

# Audit & Standards Committee

Date: **25 January 2022**

Time: **4.00pm**

Venue **Council Chamber, Hove Town Hall**

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

**Co-optees**

Helen Aston and David Bradly

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

## 31 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.*

## 32 MINUTES

7 - 12

To consider the minutes of the meeting held on 28 September 2022.

Contact Officer: John Peel

Tel: 01273 291058

## 33 CHAIR'S COMMUNICATIONS

### 34 CALL OVER

- (a) Items 37 – 40 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.

### 35 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 19 January 2022;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 19 January 2022.

### 36 MEMBER INVOLVEMENT

13 - 16

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;
  - (1) Expenses- Councillor Meadows
- (c) **Letters:** to consider any letters;
- (d) **Notices of Motion:** to consider any Notices of Motion referred from Council or submitted directly to the Committee.
  - (1) Council Placement of Homeless People & Rough Sleepers- Conservative Group

### 37 STRATEGIC RISK FOCUS REPORT: SR30, SR25, SR10, SR18 AND SR32

17 - 56

Executive Director, Governance, People and Resources

Contact Officer: Kat Brett

Ward Affected: All Wards

### 38 INTERNAL AUDIT AND COUNTER FRAUD QUARTER 2 PROGRESS REPORT 2021/22

57 - 76

Report of the Chief Finance Officer

Contact Officer: Mark Dallen

Tel: 01273 291314

Ward Affected: All Wards

**39 PROCUREMENT AND APPOINTMENT OF EXTERNAL AUDITORS 77 - 90**

Report of the Chief Finance Officer

Contact Officer: Nigel Manvell

Tel: 01273 293104

Ward Affected: All Wards

**40 ANNUAL REVIEW OF STANDARDS-RELATED MATTERS, INCLUDING MEMBER COMPLAINTS 91 - 102**

Report of the Monitoring Officer

Contact Officer: Victoria Simpson

Tel: 01273 294687

Ward Affected: All Wards

**41 ITEMS REFERRED FOR COUNCIL**

To consider items to be submitted to the 3 February 2022 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*

**42 ITEMS FOR THE NEXT MEETING**

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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.

Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested. 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](mailto:john.peel@brighton-hove.gov.uk)) or email [democratic.services@brighton-hove.gov.uk](mailto:democratic.services@brighton-hove.gov.uk)

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**BRIGHTON & HOVE CITY COUNCIL**

**AUDIT & STANDARDS COMMITTEE**

**4.00pm 28 SEPTEMBER 2021**

**COUNCIL CHAMBER, HOVE TOWN HALL**

**MINUTES**

**Present:** Councillors Moonan (Chair) Hugh-Jones (Group Spokesperson), Meadows (Group Spokesperson), Hamilton, Littman and Shanks

**Independent Members present:** Helen Aston

**PART ONE**

**17 PROCEDURAL BUSINESS**

**17a Appointment of Chair**

17.1 The Executive Lead, Strategy, Governance & Law communicated that the Chair was unwell and unable to attend the meeting. As the committee did not have the position of Deputy Chair, it would be necessary to appoint a replacement Chair for the meeting.

17.2 Councillor Hamilton proposed Councillor Moonan as Chair.

17.3 Councillor Littman seconded the proposal.

17.4 The Committee voted in support of the proposal and Councillor Moonan was appointed as Chair for the meeting.

**17b Declarations of Substitutes**

17.5 Councillor Littman was present as substitute for Councillor Phillips.

**17c Declarations of interests**

17.6 Helen Aston noted that as an employee of the pensions regulator, she would not partake in any discussions relating to that matter.

**17c Exclusion of the press and public**

17.7 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.

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

## 18 MINUTES

18.1 **RESOLVED** – That the minutes of the previous meeting held on 29 June 2021 be approved as the correct record.

## 19 CHAIR'S COMMUNICATIONS

19.1 There were none.

## 20 CALL OVER

20.1 All items on the agenda were reserved for discussion.

## 21 PUBLIC INVOLVEMENT

21.1 No items were received from members of the public.

## 22 MEMBER INVOLVEMENT

21.2 No items were received from Members.

## 23 STRATEGIC RISK FOCUS REPORT: SR36, SR23 AND SR21

23.1 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.

### **SR36 Not taking all actions required to address climate and ecological change and transitioning our city to carbon neutral by 2030**

23.2 In response to a question from Councillor Shanks, the Executive Director, Economy, Environment & Culture clarified that electric vehicle bays had been introduced as advisory to pilot how the bays would be used and to aid the transition toward something more permanent.

23.3 In response to a question from Councillor Meadows, it was explained that the review of the council's fleet would be done in such a way to support the council's strategy on weed removal.

23.4 In response to a comment from Councillor Meadows, the Executive Director, Economy, Environment & Culture stated that the opportunity for input into the strategic risks was facilitated by bringing the full risk report to this committee. The Head of Performance Improvement and Programmes added that it was implicit that committee chairs would bring to their ELT lead the discussion points from their committee meetings and that would be made explicit in future reports.



- 23.5 In response to a comment from Councillor Littman, the Executive Director, Economy, Environment & Culture responded that the assessment of SR30 was concerned with the city's response to the climate emergency rather than the outcome of climate change in general, but the matter would be reviewed again.
- 23.6 In response to a question from Councillor Hugh-Jones, the Executive Director, Economy, Environment & Culture clarified that the 35% delivery of the carbon neutral programme related to actions taken that year meaning the programme was on track. There was a huge amount of work to be undertaken with partner organisations and businesses in the city to meet the net zero target by 2030. Good progress was being made on the Local Transport Plan (LTP) and Local Cycling and Walking Infrastructure Plan (LCWIP) with updates reported to ET&S Committee. In relation to the completion rate of 10% for the eastern seafront regeneration projects, this was an honest assessment of a major regeneration project that would need several years for completion.

### **SR21 Unable to manage housing pressures and deliver new housing supply**

- 23.7 In response to a question from Councillor Meadows, the Executive Director Housing Neighbourhoods & Communities answered that verified rough sleepers had a specialised housing pathway so there was not pressure on temporary accommodation arising from rough sleepers. Further, the Executive Director Housing Neighbourhoods & Communities clarified that the allocations policy had been prioritised toward homeless people not verified rough sleepers for whom a different, separate pathway was delivered.

### **23.8 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 three 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 officers, to input on Strategic Risks at various points and levels.
- 4) Make recommendations for further action(s) to the relevant council body.

## **24 AUDIT FINDINGS REPORT 2020-21**

- 24.1 The Committee considered the Audit Findings Report (AFR) that summarised the findings of the 2020/21 audit by the council's appointed auditor, Grant Thornton, which

was substantially complete. It included the key messages arising from the audit of the financial statements and the results of work undertaken to assess the Authority's arrangements to secure value for money in its use of its resources.

- 24.2 In response to a question from Councillor Hugh-Jones, the External Auditor confirmed that there had been a downward trend in the valuation of retail outlets relating to the pandemic.
- 24.3 In response to a question from Helen Aston, the Acting Chief Finance Officer confirmed that new processes had been put in place in response to the finding made by External Audit.
- 24.4 In response to a query from Councillor Hugh-Jones, the External Auditor stated that there was generally a time lag with government initiatives and how they were factored into auditing standards and it could well be the case that climate related financial disclosure became part of the standard audit.
- 24.5 **RESOLVED-**
- 1) That the Audit & Standards Committee note the findings set out in the 2020/21 Audit Findings Report, asks questions of the auditor as necessary and raises any other matters relevant to the audit of the financial statements.

## **25 AUDITED STATEMENT OF ACCOUNTS 2020-21**

- 25.1 The Committee considered a report of the Acting Chief Finance Officer that provided information about the audit of the council's 2020/21 Statement of Accounts and recommends approval of the 2020/21 audited accounts and the Letter of Representation on behalf of the council.
- 25.2 The Acting Chief Finance Officer and Executive Lead, Strategy, Governance & Law provided clarification on the delegated authority referred to in the recommendations and why that was required. The Acting Chief Finance Officer confirmed that in the event and queries were material to the accounts, a special meeting of the committee would be convened for Members to have oversight of those.
- 25.3 **RESOLVED-** That the Audit & Standards Committee:
- 1) Notes the findings of the auditor (Grant Thornton) in their Audit Findings Report (AFR). The AFR is a separate item on this agenda.
  - 2) Notes the results of the public inspection of the accounts (Section 5).
  - 3) Approves the Letter of Representation on behalf of the council (Appendix 1).
  - 4) Approves the audited Statement of Accounts for 2020/21 (Appendix 3).
  - 5) Delegates authority to the Acting Chief Finance Officer to make any final wording changes and accounting adjustments following the conclusion of any outstanding audit queries provided these are not material to the accounts.

**26 INTERNAL AUDIT PROGRESS REPORT – QUARTER 1 (1 APRIL TO 30 JUNE 2021)**

- 28.1 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 1 (2021/22), 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.
- 28.2 In response to a question from Councillor Peltzer Dunn, the Orbis Chief Internal Auditor stated that a discussion would take place on opportunities for wider reporting arrangements for those audits that fall into the partial and minimal assurance bracket.
- 28.3 In reply to a query from Councillor Hamilton, the Orbis Chief Internal Auditor clarified that any audit assigned partial or minimal assurance would have a follow up audit that may widen the audit scope and find additional areas for improvement.
- 28.4 In response to a question from Councillor Shanks, the Head of Human Resources explained that an HR system was used to log when staff PDP's had taken place. However, this system had not been found to be optimal and discussions were taking place with each DMT to put into place a bespoke system for each service.
- 28.5 In reply to a question from Councillor Meadows, the Orbis Chief Internal Auditor explained that a review was currently underway on how Internal Audit reported to the committee and what information and what level was provided and a wider discussion with committee members would take place to inform that review.
- 28.6 In response to a question from Councillor Hugh-Jones, it was confirmed that the Access Modernisation Project was giving Internal Audit assurance that improvements were being made in the area.
- 28.7 **RESOLVED-** That the Committee note the report.

**27 RESPONSE TO MEMBERS LETTER: FREEDOM OF INFORMATION REQUESTS**

- 27.1 The Committee considered a report of the Assistant Director, Human Resources & Organisational Development that provided a response to the request for an officer report detailing key statistics relating to Freedom of Information (FOI) requests.
- 27.2 In response to questions from Councillor Meadows, it was explained that there was a figure breakdown by department on page 72 of the agenda and page 74 showed the response time according to deadline. In response to the suggestion for a dedicated FOI contact in every council team, it was clarified that there already were organisational contacts depending on the information required. FOI requests often required information from multiple sources and a single person might not have the required access to that information. Furthermore, the council was moving to a digital system that would be more efficient than the current email process and that case management system was currently being trialled with Members. Having a joined up system handling both resident queries, councillor casework and FOI request would enable better performance monitoring and management.

27.3 In response to a question from Councillor Shanks, commercial requests were a high proportion of FOI requests and often related to ascertaining the expiration status of council awarded contracts and the opportunity to bid for those. The legislation meant that the council were obliged to respond to those.

**27.4 RESOLVED-**

1) That Audit and Standards committee note the FOI data provided in Appendix 1 (Response to Members Letter Freedom of Information requests.pptx), a summary of which is provided below in section 3.

**28 STANDARDS UPDATE**

28.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that updated the Committee on progress in the determination of complaints that Members have breached the Code of Conduct for Members since the last Update report.

28.2 **RESOLVED-** That Members note the information provided in this Report on member complaints concluded or otherwise progressed since the last quarterly report, as well as the data on those which have been received in since then.

**29 ITEMS REFERRED FOR COUNCIL**

29.1 **RESOLVED-** That Item 27: Response to Members Letter- Freedom of Information requests be referred to Full Council for information.

**30 ITEMS FOR THE NEXT MEETING**

30.1 There were none.

The meeting concluded at 7.30pm

# Brighton & Hove City Council

## Audit & Standards Committee

## Agenda Item 36(b)

**Subject: Member Questions**

**Date of meeting: 25 January 2022**

The question will be answered without discussion. The person who asked the question may ask one relevant supplementary question, which shall be put and answered without discussion. The person to whom a question, or supplementary question, has been put may decline to answer it.

The following written questions have been received from Members  
This Committee:

### **(1) Councillor Meadows- Expenses**

During the past year there have been reports and commentary in the local press concerning the appropriateness of Brighton and Hove City Councillors' expense claims.

This has led to loss of confidence among members of the public in the Council. In order to restore public confidence, will the Chair initiate an Audit of Councillors' Dependent Carer Allowance expenses claimed, including for the financial years ending 5 April 2020 and 5 April 2021?



# Brighton & Hove City Council

## Audit & Standards Committee

## Agenda Item 36d

**Subject:** Council placement of homeless people and rough sleepers  
Notice of Motion from the Conservative Group

**Date of meeting:** 25 January 2022

**Proposer:** Councillor Mears  
**Seconder:** Councillor Meadows

**Ward(s) affected:** All

This Council:

- a) Notes that Housing Committee has reported receiving Government funding totalling £21,272,376 million to address homelessness and rough sleeping (see link 1);
- b) Has placed homeless people and rough sleepers in accommodation without adequate support, including:
  - i. At Kendal Court, significant failings of the Council have been identified in an Independent Report titled 'Returning to Kendal Court', September 2021 (see link 2)
  - ii. At Eastbourne, there have sadly been a number of fatalities in out-of-area placements;
- c) Further notes, that a resident fleeing from unsafe accommodation provided by Brighton & Hove City Council in Eastbourne, pitched a tent at Old Steine Gardens for several weeks to escape the situation;
- d) Calls on Audit & Standards Committee to commission a report to audit all Government funding received to tackle homelessness and rough sleeping through the pandemic; and
- e) Calls on the Administration to send an urgent report to Housing Committee to take emergency action to ensure homeless people and rough-sleepers placed in accommodation by Brighton & Hove City Council have proper 24-hour support to ensure their safety and wellbeing.

### Supporting Information:

Link 1: Questions and answers – Housing Committee 22 September 2021

<https://www.brightonhoveconservativecouncillors.com/news/questions-and-answers-housing-committee-22-september-2021>

Link 2: Report – Returning to Kendal Court – September 2021

<https://www.brightonhoveconservativecouncillors.com/news/returning-kendal-court-independent-review>





<b>Subject:</b>	<b>Strategic Risk Focus Report: SR30, SR25, SR10, SR18 and SR32</b>		
<b>Date of Meeting:</b>	<b>25<sup>th</sup> January 2022</b>		
<b>Report of:</b>	<b>Executive Director, Governance, People and Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Kat Brett</b>	<b>Tel:</b> <b>01273 293846</b>
	<b>Email:</b>	<b>Kat.Brett@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

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

- 1.1 To report to the Audit & Standards Committee on the latest quarterly update to the city council's Strategic Risk Register (SRR).
- 1.2 The Committee have agreed to focus on specific strategic risks (SRs) at each of their meetings. For this meeting there are five SRs to receive focus and to enable Members' questions to be asked there will be attendance by Risk Owners as detailed below:

The Chief Executive Officer (CEO) in respect of:

**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.

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

**SR10** Corporate information assets are inadequately controlled and vulnerable to cyber-attack.

The Director of Human Resources & Organisational Development (DHROD) in respect of:

**SR18** The organisation is unable to deliver its functions in a modern, efficient way due to the lack of investment in and exploitation of technology.

**SR32** Challenges in ensuring robust & effective health & safety measures, leading to personal injury, prosecution, financial losses, or reputational damage.

**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 five 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 officers, to input 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 The initial risk score takes account of the existing controls in place to mitigate the risk (current score). The revised risk score assumes that all risk actions are successfully delivered (target score). The 'likelihood' (L) score ranges from Almost Impossible (1) to Almost Certain (5) and the 'impact' (I) score ranges from Insignificant (1) to Catastrophic (5). These scores are multiplied to give the risk score.
- 3.4 At ELT's review of the SRR on 17<sup>th</sup> November 2021, the following amendments to the SRR were agreed:

Amendments to risk scores:

- i) **SR10** Corporate information assets are inadequately controlled and vulnerable to cyber-attack.  
**Agreed:** Change revised/target risk score from L4 'Likely' x I3 'Moderate' to L3 'Possible' x I4 'Major'. The target risk score remains at a total of 12 'Significant'.  
**Reason:** The mitigating actions aim to reduce the likelihood of a cyber-attack, whereas the impact would still be 'Major' so the target risk score has been amended to reflect this, although remains at a total of 12.
- ii) **SR21** Unable to manage housing pressures and deliver new housing supply.  
**Agreed:** Change revised/target risk score from L3 'Possible' x I3 'Moderate' to L4 'Likely' x I3 'Moderate'. The target risk score remains 'Significant' but increases from 9 to 12.  
**Reason:** The target risk score should be increased as although the Housing Work Plan will increase homes in the city, it is unlikely to meet the entire need.

- iii) **SR36** Not taking all actions required to address climate and ecological change and transitioning our city to carbon neutral by 2030.  
**Agreed:** Change current risk score from L5 'Certain' x I4 'Major' to L4 'Likely' x I5 'Catastrophic'. The current risk score remains at a total of 20 'High'.  
**Reason:** The effectiveness of existing controls are uncertain and so the likelihood is likely, and impact would be catastrophic, however mitigating actions should reduce the impact, however this also carries a degree of uncertainty.

Amendments to risk titles:

- iv) **SR18** The organisation is unable to deliver its functions in a modern, efficient way due to the lack appropriate technology.  
**Agreed:** Reword risk title to "The organisation is unable to deliver its functions in a modern, efficient way due to the lack of investment in and exploitation of technology."  
**Reason:** There has been significant investment in technology since this risk was initially considered and now there needs to be a focus on continued investment for maintenance, resilience and modernisation and ensuring digital competency to maximise the benefits of technology.
- v) **SR29** Ineffective contract performance management leads to sub-optimal service outcomes, financial irregularity and losses, and reputational damage.  
**Agreed:** Reword risk title to "Procurement non-compliance and ineffective contract performance management leads to sub-optimal service outcomes, financial irregularity and losses, and reputational damage."  
**Reason:** This risk needs to focus on procurement compliance to contract standing orders as well as contract performance management.
- vi) **SR32** Challenges to ensure health & safety measures lead to personal injury, prosecution, financial losses and reputational damage.  
**Agreed:** Reword risk title to "Challenges in ensuring robust & effective health & safety measures, leading to personal injury, prosecution, financial losses, or reputational damage."  
**Reason:** This is to emphasise the focus on robust & effective measures.

Add, merge and remove risks:

- vii) **SR13** Not keeping vulnerable adults safe from harm and abuse, **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), **SR33** Not providing adequate accommodation and support for people with significant and complex needs.  
**Agreed:** Merge risks into SR13 and reword risk title "Not keeping adults safe from harm and abuse" and focus on key areas: Safeguarding arrangements across council, high quality social care practice, provider failure, accommodation for vulnerable homeless and rough sleepers, services for people with care needs  
**Reason:** There is an increase in risk in provider failure and there have been changes to the integration with health system partners with the Integrated

Care Partnership. This refocus of the risk captures the key areas that are vital to mitigating the risk.

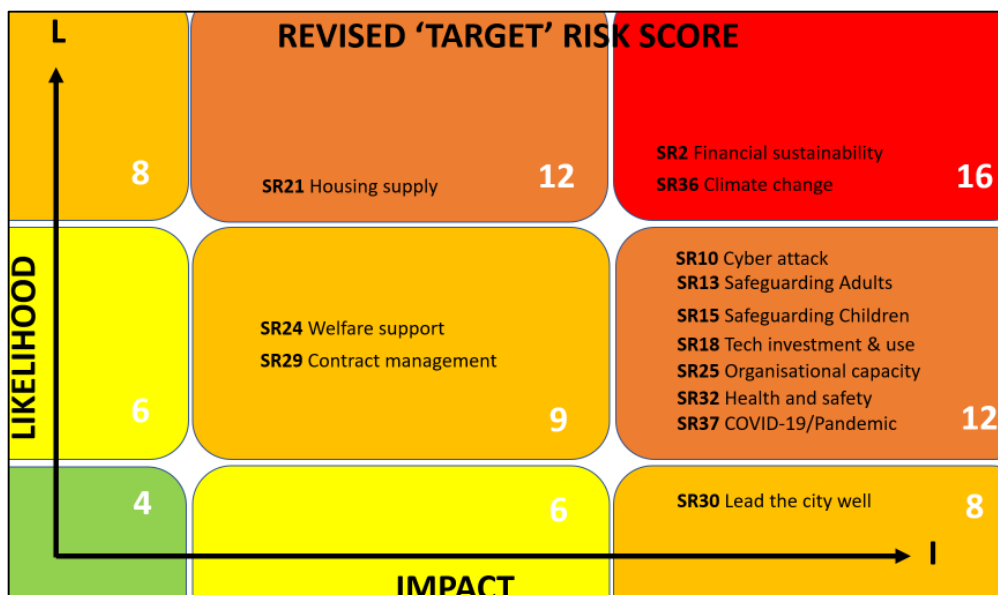
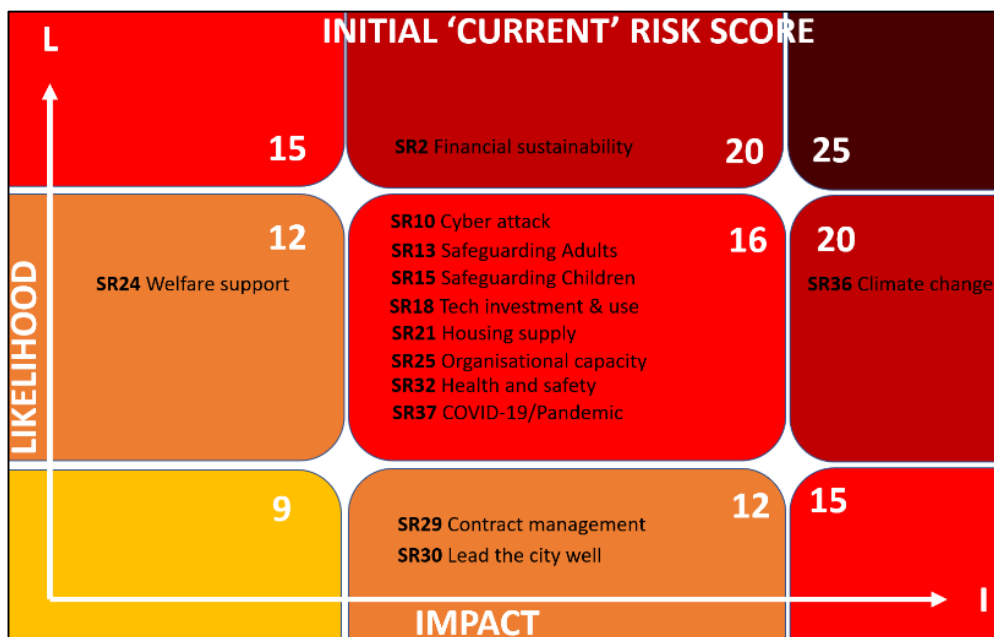
viii) **SR23** Unable to develop and deliver an effective regeneration and investment strategy for the seafront and ensure effective maintenance of the seafront infrastructure.

**Agreed:** Remove risk and de-escalate from strategic level to be managed and monitored through the EEC directorate plan.















**Reason:** The current risk is a combination of two separate risks: “Unable to develop and deliver an effective regeneration and investment strategy for the seafront” and “Unable to ensure effective maintenance of the seafront”. Both can be managed at a directorate level.

ix) No new risks were proposed or agreed.













There are now 13 Strategic Risks. The risk heat maps and Table 1, below, shows the current 13 Strategic Risks in the highest Revised Risk order which takes account of future actions to reduce or mitigate the risks.



**Table 1**

Risk No.	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	Chief Finance Officer
SR 36	Not taking all actions required to address climate and ecological change and transitioning our city to carbon neutral by 2030	4 x 5 ▼▲  RED	4 x 4 ◄►  RED	Environment, Transport & Sustainability Committee	Executive Director, Economy, Environment & Culture
SR 37	Not effectively responding to and recovering from COVID-19 in Brighton and Hove including building resilience for future pandemics	4 x 4 ◄►  RED	3 x 4 ◄►  AMBER	Health & Wellbeing Board and Policy & Resources (Recovery) Sub- Committee	Executive Director, Health & Adult Social Care
SR 32	Challenges in ensuring robust & effective health & safety measures, leading to personal injury, prosecution, financial losses, or reputational damage	4 x 4 ◄►  RED	3 x 4 ◄►  AMBER	Policy & Resources Committee	Director Human Resources & Organisational Development
SR 18	The organisation is unable to deliver its functions in a modern, efficient way due to the lack of investment in and exploitation of technology	4 x 4 ◄►  RED	3 x 4 ◄►  AMBER	Policy & Resources Committee	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 adults safe from harm and abuse	4 x 4 ◄► 	3 x 4 ◄► 	Health & Wellbeing Board	Executive Director, Health & Adult Social Care

**Table 1**

Risk No.	Risk Title	Initial Risk Score	Revised Risk Score	Committee (s)	Risk Owner
		Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Likelihood (L) x Impact (I) & Direction of Travel (DOT)		
		RED	AMBER		
SR 15	Not keeping children safe from harm and abuse	4 x 4 ◀▶ 	3 x 4 ◀▶ 	Children, Young People & Skills Committee	Executive Director Families, Children & Learning
SR 10	Corporate information assets are inadequately controlled and vulnerable to cyber attack	RED 4 x 4 ◀▶ 	AMBER 3 x 4 ▼▲ 	Policy & Resources Committee	Chief Executive
SR 21	Unable to manage housing pressures and deliver new housing supply	RED 4 x 4 ◀▶ 	AMBER 4 x 3 ▲▶ 	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	RED 4 x 3 ◀▶ 	AMBER 3 x 3 ◀▶ 	Policy & Resources Committee	Chief Finance Officer
SR 29	Procurement non-compliance and ineffective contract performance management leads to sub-optimal service outcomes, financial irregularity and losses, and reputational damage	AMBER 3 x 4 ◀▶ 	AMBER 3 x 3 ◀▶ 	Policy & Resources Committee	Chief Finance Officer
SR 30	Not fulfilling the expectations of residents, businesses, government and the wider community that Brighton & Hove City Council will lead the city well and be stronger in an uncertain environment	AMBER 3 x 4 ◀▶ 	AMBER 2 x 4 ◀▶ 	Policy & Resources Committee	Chief Executive

#### **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: 23/12/2021*

##### Legal Implications:

- 7.2 All the Strategic Risks which are reported to the Audit & Standards Committee may potentially have legal implications. Members are referred to Appendix 1 of this Report for a detailed description of the Strategic Risks being focused on in this Committee cycle: a description which normally makes reference to any legal implications of a direct nature.
- 7.3 The Council has delegated to its Audit & Standards Committee its powers and duties in relation to risk management. As a result this Committee is the correct body for considering this Report.

*Lawyer Consulted: Victoria Simpson*

*Date: 09/12/2021*

##### Equalities Implications:

- 7.4 Risk Owners are requested to ensure that equalities implications are considered in describing strategic risks, their potential consequences and when developing mitigating actions and the Equalities Team are asked to review the strategic risks. This will continue to be part of regular ELT & DMT risk review sessions.

- 7.5 SR25 has a key focus on equalities through the Our People Promise strategy, specifically through the Fair and Inclusive Action Plan and the Corporate and Directorate Equalities Delivery Groups.

Sustainability Implications:

- 7.6 Risk owners are requested to consider sustainability implications, and this will continue to be part of regular ELT & DMT risk review sessions. SR36 has a key focus on sustainability through the Carbon Neutral modernisation Programme and any sustainability implications of a direct nature are normally referenced within the risk.

Any Other Significant Implications:

- 7.7 None

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Appendix 1: CAMMS Risk report SR30, SR25, SR10, SR18 and SR32.
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.



**APPENDIX 1: CAMMs Risk Report for SR30, SR25, SR10, SR18 and SR32**

Risk Code	Risk	Responsible Officer	Last Reviewed	Issue Type	Risk Treatment	Current Rating	Target Rating	Eff. of Control
SR30	<b>Not fulfilling the expectations of residents, businesses, government and the wider community that Brighton &amp; Hove City Council will lead the city well and be stronger in an uncertain environment</b>	Chief Executive	17/11/21	Threat	Treat	Amber L3 x I4	Amber L2 x I4	Revised: Adequate
<p><u>Causes</u></p> <p>Link to Corporate Plan 2020-23. 7 Council Attributes 'Working in Partnership', actions 7.7</p> <p>Fulfilling the expectations of business, government and the wider community that Brighton &amp; Hove City Council will lead the city well and be stronger in an uncertain environment. Whilst the council has already established effective partnership arrangements to benefit the city such as Brighton &amp; Hove Connected <a href="http://www.bhconnected.org.uk/">http://www.bhconnected.org.uk/</a>, the City Management Board (CMB) find out more via <a href="http://www.bhconnected.org.uk/content/city-management-board">http://www.bhconnected.org.uk/content/city-management-board</a>; Greater Brighton Economic Board (GBEB) find out more via <a href="https://greaterbrighton.com/about-us/introducing-the-economic-board/">https://greaterbrighton.com/about-us/introducing-the-economic-board/</a>) and wider city regional based leadership, if it does not 'step up to the mark' and embrace its role for Placed Based Leadership the council may be perceived as less relevant to business and wider community and others due to factors such as:</p> <ol style="list-style-type: none"> <li>1. Brexit's implications &amp; opportunities for the city's economy resulting from the UK exiting the EU given the current trade profile where 45% of Brighton &amp; Hove's trade is with the EU and 79% of this service is service exports. Brighton &amp; Hove is the 9th largest city in the UK for the value of service exports per job (source: Centre for Cities, How do cities trade with the World? April 2019)</li> <li>2. Other economic uncertainties include the changing shape of retail and the high cost of housing affecting recruitment and retention of workforce across all economic sectors</li> <li>3. Reduced council expenditure and changes to the traditional municipal model</li> </ol> <p><u>Potential Consequence(s)</u></p> <ul style="list-style-type: none"> <li>* Our civic institutions are unable to provide effective leadership to the city</li> <li>* Adverse impact of economic uncertainty and social change on wellbeing, community cohesion and opportunities for citizens so that City Wealth reduces</li> <li>* Business cannot grow</li> <li>* Inequality grows</li> </ul>								

- \* Fragmentation of communities
- \* Fragmentation of framework for public service institutions
- \* Uncertainty over long term funding and rising health and social care demands makes delivery of public services very challenging
- \* Lost opportunity to position the city as a positive place to attract businesses and employees who will benefit city growth
- \* Reputation of council suffers as civic leadership role in the city
- \* Citizens and businesses have less confidence in engaging with the council

### Existing Controls

#### First line of defence: Management Controls

1. Partnership structures, including City Management Board, Greater Brighton Economic Board, Thematic partnerships to further develop shared community leadership of the city.
2. City Management Board are not decision making but they are important influencers and it is an effective way of putting strategic issues on the radar of public authorities.
3. Brighton & Hove Connected (link as above) a network of community & voluntary organisations and businesses in the city and works in an effective way to engage communities on issues of interest.
4. Corporate governance and processes to manage existing council business, eg Performance Management Framework.
5. Fair and Inclusive Action Plan and Directorate equality plans

#### Second Line of Defence: Corporate Oversight

1. Full Council
2. Policy & Resources (PR) Committee has oversight of key budget and policy decisions and all reports have a financial, legal and community impact assessments.
3. Health & Wellbeing Board have similar assurance functions as the PR Committee.
4. Local Government Association ad-hoc guidance and peer review
5. Corporate Modernisation Delivery Board and the Executive Leadership Team (ELT) oversee the application of the Performance Management Framework.
6. Policy Chairs Board oversight of issues of policy.
7. Corporate Equality Delivery Group
8. Tourism, Equality, Communities and Culture committee
9. Equality and Inclusion Partnership.
10. Sussex Resilience Forum
11. Community Safety Board
12. Safeguarding Adults Board and Safeguarding Children's Board
13. Two Independent Persons on the Audit & Standards Committee.
14. Audit & Standards Committee reviewed this risk in January 2020 and January 2021.

Third Line of Defence: Independent Assurance

1. HM Government
2. External Audit reviews of financial position of the city council - June 2019.
3. Inspectorate reports e.g. Ofsted 2018 - Children's Services - Good Judgement; and Ofsted focused visit in February 2020 looking at services to children in need and child protection plans resulted in positive comment.
4. LGA peer review Equality Framework for Local Government.
5. Investigatory Powers Commissioner – reviewed the use of investigatory powers (2018)
6. Internal Audit
  - \* 2021/22: Major Capital Projects - Brighton Centre/ Black Rock (Reasonable Assurance)
  - \* 2019/20: Brighton Centre (Reasonable Assurance)
  - \* 2018/19: Royal Pavilion and Museums (Partial Assurance), Seafront Investment Strategy (Reasonable Assurance)

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Communicate the council's activity to enable the city's strong prospects as a healthy place to live, work and do business, able to withstand challenges and grasp future opportunities</p>	Head of Communications	60	31/03/23	10/01/19	31/03/23
<p><b>Comments:</b> A huge amount of communications work continues to support the city to keep Covid rates low; through amplification of NHS information and messaging around vaccinations for both Covid and flu. Our targeted social media campaign 'Is it a cold or is it Covid' has had very high levels of engagement and we are looking to roll this out across other communications channels over the winter. A new campaign 'Be Kind, Think of Others' focusing on continued mask wearing, hand washing, social distancing, ventilation etc is in the early concept stages.</p>					
<p>The administration has now agreed their communications priorities until April 2023. Which are set out below:</p>					
<p>Gold campaigns</p>					
<ul style="list-style-type: none"> <li>• Climate change - seizing the momentum of COP26: and being able to champion the Carbon Neutral Plan and achievements. Greening projects ie rewilding – getting the city on board – a campaign to encourage engagement in and about our environment.</li> <li>• Public Health – we need to amplify the focus on this after Covid. Recovery - including jobs and economy – is linked, and we need to be able to tell the city that we are keen to focus on our health and wellbeing – as this will help us manage any future pandemics or the ongoing fallout of this one.</li> </ul>					
<p>Silver campaigns</p>					
<ul style="list-style-type: none"> <li>• Recycling / refuse campaigns: fly tipping, fly posting, environmental enforcement, clean ups, tidy ups, what you can and can't recycle – is an endless issue so needs a continuous focus and proactive comms, not always reactive – so good campaign material.</li> <li>• Anti-racism and equalities work: our focus on delivering positive change for vulnerable or excluded communities in the city: highlighting this and spreading positive inclusion messages whenever we can. We want to become a more inclusive and caring city.</li> </ul>					
<p>Bronze campaigns</p>					
<ul style="list-style-type: none"> <li>• Housing: our achievements in council housing; less of a campaign and more of an important focus to highlight our work.</li> <li>• Youth: opportunities and different ways to engage young people. Digital is key.</li> <li>• Overarching proactive messaging</li> </ul>					
<p>Consultation and engagement &amp; digital – driving through work that strikes the tone of a caring, friendly city that wants to understand resident concerns and work proactively to resolve them, and that reaches people through different mediums and in the way that is right for them / using the platforms they use.</p>					

The following key actions which will underpin the communications campaigns over the next two years are:

## Gold

### Climate change / A Sustainable City

- Supporting the city's Climate Assembly action plan and creating a £1m Carbon Reduction Reserve to provide for and advance initiatives to support the aim of a carbon neutral city by 2030, improving the sustainability and biodiversity of the city as well as the health and well-being of its residents through promoting active travel, investing in green spaces and tree planting, and improving air quality, for example, through the School Streets and Low Traffic Neighbourhood initiatives
- Creation of a Climate Assembly Action Capital Investment Fund
- Expansion of the Sustainable Carbon Reduction Initiative Fund (SCRIF) financing budget to lever in additional capital investment for carbon reduction schemes
- Expansion of the warmer homes initiative (including district heating plans) through provision of an additional financing budget to lever in capital investment, increasing the total programme to £5.2m
- Provision for a Hydrogen feasibility study
- Addition of a Rewilding Officer post to manage and enhance biodiversity
- Feasibility study for a seafront sustainable transport corridor
- Proactive measures are being taken to improve emissions of buses and taxis. Officers have been asked to consider an expansion of a low or zero emission zone that might limit some vehicle types.
- We will be working with Greater Brighton and city partners to develop a strong, prosperous, and sustainable economy; through the Carbon Neutral 2030 Programme, the Circular Economy framework and the Living Coast Biosphere through a growing Sustainability Team.
- We will work in partnership with key stakeholders to develop a new Local Transport Plan and a Local Cycling and Walking Infrastructure Plan that supports sustainable travel, to contribute towards the city becoming carbon neutral by 2030.
- We plan to develop a new City Downland Estate Plan to make best use of our unique landscape and contribute to the carbon neutral agenda creating emission reduction savings, promoting different uses including local food production and exploring a possible solar farm to create a self-sufficient renewable energy supply.

### Public Health and Covid recovery / A Healthy and Caring City

- Further develop the Health & Wellbeing Board as an integral part of the local health & care system, delivering the goals of the city Joint Health & Wellbeing Strategy.
- Continue to protect our residents through our Covid-19 Local Outbreak Plan response, including supporting care settings and promoting Covid and Flu vaccination uptake (especially among our most vulnerable residents)
- Actively work with local NHS organisations to support their Restoration & Recovery plans to make sure they address the needs of the most vulnerable people in the city
- Recognize and support unpaid carers in the city, including developing more respite provision.
- A Modernisation Programme for Health and Adult Social Care to deliver better lives and stronger communities.

- Implementation of the Joint Health and Wellbeing Strategy, supporting an increase in healthy life expectancy and a reduction of health inequalities.
- Promote a City Equalities Standard together with our partners to promote fair employment practice to tackle the under representation of people from BAME communities and disabled people.
- We are working collaboratively with the DWP to launch a youth hub in the city – specifically aimed at supporting young people into employment. This group of our residents has been particularly impacted by the pandemic and consequent loss of work
- Our Employment and Skills team has been working on an updated Employment and Skills Plan for the city – designed to be effective and flexible as we enter a period of post-Covid recovery.
- Community Wealth Building. Creation of a self-financing ‘revolving door fund’ for Community Wealth Building via an on-lending pilot (set-up costs) / Investment in Community Wealth Building to promote ethical employment practices and ensure the use of the city’s public sector spending power to procure goods and services locally for the benefit of our communities.

## Silver

### Recycling / refuse campaigns / A sustainable city

- We will increase the range of materials that can be recycled in the city, improve the quality of kerbside and extend on street recycling.
- The City Environment Modernisation Programme is developing a sustainable future for the service in the context of reducing council budgets, increases in customer demand and an expanding service offer. Activities within the Programme will have an impact on the percentage of waste landfilled. Many projects within the Modernisation Programme will have an impact on the percentage of waste sent for reuse, recycling and composting
- The Managing Waste Responsibly Project is improving how the council communicates with and educates the city on recycling. Through collaboration with stakeholders, activities and resources will be designed to improve the city’s recycling rates. Residents will be encouraged to reduce, reuse or recycle before disposing of waste.
- We plan to introduce new food waste collection rounds
- We will replace our communal bin system with a new system that encourages more recycling and reduces the risk of contamination
- We will work with community groups to develop options for a new reuse centre in the city
- Information campaign on fly tipping, fly posting, environmental enforcement, clean ups, tidy ups, what you can and can’t recycle.

### Anti-racism and equalities / A Stronger City

- We aim to achieve re-accreditation as a City of Sanctuary
- We will create and deliver a new Inclusive Cities Action Plan
- We will develop an Accessible City Strategy
- We will fund a Community Banking Partnership to tackle financial exclusion
- We plan to secure funding to deliver a Black, Asian and Minority Ethnic Civic Leadership Programme
- We will deliver the Council’s new tenant and leasehold engagement strategy
- We will support the delivery of a new LGBTQ+ Community Hub – the Ledward Centre
- We will invest in an independent support service for people who have experienced racially and religiously motivated hate crime

- We will implement third party reporting centres for hate incidents and crimes, as an action set out in the Community Safety Strategy
- We will work proactively, and in partnership, to meet our duties under the new Domestic Abuse Act

#### Bronze

##### Housing / A City to Call Home

- Focus on improving homeless prevention and reconnection to reduce overall numbers and the length of stay for households in Temporary Accommodation (TA).
- An 'end to end' review of our temporary accommodation (TA) services through a TA Improvement Programme. The programme will include a review of income collection, voids turnaround, procurement, management of lettings etc, as well as work to increase the number of Council-owned TA units.
- We will review how the Council can better support rough sleepers reflecting the aims of the Homelessness and Rough Sleeping strategy, learning from the COVID-19 emergency housing programme and consequent budget pressures.
- Investment in Housing needs services to improve homelessness prevention, manage the TA service, identify move on accommodation and speed up moves within the housing stock to improve the customer journey and save money through more efficient use of the TA and permanent housing stock.

Investment in housing systems and processes to streamline and automate manual processes will also produce savings in future. Some of the changes required will be identified through the TA improvement programme.

##### Youth / A Growing and Learning City

- Explore, with partners, investing in a Central Youth Hub that will provide city wide services to young people.
- Agree an action plan with Youth Council members that will improve visibility, ensure young people lead on prioritising, planning, and implementing projects, as well as organising and chairing meetings with support from Council Officers
- Agree a clear process for measuring success regarding sexual health and mental health services delivered by youth services across the city, as well as how accessible they are for those young people with protected characteristics
- The youth employment hub and Employability Service will continue to engage with council teams and organisations supporting young people to ensure that they can access services and support that enable them to achieve personal and career outcomes.

Continue effective collaboration with health & social care within the city	Executive Director Health and Adult Social Care	70	31/03/22	14/02/17	31/03/22
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**Comments:** The Integrated Care System for Sussex will become a statutory function from April 2022 and Brighton and Hove City Council will be a formal partner in its ongoing development and the delivery of health and care services to our whole population. Within the new ICS there will be a placed based governance structure for Brighton and Hove and the principle of subsidiarity will apply where design and delivery of services will focus from neighbourhoods upwards depending on the optimal model of care to meet patient/service user outcomes. Further guidance is anticipated from national government with a white paper imminent on integration which will be considered with the white paper on Adult Social

Care 'People at the Heart of Care' which was published in early December 2021.

Convening partners to have a joined up understanding of city wide problems and to agree joint approaches to solve them	Head of Policy, Partnerships & Scrutiny	25	31/03/24	18/11/21	31/03/24
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**Comments:** Ensuring the democratic mandate of BHCC is clear to partners across city is vital to this risk to help ensure we have political / community leadership demonstrated within our partnership structures. This will be further developed in Q1 2022. Work with partners in areas such as rough sleeping, infection control, and supporting businesses to access government funding, has emerged due to responding to and recovering from Covid-19.

Develop a strong lobbying strategy to effectively influence government	Head of Policy, Partnerships & Scrutiny	75	31/03/23	07/01/20	31/03/23
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**Comments:** Policy, Partnerships and Scrutiny (PPS) coordinated the material and presentation of the Brighton & Hove City Council submission to Ministry of Housing, Communities & Local Government (MHCLG) All-Party Parliamentary Group (APPG) enquiry into the local authority role in achieving Net Zero. The report is now published by the House of Commons.

Develop and maintain the city's physical assets to meet future challenges, including climate change	Executive Director Economy, Environment & Culture	75	31/03/22	14/02/17	31/03/22
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**Comments:** Strategic Delivery Board is overseeing the City's Investment Programme of regeneration and infrastructure projects. Greater Brighton Economic Board agreed Digital Infrastructure Plan - October 2019 Greater Brighton Economic Board supporting Coast to Capital LEP with development of their Local Industrial Strategy. Greater Brighton Economic Board has established an Infrastructure Panel that is overseeing the delivery of Energy and Water Plans for Greater Brighton. Energy and Water Plans were approved July 2020. Greater Brighton Economic Board considering an investment pipeline of infrastructure projects to support economy recovery following Covid-19 public health crisis.

- Cross party working groups for major regeneration projects have recommenced from July 2020 following pause during Covid-19 public health crisis

- New City Downland Estate Plan under development, by March 2022.

Steps have included:

- Continuing to progress investment programme and project pipeline to deliver major regeneration projects and investment in infrastructure
- Greater Brighton Economic Board agreed a Covid-19 Economic Recovery Plan in October 2020
- Progress updates on Covid-19 Recovery Plan and presenting to the Greater Brighton Economic Board (January 2021 and April 2021)



- Cultural economy recovery plan agreed November 2020

- Visitor economy recovery plan agreed by TECC committee - June 2021

-An update on the Greater Brighton economy and the impact of the covid-19 pandemic was commissioned and presented to Greater Brighton Economic Board – October 21

Development & Delivery of an Inclusive Cities Action Plan	Head of Communities, Equalities & Third Sector	75	31/03/23	12/02/20	31/03/23
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**Comments:** Previously there was a Collaboration Framework. Focus has shifted to developing a 3 years Inclusive Cities Action Plan as part of the council's participation in the national Inclusive Cities Programme and as its corporate commitment to being a City of Sanctuary and an anti-racist council ensuring equality of opportunity and access to services for all and the assets they are to the city. This was agreed with members and partners in late 2019. Development of the Inclusive Cities Action Plan was delayed in 2020 due to the pandemic. The Programme coordinators - COMPAS – the Centre on Migration Policy and Society within University of Oxford called a meeting with BHCC in September 2020 to update on the restart of the programme. The council's Lead Member for Equality and lead officer working on Inclusive cities continues to attend the virtual Inclusive Cities programme meetings - November 2020, January 2021, May 2021 and as required by the national programme. COMPAS has encouraged BHCC to complete its action plan by the end of the calendar year 2021. The Brighton & Hove taskforce met in January and April 2021 and an initial action plan has been developed. Further work on the action plan including consultation on the draft has been paused as staff resources have been directed to the urgent resettlement of Afghan evacuees on the government's resettlement programmes. Work on the inclusive cities action plan is expected to restart in January 2022 when dedicated staff, funded through the government programmes, to deliver the Afghan resettlement scheme has been recruited.

Ensure the council's Budget Strategy clearly communicates policy priorities, funding and resourcing and aligns with statutory agencies and other key institutions to better manage the risk	Chief Finance Officer	50	31/03/22	07/01/20	31/03/22
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**Comments:** The Corporate Plan (A Fairer and Sustainable City) was approved in February 2020. The 2021/22 budget includes investments linked to each of the Corporate Plan priorities. This includes recurrent, one-off and capital investments. Future Corporate Plan commitments, including Carbon Net Zero, are built into the Capital Investment Programme, where known, and revenue investment of £1m pa is currently assumed in the Medium Term Financial Strategy. The annual budget will categorise all investments against Corporate Plan priorities to ensure clear understanding of how the council's budget and capital programme will support agreed priorities.

Forming and sustaining strategic partnerships	Head of Policy, Partnerships & Scrutiny	25	31/03/24	18/11/21	31/03/24
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**Comments:** We have established partnerships across city and sub region, but these have been impacted by pandemic and lack of opportunity to convene in person meetings. Some partnerships have maintained via virtual meetings, but there is increasing need to adapt our practice to take account of these developments. We presented to City Management Board recently and agreed to take work further, though this could be impacted by White Paper on Levelling up and Devolution, possibly requiring new arrangements and focus in local areas.

Full and active member of the Local Resilience Forum	Head of Safer Communities	75	31/03/23	01/04/20	31/03/23
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**Comments:** BHCC are active members of the local, Sussex Resilience Forum. Officers from the Emergency Planning and Resilience team attend the working groups and senior managers attend the executive group on a regular basis. A clear action plan has been developed setting out priority work for the group to undertake such as ensuring that emergency plans for each local authority are fit for purpose and that learning and development can be rolled out to ensure that staff are aware of their roles and responsibilities going forward. Several workstreams have been developed including, death management, weather and environment, events, communications and community resilience. The Sussex Resilience Forum links to local health resilience partnership and the Sussex health responders.



Programme to enhance the council's role to support the city economy and promote business	Executive Director Economy, Environment & Culture	95	31/03/22	14/02/17	31/03/22
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**Comments:** The EEC directorate reports Major Projects updates to Strategic Delivery Board.

- Government Business Grants and Discretionary Grants delivered to business that are impacted by Covid-19
- Greater Brighton Economic Board have commissioned an economic impact assessment of Covid-19
- City Recovery Programme Governance Structure established with an events and Economy Working Group focused upon supporting local business and economic recovery

Steps Include:

- Covid-19 Economic Recovery Plan developed and presented to Greater Brighton Economic Board – October 2020
- Covid-19 City Recovery Plan to be developed and presented to P&R Recovery Sub Committee
- Arts & Culture sector recovery plan developed with sector partners and presented to TECC Committee January 2021
- Employment & Skills Recovery Plan to be presented to P&R Sub-Committee in March 2021
- Cultural economy recovery plan agreed November 2020
- Visitor economy recovery plan agreed by TECC committee June 2021
- Kingsway to the Sea investment plan allocated £9.5m by government in November Spending review
- An update on the Greater Brighton economy and the impact of the covid-19 pandemic was commissioned and presented to Greater Brighton Economic Board – October 21

Risk Code	Risk	Responsible Officer	Last Reviewed	Issue Type	Risk Treatment	Current Rating	Target Rating	Eff. of Control
SR25	<b>Insufficient organisational capacity or resources to deliver all services as before and respond to changing needs and changing circumstances</b>	Chief Executive	17/11/21	Threat	Treat	 L4 x I4	 L3 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', action 7.2.

The capacity required to deliver services is impacted by a number of internal and external factors which include:

- Budget pressures caused by reductions in Local Government funding and the Covid-19 pandemic;
- Increasing demand for services across health and adult social care;
- The non-defined timescale of managing the pandemic response and recovery alongside business as usual;;
- The impacts and uncertainty of Brexit, including potential impacts on resourcing;
- A complex political environment of no overall control;
- A challenging industrial relations environment.

These affect our ability to manage the resilience of our organisation which is exacerbated by the reduction in staffing over the last decade, including a reduction in leadership capacity in the top four tiers of the organisation.

#### Potential Consequence(s)

1. Failure to deliver required changes in the organisation
2. Lack of engagement from trade unions and/or complex employee relations issues
3. Capacity to undertake change work to design high quality services, and to redesign services in line with reduced resource is lost
4. Difficulty of retaining the right staff with the right skills to key posts
5. Council delivery alters and working methods change permanently due to Covid-19 and new technology
6. Negative impact on fulfilment of actions to improve equalities and other statutory duties
7. Partnership working becomes more fragile as a result of changed arrangements after Covid-19
8. Personal resilience tested by increased workloads, different ways of working and less certainty leading to potential stress and sickness
9. Less ability to be agile and flex to the organisation's needs, drive high quality services and increased performance
10. Less resilience as an organisation.

#### Existing Controls

First Line of Defence: Management Controls

1. Decision making through the budget process includes effective consideration of resources to deliver on priorities

2. Support from Performance, Improvement and Performance (PIP) and other support services to support the modernisation programme
3. Management capacity and capability being enhanced by Leadership Performance Management processes and Development Programme, and support delivered via the Leadership Network.
4. Staff Survey data is analysed and priority actions agreed with key stakeholders, with plans in place to manage these.
5. Human Resources & Organisational Development (HROD) activity has been pulled together into single 'Our People Promise' to maximise resource efficiencies and ensure there is an attractive and competitive employment offer to attract and retain the right staff with the right skills.
6. Business Planning process including Directorate Plans to identify key priorities with named responsible officers, and plans kept under review to manage capacity.
7. Budget process includes capacity as a key consideration
8. Some statutory Performance Indicators (PIs) are Key PIs and are reported regularly to ELT, quarterly or annually.
9. HR Business Partners support Directorate Management Teams (DMTS) to monitor people related data including staff absence compliance with people related processes such as 121s, return to work interviews, and wider data insight to indicate where there are issues of capacity.
10. A robust wellbeing offer is in place, designed to address all wellbeing needs, and also specific needs related to Covid19.
11. There is a dedicated role for Trade Unions Relations
12. Future Ways of Working Programme Board oversees the delivery of the Future Ways of Working Programme
13. Our People Promise Board oversees the delivery of Our People Promise strategy

#### Second Line of Defence: Corporate Oversight

1. Executive Leadership Team (ELT) lead delivery of governance arrangements and oversee Gateway process for requests for new resources.
2. Corporate Delivery Modernisation Board (CMDDB) and Directorate Modernisation Boards have oversight of a portfolio of modernisation projects and programmes enabling increased organisational capacity such as ICT infrastructure, Business Improvement, Workstyles, People and Culture Change, including the Future Ways of Working, Our People Promise and Fair and Inclusive Workplace programmes.
3. Constitutional Working Group input to streamline governance arrangements and structure
4. ELT and City Management Board exchange details of working arrangements and changes to key personnel across organisations.
5. Members Policy Chairs Board and Policy & Resources Committee have oversight of key policy priorities.
6. Corporate Equalities Delivery Group oversee the delivery of the Fair & Inclusive Action Plan and Directorate Equalities Delivery Groups
7. Reviewed by A&S Committee in March 2021, July 2019.

#### Third Line of Defence Independent Assurance:

1. Local Government Peer Review 2017 focused on Leadership and Industrial Relations.
2. Internal Audit
  - \* 2021/22: Performance Review Compliance - PDPs and 1 to 1s (Partial Assurance), Agency Staff Contract (Reasonable Assurance)
  - \* 2020/21: Recruitment (Reasonable Assurance), Working Time Directive (Partial Assurance)
  - \* 2018/19: Personal Service Companies and Use of Consultants (Reasonable Assurance), Wellbeing Project (Substantial Assurance)

Reason for Uncertainty in Effectiveness of Controls: Decisions on priorities and resource could impact on the capacity of officers' to deliver on all priorities identified, whilst maintaining services

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Deliver the Fair and Inclusive Action Plan	Director of Human Resources & Organisational Development	65	31/03/23	01/04/19	31/03/23
<p><b>Comments:</b> Modernisation funds have been secured to continue to progress this work through to March 2023 as part of the wider Our People Promise programme. The Fair and Inclusive Action Plan (FIAP) has four workstreams including Accountability &amp; Consequences, Learning &amp; Development, Recruitment, Retention and Progression and Communities and Services. Priority actions to achieve the successful recruitment and retention of staff at all levels from communities not currently proportionately represented within the workforce include delivery of insight programmes, inclusive recruitment training for managers and a review of our Recruitment &amp; Selection Policy. This work will address disproportionate outcomes of the recruitment process, such as BME applicants being less likely to be shortlisted or employed in the middle and upper pay bands. A range of coaching and training is also being offered to increase development opportunities for staff under-represented in the middle and upper pay bands, as well as the new Diverse Talent programme being launched in January 2022 for BME staff employed at grades 3-6. Actions to improve the experience of disabled staff as reported in the Staff Survey 2021 includes improving the workplace adjustments process, providing disability awareness training across the organisation, ensuring opportunities for development and implementation of an IT&amp;D Accessibility project. Measures of success: Deliver specified and non-cashable benefits for the project/programme (March 2022). 5% improvement in staff survey results against 'The organisation feels like a fair and inclusive place to work' (Staff Survey – May 2021, to be measured in survey May 2023).</p> <p>The work continues to be developed and implemented and progressed in collaboration with our workers fora and trade unions. It is reported and tracked through the People and Culture Change Board which is chaired by the Assistant Director HROD, as well as oversight from the Corporate Equality Delivery Group, chaired by the Chief Executive.</p>					
Deliver the Future Ways of Working Programme, which includes new use of technologies and accommodation	Director of Human Resources & Organisational Development	50	31/10/22	01/11/21	31/10/22
<p><b>Comments:</b> The Focus Group engagement has built upon the significant amount of initial work taken place to consider future ways of working during Covid19 and continues to be developed in partnership with staff representatives and worker forums. This is to ensure we take advantage of new ways of working established during Covid19 and maximise potential efficiencies in how we use resources by building an employment offer that:</p> <ol style="list-style-type: none"> <li>1. delivers to our customer,</li> <li>2. supports staff wellbeing,</li> </ol>					

3. is inclusive and accessible,
4. makes us an employer of choice
5. considers our carbon footprint and
6. supports our members

New ways of working continue to be designed to inform improvements for the Customer Experience programme and the more efficient use of resources which take the opportunities to embed digital and sustainable recovery. Continuing deployment of new technologies, and in particular tools to support collaboration and flexible working (such as the roll-out of Microsoft 365 and applications) will support staff to have more choice and flexibility in where and the way they work. This is aligned with Our People Promise programme (a great place to work) and increase how time can be spent productively (less travel and improve information management).

Our planned and phased reintroduction to offices from September has gone well which was supported with a range of tools, training and assistance for staff and managers and informed by the Focus Groups. A Collaboration Space Pilot will be launched in early January 2022 to test different office set-ups, with further exploration and piloting leading to a full business case on future Accommodation Strategy during 2022.

Deliver the Our People Promise Strategy	Director of Human Resources & Organisational Development	75	31/03/23	01/04/19	31/03/23
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**Comments:** The Our People Promise (OPP) Strategy provides the following commitments;

- We promise to support your wellbeing at work
- We promise that we will be a fair & inclusive place to work
- We promise you opportunities to do your best
- We promise to say “well done”, recognise and reward you for great work
- We promise you a good place to work so we can do the best for our city

These commitments were developed through the feedback staff gave in the 2017 staff survey, and participation by staff from all directorates in a 2018 Think BIG (business improvement group) session. Initiatives and actions delivered through these promises has led to improvements in the 2021 staff survey results.

The Our People Promise (OPP) Strategy is being further developed to provide an updated strategy and programme plan to maximise resource efficiencies and to ensure there is an attractive and competitive employment offer to attract and retain the right staff with the right skills. Following the 2021 staff survey the OPP actions are being refreshed to ensure current issues and risks are being mitigated. A draft plan will be considered by the OPP board in December 2021, followed by internal stakeholder input from January-March 2022. A programme plan and strategy document will be produced for 2022/2023.

Risk Code	Risk	Responsible Officer	Last Reviewed	Issue Type	Risk Treatment	Current Rating	Target Rating	Eff. of Control
SR10	Corporate information assets are inadequately controlled and vulnerable to cyber-attack	Chief Executive	17/11/21	Threat	Treat	Red L4 x I4	Amber L3 x I4	Revised: Uncertain

#### Causes

BHCC is highly dependent on its digital information asset (more than 300 business systems containing 10's of millions of records and more than 20 million inbound and outbound emails a year).

This asset is vulnerable to cyber-attack from several threat actors including employees, cyber criminals, hackers and to some extent foreign states. In addition to an intentional cyber-attack, the sensitive information (personal citizen information or corporate sensitive information) is vulnerable to accidental loss or accidental publication.

The growing volume of digital information (compounded by the tendency to over retain information), the pervasiveness of digital technologies and sophistication of cyber threat requires a constantly evolving approach to cyber security, Information Governance (IG) and Information Management to combat this threat.

The ways of working adopted during the current Covid-19 (C-19) pandemic heightens this risk and would make recovery more challenging.

This risk is linked to the Corporate Plan Outcome: 'A well run city: Keeping the city safe, clean, moving and connected'.

#### Potential Consequence(s)

- A successful large-scale cyber-attack could halt the entire operation of the organisation. A successful medium scale cyber-attack would severely disrupt services by preventing access information, payments and/or communication. This would have a tangible impact on citizens lives and greatly increase the potential for physical harm and even death due to the impact on service delivery
- A successful medium scale cyber-attack would have serious financial impact. The cost of recovery and repair (and potentially imposed penalties) is likely to exceed £10million
- Any loss of data (either through attack or accident) is likely to damage the council's reputation with the public who entrust us with their information
- The Public Services Network (PSN) & Health & Social Care Information Center (HSCIC) could impose operational sanctions which would be catastrophic for many services.

#### Existing Controls

First Line of Defence: Management Action

#### Prevention - Technical Controls

- Corporate firewall to monitor and control incoming and outgoing network traffic.
- Hard drive protection to prevent access to information on lost or stolen devices.
- Password policy in line with NCSC (National Cyber Security Centre) advice.
- Hosting in a tier three, ISO 27001 Certified datacentre.
- Secure e-mail (using NCSC Mail Check to maintain DMARC, SPF, DKIM and TLS configurations).
- Patching regime in place across entire estate.
- Annual health checks and penetration tests.
- Membership of South East WARP (Warning, Advice and Reporting Point) organised by the National Cyber Security Centre) providing up-to-date advice on information security threats, incidents and solutions.
- IT&D incident management process integrating data breach and cyber security incidents.
- Procurement of all new and changed applications is subject to review against IS and IG standards.

#### Prevention – Behavioural Controls

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

- Online IG training is published on the learning gateway and cyber-security sessions delivered by the local police cyber-crime unit have been made available to all staff.
- A variety of guidance materials (including guidance on strong password creation, phishing and working from home safely during c-19) are published on the Wave.
- Privacy impacts assessments (PIAs) conducted for all new business process and systems involving personal information.

#### Recovery Controls

- Documented major incident process in place.
- Basic recovery procedures documented for major systems.
- Full backups of business data for all internally hosted application.
- Shared Orbis expertise - 5 CISSP (Certified Information Systems Security Professional) qualified staff working in the partnership.
- Managed relationship with ICO (Information Commissioners' Office).

#### Second Line of Defence: Corporate Oversight

- A suite of Information Governance Policies are regularly reviewed and approved by IGB.
- An information risk register is regularly reviewed by Information Governance Board (IGB) and the Senior Information Risk Owner (SIRO).
- The Senior Information Risk Owner (SIRO) is briefed monthly on areas of risk.
- The Information Governance Board (“IGB”) oversees and provides leadership on Information Risk Management and obligations arising from



legislation such as the Data Protection Act (DPA) 1998 & Freedom of Information (FOI) Act 1998.

- The Caldicott Guardians (Executive Directors Families, Children & Learning; and Health & Social Care) have corporate responsibility for protecting the confidentiality of Health and Social Care service-user information and enabling appropriate information sharing.
- The Information Governance Team operates as an independent function to provide advice, guidance and oversight in key areas.
- Information Governance and Cyber Security receives oversight from the Audit and Standards Committee.
- A Joint Orbis Data Protection Officer (DPO) has been in post as of May 2018. This role assists in the monitoring of internal compliance, provides advice on data protection obligations and Data Protection Impact Assessments (DPIAs).
- Reviewed by A&S Committee in July 2019, January 2021.

#### Third Line of Defence: Independent Assurance

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

\* 2021/22: Email Communication - personal and sensitive encryption (Reasonable Assurance), DWP/Searchlight System Security Compliance (Reasonable Assurance)

\* 2020/21: Cyber Security (Reasonable Assurance), IT Asset Management during Covid 19 (Reasonable Assurance), GDPR (Reasonable Assurance), IT Access Management (Partial Assurance), Housing Management System Implementation (Partial Assurance)

\* 2019/20: ICT Compliance Framework (Reasonable Assurance), Network Security (Partial Assurance), Mobile Device Management (Reasonable Assurance), Purchasing Card System (Reasonable Assurance), Main Accounting System (Substantial Assurance)

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



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

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

While we recognise the need for transparency and accountability, for the purpose of this report, information which may compromise security or in some way increase the organisation's vulnerability to cyber-attack may have been withheld.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Prevention - Technical Controls: Compile a 'Systems League Table' to measure the relative 'risk' of the top 25 systems in use at BHCC to act as a comparison of maturity and a signpost for future work	Head of Strategy & Engagement	25	31/03/22	01/04/20	31/03/22
<b>Comments:</b> December '21 update: This work is deemed low priority and has been deferred due to resource issues in the Info Sec team					
Prevention - Technical Controls: Deploy MetaCompliance's (supplier) MetaPlatform (application) to support an improved approach to information asset management in the business	Head of Strategy & Engagement	75	28/02/22	01/07/20	28/02/22
<b>Comments:</b> December '21 update: Deployment has been delayed to align with Orbis partners, but the build of the Data Privacy Impact Assessment (DPIA) process has now been completed in the ESCC tenancy. Transfer of the build to the BHCC tenancy will commence shortly with testing planned for early 2022.					
Prevention - Technical Controls: Deployment of SharePoint online and OneDrive (and decommissioning of P: and S: drives). This project will aim to rationalise unstructured data in all services (identify duplicates and inform management decisions around retention, destruction and data quality improvement).	Head of Strategy & Engagement	20	01/04/23	01/04/21	01/04/23
<b>Comments:</b> December '21 update: Over 60 training sessions have now been completed with FCL staff. Roll-out for ELT, Councillors & DMTs is now underway. Work is on track but this is a long term programme.					
Prevention - Technical Controls: Improve Information Risk Management function. This will include a risk register visible to IGB, SIRO & DPO and clear processes and guidance.	Head of Strategy & Engagement	100	31/08/21	01/04/20	31/08/21
<b>Comments:</b> December '21 update: A major risk register is now in place. Further review and future developments will be picked up in the New Year					

Prevention - Technical Controls: Lead a cross-dept. collaboration to develop a surveillance camera toolkit to support compliant acquisition, monitoring and evolution of surveillance cameras across the local authority	Head of Strategy & Engagement	20	31/08/21	01/10/20	31/08/21
<p><b>Comments:</b> December '21 update: The cross-directorate collaboration was put on hold during covid due to the unavailability of the SRO (Nick Hibberd) and the Programme Manager (Ben Miles). It is now proposed to run this programme from the central team. An asset register template has been produced and will shortly be populated by City Environment as a test case. It is also proposed to get involved in the reconfiguration of the traffic control centre and use this as a means to develop surveillance camera commissioner compliant tooling.</p>					
Prevention - Technical Controls: Migrate all instances SQL 2012 databases (End of Life, July 2022) and Windows Server 2012 (End of Life, Oct 2023)	Head of Strategy & Engagement	0	29/09/23	01/04/21	29/09/23
<p><b>Comments:</b> December '21 update: Any SQL2012 databases (EOL July 2022) are on track to be decommissioned by March '22. Any Windows Server 2012 (EOL Oct 2023) will start to be removed from April '22.</p>					
Prevention - Technical Controls: Review and improve the cyber incident management process, including better use of Cherwell (IT&Ds incident management system which appears to staff as 'My servicehub online').	Head of Strategy & Engagement	80	28/02/22	01/04/20	28/02/22
<p><b>Comments:</b> December '21 update: Cyber Incident review with Zurich is in progress. Documentation and a desktop exercise with Chief Exec will be scheduled for completion by end of Feb 2022</p>					
Prevention - Technical Controls: Review and improve user access controls (network and application access rights for starters, leaver and movers) via the Access Management project	Head of Strategy & Engagement	40	01/04/22	02/04/18	01/04/22
<p><b>Comments:</b> December '21 update: Following it's pause during the pandemic, the restarted project has completed a discovery phase (including the review of all associated audit reports) and created a new high level technical design (signed off by project board). The next phase will create a delivery plan.</p>					

Risk Code	Risk	Responsible Officer	Last Reviewed	Issue Type	Risk Treatment	Current Rating	Target Rating	Eff. of Control
SR18	<b>The organisation is unable to deliver its functions in a modern, efficient way due to the lack of investment in and exploitation of technology</b>	Director of Human Resources & Organisational Development	17/11/21	Threat	Treat	 Red L4 x I4	 Amber L3 x I4	Revised: Adequate

Causes

The organisation is highly dependent on technology for the delivery of services. However, technology requires ongoing financial investment to keep pace with the expectations of staff and customers and avoid technology failures which lead to disruption to services.

Investment can be sub-divided into 5 key areas:

1. Investment in foundational technology: ensuring a reliable and secure infrastructure
2. Investment in 'end user' technology: provide appropriate device, corporate systems, and office productivity tools
3. Investment in business applications: ensuring service owned systems are fit for purpose
4. Investment in digital transformation: enabling modernisation programmes to develop and utilise new digital approaches and technologies
5. Investment in leaderships and staff: improving our leaders and staff's tech competencies and ensuring the opportunities provide by technology are recognised and exploited

Link to Corporate Plan: Outcome: ' A well run city: Keeping the city safe, clean, moving and connected'

Potential Consequence(s)

1. Investment in foundational technology  
BHCC will be more vulnerable to cyber-attack (SR10) as well as regular service outages caused by systems failure. This will result in failure to deliver services, a loss of revenue, an increased risk to residents and a negative impact on staff morale
2. Investment in 'end user' technology  
Lack of (or inadequate) end user technology will limit service ability to achieve relevant corporate plan objectives/make the required service improvements. It will also have a negative impact on staff morale and make it more challenging to attract and retain talent due to not meeting expectations of a modern working environment.
3. Investment in business applications  
Continuing to run business specific applications which are not fit for purpose will limit service ability to achieve relevant corporate plan objectives. They will also put the organisation at greater risk of cyber-attack (SR10) and raise risks associated with poor information management, accessibility,

and interoperability with digital products.

#### 4. Investment in digital transformation

Digital transformation underpins the organisation's ability to deliver value for money services, provide excellent customer service and create organisational agility. Inadequate investment (and investment which that is not balanced across the multiple facets of digital - cultural change, process improvement and digital technologies) will lead to a failure to meet these corporate objectives. It will also have a negative impact on staff morale and negatively impact the council's and city's reputation as a digital city.

#### 5. Investment in leadership and staff

Managers and leaders require support to understand the implications of new technologies and how they can be utilised. Staff will need to be supported to become more digitally curious and engaged and have the confidence to adopt new ways of working. Without the investment to support these changes, the value of any investment in technology will be lost.

#### Existing Controls

##### First Line of Defence: Management Action

#### 1. Investment in foundational technology

a. Planned annual capital investment in foundational IT (a share of £1M split between foundational and end user technology) is managed through a structured capital investment programme Foundational IT (FIT), formally 'Digital Organisation Programme (DOP) with the appropriate programme structures and artifacts and oversight via the Corporate Modernisation Board (CMDDB)

b. Exceptional capital investment is approved at CMDDB and managed alongside planned capital investment.

c. Investment programmes to date have delivered multiple new capabilities including - off site, secure Data Centre storage (ODC); Platform migrations (Citrix and Windows10), a GDS (Government Digital Services) security accreditation mail service, ubiquitous wi-fi capabilities across all BHCC offices, and remote working service (AOVPN) for the entire workforce

#### 2. Investment in 'end user' technology

a. Planned annual capital investment in 'end user' technology (a share of £1M split between foundational and end user technology) is managed through a structured capital investment programme Foundational IT (FIT), formally 'Digital Organisation Programme (DOP) with the appropriate programme structures and artifacts and oversight via the Corporate Modernisation Board (CMDDB)

b. Exceptional capital investment is approved at CMDDB and managed alongside planned capital investment.

c. Investment programmes to date have delivered multiple new capabilities including – the creation of a new mobile service and the introduction of 1800+ iPhones/tablets and the introduction of 3,000 new laptop devices.

#### 3. Investment in business applications

a. With oversight from CMDDB, investment in the Eclipse programme (£2.8M) to replace the core social work case management system.

b. Investment in the replacement of the housing management system.

#### 4. Investment in organisational transformation

a. With oversight from CMDDB, investment via the Digital Customer programme (£1.7M) has sponsored multiple digital transformation projects including corporate web migration, MyAccount, Customer Index/Viewer project and the Contact Management project

b. Ad hoc digital improvements were made as part of the Covid response including the Clinically Extremely vulnerable (CEV) App, Community Hub app, Free school meals app, PPE form, Homeless food delivery, Discretionary grant application, Business grant application, etc

5. Investment in leadership and staff

a. Leadership Network is a forum for developing leaders

Second Line of Defence: Corporate Oversight

1. Corporate Modernisation Delivery Board (CMDB) oversees the alignment of programmes and projects to the Corporate Plan aims and review any gaps. This includes the oversight of the Foundational IT programme (FIT), Digital Customer programme and the Future Ways of Working programme

2. Executive Leadership Team (ELT) have oversight of the biannual staff survey and specifically the relevant indicator 'I have access to the equipment, systems & resources I need to do my job effectively' (2021: 71%, 2019: 57%, 2017: 55%)

3. Tech & Digital Board in place to review progress, identify interventions where strategic changes on IT are required, and produce a re-focused strategy that aligns the needs of services

4. 31Ten are providing consultancy around digital strategy.

5. Silversands have provided assurance around Microsoft 365.

6. The Audit & Standards Committee reviewed this risk in January 2021 and July 2019.

Third Line of Defence: Independent Assurance

1. Internal Audit:

\* 2021/22: MCM Housing Repairs Application (Reasonable Assurance)

\* 2020/21: Care System Replacement Project – Eclipse (Reasonable Assurance), Housing Management System Implementation (Partial Assurance), Cloud Computing (Reasonable Assurance), IT Access Management (Partial Assurance)

\* 2019/20: Mobile Device Management (Reasonable Assurance), Surveillance Cameras (Partial Assurance)

\* 2018/19: Digital First (Minimal Assurance), Housing Management System Replacement (Reasonable Assurance), Care management system re-procurement (Reasonable Assurance)

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Investment in 'end user' technology - Foundational IT Programme: Deployment, adoption and training of new information management tools (Microsoft365) to replace personal/shared drives & wave	Head of Strategy & Engagement	30	31/03/23	01/04/20	31/03/23
<p><b>Comments:</b> December '21 update: The planned rollout of Microsoft365 was adjusted in order to respond to the c-19 pandemic and the urgent need for remote working. As a result, deployment of MS Teams for communications and OneDrive was brought forward to mid - 2020 (for all Windows10 users). Subsequently, a new information architectural to replace shared drives and personal drives has been developed and 'full' MS Teams is currently being deployed. SharePoint online will be deployed from early 2022. Deployment of enhancements to the offer (e.g. Teams Recording &amp; MS Forms ) will continue to be deployed intermittently. The use of SharePoint online to replace the current intranet (The Wave) has been signed off and a phase one 'content migration' project has been initiated.</p>					
Investment in 'end user' technology - Foundational IT Programme: Strategic Telephony Review	Head of Strategy & Engagement	10	31/03/23	01/04/20	31/03/23
<p><b>Comments:</b> December '21 update: Currently in phase 1/4 - Migrating Centrex analogue phone system to 8x8 cloud telephony. The contract is due for signing before the end of year.</p>					
Investment in business applications: Social Care and Housing service projects to replace core systems of record and establish improved data management practices	Head of Strategy & Engagement	100	31/08/21	20/04/17	31/08/21
<p><b>Comments:</b> December '21 update: NPS Housing (now known as NEC Housing) went live on 19 July 2021. All staff were trained in the new system. We have recently undertaken a survey of staff to see how it is bedding in after 4 months of running and are looking at how improvements can be made to ensure the new system improves the service for staff and customers. Eclipse went live on 22 November 2021 and replaced CareFirst for social care. In both cases there will be substantial follow up activity as other modules/'add-ons' are brought online.</p>					
Investment in business applications: Strategic review of HR & Financial information systems	Chief Finance Officer	10	31/05/22	16/11/21	31/05/22
<p><b>Comments:</b> Dec-21: SOTICIM have been appointed to carry out an options appraisal to establish the next steps for the corporate systems strategy.</p>					

These options will lead to a decision about either upgrading or replacing the HR & Financial information systems to ensure the organisation has the systems required to enable us to deliver our plans. Core functionality, user friendly, maximise automation/integration, accessibility in line with statutory requirements, best value for money. Several workshops have taken place with key stakeholders.

Investment in digital transformation - Data Management/BI: Establishing a framework for Data Management via a Data Governance Framework Steering Group	Head of Strategy & Engagement	5	31/03/24	29/09/21	31/03/24
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**Comments:** December '21 update: Scope, membership and ToR of the Governance group agreed at the first two meeting.

Investment in digital transformation - Digital Customer: Contact Management - Onboarding additional services. Building basic CRM capability.	Head of Strategy & Engagement	10	31/03/24	01/11/21	31/03/24
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**Comments:** December '21 update: Contact the council has been migrated from Mendix and fully integrated with Contact Manager. BusOps, City Parks, Councillor enquiries and Travel & Transport have been onboarded.

Investment in digital transformation - Digital Customer: Website and MyAccount Implement a series of improvements to the MyAccount customer experience, including mobile experience. Rationalise online forms to align with 'Customer Hubs' and improve targeted contact. Implement website content strategy leading to improved customer experience, findability and MyAccount integration.	Head of Strategy & Engagement	10	31/03/24	01/11/21	31/03/24
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**Comments:** December '21 update: Future planning for Website and MyAccount has been agreed and a Digital Support Technician has been recruited

Investment in foundational technology: Foundational IT Programme: a series of ongoing improvements to the speed and reliability of the underlying corporate infrastructure.	Head of Strategy & Engagement	30	31/03/23	01/04/20	31/03/23
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**Comments:** December '21 update: Remote connectivity using 'Always On VPN' has now been stabilised. Additionally a project has been initiated to



refresh the end of life LAN network infrastructure to enable Portslade Hub and single sign-on network password reset has been enabled for all users.

Investment in leadership and staff: Establish a digital skills framework for BHCC and ensure the appropriate learning & development solutions are made available and communicated to all staff	HR Business Partner	5	31/03/23	17/11/21	31/03/23
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**Comments:** This is currently being scoped and we are utilising the Government Digital Skills Framework. We are identifying service champions to support this work.

Risk Code	Risk	Responsible Officer	Last Reviewed	Issue Type	Risk Treatment	Current Rating	Target Rating	Eff. of Control
SR32	<b>Challenges in ensuring robust &amp; effective health &amp; safety measures, leading to personal injury, prosecution, financial losses, or reputational damage</b>	Director of Human Resources & Organisational Development	17/11/21	Threat	Treat	Red L4 x 14	Amber L3 x 14	Revised: Adequate

#### Causes

Link to Corporate Plan 2020-23: Attributes 7. How will the plan be delivered. Actions to achieve A well run council.

To ensure that the council meets the requirements of law and controls the likelihood and impact of risks which have potential to cause harm to residents, visitors and stakeholders there must be robust oversight of arrangements in delivering services and procuring goods to meet health and safety (H&S) legislation and other regulatory requirements. This includes responding to the global COVID-19 pandemic to ensure the safety and health of our staff and residents of the City. This is challenged by reducing resources, increasing demands and changes to our operating environment, and increased focus by regulators.

#### Potential Consequence(s)

- \* Actual and potential harm
- \* Ability to respond to COVID-19 involves new skills and increased pace of response
- \* Custodial sentences for duty holders
- \* Fines and litigation
- \* Resources not well directed with implications for efficiency
- \* Decisions made are challenged
- \* Increased costs of rectifying mistakes
- \* Financial stability of organisation compromised
- \* Reputational damage.

#### Existing Controls

First Line of Defence: Management Controls

1. Health & Safety (H&S) policy which sets out roles, responsibilities and arrangements
2. Access to competent advice (Health & Safety team) including technical fire safety and lead investigation of all health & safety incidents
3. Safety management framework - Team Safety. Link to HR processes e.g. working time directive returns which triggers risk assessment for the individual
4. Deployment of H&S expertise to support high priorities identified e.g. COVID-19 response; staff support to Housing and City Environment Management (CEM)
5. H&S Training core programme (online learning and face to face where essential)
6. Fire Risk Assessments (FRAs) in place on council buildings with a programme of review which is monitored by Head of Health and Safety and AD

## Property and Design

7. Wellbeing Steering Group coordinated by Health & Safety with membership including workforce reps identifies targeted support for staff through feedback and links to local and national campaigns
8. Housing Fire Health and Safety Board (Council, ESFRS) continue to oversee co-ordination of resources and manage actions through to completion. Ongoing monitoring of outcome of Grenfell Public Inquiry and any potential implications for the council relating to housing. The enforcing authority are supportive of the council's approach and have developed joint partnership working to assessing and managing fire risk.
9. The Assurance Group has been re-established and has oversight of the Health & Safety Strategic Action Plan. The response to Covid continues to impact on officers' capacity across the council and is delaying the progression of some of the activities outlined in the plan.
10. H&S Membership at Safety Advisory Group/Major Incident Support Team (MIST)

## Second Line of Defence - Corporate Oversight

1. COVID-19 Regular meetings: COVID-19 Recovery Working Groups covering specific aspects (e.g. PPE and Ways of Working); and Directorate Consultative Meetings with Unions (separate School Union meeting) take place regularly.
2. The Corporate H&S Committee is being reformed as the Corporate (H&S) Consultative Forum with new dates being planned from November 2021.
3. Corporate H&S Team assess assurance levels for general H&S based on H&S Checklists linked to Team Safety plans. Assurance work ongoing in relation to quality checking school and council services COVID-19 risk assessments and arrangements.
4. H&S audit programme has been paused because of COVID-19 and will be re-assessed as part of the wider COVID-19 Secure assurance work and review of the H&S Strategic Action Plan. The new audit plan is underway with the first stage being undertaking corporate risk profiling. This is underway across all directorates and the findings will be used to inform prioritised and targeted audits.
5. Housing, Fire, Health & Safety Board meets regularly includes representation from East Sussex Fire & Rescue Service, the council's Health & Safety, Communications and Building Control Teams and housing managers
6. The Economy, Environment and Culture health & safety board oversees co-ordination of resources to manage risk and emerging safety issues
7. Community initiatives partnership, governance and escalation through Members existing governance structures
8. Ongoing assurance will be managed through the health and safety strategic action plan, in particular the corporate risk profiling is a key activity. Information obtained from the corporate risk profiling will be available for external parties undertaking inspections and quality assurance.
9. Reviewed at Audit & Standards Committee in January 2021 and September 2019.

## Third Line of Defence: Independent Assurance

1. Post Grenfell tragedy (June 2017) information required by Ministry of Housing Communities and Local Government (MHCLG) in relation to council owned blocks was provided. The Council provide data to MHCLG on private sector blocks visual inspections.
2. East Sussex Fire & Rescue Service (ESFRS) Regulatory Reform (Fire Safety) Order - ESFRS undertake citywide audits according to a prioritised programme which includes a range of council buildings. No inspections of council buildings have led to the need for enforcement action. All Council high rise buildings have been visited by ESFRS.
3. A Notice of Contravention issued by the HSE in response to their investigation into the fatality in a school Feb 2019 outlined necessary action. The

council have responded to the NOC and no further comment has been provided by the HSE.

4. HSE Control of Vibration unannounced inspection in City Parks in October 2017, linked to national focus on work related health. Areas for improvement identified which has led to development of an action plan with assigned leads and timescales for action. HSE responded to RIDDOR reports specifically on vibration in March 2018 visiting City Parks and City Clean. A request for an update on progress was responded to in October 2020.

5. After Inquest re. fatality of a council employee in 2018 the BHCC Coroner issued a Regulation 28: Report to Prevent Future Deaths in March 2019. Head of Health & Safety and Senior Lawyer prepared a letter in response to outline the activity of the council to address the issues raised within the Regulation 28 Report, and our plans to address the long-term corporate issues. This is managed through the Health & Safety Strategic Action Plan.

6. Royal Society for the Prevention of Accidents (RoSPA) undertook an independent audit of BHCC's health and safety framework and arrangements between 1-3rd and 10th December 2020. Final report issued from RoSPA February 2021. Key elements from the RoSPA report have been included in the strategic action plan.

7. Ofsted and CQC undertake statutory audits of schools, educational settings and care homes and care services.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Develop Wellbeing Strategy informed by the bi-annual 'Well Workforce Survey'.	Interim Head of Health and Safety	75	31/03/22	01/04/19	31/03/22
<p><b>Comments:</b> Jan-22: The Wellbeing Strategy is under review to ensure planned activities remain relevant and link to local and national priorities and campaigns. This includes ensuring appropriate resource is identified and in place to deliver this important work. The wellbeing action plan will continue to be overseen by the Our People Promise Board. Themes arising from the all Staff Survey will continue to feed into the action plan.</p>					
Housing Fire Safety Board plan and monitor the ongoing programme of sprinkler installations in the council's housing stock as approved by Housing Committee	Assistant Director Housing	50	31/03/22	01/04/16	31/03/22
<p><b>Comments:</b> Nov-21: Work with ESFRS on the Building Risk Review program, to promote engagement and data sharing around higher risk residential buildings with a view to agreeing a single point of contact. . Continue joint monitoring of statutory fire risk assessment and other duties and a risk based approach to investment and response to issues arising, including fire doors in council blocks. Ensure emerging Fire Health &amp; Safety Standards from central government post Grenfell are reviewed and implemented as required. In particular, concerning issues with fire doors. Continue to update Housing Cttee. Commission consultancy resource to review building safety guidance post Hackett Review and following publication of the Building Safety Bill. Commence Planned works programme to replace doors. Continued engagement with ESFRS , including</p>					

through Housing Fire Health & Safety Board.

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Re-assess Team requirements to deliver an effective H&S service to manage this risk (both core and COVID-19 risks)	Interim Head of Health and Safety	75	31/03/22	01/09/20	31/03/22
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**Comments:** Nov-21: Supporting the Covid response has moved towards the Future ways of working programme. Resourcing and capacity in the Health & Safety team are reduced with continuing interim arrangements in place. There are on-going challenges in recruiting candidates to vacancies in the team. The H&S Assurance group has approved the Directorate risk profiling approach. The data is now being gathered and service priorities and adjustments to service provision will be realigned as appropriate.

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## APPENDIX 2: A guide on the risk management process

including the questions Members might want to ask of Risk Owners in relation to Strategic Risks

- Risks are prioritised by assigning risk scores 1-5 to the likelihood (denoted by 'L') of the risk occurring, and the potential impact (denoted by 'I') if it should occur. These L and I scores are multiplied; the higher the result of  $L \times I$ , the greater the risk.  
e.g.  $L4 \times I4$  which denotes a Likelihood score of 4 (Likely) x Impact score of 4 (Major), which gives a total risk score of 16.

LIKELIHOOD	Almost certain (5)	5	10	15	20	25
	Likely (4)	4	8	12	16	20
	Possible (3)	3	6	9	12	15
	Unlikely (2)	2	4	6	8	10
	Almost impossible (1)	1	2	3	4	5
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
		IMPACT				

- A colour coded system, similar to the traffic light system, is used to distinguish risks that require intervention. Red risks are the highest (15-25), Amber risks are significant (8-14), Yellow risks are moderate (4-7), and then Green risks are lowest (1-3).
- The Strategic Risk Register (SRR) mostly includes Red and Amber risks. Each strategic risk has a unique identifying number and is prefixed by 'SR' representing that it is a strategic risk.
- Each risk is scored twice with an Initial 'Current' level of risk and a Revised 'Target' risk score:
  - The **Initial 'Current' Risk Score** reflects the Existing Controls already in place under the 'Three Lines of Defence' methodology. This represents good practice as it identifies the First Line – Management Controls; Second Line – Corporate Oversight; and Third Line – Independent Assurance and the currency and value of each control in managing the risk. Therefore the Initial Risk Score represents the 'as is/' 'now' position for the risk, taking account of existing controls.
  - The **Revised 'Target' Risk Score** focuses on the application of time and/or expenditure to further reduce the likelihood or impact of each risk. It assumes that any future Risk Actions, as detailed in risk registers, will have been delivered to timescale and will have the desired impact.
  - The Risk Owners are asked to consider the 4Ts of Risk Treatments – Treat, Tolerate, Terminate, Transfer. Risk actions should reduce the likelihood and/or impact – if neither are 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 specific 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 detailed risk information appended to each Report. In the Risk report, for each of the risk, the Risk Owner:

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

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

Effectiveness of controls should be reviewed based on the certainty of how the existing controls will mitigate the risk – adequate, uncertain, inadequate

3. (Future) Risk Actions then are detailed and allocated to individuals with progress percentages achieved against target dates, with commentary on the current position. This provides the **Revised 'Target' Risk Score** which assumes that all the risk actions have been successfully delivered.

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

Three areas of enquiry 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? Does the Committee feel reassured by existing controls?
2. Is the Committee reassured that each (future) Risk Action either reduces the impact or the likelihood of the risk? Are members reassured that risk actions are actually being delivered?
3. In respect of the Initial 'Current' and Revised 'Target' Risk Scores, does the Committee feel comfortable with Risk Owner's assessment? The Revised

'Target' Risk Score 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 officers at all levels. The opportunities to do this are:

Members to ELT leads:

- Any Member can approach an ELT lead with risks that they foresee.
- Any risk suggestion from Members will be reviewed by ELT and any actions taken will be reported back to the relevant Member(s).
- Each SR is discussed between Members and ELT leads at the regular meetings with Committee Chairs.

Officers to Line Manager, Directorate Management Team (DMT) or corporate risk management lead:

- All officers are expected to escalate risks and/or suggest mitigations to their line managers, in line with the Behaviour Framework. If officers feel they do not have appropriate access to their line managers, they may escalate the risk to the corporate programme manager responsible for risk management to seek advice.
- Risks may get discussed as part of staff meetings, PDPs/121s/ team and service meetings or part of projects or programmes. 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.
- The ELT lead within a directorate will discuss escalated risks with the DMT and will seek assistance as required. They have access to ELT and determine the way forward in consultation with the corporate programme manager responsible for risk management.

DMT to ELT:

- The quarterly SR review at ELT includes a summary of Directorate Risks reviewed at DMTs.
- The ELT lead within a directorate will discuss escalated risks with the ELT and determine the way forward i.e. whether to amend the Strategic Risk Register.



<b>Subject:</b>	<b>Internal Audit Progress Report – Quarter 2 (1 July to 30 September 2021)</b>		
<b>Date of Meeting:</b>	<b>25 January 2022</b>		
<b>Report of:</b>	<b>Executive Director of Finance and Resources</b>		
<b>Contact Officer:</b>	<b>Mark Dallen (Audit Manager)</b>		
	<b>Name:</b>	<b>Russell Banks (Chief Internal Auditor)</b>	<b>Tel: 07795 336145 07824 362739</b>
	<b>Email:</b>	<a href="mailto:mark.dallen@brighton-hove.gov.uk">mark.dallen@brighton-hove.gov.uk</a> <a href="mailto:russell.banks@eastsussex.gov.uk">russell.banks@eastsussex.gov.uk</a>	
<b>Ward(s) affected:</b>	<b>All</b>		

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

- 1.1 The purpose of this report is to provide Members with an update on all internal audit and counter fraud activity completed during quarter 2 (2021/22), 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.

**2. RECOMMENDATIONS**

- 2.1 That the Committee note the report and consider any further action required in response to the issues raised.

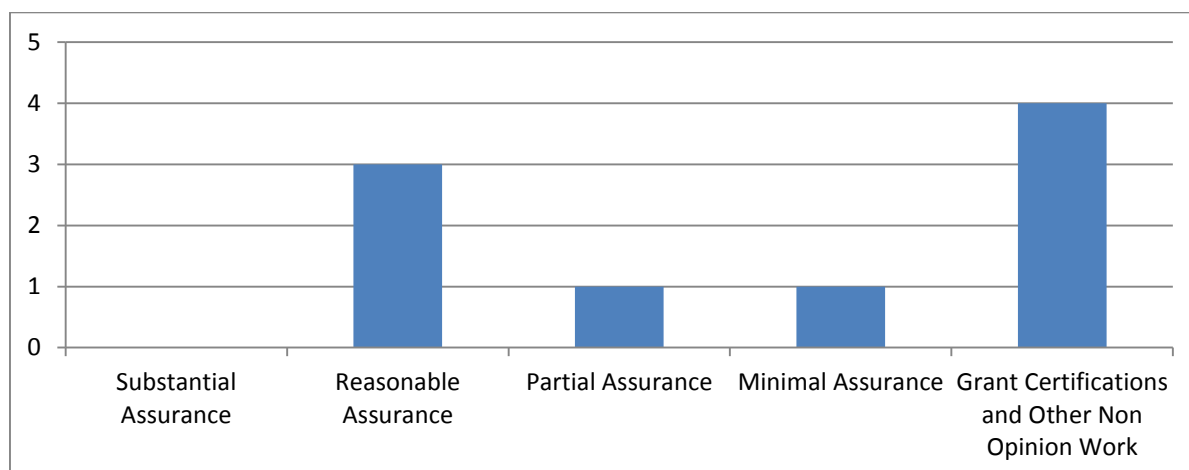
**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2021/22 which was approved by the Audit and Standards Committee on 9 March 2021.
- 3.2 This report provides an update on progress against that plan and includes a narrative summary of all audits that have been finalised in the quarter as well as details of counter fraud activity delivered during the period.

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

- 4.1 Full details of both the audit and non-audit work delivered during quarter 2 are detailed in Appendix 1, together with our progress against our performance targets.
- 4.2 The opinions given are summarised in the chart below. There was one minimal assurance, one partial assurance three reasonable assurance reports that were

finalised in the quarter. In addition there were four grant certifications which have been included under the category “Grant Certifications and Non Opinion work”.



4.3 Appendix 1 also provides details on the tracking of high priority actions.

## 5. COMMUNITY ENGAGEMENT AND CONSULTATION

5.1 None.

## 6. CONCLUSION

6.1 The Committee is asked to note the report.

## 7. FINANCIAL IMPLICATIONS

7.1 It is expected that the revised Internal Audit and Corporate Fraud Plan 2021/22 will be delivered within existing budgetary resources. Progress against the plan and action taken in line with actions support the robustness and resilience of the council’s practices and procedures in support of the council’s overall financial position.

*Finance Officer Consulted: Name James Hengeveld Date: 23/12/21*

## 8. LEGAL IMPLICATIONS

8.1 The Accounts and Audit Regulations 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards. This function is delegated to the Council’s Audit and Standards Committee, which reviews the level of work planned and completed by internal audit.

*Lawyer Consulted: Victoria Simpson Date: 16/12/21*

## 9. EQUALITIES IMPLICATIONS

9.1 There are no direct equalities implications.

## **10. SUSTAINABILITY IMPLICATIONS**

10.1 There are no direct sustainability implications.

## **11. SOCIAL VALUE AND PROCUREMENT IMPLICATIONS**

11.1 There are no direct social value and procurement implications.

## **12. OTHER IMPLICATIONS**

12.1 None.

### **SUPPORTING DOCUMENTATION**

#### **Appendices:**

A. Internal Audit Progress Report Quarter 2 - 2021/22.

#### **Background Documents:**

1. Internal Audit Strategy and Annual Audit Plan 2021/22.



# Internal Audit and Counter Fraud Quarter 2 Progress Report 2021/22

## CONTENTS

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

## 1. Summary of Completed Audits

### Procurement Compliance (Phase 1) – Minimal Assurance

- 1.1 The purpose of this audit was to obtain assurance that where suppliers have been paid more than £75,000, Contract Standing Orders (CSOs) have been complied with and value for money has been demonstrated.
- 1.2 Our review used data analytics and revealed a high number of instances where there has been supplier expenditure above £75k but where there was no match to the Contracts Register. The initial scope for this audit had not anticipated this, or therefore the extent of Internal Audit resources required to investigate the individual procurements and their compliance with CSO's. As a result, we have split our work into phases, with this phase one review, focusing on the quality of data captured on the Contracts Register. Additional internal audit resources have been set aside to deliver a second phase of work, seeking to provide assurance over whether there has been appropriate compliance with CSO's in relation to competitive tendering arrangements. This audit is progressing and will be reported on in future updates.
- 1.3 This initial review examined data for a 12 month period ending 30/11/2020 and just focused on suppliers with expenditure of more than £75k. This period coincided with the start of the Council response to COVID-19 and includes emergency procurement decisions.
- 1.4 Our review found that data held in the corporate Contracts Register is incomplete and omits contract arrangements with a significant number of contractors. This is a breach of Contract Standing Order 17 (Contracts Register and Records). The absence of this information significantly hampers the ability of the corporate centre and individual directorates to plan and monitor procurements so that they deliver value for money. It also means that the Council is unable to comply with the Public Contracts Regulations 2015 transparency requirement to publish contract information on the Council website.
- 1.5 Our review identified that 43% of suppliers where we had purchased goods, works or services above £75k could not be matched to the Contracts Register. Officers had raised purchase orders to the value of £42.6m with these suppliers in the twelve-month period examined.
- 1.6 Our follow-up enquires with contract officers identified that in some cases the absence of the information indicated that tendering had not taken place in accordance with Contract Standing Orders. However, in most cases officers explained that a process had taken place, but the information had not been added to the Contracts Register. We are therefore, at this stage unable to provide assurance in this area until such time as we have completed the second phase of our review, focussing on the details of individual procurements.

- 1.7 We found that many of the contracts let under emergency powers, through Gold Command arrangements, to provide goods and services related to the COVID -19 pandemic, are not on the Contracts Register. This accounted for 30 of the suppliers that we had not been able to match to the Contracts Register. Waivers were not approved retrospectively to provide a central record of these procurements. There is likely to be public interest and scrutiny on these purchasing decisions and reporting of them would be expected.
- 1.8 We also identified a significant number of cases where the procurement had gone through procurement system, but where no contract had been created and was not recorded on the Contracts Register. In most of these cases, the procurement process had been run by officers within a service who may not have been aware of this final important step. In some cases, contracts with suppliers where a waiver had been approved were also not included on the Contracts Register. Similarly, procurements which are run in partnership with other public bodies are not always being included on the Contracts Register.
- 1.9 Our analysis also found examples of non-compliance with CSO's where officers were using expired contracts, often described by officers as spot purchasing or working on a purchase order basis. In addition, there was feedback that the contract was often judged to be the value of an individual purchase order rather than reviewing their overall spend with a contractor.
- 1.10 Finally, many examples were identified through our work of where the expenditure against contracts appeared to exceed the recorded contract value. The absence of a complete and up to date Contracts Register significantly reduces the opportunity for corporate or directorate oversight of this risk.
- 1.11 There is a module in the Civica Financials system to help officers monitor expenditure against a contract, but this is rarely used. It is understood that the module does not work effectively when there are multiple contracts with the same supplier. Officers are expected to monitor expenditure against contracts but in most cases, there is no link between purchase orders raised on Civica Financials and individual contracts. The absence of this audit trail makes it much more difficult for the Council to scrutinise contract spend. There is also currently no control in the Council's accounts payable system to prevent high value payments to contractors, where a contract is not in place.
- 1.12 A total of seven actions were agreed to address the risks identified by this audit. Four of these actions were high priority.
- 1.13 The actions agreed were to:
- Undertake additional monitoring and analysis of the spend recorded within the Council's Contract Register;

- Procurement guidance and training will be reviewed and updated to reflect the importance of completing the final steps to ensure that all contracts over £75k are published on the corporate Contract Register;
- A central register of Covid 19 emergency payments by contractor will be compiled;
- A review of Contract Standing Orders will take place to include additional financial controls that would provide more robust governance for officers undertaking procurement responsibilities. Additional dedicated support, for procurements up to a value of 187k will also be provided;
- The development and use of data analytics techniques will take place within the Procurement Team, to review CSO compliance and to communicate to ELT where this does not happen;
- Develop a joint project with Business Operations and Procurement to improve the procurement controls in current processes with the objective of enabling the linking of contracts to purchases in the Council's financial systems;
- All Procurement Officers to be reminded of the need to update the Contracts Register when variations are authorised.

1.14 In addition to the phase two work currently underway, a formal follow up review will be carried out to assess implementation of the above actions.

#### **Performance Review Compliance (PDPs and 1 to 1s) – Partial Assurance**

1.15 All Council employees are expected to have an annual Personal Development Plan (PDP) discussion with their line manager in June or July, and a Mid-Year Review (MYR) around December/January. In addition, 1-2-1s should be held every four to six weeks.

1.16 The purpose of these processes is to ensure that the Council has a motivated workforce who are focused on the delivery of corporate, directorate and service priorities and have their training and development needs identified and met. In addition (and particularly during Covid-19), these processes are designed to support the wellbeing of all staff.

1.17 This audit was included as an addition to the agreed audit plan as corporate performance information had identified a significant shortfall in compliance with these corporate processes e.g. only 47% of staff having had either a PDP or MYR recorded on the PIER Human Resources system within the period March to September 2020.

1.18 The purpose of the audit was to provide assurance that controls are in place to ensure:

- Appropriate training and guidance is in place to ensure that managers are aware of their performance management responsibilities and the corporate targets for PDP/MYR and 1-2-1 completion;



- All staff are subject to regular management and supervision in accordance with Council guidelines; review meetings are recorded on the PIER system and adequate records are retained by the line manager;
- Corporate data on compliance with performance review targets is accurate. There is a robust process in place for monitoring, interpreting and reporting data in relation to performance management.

1.19 We were only been able to provide Partial Assurance over the controls operating within the area under review because we found that record-keeping on PIER of staff receiving a PDP/MYR or regular 1-2-1 meetings with their line manager needs significant improvement. Our own analysis confirmed that a significant proportion of staff have not had a PDP/MYR and/or a 1-2-1 recorded in line with corporate targets. Some services performed markedly worse than others.

1.20 Our review sought to determine the reasons for non-compliance with corporate targets. This found that in many cases either some or all of the review meetings had taken place, but they had not recorded them on the PIER system. When asked about the barriers in general to keeping up to date with this task, a significant proportion of managers contacted cited time pressures/other priorities.

1.21 Our testing also found that compliance reports do not accurately reflect local arrangements that have been agreed in some service areas, with some managers using an alternative form and some having no record of the meetings at all.

1.22 The actions agreed with management to address these findings were:

- Human Resources will ensure that all Directorate Management Teams agree mechanisms they will use to assure themselves of the recording of PDPs and 1-2-1s;
- Monitoring of PDP and 1-2-1 completions will be undertaken by individual Directorates and will be periodically reviewed by Human Resources;
- New monitoring and reporting processes for each Directorate will be introduced to accurately reflect the use of local arrangements for performance reviews;
- All managers and team leaders will be reminded that the appropriate templates should be used for PDPs and MYRs, and that adequate records of 1-2-1 meetings need to be retained.

### **Highways Contract Management (Follow-up) – Reasonable Assurance**

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

- 1.24 The Highway Inspection team make decisions on all reported defects and whether these should be passed for repair. Repairs are carried out through a framework contract worth approximately £1million per annum.
- 1.25 The previous audit report, from July 2020, gave a Partial Assurance opinion. The objective of this audit was to follow up on those previously agreed actions to provide assurance that they are being implemented and effective control arrangements are now in place.
- 1.26 This follow up audit concluded Reasonable Assurance and found that most of the actions from the previous audit report had been implemented.
- 1.27 The introduction of handheld devices, and photographic evidence from the contractor, has improved the quality of evidence around responsive repairs and other improvements have been made around the timeliness of obtaining traffic control permits.
- 1.28 The existing performance targets are still not always being achieved. However, 2020 was a challenging year due to the pandemic and restrictions over safe working, along with the service needing to implement a paperless system for setting up works orders which took longer than expected to fully develop. The audit found that there was an improving trend in the main performance indicator associated with the time taken for the contractor to fix highways defects.
- 1.29 An action was agreed with management to continue to improve service performance through the embedding of the paperless (works ordering system) and continued improvements in contract management.

### **MCM Housing Repairs Application – Reasonable Assurance**

- 1.30 The Housing & New Homes Committee in September 2018, and the Policy, Resources & Growth Committee in October 2018, approved the recommendation to bring the responsive repairs and empty property refurbishments service inhouse from April 2020. The annual value of the work is thought to be approximately £8m.
- 1.31 To enable a smooth transition to an in-house service, the Council opted to use the Mears MCM works management system for a period of two years.
- 1.32 The purpose of this audit was to provide assurance that controls are in place to meet the following objectives:
- System access is restricted to appropriately authorised individuals and the permissions provided to those users are in line with job functions;
  - Data processed through interfaces is authorised, accurate, complete, securely processed and written to the appropriate file;

- Outputs produced by the system are complete, accurate, reliable, distributed on time and with confidentiality where appropriate;
- System updates and enhancements are performed in a consistent manner and subject to sufficient testing and authorisation before implementation;
- Appropriate support arrangements are in place to manage changes within the system.

1.33 We were able to provide an opinion of Reasonable Assurance for the following reasons:

- Controls are in place to ensure system access is provided only to appropriate authorised individuals and that all new user applications are appropriately authorised and user permission levels are monitored;
- Changes to data validation criteria within the system receive appropriate authorisation;
- There are suitable controls over the interfaces between the system and the Council's housing management system;
- There is a robust control process in place for managing system updates;
- When changes to the system are made, support is provided to users. There are scheduled system 'downtimes' as detailed within the contract. However, BHCC confirmed that users are not informed of these scheduled 'downtimes';
- Audit logs are not being reviewed on a regular basis to detect any inappropriate or suspicious activity.

1.34 Actions were agreed to manage the two low priority findings identified during the audit.

### **DWP/Searchlight System Security Compliance – Reasonable Assurance**

1.35 In February 2021, the Department of Works and Pensions (DWP) wrote to all chief finance officers (S151 Officers) and Senior Responsible Officers for Security (as defined by the DWP) requesting support in addressing an upward national trend in the number of suspected data breaches, involving the inappropriate access by local authority staff to DWP and HMRC personal customer data held within the DWP's Searchlight System.

1.36 The data held within Searchlight enables staff within the Adult Social Care, Revenues and Benefits and Blue Badge teams to access service user's confidential benefit information held by the DWP. There are approximately 48 staff with access to the data, along with nine members of staff with administrator rights to enable the adding/removing of staff from the system.

1.37 This review was an addition to the agreed Internal Audit Plan for 2021/22, in response to the above-mentioned letter from the DWP, in order to provide assurance over the level of compliance with the expectations contained within the letter.

1.38 Based on the work carried out, we have been able to provide an overall opinion of Reasonable Assurance because:

- Training undertaken by staff to embed sound data security principles within departments and as part of organisational GDPR training, helps to ensure staff are aware of the seriousness and potential consequences of a data breach incident;
- 'Management checks' for which the user is required to provide evidence of a genuine business reason to access the record are undertaken, which helps to embed the message that staff must only access the system for a legitimate purpose.

1.39 However, some areas were identified where the Authority is not completely complying with the expectations of the DWP and these include:

- Putting in place arrangements for meeting the DWP deadline of 20th April 2022 for all staff being subject to Baseline Personnel Security Standard checks;
- Ceasing the practice of utilising service user records for training purposes, which is not a legitimate business purpose;
- Establishing arrangements for ensuring that all department utilise communications from the DWP to reiterate the data security message for staff.

1.40 In all cases, the necessary improvement actions were agreed with management to address the findings from our review.

### **Welfare Discretionary Funding - Reasonable Assurance**

1.41 To help mitigate the financial impact of Covid 19 on vulnerable groups, central government provided additional welfare funding for the Council to administer and pay out to its residents, some of which was added to existing local discretionary schemes. The funds administered in 2020/21 were the Local Discretionary Social Fund, Discretionary Housing Payments, Covid 19 Emergency Assistance Grant and Covid 19 Winter Grant Scheme, with total funding of £5.1m.

1.42 The purpose of this audit was to provide assurance that:

- Policies, procedures and statutory guidelines are in place to support the administration of the Discretionary Welfare Payments;
- Claims are assessed and payments calculated in accordance with regulations;
- Claims are processed within required timescales with decisions appropriately recorded;
- The Discretionary Payment budgets are appropriately monitored and reported.

1.43 Our review concluded Reasonable Assurance and found that the majority of the expected key controls were in place.

1.44 Procedures for awarding Local Discretionary Social Funds have been in place since 2013 and the majority of claimants applied through an externally hosted online application system, that records the evidence provided and decisions made, to ensure consistency and transparency. Our

sample testing confirmed that the recipients of this funding were persons in genuine financial need.

- 1.45 The biggest area of funding was used to fund a council tax reduction during 2020/21. This was an automated process which identified qualifying claims and applied a standard £150 reduction to relevant accounts. Our sample testing confirmed that the grant was used to fund the council tax reductions for only those account holders that were entitled.
- 1.46 The Covid Winter Grant funding was distributed through a range of organisations that the Council was already funding. As part of the audit we contacted a small sample of recipient organisations who confirmed that they had spent the funding in accordance with the intended purposes.
- 1.47 Our sample testing also provided evidence that payments were made within a reasonable timescale to help reduce unnecessary hardship.
- 1.48 We found good evidence of monitoring and reporting of the use of the funding and that it was distributed as intended.
- 1.49 The audit identified a small number of areas for improvement, including the need for a physical reconciliation of the food vouchers issued to some clients. A decision was also outstanding regarding the use of unspent (physical vouchers) totalling approximately £2,000 that were been stored but not used (Emergency Assistance Grant for Food and Essential Supplies).

#### Transport Capital Grants (2020/21)

- 1.50 There is an annual requirement for internal audit to check and certify capital related expenditure funded by the Department for Transport. The amounts certified for 2020/21 are detailed in the table below:

Grant Stream	Amount
Integrated Transport Block	£3,059,000
Highways Maintenance Block needs element	£2,110,000
Highways Maintenance Block incentive element	£440,000
Pothole and Challenge Fund	£1,372,000
Highways Maintenance Challenge Fund - Western Road Renewal	£18,459

- 1.51 No issues were identified during the grant certification processes.

### **Bus Subsidy Transport (Revenue) Grant**

- 1.52 During 2020/21, the Department for Transport paid a local authorities a grant to be used for the purposes of supporting bus services (including community transport services run under a section 19 permit), or for the provision of infrastructure supporting such services.
- 1.53 This Council's allocation for 2020/21 was £172,990 and through our checking and certification process, we have been able to confirm that this was all spent in accordance with the conditions of grant.

### **Additional Home to School Transport Grant (Tranche 5, 6 and 7)**

- 1.54 This grant was received from the Department for Education with the objective of boosting transport capacity for dedicated school and college services during the Autumn and Spring terms 2020/21, whilst social distancing measures were in place on public transport.
- 1.55 Three grants were audited and certified in Quarter 2 as follows:
- Tranche 5: £187,435;
  - Tranche 6: £71,578;
  - Tranche 7: £113,795.
- 1.56 No issues were identified in the grant certifications, with all funding utilised in accordance with the grant conditions.

### **EU Grant Solarise – Claim 6**

- 1.57 This is an EU Interreg project that requires grant certification at least once a year. The full title of the project is 'Solar Adoption Rise In the 2 Seas'. The total value of the project between 2018 and 2021 is approximately £525,000 (Grant expected £315,000). This was the sixth claim on this project.
- 1.58 No issues were identified in the grant certification.

## **2. Proactive Counter Fraud Work**

### **Counter Fraud Activities**

- 2.1 During quarter 2, three fraud awareness sessions have been delivered to Business Operations focussing on the risks to the Council of bank mandate fraud and cyber fraud. In addition, we have been working with Health and Adult Social Care to raise fraud awareness and develop fraud reporting procedures within the service.

- 2.3 The Counter Fraud Strategy for the Council has also been reviewed and will be presented to Audit and Standards Committee in April 2022. As part of this, the Fraud Risk Assessment has been updated to ensure that the current fraud threat for the Council has been considered and appropriate mitigating actions identified.
- 2.4 Internal Audit are continuing to liaise with the services to ensure that matches from the National Fraud Initiative are being reviewed and processed
- 2.5 Finally, the team continue to monitor intelligence alerts and share information with relevant services when appropriate.

### **Summary of Completed Investigations**

#### Housing Tenancy & Local Taxation

- 2.6 A key focus area our service remains housing tenancy fraud and Local Taxation. Whilst the pandemic has impacted on the team's ability to conduct interviews and visits in the past 18 months, we are now starting to progress cases. The first interview under caution since Covid-19 has been conducted and two housing properties have been returned to the Council's stock.

#### Non-Audit Work

- 2.7 One member of the Internal Audit and Counter Fraud Team has continued to support the Council's wider response to the pandemic through part time redeployment with the Ways of Working Recovery Group until 30 September 2021.

### **3. Action Tracking**

- 3.1 All high priority actions agreed with management as part of individual audit reviews are subject to action tracking. As at the end of quarter 2, 97% of high priority actions due had been implemented.
- 3.2 As at the end of September 2021, there was one high priority action which was overdue. This was an action in the HNC Directorate which has now been implemented.
- 3.3 There are a number of high priority actions which have had their implementation deadlines extended. If these revised deadlines are not met, these actions will be reported to the next meeting of the Audit & Standards Committee.

### **4. Amendments to the Audit Plan**

- 4.1 In accordance with proper professional practice, the Internal Audit plan for the year has been kept under regular review to ensure that the service continues to focus its resources in the

highest priority areas based on an assessment of risk. Through discussions with management, the following reviews were added to the original audit plan during the year.

Planned Audit	Rationale for Addition
Procurement Compliance - Phase 2	This audit is an extension of our Procurement Compliance (Phase 1) audit that is described earlier in this report. The purpose of the audit is to obtain assurance that quotations and tenders have been obtained in accordance with Contract Standing Orders for all procurements above £75k.
Children's Disability Agency Placements – Budget Pressures	In 2020/21 there was an unprecedented increase in the number of high cost placements in part to the Covid pandemic. This audit is therefore to ensure that budget setting and management of this service is robust and that the commissioning of services, and individual placements is subject to rigorous scrutiny and that placements are monitored on a regular basis to ensure that they remain relevant and appropriate to the needs of service users.
Property & Design - Corporate Landlord	This was an additional audit agreed by the Executive Director Economy, Environment and Culture and is focused on the management of legislative responsibilities (including gas, electric, legionella, fire and asbestos), as well as budget management and contracts.
Covid-19 Bus Service Support Grant (CBSSG)	This is an additional Covid related grant certification in respect of additional grant funding to support bus services.

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

- Track and Trace Grant;
- Public Health Prep Grant (HIV);
- EU Interreg Grant- SHINE.



## 5. Internal Audit Performance

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

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	<b>G</b>	Approved by Audit & Standards Committee on 9 March 2021.
	Annual Audit Report and Opinion	By end July	<b>G</b>	2020/21 Annual Report and Opinion approved by Audit Committee on 29 June 2021
	Customer Satisfaction Levels	90% satisfied	<b>G</b>	100%
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	90%	<b>G</b>	46.9% at year mid-point
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	<b>G</b>	January 2018 – External assessment by the South West Audit Partnership gave an opinion of ‘Generally Conforms’ – the highest of three possible rankings  July 2021 - Internal Self-Assessment completed, no major areas of non-compliance with PSIAS identified.
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	<b>G</b>	No evidence of non-compliance identified
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high priority agreed actions	<b>G</b>	97.8% for high priority agreed actions

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Our staff	Professionally Qualified/Accredited (Includes part-qualified staff and those undertaking professional training)	80%	<b>G</b>	91%

## Audit Opinions and Definitions

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



# Brighton & Hove City Council

## Audit & Standards Committee

## Agenda Item 39

**Subject:** Re-procurement and Appointment of External Auditors

**Date of meeting:** 25 January 2022: Audit & Standards Committee  
3 February 2020: Full Council

**Report of:** Chief Finance Officer

**Contact Officer:** Name: Nigel Manvell  
Tel: 01273 293104  
Email: [nigel.manvell@brighton-hove.gov.uk](mailto:nigel.manvell@brighton-hove.gov.uk)

**Ward(s) affected:** All

**For general release**

### **1 Purpose of the report and policy context**

- 1.1 The Local Audit and Accountability Act 2014 brought to a close the Audit Commission service and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England.
- 1.2 At its meeting on 10 January 2017, the Audit & Standards Committee considered a report outlining three options for the procurement of future audit arrangements, namely: to make a Direct Appointment, to make a Joint Appointment with another public sector body, or to opt-in to a national, sector-led scheme through Public Sector Audit Appointments Ltd, a special purpose company of the Local Government Association (LGA). The Audit & Standards Committee approved the preferred option of opt-in to the sector-led body and recommended this course of action to Full Council on 26 January 2017.
- 1.3 This was approved and the Council formally opted-in to the tender process leading to the appointment of the external auditor on a five-year term. The initial five-year term concludes with the audit of accounts for the financial year 2022/23 and therefore it is necessary to put in place arrangements to run the procurement and appointment process for the 2023/24 audit with appointments being made on or before 1 April 2023.

### **2 Recommendations**

#### **That Audit & Standards Committee:**

- 2.1 Notes the requirements relating to the appointment of an External Auditor to the Council for the 2023/24 audit.
- 2.2 Notes the letter of invitation from PSAA for the Council to opt-in to the national scheme for auditor appointments (Appendix 1).

- 2.3 Recommends that Council formally agree to opt-in to the national scheme and adopt PSAA as the appointing person for the Council for the appointment of auditors for the period 2023/24 to 2027/28.
- 2.4 Recommends that the Council delegates to the council's Chief Finance Officer the authority to take all steps necessary or incidental to give effect to the decision in para 2.3 above.

**That Council:**

- 2.1 Formally approves the Council's opt-in to the national scheme and its adoption of PSAA as the appointing person for the Council for the appointment of auditors for the period 2023/24 to 2027/28; and
- 2.2 Delegates to the council's Chief Finance Officer the authority to take all steps necessary or incidental to give effect to the decision in para 2.1 above.

**3 Context and background information**

- 3.1 By virtue of section 7 of the Local Audit and Accountability Act 2014 (the Act), the Council is required to appoint an independent auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Such an appointment can be for more than one year but the maximum term of the appointment is five years. The current contract arrangements end with the audit of the 2022/23 financial statements and therefore the first financial year subject to a new contract will be the financial year 2023/24.
- 3.2 The Act and the Local Audit (Appointing Person) Regulations 2015 (the Regulations) enable authorities to choose to allow another body (specified by the Secretary of State) to make the auditor appointment to the authority. If the Council elects to use (i.e., opt-in to) a specified body to make its local auditor appointment, the authority must, within 28 days of being notified of the appointment, publish a notice containing specified details of the appointment.
- 3.3 Working with government, the Local Government Association (LGA) has managed this process through creation of its Public Sector Audit Appointments Ltd (PSAA) company, a not for profit organisation set up to manage the current appointment arrangements, which saw audit arrangements transition from the outgoing Audit Commission in 2017. PSAA now manage the vast majority of audit contracts in England for both the NHS and Local Government.
- 3.4 In considering the appointment options back in 2017, three options were available and the advantages and disadvantages of each were considered by the Committee. The options included Direct Appointment, Joint Appointment with another public sector body, or opt-in to the national, sector-led scheme through Public Sector Audit Appointments Ltd. To recap, the advantages and disadvantages of the recommended option (i.e., to opt-in to the national scheme) were and remain as follows:

**Advantages/Benefits of Opt-in to the Sector-led Appointment**

- 3.5 The significant costs of setting up the appointment arrangements, drawing up the detailed specification (which has now changed substantially) and

negotiating fees is shared across all opt-in authorities. 98% of all authorities (well over 300) opted-in last time around.

- 3.6 By offering large, nationwide contract values, the audit firms are able to offer better rates and lower fees than would be likely to result from local, direct or joint appointment.
- 3.7 Any conflicts at individual authorities would be managed by the sector-led body who would have a number of contracted firms to call upon to undertake independent reviews or remedies.
- 3.8 The appointment process would be led by a specialist, dedicated body set up to act in the collective interests of the 'opt-in' authorities.

### **Disadvantages/Risks of Opt-in to the Sector-led Appointment**

- 3.9 Individual elected members will have less opportunity for direct involvement in the appointment process other than through LGA and/or stakeholder representative groups.
- 3.10 In order for the sector-led body to be visible and to be placed in the strongest possible negotiating position, the sector-led body will need councils and other authorities to indicate their intention to opt-in before final contract prices are known.

### **Changes to the Appointment Process**

- 3.11 Since the last appointment process there have been two main changes to the Appointing Person Regulations laid before Parliament on 21 October 2021. The first is that PSAA must notify local authorities of their individual Scale Fees by 30 November each year preceding the year of audit; previously this was much later on 31 March.
- 3.12 Secondly, the regulations give PSAA much greater control over fee variations. Previously, any new or changed financial reporting or audit standards that resulted in additional testing by the auditor could be charged for by the auditor outside of the national contract arrangements. This often led to high additional charges, unregulated by PSAA and with limited oversight. The new regulations allow PSAA to negotiate fee variations for changes in requirements affecting the whole sector. This should result in much lower price variations.

### **Improving the Quality of Local Government Audit**

- 3.13 There has been some negative press in recent years regarding the quality of Local Government audits by external audit firms. In 2018/19 approximately 57% of audits were completed by the statutory publication date but this reduced to 45% in 2019/20 and just 9% in 2020/21. The pandemic has almost certainly affected performance in the latter years, however, locally the experience has been more positive as follows:
  - The accounts were completed and certified by the publication date in 2018/19 (31 July).
  - Despite the pandemic, in both 2019/20 and 2020/21 the Statement of Accounts were also considered by the Audit & Standards Committee prior

to, and were published by, the statutory publication date (30 November and 30 September respectively). Although there were a small number of audit queries outstanding at the reporting and publication dates, these were resolved satisfactorily shortly after the publication dates and did not result in any material changes to the statement of accounts in either year.

- 3.14 In June 2019, Sir Tony Redmond was asked to undertake an independent review of the effectiveness of the new local audit arrangements and the transparency of local authority financial reporting. The guiding principles for the review were ones of accountability and transparency. The findings and outcome of the Redmond Review were reported to the Audit & Standards Committee on 12 January 2020. Some of the recommendations are still under consideration by the Government, however, one of the key findings was that the fee structure needed to be revised to reflect the true cost of audit to audit firms. The Government recognized this and provided £15 million nationally in 2021/22 (and ongoing) to support an improved quality of audit and cover changes to audit requirements and the new Value for Money (VFM) testing regime. BHCC has received £62,935 from this allocation which closely matches the auditor's fee variation of £65,000 for the 2020/21 audit.

#### **4 Analysis and consideration of alternative options**

- 4.1 A full analysis of the three appointment/procurement options is provided at Appendix 2. In such a highly regulated market where only the larger firms are likely to be able to meet the requirements of the appointment process and specification, having a sector-led body negotiating on behalf of all opted-in authorities provides a much greater opportunity to manage and influence the market and negotiate prices and standards.
- 4.2 Note, there is no 'in-house' option available as external auditors must be independent from the authority.

#### **5 Community engagement and consultation**

- 5.1 No specific consultation has been undertaken locally in relation to the appointment options, however, the LGA and PSAA Ltd have undertaken various surveys and consultations with local authorities and have shared the results of these with the Chairs of Audit & Standards Committees and Chief Finance Officers. These have generally focused on obtaining feedback and views from local authorities aimed at improving the appointment process, strengthening contract management and improving the quality of audits.
- 5.2 The likely value of the contracts is unknown but could be around £175,000 per annum (including rebates) or around £875,000 over the 5 years. This is below the Member Procurement Advisory Board (PAB) threshold of £1m. However, even had the value exceeded £1m, Audit & Standards Committee is considered to be a more appropriate body to consider the options as it has both a relationship with and understanding of the work of the external auditor, including receiving reports on the outcome of the annual audit process and approval of the Statement of Accounts. It also previously determined the appointment route in 2017.

#### **6 Conclusion**

- 6.1 The Local Audit and Accountability Act 2014 allows another body to make auditor appointments on behalf of local authorities if preferred. PSAA Ltd, an



LGA company, provides a sector-led procurement and appointment process that is expected to achieve considerably better value for money than a local appointment process and at considerably lower cost to the council. The appointment would be for 5 years for the period 2023/24 to 2027/28.

- 6.2 Given that 98% of authorities previously opted-in, which therefore provides substantial influence and negotiating power over the market to PSAA Ltd, the council is recommended to continue to opt-in to the national, sector-led appointment process.

## **7 Financial implications**

- 7.1 There is a risk that current external fee levels could increase significantly when the current contracts end in 2023. Remaining opted-in to the national collective scheme is expected to provide the best opportunity to secure value for money by ensuring fees are as competitive as possible through the large scale, collective procurement arrangement.
- 7.2 If the national collective scheme is not preferred, additional resources will be required to establish a Local Auditor Panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to predict with any accuracy what additional resources or costs may be incurred for a local procurement.

Finance officer consulted: James Hengeveld      Date consulted: 23/12/21

## **8 Legal implications**

- 8.1 Section 7 of the Local Audit and Accountability Act 2014 requires every council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the year before the financial year which will be audited. Section 8 governs the procedure for appointment, including by providing that the Council must consult and take account of the advice of an Auditor Panel on the selection and appointment of a local auditor. Opting-in to the national collective appointment scheme in accordance with the recommendation of this report removes the necessity for a local Audit Panel.
- 8.2 If the Council fails to appoint a local auditor then the Secretary of State may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.
- 8.3 The recommendations in the report are proposed with a view to ensuring that the Council's duties to appoint an external auditor are met in the most efficient and cost effective manner, in compliance with the requirements of the Local Audit and Accountability Act 2014.
- 8.4 While Audit & Standards Committee's delegated functions mean that it is the most appropriate Council body to consider these proposals and make recommendations, the above Act requires that the appointment of a local auditor must not be delegated, but must instead be made by Full Council.

Lawyer consulted: Victoria Simpson      Date consulted: 11/01/22

## **9 Equalities implications**

- 9.1 There are no known equalities implications arising from this report.

## **10 Sustainability implications**

- 10.1 Sector-led procurement is both efficient and economical and is likely to result in the best use of resources compared to over 300 authorities all procuring separately. Although sustainability implications are likely to be modest, there will be some benefits accruing from the massively reduced number of contract documents (electronic or otherwise), meetings (virtual or otherwise), legal engagements and paperwork (electronic or otherwise) and so on.

## **11 Other Implications**

### **Social Value and Procurement Implications**

- 11.1 The organisation procuring the framework, PSAA, is responsible for ensuring the process is compliant with the Social Value Act. However, the provision of external audit to public authorities is so tightly regulated that the scope for achieving wider value may be somewhat restricted.
- 11.2 Although the procurement is likely to make awards to larger audit firms with the necessary accreditations, due to their scale many of these firms are able to support strong social value policies including:
- Many have charitable objectives alongside their core business, for example, pro bono commitments to helping develop measures of and accounting for public value creation;
  - In particular, many support significant opportunities for apprenticeships, internships and other vocational experience programmes;
  - With the advent of remote working, many are diversifying their staffing base which is becoming less London-centric;
  - By the same token, a significant number of people living in Brighton & Hove work for the large London-based audit and accountancy sector, which contributes to local prosperity and the local economy.

### **Crime & disorder implications:**

- 11.3 There are no known crime and disorder implications arising from this report.

### **Public health implications:**

- 11.4 There are no known Public Health implications arising from this report.

## **Supporting Documentation**

### **Appendices**

1. Invitation to Opt-in to the National Appointment Process
2. Analysis of appointment options

### **Background Documents**

1. Link to the report and decision by Full Council on 26 January 2017 to Opt-in to the National Scheme for Auditor Appointments. Please see agenda item 65: <https://present.brighton-hove.gov.uk/ieListDocuments.aspx?CId=117&MId=6131&Ver=4>

22 September 2021

To: Mr Raw, Chief Executive  
Brighton and Hove City Council

Copied to: Mr Manvell, S151 Officer  
Councillor Littman, Chair of Audit Committee or equivalent

Dear Mr Raw,

### **Invitation to opt into the national scheme for auditor appointments from April 2023**

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at [ap2@psaa.co.uk](mailto:ap2@psaa.co.uk). We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to [ap2@psaa.co.uk](mailto:ap2@psaa.co.uk), and we will respond to you.

Yours sincerely

Tony Crawley  
Chief Executive

Encl: Summary of the national scheme

## Why accepting the national scheme opt-in invitation is the best solution

### Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

### The national scheme for appointing local auditors

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

### What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in [the scheme prospectus](#).

## **Opting in**

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

## **Local Government Reorganisation**

We are aware that reorganisations in the local government areas of Cumbria, Somerset, and North Yorkshire were announced in July 2021. Subject to parliamentary approval shadow elections will take place in May 2022 for the new Councils to become established from 1 April 2023. Newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations 2015. These Regulations also set out that a local government body that ceases to exist is automatically removed from the scheme.

If for any reason there is any uncertainty that reorganisations will take place or meet the current timetable, we would suggest that the current eligible bodies confirm their acceptance to opt in to avoid the requirement to have to make local arrangements should the reorganisation be delayed.

## **Next Steps**

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on [our website](#) and in [the scheme prospectus](#).





<b>ANALYSIS OF OPTIONS FOR THE APPOINTMENT OF EXTERNAL AUDITORS</b>			
<b>Options</b>	<b>Description of Option</b>	<b>Possible advantages</b>	<b>Possible disadvantages</b>
<b>Option i)</b> Direct Appointment	Procuring a stand-alone, direct appointment overseen by a specially set up independent Audit Panel of the authority. The members of the Panel would need to be wholly or a majority of independent members (i.e. not current or former members of the authority).	<ul style="list-style-type: none"> <li>• Full ownership of the process</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient scale to manage or influence the market due to lack of scale;</li> <li>• Unlikely to be able to procure at a best value, e.g. risk of limited provider choice in the authority location and/or loss of economy of scale;</li> <li>• Therefore, this option may not be able to demonstrate value for money compared with other available options;</li> <li>• The market is very highly regulated and few smaller firms will have the necessary accreditations;</li> <li>• The need (and cost) to appoint appropriately skilled and knowledgeable independent Audit Panel members and an independent panel chair;</li> <li>• Covering the cost of panel expenses;</li> <li>• Additional legal, financial, procurement, contract management and administrative costs as there is no capacity to undertake this currently.</li> </ul>
<b>Option ii)</b> Joint Appointment (Joint Auditor Panel)	Joining with other council/s to set up a joint independent Auditor Panel. This option could potentially spread the cost across a number of local authorities.	<ul style="list-style-type: none"> <li>• Procurement can still be a relatively tailored process;</li> <li>• There may be a greater opportunity for negotiating some economies of scale by being able to offer a larger, combined contract value;</li> <li>• Less administration than a sole Auditor Panel and the ability to share administration expenses;</li> <li>• May be easier to attract suitable panel members;</li> <li>• Some sharing of legal, financial, procurement, contract management and administrative costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Only 2% of authorities (less than 10) opted-out of the arrangements. This is highly likely to be repeated and therefore finding another council to work with is unlikely;</li> <li>• Less control over the process than Option i). However, this is a moot point as there would remain insufficient scale to manage or influence the market;</li> <li>• May not end up with first choice of auditor, compared to an individual Auditor Panel;</li> <li>• The need to agree appointment of members across multiple authorities and set up a joint decision-making process;</li> </ul>

			<ul style="list-style-type: none"> <li>• Unlikely to achieve competitive fees and may still not demonstrate value for money compared to other available options.</li> <li>• Although shared, there would still be additional legal, financial, procurement, contract management and administrative costs as there is no capacity to undertake this currently.</li> </ul>
<p><b>Option iii)</b> National Collective Appointment through Public Sector Audit Appointments Limited (PSAA)</p>	<p>A not-for-profit company established by the Local Government Association (LGA), PSAA Ltd, would appoint auditors and administer the audit contracts. PSAA have the support of the LGA, which has worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national procurement body. PSAA have established an advisory panel, drawn from representative groups of local government and police bodies, and undertaken surveys and consultation to gather councils' views on the design and operation of the forthcoming appointment scheme.</p> <p>PSAA have been specified by the Secretary of State (DLUHC) as the appointing person for principal local government bodies. This means that PSAA will make auditor appointments to principal local government bodies that choose to opt in to the national appointment arrangements.</p>	<ul style="list-style-type: none"> <li>• Opting-in to the national arrangement will help to ensure there is a competitive public audit market for the benefit of the whole sector;</li> <li>• By offering large contract values providers should be able to offer better rates and lower fees than are likely to result from local direct or joint negotiation;</li> <li>• The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities (i.e. will be nominal only);</li> <li>• The appointment process will be set up to act in the collective interests of all 'opt-in' authorities. This avoids the necessity for the Council to establish an Auditor Panel (or Joint Auditor Panel) or to undertake an auditor procurement (or joint procurement) avoiding higher legal, financial, administrative and procurement costs;</li> <li>• As a sector-led body, PSAA can have greater influence over the market which is supplier dominated;</li> <li>• Any conflicts at individual authorities can be more easily managed by the PSAA who would have a number of contracted firms to call upon avoiding higher local contract management costs and administration;</li> <li>• A scale of fees will be negotiated which will be able to reflect the organisational size, complexity and audit risk of opting-in authorities;</li> <li>• Distribution of surpluses to participating bodies (these have averaged £10,000 per annum for BHCC);</li> <li>• Demonstrates value for money as the approach most likely to achieve the best price and quality combination.</li> </ul>	<ul style="list-style-type: none"> <li>• Local authorities will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups;</li> <li>• In order for the PSAA to be viable and to be placed in the strongest possible negotiating position, the PSAA will need councils to indicate their intention to opt-in before final contract prices are known.</li> </ul>

<b>Subject:</b>	<b>Annual Review of Standards-Related Matters, including Member Complaints</b>		
<b>Date of Meeting:</b>	<b>Audit &amp; Standards Committee: 25<sup>th</sup> January 2022 Council: 3<sup>rd</sup> February 2022</b>		
<b>Report of:</b>	<b>Monitoring Officer</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Victoria Simpson, Senior Lawyer – Corporate Law</b>	<b>Tel: 01273 294687</b>
	<b>Email:</b>	<b>Victoria.Simpson@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

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

- 1.1 To report on Standards-related matters, including by providing an annual review of the complaints that Members have breached the Code of Conduct for Members which were received in during 2021.

**2. RECOMMENDATIONS****Audit & Standards Committee:**

- 2.1 That the Members of the Committee which has delegated responsibility for oversight of member conduct note the contents of this Report and refer it to full Council for its consideration.

**Full Council:**

- 2.1 That full Council note the Report and direct such actions as it considers appropriate.

**3. CONTEXT**

- 3.1 Members will be aware that the Council is required by the Localism Act 2011 to have in place arrangements for dealing with complaints against elected and co-opted Members. In a context where local authorities have a good amount of discretion as to how those arrangements may look, this Council dedicates resource on regularly reviewing those arrangements, most recently by updating the Code of Conduct for Members, the Procedure for dealing with complaints and a key Guidance generated for Members to consider in July 2021.
- 3.2 Audit & Standards Committee has delegated authority for this area, including for leading in discharging the statutory requirement that the Council maintain and promote high standards of conduct by Members. That Committee receives quarterly reports on complaints and is appraised of the training and briefings which

are offered to Members. Nonetheless the number of complaints received in continues to rise, hence the recommendation that this Annual Review be referred to full Council, so that it may be considered by all elected Members of the Council.

#### **4. UPDATE ON CURRENT & RECENT COMPLAINTS**

##### **Complaints previously reported to Audit & Standards Committee**

- 4.1 **Complaint L 2021** has now been determined following an external investigation which concluded that there was insufficient evidence that the member had acted as alleged, and that in any case the member who was the subject of the complaint was not considered to be acting in that capacity at the relevant time. The Monitoring Officer consulted with the Independent Person and - having determined that there was no public interest in pursuing the matter further and given the parties the opportunity to make representations - decided to resolve this complaint informally, without referring it to a Panel. **Complaint M 2021** has also been referred for formal investigation by external investigators, who have prepared a draft Report which they have reviewed and updated having first circulated it to the parties for comment. An update will be given to Committee when available.
- 4.2 **Complaint V 2021** was referred to in the report of September 2021 as a multi layered complaint against three members at the same ward which alleged misconduct across the delivery of their functions. A significant volume of information was received in and when the complainant submitted significant further evidence alleging additional breaches by the same ward members, a decision was made to review that complaint (**V 2021 plus**) alongside the previous one. All the matters complained of were ultimately resolved by a decision to take no action at preliminary assessment stage. The detailed reasons given drew attention amongst to relevant provisions in the Guidance for Members on Correspondence.
- 4.3 **Complaint W 2021** was as previously reported a complaint about social media comments made by a member about council officers. As the complainant was an officer of the council, that complaint was determined via a separate process. However a complaint about the same social media post and its alleged lack of respect for officers was later received from a member of the public: **F1 2021**. That complaint is still at preliminary assessment stage and progress will be reported in due course.
- 4.4 **Complaints X, Y, Z, A1 and B1** were previously reported as having been made by the same complainant against different members on different grounds but in the context of the same overall topic. The complaints alleged failures to respond to communications (Y & B1), alleged issues with the content of responses which were provided (A1 & X) and a data protection issue (Z). All of the complaints have been resolved at preliminary assessment stage having been considered individually on their merits except for complaint X which will be the subject of a further update in due course.
- 4.5 **Complaint C1** concerned responses by two elected members to a social media post. A decision was made by the Monitoring Officer to take no action in relation to this complaint at preliminary assessment stage, having agreed with the Independent Person that progressing the complaint to formal investigation would not be both proportionate and necessary in the public interest given the nature of

the complaint and the conduct complained of. **Complaint D1** was made as a result of a member self-reporting in relation to comments published on their social media page by a third party. The decision was again made not to take any action at preliminary assessment stage, having been noted that the member concerned took prompt steps once they were alerted to the issue.

#### **New complaints received in since the last Update**

- 4.6 **Complaint E1** concerns a complaint made by one elected member about another's conduct and remains at preliminary assessment at time of writing.
- 4.7 **Complaint G1** concerned a comment made by an elected member at a council meeting about a third party. That was resolved by a decision to resolve the complaint informally, the member concerned having taken the opportunity to communicate directly to the complainant their intended meaning and to apologise for any lack of clarity.
- 4.8 A decision was made not to progress a complaint that a member had made defamatory comments after it has been assigned the complaint number **H1**. This decision was made by the Monitoring Officer when the complainant did not provide clarification or evidence when requested.
- 4.9 **Complaint I1** concerned allegations about a member's alleged activities in their ward which described in general terms. Although the complaint was not substantiated or clarified following a request, late communications have been received from the complainant and as a result this complaint remains at preliminary assessment stage.
- 4.10 Three recent (unconnected) complaints are awaiting initial consideration at preliminary assessment stage by one of the council's Independent Persons. **Complaint J1** concerns a member's alleged conduct when attending an external event, while **K1** concerns a different member's comments on social media, allegedly about a complainant who previously made an unsuccessful complaint to the Ombudsman. **Complaint L1** alleges a failure to respond to constituent emails.
- 4.11 **Complaints M1** and **N1** relate to the same conduct by a member on social media in conversation with another individual and a decision was made to deal with them together. Those remain at preliminary assessment stage. **Complaint O1** relates to comments made about Council officers by a member and their conduct generally and also remains at preliminary assessment stage. **Complaint P1** has been received in very recently, and also alleges breaches of the Code when dealing with stakeholders on social media. It too remains at preliminary assessment stage.

#### **5. MEMBER COMPLAINTS – ANNUAL REVIEW**

- 5.1 The data and observations provided in [Appendix 1](#) provide information on the upward trend both in terms of the volume of complaints made about elected members and their complexity. They also provide a brief outline of the steps which have been taken thus far to mitigate the situation.
- 5.2 The increase in complaints during this last year and the one before may well be linked to the additional pressures experienced during the pandemic and the

challenges specific to the changing ways in which Council members communicate with their stakeholders, many of which have themselves been under significant pressure. Either way, the increase in complaints is notable. It moreover generates a resource burden which is unhelpful in the context of ongoing pressures, not least because it diverts focus and uses up time which all concerned could invest more productively.

- 5.3 As well as diverting member and officer time, the upward trend also impacts on the Council's two Independent Persons with whom the Monitoring Officer is required to consult at key stages in the process. The Independent Persons' input is very much valued, for (as well as being a legal requirement) it provides the opportunity for a fresh perspective from someone from outside the Council. The fact that both of the Council's current Independent Persons are experienced professionals with working lives outside of the Council enhances the input they provide. It also means that they have other commitments.
- 5.4 Members will be aware that - since the passing of the Localism Act 2010 – Standards Committees have no power to suspend a Member and may only censure a Member or take measures such as recommending training or other steps which the subject Member is free to accept or reject. Notwithstanding this, local authorities are nonetheless obliged to have in place arrangements for dealing with complaints against elected members.
- 5.5 Members will know that only rarely do member complaints culminate in a full Panel hearing and that resolving matters at an early stage where possible - even where there is an arguable breach – can often be the best way of moving forward in a context where options are limited. While the Monitoring Officer has discretion to resolve complaints informally at any point in the process (having first consulted with one of the Independent Persons), the process of doing so is resource-intensive. This is because it involves liaising with all parties (with communication between the complainant, the subject member and other stakeholders, as well as the Independent Person and the Monitoring Officer), while ensuring the process is visibly fair to all stakeholders. Under the revised arrangements, informal resolution must be actively explored at each juncture in the process. While this approach is considered to be appropriate, it is time-intensive.
- 5.6 A further factor is Members' willingness to co-operate with the process, which can vary significantly. Where a Member is unresponsive or fails to engage this causes unnecessary and avoidable delay, whether or not there is a formal investigation.
- 5.7 Members from all of the Party Groups as well as Independent Members have been the subject of complaints. It is therefore recommended that this Report be put to full Council so it may note the data and observations provided at [Appendix 1](#) as well as the steps which have already been taken in the key areas of communication and training, with a view to considering best steps of addressing the trend.

## **6. MEMBER TRAINING**

- 6.1 An update in training being offered to Members is also listed in [Appendix 1](#).

## **7 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

7.1 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. Those arrangements in place have recently been subject to a root and branch review and – in a context where a programme of training has been put in place – there no additional steps which are considered to offer a solution.

## **8. COMMUNITY ENGAGEMENT & CONSULTATION**

8.1 Reviews of the Council's Standards arrangements have been carried out by its elected Members assisted by officers and the Council's Independent Persons, whose familiarity with process in this area has been helpful. The local community has not as yet been consulted or provided input. This is an option for future reviews.

## **9. CONCLUSION**

9.1 Members are asked to note the contents of this Report, which aims to assist the Council in discharging its responsibilities for overseeing that high standards of conduct are maintained in a way which is compliant with local requirements.

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

Financial Implications:

10.1 There are no additional financial implications arising from the recommendations in this report. All activity referred to has been, or will be, met from existing budgets.

Finance Officer Consulted: Nigel Manvell

Date: 23/12/21

Legal Implications:

10.2 These are covered in the body of the Report.

Lawyer Consulted: Victoria Simpson

Date: 16/12/21

Equalities Implications:

10.3 There are no equalities implications arising from this Report, which concerns arrangements which have been developed with the need to ensure the Council and its members discharge their responsibilities with appropriate regard for equalities considerations.

Sustainability Implications:

10.4 No sustainability implications have been identified

Other implications:

10.5 No significant other implications have been identified as arising from this Report

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

Appendix 1 – key data on complaints received in during 2021

### **Background Documents:**

None



## Appendix 1

### A: Key data re complaints received between 1/1/21 and 31/12/21

Note on methodology: where more than one complaint is received from different people about the same allegation of member conduct, each of those complaints are counted individually. Similarly where one complaint is made but alleging misconduct about two or more members, then each complaint about each member is counted individually.

**Table 1 – number of complaints**

<b>Complaints against members made in 2019</b>	<b>Complaints against members made in 2020</b>	<b>Complaints against members made up to 31.12.21</b>
<b>13</b>	<b>33*</b>	<b>36</b>

\* NB While the data indicates that the largest jump in numbers took place in 2020, the figures for that year were inflated by a total of seven complaints against a single member for the same alleged breach.

**Table 2 – complainant data**

<b>Complaints made by members about other members</b>	<b>Complaints made by residents or other stakeholders</b>	<b>(NB complaints made about members by officers are normally dealt with under the Officer/ Member Protocol</b>
<b>5</b>	<b>31*</b> *incl one complaint made by a member's partner against another member)	

**Table 3 – outcomes**

#### **I: complaints determined at preliminary assessment stage**

<b>Total number of complaints made in 2021 which were determined before end of the year</b>	<b>Number of complaints determined at preliminary assessment stage because alleged conduct was not considered capable of amounting to a breach,</b>	<b>Number of complaints determined at preliminary stage which followed an apology, or some other remedial action by the subject member (which could</b>
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	<b>because not in the public interest to investigate or because the revised tests inserted into the Procedure in July 2021 were otherwise not met</b>	<b>include providing information to be provided to the complainant)</b>
<b>25</b>	<b>25</b> incls one complaint resolved via the Member/Officer Code	<b>3</b>

**II: complaints referred for formal investigation during 2021**

<b>Total complaints referred for formal investigation</b> (NB total includes one complaint received at end of 2020 and not otherwise referred to in this table)	<b>Outcome at formal investigation stage</b>
<b>2</b>	<b>1 – decision to take no action after recommendation of no breach</b>
	<b>1 – still in progress</b>

**Table 4 – subject of complaints: trends**

<b>Complaints about members’ discharge of their ward responsibilities (normally made by constituents)</b>	<b>14</b>
<b>Complaints about comments or conduct either at council meetings, or at meetings at which members are representing BHCC</b>	<b>3</b>
<b>Complaints about conduct relating to council business or other members made outside council meetings or on social media</b>	<b>16</b>
<b>Complaints about a member’s conduct or position on an issue which is not council business or a ward matter, including conduct or a statement reported in the press or made on social media</b>	<b>3</b>

**B: Observations on the data: volume and outcomes - tables 1, 2 & 3**

Some key points regarding the complaints received in during 2021:

- In terms of member allegiances: **Members from all of the Party Groups as well as Independents** were the subject of complaints.
- Complaints about perceived conduct issues by members which did not generate a formal complaint have not been counted in the total. One of the 36 complaints was against all members of a particular decision-making Committee but was only counted as a single complaint. Also a separate complaint was made by a single member who self-referred.
- Two complaints were referred for **formal investigation** by an external investigator this year (one of which was received in at end of 2020, so is otherwise not referred to in this table). This was due to insufficient resource being available in-house.
- A number of complaints were **member on member** (a total of 6 if a single complaint from a member's partner is included; 5 if not): a category of complaint which is often amongst the most resource intensive to resolve
- Complaints about members made by officers are directed via a separate process therefore the majority of the complaints were therefore from **members of the public or other stakeholders**.
- In terms of **themes**, the matters complained of encompassed a range of issues and topics. However there was a discernible increase in the **complexity of complaints**, with an increasing proportion of complainants submitting multiple items of evidence from a range of sources and media in an attempt to demonstrate ongoing conduct over time.
- Four complaints which involved **member conduct toward Council officers** were received in (as well as one made by an officer, which was not dealt with via this process).
- In terms of **outcomes**, the overwhelming majority of complaints were resolved outside the formal investigation process. Analysing the data relating to outcomes was made challenging by changes midyear to the tests against which complaints are assessed when formal investigation is contemplated. Those tests now take the form of a series of questions which are considered to better reflect a more nuanced assessment process of assessment: a development which is not considered to assist attempts at categorisation. Similarly, while the number of complaints in table 3 I which appear to have involved

proactive steps toward resolution by the subject member may appear low, it is not considered to full describe the constructiveness of those members who proactively provide clarification and information throughout the process.

- Not all complaints have been determined as promptly as they might have been. **A total of 11 complaints received in in 2021 remain outstanding at the current time**, although all of them were initially acknowledged and processed promptly. This may be attributed to a combination of the following factors, which have increased the burden on Council staff and on the Council's Independent Persons as well as the members who are the subject of the complaints: a) the number and complexity of the complaints received in and also b) recent changes to the process which formalise expectations of additional consultation with key parties as well as increasing the time spent considering the option of informal resolution at each stage.

#### **Observations on the data: themes - table 4**

The issues arising are wide-ranging and defy easy analysis. The majority of complaints originate either from member conduct in their ward or outside of Council meetings, whether acting in their capacity as members with members of the public, officers and/or each other.

While the majority of the complaints arose either from conversations via email or comments made on social media, this was not considered to be especially significant given the curtailing of options for face-to-face interaction during the pandemic. It is however noted that conduct taking place when members were representing the Council externally has given rise to a relatively small number of complaints in this last year, as has conduct occurring during Council meetings as opposed to outside of them.

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#### **C: Mitigating steps already taken**

Efforts have been made to take some key steps to mitigate the pressures:

- a) Group Leaders are now routinely joined into early communications in complaints made by or about their members, in hopes of ensuring that all possible efforts are made to ensure a prompt resolution where possible

- b) A further review of the Council's detailed arrangements for dealing with member complaints was completed during the first part of 2021 and revised versions of the Code of Conduct for Members and the Procedure for Dealing with Complaints as well as a key Guidance document were approved in July 2021.
- c) The revised Code now provides explanatory text to enhance understanding of the requirements, as well as providing (amongst other things) that members are required to attend Standards training.
- d) The revised Procedure provides for a streamlined process for resolving complaints, with a more detailed and robust test against which complaints are assessed to ensure that only those complaints which meet key tests are progressed, as well as an embedded expectation that informal resolution will be considered at each stage in the process.
- e) Revised, public-facing Guidance on Correspondence & Social Media for Members was also approved which includes provisions aimed to help members manage stakeholder expectations in relation to emails & other engagement in order to reduce issues arising in that key area
- f) Following a poll last summer of all members asking what format they would prefer to receive training, external training has been provided by a specialist trainer on how to use social media while remaining within the Code, with a second session to be provided in early 2022.
- g) In terms of **training:** as well as dedicated Standards Panel training for all members of the Audit & Standards Committee (completed in autumn 2021), internal refresher training on the Code is being offered by officers to all elected members of BHCC during January 2022 using the current approach (which was endorsed by the poll results). This is providing opportunity for a refresh on Standards as well as highlights on the revised Standards arrangements in force since July 2021: a topic which was covered in a detailed email briefing to all members.
- h) As well as providing Standards refresher training to all members of the Council at least annually, officers plan to provide additional briefings and L&D as and when requested.

#### **D: Other steps mandated by members**

Member observations and thoughts are sought regarding other proportionate steps which might be adopted, in addition to those outlined in C above.

