



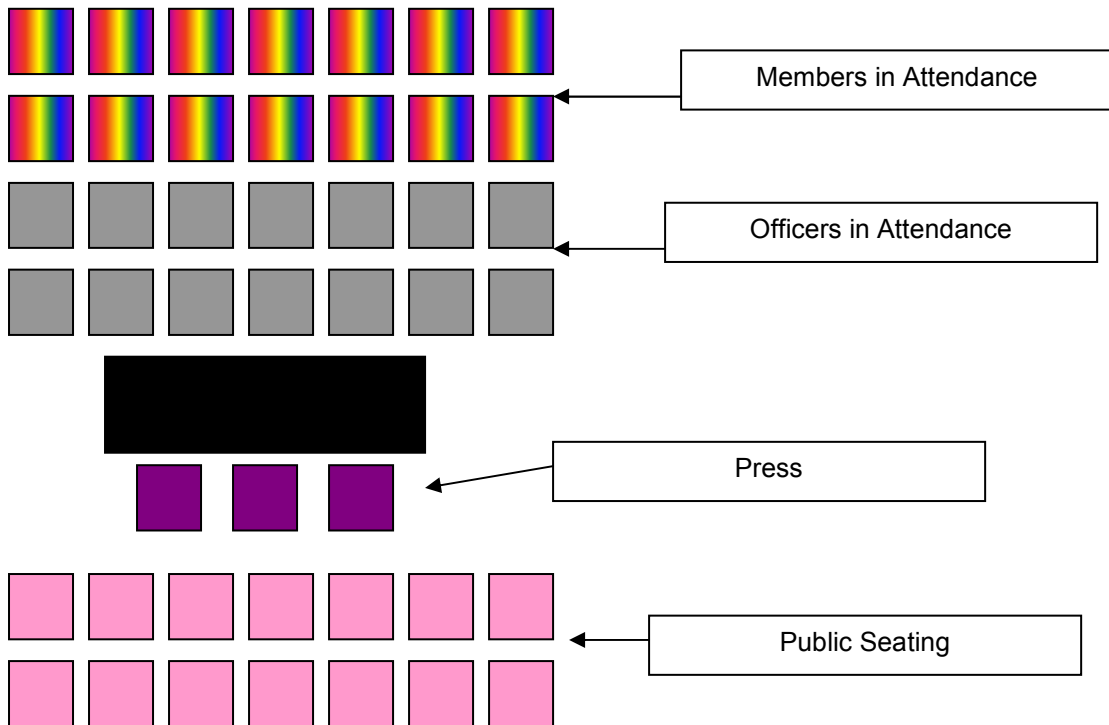
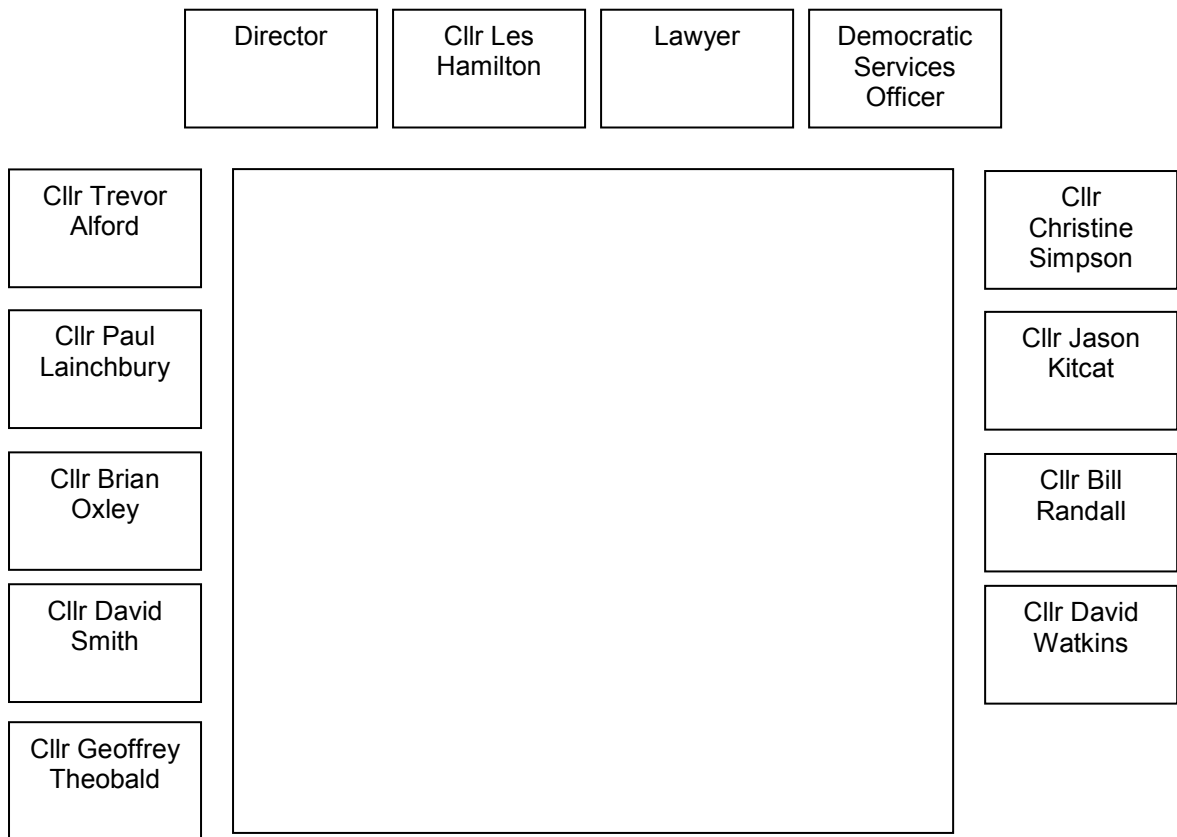
**Brighton & Hove
City Council**

Audit Committee

Title:	Audit Committee
Date:	30 September 2008
Time:	4.00pm
Venue	Committee Room 1, Hove Town Hall
Members:	Councillors: Hamilton (Chairman), Alford, Kitcat, Lainchbury, Oxley, Randall, Simpson, Smith, G Theobald and Watkins (Deputy Chairman)
Contact:	Penny Jennings Senior Democratic Services Officer 01273 291065 penny.jennings@brighton-hove.gov.uk

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Democratic Services: Meeting Layout



AGENDA

19. PROCEDURAL BUSINESS

- (a) Declaration 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 by all Members present of any personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct.
- (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 2 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 public.

A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.

20. MINUTES OF THE PREVIOUS MEETING

1 - 8

Minutes of the meeting held on 26 June (copy attached).

21. CHAIRMAN'S COMMUNICATIONS

22. PUBLIC QUESTIONS

(The closing date for receipt of public questions is 12 noon on 22 September 2008).

No public questions received by date of publication.

23. WRITTEN QUESTIONS FROM COUNCILLORS

No written questions received by date of publication .

24. DEPUTATIONS

(The closing date for receipt of deputations is 12 noon on 22 September 2008).

No deputations received by date of publication.

AUDIT COMMITTEE

25. PETITIONS

No petitions received by date of publication.

26. LETTERS FROM COUNCILLORS

No letters received by date of publication.

27. AUDIT COMMISSION: ANNUAL GOVERNANCE REPORT

- Report of the District Auditor (COPY TO FOLLOW THIS WILL BE A LATE ITEM).

Ward Affected: All Wards

28. AUDIT OF ACCOUNTS YEAR ENDED 31 MARCH 2008: LETTER OF REPRESENTATION 9 - 14

- Report of the Director of Finance and Resources (copy attached) papers prepared by the Audit Commission (TO FOLLOW).

29. AUDIT PROGRESS REPORT 2008/09 15 - 28

- Report of the Audit Commission (copy attached).

Ward Affected: All Wards

30. HIGH LEVEL EXTERNAL AUDIT PLAN

- Verbal report by the District Auditor

Ward Affected: All Wards

31. TARGETED BUDGET MANAGEMENT (TBM) : MONTH 4 29 - 60

- Report of the Director of Finance and Resources (copy attached).

Contact Officer: Nigel Manvell Tel: 293104

Ward Affected: All Wards

32. AUDIT AND ASSURANCE SERVICES PROGRESS REPORT 61 - 72

- Report of the Director of Finance and Resources (copy attached).

Contact Officer: Ian Withers Tel: 29-1323

Ward Affected: All Wards

33. ANNUAL GOVERNANCE STATEMENT UPDATE 73 - 84

- Report of the Director of Finance and Resources (copy attached).

Contact Officer: Ian Withers Tel: 29-1323

Ward Affected: All Wards

34. RISK MANAGEMENT AND OPPORTUNITY MANAGEMENT: CORPORATE RISK REGISTER AND ANNUAL PROGRAMME 2008/09 85 - 98

- Report of the Director of Strategy and Governance (copy attached).

Contact Officer: Jackie Algar

Tel: 29-1273

Ward Affected: All Wards

PART TWO

35. RISK AND OPPORTUNITY MANAGEMENT: CORPORATE RISK MANAGEMENT ACTION PLANS 2008/09 99 - 108

Report of the Director of Strategy and Governance (copy circulated to Members only).

Contact Officer: Jackie Algar

Tel: 29-1273

Ward Affected: All Wards

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

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

Agendas and minutes are published on the council's website www.brighton-hove.gov.uk. Agendas are available to view five working days prior to the meeting date.

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.

For further details and general enquiries about this meeting contact Penny Jennings, (01273 291065, email penny.jennings@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk

Date of Publication - Monday, 22 September 2008

AUDIT COMMITTEE

Agenda Item 20

Brighton & Hove City Council

BRIGHTON & HOVE CITY COUNCIL

AUDIT COMMITTEE

4.00PM – 26 JUNE 2008

HOVE TOWN HALL

MINUTES

Present: Councillors: Hamilton (Chairman); Alford, Kitcat, Mrs A Norman, Older, Simpson, Smart, Smith Watkins and West.

PART ONE

ACTION

1. PROCEDURAL BUSINESS

1A. Declarations of Substitutes

1.1 Substitute Councillor

For Councillor

Mrs A Norman
Older
Smart
West

Oxley
G Theobald
Lainchbury
Randall

1B. Declarations of Interest

1.2 There were none.

1C. Exclusion of Press and Public

1.3 The Committee considered whether the press and public should be excluded from the meeting during the consideration of any items contained in the agenda, having regard to the nature of the business to be transacted and the nature of the proceedings and the likelihood as to whether, if members of the press and public were present, there would be disclosure to them of confidential or exempt information as defined in Schedule 12A, Part 5A, Section 100A(4) or 100 1 of the Local Government Act 1972 (as amended).

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

2. CHAIRMAN'S COMMUNICATIONS

- 2.1 The Chairman welcomed all Members to the meeting and confirmed that the next scheduled meeting of the Committee would take place on 30 September and that would training session would take place for Members prior to that. A separate letter would be sent to Members confirming the dates/ timing of the training session and in respect of the meeting itself . He stated that one of the key purposes of the meeting would be to sign off the Council's Statements of Accounts.

3. CALLOVER

- 3.1 It was agreed that all items set out on the agenda would be discussed .

4. PUBLIC QUESTIONS

- 4.1 There were none.

5. WRITTEN QUESTIONS FROM COUNCILLORS

- 5.1 There were none.

6. PETITIONS

- 6.1 There were none.

7. DEPUTATIONS

- 7.1 There were none.

8. LETTERS FROM COUNCILLORS

- 8.1 There were none.

9. NOTICES OF MOTION

- 9.1 There were none.

10. AUDIT COMMITTEE TERMS OF REFERENCE

- 10.1 Councillor Alford sought clarification regarding the respective roles and responsibilities of the Overview and Scrutiny Committee in respect of Finance . The Chairman responded that discussions as to the precise roles of each of these respective bodies was still being discussed (as Chairman he would be involved in that process) and that it was anticipated that a report would be submitted to the September meeting of the Committee.
- 10.2 The Committee considered a report of the Director of Strategy and Governance (for copy see minute book).

10.2 **RESOLVED** - That the contents of the report be noted.

11. ANNUAL AUDIT PLAN

11.1 The Committee considered a report of the Director of Finance and Resources summarising the work to be carried out by the external auditor for the 2008 / 09 audit year (for copy see minute book).

11.12 The newly appointed District Auditor, Mrs Helen Thompson introduced herself and referred to the changes to the assessment procedures which had recently taken place. She explained that she would be working closely with the relevant officers within the Council and internally. In answer to questions she explained that changes had been made to the manner in which the Government required data to be collated and recorded.

11.3 Councillor Mrs A Norman sought confirmation regarding how fees for the work carried were allocated stating that in the past Members had also sought clarification regarding this matter expressing concern at the time that it sometimes took in order for the respective accounts to be audited and signed off. Councillors Simpson and Watkins also enquired in respect of this matter. It was explained that the level of checking currently required by central government was more complex than had previously been the case. These requirements had arisen in response to financial irregularities or unacceptable exposure to risk which had occurred in the private sector, however the same level of assessment was now required of the public sector / local authorities. A "complete" regime was now in place which went far beyond localised assessment of risk this was also reflected in the costs of carrying out the independent audit process.

11.4 Members welcomed the undertaking given that as far as practicable they would receive regular on-going reports throughout the year which would act as an early warning system should any areas of risk or potential overspend be identified.

11.5 In answer to questions the Director of Adult Social care and Housing confirmed that as soon as the most recent performance indicators for housing were available a report would be put forward to the Committee. It was anticipated that this would come forward as a report to the September Committee meeting and that areas of weakness previously identified had seen significant improvements .

11.6 **RESOLVED** – (1) That the contents of the report be noted.

12. STATEMENT OF ACCOUNTS 2007 / 08

12.1 The Committee considered a report of the Director of Finance & Resources setting out the draft Statement of Accounts for 2007 /

08. (For copy see minute book).

- 12.2 It was noted that the accounts were presented in “draft” format as they had yet to be audited by the District Auditor . It was expected that the District Auditor would present an annual Governance Report to the September meeting of the committee on the conclusion of the audit of the 2007 / 08 financial statements .
- 12.3 It was also explained that it was a requirement of the current Accounts and Audit Regulations that the Council’s Statement of Accounts should be approved by Members and signed off by the Chairman of the Committee in concert with the Chief Executive and the Director Finance & Resources by 30 June 2008.
- 12.4 Details of measures undertaken in order to make prudent additions to the Council’s existing reserves were explained and noted. The representative present from the District Auditor’s Office explained the terminology used as well as the role and responsibilities of the Committee in approving and the accounts and authorising the Chairman to sign them off in concert with the Chief Executive and Director of Finance and Resources. In answer to questions it was explained that individual Members did not carry any personal liability where the accounts had been accepted and signed off in good faith.
- 12.5 **RESOLVED** - (1) That the Statement of Accounts for 2007 / 08 be approved and that it be noted that these will be subject to audit ;
- (2) It be noted that the actual revenue outturn for the Council for 2007 / 08 was an underspend of £0.244 million;
- (3) That the allocations from the general Reserves approved by the Cabinet at its meeting on 12 June 2008 be noted ;
- (4) That it be noted that the individual overspendings and underspendings would not be carried forward to 2007 / 08 and that the £0.244 million underspend had been transferred to General Reserves ;
- (5) That the surplus / deficit on the Housing Revenue Account for the year of £1.439 million, which had been transferred to the HRA balances, be noted ; and
- (6) That the provisions and contingent liabilities included in the accounts be noted .

13. **SHOREHAM AIRPORT STATEMENT OF ACCOUNTS APRIL - JUNE 2008**

- 13.1 The Committee considered the Statement of accounts to 30 June 2006, which represented the revised Statement of Accounts for that period. It was noted that the accounts had first been

submitted to the Policy and Resources Committee on 28 June 2007 but had now been revised following advice from the external auditors (Audit Commission)(for copy see minute book).

- 13.2 It was noted that Shoreham Airport had been sold to the Erinaceous Group plc on 30 June 2006 and the accounts before the Committee would therefore be the last set produced and that they covered the period 1 April 2006 to 30 June 2006. The Balance sheet as a at 30 June 2006 showed nil balances following distribution of residual balances to the Council and Worthing Borough Council (the other owning authority) in the proportion of 2/3rd to 1/3rd respectively .
- 13.3 Councillor Alford queried the whether the dates set out in the report relative to land raising were correct. It was explained that they were correct and that a scrutiny exercise had subsequently been carried out relating specifically to that activity .
- 13.4 **RESOLVED** – (1) That the contents of the report be noted ; and
(2) That the draft management representation letter be approved.

14. SHOREHAM AIRPORT ANNUAL GOVERNANCE REPORT

- 14.1 The Committee considered the Annual Governance report prepared by the Council's external auditors (District Audit)(for copy see minute book).
- 14.2 The representative present from District Audit explained that a qualified opinion had been issued on the financial statements on the grounds that there had been limited scope for them to carry out their work . This is because it had not been possible to confirm some of the entries in the Income and Expenditure Account, primarily on the basis that that there had not been access to all records and explanations needed for the 3 months to 30 June 2006 in the period immediately prior to the airport being sold . This qualification had been discussed with Officers of both Brighton & Hove City Council and Worthing Borough Council.
- 14.3 **RESOLVED** - That the content of the report be noted.

15. AUDIT AND ASSURANCE ANNUAL REPORT AND OPINION 2007 / 08

- 15.1 The Committee considered a report of the Director of Finance and Resources relative to the Audit and Assurance Annual report 2007 / 08 (for copy see minute book).
- 15.2 The report summarised the internal audit activity which had taken place during 2007 / 08 and based on this an assurance opinion on the internal control environment which was set out in full in Appendix 1 to the report. The opinion as set out in the report

contributed to the annual review of governance arrangements required by the Accounts and Audit Regulations 2006.

- 15.3 In answer to questions put by Councillors Older and Simpson it was explained that further update reports would be provided throughout the year . The purpose of the reports was to ensure that the Committee were fully aware of the on - going work being carried out , the rationale for it and the action taken where any weakness or areas for improvement had been identified. Councillor Alford sought and was given assurances that the Council's systems were considered to be sufficiently robust overall and were subject to continuous monitoring .
- 15.4 **RESOLVED** - That the internal audit activity and opinion on the control environment for 2007 ./ 08 be noted .

16. ANNUAL GOVERNANCE STATEMENT

- 16.1 The Committee considered a report of the Director of Finance and Resources setting out the Council's Annual Governance Statement in accordance with its statutory duty under the accounts and Audit Regulations 2003 (amended 2006) to publish an annual Governance Statement (for copy see minute book).
- 16.2 It was explained that the purpose of the report was to present Members of the Committee for comment, challenge and approval the assessment of the City Council's corporate governance arrangements and Annual Governance Statement . It was explained in answer to questions that the actual assessment which formed the basis of the actual assessment was set out in Appendix 1 to the report. Noted that further up date reports would be provided to future meetings of the Committee.
- 16.3 **RESOLVED** - (1) The annual assessment of the City Council's corporate governance arrangements be approved ;
- (2) The Annual Governance Statement be approved for inclusion with the Statement of Accounts ; and
- (3) The continuing improvements being made to the City Council's governance arrangements be noted.

17. TARGETED BUDGET MANAGEMENT (TBM) REVENUE OUTTURN 2007 / 08

- 17.1 The Committee received the report of the Director of Finance and Resources which had been considered and approved by Cabinet at its meeting held on 12 June 2008 (for copy see minute book).
- 17.2 The purpose of the report was to set out the revenue outturn for 2007 / 08 for General Fund, Section 75 partnerships and Housing Revenue Account (HRA) as at 31 March 2008. it was

noted that these figures were still subject to audit .

- 17.3 In answer to questions from Councillors West and Kitcat it was confirmed that the recommendations contained in the report were those which had been agreed by Cabinet at their meeting of 12 June. The report had been forwarded to the Audit Committee for its information only as had item 18 referred to below. .

RESOLVED - That the content of the report approved by the Cabinet at its meeting held on 12 June 2008 be noted .

18. TARGETED BUDGET MANAGEMENT (TBM) CAPITAL OUTTURN 2007 / 08

- 18.1 The Committee considered a report of the Director of Finance and Resources which had been considered and approved by Cabinet at its meeting held on 12 June 2008 (for copy see minute book).

- 18.2 **RESOLVED** - That the content of the report approved by the Cabinet at its meeting held on 12 June be noted .

The meeting concluded at 6.10 pm

Signed

Chairman

Dated this

day of

2008

AUDIT COMMITTEE

Agenda Item No 28
Brighton & Hove City Council

Subject:	Audit of Accounts Year ended 31 March 2008 – Letter of Representation		
Date of Meeting:	30 September 2008		
Report of:	Director of Finance & Resources		
Contact Officer:	Name:	Jane Strudwick	Tel: 29-1255
	E-mail:	jane.strudwick@brighton-hove.gov.uk	
Wards Affected:	All		

FOR GENERAL RELEASE

1 SUMMARY AND POLICY CONTEXT

- 1.1 This committee approved the unaudited Statement of Accounts in accordance with the Audit Commission Act 1998 and both the Accounts and Audit Regulations 2003 and the Accounts and Audit (Amendment) Regulations 2006 at the meeting on 26 June 2008.
- 1.2 Since that date the Audit Commission has conducted its audit of the Statement of Accounts and have recommended a small number of amendments prior to issuing their opinion and the publication of the accounts.
- 1.3 This report details those amendments, provides information regarding the Annual Report and Summary of Accounts and informs this committee on the process for the 2007/08 Public Inspection of the Accounts.
- 1.4 This report also includes a draft of the Letter of Representation for the council's Section 151 Officer and the Chair of the Audit Committee to sign. This is included as an appendix to the report (Appendix to follow)

2 RECOMMENDATIONS:

The Committee is asked to:

- (1) Note the amendments to the 2007/08 Statement of Accounts.
- (2) Note the position statement regarding the Annual Report and Summary of Accounts.
- (3) Note the results of the Public Inspection of the Accounts.

3 RELEVANT BACKGROUND INFORMATION

- 3.1 Amendments to the 2007/08 Statement of accounts

3.1.1 The following amendments were discussed and agreed with the council's Chief Finance Officer.

3.1.2 Statement of Accounting Policies Note 17 Significant Estimations

The unaudited Statement of Accounts included a paragraph detailing that there are no significant estimations used within the Statement of Accounts. This refers to methods of estimating year-end income or expenditure where the actual level will not be known until the deadline for posting to the year of account has passed. In these cases the methods of estimation are agreed in advance with the Audit Commission.

The council was advised during the course of the audit that this note should comply with International Standard of Auditing (ISA) 540 and should include calculations such as the provision for bad debts and depreciation as significant estimates, therefore this note has been amended to read as follows:

“Estimation techniques have been used in accordance with FRS 18 Accounting Policies. The significant estimates included within this Statement of Accounts relate to depreciation of fixed assets and the provision for bad debts.

The provision for bad debts is a calculation based on the likelihood of a debt being recovered and is usually based on an analysis of the age of the outstanding debt.

Details of the calculation of depreciation can be found in the Statement of Accounting Policies Note 2.”

The change to Note 17 ensures compliance with ISA 540 and there are no other implications arising from this change.

3.1.3 Statement of Total Recognised Gains and Losses (STRGL)

The adoption of Financial Reporting Standards (FRS) 25, 26 and 29 have led to changes in the disclosure, measurement and presentation of financial instruments. These changes require an adjustment to be included in this statement relating to the transitional arrangements. In accordance with the regulations this adjustment must be described as an “Exceptional Loss resulting from the transitional arrangements for financial instruments”. The new note is as follows;

“The council suffered an exceptional loss resulting from the transitional arrangements for financial instruments following the introduction of FRS 25 Financial Instruments: Disclosure and Presentation, FRS 26 Financial Instruments: Measurement and FRS 29 Financial Instruments: Disclosure. The accounting treatment for this is to adjust the opening General Fund balance. The statement above contains an amendment of £2.054m to offset this adjustment.”

An additional explanatory note has been included at the foot of the statement to provide readers of the accounts with more information..

3.1.4 Balance Sheet

The new accounting requirements for 2007/08 have introduced two new accounts, the Revaluation Reserve and the Capital Adjustment Account. Two adjustments were required between these accounts, one relating to the accumulated depreciation of £14.3m for the Council Dwellings and one for the

accumulated and in year depreciation of £9.8m for General Fund assets that were upwardly revalued during 2007/08. The depreciation had been accounted for within the Capital Adjustment Account and should have been accounted for within the Revaluation Reserve. This required a technical adjustment.

These adjustments are of a technical accounting nature, resulting in a movement between two accounting reserves, and therefore had no impact on the Total Net Worth of the Council. The amounts included in Note 37 to the core financial statements, 'Movements in Reserves', were subsequently amended as a result of this adjustment. There are no other implications arising from this change.

3.1.5 Cash Flow Statement

The 'Grants for Benefits' figure, part of the Revenue Activities section of the cash flow statement was amended because the incorrect figure had been used originally, this caused a subsequent amendment to Note 52 to the core financial statements, the analysis of Government Grants.

This change had no impact on the Cash Flow statement, resulting in a movement between lines under 'Cash Inflows'. There are no other implications.

3.1.6 Note 24 to the Core Financial Statements, Tangible Fixed Assets

A new paragraph has been added to the foot of this list of assets held by the council relating to Museum Objects in order to comply with the Statement of Recommended Practice:

"The museums and art galleries of Brighton & Hove City Council hold a number of rare exhibits. The insurance value of these objects is not reflected in the council's balance sheet as they are classified as Community Assets. This means that the council intends to hold them in perpetuity or that there are restrictions on their disposal."

The change to this note provides additional information for readers of the accounts. There are no other implications arising from this change.

3.1.7 Note 38 to the Core Financial Statements, Contingent Liabilities

This note has been amended to reflect the current position on the Joint Waste PFI contract. There are no other implications arising from this change.

3.1.8 Annual Governance Report

The Audit Commission's Annual Governance Report in relation to the 2007/08 Statement of Accounts is found elsewhere on this agenda. This report sets out the external auditor's key findings in relation to the audit of the financial statements and also comments on the effectiveness of the council's internal controls and governance. An opinion on arrangements to secure the effective use of resources will be given in the final version of this report.

3.2 Annual Report and Summary of Accounts

3.2.1 The council produces an Annual Report together with a Summary of the Accounts. These documents aim to provide summarised information about the council's performance and financial standing in a clearer and easier to

understand format than the prescribed layout of the main Statement of Accounts.

- 3.2.2 The Annual Report has been presented to the cross-party Budget Review Group for cross-party views on its format and content and is posted to the council's website. The Summary of Accounts, which is incorporated within the Annual Report, was published in the September edition of the council's newspaper, City News, and will be available from the public libraries.
- 3.2.3 This year, some improvements have been made to the Annual Report. The Annual Report is more comprehensive, includes a section on environmental footprint and also includes a feedback form for members of the public to tell us what they think of the publication and how they feel it could be improved.
- 3.3 Public Inspection of the Accounts
- 3.3.1 Members of the public, in accordance with the Audit Commission Act 1998, are granted access for a four week period to the council's unaudited Statement of Accounts and are invited to enquire on any aspect of these Accounts. If the member of the public is not satisfied with the response received, the next step would be to lodge a formal objection to the Accounts with the Audit Commission.
- 3.3.2 This year the council received an enquiry from one member of the public. This enquiry encompassed many areas of the Accounts. Responses to the queries have been compiled and sent and have not resulted in any objection to the Accounts.

4 EVALUATION OF ALTERNATIVE OPTIONS

- 4.1 The report is for noting only.

5 REASONS FOR REPORT RECOMMENDATIONS

- 5.1 To ensure that the Audit Committee, which is the committee charged with governance, are fully aware of changes to the accounts.

6 FINANCIAL & OTHER IMPLICATIONS

Financial Implications

- 6.1 Included in the body of the report.

Legal Implications:

- 6.2 The legislative framework for this report consists of the Audit Commission Act 1998 and the Accounts and Audit Regulations (2003) (as amended); the relevant legislative provisions are referred to in the body of the report.

There are no specific human rights implications to which Members' attention need be drawn

Lawyer consulted: Oliver Dixon

Date: 10 September 2008

Equalities Implications:

- 6.3 There are no equalities implications arising directly from this report.

Sustainability Implications:

- 6.4 There are no direct environmental implications arising from this report.

Crime & Disorder Implications:

- 6.5 There are no direct implications for the prevention of crime and disorder arising from this report.

Risk and Opportunity Management Implications:

- 6.6 There has been no direct risk assessment for this report.

Corporate / Citywide Implications:

- 6.7 Any material changes resulting from the conclusion of the Audit will be reported to the Audit Committee. The quality and accuracy of the Statement of Accounts may impact on the council's score for financial reporting within the use of resources assessment under the Comprehensive Performance Assessment framework. The council is currently at level 2 (out of 4) for this element of the use of resources assessment.

Audit Progress report

Brighton & Hove City Council

Audit 2008/09

September 2008

DRAFT

DRAFT

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

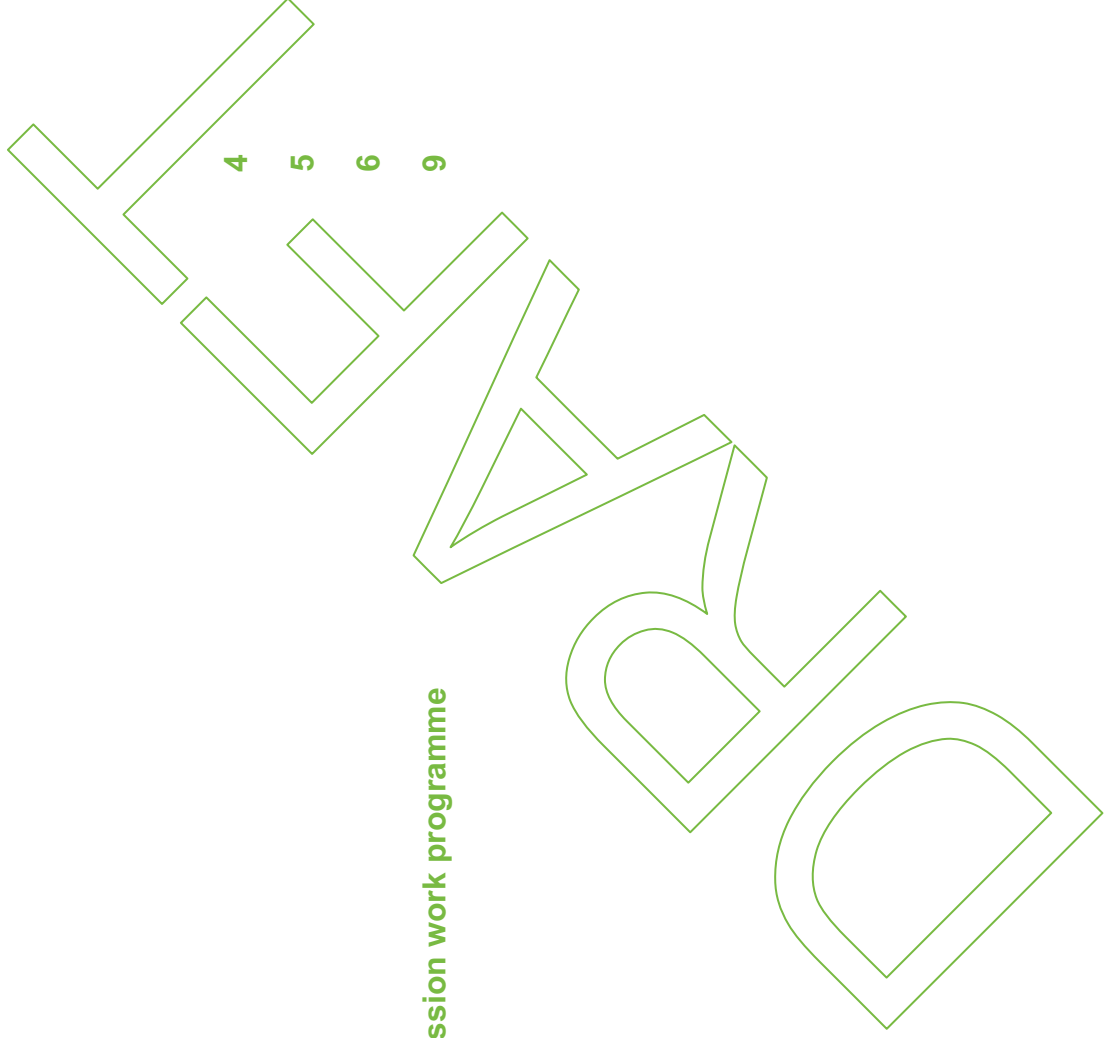
Contents

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Background

Main conclusions

Appendix 1 - Audit Commission work programme



Introduction

- 1 Our audit and inspection plan for 2008/09 was presented to the Audit Committee in June 2008. Within the plan we set out a number of areas of work and this report provides a summary of progress to date. Further reports will be issued to future meetings of the Committee.

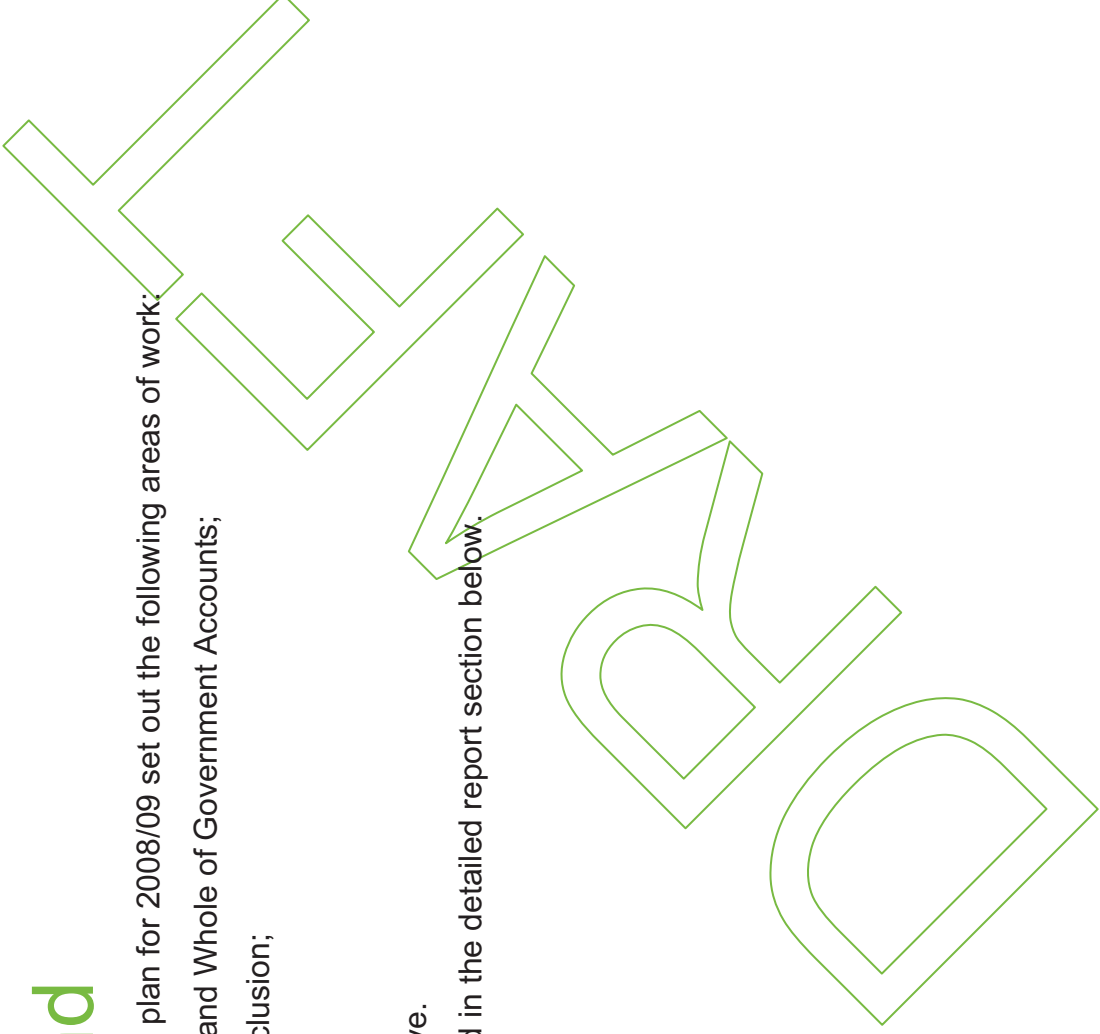


Background

2 The audit and inspection plan for 2008/09 set out the following areas of work:

- financial statements and Whole of Government Accounts;
- value for money conclusion;
- use of resources;
- data quality; and
- national fraud initiative.

3 These areas are covered in the detailed report section below.



Main conclusions

- 4 The 2007/08 audit work is nearing completion. More details are set out under the headings shown below.
- 5 Progress to date on the 2008/09 audit is in line with expectations. A summary of each of the main areas of the plan is set out below.

Financial statements and Whole of Government Accounts 2007/08

- 6 Our work on the Council's financial statements 2007/08 is almost complete. We aim to issue our formal audit opinion on 30 September 2008. A summary of the key matters arising from the work is set out in the Annual Governance Report which is being presented to this Committee.
- 7 Our Whole of Government Accounts work, which requires us to certify the Council's return to the Treasury, is in progress. The deadline set for submission of the audited return is 1 October 2008 and this will be met.

Value for money conclusion 2007/08

- 8 Our work is in progress and we use the Commission's set criteria to do so. On completion of this work we are required to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources and this is known as the 'value for money conclusion'. The conclusion will be included in our formal audit report on the financial statements.

Main conclusions

Use of resources 2007/08

- 9 There are two use of resources reviews relating to 2007/08 that have not been completed. The first is a follow-up of our previous work on workforce planning. This has started and will be completed in the next few weeks. The second is a review of the Council's governance arrangements using a guide produced by the Commission. This work also includes an online survey to establish how effectively the Council's arrangements are promoted and used. We are liaising with officers to ensure our work complements other work by the Council in this area. We expect to report to officers in January 2009.
- 10 Separately, the Audit Commission requires a use of resources assessment to be completed for 2007/08. This focuses on the Council's arrangements to ensure that resources are available to support the Council's achievement of its priorities and ability to improve services. This work in progress and the draft scores will be advised to the Council in October 2008 before national consistency processes.

Data quality 2007/08

- 11 Work is underway. A review of the Council's management arrangements for data quality has been completed and we are about to start detailed testing of a sample of performance indicators. We will update officers on progress later in 2008 and will issue a report to officers in January 2009.

Grant claims and returns 2007/08

- 12 Each year we are required to undertake work on behalf of third parties to certify claims and returns submitted by the Council. The 2008/09 audit work is just starting and the Committee will be updated in our next progress report.

National Fraud Initiative

- 13 The Council participates in the Audit Commission's scheme that matches computerised data. We understand that the Commission will issue further guidance in 2008.

Audit fees

- 14** The audit and inspection plan for 2007/08 totalled £294,810, which is split between audit (£270,470) and inspection (£24,340). At this time, we expect to deliver the audit and inspection work within the fees set.
- 15** The audit and inspection fees for 2008/09 totalled £394,572 which were split between audit (£323,468) and inspection (£71,104). We are discussing some changes to the plan with officers and will report to the next Audit Committee meeting. The planned housing inspection has been deferred until the 2009/10 audit consequently the inspection fee will be £24,634 making a revised total of £348,102.

Appendix 1 - Audit Commission work programme

16 The grid below summarises the main work areas and the progress made to date. It looks forward to March 2009 and includes the preparation of our Audit & Inspection Plan for 2009/10. We will update this for the next meeting to include the name of the lead contact officer for the Council.

Audit Commission Work Programme		June-08	Jul-08	Aug-08	Sept-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
Work stream	Description										
2007/08 audit work remaining as at September 2008											
Workforce planning follow-up (Audit Commission lead - Kam Shergill)	Update progress on previous work				Work starts	Report findings to BHCC					
Good governance (Audit Commission lead - Alex Orme)	Review of the arrangements in place and how they operate. To include the Commission's online survey 'Your business @ risk' . .				Work begins				Complete work	Issue report	
Audit of accounts (Audit Commission lead - Grahame Brown)	Give opinion on the 2007/08 accounts. Certify the Whole of Government Accounts (WGA) return for 2007/08 to the Treasury.	Accounts approved by Audit Committee on 26 June 08	Audit work starts	Audit work continues	Issue AGR and audit opinion by 30 Sept 08	Certify WGA return Final accounts report to officers.					

Main conclusions

Audit Commission Work Programme																				
Grant claims and returns (Audit Commission lead - Grahame Brown)	Review claims and returns submitted to us in accordance with certification instructions issued by the Audit Commission									Early work on NDR, Teachers' Pensions and Housing Base Data	Certification of claims and returns by deadline									
Direction of Travel (DoT) 2008 (Audit Commission lead - Sandra Prail)	Assessment led by Comprehensive Area Assessment Lead									Early work on Housing Benefits	Certification of claims and returns by deadline									
Waste PFI contract (Audit Commission lead - Mike Allen)	Review of renegotiated contract																			
Health inequalities	A joint review with Brighton & Hove PCT to review the response to incidences of health inequalities in the City.																			

Comprehensive Performance Assessment published. Discussions with Cabinet on 12 Feb 09 and Audit Committee on 24 Feb 09.

Formal DoT report

Issue report to officers

Issue project brief

Works starts

Main conclusions

Audit Commission Work Programme					
2009/10 audit work					
Audit and Inspection Plan 2009/10 (Audit Commission lead - Helen Thompson)				Meet officers (TBC)	Cabinet 12 Feb 09 Audit Committee 24 Feb 09.

Note - dates in italics are anticipated dates and may be subject to change.

CABINET / AUDIT COMMITTEE FOR INFORMATION

Agenda Item 31

Brighton & Hove City Council

THIS REPORT IS FOR INFORMATION OF THE AUDIT COMMITTEE

Subject:	Targeted Budget Management (TBM) Month 4		
Date of Meeting:	18 September 2008, 30 September 2008		
Report of:	Director of Finance & Resources		
Contact Officer:	Name:	Nigel Manvell	Tel: 29-3104
	E-mail:	nigel.manvell@brighton-hove.gov.uk	
Key Decision:	Yes	Forward Plan No. CAB 2876	
Wards Affected:	All		

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report sets out the forecast outturn position on the revenue and capital budgets as at the end of July 2008 (month 4).

2. RECOMMENDATIONS:

- (1) That the Cabinet note the forecast outturn for the General Fund, Section 75 Partnerships and Housing Revenue Account (HRA) for 2008/09 as at month 4.
- (2) That the Cabinet note the financial recovery plans for managing directorate overspends.
- (3) That the Cabinet approve a contribution from HRA revenue reserves of £0.250 million to fund the increased energy costs pressure.
- (4) That the Cabinet note the forecast outturn position on the capital budgets as at month 4.
- (5) That the Cabinet approve the following changes to the capital programme:
 - i) budget reprofiles as set out at appendix 3;
 - ii) budget variations as set out at appendix 4; and
 - iii) new schemes as set out at appendix 5.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

3.1 The table below shows the forecast outturn position for council controlled budgets within the general fund, including directorates and centrally managed budgets and the outturn on NHS managed S75 Partnership Services. Detailed explanation of the variances can be found in Appendix 1.

Forecast Variance Month 2	2008/09 Forecast Budget Month 4	Forecast Outturn Month 4	Forecast Variance Month 4	Forecast Variance Month 4	Direction of Travel
£'000 Directorate	£'000	£'000	£'000	%	
1,096 Adult Social Care & Housing	40,770	41,827	1,057	2.6%	Improving
199 S75 Learning Disability Services	21,703	21,866	163	0.8%	Improving
623 Children & Young People's Trust	45,902	46,303	401	0.9%	Improving
(87) Finance & Resources	18,092	17,993	(99)	-0.5%	Improving
80 Strategy & Governance	9,644	9,644	-	0.0%	Improving
111 Environment	36,647	36,645	(2)	0.0%	Improving
150 Cultural Services	12,810	12,917	107	0.8%	Improving
2,172 Sub Total	185,568	187,195	1,627	0.9%	Improving
- Collection Fund	-	1,460	1,460	0.0%	Worsening
(460) Centrally Managed Budgets	26,799	24,117	(2,682)	-10.0%	Improving
1,712 Total Council Controlled Budgets	212,367	212,772	405	0.2%	Improving
536 NHS Trust managed S75 Servs	12,537	12,850	313	2.5%	Improving
2,248 Total Overall Position	224,904	225,622	718	0.3%	Improving

3.2 The Total Council Controlled Budgets line in the above table represents the total current forecast risk to the council's General Fund. This includes all directorate budgets, centrally managed budgets and council-managed Section 75 services. The NHS Trust-managed Section 75 Services line represents those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Trust and South Downs Health Trust and include health and social care services for Adult Mental Health, Older People Mental Health, Substance Misuse, AIDS/HIV, Intermediate Care and Community Equipment. The financial risk for these services generally lies with the relevant provider Trust. The forecast outturn on the HRA is as follows:

Forecast Variance Month 2 £'000	Housing Revenue Account	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
317	Expenditure	46,941	46,755	(186)	-0.4%	Improving
4	Income	(46,691)	(46,505)	186	0.4%	Worsening
321	Total	250	250	-	0.0%	Improving

Corporate Critical Budgets

- 3.3 Targeted Budget Management (TBM) is based on the principles that effective financial monitoring of all budgets is important. However, there are a small number of budgets with the potential to have a material impact on the council's overall financial position. These are significant budgets where demand or activity is difficult to predict with certainty and where relatively small changes in demand can have significant financial implications for the council's budget strategy. These therefore undergo more frequent, timely and detailed analysis. Set out below is the forecast outturn position on the corporate critical budgets.
- 3.4 The Collection Fund has been added to the list of Corporate Critical budgets due to the significant in year variance being forecast. Additional information on this budget and a full explanation of the variance can be found in paragraphs 3.6 – 3.9 below.

Forecast Variance Month 2 £'000	Corporate Critical	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
157	Child Agency & In House	21,912	21,947	35	0.2%	Improving
107	Sustainable Transport	(926)	(969)	(43)	-4.6%	Improving
(590)	Housing Benefits	154,396	153,836	(560)	-0.4%	Worsening
400	Land Charges Income	(957)	(557)	400	41.8%	No Change
(154)	Concessionary Fares	10,834	9,014	(1,820)	-16.8%	Improving
989	Community Care	21,121	22,052	931	4.4%	Improving
199	S75 Learning Disabilities	21,706	21,869	163	0.8%	Improving
-	Collection Fund	-	1,460	1,460	0.0%	Worsening
1,108	Total Council Controlled	228,086	228,652	566	0.2%	Improving
536	S75 NHS & Community Care	12,539	12,852	226	1.8%	Improving
1,644	Total Corporate Criticals	240,625	241,504	792	0.3%	Improving

- 3.5 The key activity data for each of the corporate critical budgets is detailed in Appendix 2. Note that the analysis in Appendix 2 will not always match exactly the outturn

variances shown in the table above, due to a number of different elements that can affect the outturn. The Appendix is designed to highlight the key underlying activity data that is having the most significant effect on the forecast. Narrative explanations regarding the projections are contained within the individual directorate forecasts contained in Appendix 1.

Collection Fund

- 3.6 The collection fund is the account into which all payments of council tax are made. An estimate of the surplus or deficit on the collection fund is made in January of each year and is then taken into account in the setting of the council tax for the following year. The financial position of the collection fund depends upon both the council tax collection performance and movements in the level of the taxbase during the year. The taxbase can vary for example because of changes in the number of properties on the register, changes in the level of discounts and exemptions and banding changes notified by the Valuation Office. Any surplus or deficit is shared with the Police and Fire Authorities in proportion to the level of their council tax set. For 2008/09 the Brighton & Hove City Council share is approximately 85%.
- 3.7 The level of the collection fund is closely monitored on a monthly basis. The budgeted level of the fund is just under £133 million so small variations can have large financial consequences and significant implications for future council tax setting. It is for this reason that the projected balance on the collection fund will now be reported to Members on a regular basis as part of the TBM report. Reserves will need to be set aside to meet any in-year deficit to avoid impacting upon the 2009/10 council tax setting and forecast changes in future levels of the taxbase will need to be considered as part of the medium term budget and council tax strategy.
- 3.8 The latest forecast for the collection fund based on the first 4 months of the year shows a projected deficit of £1.700 million of which the council's share is £1.460 million. The projected deficit is currently entirely due to adverse changes in the taxbase while collection performance of both in-year council tax and arrears is firmly on target. The adverse changes in the taxbase are explained below but are largely due to the impact of the credit crunch and increasing numbers of student occupied properties within the city.
- The budgeted taxbase allowed for an increase in the number of properties on the register based on new developments under construction and timetabled to complete this year. The credit crunch and consequential changes in the housing market has meant that some developments are now on hold and have not completed as expected. In addition, there has been an increase in unfurnished exempt properties resulting in an overall reduction equivalent to about £0.700 million. Projected growth in the taxbase for future years had already been reduced to 0.1% per annum in January however even this level now looks optimistic.
 - Properties occupied entirely by students are exempt from council tax. In recent years the numbers of students, particularly those attending the universities, has grown sharply without an equivalent increase in places in halls of residence. This has meant that increasing numbers of students have been accommodated in the existing housing stock of the city. In fact since 2004/05 the band D equivalent

number of student occupied properties has increased by almost 50% from about 2,000 to over 3,000 projected for the current year. Whilst some provision was made in the budget forecasts the increased exemptions have left a shortfall equivalent to about £0.700 million in 2008/09 and concerns about the trends for future years.

- The final area of concern is the level of property banding changes. The original council tax property bandings were determined by the Valuation Office and any changes to those bandings are determined by them and not by the council. Appeals against council tax bandings are therefore handled by the Valuation Office and successful appeals resulting in a reduced band will trigger backdated refunds whereas increases are implemented with immediate effect. The level of successful reduced banding appeals is projected to exceed the provision in the budget by about £0.300 million in the current year.

Concessionary Fares

3.9 The level of spending on concessionary fares in 2008/09 is hard to predict but depends largely on 5 factors:

- The reimbursement rate paid to the bus companies.
- The number of concessionary journeys which start within the City boundaries.
- The level of local bus fares.
- The number and level of additional cost claims put forward by the local bus companies – these are primarily associated with the measures needed to address over-crowding on certain bus routes.
- The success or otherwise of appeals against the scheme by the bus companies.

3.10 Having considered all of these factors the latest projected spend for this year is £1.820 million below the budget an improvement of £1.666 million since last month. The reasons for the improvement and the latest information on the factors impacting upon spending are detailed below.

- On the advice of external advisors and based upon the reimbursement calculation originally made by the Department of Transport (DfT) adjudicator, the budgeted reimbursement rate was set higher than the rate determined by the local scheme and notified to the bus companies. The successful legal challenge by the council over the 2007/08 reimbursement means that the risk of having to pay the higher rate is now very low and the anticipated spend for this year can be reduced by about £1.300 million. The bus companies will continue to receive the same level of reimbursement notified to them so there will be no impact upon local bus services.
- The increase in the number of concessionary trips for the first 4 months of the year is not as high as originally budgeted resulting in lower estimated spending of about £0.350 million.
- The recent increase in bus fares is within the provision made in the budget however there is still a risk of a further fares increase later in the year.
- The council has received only one additional cost claim so far this year but more are anticipated. However, these are expected to be within the provision made in the budget.
- There are a significant number of 2007/08 national appeals to be resolved in the Courts and until they are resolved, maybe not until next year, the DfT adjudicator

is not likely to recalculate the 2007/08 reimbursement payment due to Brighton & Hove Bus Company. The council therefore continues to hold financial cover sufficient to meet the original 2007/08 adjudication. Holding appeals for 2008/09 have been lodged by all the local bus companies on the 2008/09 local scheme reimbursement but it remains to be seen whether formal appeals will eventually be submitted and what the outcome of those appeals might be. The appeals position will be closely monitored but it is currently anticipated that the risk of higher payments to the bus companies is low because the local scheme is based on the reimbursement analysis tool developed by the DfT and used by the adjudicator to determine the outcome of all appeals.

Impact on the Medium Term Financial Strategy (MTFS)

- 3.11 The MTFS assumes a breakeven outturn position for 2008/09 on general fund budgets, the current forecast is an overspend of £0.405 million. If a breakeven position cannot be achieved, there are very limited unallocated reserves available and there may be other calls on those funds, therefore it is likely that any overspend would need to be funded from general reserves which would need to be replenished as part of the 2009/10 budget. If directorates cannot reduce the pressures going into 2009/10 they will need to be incorporated into service budget strategies and services will need to manage them within their cash limits.
- 3.12 The most significant in year service pressure relates to physical disability services, which is experiencing continued growth in client numbers. The full year effects of the current recovery measures will go some way to helping the situation next year, however, containing the pressure within the cash limit budget will be a challenge which will need to be considered in detail as part of the 2009/10 budget proposals.
- 3.13 Further work needs to be undertaken on the projections of taxbase for 2009/10 onwards but based on current information, the expected reduction in council tax resources available to the council in 2009/10 caused by the projected fall in the taxbase can be offset by the ongoing projected reduction in concessionary fares spending.

Capital Budget 2008/09

- 3.14 This part of the report gives Members details of the capital programme budget position for 2008/09.
- 3.15 On 28 February 2008, Budget Council considered a capital investment programme report for the financial year 2008/09 and agreed a capital investment programme of £54.799 million. Some of this expenditure related to schemes already live, while some schemes have been approved in detail since that meeting and others have yet to have detailed reports presented to Members for approval.
- 3.16 The following table shows the currently approved capital budget.

Capital Budget 2008/09		2008/09 Budget £'000
Slippage brought forward from 2007/08 approved 12 June 2008		1,407
Schemes included in the 2008/09 budget and approved		42,642
Schemes approved with changes in resources		570
New Schemes approved		3,145
Total Capital Budget 2008-09 as at month 4		47,764

- 3.17 Where schemes are forecast to exceed their budget, budget holders must identify additional resources to finance the shortfall. Forecast overspends of greater than £0.050 million or 10% of the original budget are required to be reported back to Members, either in detailed reports or through this capital monitoring report. Scheme delays or 'slippage' are also monitored in an effort to ensure schemes are delivered not only on budget, but also on time. Where a scheme is forecast to slip by £0.050 million or more, the budget holder will report back to Members, on the amount and the impact of the delay on service delivery.

Capital Forecast Outturn

- 3.18 A number of changes are proposed to the capital programme as follows: three budget reprofile requests are proposed and summarised in Appendix 4, variation requests to the capital budgets are contained in Appendix 5, and new capital schemes recommended for approval are listed in Appendix 6. A summary of the proposed changes are shown in the table below.

Directorate	2008/09 Budget £'000	New Schemes £'000	Budget Variations £'000	Reprofile Budget £'000	Amended Budget £'000	Forecast Outturn £'000
Cultural Services	1,000	305			1,305	1,305
Finance & Resources	6,413	65	329	130	6,937	6,937
Adult Social Care & Housing	2,297				2,297	2,297
Housing Revenue Account (HRA)	17,289		(80)	(250)	16,959	16,959
Children & Young Peoples' Trust	8,891	1,697			10,588	10,588
Environment	11,874	329	37	(571)	11,669	11,669
Total	47,764	2,396	286	(691)	49,755	49,755

- 3.19 The proposed budget changes would leave the capital budget fully funded.

Capital Slippage

3.20 At this early stage in the year no slippage is anticipated by programme managers.

Prudential indicator for capital expenditure

- 3.21 Each year, the council sets a number of prudential indicators that show its capital investment plans are affordable and that borrowing levels are sustainable and prudent. For 2008/09, these were set by the council on 28 February 2008. One of these indicators is 'capital expenditure' and in February the council set this at £54.799 million for 2008/09. This indicator helps us to demonstrate that our capital expenditure plans are affordable.
- 3.22 The Capital Investment Programme report, also approved in February, demonstrated how it was fully funded and affordable. The revenue effects of this programme were fully considered as part of the revenue budget setting process. This report advises Members that the latest forecast of capital expenditure is not expected to exceed the capital expenditure indicator

Comments by the Director of Finance & Resources

- 3.23 The forecast outturn position on the revenue budget shows a significant improvement since month 2, the majority of which relates to an improved position on Centrally Managed Budgets. All directorates are showing a better outturn forecast, however, a number are still reporting overspends.
- 3.24 Discussions are ongoing with commissioners and provider NHS Trusts to ensure that effective financial controls and recovery within NHS-managed S75 partnership services are put in place for the year.
- 3.25 Cabinet in July requested overspending directorates to produce financial recovery plans, which are summarised in the table below:

Recovery Plan	Management Actions £000	Alternative application of external funding £000	Total £000
Adult Social Care & Housing	387	330	717
S75 Learning Disability Services	65	0	65
Children & Young People's Trust	345	0	345
Cultural Services	37	70	107
Total	834	400	1,234

3.26 Management actions include, for example, vacancy management, increased numbers of social care placement reviews, and actions to manage demand pressures. Alternative application of external funding includes using external funding where there is flexibility to support increased demand in relevant service areas and where this will have a low risk impact on other service delivery. None of the financial recovery actions involve changes in policy.

3.27 If the plans were achieved in full, the forecast outturn for directorate budgets would improve from £1.627 million overspent to £0.393 million overspend. Assuming financial recovery actions are achieved in full, it is expected that the remaining directorate overspends (i.e. £0.393 million) could be met from underspending on Centrally Managed Budgets. Financial recovery plans will be incorporated fully into TBM forecasts for future reports.

4. CONSULTATION

4.1 No specific consultation was undertaken in relation to this report.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

5.1 The financial implications are covered in the main body of the report.

Legal Implications:

5.2 In reaching its decisions in relation to its budget, the Council needs to have regard to a number of general points. It must provide the services, which, statutorily, it is obliged to provide. Where there is power to provide services, rather than a duty, it has a discretion to provide such services. It must observe its other legal duties, such as the duty to achieve best value and comply with the Human Rights Act 1998. It must act in accordance with its general fiduciary duties to its Council Tax payers to act with financial prudence. Finally, it must bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts.

Equalities Implications:

5.3 There are no direct equalities implications arising from this report.

Sustainability Implications:

5.4 There are no direct sustainability implications arising from this report.

Crime & Disorder Implications:

5.5 There are no direct crime & disorder implications arising from this report

Risk & Opportunity Management Implications:

- 5.6 There are no direct risk or opportunity management implications arising from this report.

Corporate / Citywide Implications:

- 5.7 The Council's financial position impacts on levels of Council Tax and service levels and therefore has citywide implications.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The forecast outturn position on council controlled budgets is an overspend of £0.405 million, any overspend will have to be funded from general fund reserves, which will then need to be replenished as part of the 2009/10 budget proposals.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 Budget monitoring is a key element of good financial management, which is necessary in order for the council to maintain financial stability and operate effectively.
- 7.2 The capital budget changes are necessary to maintain effective financial management.

SUPPORTING DOCUMENTATION

Appendices:

1. Directorate Revenue Outturn Forecasts
2. Corporate Critical Budgets Activity Data
3. Proposed Capital Budget Reprofile Requests
4. Proposed Capital Budget Variations
5. New Capital Scheme Requests

Documents In Members' Rooms

1. None.

Background Documents

1. None.

Adult Social Care & Housing

Forecast Variance Division Month 2 £'000	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
- Housing Strategy	4,599	4,599	-	0.0%	No Change
1,096 Adult Social Care	36,171	37,228	1,057	2.9%	Improving
1,096 Total	40,770	41,827	1,057	2.6%	Improving

Explanation of Key Variances

Adult Social Care is forecasting an overspend of £1.057 million, which is mainly due to the corporate critical community care budget which is forecasting an overspend of £0.931 million, a slight improvement since month 2. Significant increased demand for homecare is being experienced across Older People and Physical Disability services.

Physical Disability services are currently providing services to 100 additional clients over and above the budgeted activity level of 368 clients. This demand has steadily grown since the 2008/09 budget assumptions were developed in October 2007. Although the unit cost of the service is reducing and is now £19 per week, per client lower than budgeted, the increased activity is giving rise to a budget pressure of £0.771 million.

There is also a pressure on Older People Services of £0.159 million, also relating to an increased number of clients (90). However, this is largely offset by an improving unit cost which results from a shift in the balance of clients from residential and nursing homes to home care.

Children & Young People's Trust

Forecast Variance Division Month 2 £'000	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
291 East, Early Years & NHS Comm Servs	9,777	10,278	501	5.1%	Worsening
175 Central Area & School Support	(7,250)	(7,025)	225	3.1%	Worsening
- Learning & Schools	7,510	7,510	-	0.0%	No Change
(45) West Area & Youth Support	4,736	4,663	(73)	-1.5%	Improving
122 Specialist Services	30,053	29,801	(252)	-0.8%	Improving
80 Quality & Performance	1,076	1,076	-	0.0%	Improving
623 Total	45,902	46,303	401	0.9%	Improving

Explanation of Key Variances

The corporate critical budget of Child Agency Placements and In House Placements is forecasting an overspend of £0.035 million. The main variances are due to overspends on Independent Foster Agency placements¹ of £0.298 million and Leaving Care Accommodation² of £0.229 million being offset by an underspend on Residential Agency placements³ of £0.532 million.

There are a number of other overspends across the directorate, the main ones being; preventative payments to homeless families of £0.171 million, increased premises costs at the Clermont Child Protection Unit of £0.048 million and a pressure on Area Social Care Teams of £0.044 million.

¹ Forecast FTE placements of 102 against a budget of 94

² Forecast FTE placements of 31 against a budget of 25 and a weekly unit cost £37 above budget

³ Forecast FTE placements of 39 which is 2 less than budgeted for and a weekly unit cost £134 below budget

Finance & Resources

Forecast Variance Division Month 2 £'000	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
(3) Finance	5,906	5,898	(8)	-0.1%	Improving
- ICT	5,307	5,307	-	0.0%	No Change
(122) Customer Services	3,752	3,653	(99)	-2.6%	Worsening
38 Property & Design	3,127	3,135	8	0.3%	Improving
(87) Total	18,092	17,993	(99)	-0.5%	Improving

Explanation of Key Variances

Customer Services is forecasting an underspend of £0.099 million as follows:

- The corporate critical housing benefits budget is forecasting an underspend of £0.560 million due to local authority errors being contained below the lower threshold which generates additional subsidy and increased overpayment recovery on non council housing rent rebates.
- The Land Charges income budget is also a corporate critical budget and is forecasting a £0.400 million shortfall. The downturn in the housing market is reducing the overall number of searches undertaken and there is also a continuing increase in the proportion of searches being undertaken as personal searches for which the council receives a much lower fee.

Strategy & Governance

Forecast Variance Division Month 2 £'000	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
- Improvement & Organ Devel	1,642	1,642	-	0.0%	No Change
50 Legal & Democratic Services	3,467	3,467	-	0.0%	Improving
30 Policy Unit	662	662	-	0.0%	Improving
- Human Resources	2,892	2,892	-	0.0%	No Change
- Executive Office	394	394	-	0.0%	No Change
- Communications	587	587	-	0.0%	No Change
80 Total	9,644	9,644	-	0.0%	Improving

Explanation of Key Variances

The overspends previously forecast in both Legal and Democratic Services and the Policy Unit will be managed to zero by in-year service efficiencies.

Environment

Forecast	2008/09	Forecast	Forecast	Forecast	Direction
Variance	Budget	Outturn	Variance	Variance	of Travel
Month 2 Division	Month 4	Month 4	Month 4	Month 4	
£'000	£'000	£'000	£'000	%	
- City Services	30,134	29,934	(200)	-0.7%	Improving
(12) Leisure	1,622	1,702	80	4.9%	Worsening
107 Sustainable Transport	(926)	(969)	(43)	-4.6%	Improving
(10) Public Safety	3,780	3,783	3	0.1%	Worsening
26 City Planning	2,037	2,195	158	7.8%	Worsening
111 Total	36,647	36,645	(2)	0.0%	Improving

Explanation of Key Variances

City Services is forecasting an underspend of £0.200 million due to a reduction in vehicle costs and a part year saving on the Park Ranger posts that are being recruited to at present.

Leisure Services are forecasting an overspend due to an income shortfall and utility costs pressure at the King Alfred Leisure Centre being partly offset by vacancy management savings.

The total forecast for Sustainable Transport is an underspend of £0.043 million an improvement of £0.150 million since month 2 made up as follows:

- An improvement in the shortfall being forecast due to the effect of the new Traffic Management Act on parking penalty charge notices. Early indications are that the amount received per PCN issued is likely to be less than in previous years. However, the amount per PCN has improved in the past month. The shortfall is reduced to £0.387 million in total, an improvement of £0.018 million, after taking into account Bus Lane Enforcement. This is partly offset by a reduction in the level of provision for bad debts of £0.101 million.
- Income from all on-street and off-street parking is forecast to exceed budget by £0.202 million.
- Vacancy management savings and other supplies & services savings will generate £0.127 million.

City Planning is forecasting an overspend due to loss of Planning Delivery Grant. The settlement was confirmed in August and is £0.250 million lower than expected. Measures have been taken to contain the pressure to £0.125 million in the current year. The funding shortfall will need to be resolved for future financial years. Development Control is also forecasting an overspend of £0.033 million.

Cultural Services

Forecast Variance Division Month 2 £'000	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
1 City Marketing	1,833	1,820	(13)	-0.7%	Improving
12 Libraries	4,074	4,115	41	1.0%	Worsening
78 Museums	2,174	2,245	71	3.3%	Improving
- Arts & Creative Industries	1,615	1,615	-	0.0%	No Change
7 Economic Devlpmnt & Regen	2,939	2,947	8	0.3%	Worsening
52 Major Projects & Venues	175	175	-	0.0%	Improving
150 Total	12,810	12,917	107	0.8%	Improving

Explanation of Key Variances

The Museums Service overspend is caused by pressures on its energy budgets and a shortfall in admissions income.

Vacancy management savings in Major Projects & Venues have negated the previously forecast overspend, which was due to rising energy costs.

Centrally Managed Budgets

Forecast Variance	Division	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
(236)	Bulk Insurance Premia	2,481	2,179	(302)	-12.2%	Improving
(154)	Concessionary Fares	10,834	9,014	(1,820)	-16.8%	Improving
(70)	Capital Financing Costs	7,929	7,369	(560)	-7.1%	Improving
	- Levies & Precepts	192	192	-	0.0%	No Change
	- Other Corporate Items	5,363	5,363	-	0.0%	No Change
(460)	Total	26,799	24,117	(2,682)	-10.0%	Improving

Explanation of Key Variances

The bulk insurance premia budget is expected to underspend by £0.066 million more than that reported at month 2. The previous insurance claims handlers were provided with a sum of money to resolve all live claims, upon changes to our claims handling arrangements. The final outstanding claim has now been settled and there is a surplus in their accounts of just over £0.066 million, including interest that is now due to the Council.

Concessionary Fares is forecast to underspend by £1.820 million, an improvement of £1.666 million since month 2. A full explanation for the movement can be found in the main body of the report.

The Capital Financing Costs forecast is an underspend of £0.560 million, an increase of £0.490 million on month 2. The main reason for the improved underspend is an increase in investment income due to an above threshold performance by the cash manager in July 2008, and higher than projected cash balances together with decisions to invest at higher interest rates.

Section 75 Partnerships

Forecast Variance	Division	2008/09 Budget	Forecast Outturn	Forecast Variance	Forecast Variance	Direction of Travel
Month 2		Month 4	Month 4	Month 4	Month 4	
£'000		£'000	£'000	£'000	%	
199	Council managed S75 Servs	21,703	21,866	163	0.8%	Improving
536	NHS Trust managed S75 Servs	12,537	12,850	313	2.5%	Improving
735	Total S75	34,240	34,716	476	1.4%	Improving

Explanation of Key Variances

Council managed S75 Services (Learning Disability Services) are forecasting an overspend of £0.163 million. Additional demand for day care and home care services have created a pressure of £0.114 million plus there are forecast income shortfalls on Housing Benefit/Supporting People income.

NHS Trust managed S75 Services are forecasting an overspend of £0.313 million, due to two areas:

- Sussex Partnership Trust (SPT) – Mental Health & Substance Misuse are forecasting an overspend of £0.158 million. The main pressures are within Adult Mental Health due to increased demand and high cost placements within Nursing Care. A financial recovery plan has been developed by SPT focussing on reducing WTE commitments/existing costs and managing growth.
- Sussex Downs Health Trust – HIV/AIDS, Intermediate Care and the Integrated Community Equipment Store (ICES) are forecasting an overspend of £0.155 million. The main pressure continues to be on ICES, forecast to overspend by £0.150 million, due to continuing high demand levels for equipment.

Housing Revenue Account (HRA)

Forecast Variance Month 2	2008/09 Forecast Budget	Forecast Outturn Month 4	Forecast Variance Month 4	Forecast Variance Month 4	Direction of Travel
£'000	£'000	£'000	£'000	%	
Housing Revenue Account					
52 Employees	9,020	8,797	(223)	-2.5%	Improving
- Premises – Repair	10,813	10,899	86	0.8%	Worsening
250 Premises – Other	2,800	2,810	10	0.4%	Improving
15 Transport & Supplies	2,188	2,120	(68)	-3.1%	Improving
- Support Services	2,300	2,300	-	0.0%	No Change
- Revenue contribution to capital	3,385	3,385	-	0.0%	No Change
- Capital Financing Costs	4,941	4,924	(17)	-0.3%	Improving
- Subsidy Payable to Gen Fund	11,494	11,520	26	0.2%	Worsening
317 Net Expenditure	46,941	46,755	(186)	-0.4%	Improving
- Dwelling Rents (net)	(40,478)	(40,503)	(25)	-0.1%	Improving
- Other rent	(1,209)	(1,183)	26	2.2%	Worsening
- Service Charges	(3,292)	(3,165)	127	3.9%	Worsening
- Supporting People	(550)	(545)	5	0.9%	Worsening
4 Other recharges & interest	(1,162)	(1,109)	53	4.6%	Worsening
4 Net Income	(46,691)	(46,505)	186	0.4%	Worsening
321 Total	250	250	-	0.0%	Improving

Explanation of Key Variances

The budget has now been increased by £0.250 million to reflect the net increase in the energy costs following the renewal of these contracts. It is proposed that the increase will be funded from useable general reserves as noted in the 2008/09 HRA Budget report approved by Council on 28 February 2008.

The main variances consist of:

- Salary costs showing a net underspend of £0.223 million from vacancy management.
- Empty property repair costs overspend of £0.200 million due to an increase in the average cost of repair per property from £2,300 to £2,600. An action plan is being developed in order to reduce future costs. This is partly offset by a Service contract underspend of £0.162 million due to continuing with the existing contracts, which have a lower specification than the new contracts that had been budgeted for. (New contracts to be let for 2009/10)
- Service Charges income is underachieved on Major works recharges to leaseholders £0.126 million, due to completion of contracts in time for this years billing to leaseholders being less than anticipated when setting the original income budget.

CAPITAL BUDGET REPROFILE REQUESTS

Housing Revenue Account

Project Name: ICT Investment Variation (£ 250,000)

The original budget for 2008/09 and 2009/10 totalling £0.821 million will be used to provide the software for performance monitoring and quality control needed to deliver the long term partnering agreement.

The HRA ICT Strategy is now under review and it is recommended that £0.250 million is reprofiled into 2009/10, aligning the spending with the timetable for the Housing Procurement Strategy, leaving £0.154 million as a contingency for the current year.

This contingency sum will be revisited once the successful contractors for the Housing Procurement Strategy have been selected and it is known what systems they use and what additional systems will be required.

Environment

Project Name: Western Bandstand Variation (£ 473,000)

This Western bandstand project is planned to start in August 2008 and to finish in July 2009. Due to planning permission and listed building consent taking slightly longer than anticipated, not all of the works will be completed in this financial year.

Project Name: Volks Railway Shed Variation (£ 98,000)

This Volks railway project is under re-evaluation and needs to be re-profiled into 2009/10 as planning permission was limited to two years which does not enable a three phase approach as originally envisaged. A strategic plan needs to be agreed and adopted by the Council, which can then be used to try and secure funding for the long-term development of Madeira Drive. The plan would set out the strategic vision detailing all the elements and themes that will contribute to making Madeira Drive a vibrant and active seafront community. Issues to be addressed within the plan would include the rebuilding of the Volk's railway siding sheds with a possible education/heritage centre and dedicated restoration area.

Finance & Resources

Project Name: Backup & Recovery Variation £ 130,000

ICT have requested that £0.065m included in both the 2009/10 and 2010/11 capital budgets identified for backup and recovery be reprofiled to 2008/09 to fund an Enterprise Licence Agreement (ELA) for Backup & Recovery systems. The early purchase of this licence in 2008/09 will benefit the council significantly by attracting a £150,000 discount compared with payment over 3 years. In March 2008 Corporate Procurement and ICT invited tenders for a backup & recovery system for the council's servers to be implemented and maintained in the period 2008/9 to 2010/11. When the tenders were returned and evaluated a preferred supplier was identified, although the tender prices were considerably higher than the original estimate. However within the terms of the preferred suppliers proposal was an option where the council would benefit significantly by purchasing an ELA. The ELA would provide all the systems and services required as per the contract over the 3 year period and save the council £150,000 on the tender price but with the full cost payable in 2008/09. The preferred supplier is a large company with considerable financial strength. If this option is taken then ICT, with legal support, will ensure the contract is robust to mitigate risks of non-performance. This is a project that has already been approved within the ICT capital programme although the funding was spread over 3 financial years.

Capital Project Variation Form

Project Title: Western Bandstand Restoration	Approved Budget: £852,000
Project Manager: Ian Shurrock	Forecast outturn: £889,315
Directorate: Environment	Variation: £ 37,315

The budget of £0.852 million was based on an original estimated cost plan of £685,000 plus Professional fees. The overall cost of the tender which has subsequently been received for an August 2008 commencement date added to the professional fees is £0.889 million which leaves a shortfall of £0.037 million.

Due to the specialist nature of the work involved in restoring a Listed building, estimating costs accurately has proved to be difficult. This combined with the unprecedented increase in the cost of metals and other inflationary cost increases since the original cost projections were made has resulted in this budget shortfall.

The shortfall can be funded from unsupported borrowing and the financing costs covered by the future rent for the let-able space. The estimated borrowing costs are £3,265 per annum for the variation cost of £0.037 million. The balance of the rental will cover the cost of maintenance and security.

Capital Project Variation Form

Project Title: Cash Incentive Scheme	Approved Budget: £80,000
Project Manager: Sylvia Peckham	Forecast outturn: £0
Directorate: Housing Revenue Account	Variation: £ (80,000)

The Cash Incentive Scheme provides a grant to help tenants buy properties in the private sector in order to free up council properties for letting. Due to the current market conditions of high property prices there was no take up of this scheme during 2007/08 and there is none forecast for the current year.

The HRA Tenants Transfer Incentive Scheme encourages council tenants under-occupying a family-sized or wheelchair-adapted property to downsize, and so releasing this type of accommodation for those in housing need.

In 2007/08, following no uptake of the Cash Incentive Scheme, the £0.080 million budget was transferred to the Tenants Transfer Incentive Scheme and used to fund a dedicated officer, marketing and additional incentive payments (from increased uptake). This resulted in 81 transfers which was a 100% increase on the previous year.

Following the success of the dedicated officer, it is proposed that this budget is again transferred to the Tenants Transfer Incentive Scheme to continue the funding as in 2007/08.

Capital Project Variation Form

Project Title: Woodvale Spire & Tower
Project Manager: Martin Hilson
Directorate: Finance & Resources

Approved Budget: £122,000
Forecast outturn: £434,000
Variation: £ 312,000

The original competitively tendered contract was for structural and stonework repairs to the grade 2 listed Crematorium Spire, principally to correct a lean to the spire. The scaffold enclosure to the entire tower enabled inspection at close quarters that identified severe structural defects to large areas of stonework and flint work. With the contractor on-site and their scaffolding in place, instruction was given to open up and then take down the most dangerous areas of the structure that presented an immediate Health & Safety concern. The opening-up identified poor construction detailing coupled with inappropriate repair materials used during a major repairs contract estimated to have been undertaken in the 1930s.

The remaining other higher-priority defects present a serious Health and Safety risk and failure to undertake these repairs before the existing scaffolding is removed would necessitate closure of the building due to the risk of falling masonry.

The original current contract is to be extended to address the minimum of higher-priority essential repairs to allow the Crematorium and chapels to remain in use. A further phase 2 contract will be required in 2009/10 to undertake further lower priority repairs. Options for the procurement and funding of this further phase are being considered.

Property & Design are the Contract Administrators managing the project and have employed the Structural Engineer Consultant who advises on the Royal Pavilion to ensure essential repair areas are identified, prioritised and appropriate repair methods adopted. In addition, a Consultant Quantity Surveyor has been employed to negotiate repair rates with the contractor to ensure that value for money is achieved for the additional urgent and essential Health and Safety repair works.

The cost of the original contract together with all of the additional essential repair works can be financed from within this year's Corporate Planned Maintenance Budget (PMB) but would have a knock-on effect of postponing other essential planned works from this year's programme. It is proposed to bring forward additional resources from the 2009/10 budget to ensure that current schemes are not affected. Alternative proposals to ensure that the PMB budget level is maintained for next year are currently being explored. Any amendments to funding of PMB will be set out in the budget report for 2009/10.

Capital Project Variation Form

Project Title: Social Care Mobile Technology	Approved Budget: £33,000
Project Manager: Anita Baxter	Forecast outturn: £49,579
Directorate: Finance & Resources	Variation: £ 16,579

The Department for Children, Schools & Families (DCSF) allocated the Council a 'children's formula' based grant allocation in 2007/08 to support employers to invest in improved mobile ICT infrastructures, including broadband access and equipment such as laptops and Personal Digital Assistants (PDAs) for children's social workers.

In December we were asked by the DCSF to indicate how much of the grant we would require carrying forward into the current financial year. Our project plan suggested approximately £0.021 million. However, some costs actually came in below our estimates. Although we requested a revised carry forward in the grant return, the DCSF have not agreed to this change and have requested that the underspend of £0.017 million be repaid to them. The budget is therefore reduced by this sum.

This pilot project will still be delivered, with the grant funding always having being supplemented by other ICT capital resources, as well as a further £0.033 million DCSF grant this year.

Capital Project Variation Form

Project Title: Adaptations / Craven Vale	Approved Budget: £342,760
Project Manager:	Forecast outturn: £342,760
Directorate: Adult Social Care & Housing	Variation in funding: £263,000

There is currently £0.263 million of Mental Health capital grant funding (£0.133 million for 07-08 and £0.130 million for 08-09) which can be spent on any capital project (due to Social Care being a three-star authority by CSC1). It is proposed to use the grant instead of unsupported borrowing to fund the above scheme. This will save approximately £0.012 million in interest charges on the revenue budget.

NEW CAPITAL SCHEMES FOR APPROVAL

New capital project approval	
Project title: Contact Centre, Ticketing System & Web build	Total project cost: £ 305,000
Project Manager: Abigail Thomas	Directorate: Cultural Services

The Project

The Royal Pavilion & Museums (RP&M) is seeking investment in a Contact Centre, Ticketing System and Web Build to ensure it has the capacity to meet income targets for 2008/09 and beyond.

This invest to save scheme's business case has been approved by Financial Services

Various external reviews – including the VFM review for Cultural Services - have highlighted that current processes for customer contact are inefficient and investment is needed to make customer processes fit for purpose.

Benefits & options appraisals

Contact Centre

A contact centre will:

- Reduce number of lost calls to both RP&M & Visit Brighton and therefore lost income
- Provide detailed historic reports on call trends
- Prioritise higher value calls

Options appraisals have been carried out on a combined contact centre with other customer service operations but all have proved impractical:

- City Direct offers a web-based service only
- Cityclean do not have the physical space at Depot for expansion, run a 5 day per week operation only (34% of RP&M business is weekends). There would also be significant cost in training staff and providing ticketing software for each call centre position at depot.

The new contact centre operation at RP&M, however, will give capacity for future joint working with other areas of similar service delivery. Eg. Visit Brighton, library conference room bookings as well as potentially Venues. It is anticipated that the new Destination Marketing System will share the call centre when the system has bedded in. In addition there is opportunity to link with commercial partners – eg i360 who are exploring partner contact centre options.

Ticketing

The new ticketing system will:

- Enable online bookings for tickets and packages, including advance sales
- Positively effect cash flow with advance sales and 'no shows'
- Increase revenue from uptake of 'additions' such as guidebooks and cream teas, which can be high online.
- Make income from booking charges

- Have a detailed customer database
- Automate e-mail confirmations
- Ensure tickets are sold for any location, at any location, without fear of overselling
- Remove the need for a manual diary system

Website

A new enhanced website will:

- Meet requirements of a major external funder (£985k grant value per annum)
- Create a Sharepoint website in line with Council's shift to Microsoft
- Improve customer service

Be able to generate income on line – will integrate with ticketing system & online shop

Capital expenditure profile				
Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	£305,000	£0	£0	£ 0

Financial implications						
<p>If the invest to save scheme were approved it would become integrated in the Council's capital programme, funded by borrowing. The repayments would however be met from RP&M revenue budget. The 2008/09 budgetary targets for admissions, retail, catering and functions income for the RP&M service total £2.904m (being £1.471m, £0.915m and £0.258m and £0.260m respectively).</p> <p>A business case for the project has been undertaken by the RP&M service, and checked by Finance staff. An analysis of the case shows a potential increase in income of approximately £0.244m over the next five years. This takes into account loan repayments and running costs of the new system, as well as industry-standard assumptions regarding factors such as up-selling and no-shows. There is sensitivity within the calculations which allows an 18% drop in income or 22% rise in costs before the scheme no longer makes money.</p> <p>Failure to invest in the modernisation of the service would mean that customer service remains poor, the service lags behind customer expectations and industry best practice within the heritage and attractions sector and that the service continues to underachieve on income currently standing at an underachievement of approximately £50k per annum. The capital costs total £305,000 to be funded by a loan with interest charges of £45,000.</p>						
	2008/09	2009/10	2010/11	2011/12	2012/13	Total
COSTS	£,000	£'000	£'000	£'000	£'000	£,000
Loan repayment	0	93	89	86	82	350
Total System Cost including training	91	234	231	229	226	1,011
Total Income	(135)	(280)	(280)	(280)	(280)	(1,255)
Balance	(44)	(46)	(49)	(51)	(54)	(244)

New capital project approval

Project title: Extended Schools

Total project cost: £872,1100

Project Manager: Ellen Jones

Directorate: Children and Young Peoples Trust

Purpose, benefits and risks

Extended services revenue and capital funding is allocated for the development of childcare and extended services around school sites to enable every school in the city to meet the 'core offer' of extended services by 2010. A detailed report was agreed at CYPT Board on 9th June 2008 to agree proposals to allocate Extended services capital funding of £334,508 based on an analysis of provision and need in 2008-9 as outlined below:

Capital funding 2008-09: Extended Services Childcare allocation £334,508

AREA	SCHOOL/PROVIDER	PROJECT	AMOUNT	%
WEST	Benfield	Refurbish Porto cabin	£40,000	12%
WEST	West Hove	Storage @ ASC	£5,000	1.5%
WEST	Aldrington	Target school	£15,000	4.5%
Total West Area			£60,000	18%
CENTRAL	Starfish Kids Club	Renovate church hall	£12,000	3.5%
CENTRAL	Class of Their Own	Floodlights to improve security@ Downs Jnr	£10,000	3.0%
CENTRAL	Tarnerland C&YPP	Renovate Tarner	£50,000	15.0%
Total Central Area			£72,000	21.5%
EAST	WASP	Retention owing from Whitehawk canteen (07/08)	£300	1.0%
EAST	Queens Park	Contribution to Extension (£365K approx.)	£150,000	45.0%
Total East Area			£150,300	46.0%
Citywide contingency for emergency capital/ secondary schools*			£52,208	
Total			£334,508	

Capital expenditure profile

Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	£334,508	£354,419	£183,183	£ 872,110

Financial implications

"The DCSF capital allocation for Extended Schools for 2008/09 is £334,508. This increases to £354,419 in 2009/10 and then reduces to £183,183 in 2010/11. The capital allocations for 2009/10 & 2010/11 will need to be reviewed in conjunction with other school capital allocations to ensure appropriate provision is provided

New capital project approval

Project title: Early Years Capital Grant	Total project cost: £ 3,186,861
Project Manager: Caroline Parker	Directorate: Children and Young Peoples Trust

Purpose, benefits and risks

To agree a Brighton & Hove strategy for allocating the Sure Start Early Years Capital Grant from the Department of Children Schools and Families (DCSF) over the next three years. This is a ring fenced grant aimed at private, voluntary and independent childcare providers with national aims to:

- improve the quality of the learning environment in early years settings to support delivery of the Early Years Foundation Stage, with a particular emphasis on improving play and physical activities; and ICT resources;
- ensure all children, including disabled children, can access provision;
- enable private, voluntary and independent providers to deliver the extension to the free entitlement for 3 and 4 year olds and to do so flexibly. R

That the following initial funding priorities for the first year's funding of £1,062,000 be agreed by Cabinet as follows:

- a) £312,000 for grants of up to £50,000 for groups identified in the citywide audit as needing improvements to their internal and external areas which can be made with a small grant. The first priority will be for groups in multi-use premises and the second will be for voluntary groups in rented premises.
 - b) £100,000 for adaptations to buildings and special equipment to include children with disabilities (eg. ramps and stair lifts). This would be open to all groups where the need is agreed by the Pre School SEN Service.
 - c) £50,000 to pay for feasibility studies where there are serious defects in buildings which cannot be met with a small grant. The results of these studies will be used to inform funding decisions for subsequent years.
 - d) £100,000 for grants of up to £3,000 a group for equipment for all groups in multi-use premises to help them manage clearing away at the end of each session and for all voluntary run groups.
- £500,000 to fund an extension at Peter Gladwin Primary School to house a local pre-school and to agree to ask both local pre-schools to express an interest in moving in to the new premises.

Capital expenditure profile

Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	£1,062,287	£1,062,287	£1,062,287	3,186,861

Financial implications

The capital cost of the recommendations in this report will be met from within the capital grant allocation of £1.062m. It is not anticipated that the expenditure listed in points (a) to (d) will result in any additional revenue costs.

- With respect to the extension at Peter Gladwin shown at point (e), the school will need to agree a rent with the pre-school that covers the additional costs of running and maintaining the extension.

New capital project approval

Project title:	Phase 3 Children's centres	Total project cost: £	1,882,000
Project Manager:	Caroline Parker	Directorate:	Children and Young Peoples Trust

Purpose, benefits and risks

The Department for Children, Schools and Families (DCSF) has asked Brighton and Hove to agree the number and location of the third and final phase of Children's Centres to open by March 2010

In Phase 3 local authorities will be working towards the national target of 3,500 Children's Centres to offer universal access to Children's Centre services. All Phase 3 centres will be located outside the most disadvantaged areas and will offer a less intensive level of support than Phase 1 and 2 centres. Local authorities have greater flexibility in deciding what level of service to offer based on local needs. They do not have to include childcare. The DCSF expectation is that Children's Centres should build on existing private, voluntary, independent or statutory services for children and families for example schools, childcare providers and health centres. The first priority is to ensure that the sixteen existing Children's Centres are fully fit for purpose and sustainable. They were developed quickly and with limited budgets. The new funding will cover buggy parks (£15,000), planned maintenance and minor adaptations (£70,000) and creating and equipping outside play areas (£215,000).

Capital expenditure profile

Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	300,000	1,042,000	540,000	£1,882,000

Financial implications

The Department for Children, Schools and Families has allocated Brighton & Hove capital funding of £1,882,000 over three years to fund both new Children's Centres and maintenance for existing Children's Centres. The revenue funding for Children's Centres will increase from £3.69 million in 2008/9 to £5.23 million in 2010/2011. This increase is to fund the new Centres and to increase funding for outreach workers and parenting support in existing Children's Centres. The capital cost of the recommendations in this report will be met from within the capital grant allocation. Any ongoing revenue costs will be met from within the revenue grant allocation for children's centres. Although grant allocations have only been announced as far as 2010/11 it is anticipated that this funding will be ongoing.

New capital project approval

Project title: 4TR009 Cycling Demonstration Town	Total project cost: £259,000
Project Manager: Claire Whitehouse	Directorate: Environment

Purpose, benefits and risks

2008-2009 is the final year of the original funded period following the award to Brighton and Hove as a Cycling Demonstration Town in 2005.

The original award was notified to the Policy & Resources Committee on 7 December 2005.

The scheduled Capital spend for 2008-2009 is £259,000 to be recovered from Cycling England.

Other works associated with Brighton and Hove's status as a Cycling Demonstration Town are funded by the Local Transport Plan and are budgeted under cost centre 4TR021 Integrated Transport Schemes (LTP).

Capital expenditure profile

	2008/09	2009/10	2010/11	TOTAL
Cycling England	£0	£259,000	£0	£259,000

Financial implications

The capital spend for 2008/09 is to be recovered from grant income (Cycling England)

New capital project approval

Project title: Post Room Vehicles

Total project cost: £65,230

Project Manager: Allan Lemon

Directorate: Finance & Resources

Purpose, benefits and risks

It has become necessary to replace the existing 6 fleet Post Room Courier Vehicles. Now is considered to be an optimum time for their replacement. The new vehicles will consist of 4 SWB AND 2 LWB Ford Connects. The current vehicles are over three years of age which is considered to be the best time to replace on both financial and reliability grounds.

It is estimated that the cost of maintenance and new components for the vehicles will increase and securing M.O.T certificates will incur higher financial expenditure. Reliability is extremely important as delivery of external letters, parcels and packages are required on a daily basis and to structured deadlines.

We have looked into the fuelling of our vehicles and have been advised not to purchase LPG (Liquid Gas) due to maintenance availability being very poor and unreliable.

Electric vehicles are in their infancy and would be a logistic problem for the Post Room who would constantly be recharging them. The new diesel vehicles on the market are clean diesel, is now the only alternative.

Capital expenditure profile

	2008/09	2009/10	2010/11	TOTAL
Unsupported Borrowing	£0	£65,230	£0	£65,230

Financial implications

These vehicles are replacing leased vehicles and the repayments will be funded from the revenue resources previously allocated for leasing costs.

New capital project approval

Project title:	Western Bandstand – Enhanced Lighting Scheme	Total project cost: £70,000
Project Manager:	Ian Shurrock	Directorate: Environment

Purpose, benefits and risks

A very basic lighting scheme was included in the original proposal to restore the Bandstand. However, as security of such an historic structure is important a 'Secure By Design' scheme needs to be achieved. The lighting design not only needs to enhance the building and surrounding area but it must be sensitive to the historic nature of the building. Therefore, funding for a separate lighting scheme is required

Capital expenditure profile

Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	£70,000	£0	£0	£ 70,000

Financial implications

The lighting cost can be funded from unsupported borrowing and the financing costs covered by the future rent for the let-able space. The estimated borrowing costs are £6,125 per annum for the variation cost of £70,000. The balance of the rental will cover the cost of maintenance and security

AUDIT COMMITTEE

Agenda Item 32

Brighton & Hove City Council

Subject: Audit & Assurance Services Progress Report

Date of Meeting: 30th September 2008

Report of: Director of Finance & Resources

Contact Officer: Name: Ian Withers Tel: 29-1323

E-mail: ian.withers@brighton-hove.gov.uk

Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report details the outcome of internal audit work completed for the first five months (April to August) of 2008/09. It includes the position against the Internal Audit Plan for 2008/09.
- 1.2 The Accounts and Audit Regulations 2006 require every local authority to maintain an adequate and effective system of internal audit. Audit & Assurance Services carries out the work to satisfy this legislative requirement.
- 1.3 The terms of reference of the Audit Committee include the requirement to consider the outcomes of audit work of both internal and external audit
- 1.4 This report does not include fraud and irregularities. This will be the subject of a separate report on outcomes and activities, to the November meeting.

2. RECOMMENDATION:

- 2.1 Members are asked to note the contents of this report.

3. BACKGROUND INFORMATION

- 3.1 The audits contained in the Internal Audit Plan 2008/09 are based on an assessment of risk for each system or operational area. The assessment of risk includes elements such as the level of corporate importance, materiality, service delivery/importance and sensitivity.

- 3.2 The outcome of all audit work is discussed and agreed with the lead service managers. The final reports that include agreed actions to audit recommendations made, are issued to the responsible Directors.
- 3.3 The Annual Internal Audit Plan is sufficiently flexible to meet the changing needs and emerging risks of the Council. This is reflected in the level of contingency made for unplanned audit work.

4. Progress Against Internal Audit Plan 2008-09

- 4.1 A full analysis of progress against the agreed Internal Audit Plan 2008-09 is shown at Appendix 1. This is summarised in Table 1.

Table 1: Summary of progress against Internal Audit Plan 2008-09

Audit Stage	Explanation	Number	%
Not Started	Planned but not started	62	52%
Planning	Planning of audit and agreement of Terms of Reference with client	8	7%
Fieldwork	In progress (Interviews, documenting, evaluating and testing of risks and controls)	29	24%
Draft Report	Draft audit report issued and being agreed with client	11	9%
Final Report	Audit report agreed and final issued. Audit effectively completed.	9	8%

- 4.2 During the period there has been a high staff vacancy level within the team which has impacted on the progress against the plan. Two Principal Auditors have recently been recruited and due to commence in September. We are also about recruiting for the positions of Audit Manager, Principal ICT Auditor and Auditor.
- 4.3 To limit the impact on the achievement of Internal Audit Plan 2008-09, we shall be backfilling for the vacancies in the second half year using agency and external consultants where suitable and available.

5. Final Audit Reports Issued

The nine final audit reports issued are shown in Table 2. This includes the number of agreed actions from audit recommendations made (high, medium and low priorities) and audit assurance levels. An explanation of the audit assurance levels is given at 4.3 of this report.

Table 2: Final Reports Issued

Audit	Report Status	Assurance Level	Agreed Actions and Priority		
			High	Medium	Low
Annual Governance Statement	Final	Not Applicable			
Corporate Health & Safety	Final	Reasonable	0	5	1
Health & Safety – Contractual Works to Civic Buildings	Final	Substantial	0	2	0
Adult Social Care: Financial Assessments	Final	Reasonable	0	10	0
Mobile Phones	Final	Reasonable	0	5	0
Extended Schools Services	Final	Substantial	0	3	2
New Deal in the Communities: Closure of Projects	Final	Substantial	0	3	0
Closure of Main Cashiers	Final	Reasonable	0	3	1
Local Area Agreement Grant Claim	Final	Limited	1	0	0

4.2 No major issues have arising from the final audit reports issued.

4.3 We provide five levels of audit assurance on the effectiveness of internal controls and mitigation of risks. These are summarised as follow:

FULL	There is a sound system of internal control to achieve system and service objectives. All major risks have been identified and managed effectively.
SUBSTANTIAL	Whilst there is a sound system of internal control, there are weaknesses and opportunities therefore exist, to further improve.
REASONABLE	Controls are in place but there are gaps in the process. There is therefore a need to introduce additional controls.
LIMITED	Weaknesses in the system of control and /or level of compliance are such to put the system objectives at risk.
NO	Control is significantly weak or non existent leaving the system open to high level of risk from abuse, fraud and error.

5. Advice and Support to Directorates

5.1 We have continued to be pragmatic in providing professional proactive advice and this element of our work is seen as invaluable by directorates, particularly in areas of change management. By taking this proactive approach, often problems and risks can be avoided. Specific areas include the Financial Management Standard in Schools (FMSiS), ICT Security and Codes of Conduct.

6. Effective Implementation of Agreed Actions

Implementation reviews are carried out within six months to ensure all agreed management actions are carried out, in response to audit recommendations made.

From the implementation reviews carried out during the period, the level of agreed actions being carried out is 83%.

7. Performance of Audit & Assurance Services

To achieve planned coverage and deliver a high quality service we have well established performance indicators, agreed annually as part of the Internal Audit Plan.

Table 3 provides members with an overview of the performance of Audit & Assurance Services against the key targets set.

Table 3: Performance against targets

Performance Indicators	Target	Actual
Effectiveness		
% of agreed recommendations	98%	100%
% implementation of agreed management actions	85%	83%
CPA/CAA Use of Resources Score for Internal Control	Level 4	N/A
Efficiency		
% of planned days delivered	100%	28%
% of productive time	71%	65%
Achievement of Annual Internal Audit Plan	95%	8%
% of draft reports issued within 10 days of fieldwork completion	90%	96%
% response by client to draft reports within 15 days	90%	91%
% of issue of final reports within 10 days of agreement	95%	98%
Quality of Service		
% of customer satisfaction feedback in very good or good	90%	96%

8.. FINANCIAL & OTHER IMPLICATIONS:

- 8.1 Financial Implications:
Sound corporate governance and proper systems of internal control are essential to the financial health and reputation of the council.
- 6.2 Legal Implications:
The Accounts & Audit Regulations 2006 require the Council to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices'.
- 6.3 Equalities Implications:
There are no direct equalities implications arising directly from this report
- 5.4 Sustainability Implications:
There are no direct sustainability implications arising from this report.
- 5.5 Crime & Disorder Implications:
There no direct implications for the prevention of crime and disorder arising from this report.
- 5.6 Risk and Opportunity Management Implications:
The Internal Audit Plan and its outcome is a key part of the Council's risk management process.
- 5.7 Corporate / Citywide Implications:
Robust corporate governance arrangements are essential to the sound management of the City Council and the achievement of its objectives as set out in the Corporate Plan.

SUPPORTING DOCUMENTATION

Appendices:

1. Progress against the Internal Audit Plan 2008/09

Background Documents

1. Internal Audit Plan 2008/09
2. Code of Practice for Internal Audit in Local Government (CIPFA) 2006
3. Accounts & Audit Regulations 2003 (Amended 2006)

Appendix 1

Progress against the Internal Audit Plan 2008-09

Thematic Area	Ref.	Audit	Planned Start	Current Status	
Corporate Governance	A108	Major Projects Governance Arrangements	Quarter 2	Fieldwork	
	A059	Business Continuity	Quarter 3	Not Started	
	A248	Emergency Planning	Quarter 2	Fieldwork	
	A254	CPA Use of Resources	Quarter 1	Fieldwork	
	A169	Financial Governance	Quarter 4	Not Started	
	A213	Fire Safety Reg. Reform Orders	Quarter 3	Not Started	
	A255	Section 75 Partnership Arrangements	Quarter 4	Not Started	
	A002	Annual Governance Statement	Quarters 1	Final Report	
	A189	Partnership Governance	Quarter 1	Draft Report	
	A215	Business Planning	Quarter 3	Not Started	
	A096	Risk Management	Quarter 3	Not Started	
	A256	Constitutional Change and New Governance Arrangements (2 Audits)	Quarter 3 & Quarter 4	Fieldwork	
	A181	Corporate Health & Safety	Quarter 4	Not Started	
	A092	Members Code of Conduct – Locally Managed Framework	Quarter 2	Fieldwork	
	A249	Equalities & Diversity	Quarter 1	Final Report	
	A257	Declarations of Interest, Gifts & Hospitality	Quarter 4	Not Started	
	A258	Standards of Behaviours and associated guidance and policies	Quarter 4	Not Started	
	Cross Cutting	A259	Record and Archives Storage and Management	Quarter 2	Fieldwork
		A004	Transport Fleet Management	Quarter 3	Not Started
		A260	Use of Car Club	Quarter 2	Draft Report

Thematic Area	Ref.	Audit	Planned Start	Current Status
	A261	Buildings Security	Quarter 1	Draft Report
	A005	Debt Collection and Recovery	Quarter 3	Fieldwork
	A232	Accommodation Strategy	Quarter 3	Not Started
	A021	Data Quality	Quarter 3	Not Started
	A003	Absence Management	Quarter 4	Not Started
	A262	Training & Development	Quarter 3	Planning
	A181	Health & Safety – Contractual Works to Civic Buildings	Quarter 1	Final Report
	A168	CRB Checks for Staff	Quarter 4	Not Started
Key Financial Systems	A009	Main Accounting System/General Ledger	Quarter 4	Not Started
	A010	Creditors/Accounts Payable	Quarter 4	Not Started
	A011	Debtors/Accounts Receivable	Quarter 4	Not Started
	A225	Cash Collection and Bank	Quarter 4	Not Started
	A013	Treasury Management	Quarter 4	Not Started
	A008	Revenue Budget Management	Quarter 2	Fieldwork
	A015	Council Tax	Quarter 4	Not Started
	A016	NNDR (Business Rates)	Quarter 4	Not Started
	A017	Housing & Council Tax Benefits	Quarter 4	Not Started
	A018	Housing Rents	Quarter 4	Not Started
	A012	Capital Accounting and Expenditure	Quarter 4	Not Started
	A014	Payroll	Quarter 4	Not Started
Procurement & Contract Management	A025	Education PFI	Quarter 1	Draft Report
	A157	Home to School Transport	Quarter 3	Not Started
	A262	Schools Procurement	Quarter 1	Draft Report
	A263	Leisure Construction Projects	Quarter 2	Fieldwork
	A192	Highways Contract	Quarter 3	Not Started
	A264	City Parks Use of Subcontractors	Quarter 3	Fieldwork

Thematic Area	Ref.	Audit	Planned Start	Current Status
	A049	Integrated Waste Management Contract – Finance Model	Quarter 3	Planning
	A049	Integrated Waste Management Contract – Contract Management	Quarter 4	Not Started
	A049	Integrated Waste Management Contract - Governance Arrangements	Quarter 3	Fieldwork
	A264	Commercial Property Portfolio	Quarter 2	Fieldwork
	A265	Building Cleaning Contract	Quarter 3	Not Started
	A196	Approved List	Quarter 4	Not Started
	A065	Waivers to Contract Standing Orders	Quarter 2	Draft Report
	A018	Housing Repairs (Existing Contract)	Quarter 3	Not Started
	A018	Housing Repairs (Procurement of new housing repairs contract)	Quarter 3-4	Not Started
	A266	Adult Social Care Contracts – Financial Assessments	Quarter 1	Final Report
ICT & E-Government	A251	Data Management and Security Arrangements	Quarter 3	Not Started
	A267	Electronic Payments	Quarter 1	Draft Report
	A268	Human Resource System Acquisition and Implementation	Quarter 1-4	Fieldwork
	A037	Disaster Planning and Recovery	Quarter 4	Not Started
	A034	SIMS FMS	Quarter 3	Fieldwork
	A042	Change Controls	Quarter 2	Fieldwork
	A269	GIS System Implementation	Quarters 1 – 4	Fieldwork
	A270	End User Computing	Quarter 3	Fieldwork
	A150	Disposal of IT Hardware	Quarter 1	Draft Report
	A271	Security and Access Control	Quarter 3	Not Started
	A272	Development of City Council's Internet and	Quarter 1-4	Fieldwork

Thematic Area	Ref.	Audit	Planned Start	Current Status
		Intranet		
	A273	Internet Security	Quarter 1	Draft Report
	A274	Network Security	Quarter 4	Not Started
	A275	Network Security (Ethical Hacking)	Quarter 4	Not Started
	A276	Government Connect	Quarter 2	Fieldwork
	A276	CIVICA Procurement	Quarter 3	Not Started
	A176	Sussex Partnership Trust and Data Warehousing	Quarter 3	Not Started
	A031	CareFirst 6	Quarter 1	Draft Report
	A041	ICT Security Standards	Quarter 4	Not Started
	A044	Freedom of Information	Quarter 4	Not Started
	A212	Data Protection	Quarter 4	Not Started
	A277	Mobile Phones	Quarter 1	Final Report
Service Specific	A278	Portslade Community College	Quarter 2	Draft Report
	A279	Extended Schools Services	Quarter 1	Final Report
	A280	Children not in mainstream educations	Quarter 2	Fieldwork
	A023	Looked after Children	Quarter 3	Not Started
	A200	Children's Centres	Quarter 3	Planning
	A194	Brighton Centre	Quarter 4	Not Started
	A281	The Academy	Quarter 2	Fieldwork
	A282	Community Stadium	Quarter 2	Fieldwork
	A108	Major Projects Development	Quarter 2	Fieldwork
	A052	On-Street and Off Street Parking Income	Quarter 3	Not Started
	A052	On Street Penalty Charge Notices (PCNs)	Quarter 2	Fieldwork
	A283	City Clean Stores & Fuel	Quarter 3	Not Started
	A216	Design, Print and Sign Unit	Quarter 3	Planning
	A284	Horsdean Traveller Site	Quarter 2	Fieldwork
	A094	New Deal in the Community (NDC)	Quarter 1	Final Report
	A285	Property Services – Project Management	Quarter 2	Fieldwork

Thematic Area	Ref.	Audit	Planned Start	Current Status
	A075	Closure of Main Cashiers	Quarter 1	Final Report
	A286	Schools Financial Management	Quarter 3	Planning
	A287	School Funding	Quarter 3	Planning
	A077	Concessionary Fares	Quarter 4	Not Started
	A015	Council Tax Single Persons Discounts and Exemptions	Quarter 3	Not Started
	A017	Housing Benefits Recovery of Overpayments	Quarter 3	Planning
	A017	Housing Benefits Administration Costs	Quarter 3	Not Started
	A288	Housing Estates Services	Quarter 3	Not Started
	A074	Self Directed Support	Quarter 3	Not Started
	A289	Adult Social Care – Residential Care	Quarter 2	Fieldwork
	A067	Home Care Services	Quarter 4	Not Started
	A081	Housing Voids Management	Quarter 4	Not Started
	A014	Human Resources Management/Payroll – Review of changes to process flows	Quarter 3	Not Started
	A014	Human Resource Management/Payroll – Establishment control	Quarter 4	Not Started
Counter Fraud Programme	F002	City Council's Anti Fraud & Corruption Framework	Quarters 1 – 4	Fieldwork
	F003	Counter Fraud Policy (Review & Update)	Quarter 3	Planning
	F004	Whistleblowing Policy (Review & Update)	Quarter 3	Not Started
	F006	National Anti Fraud Initiative and Data Matching	Quarters 3 -4	Fieldwork
	F008	Money Laundering Arrangements	Quarter 3	Not Started
	F010	City Wide Anti Fraud Campaign (Refresher)	Quarter 4	Not Started
	F012	Identity Fraud	Quarter 3	Not Started

Thematic Area	Ref.	Audit	Planned Start	Current Status
Grants and National Performance Indicators	A247	Local Area Agreement (LAA)	Quarter 1	Final Report
	A017	Housing Benefit Subsidy	Quarter 3	Not Started
	A185	NNDR Grant	Quarter 3	Not Started
	A290	National Performance Indicators Set	Quarter 3	Not Started

AUDIT COMMITTEE

Agenda Item 33

Brighton & Hove City Council

Subject:	Annual Governance Statement Update		
Date of Meeting:	30th September 2008		
Report of:	Director of Finance & Resources		
Contact Officer:	Name:	Ian Withers	Tel: 29-1323
	E-mail:	lan.withers@brighton-hove.gov.uk	
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The City Council has a statutory duty under the Accounts and Audit Regulations 2003 (amended 2006), to publish an Annual Governance Statement. For 2007/08 this was reviewed and approved by the Audit Committee in June 2008.
- 1.2 Since the approval of the statement, it has been further reviewed by the Audit Commission as part of their external audit work. The statement has subsequently been amended to include two minor suggestions arising from this process and one further relating to an action on partnerships to improve clarity. These are considered not to be significant and not to impact on the previous approval.
- 1.3 The purpose of this report is to advise Members of the Audit Committee on the amendments made to the Annual Governance Statement.

2. RECOMMENDATION:

- 2.1 Members are asked to note the amendments made to the Annual Governance Statement.

3. AMENDMENTS MADE TO ANNUAL GOVERNANCE STATEMENT

- 3.1 Table 1 shows the three minor amendments made to the statement. A full copy of the revised statement is shown for information at Appendix 1.

Table 1: Amendments to Annual Governance Statement

Item	From	To
Page 5 – Compliance – Para. 1	Other policies and strategies covering both internal and external issues are available to staff and the public via the council intranet and internet respectively and can be found on the council website at www.brighton-hove.gov.uk	Other policies and strategies covering both internal and external issues are available to staff and the public via the council intranet and internet respectively. Those that are available to the public can be found on the council website at www.brighton-hove.gov.uk .
Page 7 – Significant Governance Issues Arising	Move bullet point one under Actions Completed, Introduction of a new council constitution	To Actions in Progress as not actioned until May 2008. (As per our discussion in May)
Page 8 – Item 10 – Partnership Agreements	Complete Section 75 agreement	Review of Section 75 agreement with Sussex Partnership Trust following move to NHS Foundation Status. (More accurately reflects the position and was verbally raised at Audit Committee Meeting)

4. FINANCIAL & OTHER IMPLICATIONS:

4.1 Financial Implications:

Sound corporate governance and proper systems of internal control are essential to the financial health and reputation of the council.

4.2 Legal Implications:

The production of the statement meets the requirements of the Accounts and Audit Regulations 2003 (Amended 2006) and Comprehensive Performance Assessment.

4.3 Equalities Implications:

There are no direct equalities implications arising directly from this report

4.4 Sustainability Implications:

There are no direct sustainability implications arising from this report.

4.5 Crime & Disorder Implications:

There no direct implications for the prevention of crime and disorder arising from this report.

5.6 Risk and Opportunity Management Implications:

The preparation of the Annual Governance Statement has been explicitly linked to the risk management framework of the City Council. One of three principles of good governance is “taking informed, transparent decisions and managing risk”.

5.7 Corporate / Citywide Implications:

Robust corporate governance arrangements are essential to the sound management of the City Council and the achievement of its objectives as set out in the Corporate Plan.

SUPPORTING DOCUMENTATION

Appendices:

1. Amended Annual Governance Statement 2007/08

Background Documents

1. Brighton & Hove City Council’s Code of Corporate Governance
2. CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2006
3. Accounts & Audit Regulations 2003 (Amended 2006)



Brighton & Hove City Council

ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

Corporate governance is the system by which the council directs and controls its functions and relates to the community. A key aspect of corporate governance is the requirement to put into place “effective risk management systems, including systems of internal control”. Brighton & Hove City Council is committed to the highest standards of corporate governance as outlined in this Annual Governance Statement.

Annual Governance Statement for the year ended 31st March 2008

1. BACKGROUND

In discharging this overall responsibility, the council is also responsible for ensuring that there is a sound system of Corporate Governance which facilitates the effective exercise of the council functions and which includes arrangements for the management of risk.

The Department of Communities and Local Government recognise “proper practice” in relation to Corporate Governance, as contained in the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2007)*. The new “proper practice” builds on existing disclosure statement requirements by extending the existing legislative requirements, governance principles and management processes relating to the whole organisation and the activities through which it accounts to, engages with and leads its community.

This Annual Governance Statement summarises how the council has complied with the code.

2. SCOPE OF RESPONSIBILITY

Brighton & Hove City Council through its elected Members and officers, is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this accountability, Members and officers are responsible for putting in place and maintaining, proper arrangements for the governance of the council affairs and the stewardship of the resources at its disposal. To this end the council has approved and adopted a Constitution and a Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is available on our website www.brighton-hove.gov.uk.

The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of efficiency, effectiveness and economy.

3. THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and cultures and values by which the council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the council to monitor the achievement of its strategic

objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

For 2007/08 the overall governance responsibilities were charged to the Policy & Resources Committee. As result of the recent constitutional change this has now moved for 2008/09 onwards, to the Audit and Governance Committees.

The role of approving this Statement and recommending the Code of Corporate Governance for adoption by full council falls to the Audit Committee. Also the responsibility for the approval of the Statement of Accounts and the subsequent Audit Commission Governance Report falls to the Audit Committee.

The council has agreed a constitution which sets out how the council operates, how decisions are made and the processes which are followed to ensure these are efficient, transparent and accountable to the community. Many of these processes are required by statute, while the council has determined others locally. The Constitution is divided into seventeen articles that set out the basic rules governing the council business.

4. POLICY AND DECISION MAKING

In discharging its statutory duties in the provision of services the constitution provides details of the decision making process for the council as a whole.

The council's constitution is available on our website and is reviewed by the Monitoring Officer on a regular basis and regular reports are received by the Governance Committee and council relating to proposed changes. The Executive are responsible for taking most operational decisions. Key decisions required are published in advance via the forward plan, which is published at monthly intervals. All Member meetings held by the council are open to the public, unless the items being discussed are considered to be private under the Local Government Act 1972; these will include staffing, legal matters and those of a contractual nature.

The council's Overview and Scrutiny Commission and a further five Overview and Scrutiny Committees scrutinise all matters, executive decisions and service provision.

5. ESTABLISHING AND MONITORING OF CORPORATE AND SERVICE OBJECTIVES

The council three year Corporate Plan is approved by Members and provides details of the council corporate priorities and targets for the forthcoming year and reports its performance for the previous year. Targets are reviewed and updated on an annual basis.

Copies can be found on our website at: <http://www.brighton-hove.gov.uk> . Due to a change in the council's political administration during 2007/08, the updating of the Corporate Plan was not completed during the year. However the updated version is due to go to Cabinet in June 2008 for approval.

The Corporate Plan contains the Corporate Priorities of the council and these are fed down through to directorate development plans, individual service business plans and individual performance appraisals, the "Golden Thread".

This Corporate Plan sets out the council targets for both National and Local Performance Indicators. These targets are cascaded to service business plans and are time specific. Performance is monitored by the Chief Officers Management Team (TMT) and the Executive on a quarterly basis giving details of the progress to date and what management action is being taken to correct any adverse performance.

6. USE OF RESOURCES

The effective targeting and usage of our resources has always been a corporate priority, and this is achieved in several ways.

The council produces a three year Medium Term Financial Strategy (MTFS), annual budget setting and service business planning.

The council is subject to an annual assessment by the Audit Commission on how well it manages and uses its resources and is an important part of the Comprehensive Performance Assessment (CPA) framework. The Use of Resources (UoR) assessment evaluates how well local authorities manage their resources to support their strategic priorities, improve services and deliver value for money. The assessment is carried out each year and focuses on the importance of strategic financial management, sound governance, value for money and effective financial reporting arrangements. These should support the council in the achievement of its priorities and improving services, whilst delivering value for money.

The Assessment covers five themes: financial reporting, financial management, financial standing, internal control and value for money. The council was assessed principally on its 2006/07 performance and the Audit Commission reported the outcome in December 2007. Their overall conclusion is that *the council has maintained strong arrangements in place for financial management and internal control and that it continues to develop its arrangements to manage and improve value for money.*

The report issued by the Audit Commission on the outcome of the Assessment was presented to Members in March 2008 and identified further areas for improvement and officers are planning actions to address these.

7. COMPLAINTS AND CONFIDENTIAL REPORTING POLICIES

The council operates a formal complaints procedure which is available to both staff and stakeholders either on request or on the council website. The procedure is well documented and complaints referred to the Local Government Ombudsman are reported at every Standards Committee. Outcomes and decisions are summarised in each of these reports. There have been no findings of maladministration against the council for 2007/08.

The council also has a Whistleblowing Policy along with an Anti Fraud Strategy. Staff are informed of these at their induction and are reminded on a regular basis. Both the Whistleblowing Policy and Anti Fraud Strategy are reviewed and updated where necessary on a regular basis.

8. COMPLIANCE

The council has a duty to ensure that all activities undertaken are in accordance with the law. This is discharged in part by the council's Financial Regulations and Contract Standing Orders. Other policies or strategies covering both internal and external issues are available to staff and the public via the council intranet and internet sites respectively. Those that are available to the public can be found on the council website at www.brighton-hove.gov.uk. These include:

- Anti-fraud Strategy
- Whistleblowing Policy
- Freedom of Information
- Anti-money Laundering Policy

All strategies or policies are allocated to a lead officer who is responsible for the periodic review and updating of each.

9. REVIEW OF EFFECTIVENESS

The effectiveness of the council corporate governance arrangements is demonstrated by a range of independent procedures and protocols, including:

- Officers Governance Group procedures and associated actions
- Financial management reporting
- Performance management reporting
- Cabinet, Audit and Governance Committees
- Overview and Scrutiny function
- Statutory Officers (Head of Paid Service, Monitoring Officer, S151 Officer and authorised deputies)
- Internal Audit

Collectively these form the basis of the council arrangements and are further validated by independent assessments from various external agencies including:

- External Audit (financial and CPA assessment)
- External Inspectorates

The Director of Strategy & Governance has the responsibility for overseeing the implementation and monitoring the operation of the council's Code of Corporate Governance. This is supported by the continuous internal audit work undertaken by Audit & Assurance Services.

The council has a duty to maintain an effective internal audit service. This responsibility is discharged by the Director of Finance and Resources. The scope of internal audits encompasses the examination and evaluation of the adequacy and effectiveness of the council control environment as a contribution to the proper, economic, efficient and effective use of resources and achievement for value for money.

Audit & Assurance Services undertakes internal audit work in accordance with the CIPFA Code of Practice for Internal Audit in Local Government. The outcome of individual audits results in assurance opinions being provided and reported to management on the effectiveness of internal controls and management of risks operating.

In March of each year for the forthcoming financial year, the Annual Internal Audit Strategy and Annual Plan is reported to and agreed by the Chief Officers Management Team (TMT) and the Audit Panel. During 2007/08 regular progress reports were made to the Audit Panel including key issues and recommendation arising from audits undertaken. From 2008/09 onwards, the responsibility will change from the Audit Panel to the Audit Committee.

Significant Internal Audit reviews on governance arrangements (e.g. partnership), internal control, risk management, business planning and system development/implementation have been completed during 2007/08 and reported accordingly. In all these areas the council has shown improvement.

The Head of Audit & Assurance Services provides an assurance opinion to the Audit Committee in June 2008 on the council overall control environment and management of risks operating, based on the reviews completed (and management actions taken) in respect of 2007/08.

The effectiveness of the system of internal audit is reviewed on an annual basis, evidence for which includes self assessment against best professional practice, benchmarking data and external audit views. This is subjected to external peer review and for 2007/08 was reported to the Audit Panel including an agreed action plan for any improvements required.

The council externally appointed auditors for the 2007/08 financial year were the Audit Commission; they principally audit the Statement of Accounts and Comprehensive Performance Assessment. For 2007/08 reports issued by the Audit Commission were presented to the Audit Panel for consideration and comment. For 2008/09 they will report to the Audit Committee.

Risk management is a key element within Corporate Governance, to this end a Risk Management Strategy was adopted and sets out the roles of Members and Officers. It is reviewed annually and for 2007/08 it was agreed by The Management Team, Policy & Resources Committee and Council.

The risk registers that flow from the strategy cover both strategic and operational risks and are reviewed annually as part of service and strategic planning. To ensure that risk is considered in key decision making, all reports presented to Members must include a risk assessment of the actions within the report.

Furthermore, partnership working is now becoming more prevalent within local government, and both the Constitution and Risk Management Strategy are currently being updated to take account of this wider working.

10. SIGNIFICANT GOVERNANCE ISSUES ARISING

The Annual Governance Statement encompasses the previous Statements on Internal Control. Actions from previous years either complete or in progress are shown as follows:

Actions Completed

- Introduction of revised Code of Conduct for Members
- Introduce revised Code of Corporate Governance in accordance with the CIPFA/SOLACE Framework
- Undertaken major consultation exercises with the community for City Views 2007 and Schools Admissions
- Completion of city wide anti fraud campaign "Stamping out Fraud"
- Improvements to the controls and monitoring for the reconciliation of the Financial Information Systems with key interfaced systems
- Introduction of a comprehensive Value for Money review programme targeting specific areas for review
- Review the effectiveness of data quality across the council, in particular relating to performance management information
- Pre-tender risk appraisal process introduced before procurement activity for contracted goods and services
- Achievement of the South East Employers Charter
- Financial Management Standards agreed for Budget Managers

Actions in Progress

- Introduction of a new council constitution
- Approval and publication of new Corporate Plan and Medium Term Financial Strategy
- Updating the Corporate Asset Management Plan and Corporate Procurement Strategy
- Introduction of new local arrangements for Standards for Conduct
- Appraise options for reducing the funding gap to meet the substantial investment backlog in council housing

Actions for Improvement to Governance Framework

There are not considered to be any significant issues and actions arising from the 2007/08 review. However actions for improvement were identified and shown together with actions in the following table:

No.	Area/Issue	Action Planned
1.	Contract Management Improved Value for Money	- Development and introduction of training module for Value for Money in Contract Management.

2.	Business Planning	To implement new business planning process replacing Team Planning Framework.
3.	Anti Fraud & Corruption Strategy	Update the Anti Fraud Strategy to meet the requirements of the Government's Fraud Review.
4.	Constitution	Post implementation review of new constitution arrangements.
5.	Business Continuity Management	Review in relation to partnerships, significant contractors and specifically relating to ICT resilience.
6.	Financial Management – Improved access to tools and training	Financial skills training, improved support delivery through intranet, further developments of Financial Information System.
7.	Pay and Workforce Strategy	Review, update and approve.
8.	HR System - Improved quality of management information	Acquisition and implementation of new IT system to improve control and effectiveness of employees.
9.	People Strategy	Development, approval and implementation.
10.	Partnership Agreements	Review of Section 75 agreement with Sussex Partnership Trust following move to NHS Foundation Trust status.
11.	Community Engagement Framework	Review of the corporate consultation and communications policies.
12.	Key Governance Policies	Review of awareness and compliance across the council.

Signed

Alan McCarthy
Chief Executive
Dated:

Signed

Councillor Mary Mears
Leader of the COUNCIL
Dated:

AUDIT COMMITTEE

Agenda Item 34

Brighton & Hove City Council

Subject: Risk & Opportunity Management – Corporate Risk Register and Annual programme 2008 -09

Date of Meeting: 30 September 2008

REPORT OF: Director of Strategy & Governance

Contact Officer: Name: Jackie Algar Tel: 29-1273

E-mail: Jackie.algar@brighton-hove.gov.uk

Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 On 10 July 2008 Cabinet approved the Risk & Opportunity (ROM) Strategy 2008 – 2011. The ROM Strategy includes a defined role for the Audit Committee to “annually receive the corporate risk register and ROM programme (attached as appendices 1 and 2 to this report)

2. RECOMMENDATIONS:

- (1) That the Audit Committee note the Corporate Risk Register 2008 – 09 (appendix 1)
- (2) That the Audit Committee note the ROM programme 2008 -09 (appendix 2)

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The council’s management team (“TMT”) set the Corporate Risk Register at sessions facilitated by the Risk & Opportunity Manager. TMT will review the Corporate Risk Register twice yearly in May and November each year.
- 3.2 Should the Corporate Risk Register alter, it will be reported to the next scheduled Audit Committee.
- 3.3 The ROM programme 2008 – 09 is a yearly plan of actions to enable better deliver of the ROM Strategy. It will be updated each calendar year and progress reports will be made to the Audit Committee.

4. CONSULTATION

- 4.1 The ROM Strategy, the ROM programme and the methodology have been the subject of extensive internal consultation and shared with external bodies, e.g. Southdowns NHS Trust and other local authorities.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The potential funding or resources required to deliver the ROM programme initiatives for which funding has been identified are detailed in the ROM Programme (Appendix 1.A)

Legal Implications:

- 5.2 There are no legal implications arising directly from this report.

Equalities Implications:

- 5.3 There are no direct implications. The ROM package will address and promote the risk management aspects of equalities

Sustainability Implications:

- 5.4 There are no direct implications. The ROM package will address and promote the risk management aspects of sustainability and will be measured by the Audit Commission's Use of Resources assessment.

Crime & Disorder Implications:

- 5.5 There are no direct implications.

Risk and Opportunity Management Implications:

- 5.6 The ROM Strategy is focussed on improving the quality and consistency of risk & opportunity management of the council's activities.

Corporate / Citywide Implications:

- 5.7 There are no direct implications

SUPPORTING DOCUMENTATION

Appendices:

1. Corporate Risk Register 2008 – 09
2. Risk & Opportunity Management (ROM) Programme 2008 - 09

Documents In Members' Rooms




1. None

Background Documents

1. ROM Strategy 2008 -2011
2. ROM Toolkit (I DO RM)

**Brighton & Hove City Council
Corporate Risk Register 2008/2009
(updated at TMT 21 May 2008)**

The Theoretical Risk Scenarios are set in order of highest risk score

Risk No.	Risk Summary	Risk Scenario	Likelihood (L) Score	Impact (I) Score	Risk Score L x I (Dot indicates RAG rating)	Officers (Bold denotes Risk Owner, plain text details lead practitioner)	Council Priority
3	LONG TERM FUNDING FOR EDUCATIONAL PREMISES	The council will need to address the long term implications of the condition and deterioration of its educational premises in relation to delivering 21st century Education and will consider and evaluate the available options, e.g. Building Schools for the Future, Primary Strategy and the Academy, in order to secure maximum investment for city schools.	5	4	20  RED	Di Smith	2
6	COUNCIL HOUSING STOCK CONDITION	The Council faces a significant shortfall in the capital investment required to meet the Government's Decent Homes Standard (DHS) for Council Housing in 2010. The authority must re-examine its HRA and General Fund budgets, asset management, and service delivery to establish how the DHS can be met.	4	5	20  RED	Joy Hollister Nick Hibberd	4
14	SINGLE STATUS	All councils in the UK need to review and revise their pay schemes to ensure full compliance with equal pay legislation. Failure to do so may result in litigation and industrial relations problems. Robust evaluation of all jobs and negotiation with trade unions on resolving any back pay liability and establishing fair pay schemes into the future needs to be carefully undertaken to ensure the most cost effective outcome (in an increasingly complex national legal environment).	5	4	20  RED	Alex Bailey Shaun Rafferty	4

Council priorities:

- 1 = Protect the environment while growing the economy
- 2= Make better use of public money
- 3= Fair enforcement of the law
- 4= Reduce inequality by improving opportunities
- 5 = Open and effective city leadership

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5	BRIGHTON CENTRE	The needs of the conference and convention market are increasingly unmet by the ageing Centre. The economy of the city relies heavily on the revenues brought in by this market. A significant opportunity to provide world class convention and hotel facilities and enhance city centre retailing exists. The redevelopment scheme under negotiation provides a realistic and cost effective solution in uncertain funding markets	5	4	20  RED	Alex Bailey David Fleming	1
060	MAJOR PROJECTS	The successful delivery of our major building and infrastructure projects, linked to high quality architecture and an efficient rapid transport system, has a direct impact on the city's reputation as a successful place to do business for investors and funders alike. In light of the international and national financial markets, the city needs to continue to secure the confidence and funding to deliver these projects. It will be important to encourage a stronger focus on pre-application planning activity to inform the development process from an early stage to help minimise the risks associated with projects not securing planning permission.	4	4	16  RED	Scott Marshall & Jenny Rowlands David Fleming, Martin Randall	1

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13	WASTE REDUCTION & DISPOSAL	The Waste PFI is progressing & new facilities are completed or are under construction. There are continuing & increasing demands, e.g. clarification of definition of Waste by DEFRA, penalties/fines for exceeding the Government imposed limits on landfilling of biodegradable waste. It is essential that the arrangements that the council has put in place deliver a successful and cost-effective solution, that delays in building a new waste infrastructure are minimised, and the waste levels are curtailed and recycling rates increased	4	4	16  RED	Jenny Rowlands Gillian Marston	2
15	IMPROVING CONTRACT MANAGEMENT & COMPLIANCE	The council has a large number of contracts of various types and complexities, including "one-offs" and partnerships. Reviewing and monitoring procedures for these need to improve so that there is consistency and the standard of outcomes are improved. This will also enable Health & Safety risks - such as the control of Asbestos to be managed and minimised	4	4	16  RED	Catherine Vaughan Mark Ireland, Claire Jones	2
7	BUSINESS CONTINUITY CAPACITY	The council's ability to withstand short term or long term interruption to the delivery of its services and/or ICT availability will need to be effective and enable continual delivery of quality services. This involves pro-active measures to protect against interruption and effective planning, which is regularly tested & reviewed, to enable recovery to predetermined operating levels in the shortest time possible and at the best cost.	4	4	16  RED	Jenny Rowlands & Catherine Vaughan Judith Macho, Robin Humphries	All

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Risk No.	Risk Summary	Risk Scenario	Likelihood (L) Score	Impact (I) Score	Risk Score L x I (Dot indicates RAG rating)	Officers (Bold denotes Risk Owner, plain text details lead practitioner)	Council Priority
10	SUSTAINABLE FUNDING FOR IMPROVING SOCIAL ISSUES	In a city where there are challenging social issues and problems, much of the preventative and intervention work is funded by short-term initiative or grant monies. There is a need to improve the integration of both initiative and mainstream financial planning across priority areas and major partnerships (e.g. LAA, PSB, CDRP, CYPT) to ensure work is <i>focused</i> and sustained to enable longer term <i>measurable</i> improvement.	5	3	15  RED	Jenny Rowlands & Di Smith Judith Macho, G Cunliffe	4, 2
9	A DESERVED REPUTATION FOR EXCELLENCE	Despite real progress improving services (and encouraging signs that residents recognise them) the City Council's reputation at national, regional and local level is not where it needs to be to gain maximum opportunities for our residents. The need is to focus on: <ul style="list-style-type: none"> • Achieving excellent and cost effective services in the eyes of our residents and partnerships • Proactively engaging with our regulators and their frameworks to demonstrate this excellence • Consistent engagement with residents (listening and doing) • Building a reputation nationally and locally as a city and City Council that delivers and plans well for the future 	4	3	12  AMBER	Alex Bailey Anthony Zacharzewski, John Shewell, Janice Millman	5

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2	FINANCIAL OUTLOOK FOR THE COUNCIL	The resource projections for funding under the current local government finance system are overstated resulting in the proposed council tax increases and savings being insufficient to deliver a balanced budget. Service and financial planning is not well integrated over the medium term so action taken is short term and unsustainable.	3	4	12  AMBER	Catherine Vaughan Nigel Manvell	2
6	CIVIL RESILIENCE	The Civil Contingencies Act 2004 requires all councils to have in place documented and tested plans to be implemented in the event of an emergency. Whilst the council has made progress, the partnership arrangements of the local resilience forum will alter the Sussex-wide strategy for managing incidents and the impact on the council is unknown and is expected to necessitate a review of our approach. Category 1 Responders under the Act are expected to seek accreditation under a new British Standard (BS25999) to do this will require investment and resources.	3	4	12  AMBER	Jenny Rowlands Judith Macho, Philip de Leon	5, 1
16	COMMUNICATIONS & CULTURAL CHANGE	Communications with residents, our partners and staff must be clear and focused on our priority activities. They must recognise the two way nature of communications and use best practice approaches to support council priorities and the required cultural changes required to gain the deserved reputation for excellence	3	3	9  AMBER	Alex Bailey John Shewell & Janice Millman	All

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4	IMPACT OF CHANGES IN THE LOCAL HEALTH ECONOMY & ADULT SOCIAL CARE SERVICES	The city's health care issues are managed by well established partnerships and the Strategic Commissioning Group for Community Services for Adults & Older People. A significant challenge remains which may impact on service delivery, i.e. Patient Flows ("Right Care, Right Place") – affects council's role to provide/commission and oversee more intermediate, intensive and short term care as a result of the reduction in length of hospital stay and hospital beds available and the move to more care in the community.	3	3	9  AMBER	Joy Hollister Denise D'Souza	4

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APPENDIX 1.B

Risk & Opportunity Management (ROM) Programme 2008 - 2009

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A) IMPROVE RISK & OPPORTUNITY MANAGEMENT ("upside" or positive risk taking)		Rationale/outcome	Resources Required	Target Date	Lead Officer
A)1	Continually develop and improve risk & opportunity management tools & techniques and refer to them as appropriate in other corporate guidance, e.g. project management, health & safety, business planning	Proactively encourage opportunity taking (using ROM techniques) and minimisation of downside/negative risks	Officer Time (to be absorbed within the existing staff arrangements)	Ongoing	Jackie Algar
A)2	Introduce prize/award to recognise successful opportunities taken and improvements made using the opportunity management tools. This to be part of annual Excellence Award ceremony and prize/award if sponsorship can be obtained from insurers	Proactively encourage opportunity taking (using ROM techniques)	Sponsorship to be sought	Ongoing	Jackie Algar
A)3	Establish the extent to which Dept of Health guidance (May 2007) "Independence, Choice & Risk : a guide to best practice in supported decision making" can be/is being put to use in the delivery of council services	To ensure a balance between empowerment & safeguarding, choice & risk for service users	Officer Time (to be absorbed within the existing staff arrangements)	December 08	Joy Hollister, Jackie Algar
B) TO PROVIDE TRAINING FOR MEMBERS AND OFFICERS IN RISK & OPPORTUNITY MANAGEMENT		Rationale/outcome	Resources Required	Target Date	Lead Officer
B)1	Offer 4 sessions a year for managers as part of Leadership & Development Programme – involve guest expert & operational managers as speakers	To improve the capacity of the organisation to practice ROM effectively	Officer Time (to be absorbed within the existing staff arrangements)	From June 08	Jackie Algar
B)2	Develop an e-learning tool for risk & opportunity management	To utilise technology and provide alternative learning methods to improve the capacity of the organisation to practice ROM	Existing Risk Mgt Reserve funds will be sought	January 09	Jackie Algar, John Carling
B)3	Provide training on Risk & Opportunity Management to Audit Committee Members	To improve the capacity of the council's decision makers to consider whether the council effectively practices ROM	Officer Time (to be absorbed within the existing staff arrangements)	Summer 08	Jackie Algar

B)4	Provide training on Risk & Opportunity Management to all Cabinet Members and include as part of wider Performance Management training	To improve assurance on the practice of ROM & embed in Performance Management arrangements	Officer Time (to be absorbed within the existing staff arrangements)	By December 08	Barbara Green & Jackie Algar
C) ENHANCE LINKS WITH PARTNERS ON RISK & OPPORTUNITY MANAGEMENT		Rationale/outcome	Resources Required	Target Date	Lead Officer
C) 1	Establish regular contact meetings and identify joint approaches to classification, risk reporting, language surrounding risks and training.	To better understand how the approaches of others to avoid duplication of effort & enhance successful outcomes	Officer Time (to be absorbed within the existing staff arrangements)	Ongoing from February 08	Jackie Algar
C) 2	For Contractors - Produce and circulate summary guidance on the council's approach to Risk & Opportunity Management and the part they play	To provide information to contractors so that their risk & opportunity management experience informs the overall council approach	Officer time (to be absorbed within the existing staff arrangements) & minimal paperwork cost met from existing budget	Ongoing from October 08	Jackie Algar
D) TO IMPROVE RISK REPORTING ARRANGEMENTS		Rationale/outcome	Resources Required	Target Date	Lead Officer
D) 1	Procure software system to assist the overview of risks to be reported	To better enable risk information to be taken into account in policy making, strategic planning, resource allocation & performance management	Estimated £15k capital cost - Risk Mgt Reserve funding allocated Estimated £3k p.a. maintenance costs – to be met from within Performance & Improvement Team budget	April 09	Jackie Algar

APPENDIX 1.B

Risk & Opportunity Management (ROM) Programme 2008 - 2009

D) 2	Introduce & oversee the service based risk assessments & record escalated risks in overall council risk register system	To capture the information from the "ground up" of significant issues affecting, or having the potential to affect, delivery of services	Officer Time (to be absorbed within the existing staff arrangements)	July 08 onwards	Jackie Algar & Directors
D) 3	Include LAA risks in the overall council performance management approach	To record & identify the risks relating to the achievement of LAA objectives	Officer Time (to be absorbed within the existing staff arrangements)	June 08	Barbara Green
D) 4	Establish how project risks are included in the overall risk register system	Informs council risk overview & manage significant risks to projects, including those which are innovative or challenging	Officer Time (to be absorbed within the existing staff arrangements)	November 08	Various Directors

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