council's appointed external auditors (Grant Thornton) are required to give assurance that the council's accounts are free from material misstatement and to report significant matters arising from the audit. The auditor will present their findings to this Committee through an Audit Results Report (ARR) in accordance with the statutory timetable.

Equalities Implications:

- 3.4 There are no equalities implications arising directly from this report. Information on the audit of the accounts will, as far as possible, be provided in a manner that meets the needs of those requesting information.

Sustainability Implications:

- 3.5 There are no equalities implications arising directly from this report. Information on the audit of the accounts will, as far as possible, be provided in a manner that meets the needs of those requesting information.

SUPPORTING DOCUMENTATION

Appendices:

1. External Audit Plan 2019/20 (Grant Thornton)

Background Documents

None

Brighton and Hove City Council audit plan

Year ending 31 March 2021

Brighton and Hove City Council
29 June 2021



Contents



Your key Grant Thornton team members are:

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Key matters

Factors

Council developments

The financial position for 2020/21 and the medium term is challenging, in particular due to the COVID-19 pandemic, which is presenting all councils with unprecedented pressures. For Brighton & Hove City Council, this is manifesting in reduced visitor numbers and commercial activity, increased demand-led services requirements and significant pressures of ensuring vulnerable people in the region are housed. After the immediate impacts of the pandemic, the Council established a COVID-19 Recovery and Renewal Programme to help prepare and steer the Council and City through the transition from emergency response to recovery.

During 2020/21, to manage the financial challenge, the Council chose to take a financial smoothing approach as opposed to issuing a revised emergency budget. At month 7, the Council was forecasting that subsequent to the various expenditure pressures and income reductions caused by the pandemic, along with known and anticipated Central Government COVID-19 grants, the General Fund outturn position was forecast to hit a £4.8m underspend against the budget. However the position continues to be monitored carefully.

The budget for the 2021/22 year has been developed in unprecedented times and has been balanced by a contribution from reserves of £8.2m and a significant planned savings programme of £10.6m. The updated Medium Term Financial Strategy now shows there is a projected funding gap of £24m from the year 2022/23 to 2025/26.

The Council continues to prioritise the climate emergency and the Corporate Plan contains plans and objectives in response to this emergency, including an ambition to become a Carbon Neutral city by 2030. The budget also continues to support the drive for improved air quality and public health, primarily with continued investment in active travel, energy efficiency and green spaces. There also continued to be significant capital investments in housing, schools and the seafront, addressing the needs of the city to provide a high quality of life for residents while maintaining the City's appeal to visitors which will be so key to the recovery of finances after the pandemic eases.

New Code of Audit Practice and updated ISA (UK) 540

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money (VFM). For more detail see page 13.

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures which includes significant enhancements in respect of the audit risk assessment process for accounting estimates. For more detail see page 8.

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been shared with the Director of Finance.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.
- We will continue to provide you with sector updates via our Audit Committee updates.
- There is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. We have rebutted this risk for all types of revenue. We have also considered the risk of material misstatement due to fraud related to expenditure, and concluded that this is not a significant risk for the Council.
- There is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. We have therefore identified a significant risk in regards to management override of control – refer to page 5.
- The Council's valuer reported a material uncertainty in regards to the valuation of properties in 2019/20 due to the Covid-19 pandemic and we expect significant uncertainty will continue in 2020/21. We identified a significant risk in regards to the valuation of properties – refer to page 6.
- A material uncertainty was also declared in 2019/20 by an investment manager for pooled property investments underlying the net pension liability. The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions, and we have also identified a significant risk in this area of the accounts – refer to page 7.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Brighton and Hove City Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Brighton and Hove City Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Standards Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls
- Valuation of land and buildings
- Valuation of the pension fund net liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £12.41m (PY £12.34m) for the Council, which equates to 1.45% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.62m (PY £0.62m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not initially identified any risks of significant weakness. We have however identified several areas of focus under the increased scope of the VFM work in 2020/21 onwards. These are detailed on pages 13-14.

Audit logistics

Our interim visit will take place in March 2021 and our final visit will take place between July and September 2021. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report. Our audit approach is detailed in Appendix A.

Our fee for the audit is still be being assessed. Since appointment as your auditor, there have been a number of developments, particularly in relation to the revised Code and updated ISA's which are relevant for the 2020/21 and subsequent audits. These together with the findings of the recent Redmond Review mean that we have proposed a fee variance for the year – see pages 16 and 17 for further information. Discussions with PSAA are currently ongoing. The 2019/20 fee was £146,584 (pending approval of a fee variance by PSAA).

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Prior year recommendations

We made 4 recommendations as a result of work completed in the 2019/20 audit. During March we will obtain updates from management on progress against these recommendations and we will update the Committee subsequently.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
ISA240 fraudulent revenue recognition	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>We have considered all revenue streams of the Council and we have rebutted this risk for all revenue streams.</p> <p>For revenue streams that are derived from Council Tax, Business Rates and Grants we have rebutted this risk on the basis that they are income streams primarily derived from grants or formula based income from central government and tax payers and that opportunities to manipulate the recognition of these income streams is very limited.</p> <p>For other revenue streams, we have determined from our experience as your auditor from the previous 2 years, and through our documentation and walkthrough of your business processes around revenue recognition that the risk of fraud arising from revenue recognition could be rebutted, because:</p> <ul style="list-style-type: none"> there is little incentive to manipulate revenue recognition; opportunities to manipulate revenue recognition are very limited; the culture and ethical frameworks of local authorities, including Brighton and Hove City Council, mean that all forms of fraud are seen as unacceptable. 	<p>We will:</p> <p>Substantively test material income streams, where the risk has not been rebutted, to obtain appropriate evidence over the existence and accuracy of revenue recognised;</p>
Fraudulent expenditure recognition	<p>We have also considered the risk of material misstatement due to the fraudulent recognition of expenditure. We have considered each material expenditure area, and the control environment for accounting recognition.</p> <p>We were satisfied that this did not present a significant risk of material misstatement in the 2020/21 accounts as:</p> <ul style="list-style-type: none"> - The control environment around expenditure recognition (understood through our documented risk assessment understanding of your business processes) is considered to be strong; - We have not found significant issues, errors or fraud in expenditure recognition in the prior 2 years audits; - Our view is that, similarly to revenues, there is little incentive to manipulate expenditure recognition. 	Not considered to be a significance risk.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Valuation of land and buildings	<p>The Authority revalues its land and buildings on a five-yearly rolling basis to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for investment properties and surplus assets) at the financial statements date. This valuation is carried out by the Council's internal valuers, professional valuers and independent property managing consultants contracted by the Council. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (approximately £2.05 billion at the 31 March 2020 balance sheet date) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for investment properties and surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met and discuss this basis where there are any departures from the Code; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • assess how management have challenged the valuations produced internally, by professional valuers and by and independent property managing consultants to assure themselves that these represent the materially correct current value; • test revaluations made during the year to see if they had been input correctly into the Authority's asset register; • evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value; and • engage an auditor's expert professional valuer to supplement our own auditor knowledge and expertise with qualified valuer expert insight and challenge into the valuation process, methods and assumptions used.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (approximately £273 million in the Authority's balance sheet at the 31 March 2020) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and obtain assurances from the auditor of East Sussex Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Other audit risks

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Accounting for grant revenues and expenditure correctly	<p>The Council (similar to all other local authorities) has been the recipient of significant increased grant revenues in 2020/21 relating to Covid-19. Some of these grants relate to the Council, and others are grants which should be passed onto other entities, businesses and individuals. The Council will need to consider for each type of grant whether it is acting as agent or principal, and depending on that decision how the grant income and amounts paid out should be accounted for.</p>	<p>We will;</p> <ul style="list-style-type: none"> Discuss with management and understand the different types of material grants received during 2020/21 and what the conditions are in the grant agreements; Understand the conditions for payment out to other entities, businesses and individuals; Therefore understand whether the Council should be acting as agent or principal for accounting purposes; and We will test material grant revenues to see whether the Council has accounted for these correctly.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Standards Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings, council dwellings and investment properties
- Depreciation
- Year end provisions and accruals, specifically for demand led services such as Adult's and Children's services
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates
- PFI liability estimate

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. fair value estimates, asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- **What the assumptions and uncertainties are;**
- **How sensitive the assets and liabilities are to those assumptions, and why;**
- **The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and**
- **An explanation of any changes made to past assumptions if the uncertainty is unresolved.**

Planning enquiries

As part of our planning risk assessment procedures we are addressing additional written enquiries to management and to those charged with governance in order to obtain the expanded understanding of the entity's internal controls required under ISA (UK) 540. We would appreciate a prompt response to these enquires in due course.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VfM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Council's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report see pages 14-15.

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

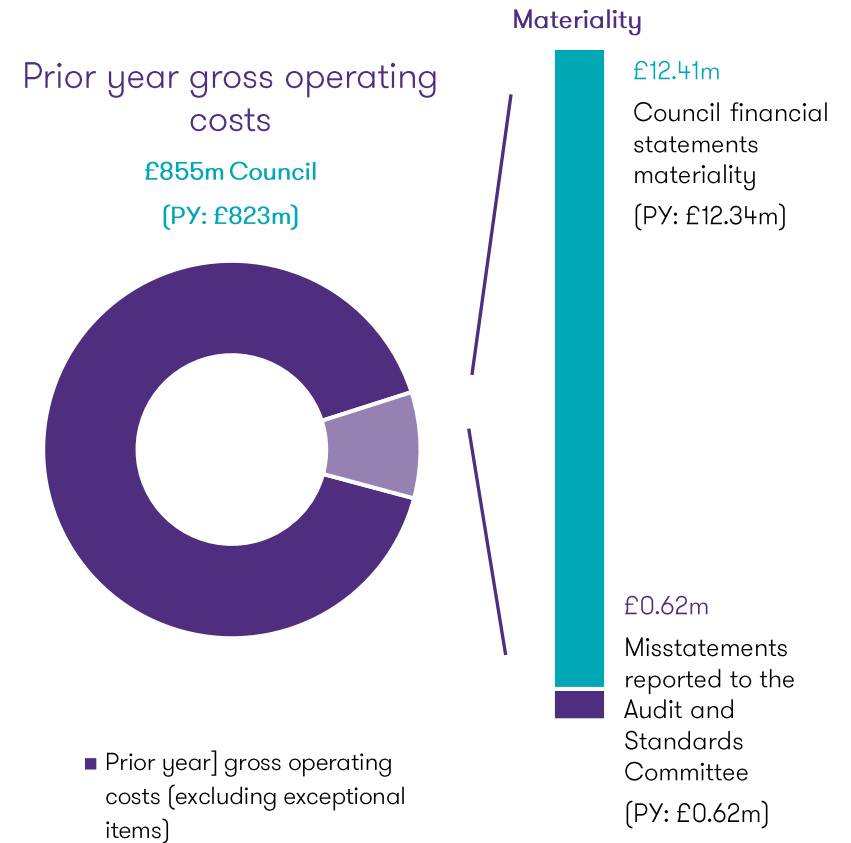
We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £12.41m (PY £12.34m) for the Council, which equates to 1.45% of your prior year gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £0.5m for cash and cash equivalents and £0.05m for senior officer remuneration disclosures.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.62m (PY £0.62m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Standards Committee to assist it in fulfilling its governance responsibilities.



Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary qualified/unqualified approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Risk Assessment

As part of our planning work, we have considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. We have:

- Met with your Chief Executive Officer and your Acting Chief Finance Officer to discuss the current risk profile and outlook for the Council and to discuss and understand any recent changes to the Council's arrangements for securing VFM;
- Reviewed publicly available reports and documentation (including minutes of all significant Council meetings), relating to both financial and operational areas of the Council's functions;
- Reviewed risk registers to understand the Council's own view and assessment of the severity of the risks it faces in the current unprecedented times.

We have not identified any risks of significant weaknesses from our initial planning work. We have however identified areas of focus where we would set out to update and deepen our understanding of your arrangements in order to conclude on your arrangements across all the key criteria. These areas of focus are:

- The entity's arrangements for securing financial sustainability, including short term budgeting and medium term financial planning;
- The entity's arrangements for improving economy, efficiency and effectiveness through benchmarking against similar organisations, learning from others, and through continued transformation and modernisation of services;
- Developments and changes in the Orbis shared service arrangements.

We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table :

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit logistics and team



Darren Wells, Key Audit Partner

Darren will be the main point of contact for the Chair and the Chief Executive and Board Members. Darren will share his knowledge and experience across the sector providing challenge, sharing good practice, providing pragmatic solutions and acting as a sounding board with Senior Board Members and the Policy and Resources Committee. Darren will ensure our audit is tailored specifically to you and is delivered efficiently. Darren will review all reports and the team's work focussing his time on the key risk areas to your audit.

Andy Conlan, Audit Senior Manager

Andy will work with the senior members of the finance team ensuring early delivery of testing and agreement of accounting issues on a timely basis. Andy will attend Policy and Resources Committees, undertake reviews of the team's work and draft reports, ensuring they remain clear, concise and understandable to all. Andy will work with Internal Audit to secure efficiencies and avoid duplication.

Thomas Pattison, Audit Incharge

Tom will lead the onsite team and will be the day to day contact for the audit. Tom will monitor the deliverables, manage the query log with your finance team and highlight any significant issues and adjustments to senior management. Tom will undertake the more technical aspects of the audit, coach the junior members of the team and review the teams work.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees

In 2018, PSAA awarded a contract of audit for Brighton and Hove City Council to begin with effect from 2018/19. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020/21 audit.

As referred to on page 14, the 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years.

As communicated on page 8, the new ISA540 also requires significant enhancements in respect of the audit risk assessment process for accounting estimates.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. We have engaged an audit expert to improve the level of assurance we require for property valuations estimates, which has been included in our proposed audit fee. Our proposed fee for 2020/21, as a result of the additional work above, and the impact of the Redmond Review, is shown on the next page. We have communicated the fee with your Chief Finance Officer and as with all fee variances this is subject to approval by Public Sector Audit Appointments:

	Actual Fee 2018/19	Actual Fee 2019/20	Proposed fee 2020/21
Council Audit	£134,084	£168,572	£187,084
Total audit fees (excluding VAT)	£134,084	£168,572	£187,084

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Proposed audit fees 2020-21 – detailed analysis

Scale fee published by PSAA	£122,084
<i>Ongoing increases to scale fee first identified and proposed in 2019/20</i>	
Raising the bar/regulatory factors	£8,000
Enhanced audit procedures for Property, Plant and Equipment	£10,000
Enhanced audit procedures for Pensions	£4,000
<i>New issues for 2020/21</i>	
Increase in respect of additional work on Value for Money under new NAO Code	£26,000
Increased audit requirements of revised ISAs	£17,000
<i>Proposed increase to agreed 2019/20 fee</i>	£43,000
Total audit fees (excluding VAT)	£187,084

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.





None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Certification of Housing capital receipts grant	5,000 (proposed fee)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,000 in comparison to the total fee for the audit of £146,584 (19/20 fee) and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Teachers Pension Return	5,000 (proposed fee)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,000 in comparison to the total fee for the audit of £146,584 (19/20 fee) and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Benefit Claim	17,000 (proposed fee)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £17,000 in comparison to the total fee for the audit £146,584 (19/20 fee) and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.









Appendix 1: Revised Auditor Standards and application guidance

FRC revisions to Auditor Standards and associated application guidance




The following Auditing Standards and associated application guidance that were applicable to 19/20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020/21 audits and beyond.

	Date of revision	Application to 2020/21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	
ISA (UK) 230 – Audit Documentation	January 2020	
ISA (UK) 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	
ISA (UK) 250 Section B – The Auditor’s Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	
ISA (UK) 570 – Going Concern	September 2019	
ISA (UK) 580 – Written Representations	January 2020	
ISA (UK) 600 – Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	
ISA (UK) 620 – Using the Work of an Auditor’s Expert	November 2019	
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor’s Report	January 2020	
ISA (UK) 720 – The Auditor’s Responsibilities Relating to Other Information	November 2019	
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	



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Subject:	Review of the Code of Conduct for Members and related documents		
Date of Meeting:	29 June 2021		
Report of:	Head of Law and Monitoring Officer		
Contact Officer:	Name:	Victoria Simpson, Senior Lawyer – Corporate Law	Tel: 01273 294687
	Email:	Victoria.Simpson@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 To update this Committee on the work of the cross party Member Working Group appointed to review the Council's Code of Conduct for Members and related arrangements, and to seek Committee approval for revised versions of the Code of Conduct for Members and the other key documents indicated below.

2 RECOMMENDATIONS

- 2.1 That the Audit & Standards Committee review and approve the documents appended to this Report, which incorporate:
- The Code of Conduct for Members ('the Code of Conduct')
 - Guidance on Correspondence
 - The Procedure for Dealing with Allegations of Misconduct by Members

3 CONTEXT

- 3.1 The Council last reviewed its standards arrangements in January 2020 against the extensive Report on Local Government Ethical Standards compiled by the Committee on Standards in Public Life ('the CSPL'). At that time, this Committee considered the detailed work carried out by a cross party working group of members of this Committee and approved that working group's recommendations by updating the Code of Conduct and the Procedure for Dealing with Allegations of Breaches of the Code of Conduct by Members ('the Procedure') to incorporate some key CSPL recommendations.

In the context of the increase in the number of complaints reported to this Committee in January 2021, a cross-party member working group was directed to review the Council's options for further reviewing the Code of Conduct and to consider amending the arrangements the Council has in place to discharge the requirement that it maintain a process for determining allegations of misconduct by members. Representatives of all of the Council's three political Groups were invited to participate, as were the Council's Independent Persons. The two elected members who did agree to participate met virtually with one of the Council's Independent Persons twice in order to carry out a detailed review of the

arrangements referenced here. That review process took into account the LGA model Code of Conduct which was published at end of December 2020. The recommendations outlined here are proposed in order to assist the Council in updating its Standards arrangements and streamlining them as far as possible.

4 PROPOSALS

Code of Conduct

- 4.1 The Council's existing Code of Conduct for Members was reviewed in a detailed way against [the model Code of Conduct](#) generated by the Local Government Association ('the LGA'). The result is a proposal for a reworked Code which is appended here as **Appendix 1** without tracked changes for clarity, given the number of revisions. The proposed text retains some key aspects of the Council's existing arrangements, including the current definition of 'other interests' as well as current thresholds in relation to gifts & hospitality and the expectation that these be registered. It does this by adopting the overarching approach suggested by the LGA, including its style and format. It applies the template's use of bold text to indicate the requirements of the Code from 'General Conduct' at page 5 onward, followed by ordinary font to provide guidance on the provision's application. The net result is an amended and updated Code of Conduct which is bespoke to this Council.

Guidance for Members on Correspondence

- 4.2 It is proposed that the current Guidance on Correspondence and the Use of Social Media for Members be renamed to reinforce the point that social media communications are no different to other types of correspondence. The Guidance document attached as **Appendix 2** aims to achieve a series of objectives. Amongst other things it acknowledges the issues members may face in a situation where they may be joined into an increased number of (mainly online) communications. It aims to help ensure clarity and to assist in managing expectations regarding input and response times, while emphasising that members have discretion to respond as they see fit, in a way which reflects what they consider the most effective way of working.

The Guidance also seeks to reinforce the expectation not just that members are respectful to others but also that they are themselves treated with civility by those communicating with them. It clarifies the steps members may take when that does not happen. It is proposed that the amended Guidance is published on the Council's website as a means of providing greater clarity re what ward constituents and other stakeholders may reasonably expect when they contact an elected member.

Procedure for Dealing with Allegations of Misconduct

- 4.3 A series of changes are proposed to the Council's Procedure for dealing with complaints (**Appendix 3**). Part of the member working group's remit was to streamline existing process where possible. The proposed Procedure takes into account the recommendation of the CSPL that a clear public interest test be published against which complaints are assessed. It builds in a more detailed test against which it is proposed that all complaints be assessed, with the overall objective of ensuring that complaints are referred for formal investigation and (if relevant) for determination by a Standards Panel only where doing so is considered to be necessary and proportionate in the public interest.

- 4.4 Other proposals for change include making provision for the investigating officer not to make a 'finding' following formal investigation of a breach but rather to outline the facts without taking an indicative view. It is further proposed that the default expectation be that full Council is informed when a Standards Panel find that a breach has occurred. A further change proposed is that the ambition of determining complaints within a set timescale be replaced by an expectation that all complaints be determined promptly and without undue delay: a proposal which acknowledges that the existing ambition to determine all complaints within three months is not one which has been met in any instance where a formal investigation has taken place in the last several years. It is also proposed that the timescale for making a decision at preliminary assessment stage is extended to 28 days. This is considered to be a more achievable target, not least because the proposed Procedure incorporates an additional step whereby the subject member's version of events is sought at preliminary assessment stage. It is emphasised that these adjusted timescales will not prevent complaints being taken earlier where possible, in accordance with the overall objective of determining complaints as promptly as possible.

5 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 5.1 The Council is obliged under the Localism Act to make arrangements for maintaining high standards of conduct among members and to make arrangements for the investigation of complaints. The current arrangements and the proposals in this Report reflect this. No alternative proposals are suggested.

6 COMMUNITY ENGAGEMENT & CONSULTATION

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

7 CONCLUSION

- 7.1 Members are asked to note the contents of this Report, and to approve the recommendations, which aim to assist the Committee in discharging its responsibilities for overseeing that high standards of conduct are maintained in a way which is compliant with local requirements.

8 FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Finance Officer Consulted: James Hengeveld

Date: 11/06/21

Legal Implications:

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

Lawyer Consulted: Victoria Simpson

Date: 29/5/21

Equalities Implications:

- 8.3 There are no equalities implications arising from this Report

Sustainability Implications:

8.4 There are no sustainability implications arising from this Report

Any Other Significant Implications:

8.5 None

SUPPORTING DOCUMENTATION

Appendices:

Appendix 1 - Code of Conduct for Members

Appendix 2 - Guidance on Correspondence

Appendix 3 - Procedure for Dealing with Allegations of Misconduct by Members

Background Documents:

1. [The report on Local Government Ethical Standards](#) published by the Committee on Standards in Public Life on 20.01.19.
2. [Local Government Association Model Councillor Code of Conduct 2020 | Local Government Association](#)

Brighton & Hove City Council

Code of Conduct for Members

The role of Councillor is a vital part of our country's system of democracy. It is important that as Councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. Our conduct as an individual Councillor affects the reputation of all Councillors. We want the role of Councillor to be one that people aspire to. We also want individuals from a range of backgrounds and circumstances to be putting themselves forward to become Councillors.

As Councillors, we represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent our local area, taking decisions fairly, openly, and transparently. We have both an individual and collective responsibility to meet these expectations by maintaining high standards and demonstrating good conduct, and by challenging behaviour which falls below expectations.

Importantly, we should be able to undertake our role as a Councillor without being intimidated, abused, bullied or threatened by anyone, including the general public.

This Code has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.

Introduction

All councils are required to adopt a local Councillor Code of Conduct. Brighton & Hove City Council ('BHCC') has chosen to adopt a Code which is based on the Local Government Association's Model Councillor Code of Conduct, developed in association with key partners and after extensive consultation with the sector.

BHCC's Code of Conduct covers all elected Members and co-opted Members (together referred to in this Code as 'Member' or 'Members' as appropriate) of Brighton & Hove City Council whenever they are acting as a member or representative of the council or when they are behaving in a way which meets the description described in the paragraph entitled Application of the Code of Conduct below. The Code is reviewed regularly and in any event at least once every three years. The Independent Persons who are appointed to the Council's Audit and Standards Committee are also expected to abide by this Code in terms of the standards of behaviour they observe and by voluntarily declaring any interests they have in any matter under discussion at any meeting.

The requirements outlined in this Code regarding the Declaration of Interests at Meetings apply to formal meetings of the Council, its Committees and Sub-Committees and its joint Committees and Sub-Committees. Members are however encouraged to voluntarily declare at all meetings, both formal and informal, any facts which they consider may be relevant to the perception of their decision-making, this although they are not required to do so. The Code does not apply when Members are acting or appearing in the perception of a reasonable person to be acting in a purely private capacity.

This Code of Conduct should be read alongside the Council's corporate values: respect, collaboration, efficiency, openness, creativity, and customer focus, which are appended hereto.

All Members are bound by the requirements of the Equality Act 2010, which amongst other things prohibits discrimination on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. In addition, Members are expected to promote equality in their actions and behaviours.

When applying and interpreting this Code of Conduct, Members should have regard to the following policies and documents (as amended from time to time):

- (a) Council Procedure Rules
- (b) Arrangements regarding the Register of Members' Interests
- (c) Practice Note – Use of Council Facilities
- (d) Protocol for Members regarding planning applications
- (e) Code of Conduct for Member/Officer Relations
- (f) Guidance for Members on Correspondence
- (g) Guidance on confidentiality

- (h) Anti-fraud and Corruption Strategy
- (i) Whistleblowing Policy

Definitions

For the purposes of this Code of Conduct, a “Councillor” means a member or co-opted member of a local authority. A “co-opted member” is defined in the Localism Act 2011 Section 27(4). It is a person who is not an elected member of the authority, but has both been co-opted onto one of its committees or subcommittees, or who sits on any joint committee or joint sub-committee of the authority and is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee.

The requirement to appoint at least one “Independent Person” and a description of that role is in Section 28(7) of the Localism Act 2011.

For the purposes of this Code of Conduct, “local authority” includes county councils, district councils, London borough councils, parish councils, town councils, fire and rescue authorities, police authorities, joint authorities, economic prosperity boards, combined authorities and National Park authorities.

Purpose of the Code of Conduct

The purpose of this Code of Conduct is to assist you, as a Councillor, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow Councillors, local authority officers and the reputation of local government. It sets out the general principles of conduct expected of all Councillors and your specific obligations in relation to standards of conduct. The fundamental aim of the Code is to create and maintain public confidence in the role of Councillor and local government.

General principles of Councillor conduct

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, Councillors and local authority officers; should uphold the [Seven Principles of Public Life](#), also known as the Nolan Principles.

Building on these principles, the following general principles have been developed specifically for the role of Councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and

- I lead by example and act in a way that secures public confidence in the role of Councillor.

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.

Application of the Code of Conduct

This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of Councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a Councillor.

This Code of Conduct applies to you when you are acting in your capacity as a Councillor. It may include when:

- you misuse your position as a Councillor, or
- your actions may or could give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a Councillor, or are such as to create the risk that such an impression could be generated.

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and to show leadership at all times when acting as a Councillor.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct. Town and parish Councillors are encouraged to seek advice from their Clerk, who may refer matters to the Monitoring Officer.

Standards of Councillor conduct

This section sets out in bold type your obligations, which are the minimum standards of conduct required of you as a Councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

Guidance is included in ordinary font to help explain the reasons for the obligations and how they should be followed.

General Conduct

1. Respect

As a Councillor:

1.1 I treat other Councillors and members of the public with respect.

1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a Councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personalised attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and its confidence in Councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow Councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the Code of Conduct for Member/Officer Relations.

2. Bullying, harassment and discrimination

As a Councillor:

2.1 I do not bully any person.

2.2 I do not harass any person.

2.3 I promote equalities and do not discriminate unlawfully against any person, nor do I cause the Council to breach any of its equality duties

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

3. Officers of the council: impartiality and having regard to advice

As a Councillor:

3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.

Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

3.2 When reaching decisions on any matter, I have regard to any relevant advice provided to me by any Council officer discharging the Council's functions, including the Council's–

- (i) chief finance officer;**
- (ii) monitoring officer; or**
- (iii) chief executive and head of paid service**

where that officer is acting pursuant to their statutory duties.

The Councils' officers play a key role in ensuring that the Council discharges its functions lawfully. For this reason, Members are required to have regard to any advice provided to them by officers discharging the Council's functions, particularly where the advice is given by officers appointed to any of the roles listed in (i), (ii) and/or (iii) above.

4. Confidentiality and access to information

As a Councillor:

4.1 I do not disclose information:

- a. given to me in confidence by anyone**
- b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless**
 - i. I have received the consent of a person authorised to give it;**
 - ii. I am required by law to do so;**
 - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or**
 - iv. the disclosure is:**
 - 1. reasonable and in the public interest; and**
 - 2. made in good faith and in compliance with the reasonable requirements of the local authority.**

4.2 I do not improperly use knowledge gained solely as a result of my role as a Councillor for the advancement of myself, my friends, my family members, my employer or my business interests.

4.3 I do not interfere with anyone seeking to obtain information which they are entitled to by law.

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

5. Disrepute

As a Councillor:

5.1 I do not bring my role or local authority into disrepute.

As a Councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an

adverse impact on you, other Councillors and/or your local authority and may lower the public's confidence in your or your local authority's ability to discharge your/it's functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute.

You are able to hold the local authority and fellow Councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the Council whilst continuing to adhere to other aspects of this Code of Conduct.

6. Use of position

As a Councillor:

6.1 I do not use, or attempt to use, my position or influence improperly to the advantage or disadvantage of myself or anyone else.

Your position and influence as a member of the local authority provides you with certain opportunities, responsibilities and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

7. Use of local authority resources and facilities

As a Councillor:

7.1 I do not misuse council resources.

7.2 I will, when using the resources of the local or authorising their use by others:

- a. act in accordance with the local authority's requirements; and**
- b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.**

You may be provided with resources and facilities by the local authority to assist you in carrying out your duties as a Councillor.

Examples include:

- office support
- stationery
- equipment such as phones, and computers
- transport
- access and use of local authority buildings and rooms.

These are given to you to help you carry out your role as a Councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the local authority's own policies regarding their use.

8. Complying with the Code of Conduct

As a Councillor:

8.1 I undertake Code of Conduct training provided by my local authority.

8.2 I cooperate with any Code of Conduct investigation and/or determination.

8.3 I do not attempt to interfere in any aspect of the investigation, administration or hearing of any complaint or matter.

8.4 I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.

It is extremely important for you as a Councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer.

Protecting your reputation and the reputation of the local authority

9. Interests

As a Councillor:

9.1 I register and disclose my interests.

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the authority.

You need to register your interests so that the public, local authority employees and fellow Councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other Councillors when making or taking part in decisions, so that decision-making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or disclose a disclosable pecuniary interest as set out in Table 1, is a criminal offence under the Localism Act 2011.

If in doubt about how to apply the Code's detailed provisions on registering and disclosing interests, you should always seek advice from your Monitoring Officer.

10. Gifts and hospitality

As a Councillor:

- 10.1 I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.**

- 10.2 I register with the Monitoring Officer within 28 days of receipt any gift or hospitality accepted by virtue of my office which constitutes either a) a single instance of a gift or hospitality worth more than an estimated value of £50 or alternatively constitutes b) two or more instances of gifts or hospitality received in from a single source in any given year which taken together have a total estimated value in excess of £100.**

- 10.3 I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.**

In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a Councillor. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a Councillor, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a Councillor. If you are unsure, do contact your Monitoring Officer for guidance.

Appendices

Appendix A – The Seven Principles of Public Life

The principles are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix B - Registering interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.

Disclosable pecuniary interests

These are an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below. In this context, "Partner" means a spouse or civil partner, a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

Non participation in case of a Disclosable Pecuniary Interest

Where a matter arises at a meeting of the Council, one of its committees or sub committees (or at a joint committee or sub committee) which directly relates to one of your Disclosable Pecuniary Interests as set out in Table 1, you must

- disclose the interest
- not participate in any discussion or vote on the matter and
- leave the room (in accordance with Council Procedure Rule 25.4) while any discussion or voting takes place.

Note: if your interest is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest.

Dispensation may be granted in limited circumstances to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

Nb It is a criminal offence to fail to notify the Monitoring Officer of a disclosable pecuniary interest (as defined in **Table 1**), to take part in discussion or votes at meetings or to take a decision, where you have a Disclosable Pecuniary Interest, without reasonable excuse. It is also an offence to knowingly or recklessly provide false or misleading information to the Monitoring Officer in connection with the registration and/or declaration of Disclosable Pecuniary Interests.

Other Registerable Interests

Members may have an interest in a matter under consideration even where they do not have a Disclosable Pecuniary Interest. You must register Other Registrable Interests which are defined as follows (also duplicated in **Table 2** below):

- Any body of which you are in a position of general control or management
- Any gift or hospitality which you have accepted by virtue of your office and which constitutes either a) a single instance of a gift or hospitality worth more than an estimated value of £50 or alternatively constitutes b) two or more instances of

gifts or hospitality received in from a single source in any given year which taken together have a total estimated value in excess of £100.

Other Interests which need not be registered

There is a further category of 'Other Interests' which do **not** need to be registered. These are as follows:

- Any interest of a financial nature which is not a Disclosable Pecuniary Interest, whether of you, your spouse or civil partner, a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners

Non-participation in the case of an Other Interest

Where a matter arises at a meeting which directly relates to any Other Interest (whether Registrable or not), then you must declare that interest at the meeting.

In order to determine whether – after declaring your interest – you may remain in the room and take part in any discussion or vote on the matter then you must consider:

- whether a) your interest is affected by the matter under consideration more than the interests of the majority of people in the area affected by the matter, and if so,
- whether b) a reasonable member of the public would think your judgement of the public interest would be adversely affected by your interest.

If you consider that a) and b) apply, then you may speak on the matter only if members of the public are allowed to speak at the meeting, but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

Note: if, having applied the above test, you consider you may continue participating in decision-making once you have declared your interest, then you will have a declarable **non-prejudicial interest**. Where you consider yourself unable to participate in decision-making then it will be because your interest is deemed to be a **prejudicial interest**.

Sensitive interests

A 'sensitive interest' is as an interest which, if disclosed, could lead to the Councillor, or a person connected with the Councillor, being subject to violence or intimidation. Where you believe you have a 'sensitive interest' then you must notify the Monitoring Officer, explaining the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Where a matter arises at a meeting which relates to a sensitive interest then you are not required to disclose the nature of your interest, although you must nonetheless declare the fact that you have an interest and must follow the rules regarding participation.

Dispensations

On a written request made to the council's Monitoring Officer, preferably in advance of the meeting, the Monitoring Officer may – following consultation, where reasonably practicable, with either one of the Independent Persons or the Chair of Audit & Standards Committee – grant a Member a dispensation to participate in a discussion and/or vote on a matter at a meeting where they would otherwise not be allowed to if the Monitoring Officer believes 1) that the number of Members otherwise prohibited from taking part in the meeting would be so great a proportion of the relevant body as to impede the transaction of the business; or 2) considers that without the dispensation the representation of different political groups would be so upset as to alter the likely outcome of any vote; or 3) considers that it is in the interests of the inhabitants in the council's area to allow the Member to take part; or 4) considers that it is otherwise appropriate to grant a dispensation.

Members are not required to register or declare an interest that is shared with ordinary members of the public living or working in the area (such as the payment of, or liability to pay, council tax, or having bins collected) or that arises simply from being a Member (such as Members' allowances); or where the interest is otherwise de minimis.

Accordingly, no Member will need a dispensation to take part in the business of setting the council tax or precept or local arrangements for council tax reduction schemes, because it is a decision affecting the generality of the public in the council's area, rather than one or more individual..

It is at all times the responsibility of each individual member to monitor whether they have any disclosed or as yet undisclosed interests in matters under consideration and to declare and register these where necessary.

Appendix C – the Committee on Standards in Public Life

Brighton & Hove City Council has adopted this Code having considered the work carried out by the Local Government Association while the Government continues to consider the recommendations made by the Committee on Standards in Public Life (“the CSPL”) in their report on [Local Government Ethical Standards](#). Should the Government choose to implement any of the recommendations, then this Code will be further updated as necessary.

The CSPL recommendations cover:

- Recommendations for changes to the Localism Act 2011 to clarify in law when the Code of Conduct applies
- The introduction of sanctions
- An appeals process through the Local Government Ombudsman
- Changes to the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
- Updates to the Local Government Transparency Code
- Changes to the role and responsibilities of the Independent Person
- That the criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished

The Local Government Ethical Standards report also includes Best Practice recommendations. These are:

Best practice 1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

Best practice 2: Councils should include provisions in their code of conduct requiring Councillors to comply with any formal standards investigation and prohibiting trivial or malicious allegations by Councillors.

Best practice 3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

Best practice 4: An authority’s code should be readily accessible to both Councillors and the public, in a prominent position on a council’s website and available in council premises.

Best practice 5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

Best practice 6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.

Best practice 7: Local authorities should have access to at least two Independent Persons.

Best practice 8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to

review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

Best practice 9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

Best practice 10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

Best practice 11: Formal standards complaints about the conduct of a parish Councillor towards a clerk should be made by the chair or by the parish council, rather than the clerk in all but exceptional circumstances.

Best practice 12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

Best practice 13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

Best practice 14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.

Best practice 15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

Appendix D - Brighton & Hove City Council – corporate values.

Article 1 of the Council's Constitution commits the Council to exercising all its powers and duties in accordance with the law and this Constitution, this in pursuit of the Council's purpose, ambition, priorities and values. Those are set out in the Council's Corporate Plan 2020 to 2023 and are summarised below.

Our **purpose** is to provide strong civic leadership to achieve our vision of a fairer city with a sustainable future. The Council's Corporate Plan sets out the overall direction for the Council. Our vision and priorities are described in the Plan.

We will be successful if we deliver our six priority outcomes, which are:

- A city to call home
- A city working for all
- A stronger city
- A growing and learning city
- A sustainable city
- A healthy and caring city

Our **values** describe the principles and professional behaviour required to modernise the Council:

- Collaboration
- Respect
- Openness
- Efficiency
- Customer focus
- Creativity

Our **service priorities** are set out in directorate and service plans which are published on our website.

- 2.2 In the achievement of its priorities, the Council will be guided by the Sustainable Community Strategy developed in partnership with local communities and the need to achieve best value in the delivery of services. The Local Strategic Partnership is responsible for developing the Sustainable Community Strategy and providing, together with the Council, community leadership and representation.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the Councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a Councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the Councillor or his/her spouse or civil partner or the person with whom the

	<p>Councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.</p>
Land and Property	<p>Any beneficial interest in land which is within the area of the council.</p> <p>'Land' excludes an easement, servitude, interest or right in or over land which does not give the Councillor or his/her spouse or civil partner or the person with whom the Councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.</p>
Licenses	<p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p>
Corporate tenancies	<p>Any tenancy where (to the Councillor's knowledge)—</p> <p>(a) the landlord is the council; and</p> <p>(b) the tenant is a body that the Councillor, or his/her spouse or civil partner or the person with whom the Councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.</p>
Securities	<p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the Councillor's knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the Councillor, or his/her spouse or civil partner or the person with whom the Councillor is living as if they were</p>

	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act

2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registerable Interests

You have a personal interest in any business of your authority where it relates to or is likely to affect:

- any body of which you are in a position of general control or management, or
- Any gift or hospitality which you have accepted by virtue of your office and which constitutes either a) a single instance of a gift or hospitality worth more than an estimated value of £50 or alternatively constitutes b) two or more instances of gifts or hospitality received in from a single source in any given year which taken together have a total estimated value in excess of £100.

Brighton & Hove City Council

Procedure for Dealing with Allegations of Breaches of the Code of Conduct ~~by~~ Elected and co-opted Members

1. Introduction and legal framework

- 1.1 This procedure is made in accordance with section 28(6) of the Localism Act 2011 which requires the council to have in place arrangements for investigating and determining allegations that a member or co-opted member of the council has failed to comply with its Code of Conduct for Members.
- 1.2 This version of the procedure supersedes all previous versions.
- 1.3 The Code of Conduct to which this procedure relates was originally adopted by the Council in 2012 in accordance with section 27 of the Localism Act 2011, has been updated regularly ~~undergone minor revision~~ since then. ~~It is, and is~~ set out at Part 8.1 in the Council's Constitution

2. Principles

The principles underpinning the procedure are:

- (i) the imperative of generating and maintaining a drive to engender member and public confidence that ~~—~~allegations of member misconduct will be dealt with effectively ~~and~~ efficiently and proportionately;
- ~~(i) —~~
- (ii) that all parts of the process will reflect the Council's commitment to resolving complaints against members ~~Standards Panels reach their findings in a such a way that is proportionate, transparent and fair to all parties~~ and independently;
- (iii) that complaints are only referred for formal investigation and thereafter (if relevant) for determination by a Standards Panel where doing so is considered to be proportionate and necessary in the public interest;

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~~(iii)~~(iv) that Standards Panel hearings ~~are~~ be conducted openly, wherever possible

3. Making a complaint

- 3.1 If a person wishes to make a complaint about Member conduct, they should write to:

The Monitoring Officer
c/o Standards ~~and~~ Complaints
Brighton & Hove City Council
Hove Town Hall
Hove BN3 3BQ

Or use the following Web link: [Councillor Complaint](#)

- 3.2 The complainant will be asked to provide their name and a postal or email address. Only complaints from named individuals will be accepted.
- 3.3 Council officers wishing to complain about Member conduct are recommended to use the Code of Conduct for Member/Officer Relations but still have the option of using the complaints procedure set out here.
- 3.4 The Monitoring Officer will inform the complainant that their complaint will be assessed against the Code of Conduct for Members and that they may if they wish seek the views of one of the Council's Independent Persons.
- 3.5 The Monitoring Officer will acknowledge receipt of the complaint within 5 working days of receiving it, and will send the complainant standard information about the Council's policy on disclosing their identity, as set out in paragraph 4.2 below; ~~and will require the complainant to confirm their agreement to this policy, in order for the complaint to proceed.~~
- 3.6 ~~The Council aims to complete the complaint process within a maximum of three months from receipt.~~
- 3.7 Once a complaint has been made to filed with the Monitoring Officer, it may ~~only be with~~not be withdrawn by the complainant where the Monitoring Officer considers (in accordance with the principles outlined at para 2(iii) above) that doing so is proportionate and necessary in the public interest~~without the consent of the complainant, the subject member and the Monitoring Officer.~~
- 3.8 At an early stage in communications, the Council will discourage all parties – both the complainant and the subject member, as well as any

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other parties - from seeking actively to publicise the matter before the complaint has been fully determined.

- 3.9 The potential for a conflict of interest to arise will be considered when the complaint is first received in, and will be kept under subsequent review. If any actual or potential conflicts are identified, then appropriate arrangements will be made to prevent them impacting negatively on the process.

3.10 All complaints are expected to be determined promptly and without undue delay.

4. Information provided to the Member complained about

- 4.1 The Member against whom the complaint is directed (the 'subject member') will be notified that a complaint has been received as soon as possible and in any event within 5 working days of the council receiving it, unless the Monitoring Officer considers that doing so may prejudice any investigation into the complaint.
- 4.2 The Monitoring Officer will provide the subject member with all documentation relevant to the complaint, including the identity of the complainant except where doing so might compromise the complainant's safety (see also paragraph 6.2 below).

4.3 When notifying the subject member of the complaint, the Monitoring Officer will offer them the opportunity (within a defined timescale) to provide information and/or make any representations which they consider may assist at preliminary assessment stage.

4.4 The subject member will be alerted at an early stage that they may - if they wish - obtain input from an Independent Person not otherwise involved in the complaint at preliminary assessment stage. If they indicate they wish to do so, then the Monitoring Officer will facilitate a process whereby they receive confidential input from the Independent Person. This input will be provided in accordance with the Independent Person's statutory role and may involve their expressing their view on possible next steps in the handling of the complaint.

5. Preliminary assessment

- 5.1 Subject to paragraph 5.2, the Monitoring Officer will, in consultation with one of the Independent Persons, carry out a preliminary assessment in order to determine what action should be taken.
- 5.2 The Monitoring Officer reserves the right to refer the preliminary assessment to the Standards Panel in respect of any complaint.

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5.3 The Monitoring Officer will seek to complete ~~their~~his/her preliminary assessment promptly and in any event within ~~40 working~~28 days of receiving a valid complaint. ~~This, although the~~ process may on occasion take longer if ~~additional~~more information is required from the complainant or subject member (or both) for a proper assessment to be made.

5.4 Pursuant to paragraph 5.3, the Monitoring Officer may – having regard to the views of the relevant Independent Person – undertake ~~small-scale~~ preliminary enquiries directly related to the complaint; to help determine whether a formal investigation is required.

5.5 ~~In the course of the~~ Based on the preliminary assessment, the Monitoring Officer may decide **not** to progress the complaint having first consulted with the Independent Person and having applied the following tests: ~~where—~~

a) can we investigate the complaint?

- Is the person being complained about a councillor?
- Did the conduct occur within the last six months?
- Is the conduct something that is covered by the code?

b) should we investigate the complaint?

- Is there sufficient evidence to support the complaint?
- Is the conduct something which it is possible to investigate?
- Would a formal investigation be proportionate and necessary in the public interest?

- ~~(i) the complaint is vexatious or frivolous in nature;~~
- ~~(ii) if proven, the complaint would not amount to a breach of the code of conduct for members; or~~
- ~~(iii) it would not be in the public interest to do so.~~

5.6 Throughout the process, the Monitoring Officer will keep under review all informal options available to them for resolving the complaint, including informal settlement (whether by apology or other remedial action, or mediation), including as outlined in para 5.8 below.

5.7 Where the complaint is considered to satisfy the tests outlined in circumstances in paragraph 5.5 a) and b), do not apply, the Monitoring Officer may:

- (i) seek to resolve the complaint informally in accordance with paragraph 5.6 above. or;
- (ii) arrange for the complaint to be formally investigated;

5.7 An informal resolution may involve the Member accepting that his/her conduct was unacceptable and offering an apology, and/or some other action on their part. Where the Member makes a reasonable offer of

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informal resolution, but the complainant is not willing to accept that offer, the Monitoring Officer will take account of this in deciding whether the complaint merits formal investigation. In any event, the Monitoring Officer retains the discretion to resolve matters informally having consulted with the parties as well as with one of the Independent Persons.

- 5.8 Where the complainant and subject member have consented to resolve the complaint informally by a particular means (for example, by written apology), the member should co-operate with and adhere to the terms of that resolution in accordance with the requirements of the Code of Conduct for Members at measure.
- 5.9 Complaints settled informally, whether at this stage or during the course of a formal investigation, will be reported to the Audit & Standards Committee but without naming the parties involved. Complaints which proceed to formal hearing and which conclude with the finding of a substantive breach will normally be reported to full Council in any event.
- 5.10 Where the parties attempt to resolve the matter informally but fail to reach a mutually agreeable outcome, the matter ~~will, subject to 5.7 above, may~~ be referred for formal investigation after the tests in para 5.5 a) and b) have been applied. – In ~~any the~~ subsequent report to a Standards Panel, it will be stated that informal resolution was attempted but did not succeed, although a detailed account of the - Details of the negotiations comprising those attempts will not be published.
- 5.11 If the complaint identifies conduct which, on the face of it, is a criminal offence or regulatory breach by any person, the Monitoring Officer may refer the matter to the Police and/or appropriate regulatory body as well as, or in lieu of, an investigation by the council.
- 5.12 On completion of the preliminary assessment, the Monitoring Officer will inform the - complainant and subject member of his/her/their decision regarding next steps, giving, -with reasons.
6. Formal Investigation
- 6.1 If the Monitoring Officer has applied the tests outlined above in para 5.5 above and has additionally considered all available options for informal resolution (paras 5.6 and 5.8) and nonetheless decides that a complaint merits formal investigation, they he/she will appoint an Investigating Officer. The Investigating Officer, -who m may be another officer of the council, an officer of another local authority or an external investigator. The Investigating Officer will, subject to any direction from the Monitoring Officer, have discretion as to how the investigation is carried out.

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- 6.2 The Investigating Officer will ask the complainant and the Member to provide their detailed explanation of events, and will identify what documents he/she needs to see and whom he/she needs to interview. In exceptional cases, it may be appropriate to keep the identity of the complainant, witnesses, or key documents confidential where disclosure might prejudice the investigation.
- 6.3 The Investigating Officer will produce a draft report and send copies, in confidence, to the complainant and subject member, to give both an opportunity to identify any matter in the report which they feel requires more consideration.
- 6.4 Having received and taken account of any comments on the draft report, the Investigating Officer will send ~~his/her~~their final report to the Monitoring Officer. If the Monitoring Officer is not satisfied that the investigation has been conducted properly or that aspects of the report require revision or clarification, ~~he/she/they~~ may ask the Investigating Officer to reconsider their ~~his/her~~ report.
- 6.5 Copies of the final report will be sent to the complainant and to the member concerned.

6.6 During the investigative process, the Investigation Officer will keep the Monitoring Officer informed regarding progress. At any point during the investigation process, the Monitoring Officer may review the complaint against the tests in para 5.5, halting the investigation if necessary to actively consider options for resolving matters informally pursuant to paras 5.6 and 5.7.

~~6.6.7~~ If informal resolution is contemplated, then the Monitoring Officer will may consult the parties on their views as an alternative to continuing as to whether they would accept an informal settlement rather than continue with the formal investigation. The process of consultation will involve offering the complainant and subject member the opportunity to make representations, which will be taken into account by the Monitoring Officer when making their decision. Having had regard to the wishes of the parties and the views of the Independent Person, the Monitoring Officer may at any point halt the investigation in order to and seek to resolve the matter informally. While resuming the Should that course of action prove unsuccessful, the formal investigation (if one is already underway) would remain an option in such a situation, would normally be resumed. However the Monitoring Officer retains the discretion to resolve matters informally where they consider that an informal resolution is proportionate and necessary in the public interest having first consulted with the parties as well as with one of the Independent Persons where s/he considers that doing so to be in the public interest. Where a matter is determined by informal resolution after it has been referred for formal investigation, then

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reasons will be provided to the parties when they are notified of that outcome.

7. Investigation Outcomes

7.1 On completion of a formal investigation, the ~~findings available to the~~ Investigating Officer has available to them a series of options in respect of each element of the allegation of a breach of the Code of Conduct. These are considered relevant are:

- (i) To make a preliminary finding that no breaches have occurred
- ~~(i) A substantive breach~~ To outline the facts and highlight material considerations without making a preliminary finding or taking an indicative view.
- (ii) To take an indicative view that one or more breaches (whether technical, minimal or substantive) have occurred
- ~~(ii) A technical but minimal breach~~
- ~~(iii) No breach~~

7.5 Preliminary finding of no breach

7.5.1 If the Investigation finds no breach of the code of conduct, and the Monitoring Officer considers – after consultation with the Independent Person – that there is no public interest in pursuing the matter further, they will contact both parties to ask if they accept the finding and are willing to end the matter there. If they respond in the affirmative, the Monitoring Officer will confirm to the parties in writing that the complaint will be taken no further. If either party rejects the finding or is not willing to conclude the matter, they may make representations to the Monitoring Officer as to why the complaint should nonetheless be referred to the Standards Panel. However the Monitoring Officer retains the discretion to decide to resolve the matter informally, without referral to a Panel.

7.5.1 Similarly the Monitoring Officer may, having consulted one of the Independent Persons, refer the complaint to the Standards Panel, even where the investigation finds no breach and the parties are willing to terminate the matter.

7.2 Outline of the facts without making a preliminary finding

Where the Investigating Officer does not make a finding or take an indicative view as to whether or not a breach has occurred, then it is for the Monitoring Officer to decide in consultation with the Independent Person whether referring the complaint to a Standards Panel for determination is proportionate and necessary in the public interest or whether to resolve matters informally. The Monitoring Officer may make this decision themselves or refer this decision to a Panel, as long as the parties to the complaint have first been given the opportunity to make representations which have been taken into

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account and the Independent Person has been consulted. Reasons for such a decision will be given

7.2-3 Indicative view: sSubstantive breach.

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Where the Investigating Officer finds that the subject member has substantively breached one or more elements of the code of conduct, the Monitoring Officer will normally refer the complaint to the Standards Panel for determination.

However where the Monitoring Officer considers exceptionally that it would not be proportionate and necessary in the public interest to refer the breach to a Standards Panel and has consulted with one of the Independent Persons, then provided that that Independent Person agrees, the Monitoring Officer may recommend to the parties that the matter be settled informally and invite the parties to make representations regarding whether or not they agree. While either the complainant or the subject member may request that the matter be referred to a Panel for determination, the Monitoring Officer will retain the discretion to resolve matters informally having consulted with all of the parties.

7.43 Indicative view: tTechnical but minimal breach.

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7.34.1 This finding reflects a set of circumstances where the conduct complained of does – on a strict interpretation – amount to a breach of the code, but little or no culpability attaches to the subject member. This could occur, for example, where the member had made an unintentional and minor administrative error on their declaration of interests by recording relevant information but under the wrong class of interest.

7.34.2 Where the Monitoring Officer, after consultation with one of the Independent Persons, considers that it would not be in the public interest to refer a technical but minimal breach to a Standards Panel, he will recommend to the parties that the matter be settled informally. While either party may request that the matter is referred to a Panel for determination, the Monitoring Officer will retain the discretion to resolve matters informally having consulted with all of the parties.

7.4 — No breach

~~7.4.1 If the Investigation finds no breach of the code of conduct, and the Monitoring Officer considers — after consultation with the Independent Person — that there is no public interest in pursuing the matter further, he will contact both parties to ask if they accept the finding and are willing to end the matter there. If they respond in the affirmative, the Monitoring Officer will confirm to the parties in writing that the complaint will be taken no further. If either party rejects the finding or is not willing to conclude the matter, they may make~~

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~~representations to the Monitoring Officer as to why the complaint should nonetheless be referred to the Standards Panel. However the Monitoring Officer retains the discretion to decide to resolve the matter informally, without referral to a Panel.~~

~~7.4.2 Similarly the Monitoring Officer may, having consulted one of the Independent Persons, refer the complaint to the Standards Panel, even where the investigation finds no breach and the parties are willing to terminate the matter.~~

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8. Standards Panel

- 8.1 As soon as reasonably practicable after referring a completed investigation to the Standards Panel for hearing and determination, the Monitoring Officer shall convene a meeting of the Panel.
- 8.2 The Monitoring Officer shall select the persons to comprise a Standards Panel, in accordance with the following criteria:
- 8.2.1 Membership of a Standards Panel is restricted to persons who –
- (a) are a member of Audit & Standards Committee; and
 - (b) have attended the necessary training and re-training sessions specific to these Panels
- 8.2.2 The Panel shall consist of 3 or 5 elected members, appointed on a cross-party basis, plus one Independent Person who shall chair the Panel but not vote.
- 8.2.3 If more than the minimum number of qualified persons (pursuant to paragraph 8.2.1) are available for a particular Panel, selection will be based on (i) the criteria specified in 8.2.2 and (ii) in such a way that ensures a spread of experience across the Panel.

9. Arrangements for and Conduct of the Standards Panel Hearing

- 9.1 There is a presumption of openness with regard to Panel hearings. Hearings will be conducted in open session unless the Panel resolve that the public be excluded on one or more of the grounds permitted under Part VA of the Local Government Act 1972.
- 9.2 Where the hearing itself is open to the public, the Panel's deliberations following the hearing will be held in private.
- 9.3 Care is needed to ensure that the published report detailing the allegation and investigation does not unlawfully disclose personal or sensitive personal data of any party. Accordingly, the Monitoring Officer shall have discretion to redact material from the published report where necessary for data protection purposes.

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- 9.4 Where the complaint concerns the use of an offensive word or expression, the wording will not be repeated in the Panel report more than is necessary and in any event placed within inverted commas, to indicate the words were those allegedly used by the subject member.
- 9.5 To coincide with the publication of the hearing report, the Council shall (unless the Panel is being advised to consider excluding the public from the hearing) issue a press release about the hearing, which shall include an explanation of the Independent Person's role. Advice will be sought from the council's ~~Head of Communications~~ team regarding ~~to~~ the precise content of the release.
- 9.6 The Independent Person, in ~~their his/her~~ capacity as Panel chair, may – after consulting the Monitoring Officer – issue directions as to the manner in which the hearing is to be conducted.
- 9.7 Adequate security must be in place throughout the hearing, to protect Panel members and other parties actively involved in the hearing against threats or intimidation.
- 9.8 Arrangements must be made to ensure the privacy of the Panel while in recess following the hearing.
- 9.9 Arrangements must enable the Panel to conduct their deliberations in recess without feeling pressurised to reach a decision within a set time.
10. Reaching a Decision
- 10.1 In accordance with statutory requirements, the voting members of the Panel must seek and take into account the views of the Independent Person before reaching their decision in respect of the allegation.
- 10.2 The Panel should, where possible, reach their decision by consensus and vote by acclamation. Where there is disagreement, the matter shall be put to a vote with Members voting for or against the proposal..
- 10.3 The decision of the majority of the Panel Members shall constitute the decision of the Panel. The Chair, being an Independent Person, shall not be permitted to vote or exercise a casting vote.
- 10.4 In the event that no majority decision can be reached (e.g. where one voting member felt unable to decide the allegation), the Panel will make no finding and a fresh Panel shall be appointed to re-hear the complaint.
- 10.5 The decision of the Panel should be owned collectively by all its Members and Panel Members should, as far as reasonably practicable, avoid statements or actions that undermine public confidence in the complaints process.

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11. Range of decisions available to the Standards Panel

11.1 Having heard the allegation, the Standards Panel may –

- (i) find that the subject member **did fail** to comply with the council's code of conduct for members in one or more respects;
- (ii) find that the subject member **did not fail** to comply with the council's code of conduct for members;
- (iii) **make no finding** in respect of the allegation. It is open to the Panel merely to note the issues raised by the complaint and, if appropriate, to make recommendations which address them.

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11.2 Even where the Panel finds a breach, it is not obliged to take action in respect of the member. In accordance with section 28(11) of the Localism Act, it must have regard to the failure in deciding *whether* to take action and, if so, what action to take.

11.3 Neither the Standards Panel nor any other body of the council has power to suspend or disqualify a member or to withdraw their basic or special responsibility allowance.

11.4 Where a Panel finds that a substantive breach has occurred then it will normally both:

- (i) ~~publishing its findings in respect of the member's conduct; and~~
- (i) report its finding to full Council for information in any event.

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11.5 Actions the Panel may take in relation to a member who has failed to comply with the code of conduct include:

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- (ii) ~~publishing its findings in respect of the member's conduct;~~
- (iii) writing a formal letter to the member, which could include recommended actions such as an apology;
- (iv) recommending to full Council that it does not appoint the relevant member onto any body which is within its (full Council's) gift;
- (v) ~~reporting its findings to Council for information; or~~ recommending to Council that it takes one or more of the actions listed here;
- (iv) ~~—~~
- (vi) formal censure;

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- ~~(vi)~~(vii) recommending to the member's Group Leader that he be removed from any or all of the council's committees or sub-committees;
- ~~(vii)~~ (viii) recommending that the Monitoring Officer offer appropriate training

Note:

~~(vii)~~

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12. Publicising the Panel's Decision

At the end of the hearing or as soon as possible thereafter, the Chair will state the decision of the Standards Panel as to whether the Member failed to comply with the Code of Conduct and as to any actions which the Standards Panel resolves to take.

As soon as reasonably practicable thereafter, the Monitoring Officer shall prepare a formal decision notice in consultation with the Chair of the Standards Panel, send a copy to the complainant and the member, make that decision notice available for public inspection and report the decision to the next convenient meeting of the Audit and Standards Committee.

13. Right of Appeal

- 13.1 Subject to paragraphs 13.2 to 13.4, the complainant and subject member may each appeal the decision of the Standards Panel.
- 13.2 A request for an appeal must be made in writing to the Monitoring Officer and set out reasons for the request, with reference to the grounds set out in paragraph 13.4.
- 13.3 The appeal request must be received by the Monitoring Officer within 10 working days of the original Panel hearing.
- 13.4 The appeal request will only be granted if one or more of the following criteria are met:
 - (i) the hearing was procedurally flawed; a relevant consideration was not taken into account; or an irrelevant consideration was taken into account;
 - (ii) new evidence or material has arisen with a direct and significant bearing on the allegation; or
 - (iii) the Panel's decision was irrational, meaning it was so unreasonable that no sensible Standards Panel, having

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applied its mind to the complaint, could have arrived at that decision.

- 13.5 The decision as to whether the appeal request does fulfil one or more of the above criteria, resulting in the request being granted, shall be in the sole discretion of the Monitoring Officer, in consultation with the Independent Person.
- 13.6 In the event that an appeal is granted, a Standards Panel composed of different members to the one that heard the original case will consider the entire case. The appeal Panel may dismiss or uphold the appeal. If they uphold the appeal, they may substitute the original decision with a new decision. If the appeal Panel considers that essential information was not included in the investigation, they may refer the complaint back to the investigation stage.
- 13.7 There is no internal right of appeal from the decision of the appeal Panel.

GUIDANCE FOR MEMBERS ON CORRESPONDENCE AND THE USE OF SOCIAL MEDIA FOR MEMBERS

Commented [VS1]: To be published on the public-facing website on the page on Member complaints (alongside the Code and Procedure)

Introduction:

The increasing prevalence of email and social media, with its potential for communications to be received instantaneously, has increased pressures on elected Members. The ease with which multiple emails may be sent – and additional parties copied in – has resulted in far greater volumes of communications being received by ward councillors, not all of which necessarily require each recipient to respond individually. This guidance aims to clarify what may reasonably be expected of Members in relation both to correspondence received by email and also – where Members choose to use it – in relation to Social Media.

This Guidance does not impose additional rules or requirements on Members over and above those outlined in the practice note on [Publicity and the Use of Council Facilities](#) in Part 8.2 of the Council's Constitution and the general rules imposed by the [Code of Conduct for Members](#) in Part 8.1 of the Council's Constitution. This Guidance aims instead to offer some guidelines which may assist Members in staying within the rules which govern Member conduct.

Key principles:

The fundamental principle is that the same standards of behaviour and conduct are expected of Members online as are required offline. In other words, members are expected to comply with the Code of Conduct in all areas when acting in their capacity as Members, whether they are doing so by email or online, via social media or in person. Members are referred to the Code of Conduct and the Practice Note on Publicity for the detail of the expectations made of them, and are welcome to contact the Executive Lead – Strategy, Governance and Law if they have any queries regarding any aspect of the regulatory framework which binds them.

A: Member correspondence – both hard copy and email

Key expectations: Member discretion

It is for each Member to judge the particular circumstances of any communication and to act in a way which is proportionate and respectful. While it is for each Member to decide whether a particular communication necessitates a personal response from them, such a response may only be reasonably be expected where the communication relates to matters of relevance to their duties as a councillor.

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Multiple recipients:

Ward constituents or other stakeholders may expect a response to every direct communication they send ~~all emails and letters sent~~ to an individual member and/or all posts on social media which the Member is mentioned or 'tagged'. However the volume of communications received by elected Members

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(particularly via email) means that this is not always possible - nor may it be necessary. In a situation where more than one ward member and/or officer(s) of the Council have been joined into an email, then it will be for each individual Member to decide whether they need to respond personally rather than allowing a fellow Member or officer to respond on behalf of the Council, as that person sees fit.

'Cc'd'-only emails;

In any case, where a Member is only 'copied' or 'ccd' into an email as opposed to being a primary recipient of it, then the following applies:

- Members may (depending on workloads) need to prioritise those emails which are directed to them as primary recipient. This may mean that they do not read all emails which they are merely copied or 'ccd' into.
- In any case, the normal expectation is that Members will not be expected to respond individually to emails which they have only been ccd into.

~~Members are normally expected to answer (or to make arrangements for someone else – such as a fellow ward member – to answer) all correspondence which is directed to them on a matter of relevance to their duties as a councillor. They are normally expected to respond promptly as a matter of courtesy. Where this is not practicable because of other commitments, members are normally expected to send an acknowledgment of receipt indicating when a more substantive response will be forthcoming.~~

~~Where this is not practicable because of other commitments, members are normally expected to send an acknowledgment of receipt indicating when a substantive response will be forthcoming.~~

Managing expectations via automated messages;

~~Members are in any event Where members are away for 3 days or more or otherwise unavailable, they are encouraged to make use of the out of office assistant available on Outlook to manage expectations, especially where there is likely to put people on notice that there may be a delay to their normal response times in responding due to holidays, illness or workloads and the likely timeframes of any response.~~

It is recognised that on occasion Members may find themselves overwhelmed by a sheer volume of correspondence, particularly when a controversial issue decision arises. A delay in replying caused by unmanageable volume of correspondence or an occasional failure to respond would not normally constitute a breach of the Member's Code of Conduct. However Members should be aware that repeated failure to respond to substantive correspondence directed at them individually which meets the criteria above promptly or at all could amount to failure to treat people with respect and/or be deemed to be conduct which brings their office or the Council into disrepute.

Repetitious or otherwise inappropriate communications

It is also recognised that some correspondents – whether because they do not receive the reply they are seeking, or for some other reason - repeat the

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same request or points in a series of emails or letters, continuing the conversation (and on occasion ccing in other parties) after the Member has made their position clear. In this situation, it is for the individual Member to decide on a reasonable course of action. This may involve deciding not to respond further: a decision which is normally taken after they have first made their position clear to the other person and informed them that they consider the conversation to be at an end. ~~The Council's procedure for dealing with corporate complaints makes provision for a decision not to enter into further communication with a complainant on a particular issue where on a careful review of the case and having taken appropriate advice a topic has been exhaustively covered. It is strongly recommended however that members apply appropriate standards of courtesy by despatching a clear final response which indicates that they regard the correspondence to be at a close, ideally explaining the reasons why.~~

Similarly, the expectation of respectful behaviour applies to all parties in a conversation. ~~While~~ members are not expected to engage or to continue to engage in exchanges in which the other party/ies is acting in a way which is which they consider to have become aggressive or disrespectful, abusive or otherwise inappropriate. In such a situation, they will normally be expected to send a single communication indicating that they are not minded to engage, giving brief reasons. This is however at the individual Member's discretion and there may be circumstances where the other person has behaved in such a way that no response can reasonably be expected. e clearly their reasons for bringing any exchange of communications to a close.

B: Social media

Members are not required to set up any kind of social media account, and are free to communicate and engage however they wish to. However these guidelines will be relevant to any Member who is s-using or planning to use social media in connection with their work as a Councillor, or who is are already using it another capacity (including in such media in their private capacity).

Members are not expected to maintain any kind of social media presence in their capacity as councillors, and retain discretion re how they communicate with ward constituents and other stakeholders. Where they do chose to maintain a social media account, they are not expected to monitor information posted on relevant forums or to respond to posts or messages within specific timeframes/ at all. Where they do choose to use social media to engage on an occasional basis, this is not to be read as creating an expectation that they will monitor responses on a regular basis or at all.

Social Media may be used;

- ~~As a means of performing a community leadership role~~
- ~~To keep in touch with local views and opinions~~
- ~~For political campaigning~~
- ~~For campaigning on local issues~~

Potential issues:

- While any form of communication is capable of being misunderstood, the rapidity of social media exchanges can lend itself to problems.
- “Misfiring”, or being misunderstood, particularly where comments are perceived as being controversial, may lead to rapid circulation and therefore escalation
- Although social media lends itself to a conversational tone, posting comments is still publishing as it creates a written record. It is therefore important that online content is accurate, informative, balanced and objective.
- While councillors are free to communicate politically in appropriate contexts, it is recommended that they do not post anything that they would not be comfortable justifying at a public meeting.
- Where councillors use social media to make comment (whether political or otherwise) about an individual or organisation, it is recommended that they alert that person to their comment by ‘tagging’ them (or otherwise alerting them) so that they are aware of the post. This ensures that they are identified correctly as well as giving them the opportunity to respond.

Legal issues:

- **Libel** – If Members publish an untrue statement about a person which is damaging to their reputation, they may take a libel action. The same thing may happen if, for example, someone else publishes something libellous on a Member’s SM page and they don’t take swift action to remove it. A successful libel claim could result in the award of damages
- **Copyright** – Placing images or text on any site from a copyrighted source (for example extracts from publications or photos), without obtaining permission, is likely to breach copyright laws. Again, a successful claim for breach of copyright would be likely to lead to an award of damages.
- **Data Protection** – Members are data controllers in the eyes of the ICO insofar as the personal data which they hold on ward business is concerned. Members must have regard to the requirements of the GDPR in all respects, and must not publish the personal data of individuals without their express permission.
- **Bias and Predetermination** – if Members are involved in making planning, licensing or other quasi-judicial decisions, it is important that they do not indicate via any media that they have made their mind up on an issue that is due to be formally decided upon. While a Member’s likely view on a particular application may be well known, only those Members who are able to show that they have attended the committee or hearing prepared to take on board and weigh all the evidence and arguments, and are genuinely persuadable to a different view, should be taking part in council decision-making. If not, then the decision may be challenged. Where a person has suffered some sort of detriment as a result of an invalid decision, they may have a claim against the council for damages.

‘Acting as a councillor’ and the issue of blurred identities:

- The key to whether an individual Member's online activity is subject to the Code of Conduct is whether they are, or even just appear to be, acting in their capacity as a councillor rather than as a private individual.
- Councillors may have "blurred identities" in a situation where they maintain a social profile which sees them comment both as a councillor and as an individual (which may or may not involve making political statements). Although Members may be clear that they are acting in a private capacity, it may be less clear to others.
- One way of avoiding blurring the lines between a Member's personal (or political) communications and those they make as a councillor is to consider maintaining an online account as a councillor which is entirely separate from those where the Member communicates in a personal capacity. This is a decision for each Member and some Members may find the convenience of having one account outweighs the advantages of separate accounts. The council's Communications team will assist if specific advice is needed.

Recommendations for Social Media use by Members

- Members will need to consider setting appropriate privacy settings—especially if they have a private, non-political blog
- Members need to monitor their social media accounts for defamatory or obscene posts from others and remove them as soon as possible to avoid the perception that they condone such views
- The potential for misunderstanding and miscommunication via social media is increased, and Members may wish to bear this in mind.
- Where Members feel it to be necessary to 'block' an individual from communicating with them, whether because the communication has crossed the line and is considered to be abusive or for some other reason, then members are expected to be mindful of the need to be clear and transparent in their actions. This ~~will~~ may (depending on the Member's assessment of the situation) normally involve communicating directly with the individual and informing them of the decision and of the reasons for it
- Members are asked to consider keeping their personal and elected member profile on social networking sites separate as a means of maintaining appropriate professional boundaries
- Members are expected to ensure they use council facilities appropriately and to bear in mind the likelihood that posts about the council/ which use information accessed by being a councillor are likely to be viewed as made in their official capacity
- While members may wish to make political points, it is recommended that they take care not to be too specific or personal if referring to individuals. An attack on individuals may be seen as disrespectful, whereas general comments about another party or genuine comments on policy are less likely to be viewed as disrespect.
- Where Members do make a personal or a political comment about an individual or organisation on social media, it is recommended that

they 'tag' them in their post. As well as identifying the correct person, this practice alerts the other party to the comment and gives them the opportunity to reply to it.

- Members are advised not to request or accept a Brighton & Hove City Council employee or contractor providing services to the council as a "friend" on a social networking site where this suggests close personal association. For the avoidance of doubt, this does not apply to sites which are intended as a neutral, professional connections registry (such as LinkedIn.)

Conclusion:

This Guidance aims to assist Members in avoiding the various risks associated with the types of communication in scope. The Monitoring Officer and the Communications Team are happy to help Members by providing additional advice and guidance as appropriate.

Abraham Ghebre-Ghiorghis, Monitoring Officer

Approved ~~on XX~~ on 21 July 2020

~~XXX~~

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Subject:	Update on Standards matters		
Date of Meeting:	29 June 2021		
Report of:	Head of Law and Monitoring Officer		
Contact Officer:	Name:	Victoria Simpson, Senior Lawyer – Corporate Law	Tel: 01273 294687
	Email:	Victoria.Simpson@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 To update this Committee on progress in the determination of complaints that Members have breached the Code of Conduct for Members since the last Update report.

2. RECOMMENDATIONS

- 2.1 That the Audit & Standards Committee note the information provided in this Report on those member complaints which have either been progressed or concluded since the last quarterly report, or which remain outstanding.

3. MEMBER COMPLAINTS – CURRENT**Complaints previously reported to this Committee**

- 3.1 Four complaints previously reported to this Committee have now each been determined by a decision to take no further action at preliminary assessment stage. **Complaint O** concerned a failure to respond to correspondence, and was resolved in the public interest, the member concerned having provided an explanation to the complainant and an apology. **Complaint I/2021** was also resolved in the public interest, the member concerned having acknowledged the potential issue which had arisen and agreed to communicate to their Group the clarification they had received regarding how to best make representations which might be viewed as political lobbying in the future. **Complaints J/2021** and **N/2021** both concerned the relevant councillors' conduct in their respective wards and were both resolved on the basis that the conduct complained of was not considered to amount to a breach of the Code of Conduct. **Complaint O/2021** related to a complaint about a post made by a member on social media which again was dealt with at preliminary assessment stage by a decision not to take it further on the basis that it did not have potential to amount to a breach of the Code.

- 3.2 **Complaint L/2021** and **Complaint M/2021** are entirely separate matters which have both been referred for formal investigation. The Committee will be updated in due course, once there is progress to report.

Complaints received in since the last Update

- 3.3 A number of new complaints were received in since the last Update. The following complaints were resolved by a decision to take no action at preliminary assessment stage, following initial enquiries which resulted in consensus by the Independent Person and the Monitoring officer that the conduct complained of did not have potential to amount to a breach of the Code of Conduct for Members: **Complaints P/2021, Q/2021, R/2021, T/2021, U/2021**. The basis for those decisions were as follows:

Complaint P/2021 alleged that a member's employment meant that they should not have participated in the council's decision making on a particular issue, while **Complaint Q/2021** alleged that a member had acted inappropriately by 'blocking' a member of the public on social media without notice. **Complaint R/2021** was made by an elected member and alleged that the councillor complained about had sought to engage with constituents in another ward in a way which did not comply with usual expectations of cross-boundary working. **Complaint T/2021** contended that the subject member had not provided sufficient support to a constituent when asked, although an email trail was uncovered which indicated otherwise. Finally: **Complaint U/2021** was made about all of the members of a particular Committee who had voted in favour of a particular application. No evidence to indicate that the councillors concerned had breached the Code of Conduct through their behaviour as Committee members was identified during initial enquiries. For completeness: this last complaint is also the subject of a corporate complaint, which is being progressed separately.

Complaint S/2021 is a complex complaint alleging misconduct in the activities of a member in their constituency and in Council meetings in order to promote a particular agenda. It remains at preliminary assessment stage, it having been considered helpful to clarify the issues in contention by obtaining the subject member's detailed initial input at an early stage before a decision is made to either resolve matters or to progress to formal investigation. Progress once made will be reported to future meetings of this Committee.

Very shortly before publication of this report, a further complaint **V/2021** was received. This too remains at preliminary assessment stage at the current time.

- 3.4 All of the complaints referred to above have been determined by the Monitoring Officer in accordance with the procedure which governs member complaints, having first consulted with one of the council's Independent Persons.

4. MEMBER TRAINING

- 4.1 Refresher training for members on Standards was offered to all elected members of the Council toward the end of March 2021. The training was offered on two alternative dates and sought to remind members of the arrangements the Council has in place to discharge its statutory duty to maintain a process for dealing with

allegations of misconduct by members, and to provide practical input re how to stay within the rules.

5. PROPOSAL FOR A TASK AND FINISH GROUP

- 5.1 This Committee previously appointed a task and finish Member Working Group to review the Council's standards arrangements against the LGA model Code of Conduct and generally. The work of that Member Working Group is reported on as a separate item in these Committee papers.

6 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 6.1 The Council is obliged under the Localism Act to make arrangements for maintaining high standards of conduct among members and to make arrangements for the investigation of complaints. The current arrangements and the proposals in this Report reflect this. No alternative proposals are suggested.

7 COMMUNITY ENGAGEMENT & CONSULTATION

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

8 CONCLUSION

- 8.1 Members are asked to note the contents of this Report, which aims to assist the Committee in discharging its responsibilities for overseeing that high standards of conduct are maintained in a way which is compliant with local requirements.

9 FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 9.1 There are no direct financial implications arising from the recommendations of this report.

Finance Officer Consulted: James Hengeveld

Date: 13/06/21

Legal Implications:

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

Lawyer Consulted: Victoria Simpson

Date: 28/5/21

Equalities Implications:

- 9.3 There are no equalities implications arising from this Report

Sustainability Implications:

- 9.4 There are no sustainability implications arising from this Report

Any Other Significant Implications:

- 9.5 None

SUPPORTING DOCUMENTATION

Appendices:

None

Background Documents:

None

Document is Restricted

