





Brighton & Hove
City Council

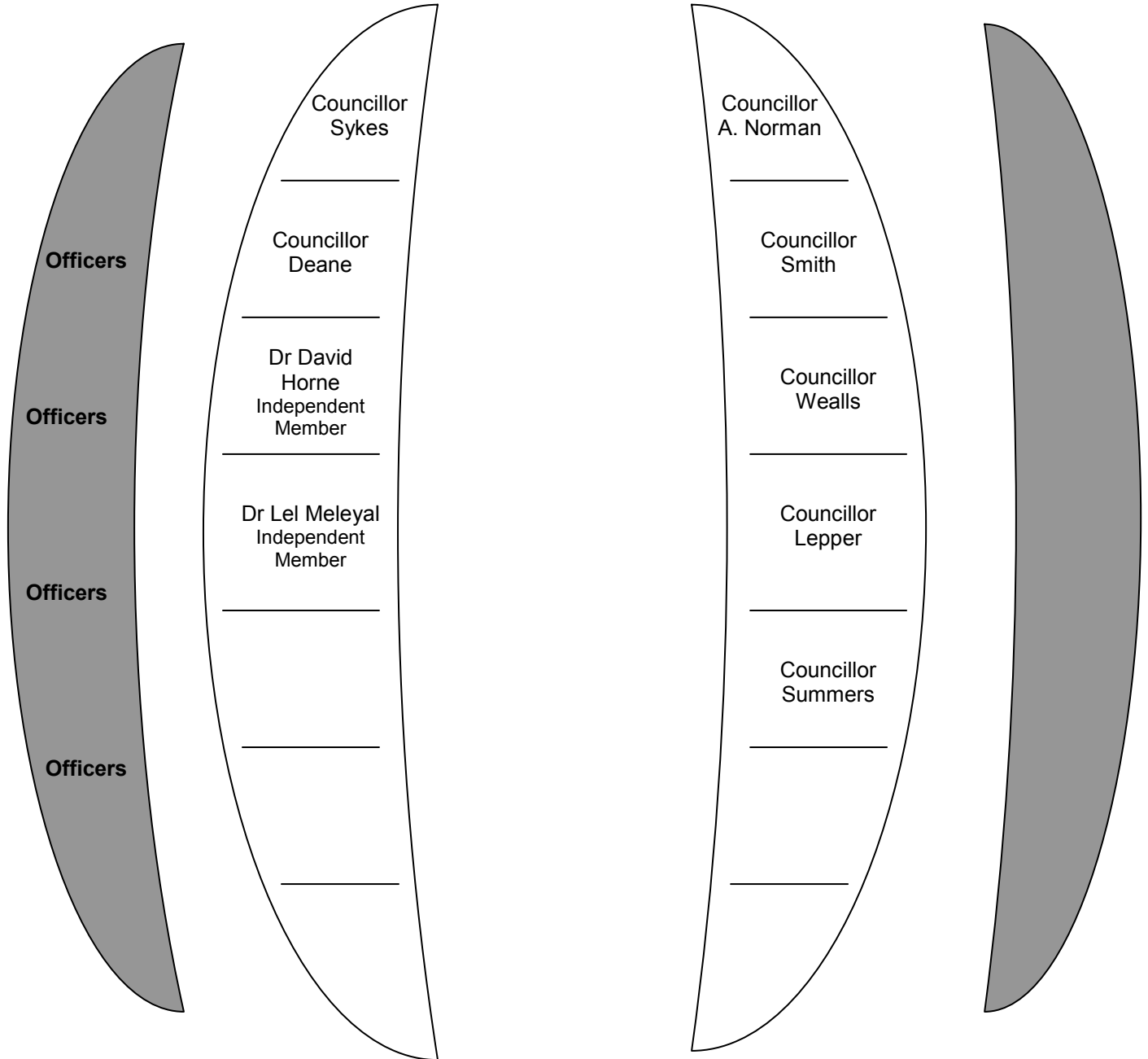
Audit & Standards Committee

Title:	Audit & Standards Committee
Date:	25 June 2013
Time:	4.00pm
Venue	Council Chamber, Hove Town Hall
Members:	Councillors: Hamilton (Chair), A Norman (Opposition Spokesperson), Deane, Lepper, Smith, Summers, Sykes and Wealls Co-opted Members: Dr David Horne and Dr Lel Meleyal
Contact:	Ross Keatley Democratic Services Officer 01273 291064 ross.keatley@brighton-hove.gov.uk

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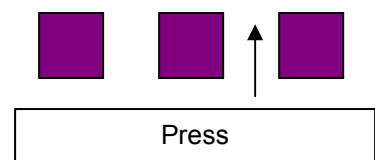
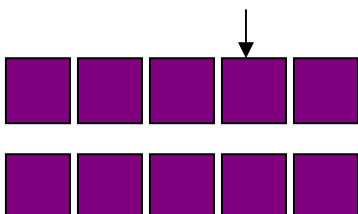
Democratic Services: Audit & Standards Committee

Head of Law	Councillor Hamilton Chair	Director of Finance	Democratic Services Officer
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Presenting Officer	Presenting Office
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Public Seating



AGENDA

1. PROCEDURAL BUSINESS

(a) Declarations of Interest:

- (a) Disclosable pecuniary interests not registered on the register of interests;
- (b) Any other interests required to be registered under the local code;
- (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

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

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

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

NOTE: *Any item appearing in Part Two of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.*

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

2. MINUTES

1 - 12

To consider the minutes of the meeting held on 16 April 2013 (copy attached).

Ward Affected: All Wards

3. CHAIR'S COMMUNICATIONS

4. PUBLIC INVOLVEMENT

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

AUDIT & STANDARDS COMMITTEE

- (a) **Petitions:** to receive any petitions presented to the full council or at the meeting itself;
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 18 June 2013;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 18 June 2013.

5. MEMBER INVOLVEMENT

To consider the following matters raised by councillors:

- (a) **Petitions:** to receive any petitions submitted to the full Council or at the meeting itself;
- (b) **Written Questions:** to consider any written questions;
- (c) **Letters:** to consider any letters;
- (d) **Notices of Motion:** to consider any Notices of Motion referred from Council or submitted directly to the Committee.

6. AUDIT & STANDARDS COMMITTEE WORK PROGRAMME 2013/14 13 - 20

Reports of the Executive Director of Finance & Resources and the Head of Legal & Democratic Services (copy attached).

Contact Officer: Ian Withers *Tel:* 29-1323
Ward Affected: All Wards

7. AUDIT & STANDARDS COMMITTEE ANNUAL REPORT 2012/13 21 - 36

Report of the Executive Director of Finance & Resources and the Head of the Legal & Democratic Services (copy attached).

Contact Officer: Ian Withers *Tel:* 29-1323
Ward Affected: All Wards

8. SUBSTITUTION ON AUDIT & STANDARDS COMMITTEE 37 - 42

Report of the Head of the Legal & Democratic Services (copy attached).

Contact Officer: Oliver Dixon *Tel:* 29-1512
Ward Affected: All Wards

STANDARDS ITEMS

9. COMPLAINTS UPDATE 43 - 50

Report of the Head of Legal & Democratic Services (copy attached).

Contact Officer: Brian Foley *Tel:* 291229

AUDIT & STANDARDS COMMITTEE

Ward Affected: All Wards

AUDIT ITEMS

- 10. UNAUDITED STATEMENT OF ACCOUNTS 2012/13** **51 - 56**
- Report of the Executive Director of Finance & Resources (copy attached).
- Contact Officer: Jane Strudwick Tel: 01273 291255*
Ward Affected: All Wards
- 11. ANNUAL GOVERNANCE STATEMENT 2013/14** **57 - 74**
- Report of the Executive Director of Finance & Resources (copy attached).
- Contact Officer: Ian Withers Tel: 29-1323*
Ward Affected: All Wards
- 12. ERNST & YOUNG: PROGRESS REPORT 2012/13** **75 - 96**
- Report of the External Auditors – Ernst & Young (copy attached).
- Contact Officer: Helen Thompson, Ian Withers Tel: 29-1323*
Ward Affected: All Wards
- 13. TARGETED BUDGET MANAGEMENT (TBM) PROVISIONAL OUTTURN 2012/13** **97 - 184**
- Extract from the proceedings of the Policy & Resources Committee meeting held on the 13th June 2013, together with a report of the Executive Director for Finance & Resources (copies attached).
- Contact Officer: Jeff Coates Tel: 29-2364*
Ward Affected: All Wards
- 14. STRATEGIC RISK REVIEW 2013-14 & RISK MANAGEMENT ACTION PLANS– UPDATED MAY 2013** **185 - 214**
- Report of the Executive Director of Finance & Resources (copy attached).
- Contact Officer: Jackie Algar Tel: 29-1273*
Ward Affected: All Wards
- 15. STRATEGIC RISK MANAGEMENT ACTION PLAN FOCUS SR2 FINANCIAL OUTLOOK; SR11 WELFARE REFORM** **215 - 218**
- Report of the Executive Director of Finance & Resources (copy attached).
- Contact Officer: Jackie Algar Tel: 29-1273*
Ward Affected: All Wards

AUDIT & STANDARDS COMMITTEE

16. INTERNAL AUDIT ANNUAL REPORT & OPINION 2012/13 To Follow

Report of the Executive Director of Finance & Resources (to follow).

Contact Officer: Ian Withers

Tel: 29-1323

Ward Affected: All Wards

17. REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2013 219 - 230

Report of the Executive Director of Finance & Resources (copy attached).

Contact Officer: Ian Withers

Tel: 29-1323

Ward Affected: All Wards

18. ITEMS REFERRED FOR COUNCIL

To consider items to be submitted to the 18 July 2013 Council meeting for information.

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

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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.

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

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Therefore by entering the meeting room and using the seats around the meeting tables

AUDIT & STANDARDS COMMITTEE

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If you have any queries regarding this, please contact the Head of Democratic Services or the designated Democratic Services Officer listed on the agenda.

For further details and general enquiries about this meeting contact Ross Keatley, (01273 291064, email ross.keatley@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk.

Date of Publication - Monday, 17 June 2013

BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 16 APRIL 2013

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Hamilton (Chair), A Norman (Opposition Spokesperson), Lepper, Smith, Sykes and Wealls

Independent Persons & Co-opted Members: Dr David Horne

PART ONE

82. PROCEDURAL BUSINESS

82a Declarations of substitutes

82.1 There were none.

82b Declarations of interests

82.2 There were none

82c Exclusion of the press and public

82.3 In accordance with Section 100A of the Local Government Act 1972 (“the Act”), the Committee considered whether the public should be excluded from the meeting during consideration of any item of business on the grounds that it is likely in view of the business to be transacted or the nature of the proceedings, that if members of the public were present during it, there would be disclosure to them of confidential information as defined in Section 100A (3) of the Act.

83. MINUTES

83.1 **RESOLVED** – That the Chair be authorised to sign the minutes of the meeting held on 22 January 2013 as a correct record.

84. CHAIR'S COMMUNICATIONS

84.1 The Chair noted that the letter forming the substantive part of the item at 89 had been redrafted and circulated at the Committee to address some typographical errors.

85. PUBLIC INVOLVEMENT

85.1 There were none.

86. MEMBER INVOLVEMENT

86.1 There were none.

87. STRATEGIC RISK MANAGEMENT ACTION PLAN FOCUS SR1 READINESS FOR OPPORTUNITIES AND IMPACTS OF LOCALISM; SR3 PACE VOLUME OF PUBLIC SECTOR

- 87.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Strategic Risk Management Plan Focus *SR1 Readiness for opportunities and Impacts of localism; SR3 Pace Volume of Public Sector*. The Committee had a role to monitor the effectiveness of risk management and internal control and this included an oversight of the Strategic Risk Register which was reviewed every 6 months by the Executive Leadership Team (ELT). Each Strategic Risk had a Risk Management Action Plan to deliver action to address the risk by a Risk Owner from ELT; the risk owner for both SR1 and SR3 was the Chief Executive, Penelope Thompson.
- 87.2 The Chief Executive provided an introduction in relation to SR1 and explained that when issues in relation to the localism agenda were first added to the Strategic Risk Register there was a greater level of uncertainty in relation to the opportunity and risk, and this was why this risk had been assigned to the Chief Executive in the interim. There had been an internal audit report which had advocated good governance, and it was felt that this risk would be more appropriately assigned to the Assistant Chief Executive in future as part of the wider review of the register in early May.
- 87.3 Councillor Wealls asked questions in relation to *Community Right to Challenge*, and *Community Right to Bid*. In response Officers explained that no bids had been received, and the period for *Community Right to Challenge* would run from 1 April 2013 to 30 June 2013; however, *Community Right to Bid* had no beginning or closing restrictions. The Council was ready to process applications and deal with queries. It was also noted there had been a recent report to the Policy & Resources Committee about shared services, and one of the action points had been to look at options – of which alternative delivery could play a role. The Head of Law and Monitoring Officer also highlighted some of the other areas of localism that had already been implemented including: general power of competence; governance; pre-determination; the new Code of Conduct; pay accountability and a review of the pay statement. There was also a procedure in place for *Community Right to Challenge*.
- 87.4 Councillor Wealls went on to ask about the future service delivery and where this was being discussed; in response it was explained that the report to the Policy & Resources Committee had suggested the creation of an Officer group – with the Chief Executive – to look at modernisation; this group would be able to highlight issues and themes as they emerged.

87.5 The Chief Executive then went on to provide an introduction in relation to SR3 and noted that Council had recently approved the budget and the Corporate Plan as well as a purpose statement for the local authority with ambitions. The Council was already in a strong position, and involved in some very significant partnership arrangements; as well as the Brighton & Hove Strategic Partnership. It had been agreed that the Public Service Board would become a City Management Board and be attended by the Chief Executive and the Chief Officers from the other key public service bodies. There was a huge willingness to co-operate and work together on delivery, and look at new ways to share assets – for example Hove Town Hall had recently become a base for Sussex Police. Since the beginning of April public health functions were now under the remit of the local authority, and this synergy was welcomed. The Director of Public had also taken on additional duties in relation to community safety and emergency planning – which linked in appropriately to key local public health risks associated with alcohol and illegal drugs in the city. It was also noted that the joint strategic needs assessment would be fully integrated across the whole city, and in was also now the appropriate time to review the Strategic Risk Register.

87.6 Councillor Sykes asked for more information in relation to specific risks and potential consequences, and how these could impact across different departments. In response it was highlighted that the Council's arrangements put the authority in a strong position, and work was being undertaken to respond to external factors. Services were being modernised, and it was felt an effective approach was being delivered by working with partners. It was also suggested that some of the phrasing in the register should be amended to provide greater assurance.

87.7 RESOLVED –

- i. That the Committee has a role to monitor the effectiveness of risk management and internal control. This includes oversight of the Strategic Risk Register which is set and reviewed every six months by the ELT. Each Strategic Risk has a Risk Management Action Plan (a "risk MAP") to deliver action to address the risk by a Risk Owner, a member of ELT.
- ii. That the Committee previously agreed an annual schedule of focus sessions on strategic risks, generally two at each of its meetings. For each meeting, strategic risk MAPs are updated and "risk owners" attend to provide further verbal explanation, update and receive questions from Members as necessary.

88. VERBAL UPDATE ON PAYROLL SYSTEM

88.1 The Committee was given a verbal update of the Payroll System from the Head of HR Strategy, Policy & Projects, Katie Ogden, and it was explained that the latest internal audit findings had moved the service up to 'reasonable assurance.' A great deal of work had been undertaken to improve processes; as well as joint working with ICT on control. Online processes and changes to contracts had helped create additional controls in relation to the payroll system as well as some restructuring of staff. All this work had been completed within the agreed timescales. Self-service for additional time and expenses claims had gone live at the beginning of March 2013, and it was envisaged the bulk of this work would be completed by September 2013; under this system all additional payments would be input by staff and approved by service managers.

- 88.2 Work had been undertaken to comply with the auto-enrolment requirement (the statutory requirement to enrol qualifying staff into a pension scheme) and systems had been set up to manage this. All staff had now been migrated to monthly payments, and thanks were given to staff for embracing these changes. Overall, there was still considerable work to be undertaken before the desired position was achieved but it was confirmed that all of the original 14 actions from internal audit had now been completed, and the service was working to achieve a set of 7 new, but lesser, actions from the latest review.
- 88.3 Councillor Ann Norman noted there had been concern in relation to payroll for a number of years, but there was an understanding that these problems were not easy to address. The verbal update was reassuring, and it was vital that this work was completed properly. A written update was agreed for the September Committee, and for these to follow twice a year.
- 88.4 Dr Horne asked if there were any issues of concern – in relation to the 2012/13 audits – that should be reported to the Committee. In response, the Head of HR Strategy, Policy & Projects noted that there were none at this stage, and the External Auditor, Simon Mathers, added that although payroll was a defined risk in the audit plan, however, the significant improvement had been recognised and information could be reported to a later meeting about control and the efficiency of operations.
- 88.5 **RESOLVED** – That the Committee note the verbal update, and receive 6 monthly written updates.
- 89. LETTER FROM CHAIR OF AUDIT & STANDARDS COMMITTEE RE: B&HCC - RISK OF MATERIAL MISSTATEMENT OF THE 2012/13 ACCOUNTS DUE TO FRAUD**
- 89.1 The Committee considered a report of the Executive Director of Finance & Resources presenting the response from the Chair of the Audit & Standards Committee to the request made by the external auditors (Ernst & Young) to those charged with governance.
- 89.2 **RESOLVED** - That the Committee note the response by the Chair contained in the letter at Appendix A, to the request made by Ernst & Young.
- 90. INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2013/14**
- 90.1 The Committee considered a report of the Executive Director of Finance & Resources, presenting the Draft Internal Audit Strategy & Annual Audit Plan 2013/14. This included both the operational internal audit and counter fraud work programmes together with an Audit Charter replacing the former Internal Audit Terms of Reference. The report outlined the principles upon which the plan had been prepared as well as setting the outcomes that the plan would seek to achieve.
- 90.2 Councillor Hamilton asked questions about the 800 days allocated to counter fraud. The Head of Audit & Business Risk explained that the current Housing Benefit Fraud Team was merging with corporate fraud increasing the number of days and there is a note in the document to explain this.

- 90.3 Councillor Wealls asked about any key thematic changes compared with last year, and The Head of Audit & Business risk explained that there were no major differences only where there had been large areas of change – such as the inclusion of Public Health. There was a process to maintain to determine audit needs based on a continuous risk assessment. Some of the audit reviews were cyclical; whilst others related to follow-up audit reviews.
- 90.4 Councillor Wealls asked about the number of days allocated for gifts and hospitality; Officers explained that a different directorate was audited each year; the testing often required a survey of managers. Councillor Wealls went on to ask about the ‘Workstyles’ programme and how this linked with TBM. The Head of Financial Services, Nigel Manvell, explained that Workstyles were reported through TBM as one of the core VFM programmes, and added that the TBM process would pick up any financial problems including any potential under-achievement of savings, It was explained that the Workstyles Project Board also kept the programme under review because there were wider benefits of the programme to be monitored than just financial savings; these included expected office space and carbon reductions; monitoring customer satisfaction for visitors to new Customer Service Centres, monitoring flexible working; reducing storage through rolling out electronic document management and other matters.
- 90.5 Councillor Smith asked why the i360 was still a high risk, and in response the Head of & Business Risk explained that this was just one example of major projects audit review and had been rated as high risk.
- 90.6 Councillor Sykes asked about ‘deliverables’ and in particular the implication of undertaking the statutory minimum. In response the Head of Audit & Business Risk explained that the Council was not far above what is classed as the ‘minimum audit cover’ and the focus of the work was on adding value.
- 90.7 Councillor Ann Norman asked about concessionary fares and evidence of fraud in this area; The Head of Audit & Business Risk explained that there were national indicators that suggested this was on the increase, and it was important that the Council ensured its own scheme was robust.
- 90.8 Dr Horne asked if it would be useful for the plan to set out the role of the Committee and the Executive Leadership Team in reviewing these audits, and also suggested that it could be highlighted how the Audit Plan had shifted to change the risk profile; finally he noted that in relation to the costs of the function it would be helpful to clarify the split between in-house and external. The Head of Audit & Business Risk explained that when planning coverage of the Audit Plan there would be close liaison work with the external auditors and that the split of costs was therefore variable but focused on making best use of available skills to ensure value for money. Dr Horne went on to ask about the protocol and the Head of Audit & Business risk explained it would change for the forthcoming year as the new Internal Audit Standards had just been issued, and more time would need to be given to the interpretation of these.
- 90.9 Councillor Hamilton noted that audit reviews giving limited or no assurance, should be reported to the appropriate Committee Chair in the same way they had been reported to the Lead Cabinet Member in the past.

90.10 **RESOLVED** –

- i. That the Audit & Standards Committee provides any comments and highlights any of significant concern it wishes included if possible, in the draft Internal Audit Strategy and Annual Audit Plan for 2013/14.
- ii. That the Audit & Standards Committee approves the draft Internal Audit Strategy and Annual Audit Plan for 2013/14 attached at Appendix 1.

91. ERNST & YOUNG: EXTERNAL AUDIT PLAN 2012/13

- 91.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Ernst & Young 2012/13 Audit Plan. The report set out how the external auditors intended to undertake their responsibilities. The report summarised the progress to date; an assessment of the key risks and an outline of the strategy in response to those risks.
- 91.2 Councillor Wealls asked questions in relation to ‘Journals processed in the general ledger’, and in response the External Auditor, explained that a journal was an entry onto the financial ledger that shifted expenditure or income from one account code to another; this was sensitive as although journals cannot impact on cash directly, incorrectly coding expenditure or income could lead to a misreport in the authority’s financial position and the potential for fraud. The value of the journal should be reflected in the level of seniority of the Officer who was able to sign this off, and evidence would need to also accompany it. The external auditors would expect to see effective controls to prevent fraud before it could happen rather than look at this retrospectively.
- 91.3 Councillor Ann Norman noted that the fee scale for the audited accounts was lower than the Council had been charged in previous years, and she asked if there was less work being carried out. In response the External Auditor clarified that their responsibilities and duties remained the same.
- 91.4 **RESOLVED** – That the Committee consider the 2012/13 Audit Plan and ask questions as necessary on our proposed audit approach, progress to date and audit scope.

92. ERNST & YOUNG: 2013/14 AUDIT FEE LETTER

- 92.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Ernst & Young: 2013/14 Audit Fee Letter. The report outlined the audit work the external auditors proposed to undertake for the 2013/14 financial year at the Council. The fee reflected the risk-based approach to audit planning set out in the Code of Audit Practice and the work mandated by the Audit Commission for 2013/14. The fee had been set by the Audit Commission as part of the recent 5 year procurement exercise and consequently was not liable to increase in that period without a change in scope.
- 92.2 **RESOLVED** – That the Committee note the 2013/14 audit fee letter.

93. RISK MANAGEMENT STRATEGY 2013

- 93.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Risk Management Strategy 2013. The Policy & Resources Committee had responsibility for the formal approval of the strategy; however, the Audit & Standards Committee had a key role in monitoring the delivery.
- 93.2 Councillor Wealls asked a series of questions in relation to the ranking of risks, and how they were addressed in the Strategy; in response it was explained that the ranking was assessed against how they would affect the achievements of the Council's objectives – there was also a red/amber/green system (commonly known as 'RAG rating') used which was similar to that in other public sector bodies such as the NHS. Councillor Wealls went on to ask about how resources would be allocated against risks and it was highlighted that the Strategy was used to prioritise risks, and ensure they were managed in the best possible way. There were three stages in the risk register format, and the action plans on the register would consider mitigating controls to give a better view on the realistic position.
- 93.3 **RESOLVED** – That the Committee note the Risk Management Strategy 2013 at Appendix 1 as approved by Policy & Resources Committee on 14 February 2013.

94. PUBLIC SECTOR INTERNAL AUDIT STANDARDS

- 94.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to Public Sector Internal Audit Standards. The report informed the Committee of the new Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013. The report also set out the key changes highlighting areas where these differ from the previous Code of Practice for Internal Audit in Local Government (produced by Chartered Institute of Public Finance Accountants "CIPFA").
- 94.2 Councillor Hamilton noted there were several new aspects involved in the report, and it would take some time to determine the full extent of the impact of the new Standards.
- 94.3 **RESOLVED:**
- i. That the Committee note the key changes associated with the Public Sector Internal Audit Standards effective from 1 April 2013; and
 - ii. That the Committee note that action will be taken to implement the requirements of the new standards, as required.

95. COMPLAINTS UPDATE

- 95.1 The Committee considered a report of the Head of Legal & Democratic Services in relation to the Complaints Update. The report updated the Committee on allegations about member conduct following the last report to the Committee on 22 January 2013. The decision notices for complaints that had been closed were set out at Appendix 1 to the report.

95.2 Councillor Sykes asked about the reference numbering applied to each case, and it was confirmed the same sequence was used that also recorded corporate complaints; this accounted for the disparity between reference numbers.

95.3 **RESOLVED** – That the Committee note the report.

96. AMENDMENTS TO THE CODE OF CONDUCT FOR MEMBERS

96.1 The Committee considered a report of the Head of Legal & Democratic Services in relation to Amendments to the Code of Conduct for Members. The report reviewed the code of Conduct following the adoption of a new code in July 2012. The report proposed some changes: to include the corporate values; to simplify the declaration of interests rules and to require co-operation with investigations into unauthorised disclosure of information.

96.2 Councillor Wealls asked specific questions in relation to Members' declaration of interests at Budget Council and whether the amended code changed the position. In response, the Head of Law & Monitoring Officer explained that interests in relation to land were part of the statutory requirement as they constituted 'disclosable pecuniary interests'. The Council therefore did not have the ability to override the requirement in the statutory instrument using the local code.

96.3 Dr Horne noted that he welcomed the comments in relation to the changes to the Code of Conduct.

96.4 **RESOLVED:**

- i. That the Committee approve in principle the proposed amendments to the Code of Conduct for Members
- ii. That the Committee recommends Council to agree the amendments to the Code of Conduct for Members as set out in Appendix 1 to this report.

97. REVIEW OF PROCEDURE FOR INVESTIGATING ALLEGED BREACHES OF CODE OF CONDUCT

97.1 The Committee considered a report of Head of Legal & Democratic Services in relation to a review of the procedure for investigating alleged breaches of Members' Code of Conduct. The report highlighted that, following the adoption of new procedures in September 2012, a number of suggestions for improvement had been made, and the report sought approval for the proposed amendments.

97.2 Councillor Sykes noted this was a welcomed update of the procedure, and highlighted he had sat on two Panels; he added that 'breakpoints' in the procedure would be good to stop complaints going to the Panels when it was clear this course of action was no longer necessary. Officers added that there was now a step in the process to allow the Monitoring Officer – in consultation with the Independent Person – to streamline or fast-track the process.

- 97.3 The Head of Law & Monitoring Officer also added that it was important to highlight that the complaints procedure was not a court of law, and there may still be cases where it would be in the public interest to continue an investigation; such cases would be subject to discussion with the Independent Person.
- 97.4 Dr Horne noted he was pleased to be part of the working group, and felt that the changes were both sensible and proportionate; they also did not diminish accountability or public interest.
- 97.5 **RESOLVED** - That the Committee approve the proposed amendments to the procedure for investigating alleged breaches of the Members' Code of Conduct, as set out in the body of the report and as illustrated in the flow chart at Appendix 1.
- 98. SOCIAL MEDIA PROTOCOL FOR MEMBERS & SOCIAL NETWORKING POLICY FOR EMPLOYEES**
- 98.1 The Committee considered a report of the Head of Legal & Democratic Services in relation to a social media protocol for members and social networking policy for employees. The report brought these two documents to the Committee which had been drafted following decisions the Committee took in January 2013.
- 98.2 Councillor Lepper welcomed the report, and noted that she had raised this issue at previous meeting after becoming increasingly concerned about Members and Officers use of Twitter. Most large private and public employers had social media and networking policies, and the role of a Councillor was also slightly different as it took in the political dimension. She also went on to highlight that Members needed to remember that when using social media they are under the same obligation to maintain standards of conduct as if they were writing a letter or email, and it was important to take a common sense approach to this issue.
- 98.3 Councillor Sykes noted that if the use of social media was 'common sense' then it might not be necessary to have it set out in a protocol or policy. He went on to note that advice against 'friending' people on Facebook might actually constrain activities for some Members. The Head of Law & Monitoring Officer added that the intention was to ensure Officers were not seen to be too close to a specific Member or party. Following a further question it was confirmed the policy for employees had been consulted on internally.
- 98.4 Councillor Wealls asked if similar literature had been drafted from bodies such as the LGA, and in response it was confirmed that the policy for employees had already been drafted by the Social Media Officer, and some benchmarking work had been undertaken to see how other local authorities had approached this matter.
- 98.5 Councillor Norman noted that she also welcomed the documents, and she hoped it could be used to enforce standards of conduct for Members.
- 98.6 Councillor Sykes noted that a common sense approach should also be taken to the interpretation of the document.

98.7 RESOLVED:

- i. That the Committee approve the Social Media Protocol for Members at Appendix 1.1 to this report.
- ii. That the Committee approve the Social Networking Policy for Employees at Appendix 1.2 to this report.

99. CODE OF CONDUCT FOR MEMBER/OFFICER RELATIONS & CODE OF CONDUCT FOR EMPLOYEES

99.1 The Committee considered a report of the Head of Legal & Democratic Services in relation to the code of conduct for member/officer relations and code of conduct for employees. The report sought approval for minor amendments to these documents following new arrangements for the handling of confidential information; the Council's revised corporate values and the latest senior management structure.

99.2 RESOLVED:

- i. That the Committee agree the council's Code of Conduct for Member/Officer Relations as amended and set out at Appendix 1.
- ii. That the Committee agree the council's Code of Conduct for Employees as amended and set out at Appendix 2.
- iii. That the Committee recommend each of these codes to Full Council for approval.

100. GUIDANCE FOR MEMBERS AND OFFICERS REGARDING CONFIDENTIAL INFORMATION

100.1 The Committee considered a report of the Head of Legal & Democratic Services in relation to the guidance for Members and Officers on confidential information. The report bought an updated guidance document which had been drafted following the decisions the Committee took at its meeting on 22 January 2013.

100.2 Councillor Sykes highlighted document marking, and asked if this would be introduced. In response Officers explained that there would an officer information governance meeting and a new ITC policy which would cover the proper marking of documents and the categories of subscription.

100.3 Dr Horne asked how this information would be distributed to Officers, and Officers explained that this would be discussed by the Executive Leadership Team (ELT) and there would be a blog from the Chief Executive to introduce this in conjunction with the internal Communications Team. Dr Horne also added that the Information Commissioners Office had good examples that might assist Officers.

100.4 RESOLVED:

- i. That the committee approves the Guidance for Members and Officers on Confidential Information appended to this report.

- ii. That a copy of the revised guidance be circulated to all Members following approval by the Committee.

101. ITEMS REFERRED FOR COUNCIL

101.1 It was agreed that items 96 Amendments to the Code of Conduct for Members and 99 Code of Conduct for Member/Officer Relations & Code of Conduct for Employees would be referred to Council on 9 May 2013.

The meeting concluded at 6.33pm

Signed

Chair

Dated this

day of

Subject: Audit & Standards Committee Work Programme
2013/14

Date of Meeting: 25 June 2013

Report of: Executive Director of Finance & Resources

Contact Officer:: Name: Ian Withers, Head of Audit & Business Risk
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 presents the proposed 2013/14 Audit & Standards Committee work programme, for consideration.

2. RECOMMENDATIONS:

It is recommended that the Audit & Standards Committee:

- 2.1 Notes the proposed Audit & Standards Committee Work Programme for 2013/14 as set out in Appendix 1, and comments on any items.
- 2.2 Requests the Head of Audit & Business Risk to keep the Work Programme updated to reflect new items as they are identified.

3. BACKGROUND

- 3.1 In order to assist Members to identify and plan key areas of work for the Committee, a work programme has been prepared and is attached at Appendix 1.
- 3.1 The work programme sets out those reports currently expected and considered appropriate to come to future Committee meetings. It is flexible enough to accommodate additional unplanned items that occur during the year and considered necessary to come to the Committee. For example, Standards items or areas of concern over risk and controls.
- 3.2 The work programme will be reviewed and updated regularly to reflect the Committee's priorities and ensure it is able to fulfil its role contained in its terms of reference. It will also assist in agenda planning for meetings
- 3.2 The work programme shows agenda items under three categories:

Category A = Statutory or other implied requirement

Category B = Topics decided by the Committee

Category C = Other

Category D = Training and Awareness

4. CONSULTATION

4.1 The work programme has been circulated to appropriate officers and the Audit Commission for comments.

4.2 Members of the Committee are requested to give their comments on the work programme which will be updated accordingly.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

The Audit & Standards Committee is an essential element of good financial governance. The costs of its work programme including officer support and training are met from existing budgetary provision.

Finance Officer consulted: James Hengeveld 11 June 2013

Legal Implications.

All of the proposed agenda items in the Work Programme set out at Appendix 1 are consistent with the Committee's terms of reference.

Lawyer consulted: Oliver Dixon 12 June 2013

Equalities Implications:

There are no equalities implications arising.

Sustainability Implications:

There are no sustainability implications arising.

Crime & Disorder Implications:

There are no crime and disorder implications arising.

Risk and Opportunity Management Implications:

There are no direct risk and opportunity management implications arising.

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. Audit & Standards Committee Work Programme 2013/14



Audit & Standards Committee Work Programme 2013/14 (June 2013 – March 2014)

Appendix 1

Category A = Statutory or other implied requirement
 Category B = Topics decided by the Committee
 Category C = Other
 Category D = Training & Awareness

Meeting Date	Agenda Item	Category	Decision Item Yes/No	Lead Officer/s	
25th June 2013	Complaints Update	C	No	Brian Foley	
	Audit and Standards Committee Work Programme 2013/14	C	Yes	Ian Withers	
	Targeted Budget Management (TBM) Provisional Outturn 2012/13	B	No	Nigel Manvell	
	Unaudited Statement of Accounts 2012/13	A	Yes	Nigel Manvell & Jane Strudwick	
	Review of the Effectiveness of Internal Audit 2013	A	No	Ian Withers	
	Draft Annual Governance Statement 2012/13	A	Yes	Ian Withers	
	Ernst & Young: Progress Report 2013/14	A	No	Helen Thompson and/or Simon Mathers	
	Ernst & Young: Local Government Sector Update Report	C	No	Helen Thompson and/or Simon Mathers	
	Audit & Standards Committee Annual Report 2012/13	A	Yes	Ian Withers	
	Internal Audit Annual Report and Opinion 2012/13	A	No	Ian Withers	
	Strategic Risk Register Update	A	No	Jackie Algar	
	Strategic Risk Map Focus - SR2 Financial Outlook - SR11 Welfare Reform	A	No	Jackie Algar	
	24th September 2013	Complaints Update	C	No	Brian Foley
		Review of Code of Conduct Training	C	No	Oliver Dixon
Ernst & Young: Progress Report 2013/14		A	No	Helen Thompson and/or Simon Mathers	



Audit & Standards Committee Work Programme 2013/14 (June 2013 – March 2014)

Appendix 1

Category A = Statutory or other implied requirement
 Category B = Topics decided by the Committee
 Category C = Other
 Category D = Training & Awareness

Meeting Date	Agenda Item	Category	Decision Item Yes/No	Lead Officer/s
	Ernst & Young: Audit Results Report 2012/13	A	Yes	Helen Thompson and/or Simon Mathers
	Statement of Accounts 2012/13	A	Yes	Nigel Manvell & Jane Strudwick
	Targeted Budget Management (TBM) 2013/14 Month 2	B	No	Nigel Manvell
	Local Audit & Accountability Bill	D	No	Ian Withers and Oliver Dixon
	Internal Audit Progress Report 2013/14	A	No	Ian Withers
	Strategic Risk Map Focus - SR12 Maintaining Seafront as an asset to the city - SR14 Pay & Allowances Modernisation	A	No	Jackie Algar
19th November 2013	Complaints Update	C	No	Brian Foley
	Review of Audit & Standards Committee	C	Yes	Ian Withers
	Ernst & Young: Progress Report 2013/14	A	No	Helen Thompson and/or Simon Mathers
	Ernst & Young: Annual Audit Letter 2012/13	A	No	Nigel Manvell
	Corporate Fraud Update and Risks	D	No	Tony Barnard
	HR/Payroll System Update	B	No	Sue Moorman
	Internal Audit Progress Report 2013/14	A	No	Ian Withers
	Targeted Budget Management (TBM) 2013/14 Month 5	B	No	Nigel Manvell
	Strategic Risk Register Review	A	No	Jackie Algar



Audit & Standards Committee Work Programme 2013/14 (June 2013 – March 2014)

Appendix 1

Category A = Statutory or other implied requirement
 Category B = Topics decided by the Committee
 Category C = Other
 Category D = Training & Awareness

Meeting Date	Agenda Item	Category	Decision Item Yes/No	Lead Officer/s
	Strategic Risk Map Focus Strategic Risk Map Focus - SR 4 Economic Resilience and Sustainable Economic Growth - SR8 Becoming a more sustainable city	A	No	Jackie Algar
21st January 2014	Complaints Update	C	No	Brian Foley
	Amendments to standards related provisions in Constitution	C	No	Oliver Dixon
	Annual Governance Statement 2012/13 - Action Plan Progress Update	A	No	Ian Withers
	Treasury Management Policy Statement 2013/14 (including Annual Investment Strategy 2013/14) – Mid year review	A	No	Mark Ireland
	Ernst & Young: Annual Certification Report 2012/13	A	No	Helen Thompson and/or Simon Mathers
	Ernst & Young: Progress Report 2013/14	A	No	Helen Thompson and/or Simon Mathers
	Internal Audit Progress Report 2013/14	A	No	Ian Withers
	Targeted Budget Management (TBM) Month 7	B	No	Nigel Manvell
	Strategic Risk Map Focus - SR13 Keeping vulnerable adults safe from harm and abuse - SR15 Keeping children safe from harm and abuse - SR10 Information Governance Management (or could slip to March 14, depending on if any new risks at Nov 13 SRR review	A	No	Jackie Algar



Audit & Standards Committee Work Programme 2013/14 (June 2013 – March 2014)

Appendix 1

Category A = Statutory or other implied requirement
 Category B = Topics decided by the Committee
 Category C = Other
 Category D = Training & Awareness

Meeting Date	Agenda Item	Category	Decision Item Yes/No	Lead Officer/s
25 th March 2014	Complaints Update	C	No	Brian Foley
	Ernst & Young: External Audit Plan 2013/14	A	No	Helen Thompson and/or Simon Mathers
	Ernst & Young: Audit Fee Letter 2014/15	A	No	Helen Thompson and/or Simon Mathers
	Letter from the Chair of the Audit & Standards Committee re: B&HCC – Risk of material misstatement of the 2013/14 accounts due to fraud	A	No	Ian Withers
	Internal Audit Strategy and Annual Plan 2014/15	A	No	Ian Withers
	Risk Management Strategy 2014	B	No	Jackie Algar
	Strategic Risk Register Update	A	No	Jackie Algar
	Strategic Risk Map Focus - SR10 Information Governance Management	A	No	Jackie Algar

Subject: Audit & Standards Committee Annual Report 2012/13
Date of Meeting: 25 June 2013
Report of: Executive Director of Finance & Resources
Contact Officer:: Name: Ian Withers, Head of Audit & Business Risk
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 draft report attached at Appendix 1 provides a summary of the Audit & Standards Committee's performance and achievements during 2012/13. It has been prepared on behalf of the Audit & Standards Committee members.
- 1.2 The preparation of an annual report is recognised as best practice for Audit Committees by the Chartered Institute of Public Finance and Accountancy (CIPFA) in providing assurance to the Council over its role in governance.

2. RECOMMENDATIONS:

It is recommended that the Audit & Standards Committee:

- 2.1 Consider the draft report at Appendix 1 and make any amendments and additions it deems necessary.
- 2.2 Refer the report (incorporating any amendments and additions) to Full Council for information.

3. BACKGROUND

- 3.1 The previous Audit Committee was established in May 2008, and merged with the Standards Committee in June 2012 to become the Audit & Standards Committee. Its purpose for the 2012/13 municipal year is contained in the Terms of Reference, Appendix A to the Annual Report.
- 3.2 Whilst there is no statutory requirement for a local authority to establish an Audit Committee, its existence is implied by the Accounts and Audit (England) Regulations 2011 and recognised across both the private and public sectors as a key component of corporate governance.

- 3.3 The key benefits of an effective Audit & Standards Committee are:
- Raising greater awareness of the effectiveness and continued development of the council's governance arrangements;
 - Increasing public confidence in the objectivity and fairness of financial and other reporting; and
 - Reinforcing the importance and independence of internal and external audit.

4. FINANCIAL & OTHER IMPLICATIONS:

4.1 Financial Implications:

- 4.1.1 The Audit & Standards Committee is an essential element of good financial governance, the costs its work programme including officer support and training is met from existing budgetary provision.

Finance Officer consulted: James Hengeveld 11/06/13

4.2 Legal Implications:

- 4.2.1 The report is made under the Committee's power to consider and make recommendations to Full Council on matters relating to or affecting the Committee's functions.

Lawyer consulted: Oliver Dixon 11/05/13

4.3 Equalities Implications:

- 4.3.1 There are no equalities implications arising.

4.4 Sustainability Implications:

- 4.4.1 There are no sustainability implications arising.

4.5 Crime & Disorder Implications:

- 4.5.1 There are no crime and disorder implications arising.

4.6 Risk and Opportunity Management Implications:

- 4.6.1 There are no direct risk and opportunity management implications arising.

4.7 Corporate / Citywide Implications:

4.7.1 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. Audit & Standards Committee Annual Report 2012/13

Background Documents

1. Reports to the Audit & Standards Committee May 2012 – April 2013



AUDIT & STANDARDS COMMITTEE

ANNUAL REPORT 2012/13 (Draft)

Councillor L. Hamilton, Chairman

Foreword by the Chair of the Audit & Standards Committee



The last year has been the first for the Audit & Standards Committee, merged from the former Audit Committee and Standards Committee. I was Chair of the previous Audit Committee for four years and am pleased to have continued in that role for the merged committee

I am pleased to present the Audit & Standards Committee's Annual Report for the 2012/13 municipal year. The report shows how the Audit & Standards Committee has successfully achieved its objectives contained in its terms of reference, developed its role and continued to make a positive contribution, in challenging times for the Council, to its governance and control environment.

Our terms of reference give us a wide remit including advising and reviewing all the Council's arrangements for internal audit, internal control, risk management, financial management, standards and corporate governance. The Committee has an important role in ensuring public money is spent wisely and in accordance with the Council's priorities.

The Committee has a role in reviewing the work and performance of internal audit and external audit. These reports provide information to provide assurance to the public that the council is complying with the law, spending money appropriately has good internal controls and provides quality services.

I would like to take the opportunity to thank both the Committee members listed and the officers that support the Committee's work for their contributions. The members of the Committee have been both supportive and provided constructive challenge to ensure our governance processes are effective and transparent. This has further been assisted by our two independent persons on the Committee.

I would also like to thank Ernst & Young, the Council's external auditors, for their support and regular attendance at meetings.

I have enjoyed leading the Committee and working with officers to further enhance the Council's governance arrangements. I am looking forward to 2013-14 and given the financial pressures facing the council, the importance of an effective Audit & Standards Committee remains.

Introduction

1. This report provides an overview of the Audit & Standards Committee's (the Committee) activity during the municipal year 2012-13. It is produced in accordance with latest best practice and details the work and outcomes of the Committee in 2012/13 and that the Council is committed to working as an exemplar organisation, operating to the highest standards of governance.
2. The Committee's role is principally to underpin the Council's governance processes by providing independent challenge and assurance of the adequacy of risk management, internal control (including Internal Audit External audit and counter fraud), ethical standards, and financial reporting frameworks. The Council's Standards Panel is a sub-committee of the Audit Standards Committee, and determines allegations of breaches of the Members' Code of Conduct, on a reference from the Monitoring officer. A copy of the Committee's Terms of Reference for the 2012/13 municipal year is shown at Appendix A.
3. The Committee met five times during 2012/13. Meetings are held in public and papers are available on the Council's website. The meetings are generally scheduled around the key dates for council business such as the statement of accounts, audit planning process and the annual governance statement.
4. To further support the Committee members, officers provide regular briefings on the function and developments that impact on roles and responsibilities.
5. To meet statutory requirements for Standards and to give the Committee additional expertise, two independent persons were appointed during the year with a financial and inspection background.

Committee Work Programme and Membership

6. During the 2012/13 municipal year there were 5 meetings of the Committee. All had full agendas and in total considered 59 written reports and 4 verbal updates.
7. The rolling and flexible work programme covers the Committee's main areas of activity which is continually reviewed and amended to reflect changes in policies, priorities and risks. A summary of the work programme is shown at Appendix B.
8. The Committee membership consists of eight Members and two independent persons, detailed for 2012/13 as follows: .

Membership of the Audit & Standards Committee 2012/13

Membership	Role
Councillor Les Hamilton	Member - Chair
Councillor Ann Norman	Member - Opposition Spokesperson
Councillor Matt Follett	Member
Councillor Ben Duncan	Member
Councillor Ollie Sykes	Member
Councillor Jeane Lepper	Member
Councillor David Smith	Member
Councillor Andrew Wealls	Member
Dr David Horne	Non-Voting Co-Optee
Dr Lel Meleyal	Non-Voting Co-Optee

9. A rolling and flexible work programme was agreed in June 2012 for the Committee's main areas of activities.

Training & Development

10. In order to be effective, it is recognised that members of the Committee should have a clear understanding of their role in relation to standards, internal control and governance issues, internal and external audit, risk and opportunity management and how the arrangements in place across the council operate.
11. In September there was a specific training session for Members on the role and functions of the Audit & Standards Committee. This also included a key role in relation to the approval of the Statement of Accounts. Other awareness training was integrated into meetings to ensure Members maintain up to date knowledge, for example the recent Good Governance in Local Government Report from CIPFA/SOLACE and the new Public Sector Internal Audit Standards.

Core Activities 2012/13

12. The Committee's Terms of Reference contain a number of functional responsibilities and these have been interpreted into seven core activity areas. The Committee's work and outcomes in each of these areas are summarised in the following sub sections:

Internal Audit Assurance

13. Internal Audit is a key source of assurance for both officers and Members on the effectiveness of the control environment and governance. The Committee has responsibility for ensuring that Internal Audit is effective in the provision of that assurance.

During the year the Committee has:

- Approved the Internal Audit Strategy and Annual Plan for 2013/14;
- Considered regular Internal Audit Progress Reports from the Head of Audit & Business Risk highlighting audit work completed in particular audit reviews, internal audit performance against key indicators and any significant issues;
- Considered the Head of Audit & Business Risk's Annual Report and Opinion on the Council's governance and internal control environment;
- Considered the statutory review of the effectiveness of the system of internal audit;
- Ensured the internal audit and external audit plans were complementary and provided optimum use of the total audit resource;
- Ensured Internal Audit is effective in the provision of key assurance on an ongoing basis; and
- Continue to provide support to the Internal Audit service to ensure management is responsive to recommendations made and agreed.

External Audit Assurance

14. External Audit was provided by the Audit Commission up until November, then Ernst & Young. The provision of effective external audit is an essential part of the process of accountability of public funds, providing an independent opinion on the financial statements as well as arrangements for securing value for money across the council.
15. During the year the Committee:
 - Considered Ernst & Young's Annual Audit Plan;
 - Considered progress reports against the plan;
 - Considered Audit Fee Letters;
 - Received and considered the Annual Governance Report ;
 - Receive Annual Grant Certification Letter; and
 - Receive and considered Annual Audit Letter for 2011/12.

Risk Management

16. During the year Committee:
 - Received and considered the Strategic Risk Register updates;
 - Considered the outcomes of the Risk Management Programme;
 - Received the Annual Risk Management Report; and
 - Received and considered individual risk maps on strategic risks, in particular on emerging risks and areas of concern (for example financial outlook).

Council's Governance and Internal Control

17. A pivotal role of the Committee is its work in developing the Council's internal control and assurance processes.
18. During the year the Committee:
 - Considered and agreed the Council's Annual Governance Statement and were satisfied that it was a robust process and summarised the Council's governance arrangements and the effectiveness of these during the year;
 - Received updates on actions for improvements from the Annual Governance Statement;
 - Received reports and sought assurance on effective actions to address, control weaknesses in the Council's HR/Payroll system; and
 - Continued to raise the profile of internal control and governance across the council and of the need to ensure audit recommendations for improvement are implemented.

Counter Fraud

19. Countering fraud and corruption is the responsibility of every Member and officer of the Council.
20. During the year the Committee:
 - Was kept informed of the number and nature of fraud investigations, significant cases, recovered losses etc;
 - Considered the outcome of counter fraud activity as part of the Head of Audit & Business Risk's Annual Report;
 - Monitored and supported the actions of officers in particular those by Audit & Business Risk to counter fraud;
 - Were made aware of national emerging fraud and corruption issues that could impact on the council for example housing tenancy fraud;
 - Were made aware of the outcome from the National Fraud Initiative (NFI); and
 - Were informed of the Fighting Fraud Locally Strategy and progress made by the council in meeting its requirements.

Financial Management and Reporting

21. During the year the Committee:
 - Considered and approved the Annual Statement of Accounts, asking a number of questions on the content;
 - Considered the external auditor's report on the accounts and Council's responses to comments; and

- Received periodic reports for information, on the Council's budget performance (TBM) asked questions and helped to inform the approval of end of year Statement of Accounts.

Standards

22. Following consideration by the Committee in June 2012, the Council adopted a new ethical standards regime for members in July, in accordance with the Localism Act 2011. The previous statutory framework involving a separate Standards Committee with an independent chair and parish council representation was abolished under the Act and it now falls to the combined Audit & Standards Committee to advise the Council on standards matters; and to its sub-committee, the Standards Panel, to hear allegations referred to it concerning alleged breaches of the Members' Code of Conduct. The combined Committee comprises an elected member of the Council as Chair, seven other elected members, and two co-opted Independent Persons (non-voting). The Independent Persons, Dr David Horne and Dr Lel Meleyal were appointed in August 2012 and, in addition to attending Committee, fulfil a statutory advisory role in relation to alleged breaches of the Members' Code of Conduct.
23. The new standards framework implemented in July 2012 included a Code of Conduct for Members covering, amongst other provisions, a new statutory duty to register 'disclosable pecuniary interests' and, on the recommendation of a cross-party working group reporting to the Committee, a requirement to register defined 'other disclosable interests' as well.
24. The cross-party working group also recommended to the Committee a procedure for investigating alleged breaches of the members' Code of Conduct. This was adopted and used in connection with 14 complaints filed against one or more members during 2012/13. Of these complaints, two were referred to the Standards Panel for hearing and determination. On both occasions, the Independent Person fulfilled his statutory function by offering the Panel his views on the case before they reached a decision.
25. In April 2013 the Committee approved revisions to the above procedure in order to streamline the investigation and hearing process in cases where an investigation finds there was no breach, and both the subject member and complainant agree to end the matter without a formal hearing of the Standards Panel, subject to the advice of the Monitoring Officer.
26. At the request of the Committee, the Monitoring Officer assisted Rottingdean Parish Council comply with its duties under the Localism Act regarding the adoption of a new code of conduct and arrangements for registering interests.

27. In January 2013 the Committee considered a report on managing confidential information, which contained recommendations arising from an enquiry into unauthorised disclosure of confidential information in 2012. One of the recommendations was to review and update the Council's codes and protocols which govern the handling of confidential information. The Committee agreed this recommendation in principle.
28. Those codes and protocols were duly revised and brought to the Committee in April for approval or, where appropriate, for consideration prior to approval by Council. The materials included, for the first time, a Social Media Protocol for Members.
29. As part of that review, a new provision was inserted into the Code of Conduct for Members, placing a duty on Members to co-operate with investigations into alleged unauthorised disclosure of confidential information.
30. While reviewing that amendment, the Committee also considered a change to the Code's obligations regarding interests. The Committee accepted a recommendation that all interests (both disclosable pecuniary interests ('DPI') and other interests) be declared at all meetings; and that where a Member's non-DPI interest is considered "prejudicial", the member be required to leave the meeting room. The Committee referred these changes to Council where they were subsequently adopted.

Other Activities

31. During the year the Committee:
 - Considered reports on Treasury Management Policy Update and Annual Investment Strategy, providing an independent scrutiny role.

Looking Forward

32. The Committee will continue to develop its role and build on current status. For 2013/14 it will:
 - Continue to review all governance arrangements to ensure they are robust with focus on change and the challenges facing the Council;
 - Ensure Members continue to receive the appropriate training;
 - Ensure the effectiveness of the Council's response to existing and key risks emerging including resulting from financial pressures and transformation;
 - Continue to support the work of Internal and External Audit and ensure appropriate management actions to recommendations made;
 - Ensure the Council maintains and further improves the standards in relation to the production of accounts;

- Ensure the Council continues to manage the risk of fraud and corruption, in particular by taking further proactive measures for example awareness training;
- Equip existing and new Members to fulfil responsibilities by providing training, briefings and good practice guidance;
- Respond to changes imposed by legislation and from best practice on the structure and activities of the Audit & Standards Committee to ensure its continued effective role;
- Keep abreast of developments and respond as required to changes in the Public Audit Agenda.
- Undertake a review of its effectiveness; and
- Meet the requirements of the updated guidance planned by CIPFA.

Audit & Standards Committee Terms of Reference**Explanatory Note**

The Audit functions of this Committee relate to the Council's arrangements for the discharge of its powers and duties in connection with financial governance and stewardship, risk management and audit. The Committee makes recommendations to the Council, Policy & Resources Committee, Officers or other relevant body within the Council.

The Standards functions of this Committee seek to ensure that the Members, Co-opted Members and Officers of the Council observe high ethical standards in performing their duties. These functions include advising the Council on its Codes of Conduct and administering related complaints and dispensation procedures. In addition to the Councillors who serve on the Audit and Standards Committee, the Committee includes at least two independent persons who are not Councillors. They are appointed under Chapter 7 of the Localism Act, or otherwise co-opted, and act in an advisory capacity with no voting powers.

In the terms of reference of this Committee a "Member" is an elected Councillor and a "Co-opted Member" is a person co-opted by the Council, for example to advise or assist a Committee or Sub-Committee of the Council.

General Audit and Standards Delegated Functions

To review such parts of the constitution as may be referred to the Committee by the Policy and Resources Committee and to make recommendations to the Policy Resources Committee and the Council.

To appoint, co-opt or (in any case where only the Council has power) to recommend the appointment or co-option of a minimum of two independent persons: to give general assistance to the Committee in the exercise of its functions; and to give views on allegations of failure to comply with a Code of Conduct as required by Chapter 7 of the Localism Act.

To have an overview of: the Council's Whistleblowing Policy

Complaints handling and Local Ombudsman investigations

To deal with any audit or ethical standards issues which may arise in relation to partnership working, joint committees and other local authorities or bodies.

To ensure arrangements are made for the training and development of Members, Co-opted Members and Officers on audit, ethical and probity matters, including Code of Conduct issues. 11/09/12

(Source: B&HCC Constitution)

Summary of the Audit & Standards Committee Work Programme 2012/13

Meeting Date	Report	Area	
26th June 2012	Work Plan for Audit & Standards Committee	Committee	
	Complaints Update	Standards	
	Standards Update	Standards	
	Targeted Budget Management (TBM) Provisional Out Turn 2011/12	Financial Management	
	Unaudited Statement of Accounts 2011/12	Financial Management	
	Review of the Effectiveness of Internal Audit	Internal Audit	
	Audit Commission: Progress Report 2012/13	External Audit	
	Audit Committee Annual Report 2012/13	Committee	
	Risk Management Programme 2011/12 (Outcome) and 2012/13 (Planned)	Risk Management	
	Internal Audit Annual Report and Opinion 2011/12	Internal Audit	
	Strategic Risk Register	Risk Management	
	Part 2	I360	Internal Audit
25th September 2012	Strategic Risk Management Action Plans Focus	Risk Management	
	Complaints Procedure	Standards	
	Complaints Update	Standards	
	Rottingdean Parish Council: Adoption of New Code of Conduct	Standards	
	Audit Commission: Annual Governance Report 2011/12	External Audit	
	Statement of Accounts 2011/12	Financial Management	
	Targeted Budget Management (TBM) 2012/13 Month 2	Financial Management	
	Internal Audit Progress Report 2012/13	Internal Audit	
	Fighting Fraud Locally	Counter Fraud	
	Part 2	Complaints Update	Standards
		Strategic Risk Management Action Plan Focus – SR4, 5 and 8	
	20th November 2012	Complaints Update	Standards
HR/Payroll System		Internal Audit	
Audit Commission: Progress Report 2012/13		External Audit	
Audit Commission: Annual Audit Letter 2011/12		External Audit	
Internal Audit Progress Report 2012/13		Internal Audit	
Targeted Budget Management (TBM) 2012/13 Month 5		Financial Management	
Strategic Risk Register Update		Risk Management	
Part 2		Strategic Risk Management Action Plan Report	Risk Management
		Strategic Risk Map Focus – SR2 Financial Outlook	Risk Management
22nd January 2013		Standards Update	Standards
		Managing Confidential Information	Standards
		Ernst & Young: Progress Report 2012/13	External Audit
	Ernst & Young: Fee Letter 2012-13	External Audit	
	Ernst & Young: 2012/12 Annual Certification Letter	External Audit	
	Annual Governance Statement 2011/12 – Action Plan Progress	Governance	
		Internal Audit Progress Report 2012/13	Internal Audit

Meeting Date	Report	Area
	Delivering Good Governance in Local Government	Governance
	Targeted Budget Management (TBM) 2012/13 Month 7	Financial Management
	Treasury Management Policy Statement 2012/13 (incorporating the Annual Investment Strategy) – Mid Year Review	Financial Management
Part 2	Strategic Risk Map Focus – SR10 Information Governance	Risk Management
	Strategic Risk Map Focus – SR6 Safeguarding Vulnerable Members in our Community)	Risk Management
16th April 2013	Strategic Risk Map Focus – SR1 Readiness for Opportunities and Impacts of Localism SR3 Pace and Volume of Change	Risk Management
	Update on the Payroll System	Internal Audit
	Letter from the Chair of Audit & Standards Committee re: B&HCC – Risk of material misstatement of the 2012/13 accounts due to fraud	Committee
	Internal Audit Strategy & Annual Audit Plan 2013/14	Internal Audit
	Ernst & Young: Fee Letter 2013-14	External Audit
	Risk Management Strategy 2013	Risk Management
	Public Sector Internal Audit Standards	Internal Audit
	Complaints Update	Standards
	Code of Conduct for Members: Proposed Amendments	Standards
	Review of Procedure for Investigating Alleged Breaches of Code of Conduct	Standards
	Social Media Protocol for Members & Social Networking Policy for Employees	Standards
	Code of Conduct for Member/Officer Relations & Code of Conduct for Employees	Standards
	Guidance for Members and Officers Regarding Confidential Information	Standards

Subject:	Substitution on Audit & Standards Committee and Composition of Standards Panels		
Date of Meeting:	25 June 2013 – Audit & Standards Committee 18 July 2013 – Council		
Report of:	Monitoring Officer		
Contact Officer:	Name:	Oliver Dixon	Tel: 291512
	Email:	oliver.dixon@brighton-hove.gov.uk	
Wards Affected	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 Council Procedure Rules prohibit member substitutions on Audit & Standards Committee. On recent occasions this has resulted in less than full attendance at some meetings of the Committee and, accordingly, this report proposes that Full Council be recommended to amend the Rules so as to allow substitution.
- 1.2 This report also seeks approval for a change to the arrangements for convening a Standards Panel, so that Panel membership can include an Independent member.

2. RECOMMENDATIONS:

That Audit & Standards Committee –

- 2.1 Recommend to Full Council that Council Procedure Rules be amended as set out in paragraph 3.7;
- 2.2 Approve the amendment to the Council's arrangements for dealing with allegations of breaches of the Members' Code of Conduct, as set out in paragraph 3.10.

3. RELEVANT BACKGROUND INFORMATION:**(a) Substitution on Audit & Standards Committee**

- 3.1 Prior to the formation of Audit & Standards Committee in 2012, Council Procedure Rules permitted substitution on Audit Committee but not Standards Committee.
At the time, the investigation and hearing of allegations of a breach of the Members' Code of Conduct were highly regulated, involving a complex statutory framework and technical, detailed procedures. As a result, it was considered that only substantive members of Standards Committee should be permitted to attend its meetings because of the training and briefings which they (and they alone) had received on the subject.

- 3.2 When Standards Committee merged with Audit Committee the substitution rules that previously affected only Standards Committee were carried forward and made applicable to the now combined committee. However, the Localism Act abolished the previous standards regime and replaced it with a less regulated and simplified framework. As a result, the previous ban on substitutions to Standards Committee is no longer appropriate.
- 3.3 On several recent occasions not all members of Audit & Standards Committee have been able to attend meetings of the committee on the scheduled date. Were it not for the rule against substitution, it might have been possible for them to appoint a substitute.
- 3.4 In consequence of this rule, the Committee has on occasions functioned without its full complement of members. Given the importance of the Committee in relation to corporate governance, fulfilling its role with a full complement is considered essential.
- 3.5 It is therefore proposed that Committee recommend to Full Council that Council Procedure Rules be amended to allow a substitute Member of the council to attend Audit & Standards Committee in place of a substantive Member of that committee. This would then mirror the substitution arrangements for all other council committees.
- 3.6 However, for reasons of continuity, no substitutions to a Standards Panel should be allowed once established.
- 3.7 To give effect to the proposals in paragraphs 3.5-3.6, it is recommended that –
- (i) the following words be inserted at the start of Council Procedure Rule 18.14:

“Subject to Rules 18.15 to 18.19 below,”; and
 - (ii) Rule 18.19 be amended to read:

“Substitution on Standards Panel

Once a Standards Panel has been appointed in accordance with the approved procedure for investigating allegations of a breach of the members’ Code of Conduct, no substitution to that Panel shall be allowed.”

(b) Composition of Standards Panel

- 3.8 In September 2012 Audit & Standards Committee adopted new arrangements for investigating and hearing allegations of breaches of the Members' Code of Conduct. At the time, there were no Independent members, and the investigation and hearing procedure reflected this by providing that Standards Panel membership consist of one elected Member from each of the political groups represented on the council, plus the Independent Person.
- 3.9 At Annual Council in May 2013, Councillor Summers, an Independent, was appointed to Audit & Standards Committee. (Note that her role as an Independent member differs from that of the Independent Person.)
- 3.10 To enable an Independent member to serve on a Standards Panel, it is recommended that the start of paragraph 9 of the Council's arrangements for dealing with allegations of breaches of the Members' Code of Conduct be amended to read:

"9. Who are the Standards Panel?

The Standards Panel is a Sub-Committee of the Council's Audit & Standards Committee, and only Members of that Committee may be appointed to a Standards Panel. Panel Membership will consist of three elected Members, and one Independent Person who will attend the hearing in his/her statutory advisory capacity."

4. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 4.1 The proposals contained in this report will have no impact on capital or revenue budgets.

Finance Officer Consulted: Name Michael Bentley Date: 12/06/13

Legal Implications:

- 4.2 Changes to Council Procedure Rules require the approval of Council itself, whereas changes to procedures for dealing with member Code of Conduct investigations and hearings can be approved by Audit & Standards Committee.

Lawyer Consulted: Oliver Dixon Date: 11/06/13

Equalities Implications:

- 4.3 The amendment proposed in paragraph 3.10 would ensure that any member of Audit & Standards Committee, irrespective of any political affiliation or non-affiliation, could be appointed to a Standards Panel.

Sustainability Implications:

- 4.4 None

Crime & Disorder Implications:

- 4.5 None

Risk and Opportunity Management Implications:

- 4.6 None

Public Health Implications:

- 4.7 None

Corporate / Citywide Implications:

- 4.8 None

SUPPORTING DOCUMENTATION

Appendices:

None

Background Documents

1. Part 3.2 of the Constitution – Council Procedure Rules
2. Brighton & Hove City Council and Rottingdean Parish Council arrangements for dealing with allegations of breaches of the Members' Code of Conduct under the Localism Act 2011.

Subject: Complaints Update
Date of Meeting: 25 June 2013
Report of: Monitoring Officer
Contact Officer: Name: **Brian Foley** Tel: **293109**
E-mail: brian.foley@brighton-hove.gov.uk
Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This paper updates the Audit and Standards Committee on allegations about member conduct following the last report to Audit and Standards Committee on 16 April 2013.
- 1.2 A summary of the decisions for complaints that have been closed are set out in Appendix 1.

2. RECOMMENDATION:

- 2.1 That the Committee note the report.

3. RELEVANT BACKGROUND INFORMATION

- 3.1 The current status of Code of Conduct complaints is:

3.1.1 Active complaints

- At the time of writing there is one complaint yet to be resolved.

3.1.2 Closed complaints

- a. A member of the public alleged that a councillor consistently failed to consult with the applicant on the location of a proposed development and alleged the councillor provided misleading information to the Planning Committee. After consulting with an Independent Person the Monitoring Officer decided not to investigate the complaint because a councillor is under no obligation to support an application and no material had been provided to support the allegation that misleading information had been given to the planning committee. The actual reasons for refusal were clearly outlined in the notes of the Planning Committee.

- b. A member of the public alleged that a councillor failed to declare an interest at a Planning Committee meeting and made an inaccurate outburst during that meeting. After consulting with an Independent Person the Monitoring Officer decided not to investigate the complaint because no evidence was available to suggest the councillor should have declared an interest in the application and to have refrained from voting. The minutes of the meeting gave no suggestion there had been an outburst from the councillor and given the passage of time it was considered unlikely that any independent witness would be able to give a wholly reliable account of what was said at the meeting.

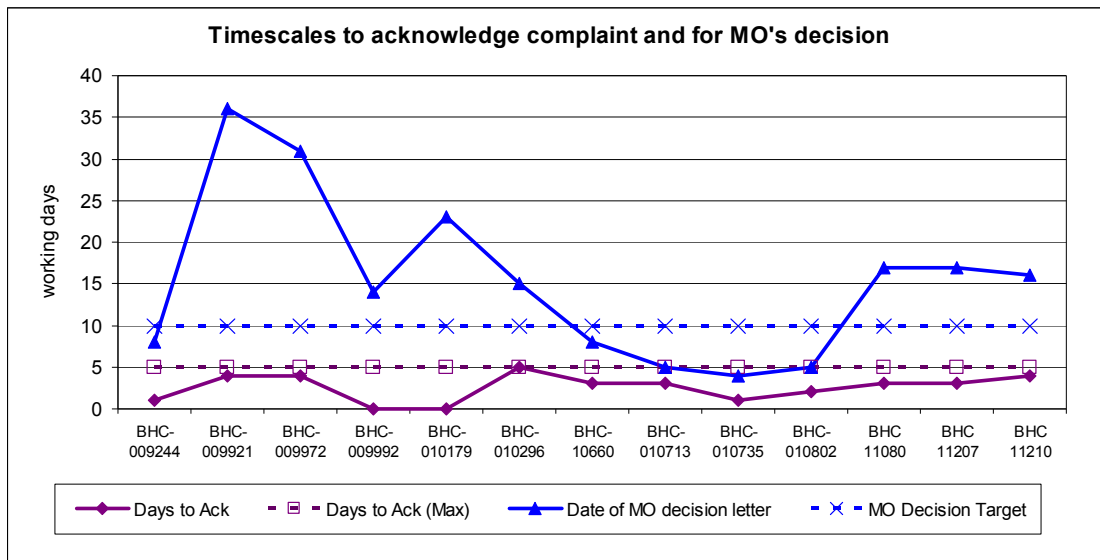
3.2 The Council's performance in dealing with individual complaints is illustrated in the chart below.

3.2.1 Complaints about Member conduct should be acknowledged as soon as possible and within a maximum of 5 working days.

Comment: To date all complaints have been acknowledged within 5 working days.

3.2.2 The complainant will normally be informed within 10 working days how the matter will be dealt with.

Comment: The Monitoring Officer will continue to try to ensure decisions are reached within the 10 day timescale.



4. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 4.1 The costs of complaints in terms of administration and compensation awards (where appropriate) are met within the allocated budget. There were no compensation awards in the period covered by the report.

Finance Officer Consulted: Anne Silley Date: 23/05/2013

Legal Implications:

- 4.2 The Council's arrangements under which complaints about Member conduct are investigated and decided conform with the relevant provisions of the Localism Act 2011 and local procedures agreed by Full Council in July 2012.

Lawyer Consulted: Oliver Dixon Date: 23/05/2013

Equalities Implications:

- 4.3 There are no Equalities implications

Sustainability Implications:

- 4.4 There are no Sustainability implications

Crime & Disorder Implications:

- 4.5 There are no Crime and Disorder implications

Risk and Opportunity Management Implications:

- 4.6 There are no Risk and Opportunity Management implications

Corporate / Citywide Implications:

- 4.7 There are no Corporate or Citywide implications

SUPPORTING DOCUMENTATION

Appendices:

1. Summary of the decisions for complaints that have been concluded.

Documents In Members' Rooms

1. None

Background Documents

1. None

Appendix 1

Audit & Standards Complaint	
Reference Number	BHC-011180
Date Received	19/03/2013
Days to Acknowledge	3 days
Days to reach decision	17 days
Days to conclude	17 days
Complainant	
	Member of the Public
<p>Decision Notice</p> <p>A member of the public submitted a complaint relating to a series of six planning applications dating from 2006.</p> <p>It was alleged that a councillor had consistently refused to consult with the applicant or to visit the site of the proposed development and would not reply to any correspondence on the subject. It was alleged that there had been liaison between the councillor and a neighbour who was a clerical officer at the council up until two or three years ago. It was alleged this led to the application being placed before the Planning Sub-Committee and that misleading information was presented regarding the proposed location of the development which in turn was the reason planning permission was refused.</p> <p>Under Brighton & Hove City Council's arrangements for dealing with breaches of the Member's Code of Conduct the Monitoring Officer is required to consider the complaints and, after consultation with an Independent Person, take a decision as to whether the complaint merits formal investigation. An 'Independent Person' in this instance is a person who has been appointed under the provision of the Localism Act 2011 who is not an elected Councillor and has no connection to the Council.</p> <p>The Monitoring Officer reached the view that the issues raised should not be investigated for the reasons that follow.</p> <p>A failure to respond to communications does not constitute a breach of the Code of Conduct.</p> <p>If a councillor receives letters of objection to a planning application it is to be expected that the councillor will refer those letters to the Head of Development Control and this may have a bearing on the application being placed before the Planning Sub-Committee. This does not represent a breach of the Code of Conduct.</p> <p>No material has been provided to suggest the councillor presented misleading information to the Planning Committee. The reasons for refusing the application were clearly set out in the minutes and these relate to a failure to enhance the positive qualities of the neighbourhood, a lack of private usable amenity space and a failure to achieve an acceptable level of sustainability.</p> <p>The Monitoring Officer's final comment was that any investigation in to the allegations would be hampered by the significant time that had passed.</p>	

The decision not to investigate was exclusively based on whether the actions of the member could amount to a breach of the code of conduct, whether it was in the public interest to investigate the complaint and whether to do so would be proportionate in the circumstances. It was not based on the relative merits of the planning application.

Appendix 2

Audit & Standards Complaint	
Reference Number	BHC-011207
Date Received	19/03/2013
Days to Acknowledge	3 days
Days to reach decision	17 days
Days to conclude	17 days
Complainant	
	Member of the Public
Decision Notice	
<p>A member of the public submitted a complaint alleging that a councillor failed to declare an interest at a Planning Sub Committee meeting and made an inaccurate outburst at the meeting. The date of the meeting was 20 July 2011.</p> <p>Under Brighton & Hove City Council's arrangements for dealing with breaches of the Member's Code of Conduct the Monitoring Officer is required to consider the complaints and, after consultation with an Independent Person, take a decision as to whether the complaint merits formal investigation. An 'Independent Person' in this instance is a person who has been appointed under the provision of the Localism Act 2011 who is not an elected Councillor and has no connection to the Council.</p> <p>The Monitoring Officer reached the view that the issues raised should not be investigated for the reasons that follow.</p> <p>No evidence was presented to suggest that the councillor was required under the code of conduct to declare an interest in the application and to refrain from voting. The minutes of the meeting do not indicate that the councillor made an inappropriate outburst. Given the passage of time it is unlikely that independent witnesses could give a wholly reliable account of what was said at the meeting.</p> <p>The decision not to investigate was exclusively based on whether the actions of the member could amount to a breach of the code of conduct, whether it was in the public interest to investigate the complaint and whether to do so would be proportionate in the circumstances. It was not based on the relative merits of the planning application.</p>	

Subject:	Statement of Accounts 2012/13		
Date of Meeting:	25 June 2013		
Report of:	Executive Director Finance & Resources		
Contact Officer:	Name:	Jane Strudwick	Tel: 29-1255
	Email:	jane.strudwick@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 Under the Accounts and Audit Regulations 2011, the council's Statement of Accounts are to be approved by the Chief Finance Officer by 30 June and following the audit process are to be approved by Members by 30 September each year. Under Brighton & Hove City Council's constitution, the Audit & Standards Committee is charged with this responsibility.
- 1.2 Accordingly, this report presents the unaudited Statement of Accounts for 2012/13 for information purposes only. Copies of the Statement of Accounts are made available to members of the Audit & Standards Committee. At this stage, the accounts have not been audited by the external auditor. It is expected that the external auditor will present an Annual Governance Report to the September meeting of this committee on the conclusion of the audit of the 2012/13 financial statements. An accompanying officer report will be presented to that meeting, to enable Members to consider and approve the statement of accounts.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee note the Statement of Accounts for 2012/13 and note that these are subject to audit.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The main legislative requirements relating to the preparation, publication and audit of the council's accounts are contained in the Audit Commission Act 1998 and the Accounts and Audit Regulations 2011 made under Section 27 of the 1998 Act.
- 3.2 It is a requirement that the annual accounts should be prepared as soon as practicable after the end of the financial year and approved by the Chief Finance Officer by 30 June and considered by a committee or Full Council, and approved by a resolution of that committee or meeting by 30 September.

The accounts must be published and signed off by the external auditor as soon as reasonably possible after conclusion of the audit and by 30 September.

Format of Accounts

- 3.3 The council is required to present its financial statements on an International Financial Reporting Standards (IFRS) basis in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and cover the period 1 April 2012 to 31 March 2013.
- 3.4 In accordance with the Accounts and Audit Regulations, the Statement of Accounts includes an explanatory foreword, a statement of responsibilities together with the core financial statements, supplementary statements, the notes to the accounts and accounting policies.
- 3.5 The statement would normally comprise both “Single Entity Accounts”, which are in respect of wholly council-controlled activities, and “Group Accounts” in respect of activities where the council has a significant interest or share in a subsidiary, associate or joint venture entity. However, there are no activities requiring the preparation of Group Accounts in 2012/13.
- 3.6 The Single Entity core financial statements included within the Statement of Accounts comprise the following:-
- Movements in Reserves Statement
 - Comprehensive Income and Expenditure Statement
 - Balance Sheet
 - Cash Flow Statement
 - Notes to the Financial Statements
 - Accounting Policies
- 3.7 The supplementary statements comprise the following:-
- Housing Revenue Account
 - Collection Fund Account

Key Changes in the 2012/13 Financial Statements

- 3.8 After a period of substantial changes in recent years, there have been no significant changes to the Statement of Accounts during 2012/13.

Targeted Budget Management (TBM)

- 3.9 During 2012/13, Policy & Resources Committee received regular TBM reports in respect of the council’s expenditure against the Budget. A provisional outturn report was taken to Policy & Resources Committee on 13 June 2013 showing a provisional underspend for the General Fund of £4.610m. There was no change in the final outturn position. This underspend has been transferred to the General Fund Working Balance. The provisional outturn report of 13 June 2013 contains full details.

- 3.10 The level of General Fund working balance and general reserves held at 31 March was £22.332m as shown in the Movement in Reserves Statement. The revenue summary section of the explanatory foreword to the Statement of Accounts provides information on the underspend and level of reserves held. The general reserves above the minimum working balance have been fully committed (with the exception of just £0.097m) as part of the budget setting process, for example £5.270m needed to be set aside for business rates revaluation appeals.

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 The purpose of this report is to present the council's Statement of Accounts for 2012/13. There has been no external consultation, however, the accounts are required to be available for public inspection and residents of Brighton and Hove are able to inspect the accounts during the period 19 June 2013 to 16 July 2013.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 Detailed financial information is contained in the Statement of Accounts. There are no other financial implications.

Finance Officer Consulted: Jane Strudwick Date: 03/06/13

Legal Implications:

- 5.2 The relevant statutory requirements relating to the Statement of Accounts are summarised in the report, in particular at paragraphs 1.1 and 3.1-3.2.

The report is for noting only. As indicated, the Committee has until 30 September by which to approve the statement of accounts and officers will prepare a separate report on that process for consideration by the Committee in time to comply with the statutory deadline.

Lawyer Consulted: Oliver Dixon Date: 05/06/13

Equalities Implications:

- 5.3 There are no equalities implications arising directly from this report. The Statement of Accounts is a statutory publication and is available for public inspection at the council's main offices and on the council's website. Information on the accounts will, as far as possible, be provided in a manner that meets the needs of those requesting information.

Summary accounts will also be published.

Sustainability Implications:

- 5.4 There are no direct environmental implications arising from this report. However, it is believed that the reputation of the council's financial control framework and its ability to demonstrate sound financial management could have an impact on the willingness of other funding partners to invest in and with the council. This could affect the level of inward investment in respect of projects that contribute towards sustainability.

Crime & Disorder Implications:

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

Risk and Opportunity Management Implications:

- 5.6 There has been no direct risk assessment for this report. However, the management of the closure of the council's accounts and the preparation of these complex annual accounting statements are subject to full ongoing risk assessment and review.

Public Health Implications:

- 5.7 There are no direct implications for public health arising from this report.

Corporate / Citywide Implications:

- 5.8 Any material changes resulting from the conclusion of the audit will be included in the Accounts to be reported to the Audit & Standards Committee in September 2013.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The requirement to produce and publish annual financial statements is a statutory requirement applicable to all local authorities.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The purpose of this report is to note the Statement of Accounts for 2012/13.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms

1. None

Background Documents

1. None

Subject: Annual Governance Statement 2012/13
Date of Meeting: 25 June 2013
Report of: Executive Director of Finance & Resources
Contact Officer: Name: **Ian Withers** Tel: **29-1323**
Abraham Ghebre-Ghiorghis **29-1500**
E-mail: ian.withers@brighton-hove.gov.uk
Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The purpose of this report is to present the Annual Governance Statement for 2012/13 following completion of the annual review of the Council's governance arrangements, including its system of internal control.

2. RECOMMENDATIONS:

It is recommended that the Committee:

- 2.1 Consider the Annual Governance Statement, comment accordingly and approve for publication.
- 2.2 Note in particular the actions to further develop and strengthen elements of the Council's governance arrangements.

3. BACKGROUND INFORMATION:

- 3.1 All local authorities have a statutory legal responsibility under the Accounts and Audit Regulations 2011, to conduct at least annually a review of the effectiveness of their governance framework, including their system of internal control. Following the review, an Annual Governance Statement must be produced, approved, and published. It is required to be signed by the Chief Executive and the Leader of the Council.

- 3.2 The structure of the Annual Governance Statement has been updated in line with previous feedback from the Council's Audit & Standards Committee, Officers' Governance Board and external auditors. It has also been prepared in accordance with the Chartered Institute of Public Finance & Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) guidance and framework, '*Delivering Good Governance in Local Government*'.
- 3.3 Governance comprises the systems, processes, culture and values by which Councils are directed and controlled and through which they account to, engage with, and where appropriate, lead their communities. Every Council has a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.
- 3.4 The Annual Governance Statement gives the Council the mechanism to demonstrate its positive governance culture and achievements to its stakeholders.

4. REVIEW OF GOVERNANCE ARRANGEMENTS

- 4.1 The annual review of the effectiveness of the council's governance arrangements and preparation of the Annual Governance Statement has been carried out by the Head of Audit & Business Risk with input from key officers. It was considered by the Officers' Governance Board on 3rd June 2013.
- 4.2 The outcome of the annual review was that the Council has generally sound governance arrangements in place.
- 4.3 The Officers' Governance Board will continually review the governance arrangements throughout the year, as well as focussing on specific areas identified in the Annual Governance Statement.

5 DRAFT ANNUAL GOVERNANCE STATEMENT

- 5.1 The draft Annual Governance Statement for 2012/13 is shown at Appendix 1. It has been prepared generally in line with the CIPFA/SOLACE best practice guidance and comprises the following:
- § The purpose of the governance framework
 - § The council's governance framework
 - § Review of effectiveness
 - § Governance Issues and actions for improvement

- 5.2 Progress made with the implementation of actions contained in the Annual Governance Statement will be monitored by the Officers' Governance Board and an update report will be made to the Audit & Standards Committee on 21st January 2014.

6. CONSULTATION

- 6.1 Internal consultation has been carried out with key officers and members of the Officers' Governance Board.

7. FINANCIAL & OTHER IMPLICATIONS:

7.1 Financial

Sound corporate governance and proper systems of internal control are essential to the financial health and reputation of the council. The resources required to implement the actions outlined to strengthen the governance arrangements are provided for in the agreed 2013/14 budget.

Finance Officer Consulted James Hengeveld 11th June 2013

7.2 Legal Implications:

The statutory basis for this report is regulation 4 of the Accounts and Audit (England) Regulations 2011, which requires the council (among other matters):

- to conduct a review at least once a year of the effectiveness of its system of internal control
- to ensure the findings of the review are considered by Full Council or one of its committees; and
- following the review, to ensure that Full Council or one of its committees to approves an annual governance statement
- to ensure the annual governance statement accompanies the council's statement of accounts for that year

The Audit & Standards Committee is fulfilling these requirements as a committee of the Council designated for this purpose.

Lawyer consulted: Oliver Dixon

12/06/13

- 7.3 Equalities Implications:
There are no direct equalities implications arising directly from this report
- 7.4 Sustainability Implications:
There are no direct sustainability implications arising from this report.
- 7.5 Crime & Disorder Implications:
There no direct implications for the prevention of crime and disorder arising from this report.
- 7.6 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”.
- 7.7 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. Annual Governance Statement 2012/13

Background Documents

1. Brighton & Hove City Council's Code of Corporate Governance
2. CIPFA/SOLACE Delivering Good Governance in Local Government – (Framework 2007)
3. Delivering Good Governance in Local Government Guidance (CIPFA/SOLACE) 2012)
4. Accounts & Audit Regulations 2011
5. Local Government Governance Review, (June 2012 Consultation Paper), Grant Thornton
6. Local Government Governance Review (February 2013), Grant Thornton

Annual Governance Statement 2012/13

DRAFT



Scope of Responsibility

1. Brighton & Hove City Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper practice standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively to secure continuous improvement.
2. In discharging this accountability, the Council is responsible for putting in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes the management of risk.
3. The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government and Guidance Note*. This is included in the Constitution of the Council.
4. This Annual Governance Statement explains how the Council has complied with its Code of Corporate Governance and also meets the requirements of the Accounts & Audit Regulations 2011.

The Purpose of the Governance Framework

5. Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, open, honest and accountable manner.
6. The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives as set out in the Corporate Plan, and to consider whether those objectives have led to the delivery of appropriate, cost effective services. These objectives are underpinned by the Council's corporate values.
7. The governance framework is designed to manage risk to a reasonable level, rather than to eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework

8. The governance framework has been in place at the Council for the year ended 31st March 2013 and up to the date of approval of the Statement of Accounts.
9. Maintaining the governance framework is an on-going process, and one to which the Council is committed in order to ensure continual improvement and organisational learning.

10. The key elements of the systems and processes that comprise the Council's governance arrangements are shown below together with explanations of how they are embedded.

Council's Purpose, Vision and Performance Management

11. During 2012/13 the Council has been developing and strengthening work on new delivery models for public service reform and the additional responsibilities from new legislation. This includes the Localism Act 2011. Health & Social Care Act 2012 and Welfare Reform Act 2012. The Council continues to review its governance structures and systems to support its on-going modernisation and to ensure that it is well positioned to deliver its new responsibilities effectively.
12. The Corporate Plan 2011-15, approved by Full Council in October 2011, was reviewed and updated during 2012/13 and sets out the Council's direction and four priorities:
 - Tackling inequality;
 - Creating a more sustainable city;
 - Engaging people who live and work in the city; and
 - Modernising the Council.
13. The Council introduced an ambitious modernisation programme in 2012/13 with the Chief Executive leading with a strong focus on improving performance management and quality of leadership across the Council. The priority to modernise the Council included specific reference to the governance framework.
14. During 2012/13, the Council introduced new organisational values (six) as follows which have been incorporated into the Council's constitution, codes of conduct and performance management frameworks:
 - **Respect:** Embrace diversity with kindness and consideration and recognise the value of everyone;
 - **Collaboration:** Work together and contribute to the creation of helpful and successful teams and partnerships across the Council and beyond;
 - **Efficiency:** Work in a way that makes the best and most sustainable use of resources, always looking at alternative ways of getting stuff done;
 - **Openness:** Share and communicate with honesty about our service and self, whenever appropriate;
 - **Creativity:** Have ideas that challenge the 'tried and tested', use evidence of what works, listen to feedback and come up with different solutions; and
 - **Customer Focus:** Adopt our 'Customer Promise' to colleagues, partners, members and customers.

15. The Council has a leading role in the 2020 Community Partnership, the Local Strategic Partnership for the City and developed with its partners, a Sustainable Community Strategy. This is regularly reviewed and refreshed to ensure it reflects changes and to maintain effectiveness.
16. During 2012/13 the Brighton & Hove Strategic Partnership continued to develop an action plan to support the Community Engagement Framework for the City. This sets out the strategic aims and guiding principles for community engagement within Brighton & Hove and priority actions that need to be taken to improve practice. The framework aims to achieve:
 - Investment in the development of people in both communities and organisations;
 - Improvements in information and communication, particularly providing feedback;
 - Better co-ordination and use of resources;
 - Long-term, resourced, commitment to improving community engagement;
 - Creation of opportunities to influence the outcome of decisions and tackle issues in communities; and
 - Developing more creative ways to engage with people and communities that ensure everyone has a voice not just those that 'know how'.
17. The Council further developed the City Wide Risk Register to manage the wider risks impacting on the City.
18. The Council uses a variety of mechanisms within its overall approach to performance management and service improvement to measure quality of service to users, ensuring service delivery is in accordance with its objectives, and for ensuring the best use of resources. These include national and local performance indicators, residents' perceptions, measurable improvements in value for money, benchmarking, identification and management of key risks. These are incorporated into the Council's Performance and Risk Management Framework.
19. Performance management processes are embedded throughout the Council and regularly reported in accordance with agreed timescales. During 2012/13, Organisational Health Reports were used and included a set of key measures around finance and general organisational management, workforce and meeting the needs of the customer. Periodic reports are produced to compare actual performance against targets to aid decision making.

Members' and Officers' Capacity and Development

20. The success of the Council services relies substantially on the contribution of officers to the planning, development and delivery of services. The Council recognises that the value of staff contributions will be enhanced through clear communication of the Council's expectations, developing staff skills and abilities, providing a safe, healthy, supportive and inclusive working environment.

21. The Council is committed to developing the capacity of officers through its Performance Development and Planning Scheme. A complete programme of learning and development is available to officers and Members from the Learning and Development Team. Where applicable, officers are also expected to undertake continuing professional development (CPD) of their professions. There are corporate induction processes including governance for both members and officers starting with the Council.
22. In late 2012/13 the Council refreshed its Performance Development Plan (PDP) process for staff to ensure all have a clear and shared understanding of what is meant by performance management, behaviours and the Council's values.
23. The Council has a generic programme of training and development for Members and now uses the South East Employers Charter, accredited for the Member Development Framework. There is further, more specific training provided as required in for example Scrutiny and Audit & Standards Committee roles.

Roles, Responsibilities and Behaviour

24. To ensure effective leadership throughout the Council, members and officers work together to deliver common objectives with clearly defined functions and roles through the following:
 - The Council's Constitution includes details of the roles and responsibilities of all its committees, the full Council and Chief Officers and the rules under which they operate including protocols;
 - The Council's political structure including roles and responsibilities are detailed on the Council's website; and
 - The Council's Head of Law is the designated Monitoring Officer with responsibilities for ensuring the lawfulness of decisions taken by the Council, its committees and officers, providing support and advice on the maintenance of ethical standards and advising the Council's Audit & Standards Committee.
25. During 2012/13 the Council ceased operating executive arrangements under a Leader and Cabinet, and moved to a committee based system involving executive decisions being taken by cross-party committees, but with certain corporate policies and strategies and the budgetary framework still reserved for approval by full Council.
26. The Officer's Executive Leadership Team (ELT) includes the Chief Executive and Executive Director of Finance and Resources, and supports Members in the policy and decision making process. A new position was also created in 2012/13 of Assistant Chief Executive to strengthen the Council's management of policy, communities and communications.

27. The Council has adopted a number of codes and protocols that govern the standards of behaviour expected of Members and officers. These are communicated as part of the induction process, ongoing awareness training and made available via the Council's intranet. These include codes of conduct covering conflicts of interest and gifts and hospitality.
28. The Audit & Standards Committee remit includes promoting and maintaining high standards of conduct and ethical governance. During 2012/13 the Council, in compliance with the Localism Act 2011, introduced a revised Code of Conduct requiring Members to register 'Disclosable Pecuniary Interests', and appointed two 'Independent Persons' to advise the council with its assessment and determination of allegations of breaches of that Code. Further updates to that Code and to the Codes of Conduct for Member/Officer Relations and Code of Conduct for Employees reflected new arrangements for handling confidential information, the Council's revised corporate values, and the latest senior management structure. Social media and networking protocols were also introduced during the year.

Communication and Consultation

29. The Community Engagement Framework for the City, introduced by the Brighton & Hove Strategic Partnership, aims to improve the ways in which citizens and communities can influence and shape services through improved communication.
30. Clear channels of communication have been established with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. These include the Council Tax leaflet containing budget details, the Council's website and social media. The Council continued to develop more open and transparent budget consultation during 2012/13 ('Your Money, Your Services, Your Say') including the use of an on-line budget tool and budget consultations with the community.
31. To complement the general rules under the Codes of Conduct for Members and Officers, the Council introduced a Social Media Protocol for Members and Social Networking Policy for Employees to address the important and increasing means of communication for individuals and businesses.
32. There are a wide range of access channels and opportunities for all parts of the community and key stakeholders to engage in dialogue and consultation. This includes tenants and residents forums and through consultation events and surveys. The Council's Corporate Plan, Annual Statement of Accounts are again made available via the Council's website and distributed to certain key points across the City.
33. As part of its openness and transparency of decision making, advance notices, agendas, minutes and web-casts are available for Council meetings. The Council makes available a large amount of information through several means and is also committed to meeting its obligations to give rights of public access to information held, through the Freedom of Information Act 2000.

34. The Council has a Corporate Complaints Policy and Procedures which are in line with Ombudsman guidelines. A centrally managed process ensures consistency of receipt, investigation, responding, monitoring and reporting.

Control Framework, Risk Management and Audit & Standards Committee

35. The Council's high-level policies and procedures are updated and regularly communicated to officers and Members.
36. The principal documents include the Council's Financial Regulations and Contract Standing Orders both of which were reviewed and updated during 2012/13. There are other corporate policies on key governance topics, including Business Planning, Counter Fraud, Information Security, Equalities & Diversity, Health & Safety and Whistleblowing. These documents and related guidance and support are also available to the majority of staff through the Council's Intranet site,
37. Risk management is embedded throughout the Council and in its partnership working arrangements. The Council's Risk Management Strategy is refreshed annually and shows the alignment of strategic risks and priorities. During 2012/13, the Council and its partners worked together to further develop the City Wide Risk Register.
38. The Council's internal audit arrangements are reviewed annually and considered to be effective, for 2012/13 conforming to the governance requirements of the CIPFA Code of Practice for Internal Audit in Local Government. The Code was superseded from 1st April 2013 by the Public Sector Internal Audit Standards and Local Government Application Note (CIPFA). The Head of Audit & Business Risk works with key members of the Executive and Corporate Management Teams to give assurance, advice and promote good governance throughout the Council.
39. The Council has a corporate fraud function within the Audit & Business Risk service with a Counter Fraud Programme for both reactive and increasing proactive activity. During 2012/13, the Audit & Business Risk service continued to implement actions from the Local Government Fraud Strategy 'Fighting Fraud Locally'.
40. The Council's Whistleblowing Policy for raising a confidential concern aims to encourage officers, contractors and agency workers to report any instances of unlawful conduct, health and safety risks, damage to the environment, possible fraud and irregularities and unauthorised use of Council funds. The Policy is available on the Council's internet and website, and provides the mechanisms to raise concerns and receive appropriate feedback without the fear of victimisation.
41. The Head of Health & Safety produced an Annual Report for 2012/13 to demonstrate how the Council is improving the management of health, safety and welfare across all services.

42. The Audit & Standards Committee is independent of the Council's scrutiny functions and embedded as a key part of the Council's overall governance framework. Its terms of reference are aligned to CIPFA's best practice guidance for Audit Committees (2005). The membership is politically proportionate and the Chair is an opposition Member.

Compliance with Established Policies, Procedures, Laws and Regulations

43. All officers of the Council have a responsibility to ensure compliance with established policies, procedures, laws and regulations. Training and awareness sessions are provided as necessary and appropriate induction sessions are carried out. For example, in the important area of Financial Management there is a mandatory e-learning course and follow-up workshop which all Budget Holders must attend.
44. Compliance assessments are carried out by management, auditors and through the work of statutory inspectors, including the Care Quality Commission and Ofsted.
45. The Head of Law (the Monitoring Officer) has overall responsibility for ensuring the Council acts lawfully and without maladministration. This includes reporting on any proposal, decision or omission by the Council likely to contravene any enactment or rule of law or any maladministration. No such reports were necessary during 2012/13.

Economic, Effective and Efficient Use of Resources

46. As part of the Council's modernisation programme, it has a four year Value for Money Programme, which is focussed on developing modernised services that can achieve substantial efficiency savings. Other objectives include delivering services in new and better ways to increase user satisfaction.
47. Actual value for money savings achieved under the Programme for 2012/13 was £10.08M exceeding the planned target of £6.93M. That programme covers a wide range of service related and cross-cutting initiatives including better procurement, preventative for social care services, management and administration savings.
48. The Council has an Information Management Board to oversee ICT Governance and includes the Monitoring Officer as 'Senior Information Responsible Officer and two Caldicott Guardians responsible for protecting the confidentiality of service user information.

Financial Management and Reporting

49. The Council's financial arrangements fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). As Chief Financial Officer (CFO), the Executive Director of Finance & Resources is a key member of the Executive Leadership Board and Corporate Management Team and is responsible for the proper administration of the Council's financial arrangements and leads a suitably qualified and experienced Finance Function.
50. The Executive Director of Finance & Resources (as Section 151 Officer) has overall statutory responsibility for the proper administration of the Council's financial affairs, including preparation of the Statement of Accounts and making arrangements for appropriate systems of financial control. No reports were made during 2012/13 on any case of unlawful expenditure, loss or deficiency.
51. The Council's Medium Term Financial Strategy (MTFS) sets out the resource projections for the forthcoming five years, the financial challenges and opportunities that it faces and the approach planned to meet the priorities set out in the Corporate Plan. During 2012/13 the MTFS was updated and now includes a longer term resource projection up to 2019.
52. The Council published a detailed budget book for 2012/13 to enable a greater understanding of how the Council spends its money. It also continues to publish all payments to suppliers over £500 (over £250 from April 2013).

Partnership Working and Governance Arrangements

53. The governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report *Governing Partnerships: Bridging the Accountability Gap (2005)*, are defined in the Council's Financial Regulations. Regular audit reviews are carried out on the overall governance arrangements within the Council's key partnerships.
54. For 2012/13 the City's Local Strategic Partnership (LSP) was managed by a Board and the Council as the lead agency for the LSP. The Brighton & Hove Strategic Partners' Members Pack for SP Board Members includes governance responsibilities.
55. Agreements have been developed between the Brighton & Hove Strategic Partnership and the other members of the family of partnerships to bring a focus on service delivery. The Council's Overview and Scrutiny Commission provides an independent role in examining service delivery.

Review of Effectiveness

56. The Council has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the systems of internal control. The review of effectiveness is informed by the work of executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Audit & Business Risk's Internal Audit and Opinion Report and also by comments made by the external auditors, other review agencies and inspectorates.
57. Through evaluation and analysis during the 2012/13 review, the Council has good assurance that its governance arrangements and systems of internal control are robust and reflect the principles of its Code of Corporate Governance.
58. An Officers Governance Board oversees the review of effectiveness of governance arrangements including monitoring actions arising.
59. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework 2012/13 includes the following:
 - Evaluation of the robustness of governance arrangements against the six principles of good governance in the CIPFA/SOLACE Delivering Good Governance Framework;
 - The Annual Opinion of the Head of Audit & Business Risk which has reached a reasonable assurance level judgement;
 - Review and maintenance of the Constitution by the Monitoring Officer;
 - The provision of an effective Internal Audit Service, including compliance with professional standards, risk based approach, individual internal audit reports providing levels of assurance and monitoring actions to audit recommendations made for improvement;
 - Review of the role and responsibilities of the Chief Financial Officer;
 - Risk management process outcomes including strategic risk actions plans and service risk registers; and
 - Comments made by external auditors and outcomes of external assessments carried out by regulatory bodies.

Governance Issues

60. The annual effectiveness review of governance arrangements referred to above has not identified any significant weaknesses.
61. In considering the governance issues contained in the Annual Governance Statement for 2011/12, enhancements to the Council's governance arrangements have been achieved during 2012/13 including:
 - Improvements to the HR/payroll control environment and efficiency of processes;
 - Implementation of improvements to information governance arrangements in accordance with recommendations from the Information Commissioner's Office (ICO);

- Introduced arrangements for Neighbourhood Governance for the two pilot areas;
- Plan for the creation of a Corporate Counter Fraud Team to provide more effective response to fraud risk;
- Introduction of a local ethical standards regime in accordance with the requirements of the Localism Act 2011;
- Introduction of effective systems of internal control for changes related to the introduction of the Council Tax Reduction Scheme and other relevant welfare reforms; and
- Review of partnership governance arrangements in particular with Health and transfer of public health functions and Section 75 agreements.

62. In response to the significant financial challenges facing the Council, **new actions** have been identified to ensure continuous improvement in the Council's governance arrangements:

- Embedding the Council's revised Business Planning and risk management process which reflects its new organisational structure;
- Further embedding and post implementation review of the recently refreshed Performance Development Plan process for staff;
- Improvement to the awareness of fraud and corruption across the Council;
- Continued review of governance arrangement in new and emerging partnerships, in particular legal agreements for Health given changes to the NHS architecture;
- A review of the Audit & Standards Committee in accordance with new guidance anticipated to be issued by CIPFA;
- Planning for ongoing changes in Local Government Finance and funding;
- Better governance to oversee the delivery of major modernisation programmes or the Council through the Modernisation Board, chaired by the Chief Executive, and enhanced support from the Programme Management Office;
- Reviewing and updating the Sustainability Communities Strategy;
- To meet the new requirements, compliance and zero tolerance approach of the Government's Communications and Electronics Security Group for the Code of Connection (CoCo) for accessing the Government Secure Intranet (GSI) for data sharing;
- Full review of the Council's 'family' of partnerships across the City and introducing a City Management Board to replace the Public Services Board;;
- Review of the Performance and Risk Management Framework to ensure meets the needs of the Council; and

- Ensure Internal Audit conformance to the Public Sector Internal Audit Standards and Local Government Application Note for an effective service and meeting the requirements of the Accounts and Audit Regulations 2011.

63. All new planned and actions in progress will be monitored by the Officers' Governance Board and Audit & Standards Committee during 2013/14.

64. We are satisfied that the actions required, when fully completed will address the need for improvements that were identified in the review of effectiveness. We will monitor their implementation and operation as part of the next annual review.

65. We propose over the coming year to take actions to address the above matters to further enhance our governance arrangements. We are satisfied that these actions will address the need for improvements that were identified in our review and will monitor their implementation and operation during 2013/14.

Signed

**Penny Thompson
Chief Executive**

Dated: XX YYYYYY 2013

Signed

**Councillor Jason Kitcat
Leader of the Council**

Dated: XX YYYY 2013

Subject:	Ernst & Young Audit Progress Report and Sector Update		
Date of Meeting:	25 June 2013		
Report of:	Ernst & Young		
Contact Officer:	Name:	Helen Thompson	Tel: 07974 007332
	Email:	HThompson2@uk.ey.com	
Ward(s) affected:	All		

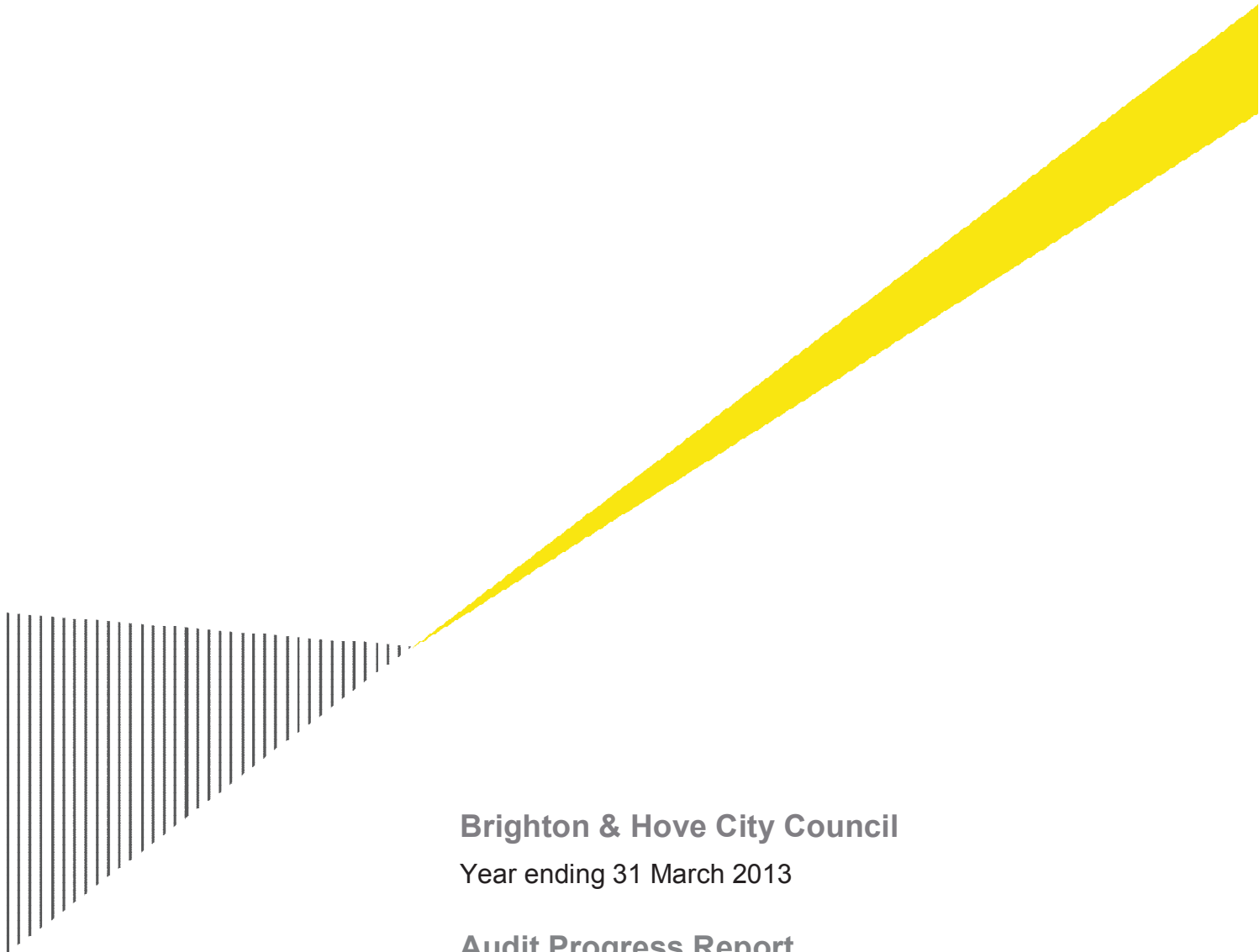
FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 We would like the Committee to consider the 2012/13 audit progress report. We have also attached sector briefing outlining current issues and developments affecting local government for members' information

2. RECOMMENDATIONS:

- 2.1 To consider the 2012/13 audit progress report and attached sector update, ask questions as necessary and note the progress made.



Brighton & Hove City Council

Year ending 31 March 2013

Audit Progress Report

June 2013

Councillor Leslie Hamilton
Chair, Audit & Standards Committee
Brighton & Hove City Council
Kings House
Grand Avenue
Hove
BN3 2LS

11 June 2013

Dear Les

Audit Progress Report - 2012/13

We are pleased to attach our Audit Progress Report.

The purpose of this report is to provide the Audit & Standards Committee with an overview of the stage we have reached in your 2012/13 audit and ensure our audit is aligned with the Committee's service expectations.

Our audit will be undertaken in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Audit Commission Standing Guidance, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours sincerely

Helen Thompson
Director
For and behalf of Ernst & Young LLP
Enc

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1. Work completed and timetable

Our Audit Plan, presented to the 16 April Audit & Standards Committee, included a timetable showing the key stages of the audit, which we repeat below.

Audit phase	Timetable	Audit Committee timetable	Deliverables
High level planning:	December 2012	22 January 2013	Audit Fee letter
Risk assessment and setting of scopes	January / February 2013	16 April 2013	Audit Plan
Testing of routine processes and controls	March/April 2013	25 June 2013	Progress Report
Year-end audit	June to August 2013		Report to those charged with governance (Audit Results Report)
			Audit report (including our opinion on the financial statements and our value for money conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources).
			Audit completion certificate
	Oct / November 2013	19 November 2013	Annual Audit Letter
Grant certification	August to November 2013	21 January 2014	Report to those charged with governance (grant claim certification)

We remain broadly on track with the above timetable with our year-end audit work commencing on 24 June.

Meetings

Since our last progress report to the Committee we have continued to liaise with your officers through our regular quarterly meetings with the Chief Executive and Executive Director of Finances & Resources as well as more detailed discussions with Internal Audit and the Central Accounting Team about the year-end audit.

Completion of system walk-throughs and tests of control

We have completed our systems walk-throughs and most tests of control, placing reliance on the work of Internal Audit where possible.

Our work has not identified any issues that we need to bring to your attention as those charged with governance.

Identified audit risks

There have been no changes to the financial statements risks reported to you in our Audit Plan. We have not identified any significant risks to the value for money conclusion and our areas of focus remain those reported to you in our Audit Plan.

Grant claim certification

We have not yet started our work on the certification of your claims which are:

- ▶ Pooling of housing capital receipts (deadline 27 September 2013)
- ▶ National non domestic rates return (deadline 27 September 2013)

- ▶ Teachers' pensions return (deadline 29 November 2013)
- ▶ Housing and council tax benefits subsidy claim (deadline 30 November 2013)

Appendix 1: Audit Progress

Progress against key deliverables

Key deliverable	Timetable in plan	Status	Comments
Fee Letter	December 2013	Completed	Reported to 22 January 2013 Audit & Standards Committee
Audit Plan	April 2013	Completed	Reported to 16 April 2013 Audit & Standards Committee
Report to Those Charged with Governance	September 2013		We plan to present this to the 24 September Audit & Standards Committee
Audit Report (including opinion and vfm conclusion)	September 2013		We plan to present this to the 24 September Audit & Standards Committee
Audit Certificate	September 2013		We plan to present this to the 24 September Audit & Standards Committee
WGA Certificate	September 2013		Deadline is 5 October 2013. We plan to present this to the 24 September Audit & Standards Committee
Annual Audit Letter	October 2013		We plan to present this to the 19 November Audit & Standards Committee
Report on the Audit of Grant Claims	December 2013		We plan to present this to the 21 January 2014 Audit & Standards Committee

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GPS assurance

Local Government Sector

Audit Committee briefing

Introduction

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working together**

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Accounting and governance news

Find out more

This sector briefing is one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving.

It covers issues which may have an impact on your organisation, the local government sector and the audits that we undertake.

The public sector audit specialists who transferred from the Audit Commission form part of Ernst & Young's national Government and Public Sector (GPS) team. Their extensive public sector knowledge is now supported by rich resource of wider expertise across Ernst & Young's UK and international business. This briefing reflects this, bringing together not only technical issues relevant to the local government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing.

We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local audit team.



Government and economic news

March 2013 budget

The Chancellor of the Exchequer delivered his Budget to Parliament on 20 March 2013, alongside the publication of the Office for Budget Responsibility's updated forecasts for growth and borrowing. In the budget he announced the Government will:

- ▶ Reduce departmental spending by £1.1bn in 2013-14 and £1.2bn in 2014-5. Schools and health budgets remain unchanged.
- ▶ Make savings from current spending of £11.5bn in the spending review for 2015-16. The themes of the spending review will be growth, efficiency and public service reform, including localism and fairness.
- ▶ Move funds from revenue to capital of £3bn a year from 2015-16.
- ▶ Exercise public sector pay restraint of one percent.
- ▶ Introduce a new funding model for adult social care based on the recommendations of the Dilnot Commission.
- ▶ Introduce housing measures aimed at increasing the supply of new housing through equity loans and mortgage guarantees.
- ▶ Introduce a firm limit on a significant proportion of Annually Managed Expenditure (AME) including areas of welfare reform.
- ▶ Reduce the main rate of corporation tax to 20 percent.
- ▶ Bring in a £5.4bn package of financial support for housing.
- ▶ Introduce a single-tier State Pension and implementing the £72,000 cap on social care costs from April 2016.

The ITEM Club, one of the UK's foremost independent economic forecasting groups, sponsored by Ernst & Young issued its response to the budget, concluding that:

- ▶ The shortfall in public spending was much larger than expected.
- ▶ The switch from current to capital spending would reduce the current deficit and help ease the pressure on the government's main fiscal target.

- ▶ The housing market package would be geared up so it has a major impact, in a sector that has a lot of pent up demand: and that this should stimulate construction and improve the consumer outlook.
- ▶ The reduction in the growth outlook means that businesses are likely to remain in 'wait and see mode'.

The Club has also issued its coming year economic forecasts to help with financial planning.

Final Local Government Finance Settlement 2013/14

On 4 February 2013, the Department for Communities and Local Government (DCLG) published the final 2013/14 Local Government Finance Settlement. Details of the provisional 2014/15 settlement were also issued.

The settlement shows a reduction in funding levels (after education and public health funding has been removed) of 3.7 percent. This has not impacted on all local authorities equally. The average reduction in individual local authority revenue spending power, not including the public health grant, is 1.7 percent.

The Institute of Fiscal Studies (IFS) has issued bleak forecasts of Local Government funding plans beyond 2014/15. It estimates that Local Government funding will reduce by an additional 3.2 percent in 2015/16 and 16.2 percent over the period 2015/16 to 2017/18.

Many authorities are now identifying significant gaps in their medium term financial plans, the need for more radical reforms to address these, including the likelihood that there will be cuts in front line services.

The National Audit Office (NAO) has published a report examining central government's approach to local authority funding. This highlights the increasing difficulties local authorities face in absorbing reductions in government funding without reducing services. It recommends the Department for Communities and Local Government (DCLG) works with other government departments to improve evaluation of the impact of decisions on local authority finances and services.

Whole-place community budgets

Community budgets work by bringing together public sector money and resources in local areas and giving public bodies the freedom to integrate their work and design services around the needs of people who use them. They mark a fundamental shift away from the traditional public sector method of funding services organisation by organisation and government department by government department.

Independent analysis from Ernst & Young, published by the Local Government Association (LGA) showed that more than £4 billion of public money could be saved every year by radically shaking up the way public services are provided and paid for in England; cutting unnecessary waste, duplication and red tape.

A year-long pilot of community budgets modelled to a national level by Ernst & Young, shows that devolving more decisions to local areas would provide better services and save between £9.4 billion and £20.6 billion over five years across local and central government.

The evidence from the pilots shows that:

- ▶ Better outcomes at reduced cost can be achieved through a replicable and scalable approach to community budgets.
- ▶ Success may require new forms of governance and new delivery and investment models for public services.
- ▶ There will be significant variation across areas in the benefits that may be realised as there are a range of local factors which will affect this.

The pilot report sets out what local and national factors need to be in place to achieve some of the potential benefits.

Following the development of whole-place business plans for community budgets in the four pilot areas, the Government confirmed in its budget that it will support other places to take similar approaches and that it is committed to extending the approach across the country as part of the 2015-16 spending round.

The Local Government Association (LGA) and the Government have jointly published 'The Community Budgets guide', intended to help other areas which aim to take a similar Community Budget approach to reforming services. The NAO has also published a review of the pilots of whole place community budgets, settling out key lessons.

The Government's response to the Heseltine review

On 8 March 2013 HM treasury published its response to Lord Heseltine's report 'No Stone Unturned'. The Government is accepting in full or in part 81 of Lord Heseltine's 89 recommendations to advance the process of decentralisation, promote the potential of local economies, strengthen partnerships with industry and foster economic growth. The March budget also specifically confirmed that government intends to take forward Lord Heseltine's recommendation on the creation of a Single Local Growth Fund.

The core proposition of Lord Heseltine's report is a de-centralised approach that breaks Whitehall's monopoly on resources and decision making, and empowers Local Enterprise Partnerships (LEPs) to drive forward growth in their local areas. Alongside this, Lord Heseltine makes a number of recommendations that strengthen the underpinnings of long-term growth, from changes to the way in which Whitehall supports growth, to strengthening partnerships between government and business and business education.

Draft Care and Support Bill update

In December 2012, the Department of Health (DH) published a summary of consultation responses on its Draft Care and Support Bill.

The draft Bill represents a major reform of care and support legislation. It proposes a single law for adult care and support and aims to transform the social care system to focus on prevention and the needs and goals of people requiring care.

In February 2013, the Government also announced new measures for funding care to ensure that the elderly and those with disabilities get the care they need without facing unlimited costs:

- ▶ From April 2015, no one will have to sell their home in their lifetime to pay for residential care. If people cannot afford their fees without selling their home, they will have the right to defer paying during their lifetime'.
- ▶ People will have clearer entitlements.
- ▶ A national minimum eligibility will make access to care more consistent around the country and carers will have a legal right to an assessment for care for the first time.

The new measures are based on the recommendations made in 2011 by the Dilnot Commission; an independent panel set up to look at the fairest and most sustainable way to fund care and support in England. The full changes are due to come into effect in April 2017.

A case for sustainable funding of adult social care published

In January 2013, a report by London Councils, supported by Ernst & Young was published on the scale of funding pressures on adult social care and the extent to which these could be mitigated through achieving greater efficiencies in the way that social care is managed, procured and delivered.

Adult social care is one of the largest spend areas for local authorities across the country. However, adult social care budgets have not kept pace with the growing demand for social care services.

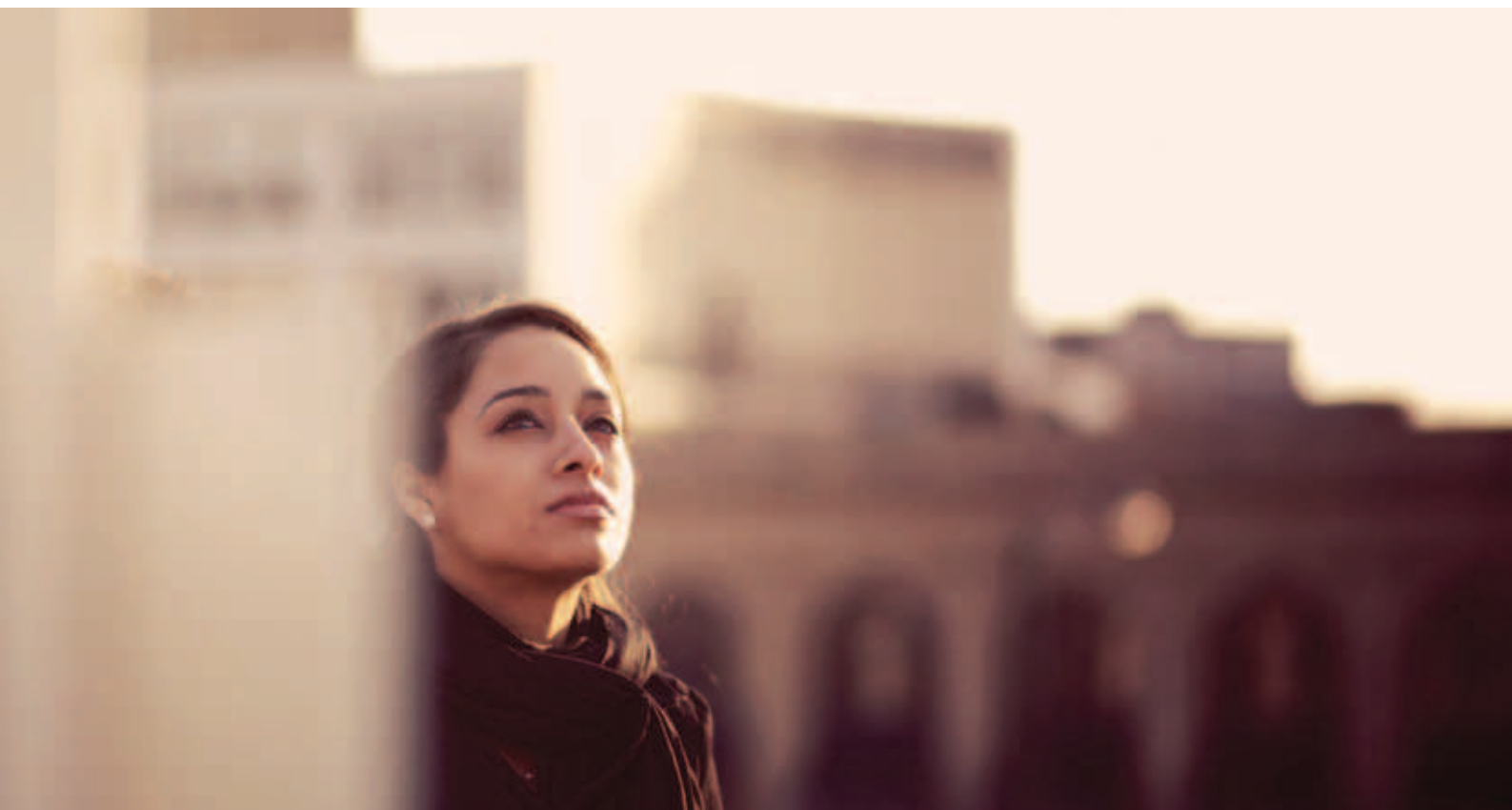
The LGA found that social care is absorbing a rising proportion of the resources available to councils. They estimate that spending on other council services will drop by 66 percent in cash terms by the end of the decade to accommodate the rising costs of adult care. This is the equivalent of an 80 percent real terms cut.

The report sets out a series of recommendations for central government and four main options for local authorities to drive out additional savings:

- ▶ Greater health and social care integration.
- ▶ Implementation of alternative delivery models, moving away from in house provision to social enterprises or local authority trading companies.
- ▶ A more systematic approach to the procurement of goods and services.
- ▶ Using local government's new public health responsibilities to improve the health of communities and delay or prevent the need for health and social care.

However, the report still recognises that even if all potential savings were achieved from the above, there would still be a funding gap.

The report sets out further details about the challenges, the potential cost implications of implementing the proposed changes and ways in which local authorities could respond to the growing demand without compromising the quality or quantity of care that is available.





Health and local government working together

Public health

The responsibility for public health has transferred from the NHS to local authorities in April 2013. This has been backed by a ring-fenced public health grant and a specialist public health team, led by the director of public health. Each top tier and unitary authority will have a health and wellbeing board (HWB) which will have strategic influence over commissioning decisions across health, social care and public health.

A £5.45 billion two-year ring-fenced public health budget for local authorities was announced on 10 January 2013. From April 2013, public health budgets will be protected for the first time with local authorities taking the lead for improving the health of their local communities. This will help drive local efforts to improve health and wellbeing by tackling the wider determinants of poor health.

In February 2013, the Department of Health published guidance to local authorities on what health improvement activity they can charge for and what must be free at the point of delivery. It explains the two circumstances in which a local authority may charge for services and the type of activity it may charge for in those permitted circumstances:

- ▶ Where the activity relates to an organisation, not an individual – private companies, academic institutions, etc.
- ▶ Where the activity relates to an individual, but is not for the purpose of improving that individual's health – training an individual to provide public health advice, for example.

Health and Wellbeing Boards

The Local Authorities (Health and Wellbeing Boards and Health Scrutiny) Regulations 2013 were published by the Secretary of State for Health early in 2013. There are new obligations on both NHS bodies, relevant health service providers and local authorities around consultations on substantial developments or variations to services to aid transparency and local agreement on proposals.

The LGA and Association of Democratic Services Officers have published a joint guide to support local authorities in interpreting and implementing the constitutional and governance aspects of the Regulations 2013.

The NHS Confederation has published a report which looks at health and wellbeing boards' engagement with providers; drawing on the experiences and learning of local authorities, health providers and commissioners. It concludes health and wellbeing boards are unlikely to successfully deliver a Joint Health and Wellbeing Strategy unless they involve and engage local providers; many of which already have strong relationships with service users.

Local outcomes information for Clinical Commissioning Groups and local authorities

As well as publishing the financial allocations to Clinical Commissioning Groups (CCGs) for 2013/14 the NHS Commissioning Board has published CCG and local authority information packs on local outcomes which will support and inform planning and strategy development:

- ▶ The Local Authority level packs present high level comparative information on the NHS, the Adult Social Care and the Public Health Frameworks.
- ▶ The CCG level packs provide a more detailed analysis of NHS outcomes and other relevant indicators.

The purpose of these is to provide CCGs and health and well being partners with a quick and easy-to-use summary of their current position on outcomes as they take up their role; building on the data sets in the CCG outcomes indicators and other existing data sets.

The information is intended to be used alongside the local intelligence that is being collected to inform local Joint Strategic Needs Assessments (JSNAs) and it will support commissioners working together to set the priorities for the Joint Health and Wellbeing Strategy (JHWS).



Regulation and inspection

Draft Local Audit Bill update

On 17 January 2013, the Draft Local Audit Bill ad hoc Committee published its report 'Pre-Legislative Scrutiny of the Draft Local Audit Bill'. It recommended a new financial impact assessment be published alongside the Bill and highlighted a number of serious concerns regarding the practicability, workability and completeness of the proposals outlined in the draft Bill.

The Committee concluded that the Draft Bill:

- ▶ Would provide a more complex and fragmented audit regime than exists currently.
- ▶ Fails to provide adequate safeguards to guarantee the independence of audit.
- ▶ Falls short in addressing many of the technical aspects of audit and is silent on how high quality statutory local audit will be obtained and reviewed in the new regime.
- ▶ Contains a number of risks and gaps which require urgent attention.
- ▶ Provides insufficient safeguards to whistle-blowers that have drawn attention to serious governance failure.

A formal response from the Local Government Minister is expected in due course.

Tough times: councils' financial health in challenging times

On 22 November 2012 the Audit Commission published its second Tough Times report, looking at how councils are dealing with the spending review. It is relevant to council leadership teams, both members and officers in preparing future spending plans and allows comparison with the national picture.

The report highlights that Government funding to councils fell in real terms by £1.6 billion in 2012/13, compared to a cut of £3.4 billion in 2011/12. This two year reduction in funding of £5 billion is equivalent to 9.3 percent of councils 201/11 revenue spending.

The report finds that in 2011/12, councils largely delivered their planned savings and in many cases added to reserves. However, auditors reported that signs of financial stress were visible. A sizeable minority of councils had to make additional in-year cuts, seek additional funding or restructure efficiency programmes in order to deliver their budgets.

The report says that auditors are concerned that 12 percent of councils are not well-placed to deliver their 2012/13 budgets. They feel that a further 25 percent will cope in 2012/13 but may struggle in the remaining years of the Spending Review period.

Auditing the accounts 2011/12

Audited accounts are the main way public bodies show accountability for managing public money. Publishing timely audited accounts is a fundamental feature of good governance.

The Audit Commission's Auditing the Accounts 2011/12 report summarises the results of auditors' opinion work for 2011/12. It covers the timeliness and quality of financial reporting. Overall, both principal and small bodies improved their standard of performance on financial reporting for 2011/12. This is a notable achievement given the continuing financial constraints facing local public bodies.

The report also summarises the key financial reporting and financial management challenges facing bodies for 2012/13:

- ▶ Continued financial uncertainty with 2012/13 being the second of four years of reductions in government funding announced in the 2010 Spending Review. Over this period, reductions in government funding to councils of 26 percent, fire and rescue authorities of 13 percent and police bodies of 20 percent, are planned.
- ▶ Significant changes for councils in respect of non-domestic rates and council tax benefit introduced by the Local Government Finance Act 2012.

- ▶ An increased focus on Whole of Government Accounts (WGA) with the Public Accounts Committee recommending the Treasury should ensure local bodies are obliged to prepare and provide transparent, timely and accurate information and that WGA is delivered earlier in the future.

The NAO has also highlighted the different approaches used by local and central government to valuing infrastructure assets and a lack of evidence supporting the completeness and valuation of schools' assets, in particular the omission of some local authority maintained schools and academies. The Financial Reporting Advisory Board and CIPFA/LAASAC are leading on addressing these and other technical accounting issues with a view to improving the consistency of future WGA. This work could result in changes to the Local Authority Code.

Not Just a Number: review of Homecare Services

In February 2013 Care Quality Commission (CQC) issued its report 'Not Just a Number: Review of Homecare Services'. The review looked at whether people receiving care at home are treated with dignity and respect, have a choice about the care they receive and benefit from effective systems to keep them safe.

The findings of the review of home care services show that good care is being delivered but a minority of people are affected by late or missed calls, lack of continuity of care workers, poor care planning and more.

CQC recommends that services must now work closer with commissioners to improve care, find solutions to these common problems and put systems in place to monitor the impact of missed or late visits.

Inequality of access and driving improvement: ofsted – annual report

Her Majesty's Chief Inspector (HMCI) Annual Report 2011/12 published in November 2012 drew national attention to the marked inequality of access by children and young people to a good school across the country and to the wide variation between areas. The Annual Report states that the role of local authorities has reduced in terms of the direct control they have over schools. However, local authorities have statutory responsibility as set out in section 13A of the Education Act 1996 and a range of powers they may use to drive school improvement.

Ofsted is consulting on its proposals to introduce a new framework for the inspection of local authority services for supporting improvement in schools and other providers. Consultation closed 19 March 2013.



Accounting and governance news

2012/13 CIPFA code of practice and updates

The key changes introduced by the Code and Code guidance notes for 2012/13 include:

- ▶ **Housing Revenue Account (HRA)** – from 2012/13 authorities will be expected to fund all HRA revenue and capital expenditure from existing resources such as rental income and debt finance. The level of rent collected and the depreciation or impairment of HRA assets will therefore have a real impact on the HRA surplus/deficit. DCLG has introduced transitional arrangements for the period 2012-2017, allowing authorities to defer the impact of the depreciation or impairment of HRA dwellings. This arrangement only applies to depreciation on dwellings.
- ▶ **Carbon Reduction Commitment** – IAS 37: Provisions, Contingent Liabilities and Contingent Assets will need to be considered in light of the scheme, where material.
- ▶ **Exit packages** – the 2012/13 Code guidance notes provide extended guidance on the disclosure requirements for exit packages.
- ▶ **Conceptual Framework** – the first phase of the IASB's new Conceptual Framework for Financial Reporting 2010 has been adopted by the 2012/13 Code. The definition of the users of financial statements moves from being 'stakeholders' to 'present and potential investors, lenders and other creditors, who use that information to make decisions about buying, selling or holding equity or debt instruments and providing or settling loans or other forms of credit'.
- ▶ **Financial Instruments** – guidance regarding the new disclosures required for transfers of financial assets has been added to the Financial Instruments section.

Updates to the 2012/13 Code of Practice and the 2012/13 Service Reporting Code of Practice have also been issued by CIPFA. Both updates apply for the 2012/13 financial year-end.

Closure of the 2012/13 accounts – LAAP bulletin 96

CIPFA have published LAAP96 – closure of the 2012/13 accounts and related matters. It aims to clarify any areas of uncertainty in the 2012/13 Code that will affect the 2012/13 accounts. It also includes clarification of a small number of issues relating to the 2012/13 Code Guidance Notes.

It provides a brief summary of the key reforms and other accounting issues that will face Local Government accounting in 2013/14 and which may require disclosure in the 2012/13 financial statements, particularly in relation to the non-domestic rate and public health reforms.

Local government pension scheme fund accounts 2012/13: example accounts and disclosure checklist

This recent CIPFA publication identifies and illustrates the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code) in relation to accounting for pension funds. It applies to accounting periods commencing on or after 1 April 2012. The checklist is intended to help preparers to meet the requirements of the Code but is not a substitute for the Code.

Public sector accounting workshops

Ernst & Young have been running a series of workshops to help those preparing accounts for the 2012/13 year and over 150 delegates have attended these. The workshops highlight the following key areas for focus during the 2012/13 close down period:

- ▶ Non-current assets: valuation process and principles, assets held for sale, componentisation and de-recognition
- ▶ Joint Ventures (including pooling and groups)
- ▶ Financial Instruments
- ▶ Housing Revenue Account – Self Financing

The workshops also cover key changes in 2013/14 and beyond including:

- ▶ Possible changes to accounting for schools from 2014/15
- ▶ A proposed move away from accounting for transport infrastructure assets at depreciated historic cost from 2014/15. Councils will need to ensure infrastructure databases are robust
- ▶ Revaluing assets under IFRS 13. Specific exclusions to the general definition set out in IFRS13 are included in the Code
- ▶ Service concession arrangements (IPSAS 32). IFRIC12 on Service concession arrangements applies only to the operator. IPSAS 32 mirrors IFRIC 12 on relevant accounting issues from the grantor's point of view. CIPFA augments the Code by applying IPSAS 32
- ▶ Accounting for business rates retention and council tax support
- ▶ Employee benefits (IAS 19 update)

New UK Public Sector Internal Audit Standards

The UK Public Sector Internal Audit Standards (PSIAS) were published in December 2012. These set out definitions and principles for providing and evaluating internal audit services within the UK public sector and are based on the mandatory elements of the Institute of Internal Auditors (IIA) and International Professional Practices Framework (IPPF).

The Standards will apply across the whole of the public sector. The PSIAS replace the Code of Practice for Internal Audit in Local Government in the United Kingdom, last revised in 2006.

In local government, the PSIAS are mandatory for all principal local authorities, other relevant bodies, the Office of the Police and Crime Commissioner, constabularies, fire authorities, national park authorities, joint committees and joint boards in the United Kingdom.

The PSIAS are new and complex and CIPFA recognises the need to provide guidance for the bodies set out above in applying them and has produced an Application Note to provide that guidance.

National Fraud Initiative: the latest

The National Fraud Initiative reported on 8 March 2013 that it has now helped identify over £1 billion potentially lost to fraud, overpayment or error, across the UK since its inception in 1996. The outcomes, in England, from the most recent exercise include the prevention and detection of £103 million pension overpayments, £79 million council tax single person discounts incorrectly awarded and £42 million housing benefit overpayments. Others include:

- ▶ 164 employees identified as having no right to work in the UK
- ▶ 321 false applications removed from housing waiting lists
- ▶ 1,031 prosecutions, 921 of them for housing benefit fraud
- ▶ 32,633 blue badges and 52,635 concessionary travel passes cancelled

The NFI has introduced real-time and flexible matching alongside the traditional two-yearly national matching NFI exercise. The new modules align with the government's key policies focusing on protecting the UK economy from fraud.

Fighting Fraud Locally: 2012 review

December saw the publication of Fighting Fraud Locally (FFL) 2012 Review. FFL is the sector led local government counter fraud strategy initially launched in December 2011. The 2012 Review updates progress on delivery of the strategy, identifies a series of good practice case studies and outlines strategic delivery areas for 2013.



Find out more

To find out more on any other above areas please follow the links below.

The March 2013 budget

To see LGA's reaction and summary go to:

http://www.local.gov.uk/web/guest/briefings-and-responses/-/journal_content/56/10171/3924610/ARTICLE-TEMPLATE

To read the full details of the Ernst & Young's ITEM Club's Budget Reaction go to:

<http://www.ey.com/UK/en/Issues/Business-environment/Financial-markets-and-economy>

The ITEM Club holds regular events locally and are keen to increase representation from local public services to maximise the opportunities for networking, partnership working, cross sector learning and to secure improved outcomes for local communities. For further information about these events contact your local audit team.

Final Local Government Finance Settlement 2013/14

For more details of the settlement go to:

<http://www.local.communities.gov.uk/finance/1314/settle.htm>

To read the NAO report on the financial sustainability of local authorities go to:

www.nao.org.uk/.../local-services-financial-sustainability-of-local-authorities/

Whole-Place community budgets

Read more about the pilots at:

http://www.local.gov.uk/c/document_library/get_file?uuid=3e06dd05-6204-4ae8-9b41-81f516cb9a5b&groupId=10171

Access the LGA Guide at:

<http://www.local.gov.uk/community-budgets>

See the NAO report at

<http://www.nao.org.uk/wp-content/uploads/2013/03/Whole-Place-Community-Budgets-Executive-summary.pdf>

The Government's response to the Heseltine Review

Read more about the government response at:

http://www.hm-treasury.gov.uk/ukecon_heseltinereview_index.htm

Draft Care and Support Bill update

Read more about the proposals at:

<https://www.gov.uk/government/publications/policy-statement-on-care-and-support-funding-reform>

A case for sustainable funding of adult social care published

Read more about the report on sustainable funding at:

<http://www.londoncouncils.gov.uk/policylobbying/healthadultservices/socialcare/fundingadultcare.htm>

Public health

Read more at on public health budgets at:

<https://www.gov.uk/government/publications/baseline-spending-estimates-for-the-new-nhs-and-public-health-commissioning-architecture>

Read more on Public health charging at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/141386/local-authority-charging-for-public-health-activity.pdf

Health and Wellbeing Boards

Read more at:

<http://healthandcare.dh.gov.uk/hwbs-health-scrutiny-regulations-2013/>.

Access the LGA and Association of Democratic Services Officers guide on interpreting and implementing the constitutional and governance aspects of the Regulations 2013 at:

http://www.local.gov.uk/c/document_library/get_file?uuid=ca8437aa-742c-4209-827c-996afa9583ca&groupId=10171

Access the NHS Confederation report 'Stronger together: How health and wellbeing boards can work effectively with local providers' at:

<http://www.nhsconfed.org/Publications/reports/Pages/Stronger-together.aspx>

Local outcomes information for Clinical Commissioning Groups and local authorities

Access outcome information for your council at

<http://www.commissioningboard.nhs.uk/la-ccg-data/#la-info>

Draft Local Audit Bill update

Access the pre legislative report at

<http://www.publications.parliament.uk/pa/cm201213/cmselect/cmdraftlocaudit/696/69602.htm>

Tough times: councils' financial health in challenging times

Read the report at:

<http://www.audit-commission.gov.uk/2012/11/tough-times-2012/>

Auditing the accounts 2011/12

Read the report at:

<http://www.audit-commission.gov.uk/audit-regime/codes-of-audit-practice/auditing-the-accounts/>

Not just a number: review of homecare services

Read the report at:

http://www.cqc.org.uk/sites/default/files/media/documents/9331-cqc-home_care_report-web_0.pdf

Inequality of access and driving improvement: ofsted – annual report

Read more at:

<http://www.ofsted.gov.uk/resources/good-education-for-all-inspection-of-local-authority-services>

Code of practice on local Authority Accounting in the United Kingdom 2012/13

The 2012/13 Code Update can be found at:

<http://www.cipfa.org/-/media/files/policy%20and%20guidance/panels/lasaac/201213%20code%20update%20including%20tracked%20amendments.pdf>

The 2012/13 Service Reporting Code of Practice for Local Authorities Update can be found at:

www.cipfa.org/Policy-and-Guidance/Technical-Panels-and-Boards/Local-Authority-Accounting-Panel/Update-to-the-201213-Service-Reporting-Code-of-Practice

New UK Public Sector Internal Audit Standards

Read about the new standards at:

<http://www.cipfa.org/Policy-and-Guidance/Publications/L/Local-Government-Application-Note-for-the-United-Kingdom-Public-Sector-Internal-Audit-Standards-Book>

National Fraud Initiative-the latest

The Audit Commission NFI update is at:

<http://www.audit-commission.gov.uk/2013/03/1-billion-of-fraud-found/>

Fighting Fraud Locally: 2012 Review

Read more at:

<http://www.fightinglocalfraud.co.uk/>

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Subject: Targeted Budget Management (TBM) Provisional
Outturn 2012/13 - Extract from the Proceedings of the
Policy & Resources Committee Meeting held on the
13 June 2013

Date of Meeting: 25 June 2013

Report of: Monitoring Officer

Contact Officer: Name: **Mark Wall** Tel: **29-1006**
E-mail: mark.wall@brighton-hove.gov.uk

Wards Affected: All

POLICY & RESOURCES COMMITTEE

**4.00 pm 13 June 2014
COUNCIL CHAMBER, HOVE TOWN HALL**

DRAFT MINUTES

Present: Councillor J Kitcat (Chair) Councillors Littman (Deputy Chair), G Theobald (Opposition Spokesperson), Hamilton, Morgan (Group Spokesperson), A Norman, Peltzer Dunn, Randall, Shanks and West.

PART ONE

7. TARGETED BUDGET MANAGEMENT (TBM) PROVISIONAL OUTTURN 2012/13

- 7.1 The Executive Director for Finance & Resources introduced the report which set out the provisional outturn position (Month 12) of the Revenue and Capital Budgets for the financial year 2012/13. She noted that the final outturn position was subject to the annual external audit review but stated that in general it was a good position with the General Fund having an underspend of £4.6m, which had already been committed. She stated that there had been a strong performance in regard to the management of the corporate critical budgets and the value for money programme which had enabled the underspend to be achieved. There had been a small surplus in regard to the Collection Fund and this had been helped with a less reduction in income from student exemptions, although it was likely to change in the future. She also drew attention to the capital receipts and the materialisation of some projects that had been awaited.

- 7.2 Councillor Littman welcomed the report and stated that it reflected the on-going improvements in financial management across the council.
- 7.3 Councillor Morgan stated that the overall underspend of £4.6m was welcome in one respect but did raise questions in regard to why more had not been done to address the social, environmental and economic factors faced by residents within the city. In relation to the underspend on the HRA budget he questioned whether more could have been done to deal with issues such as the 'bedroom tax', lifts improvements and general repairs. He noted that the income from parking was down and that having used a couple of council car parks recently it would have been possible not to have to pay. He also asked when the improvements to the Horsdean Traveller site were likely to be undertaken and suggested that the Development Control Budget needed to be monitored closely given the overspend.
- 7.4 Councillor A. Norman stated that she believed it was difficult for residents to understand why there was such a high level of underspend and why it had not been used to off-set the increase in council tax. She asked for further clarification in regard to high level of carry forward for the capital programme and queried the level of projected income from parking for 2013/14 given the shortfall that had resulted for the last year. She noted the good work of the value for money programme and the reduction in costs for the external audit.
- 7.5 Councillor Randall stated that the HRA underspend had resulted partly from people not moving as much and therefore a lower spend on redecorating and making ready for use had resulted, however funding had been used for improvements e.g. to lifts and door entry systems. He also noted that there had been fewer empty properties in the housing stock and that the transfer of properties to Seaside Homes had seen nearly 250 of the 449 indentified completed. He also wished to congratulate his predecessor, Councillor Wakefield and the officers involved for their work in relation to housing over the last two years.
- 7.6 The Chair stated that funding had been set aside to help support discretionary funds and account for cuts that were being imposed by central government. The parking income was not down but had not achieved the level that had been anticipated and that was partly down to factors such as the inclement weather and the impact of the Olympics.
- 7.7 The Executive Director for Finance & Resources noted that there had been a need to account for the impact on Business Rates as a result of changes imposed by the government and that re-profiling of the capital programme had been required and that some large projects had only come to fruition after the year end e.g. the £2m for the purchase of Hove Police Station; which meant that the carry forward was higher than usual.
- 7.8 Councillor Hamilton noted that there was a £1m underspend for the Dedicated Schools Grant and whilst it was ring-fenced, he suggested that there was a need to look at the process for the allocation of school places and the impact on existing schools that resulted. He welcomed the value for money programme but questioned why the Home to School Transport which had an underspend and the School Bus provision budgets could not be looked at together and reconciled so that the cuts in bus services seen last year could be addressed and services maintained. He also noted that the

communications budget had overspent and hoped that it would be kept under review for the next year. However, overall he wished to thank the finance officers and budget holders for their excellent work and management of the council's finances.

- 7.9 Councillor Shanks stated that she was working with officers to look at the Home to School Transport and school transport budgets to see if there was a possibility of utilising them more effectively and thereby improving services. She hoped to be able to bring a report to committee in the near future. She also welcomed the reduction in costs to the Children's Services budget and improvements that had been made such as in the foster carers' service.
- 7.10 The Executive Director for Finance & Resources stated that there had been a shortfall in expected income for the Development Control team and that it would be monitored and reviewed regularly for 2013/14 as it was something that could have been picked up at an earlier stage last year. She also noted that the changes in welfare support were likely to have an impact on the Homelessness budget and others and therefore consideration was being given to how these pressures could be supported and corporate critical budgets such as the Temporary Accommodation budget would be reviewed monthly.
- 7.11 Councillor G. Theobald queried why it was taking so long to re-open the Horsdean Traveller site and expressed concern over the failings of the Communications budget management. He also asked for further clarification in regard to the Surplus Water Action budget and whether there was any grant funding for the Volks Railway.
- 7.12 The Assistant Chief Executive stated that a revised bid in relation to the Volks Railway had been resubmitted and officers were in discussion with the group of volunteers on how opening hours could be extended and repairs works could be undertaken if the sheds were unavailable. In regard to the Communications budget she was meeting with the officers and they were working hard to manage the situation.
- 7.13 The Executive Director for Finance & Resources stated that the Communications budget had been realigned following the recognition that unachievable income targets had been set previously and noted that officers were working with neighbouring authorities in regard to the Surplus Water Management Action Plan, as the notice of available funding had only been received in March.
- 7.14 Councillor West stated that there had been a delay in the re-opening of the Horsdean site as there had been some problems with contractors and security and repair costs, however he was hopeful that it would be open next month.
- 7.15 Councillor Peltzer Dunn referred to the overspend in the Communications Budget and stated that he hoped every effort would be made to maximise revenue income e.g. from sponsorship and queried whether any offers had been received.
- 7.16 The Assistant Chief Executive stated that she was keen to work with the officers to look at potential income generation but wanted to concentrate on ensuring that the core business of the team was supported and effective.
- 7.17 The Executive Director for Finance & Resources stated that in recent years the challenge had been to achieve the ambitious income targets that had been set and it

had been important to seek to balance these against realistic levels for the future and noted that the committee had previously agreed to a revised budget.

7.18 The Chair noted the comments and thanked the all the officers involved in managing the budget process over the year. He then put the recommendations to the vote.

7.19 **RESOLVED:**

- (1) That the provisional outturn position for the General Fund, which was an underspend of £4.610m (compared to £4.513m assumed at budget setting time, be noted. This includes £4.201m for the council controlled budgets and £0.409m on the NHS managed S75 budgets.
- (2) That the provisional outturn for the Housing Revenue Account (HRA), which is an underspend of £1.963m be noted;
- (3) That the provisional outturn for the Dedicated Schools Grant (DSG) which was an underspend of £1.089m be noted;
- (4) That the carry forward requests totalling £4.806m as detailed in Appendix 2 the report be approved;
- (5) That the provisional outturn position on the Capital Programme be noted; and
- (6) That the following changes to the Capital Programme be approved:
 - (i) The budget re-profiling and budget variations as set out in Appendix 4 to the report;
 - (ii) The carry forward of slippage into the 2013/14 Capital Programme to meet on-going commitments on these schemes as set out in Appendix 4 to the report; and
 - (iii) New schemes as set out in Appendix 5 to the report.

Subject:	Targeted Budget Management (TBM) Provisional Outturn 2012/13		
Date of Meeting:	25 June 2013		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name:	Jeff Coates	Tel: 29-2364
	Email:	Jeff.coates@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 Targeted Budget Monitoring (TBM) reports are a key component of the council's overall performance monitoring and control framework. TBM reports are periodically presented to Policy & Resources Committee and are subsequently provided to the next available Audit & Standards Committee for information and consideration in the context of the committee's oversight role in respect of financial governance and risk management. The TBM report appended sets out the provisional outturn position on the council's revenue and capital budgets for the financial year 2012/13. The provisional position has since been confirmed and is now fully reflected in the annual financial statements for 2012/13 also reported to this committee.

2. RECOMMENDATIONS:

- 2.1 That the Committee note the report to the Policy & Resources Committee on 13 June 2013 (Appendix 1) and the subsequent recommendations and resolution.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 Detailed in the Provisional Outturn TBM report to the Policy & Resources Committee on 13 June 2013 (Appendix 1).

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 Detailed in the report to the Policy & Resources Committee on 13 June 2013 (Appendix 1).

5. FINANCIAL & OTHER IMPLICATIONS:Financial Implications:

- 5.1 None directly in relation to this report. Implications relating to TBM provisional outturn are detailed in the report to the Policy & Resources Committee on 13 June 2013 (Appendix 1).

Legal Implications:

- 5.2 None directly in relation to this report. Implications relating to TBM provisional outturn are detailed in the report to the Policy & Resources Committee on 13 June 2013 (Appendix 1).

Equalities Implications:

- 5.3 None directly in relation to this report. Implications relating to TBM provisional outturn are detailed in the report to the Policy & Resources Committee on 13 June 2013 (Appendix 1).

Sustainability Implications:

- 5.4 None directly in relation to this report. Implications relating to TBM provisional outturn are detailed in the report to the Policy & Resources Committee on 13 June 2013 (Appendix 1).

Crime & Disorder Implications:

- 5.5 None directly in relation to this report. Implications relating to TBM provisional outturn are detailed in the report to the Policy & Resources Committee on 13 June 2013 (Appendix 1).

Risk and Opportunity Management Implications:

- 5.6 The delegated audit functions of the committee are to carry out independent scrutiny and examination of the council's financial and non-financial processes, procedures and practices, to the extent that they affect the council's control environment and exposure to risk, with a view to providing assurance on their adequacy and effectiveness. This includes the council's financial management processes, of which TBM (Targeted Budget Management) is a key component. Other risk and opportunity management implications relating to TBM provisional outturn are detailed in the report to the Policy & Resources Committee on 13 June 2013 (Appendix 1).

Public Health Implications:

- 5.7 None directly in relation to this report. Implications relating to TBM provisional outturn are detailed in the report to the Policy & Resources Committee on 13 June 2013 (Appendix 1).

Corporate / Citywide Implications:

- 5.8 None directly in relation to this report. Implications relating to TBM provisional outturn are detailed in the report to the Policy & Resources Committee on 13 June 2013 (Appendix 1).

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 None directly in relation to this report. Alternative options relating to TBM provisional outturn are detailed in the report to the Policy & Resources Committee on 13 June 2013 (Appendix 1).

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 TBM reports are forwarded to the committee for review and examination in accordance with its role in reviewing the adequacy and effectiveness of the council's control environment, including financial management processes.

SUPPORTING DOCUMENTATION

Targeted Budget Management (TBM) 2012/13 Provisional Outturn Report & Appendices:

- i. Revenue Budget Performance
- ii. Carry Forward Requests 2012/13
- iii. Value for Money Programme Performance
- iv. Capital Programme Performance
- v. Capital Programme Budget Changes (New Schemes)

Subject:	Targeted Budget Management (TBM) Provisional Outturn 2012/13		
Date of Meeting:	13 June 2013		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name:	Jeff Coates	Tel: 29-2364
	Email:	jeff.coates@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1 SUMMARY AND POLICY CONTEXT:

1.1 This report sets out the provisional outturn position (Month 12) on the revenue and capital budgets for the financial year 2012/13. The final outturn position is subject to the annual external audit review. This will be shown in the council's financial statements which must be signed by the Chief Finance Officer by 30 June 2013 and the audited set approved by the Audit & Standards Committee by 30 September 2013.

2 RECOMMENDATIONS:

2.1 That the Committee note the provisional outturn position for the General Fund, which is an underspend of £4.610m (compared to £4.513m assumed at budget setting time). This includes £4.201m for the council controlled budgets and £0.409m on the NHS managed S75 budgets.

2.2 That the Committee note the provisional outturn for the Housing Revenue Account (HRA), which is an underspend of £1.963m.

2.3 That the Committee note the provisional outturn for the Dedicated Schools Grant (DSG) which is an underspend of £1.089m.

2.4 That the Committee approve the carry forward requests totalling £4.806m as detailed in Appendix 2.

2.5 That the Committee note the provisional outturn position on the capital programme.

2.6 That the Committee approve the following changes to the capital programme:

- i) The budget re-profiling and budget variations as set out in Appendix 4;
- ii) The carry forward of slippage into the 2013/14 capital programme to meet on-going commitments on these schemes as set out in Appendix 4;
- iii) New schemes as set out in Appendix 5.

3 RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

Targeted Budget Management (TBM) Reporting Framework

- 3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy & Resources Committee. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending together with more regular monitoring of high risk 'corporate critical' areas as detailed below.
- 3.2 The TBM report is normally split into 8 sections as follows:
- i) General Fund Revenue Budget Performance
 - ii) Housing Revenue Account (HRA) Performance
 - iii) Dedicated Schools Grant (DSG) Performance
 - iv) NHS Controlled S75 Partnership Performance
 - v) Capital Investment Programme Performance
 - vi) Capital Programme Changes
 - vii) Implications for the Medium Term Financial Strategy (MTFS)
 - viii) Comments of the Director of Finance (statutory S151 Chief Finance Officer)

General Fund Revenue Budget Performance (Appendix 1)

- 3.3 The table below shows the provisional outturn for Council controlled revenue budgets within the General Fund. More detailed explanation of the variances can be found in Appendix 1.

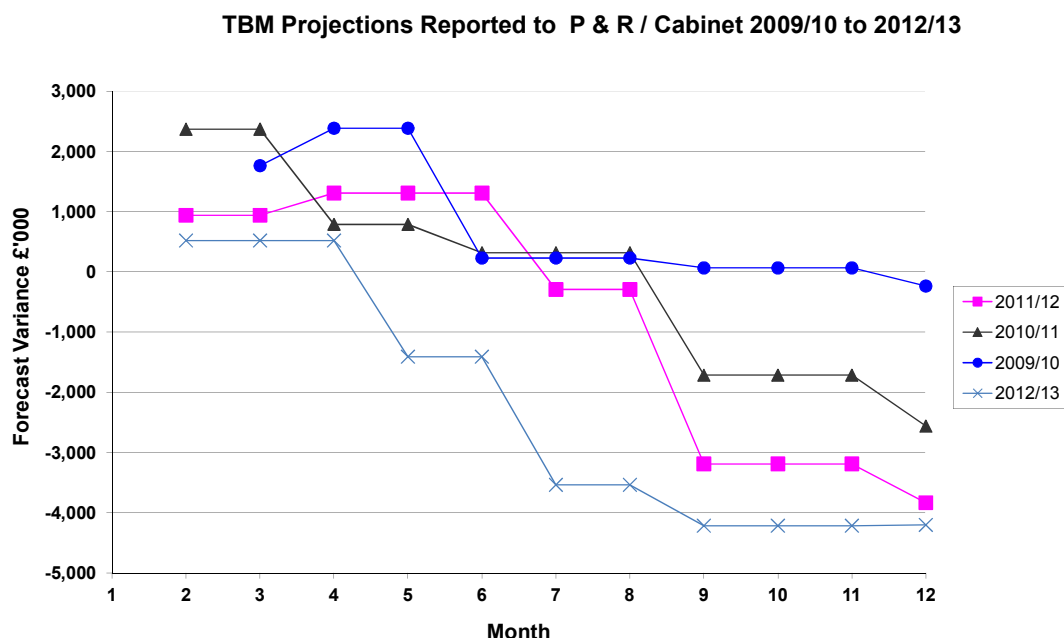
Forecast Variance Month 9 £'000	Strategic Area	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(5,134)	People	123,024	117,078	(5,946)	-4.8%
1,046	Environment, Development & Housing	36,327	38,037	1,710	4.7%
672	Communities	11,630	11,948	318	2.7%
(244)	Resources & Finance	35,667	35,113	(554)	-1.6%
(3,660)	Sub Total	206,648	202,176	(4,472)	-2.2%
(553)	Corporate Budgets	(9,406)	(9,135)	271	2.9%
(4,213)	Total Council Controlled Budgets	197,242	193,041	(4,201)	-2.1%

- 3.4 In 2012/13, the General Fund included Commissioning Units and Service Delivery Units, which were organised under the strategic areas of People, Environment, Development & Housing, and Communities. These, together with

Resources & Finance Units and Corporate Budgets made up the General Fund services reported above.

Comparison with Previous Years

- 3.5 The chart below shows a comparison of the forecasts reported to Cabinet / Policy & Resources for the council controlled budgets for this and the previous 3 financial years.



Corporate Critical Budgets

- 3.6 There are a number of budgets that carry potentially higher financial risks and therefore could have a material impact on the council's overall financial position. These are significant budgets where demand or activity is difficult to predict and where relatively small changes in demand can have significant implications for the council's budget strategy. These therefore undergo more frequent and detailed analysis.

Forecast Variance Month 9 £'000	Corporate Critical	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(3,262)	Child Agency & In House	22,133	18,666	(3,467)	-15.7%
(2,055)	Community Care	43,286	41,231	(2,055)	-4.7%
429	Sustainable Transport	(15,986)	(15,582)	404	2.5%
132	Temporary Accommodation	761	870	109	14.3%
(352)	Housing Benefits	(752)	(1,165)	(413)	54.9%
(5,108)	Total Council Controlled	49,442	44,020	(5,422)	-11.0%

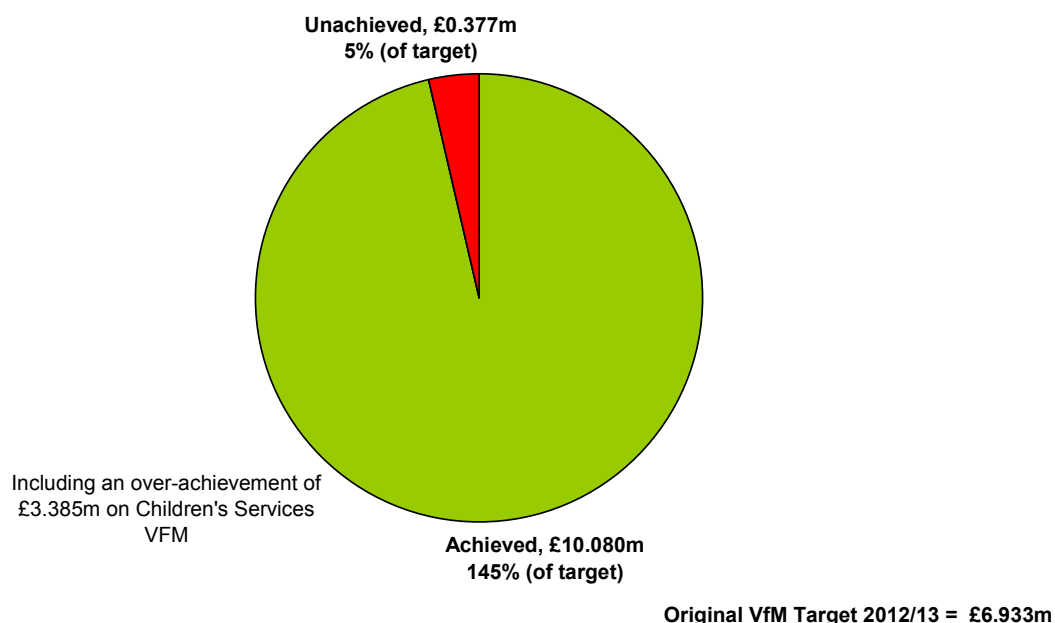
Carry Forward Requests

- 3.7 Under the council's Financial Regulations, the Director of Finance may agree carry forwards of up to £0.050m per member of the Corporate Management Team service area (up to a maximum of £1m in total) if it is considered that this incentivises good financial management. A total of £0.400m has been agreed for 8 of the service areas due to their significant contribution to the overall underspend.
- 3.8 Policy & Resources approval is required for carry forward requests in excess of £0.050m. These total £4.806m and have been included in the outturn figures above. An analysis of this is provided in Appendix 2.
- 3.9 The non grant funded element of this totals £2.873m and a detailed breakdown of this is provided in Appendix 2. These items have been proposed where funding *is* in place for existing projects or partnership working that crosses over financial years and it is therefore a timing issue that this money has not been spent in full before the year end.
- 3.10 The element relating to grant funding totals £1.933m. Under current financial reporting standards, grants received by the council that are unringfenced or do not have any conditions attached are now recognised as income in the financial year they are received rather than in the year in which they are used to support services. Prior to 2011/12 these unspent grants would have automatically rolled into the next financial year to fund the commitments against them but now they need to be agreed as part of the carry forward requests.
- 3.11 Within the total of £1.933m, a sum of £1.089m relates to the Dedicated Schools Grant. Under the Schools Finance Regulations, the unspent part of the DSG must be carried forward to support the schools budget in future years.

Value for Money (VfM) Programme

- 3.12 Throughout the year TBM reports have provided updates on the council's Value for Money programme. The VfM programme contains a number of large, complex projects which include additional temporary resources (e.g. Project Managers) to ensure they are properly planned and implemented. Projects can have significant financial and non-financial targets attached to them and their successful implementation is therefore important to the overall financial health of the authority.
- 3.13 Some VfM projects carry significant risks and may need specialist advice or skills that can be in short supply or they may need to navigate complex procurement or legal processes. Therefore, each month the TBM report has quantified progress in terms of those savings that have been achieved, those that were anticipated to be achieved (i.e. low risk) and those that remained uncertain (i.e. higher risk). Those that were uncertain were given greatest attention and details of mitigating actions were given wherever possible. At outturn, the position becomes clearer with savings being either achieved or unachieved.
- 3.14 At outturn, total VfM Savings of £10.080m have been achieved against an original target of £6.933m, representing an over-achievement of 145%, mainly relating to an overachievement in Children's Services. An underachievement of £0.377m was experienced in relation to corporate VfM savings. A detailed breakdown of VfM savings is provided in Appendix 3.

Value for Money Programme (All Phases) - 2012/13 Monitoring



Housing Revenue Account Performance (Appendix 1)

- 3.15 The Housing Revenue Account is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents. The forecast outturn on the HRA is summarised in the table below. More detail is provided in Appendix 1.

Forecast Variance Month 9 £'000		2012/13 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Variance Month 12 %
	HRA				
(1,000)	Expenditure	52,594	51,073	(1,521)	-2.9%
(304)	Income	(52,994)	(53,436)	(442)	-0.8%
(1,304)	Total	(400)	(2,363)	(1,963)	

NHS Controlled S75 Partnership Performance (Appendix 1)

- 3.16 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and Sussex Community NHS Trust (SCT) and include health and social care services for Adult Mental Health, Older People Mental Health, Substance Misuse, AIDS/HIV, Intermediate Care and Community Equipment.

3.17 These partnerships are subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements can result in financial implications for the council should a partnership be underspent or overspent at year-end and hence the performance of the partnerships has been reported under TBM throughout the year.

Forecast Variance Month 9 £'000		2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(727)	Section 75 NHS Trust managed S75 Services	13,921	13,512	(409)	-2.9%

3.18 The outturn position shows that under the separate risk sharing arrangements, an underspend of £0.409m will contribute to the council's overall outturn position. This compares to a contribution of £0.300m forecast at budget setting time.

Capital Programme Performance (Appendix 4)

3.19 Capital programme performance needs to be looked at from 5 different viewpoints at the end of the year as follows:

- i) **Forecast Variance:** The 'variance' for a scheme or project indicates whether it is expected to be break-even, underspent or overspent. Information on how forecast overspends will be mitigated is given in Appendix 4. If the project is completed, any underspend or overspend will be an outturn variance. Generally, only explanations of significant forecast variances of £0.050m or greater are given.
- ii) **Budget Variations:** These are changes to the project budget within year, requiring members' approval, and do not change future year projections. The main reason for budget variations is where capital grant or external income changes in year.
- iii) **Slippage:** This indicates whether or not a scheme or project is on schedule. Slippage of expenditure from one year into another will generally indicate overall delays to a project although some projects can 'catch up' at a later date. Some slippage is normal due to a wide variety of factors affecting capital projects however substantial amounts of slippage across a number of projects could result in the council losing capital resources (e.g. capital grants) or being unable to manage the cashflow or timing impact of later payments or related borrowing. Wherever possible, the council aims to keep slippage below 5% of the total capital programme.
- iv) **Reprofiling:** Reprofiling of expenditure from one year into another is requested by project managers when they become aware of changes or delays to implementation timetables due to reasons outside of the council's control. Reprofiling requests are checked in advance by Finance to ensure there is no impact on the council's capital resources before they are recommended to Policy & Resources.

- v) **IFRS changes:** These accounting changes are necessary for the council to comply with International Financial Reporting Standards (IFRS) for the Statement of Accounts. This concerns the determination of items of expenditure as either capital or revenue expenditure. Only items meeting the IFRS definition of capital expenditure can be capitalised; expenditure not meeting this definition must be charged to the revenue account. This accounting exercise is undertaken as part of the closure of accounts process and therefore IFRS changes only appear in the outturn TBM report. Where significant changes have occurred an explanation is contained in Appendix 4.

3.20 The table below provides a summary of capital programme performance by strategic theme and shows that overall the programme has a provisional underspend of £2.286m which is detailed in Appendix 4. Also within Appendix 4 for each budget area there is a breakdown of the capital programme by Unit.

Forecast Variance Month 9 £'000	Capital Budgets	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Outturn Month 12 %
(500)	People	13,810	13,305	(505)	-3.7%
(1,206)	Environment, Development & Housing	51,891	50,154	(1,737)	-3.3%
(37)	Communities	26	11	(15)	-57.7%
0	Resources & Finance	5,824	5,795	(29)	-0.5%
(1,743)	Total Capital	71,551	69,265	(2,286)	-3.2%

3.21 Appendix 4 also details any slippage into next year. In total, project managers have indicated that £2.920m of the capital budget has slipped into the next financial year and this equates to 4.08% of the final budget, maintaining slippage below the desired maximum of 5%.

Capital Programme Changes

3.22 Appendix 4 provides details of changes to capital budgets which are included in the budget figures above including details of variations, re-profiled schemes and slippage whilst Appendix 5 provides details of new schemes for 2013/14 to be included in the Capital Programme. Policy & Resources Committee's approval for these changes is required under the council's Financial Regulations.

Capital Budget Movement	2012/13
	Budget
Summary	£'000
Approved Capital Budget at Month 9	93,830
Changes reported through other Committees (to be noted)	549
Reprofiling to Budget (to be approved – Appendix 4)	(18,098)
Slippage (to be approved – Appendix 4)	(2,920)
IFRS changes (to be noted – Appendix 4)	(1,810)
Total Capital Budget for Provisional Outturn	71,551

Implications for the Medium Term Financial Strategy (MTFS)

- 3.23 The council's current MTFS sets out resource assumptions and projections over a 6-year period. It is periodically updated including a major annual update which is included in the annual revenue budget report to Policy & Resources Committee and Full Council. Throughout the year this section has highlighted any potential implications for the current MTFS arising from in-year TBM monitoring, detailing any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies.
- 3.24 The level of underspend on risk provisions and contingencies reported to Policy & Resources Committee and Full Council at TBM Month 9 contributed to a forecast underspend that was used to provide one-off resources to support the 2013/14 budget. The underspend on risks provisions and contingencies has increased by £0.180m since Month 9, contributing to the overall outturn underspend which remains close to the level of underspend forecast at Month 9. This means that the one-off resources forecast to be available at budget setting time have been achieved and no new one-off resources are required to support the approved 2013/14 budget.

Capital Receipts Performance

- 3.25 Capital receipts are used to support the capital programme. For 2012/13 a total of £3.053m capital receipts (excluding 'right to buy' sales) have been received in connection with the disposal of the Charter Hotel at Kings Road, Patcham Place and other properties related to the Workstyles value for money project.
- 3.26 The Government receives a proportion of the proceeds of 'right to buy' sales with a proportion required by the council to repay debt; the remainder is retained by the council and used to fund the capital programme. The total net usable receipts for 'right to buy' sales in 2012/13 is £0.975m including £0.609 available for replacement homes.
- 3.27 A total of £6.563m receipts from the housing Local Delivery Vehicle (LDV) have been received in 2012/13. The net receipts are ring-fenced to support investment in council owned homes.

Collection Fund Performance

- 3.28 The collection fund is a separate account for transactions in relation to national non domestic rates, council tax and precept demands. The forecast at Month 9 had been for a breakeven position at 31st March 2013 however the actual year

end position was a total surplus of £0.497m for which the council's share was £0.424m. This represents 0.35% of the total liability and resulted from a lower than forecast award of student exemptions and a lower level of bad debt provision needed.

- 3.29 The £0.497m surplus has to be used in calculating the collection fund forecast for 2013/14 at 15th January 2014 which will ultimately form part of the 2014/15 budget.

Comments of the Director of Finance (S151 Chief Finance Officer)

- 3.30 Financial performance in 2012/13 has remained strong overall with only a small number of pressure points, most of which have been addressed in setting the 2013/14 budget. The VfM programme has again achieved substantial savings to support the overall financial position for this year and next. The result is that the outturn position, after allowing for substantial carry forwards, remains close to that forecast at budget setting time (Month 9). This is important as this means that no additional one-off resources will need to be found to support the approved 2013/14 budget.

4 COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 No specific consultation has been 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.

Finance Officer Consulted: Jeff Coates

Date: 16/05/2013

Legal Implications:

- 5.2 Decisions taken in relation to the budget must enable the council to observe its legal duty to achieve best value by securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The council must also comply with its general fiduciary duties to its Council Tax payers by acting with financial prudence, and bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts.

Lawyer Consulted: Oliver Dixon

Date: 16/05/2013

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 and Opportunity Management Implications:

- 5.6 The Council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a minimum working balance of £9.000m to mitigate these risks as recommended by the Audit Commission and Chartered Institute of Public Finance & Accountancy (CIPFA). The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments.

Public Health Implications:

- 5.7 There are no direct public health implications arising from this report.

Corporate / Citywide Implications:

- 5.8 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 provisional outturn position on council controlled budgets is an underspend of £4.201m. In addition, there is an underspend of £0.409m on the NHS managed S75 budgets which is the element retained by the council under risk sharing arrangements. As mentioned above and subject to approval, underspending will release one-off resources and carry forwards that can be used to help services manage the challenging budget savings required in 2013/14.

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. Revenue Budget Performance
2. Carry Forward Requests
3. Value for Money Programme Performance
4. Capital Budget Performance
5. Capital Budget Changes (New Schemes)

Documents in Members' Rooms:

None.

Background Documents

None.

Appendix 1 – Revenue Budget Performance

People - Revenue Budget Summary

Forecast Variance Month 9 £'000	Unit	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(3,461)	Commissioner - Children's Youth & Families	21,828	18,207	(3,621)	-16.6%
(330)	Commissioner - Learning & Partnership	2,811	2,246	(565)	-20.1%
43	Delivery Unit - Children's & Families	35,191	35,220	29	0.1%
(3,748)	Total Children's Services	59,830	55,673	(4,157)	-6.9%
(114)	Commissioner - People	1,088	1,039	(49)	-4.5%
(1,801)	Delivery Unit - Adults Assessment	47,610	45,452	(2,158)	-4.5%
529	Delivery Unit - Adults Provider	14,496	14,914	418	2.9%
(1,386)	Total Adult Services	63,194	61,405	(1,789)	-2.8%
(5,134)	Total Revenue - People	123,024	117,078	(5,946)	-4.8%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Commissioner – Children, Youth & Families			
(3,569)	Corporate Critical - Children's Agency Placements	The final number of residential placements was 23.79 FTE. This is broken down as 20.46 FTE social care residential placements (children's homes), 3.03 FTE schools placements, 0.30 FTE family assessment placements and 0.00 FTE substance misuse rehabilitation placements. The budget allows for 25.40 FTE social care residential care placements, 9.00 FTE schools placements, 1.50 FTE family assessment placements and 0.60 FTE substance misuse rehab placements. The number of placements remains very low compared with historic averages and it is not known whether this level of activity is sustainable. This is 12.71 FTE below the budgeted level creating an	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		<p>underspend of £1.656m.</p> <p>The numbers of children placed in independent foster agency (IFA) placements, for the first time in several years has began to fall. During 2011/12 there were 164.52 FTE placements representing a 13.5% increase on the previous year (following a 23% increase from 2009/10). There were 185.78 FTE placements during 2012/13. This is considerably less than anticipated in the budget which is based on 206.50 placements resulting in an underspend of £1.259m.</p> <p>The final number of disability placements was 14.73 FTE with an average unit cost of £2,225. The number of placements was 2.88 FTE below the budgeted level. The average weekly cost of these placements was £83 lower than the budgeted level and the combination of these two factors together with an underspend of £0.044m on respite placements, resulted in an underspend of £0.454m.</p> <p>There were 0.87 FTE secure (welfare) placements and 1.22 FTE secure (justice) placements in 2012/2013. The budget allowed for 1.25 FTE welfare and 0.75 FTE justice placements during the year. There is currently one child in a secure (welfare) placement and two in a secure (criminal) placement resulting in an underspend of £0.200m</p>	
(52)	Other	Minor underspend variances	
Commissioner – Learning & Partnership			
(525)	Home to School Transport	There is an underspend of £0.525m which reflects the continued reduction in the numbers of children being transported as well as the favourable terms of the renegotiated contracts in the summer.	
(40)	Other	Minor underspend variances.	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Delivery Unit – Children & Families			
(114)	Social Work Teams	The Social Work Teams underspent by £0.114m in 2012/13.	
91	Management & Administration VfM Savings	There was an overspend resulting from the shortfall in the Management and Admin VfM savings target for this branch. The original target of £0.697m was subsequently reduced to £0.447m but savings identified through the Voluntary Severance Scheme and use, where appropriate of the Dedicated Schools Grant (DSG), had left a shortfall still to be found. During 2012/13 savings of £0.059m have been identified reducing the overspend to £0.091m .	This pressure has been managed within the overall approved budget resources for Children & Families in 2013/14 including available service pressure funding.
109	Care Leavers	The numbers of Unaccompanied Asylum Seeking Children leaving care and requiring financial assistance in 2012/13 was less than anticipated resulting in an underspend of £0.155m . This underspend was off-set by an overspend of £0.264m against the mainstream Leaving Care budget.	This pressure has been managed within the overall approved budget resources for Children & Families in 2013/14 including available service pressure funding.
(104)	Legal Fees	The underspend in Legal fees was made up of £0.017m underspend on independently commissioned social work and medical assessments and £0.087m underspend for legal/court fees. The underspend on independent assessments is due to the VfM programme to utilise the Clermont CPU team to undertake these assessments.	
107	Adoption Payments	The final position for adoption payments to out of authority providers shows a projected overspend of £0.167m . This is off-set by other adoption payments to individuals in Brighton and Hove underspending by £0.060m due to a reduction in allowances.	This pressure has been managed within the overall approved budget resources for Children & Families in 2013/14 including available service pressure funding.
103	In House Foster Payments	The overspend of £0.103m predominantly relates to an increase in Special Guardianship orders where 66 placements were budgeted for but by the end of the year there were 91	This pressure has been managed within the overall approved budget resources for Children & Families in

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		placements.	2013/14 including available service pressure funding.
(273)	Early Years	Mainly due to underspending on staffing with holding of vacant posts and increased income in nurseries.	
144	VfM In House Fostering	The overspend against this budget heading relates directly to the additional VfM posts agreed for 2012/13 - 0.6 FTE Practice Managers and 2.8 FTE Social Workers. A business case for this initiative was made and agreed as part of the VfM process.	This is an 'invest-to-save' item that is expected to generate greater VfM savings on the Children's Corporate Critical placement budgets in future. The posts have been provided for in the 2013/14 budget.
(34)	Other	Minor underspend variances	
Commissioner – People			
(49)	Commissioner - People	There is an underspend from savings against contracts.	
Delivery Unit – Adults Assessment			
see below	Assessment Services	Assessment Services are reporting an underspend of £2.158m at outturn (representing 4.4% of the net budget), an improvement of £0.357m from Month 9. The underspend is split against client groups as follows:	
(442)	Corporate Critical - Community Care Budget (Older People)	Older People services are reporting an underspend of £0.442m, which is a continuation of the financial trends seen during 2011/12 and builds upon the success of re-ablement and other initiatives in delivering ongoing efficiencies. The underspend has reduced by £0.763m from Month 9, largely reflecting two one-off adjustments: i) a contribution to the Adult Social Care long term capacity reserve of £0.348m which is earmarked for proposed conversion works at Craven Vale as approved by Policy & Resources Committee on 24 January 2013, and ii) a contribution to capital of £0.250m to fund ASC vehicles, as approved by Policy & Resources Committee on 14 February 2013. There was also an increase in actual homecare costs at	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		year-end due to an issue with the recording of variations in packages of care which will be reviewed for forecasting purposes in 2013/14.	
(1,647)	Corporate Critical - Community Care Budget (Learning Disabilities)	Learning Disabilities are reporting an underspend of £1.647m due mainly to the full year effect of management decisions taken during 2011/12 and the successful re-negotiation of contracts and the improved identification of appropriate funding streams. The improvement of £0.611m from Month 9 is largely a result of changes in need for 5 placements where funding has transferred to health and which were previously assumed to be a cost against the community care budget (approx. £0.300m). The associated commitments and growth have not yet materialised as expected.	
34	Corporate Critical - Comm. Care Under 65's	Under 65's are showing a small overspend of £0.034m, which is an improvement of £0.152m from Month 9 reflecting a reduction in expected demand and further savings made against the financial recovery plan.	
(103)	Support & Intervention Teams	The underspend is largely from vacancy management savings achieved across the service.	
Delivery Unit – Adults Provider			
418	Provider Services	Provider Services are showing an overspend of £0.418m (representing 2.9% of the net budget) which is an improvement of £0.158m from Month 9. The overspend is mainly from the shortfall in delivery of budget strategy savings on Learning Disabilities Accommodation (£0.311m) as a result of the deferment of a decision at the June meeting of Adult Care & Health Committee, with a further proposal accepted at the September meeting of the Committee and a delay in developing proposals on day activities. The improvement over Month 9 relates to an improved level of non residential client contributions which has helped mitigate the shortfall in delivery of budget strategy savings.	This pressure will be managed in 2013/14 as proposals for Learning Disability Accommodation were approved in September 2012.

Appendix 1 – Revenue Budget Performance

Environment, Development & Housing - Revenue Budget Summary

Forecast Variance Month 9 £'000	Unit	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
660	Transport	(5,223)	(4,437)	786	-15.0%
3	City Infrastructure	22,288	22,282	(6)	0.0%
26	City Regeneration	969	1,031	62	6.4%
50	Planning & Public Protection	4,271	4,787	516	12.1%
739	Total Non Housing Services	22,305	23,663	1,358	6.1%
307	Housing	14,022	14,374	352	2.5%
1,046	Total Revenue - Environment, Development & Housing	36,327	38,037	1,710	4.7%

Explanation of Key Variances:

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Transport			
404	Corporate Critical – Parking Operations	There is a shortfall in the level of on street pay and display revenue against projected income leading to an overspend against budget of £0.922m. There was a clear pattern of poor weather which had a particularly negative impact on the on-street parking revenue. In addition, there has been a continued migration away from cars to bus and cycle use. Car users switching from two hour stays to one hour stays may have also contributed to revenue collection. An extension to the period of refurbishment at	The London Road off street car park achieved additional income of £0.214m. Permit income achieved a surplus against budget of £0.213m. There is also a net underspend of £0.021m on Blue Badge permits. Vacancy management savings have contributed a further £0.051m underspend. A reduction in the level of bad debt provision required on Penalty Notices has contributed £0.248m to the overall position. Contributions from NCP for the two leased car

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		<p>Trafalgar Street and Regency Square has reduced the income capacity by £0.396m, and a shortfall in the level of income at the HRA High Street car park caused a pressure of £0.016m.</p> <p>The Lanes car park has underachieved on its income budget by £0.076m. Provision for an unresolved dispute over insurance invoices at the Lanes Car Park has led to an additional overspend against budget of £0.060m.</p> <p>A provision for Pavilion Buildings 'dilapidations' of £0.045m has been made.</p>	<p>parks has lead to surplus income of £0.043m. A review of the complex data upon which the forecast for PCN's is based identified an improved forecast which has identified additional income of £0.077m.</p> <p>Efficiencies in the removals service and enforcement contract variations led to expenditure savings of £0.154m.</p> <p>Trafalgar Street and Regency Square underspent on their revenue maintenance and electricity budgets by £0.080m owing to the capital programme in year. There were other minor underspends of £0.021m.</p> <p>The budget for 2013/14 has been significantly adjusted and service pressure funding of £0.310m to support approved changes to parking tariffs.</p>
396	Highways	<p>Routine repairs and Planned Maintenance are overspent by £0.248m. This was due to the impact of a wetter than anticipated summer and colder winter.</p> <p>Safety Maintenance – Traffic Signals overspent by £0.146m. This is due to a wider range of sites and equipment being maintained and ageing equipment that required priority maintenance.</p>	<p>Efforts have been made to try and identify areas where underspends can be achieved in order to offset the pressures identified. One off funding of £0.100m is included in the 2013/14 budget proposals for the establishment of a road works permit scheme. This should contribute to reducing this pressure through ensuring better quality and more co-ordinated repairs. In addition there is further capital funding for road maintenance which should begin to address the deficit for minor road repairs.</p>
64	Highways Engineering	<p>This is due to the Highways Engineering & Projects Team being unable to recharge certain costs to capital projects. In addition, further staffing cost was incurred to cover priority projects and</p>	<p>Consideration is being given to the implications of advice given on cost recharging to transport capital budgets in 2013/14.</p>

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		workstreams at risk due to a long term absence from work. In total an overspend of £0.112m was incurred. This was partially offset by underspends on Coast Protection, Preventative Highways Maintenance and Bridges and Other Structures totalling £0.049m.	
(78)	Various	Minor underspends across other transport services.	
City Infrastructure			
(22)	City Clean	Minor Underspends	
16	City Parks	Shortfall in the level of income from Roedean and Rottingdean mini golf courses (£0.034m) and grounds maintenance (£0.032m). Underspend of £0.070m on Park Rangers.	
City Regeneration			
61	Economic Development	Various small overspends.	The position will be managed in 2013/14 now that this new team has an established cost base.
Planning & Public Protection			
425	Development Planning	This mainly relates to an overspend of £0.456m in Development Control. Of this, £0.342m has been caused by a shortfall in planning fees which is largely explained by the absence of three major planning applications that did not materialise by the end of 2012/13 which had reasonably been expected to come forward. At the beginning of the year, a planning application for the redevelopment of City College had been expected and it was anticipated that at least two other significant, major planning applications would be submitted and validated prior to end of March 2013. The remaining variance was largely due to a higher proportion than anticipated of low value applications which generate significant workload	The lessons from 2012/13 have been considered in relation to forecasting for the 2013/14 budget, particularly in relation to income.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		but less income. There was also an overspend on agency staff (reported at Month 9) of £0.050m and supplies and services of £0.032m.	
91	Public Protection	The main cause of the deficit was unachieved income of approximately £0.060m arising from pest control and £0.030m across other licensing services. Pressures on income budgets, particularly pest control became apparent as a result of the wet Summer and were planned to be mitigated with savings in other budget areas such as staffing and supplies and services in Trading Standards. However the level of income shortfall was even higher than anticipated, particularly in Pest Control and Taxi Licensing where the shortfalls increased by £0.042m and £0.038m respectively.	The situation will be closely monitored from the start of 2013/14 and earlier mitigation action taken if last year's trends continue.
Housing			
2	Corporate Critical Temporary Accommodation & Allocations	Temporary Accommodation has improved by £0.080m over Month 9 which is mainly due to improved rent collection on leased properties, management of spot purchase accommodation through prevention and tighter void management in leased properties and vacancy management.	
106	Corporate Critical Local Delivery Vehicle (LDV)	The Local Delivery Vehicle position has increased by £0.056m from Month 9. The pressure from the increase of 3.2% on the contract price and Local Housing Allowance (LHA) identified at Month 9 has been managed within the agreed tolerances in the contract due to rent collection rates. The overspend of £0.106m is due to provisions for bad debt on Insurance Invoices and Rent Guarantees for 2013/14 which in accounting terms needed to be provided for in 2012/13.	For 2013/14 a provision for the Rent Guarantee of £0.083m has been provided but is chargeable to the 2012/13 accounts. Every effort will also be made to minimise bad debts and bad debt provisions to further improve the position next year.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
96	Housing & Social Inclusion	The pressure of £0.223m as identified at Month 9 was due to trespassers moving on to the Horsdean Transit site with expected increased costs for facilities, security and remedial work. The pressure has reduced due to quicker than anticipated eviction of trespassers resulting in lower costs of clearance and legal work. Project works for security and fire precautions have not yet commenced due to unforeseen complications for contractors.	Service pressure funding has been provided within the approved 2013/14 budget to mitigate increased costs.
184	Housing Support Services	Housing Support Services are showing an overspend of £0.184m (representing 6.80% of the gross budget) which is an increase of £0.142m from Month 9. This is mainly due to the increase in vulnerability of clients in hostels, which has meant that more staff have been employed to ensure the services are running safely to meet clients needs. Also there has been an increase in rent costs in one of the hostels due to a delay on completion of major refurbishment works undertaken by the landlord as part of a reconfiguration of the service.	This pressure will be managed within the service pressure funding of £1.000m approved by the Council for 2013/14 to accommodate a range of increased demands relating to homelessness.
(143)	Lead Commissioner	The underspend of £0.143m is due to over-achievement of VfM Management & Admin savings and savings against budgeted pension contributions. The improvement of £0.025m from Month 9 relates to funding that was identified for projects now being used to offset pressure against other services within Housing.	
107	Other Housing	There is an overspend of £0.107m across Homelessness, Housing Strategy and Development, Private Sector Housing and Supporting People which is an increase of £0.078m over Month 9. The main changes are within Homelessness where the provision of	As above, this pressure will be managed within the service pressure funding of £1.000m approved by the Council for 2013/14 to accommodate a range of increased demands relating to homelessness.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		<p>additional funding for existing commissioned services has enabled us to build capacity and enhance services for rough sleepers and street drinkers to meet current service pressures. This has been partially offset by over-achieved Occupational Therapy fees in Private Sector Housing owing to a high volume of grants completed at year end.</p>	

Appendix 1 – Revenue Budget Performance

Communities - Revenue Budget Summary

Forecast Variance Month 9 £'000	Unit	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
50	Commissioner - Communities & Equalities	3,019	2,947	(72)	-2.4%
155	Community Safety	2,231	2,388	157	7.0%
0	Commissioner - Sports & Leisure	1,368	1,217	(151)	-11.0%
30	Commissioner - Culture	1,947	1,946	(1)	-0.1%
437	Delivery Unit - Tourism & Leisure	3,065	3,450	385	12.5%
672	Total Revenue - Communities	11,630	11,948	318	2.7%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Commissioner – Communities & Equalities			
(72)	Community Development	The previously reported overspend has been offset by underspends across other initiatives whilst not impacting on the delivery of outcomes.	
Delivery Unit – Community Safety			
157	Community Safety	The overspend across Community Safety was due to an unachievable savings target of £79k in respect of the drugs and alcohol services and other budgetary pressures.	Actions are being successful in reducing allocations for 2013/14 in order to avoid future budget deficits. Confirmation is however still awaited of the transfer of funds from the PCC.
Commissioner – Sports & Leisure			
(151)	Sport and Leisure	The outturn position includes £0.155m in respect of a back-dated rates refund received in March 2013 relating to the King Alfred.	
Commissioner - Culture			

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
(1)	Culture	The previously reported overspend in respect of the contractual payment to the Dome for 2012/13 has been managed by underspends elsewhere.	Negotiations have been concluded regarding the inflationary clause for the next 3 year period which is in line with that used in the Medium Term Financial Strategy.
Delivery Unit – Tourism & Leisure			
382	Venues	The Venues overspend was mainly due to reduced bookings for entertainments of £0.352m, realisation of the impact of low levels of bookings made prior to the refurbishment of the venue for exhibitions and conference bookers of £0.050m, and the consequential reductions in the catering commissions of £0.050m. In addition, there were unavoidable costs incurred in respect of the venues internet services of £0.032m. These overspends have been reduced by vacancy management savings. The overspend has increased by £0.019m from month 9.	Action continues to be taken to secure further bookings and maximise future business opportunities. Conference bookings since January 2012, following completion of the refurbishment works to the Brighton Centre, currently have a future predicted economic impact of £180m; far exceeding any previous booking levels. This is for bookings stretching to 2025 and is an indication of an ability to meet future targets.
157	Royal Pavilion and Museums	This overspend is mainly made up of £0.138m due to the delay in the implementation of the security review and £0.209m underachievement across retail income targets and catering. These overspends have been reduced by increased admissions/functions income of £0.127m and vacancy management savings. The overspend has increased by £0.024m since month 9.	Consultation on the security review has been completed and was implemented in April. The new catering contractors have been in place since 4th March 2013. The retail function will be reviewed during the year.
(173)	Seafront Services, Tourism & Marketing	The outturn position is due mainly to an overachievement of seafront rental income of £0.117m as well as net additional rental income of £0.058m from seafront properties arising from back payment of a rent review.	
19	Other	Other minor variances	

Appendix 1 – Revenue Budget Performance

Resources & Finance - Revenue Budget Summary

Forecast Variance Month 9 £'000	Unit	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
130	Delivery Unit - City Services	11,728	11,826	98	0.8%
(352)	Housing Benefit Subsidy	(752)	(1,165)	(413)	54.9%
8	Resources	19,537	19,540	3	0.0%
(30)	Finance	5,154	4,912	(242)	-4.7%
(244)	Total Revenue - Resources & Finance	35,667	35,113	(554)	-1.6%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Delivery Unit – City Services			
98	City Services	A budget contribution of £0.110m was made at the end of the financial year to increase the land charges claims provision, following a review of the latest position on expected claims and legal advice. Before this contribution, City Services underspent by £0.012m reflecting active management of the budget to help minimise emerging pressures.	
Housing Benefit Subsidy			
(413)	Corporate Critical - Housing Benefit Subsidy	The Housing Benefit budget has generated an additional £0.413m in subsidy. This is because local authority errors were held below the government threshold and therefore attracted additional subsidy.	
Resources			
231	Communications	Communications overspent by £0.231m, which was the result of lower than expected income from external revenue sources and staffing budget pressures.	The pressures in 2012/13 have been addressed as part of the budget setting process for 2013/14.
(28)	Human Resources	Human Resources finished the year with underspend of £0.028m	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		as a result of continued cost monitoring and income generation. The Human Resources Systems Thinking review is in the implementation phase; Transformation Funds are supporting the review, which is a lead review for developing an approach that can be deployed flexibly across the council, along with specific direct investment required to improve service efficiency.	
112	ICT	ICT had an income budget pressure income of £90k, which has been addressed as part of the budget for 2013/14. There was also an overspend of approximately £0.020m resulting from delays in the implementation of a new telephony system impacting on realising our VFM target in this area.	Service pressure funding was approved by the Council to meet the identified income pressure in 2013/14.
(155)	Legal & Democratic Services	A combination of improved income generation, one off receipts from court costs and project specific income from external sources have helped to contribute to the provisional outturn of £0.155m underspend.	
12	Policy, Performance & Analysis	Minor overspend	
(169)	Property & Design	The commercial rent forecasts were maintained despite the difficult economic climate for rental properties on the high street. This, together with fortuitous income has resulted in an underspend of £0.169m for Property & Design.	
Finance			
(242)	Finance	A small number of vacancies and lower than expected temporary cover costs have resulted in an underspend on the staffing budget. Audit Fees for the second half of the year have also been confirmed at a lower cost by the new external auditors, Ernst & Young. This has been reflected in savings proposals for 2013/14.	

Appendix 1 – Revenue Budget Performance

Corporate Budgets - Revenue Budget Summary

Forecast Variance Month 9 £'000	Unit	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(428)	Bulk Insurance Premia	3,323	2,854	(469)	-14.1%
64	Concessionary Fares	9,696	9,776	80	0.8%
625	Capital Financing Costs	6,646	7,319	673	10.1%
0	Levies & Precepts	167	166	(1)	-0.6%
228	Corporate VfM Savings	(228)	0	228	100.0%
(1,026)	Risk Provisions	1,206	0	(1,206)	-100.0%
(16)	Other Corporate Items	(30,216)	(29,250)	966	3.2%
(553)	Total Revenue - Corporate Budgets	(9,406)	(9,135)	271	2.9%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Bulk Insurance Premia			
(469)	Bulk Insurance Premia	The budget for 2012/13 was increased by £0.410m to reflect the forecast increase in premium rates following an anticipated retendering exercise of some of the portfolio from 1 April 2012. In order to maximise value for money it was decided to defer the retendering so that all the council's insurance cover could be retendered at the same time from 1 April 2013. Negotiations to extend agreements with existing insurers were concluded with minimal changes in existing rates therefore the increased budget provision for this year will not be required. In addition, the underspend has increased due to a lower number of claims and a higher number of repudiations but has	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		been partially offset by a £0.158m contribution to the Insurance Fund. This was in respect of potential additional payments mainly relating to asbestos claims relating to the period prior to 1993 under the council's previous insurer.	
Concessionary Fares			
80	Concessionary Fares	A small overspend in relation to the net position of increased journeys and contracted services compared to the budgeted fixed price contract.	This is expected to be manageable within the overall budget resources in 2013/14.
Capital Financing Costs			
673	Capital Financing Costs	At Month 5 there was an anticipated £0.350m pressure on financing costs due to reduced HRA borrowing as at 31 st March 2012 compared to that anticipated at budget setting time. With effect from 1 st April 2012 HRA borrowing became separate from other council borrowing. This had resulted in a greater element of the financing costs of the authority impacting on the General Fund than anticipated. Since then the forecast overspend has increased by £0.323m. The main reason (approximately £0.350m) for this is that the income from services paying for the costs of unsupported borrowing is less than budgeted due to capital schemes being reprofiled and this is only partly offset by additional investment income generated until the schemes go ahead. There are however corresponding savings within service budgets.	The 2013/14 budget includes approved commitment funding of £0.559m to accommodate the pressures identified on the Capital Financing Costs budget.
Corporate VFM Projects			
228	Corporate VFM Projects	A number of VFM projects relate to council-wide projects which deliver savings across many, if not all, service areas. The associated savings targets were shown under Corporate Budgets awaiting allocation to individual service budgets as and when savings were identified and/or confirmed. At the year end, there is an	Full details of VFM Programme performance and variances are given in Appendix 3. Service pressure funding has been provided within the approved 2013/14 budget to remove centrally held VFM targets where savings have already been reflected

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		underachievement of £0.251m against the central procurement VFM target, partly offset by an improvement of £0.023m against the Management & Admin VFM target. The underachievement is more than offset by savings on procurement activity achieved across services and retained within service budgets.	in service budgets.
Risk Provisions			
(1,026)	Risk Provisions & contingency	<p>There was a one-off risk provision of £1.000m and £0.266m of this was released to support the overall position. This is after providing £0.734m for the following:</p> <ul style="list-style-type: none"> • maintenance work at Saltdean Lido undertaken under urgency powers. This totals £0.130m of which £0.030m relates to capital expenditure; • implementation of Information Commissioner's Office (ICO) recommendations; • additional legal costs for intellectual property rights; • support for school bus routes. <p>There was a permanent (recurrent) risk provision of £1.000m of which £0.760m has been released to provide one-off resources to support the overall position. The remaining £0.240m of this was allocated to the Communications budget to cover the shortfall in the advertising and sponsorship contract. From 2013/14 onwards £0.215m has been built into the budget for this.</p> <p>There was also a permanent risk provision of £0.863m for pay related matters, of which £0.078m has been allocated for Living wage requirements. The balance of £0.785m has been transferred to the Single Status</p>	Risk provisions and contingencies for 2013/14 are set out in the Revenue Budget report to Full Council on 28 February 2013.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		<p>provision.</p> <p>An underspend of £0.180m has been achieved on the financing costs for the new Historic Records Centre. The budget projections assumed that capital funding would be assumed in 2012/13 and as this expenditure is funded from borrowing, the financing costs were set aside in contingency. It has now been confirmed that capital payments will not be made this year and no financing costs will be incurred.</p>	
Other Corporate Items			
720	Accounting Provision	<p>Increase in the accounting provision for bad debt. The 'Bad Debt Provision' is calculated using a standard methodology which has been accepted by the external auditor. The provision is based on a percentage of the value of debts outstanding at the balance sheet date (31 March). The percentages applied increase according to how old the debts are. The profile of the council's outstanding debts can change significantly from year-to-year for a wide variety of reasons but whilst this can therefore substantially increase or decrease the Bad Debt Provision each year, it does not follow that the council's debt collection performance is impacted. For 2012/13, the provision has increased due to a small number of high value invoices having been outstanding for over 5 months. It is unlikely that these will ultimately become bad debts but our methodology requires that a proportion of the value is regarded as such for accounting purposes. There has however been a trend of reducing 'property charges' in relation to Adult Social Care debts. These are where charges for Adult Social Care services are held against the value of a client's property until it is sold. These are normally</p>	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		discounted against the value of outstanding debts and their reducing value has therefore changed the profile of debt outstanding (i.e. increased it) and results in an increase of the Bad Debt Provision.	
256	Control Account Write off	Write off of unreconciled items on the payroll control account. This year-end write off is in accordance with the recommendations of the external auditor following the completion of the audit of the 2011/12 accounts, as reported in the auditor's Annual Governance Report (AGR) to the Audit & Standards Committee on 25 September 2012.	
(10)	Corporate Unringfenced Grants	Minor variances on corporate unringfenced grants.	

Appendix 1 – Revenue Budget Performance

Housing Revenue Account - Revenue Budget Summary

Forecast Variance Month 9 £'000	Housing Revenue Account	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(313)	Employees	8,630	8,557	(73)	-0.8%
(605)	Premises – Repair	10,745	9,963	(782)	-7.3%
(223)	Premises – Other	3,711	3,356	(355)	-9.6%
(214)	Transport & Supplies	2,071	1,523	(548)	-26.5%
(51)	Support Services	1,981	1,873	(108)	-5.5%
6	Third Party Payments	105	106	1	1.0%
400	Revenue contribution to capital	20,030	20,430	400	2.0%
-	Capital Financing Costs	5,321	5,327	6	0.1%
	Subsidy	0	(62)	(62)	0.0%
(1,000)	Net Expenditure	52,594	51,073	(1,521)	-2.9%
(158)	Dwelling Rents (net)	(46,703)	(46,830)	(127)	-0.3%
(10)	Other rent	(1,246)	(1,370)	(124)	-10.0%
(176)	Service Charges	(4,152)	(4,340)	(188)	-4.5%
(19)	Supporting People	(465)	(482)	(17)	-3.7%
59	Other recharges & interest	(428)	(414)	14	3.3%
(304)	Net Income	(52,994)	(53,436)	(442)	-0.8%
(1,304)	Total	(400)	(2,363)	(1,963)	

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Housing Revenue Account			
(73)	Employees	The service had reported a forecast underspend of £0.313m on employees at Month 9 due to management of vacancies while recruitment to the new Housing and Social Inclusion structure was being finalised. However, £0.247m of this underspend has been used to create a provision for payments to staff leaving as a result of the Voluntary Severance Scheme. This has resulted in a reduced underspend for the year of £0.073m.	
(782)	Premises Repairs	This underspend includes the following major variances: Responsive repairs have underspent by £0.408m due to the continuation of the policy to review responsive repairs within the context of the replacement programme. This has resulted in lower than expected values and numbers of repairs. There is a further underspend on the costs of gas servicing of £0.187m as a result of re- basing of the open book contract after the budget was set. Work to empty properties is also underspent by £0.245m as a result of fewer properties than budgeted becoming empty and the transfer of properties to Seaside Community Homes. There is also a £0.094m underspend relating to works to the Housing Centre and a further £0.064m underspend on fire risk works. These underspends are partly off-set by overspends on lift works £0.076m; door entry systems £0.089m and asbestos works £0.077m.	
(355)	Premises – other	Utility costs are underspent by £0.187m. This is due to budgets being based on a large proportion of estimated reads and actual consumption proved to be lower than these estimates. There are further underspends of £0.060m on decorating vouchers due to less properties being re-let in 2012/13 than anticipated; £0.045m on grounds maintenance and £0.058m on property insurance costs.	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
(548)	Transport and Supplies	The major underspends relating to transport and supplies are: £0.094m on the Transfer Incentive Scheme to tenants due to a reduced level of take-up; £0.104m on the contribution to bad debt provision which is based on the level of arrears at 31/3/2013; £0.179m on professional fees due to more utilisation of in-house staff; £0.084m on general office expenses.	
(108)	Support Services	This underspend relates to various support services from the General Fund that were budgeted for over and above the standard support service charges. The consolidation of some of these services into the standard support service charge as well as the restructure of Housing during the year has meant that these extra levels of service were not required during 2012/13.	
400	Revenue Contribution to Capital Outlay	This relates to an additional contribution to capital investment using revenue underspends to fund further investment in adaptations for Council tenants as reported to P&R Committee on 29 th November 2012.	This overspend is being funded by other underspends within the HRA.
(62)	Subsidy	This underspend relates to a recently notified refund of subsidy paid to the Council during 2012/13 as a result of the final audited claim in July 2012.	
(127)	Dwellings Rents	Rental income for 2012/13 is £0.127m (0.27%) more than budgeted due to a reduction in the number of long term empty properties now that many have been transferred to Seaside Community Homes.	
(124)	Rents - Other	The income received from non-dwelling rents for 2012/13 has exceeded the budget by £0.124m of which the majority is in relation to agreed charges for commercial properties for previous years.	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
(188)	Service Charge Income	Service Charge income from leaseholders has exceeded the budget by £0.296m largely as a consequence of more repairs works being carried out to leaseholders' properties during the last financial year thereby increasing the 2011/12 repairs service charge for leaseholders (billed in 2012/13). This is off-set by small amounts of under-recovery from various service charges totalling £0.108m caused in part by a reduction in the number of chargeable properties as they have transferred to Seaside Community Homes.	

Dedicated Schools Grant - Revenue Budget Summary

Forecast Variance Month 9 £'000		2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
	Dedicated Schools Grant (DSG)				
0	Individual Schools Budget (ISB) <i>(This does not include the £6.380m school balances brought forward from 2011/12)</i>	126,197	126,197	0	0.0%
0	Private Voluntary & Independent (PVI) <i>(Early Years 3 & 4 year old funding for the 15 hours free entitlement to early years education)</i>	6,979	6,979	0	0.0%
(367)	Central Schools Budget <i>(This includes £1.168m central underspend brought forward from 2011/12)</i>	17,000	15,911	(1,089)	-6.4%
0	Grant Income	(149,008)	(149,008)	0	0.0%
(367)	Net DSG Budget	1,168	79	(1,089)	-93.2%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Central Schools Budget			
(309)	Educational Agency Placements / SEN Inclusion & Prevention	At budget setting it was estimated that there would be 61 placements. The final number of children in an educational agency placement was 58 which resulted in an underspend of £0.534m; this was offset by additional costs of £0.225m relating to SEN inclusion and prevention.	
(96)	Home to School Transport	The DSG element of Home to School has not been required as the overall General Fund position on Home/School transport is currently underspent.	
(139)	Carbon Reduction Commitment	Underspend resulting from initial budget being over estimated.	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
(112)	Admissions & Transport	Underspend on staffing costs (£0.064m) and non-staffing costs (£0.048m).	
(113)	School Improvement	This will be used by the Secondary Schools Partnership (SSP) over the rest of the 2012/13 academic year and will be a first call on the 2013/14 carry forward.	
(63)	Behaviour & Attendance	Underspend on staffing budget.	
(257)	Various	Other underspend variances	

Appendix 1 – Revenue Budget Performance

NHS Trust Managed S75 Budgets - Revenue Budget Summary

Forecast Variance Month 9 £'000	S75 Partnership	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(601)	Sussex Partnership Foundation NHS Trust (SPFT)	11,485	11,169	(316)	-2.8%
(126)	Sussex Community NHS Trust (SCT)	2,436	2,343	(93)	-3.8%
(727)	Total Revenue - S75	13,921	13,512	(409)	-2.9%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note WTE = Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Sussex Partnership Foundation NHS Trust			
(316)	SPFT	Sussex Partnership Foundation NHS Trust (SPFT) finished the year with an underspend of £0.632m, which was a slight improvement from Month 9. The budget strategy savings target of £0.326m was fully achieved. On top of this, savings of £0.308m were achieved against the mainstream budget from robust vacancy management and tight budgetary control and a further £0.329m from the community care budget as a result of increased funding through the assessment process and a thorough review of all placements. There continue to be pressures against the Adult Mental Health Community Care budget from a lack of suitable accommodation, which has been highlighted as part of the budget process for 2013/14. In line with the agreed risk-share arrangements for 2012/13 the underspend has been shared 50/50 between SPFT and BHCC.	
Sussex Community NHS Trust			
(93)	SCT	Sussex Community NHS Trust (SCT) are showing an overspend of £0.146m against two services-ICES (£0.070m) from increased demand for equipment and Intermediate Care services (£0.076m) from staffing pressures. This is offset by the underspend against the HIV budget of £0.239m which is a continuation of the position from 2011/12 for services now managed by Assessment services. The net underspend is attributable to the council under the S75 arrangements.	

Carry forward Requests 2012/13

Strategic Area	Unit (Level 42)	Service Area	Reason	Amount £'000
Non Grant Areas				
People - Children	Commissioner - Children, Youth & Families	Individual Budgets	The individual budget pilot, which started in 2012/13, needs a longer lead in time. Some external factors relating to training available from In Control plus recruitment of families has taken longer than anticipated. This has resulted in a need for the pilot to be extended into 2013/14 and some unused resources in 2012/13.	75
People - Children	Commissioner - Children, Youth & Families	Independent Reviewing Officers	Request to carry forward £6k to 2013/14 in order that children's services and the independent reviewing services can advance plans to pilot voice activated software. The purpose of the pilot is to evaluate any productivity gains that may be achieved in terms of reducing the amount of time social workers spend at their computer. Our business case has been agreed and the pilot is due to start in April.	6
People - Children	Commissioner - Children, Youth & Families	Local Safeguarding Children's Board (LSCB)	The Child Workforce Development Council (CWDC) grant was not fully spent in 2012/13. The terms and conditions of the grant allow LSCBs to carry forward unspent grant to future years. The unspent amount of £15k is committed in 2013/14 for the implementation of a quality assurance framework as per the funding conditions of the grant.	15
People - Children	Delivery - Children & Families	Adaptations	Commitments made for adaptations to homes with disabled children where delays in progress of the work have resulted in completion of the project now being in 2013/14. A carry forward is requested.	38
People - Children	Delivery - Children & Families	Brightstart nursery	To complete some essential building work on the nursery and includes recommendations from a fire inspection to upgrade the electrics. Some unforeseen additional works have delayed the programme of work and caused additional costs.	20

People - Children	Delivery - Children & Families	Children In Need Team (CIN)	Funding secured for a substance misuse worker in 2012/13 cannot be committed until 2013/14 due to delays in recruitment.	15
People - Children	Delivery - Children & Families	Educational Psychology Service	To pay for the final year of a two year employment of 2 student Educational Psychologists placed with Brighton and Hove. They will undertake casework and carry out research. This project work is essential to obtain specific understanding of what was happening in individual schools and the protective factors which may result in different outcomes for pupils with similar risk factors. The project work is looking at better ways of working with troubled families and other risk factors such as SEN/Complex needs.	22
People - Adult	Commissioner - People	Commissioning - Adult Social Care	Balance of Department of Health funding to support joint social care and health projects continuing into 2013/14. Delays in approving some of the projects has resulted in an underspend in 2012/13. The carry-forward will enable these projects to continue and will help deliver on-going benefits to social care and health - in line with the conditions of the funding.	150
People - Adult	Delivery - Provider	Able & Willing	There have been delays in the ordering of the new vehicle required for Able & Willing. Firstly the need to ensure the vehicle has the correct specifications to ensure it is suitable for staff with disabilities has caused delays as it is important that the specification is correct. Secondly there have been some unavoidable management shortages due to delays in recruitment to a vacant post which have impacted on time available to progress this order. Able & Willing are continuing to use their old, inefficient vehicle but the number of drivers are limited due to lack of specific adaptations.	31
Environment, Development & Housing	Transport	Highways Engineering and Projects	Surface Water Action Management Planning Grant funding	605

Environment, Development & Housing	Planning & Public Protection	Planning Strategy	Balance of funding for City Plan examination (2012/13 £100k), examination of Plan due September 2013.	74
Environment, Development & Housing	Planning & Public Protection	Public Safety	Funding for Health Development programmes, refundable to PCT if not spent.	170
Environment, Development & Housing	Planning & Public Protection	Public Safety	Smoking cessation programme, refundable to PCT if not spent.	41
Environment, Development & Housing	Planning & Public Protection	Public Safety	Health Trainer programme, refundable to the commissioner if not spent.	76
Environment, Development & Housing	Housing	Homelessness	We have purchased IT modules from Locata for Housing Options and Homelessness. The system is due to go live at the end of April 2013, which has slipped from beginning of March 2013; we require a carry forward for implementation and for data cleansing.	12
Environment, Development & Housing	Housing	Homelessness	The Preventing Offender Accommodation Loss (POAL) project is a sub regional budget between Brighton & Hove, Lewes and Hastings Councils along with Lewes Prison. This is specific funding awarded by the Department of Communities & Local Government which we hold on behalf of our sub regional partners and will be required in the next financial year to reduce re-offending and to improve health, housing and social care for short-term prisoners with complex problems leaving HMP Lewes and returning to the city of Brighton & Hove.	62
Environment, Development & Housing	Housing	Private Sector Housing	Identified legal costs for the potential public enquiry relating to a compulsory purchase order on a property in Chester Terrace. There was £30k in this year's budget as the Public Enquiry was expected to take place this financial year. However, to be ultimately successful in pursuing the CPO the council needs to evidence that it has dealt reasonably with all issues raised by the other side.	28

			This has resulted in the enquiry not yet having taken place and only legal fees amounting to £2k have become due for payment in 2012/13.	
Environment, Development & Housing	Housing	Temporary Accommodation	Procurement of the Abritas rent accounting system for Seaside Homes properties and Bed & Breakfast. The system has been commissioned and is in the process of being developed but there was a delay in the project approval and specification of the system which means the implementation date has slipped from March 2013 to July 2013.	23
Communities	Commissioner - Communities & Equalities	Communities & Equalities	Underspend from financial inclusion strategy/commissioning due to delay in producing commissioning strategy. This funding is required for the agreed commission in 2013/14.	281
Communities	Commissioner - Communities & Equalities	Communities & Equalities	£20k of £40k allocated for diversity mentoring manager post (Sep 2012-Sept 2013). This funding is required to deliver the diversity mentoring programme as agreed with the workers' forums.	20
Communities	Commissioner - Communities & Equalities	Communities & Equalities	£10k income from CYP as forward funding for work for them by the communities and equality team in 2013/14. This funding is central to the 2013/14 CVSF commission.	10
Communities	Commissioner - Communities & Equalities	PPA - Communities & Equality	Underspend from delayed start in commissioning healthwatch. This funding is required in 2013/14 for the awarded commission.	82
Communities	Commissioner - Sport & Leisure		Carry forward requested to fund estimated operational budget in 2013/14 for Saltdean Lido during bid process; costs include further repair works, legal and professional fees. Underspend arisen mainly from anticipated finance charges not forthcoming.	65
Communities	Commissioner - Culture	Arts Programme budgets	White Night - Interreg scheme. Payments due to be finalised in 2013/14.	36
Communities	Commissioner - Culture	Arts Programme budgets	Various funds from external bodies such as Arts Council, South East England Development Agency (SEEDA),	39

			Section 106, Creative Partnerships not entirely spent this year. The timescales of expenditure link to the timescale for the various initiatives and programmes rather than the financial year end.	
Communities	Delivery - Tourism & Leisure	Sports Development	Active for Life - This needs led community engagement programme aims to deliver local, accessible sport and physical activity sessions in areas of deprivation. The funds to be carried over have been sourced from external partners, including Sport England and the NHS. The funding will provide bespoke opportunities to targeted priority groups such as older people, people with disabilities, Black and ethnic minority groups etc.	90
Communities	Delivery - Tourism & Leisure	Sports Development	TAKEPART - The Brighton & Hove Festival of Sport which is an annual event delivered by the Sports Development Team in partnership with 80 community clubs and groups. External funding is received by various partners and includes the NHS and Freedom Leisure. £17k requested to be carried forward for deliver of the 2013 events and activities.	17
Resources	Human Resources	Workforce Development	Social Work Improvement Fund - There is a Memorandum of Understanding (MOU) linked to this funding. It must be spent on support and capacity building for frontline social workers and managers and improvement of social work practice/service delivery. Relates to unspent funding carried forward from 2011/12.	138
Resources	Human Resources	Workforce Development	Assessed & Supported Year in Employment (ASYE) for Adult's Services.	6
Resources	Human Resources	Workforce Development	Early Professional Development (EPD) for Children's Services - an amount per social worker who has completed ASYE (Assessed & Supported Year in Employment) to support their EPD (Early Professional Development) in their second and third years post-qualifying.	15
Resources	Human Resources	Workforce	Neglect - policy development, implementation, training &	50

		Development	support. This is linked to Ofsted recommendations and we are anticipating an inspection of the service in June 2013.	
Resources	Human Resources	Workforce Development	Supervision Policy Review, implementation, training & support. Work slipped due to senior management capacity constraints. Therefore, £50k will need to be carried over to progress this delayed work in 2013/14 and will involve communications and training across the entire service.	50
Resources	Human Resources	Workforce Development	Salaries to create capacity/resource to support SWIF/Transformational workstreams. Only £12k of £35k budget spent as resourcing needs did not materialise because progress on workstreams (above) delayed. We will need to support additional resourcing in 2013/14 and will use this money to provide workforce development support for the programme during 2013/14.	23
Resources	Policy, Performance & Analysis	Partnerships and External relations	This is funding allocated by the Public Services Board (PSB) to support shared service work that is being rolled forward into 2013/14.	23
Resources	Policy, Performance & Analysis	Partnerships and External relations	This is funding from partners' contributions to support the Local Strategic Partnership (LSP) in 2013/14.	55
Resources	Policy, Performance & Analysis	Policy Development	To be used to support the partnership refresh of the Sustainable Community Strategy in 2013/14.	20
Resources	Policy, Performance & Analysis	Policy, Performance & Analysis	Underspend of £90k from the postponement of work to support the development of the Needs Analysis Framework and Commissioning Performance Management frameworks. Resources will now be used to refresh the Performance and Risk Management Framework and support key needs assessment work in the city, including the Black & Minority Ethnic (BME) programmes.	90
Resources	Policy, Performance & Analysis	Policy, Performance & Analysis	Request for carry-forward to allow the creation of PSB Discretionary Pot from overall underspend	80
Resources	Property & Design	Commercial Portfolio - New England House	Ring-fence of the underspend on service charges for New England House essential maintenance.	220

Total Non-Grant Areas	2,873
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Grant Funded Areas				
People - Children	Commissioner - Children, Youth & Families	Stronger Families Stronger Communities (SFSC)	The Stronger Families Stronger Communities (SFSC) programme started in April 2012 and is Brighton & Hove's response to the national Troubled Families initiative. The programme aims to reduce anti-social behaviour, improve educational attendance and reduce worklessness. The target is to work with 675 families over a 3 year period. Because of the time required to set up the delivery team (Integrated Team for Families ITF) mainly the recruitment and start of the family coaches, there is an underspend of £593k. The funding source provided by DWP has no restrictions on carrying forward of any underspend. A carry forward request is made for this underspend as without this funding, B&H City Council will be unable to meet the Government target of supporting 675 families. Also, the funding is needed to ensure the team is as effective as possible with purchasing of expert advice as needed and therefore is able to maximise 'payment by results' element.	591
People - Children	Commissioner - Learning & Partnership	Dedicated Schools Grant (DSG)	Under the Schools Finance Regulations the unspent part of the DSG must be carried forward to support the Schools Budget in future years.	1,089
Env, Dev & Hsg (Place)	City Regeneration	Economic Development	The Portas Pilot funding from DCLG was planned to be spent across several financial years. The Brighton London Road Town Team is one of 27 out of over 400 applicants to receive Portas Pilot status, and whilst we hold the money, the partnership responsible for the project includes businesses, residents, education providers and support organisations. If the grant funding is not retained then the consequences in terms of relationships with these stakeholders, the local media and central Government	83

			could be serious. It is also likely that central Government would request that we return the grant funding; hence it is essential that funding is carried forward.	
Env, Dev & Hsg (Place)	Housing	Private Sector Housing	Unspent Warm Homes Healthy People Funds (demand for certain areas of project did not meet projected levels).	5
Resources	Human Resources	Workforce Development	Social Work Improvement Fund - Funding must be spent on support and capacity building for frontline social workers and managers and improvement of social work practice/service delivery.	10
Resources	Human Resources	Workforce Development	ASYE for Children's Services - To support the implementation of the Assessed & Supported Year in Employment development and support programme for newly qualified social workers (NQSW's) in Children's Services. Funding is calculated by DfE as an amount per NQSW.	41
Resources	Human Resources	Workforce Development	Daily Placement Fees - A fee paid to social work placement providers for providing placements for social work students. This is claimed on behalf of placement providers by Higher Education Institutions (HEI's) (University of Sussex, University of Brighton and Open University) and then passed on to placement providers.	56
Resources	Human Resources	Workforce Development	Grant income received in last week of March from Department for Educational and linked to newly qualified social worker programme and trainee social worker programme. To be spent in 2013/14.	58
Total Grant Areas				1,933
Total Carry Forward Requests				4,806

Value for Money Programme Performance

Projects	Savings Target £m	Achieved £m	Unachieved £m	Achieved %
Adult Social Care	1.172	1.311	0.000	111.9%
Children's Services	0.301	3.686	0.000	1224.6%
ICT	0.361	0.341	0.020	94.5%
Procurement *	1.341	1.341	0.000	100.0%
Procurement (2011/12)	0.355	0.104	0.251	29.3%
Workstyles	0.270	0.270	0.000	100.0%
Systems Thinking/Process Efficiencies *	0.500	0.476	0.024	95.2%
Management & Admin	2.358	2.276	0.082	96.5%
Additional Management Savings 2012/13	0.275	0.275	0.000	100.0%
Client Transport	0.000	0.000	0.000	0.0%
Total All VfM Projects	6.933	10.080	0.377	145.4%

* These savings are retained by the service areas in which they occur.

Explanation of 'Uncertain' VfM Savings:

Key Variances £'000	Description	Mitigation Strategy for Uncertain Savings
ICT		
20	There is a small underachievement relating to Telephony provision where anticipated savings were not as high as expected.	There are a number of contracts relating to this service area that need to be realigned in order to realise full potential savings and efficiencies in 2013/14.
251	Procurement savings are being achieved across services but it is often difficult to identify the cashable versus non-cashable elements of any saving i.e. price changes compared to volume changes compared to original contract budgets. This makes identifying the share of savings between corporate budgets and service budgets difficult and it has not	Service pressure funding has been provided within the approved 2013/14 budget to remove centrally held VfM targets where savings have already been reflected in service budgets.

Key Variances £'000	Description	Mitigation Strategy for Uncertain Savings
	<p>been possible to identify further savings that could be taken corporately. This residual corporate target dates back to 2011/12.</p> <p>This does not however mean that procurement savings are not being achieved, simply that they are occurring and are retained within services e.g. Home to School Transport. It is currently anticipated that Procurement savings of £1.341m will be achieved across the council, including corporate savings. Recognising this problem, all future procurement savings will be identified and retained within services and presented within the relevant service's savings proposals where appropriate.</p>	
82	<p>The position with regard to Management & Admin savings was reported previously and risk provision of £0.105m was released to address the position. However, an improvement of £0.023m has reduced the expected shortfall.</p>	<p>The position has been mitigated through the use of risk provisions.</p>
24	<p>Similarly to procurement savings, efficiency savings arising from Systems Thinking (or Business Process Improvement) reviews are retained by services. Savings of £0.500m were anticipated in the 2012/13 budget but at outturn savings of £0.476m have been identified across the areas of Revenues & Benefits Admin, Libraries and Financial Services resulting in a small underachievement.</p>	<p>Savings are retained by services as and when achieved and are therefore treated as 'non-cashable'. There is therefore no forward impact from the unachieved amount.</p>

Appendix 4 – Capital Programme Performance

People – Capital Budget Summary

Forecast Variance Month 9 £'000	Unit	2012/13 Revised Budget £'000	Approved at other Meetings £'000	IFRS / Other Changes £'000	Variation, Slippage or reprofile £'000	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(500)	Commissioner - Learning & Partnership	22,812	0	(688)	(8,956)	13,168	12,666	(502)	-3.8%
0	Delivery Unit - Children's & Families	424	(150)	0	(168)	106	105	(1)	-0.9%
(500)	Total Children's Services	23,236	(150)	(688)	(9,124)	13,274	12,771	(503)	-3.8%
0	Commissioner - Adult Services	476	0	0	(264)	212	211	(1)	-0.5%
0	Delivery Unit - Adults Provider	181	0	2	(43)	140	140	0	0.0%
0	Delivery Unit - Adults Assessment	269	0	(36)	(49)	184	183	(1)	-0.5%
0	Total Adult Services	926	0	(34)	(356)	536	534	(2)	-0.4%
(500)	Total People	24,162	(150)	(722)	(9,480)	13,810	13,305	(505)	-3.7%

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
Commissioner – Learning & Partnership				
IFRS/ Other	(688)	Various	Please see paragraph 3.19 (v) of the main report for a general explanation of IFRS changes. For the refurbishments within school buildings some of the costs are of a day-to-day servicing nature and are not capital expenditure. It would be	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			impracticable for an authority to assess every item of expenditure when it is incurred as to whether it has enhanced an asset. The practical situation is instead that at the year end an assessment is made by programme managers and finance to make sure that expenditure is correctly classified as capital or revenue. The capital budgets are reduced by the same amount as the items that are subsequently charged to revenue.	
Reprofile	(2,197)	New Pupil Places	This budget is for the acquisition of the Hove Police Station site which has been completed in 2013/14.	
Reprofile	(109)	Devolved Formula Capital	Devolved Formula Capital is a financial resource that is devolved to schools by the Local Authority. Part of the terms of this grant provides schools the option to accrue the money for a maximum of 3 years. These accrued funds are normally retained by the Local Authority. The outstanding balances represent the funds that schools have chosen not to take this year. These outstanding budgets are to be carried forward and made available to the relevant schools in 2013/14.	
Reprofile	(716)	Brighton Aldridge Community Academy (BACA)	In relation to the construction of the BACA, the council is holding a final retention amount in lieu of defects being resolved. A meeting is being held with the contractor and the Academy at the end of this month in order to discuss defects resolution, financial responsibility for future repairs and the resulting final payment. The remaining budget needs to be brought forward to 2013/14 to cover this expenditure.	
Reprofile	(5,764)	Portslade Aldridge Community Academy (PACA)	The Portslade Community Academy budget is on target as shown in the most recent financial statement from the contractors. The elements for project support funding and ICT Hardware remain on target to meet the original estimates. The budget is needed in the new financial year.	
Slippage	(64)	Carlton Hill S106 Works	A condition was placed on the Amex development under Section 106 which set out a £0.120m sustainability contribution. The 'sustainability project' was to locally offset carbon emissions from the proposed development by the provision of	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			an energy efficient heating system for Carlton Hill Primary School. The Authority has commissioned the replacement of the existing boiler with a new gas condensing boiler. This also necessitated some upgrading of the gas supply, plus associated professional fees. The balance of the budget is to be carried forward for the scheme.	
Slippage	(106)	Various	Hove Park School ICT Hardware (£0.031m), Primary capital Programme (£0.008m), Whitehawk Co-location (£0.018m), Capital Maintenance (£0.025m) & Structural Maintenance (£0.024m).	
Variance	(0.502)	Whitehawk Co-Location	The various major components of the Whitehawk Co-Location project completed successfully in 2011/12. Final costs for building and demolition work have now been agreed. Following occupation, some modest additional work, plus furniture and equipment, are needed. The project as a whole has been delivered at a lower total cost than the initial bid proposal. A request to reprofile £0.500m to New Pupil Places in 2013/14 to assist with the provision of primary places in Hove and Portslade was approved at month 9 (see approved at other Committees).	
Commissioner – Adult Services				
Reprofile	(250)	ASC Vehicle Procurement	The vehicles were ordered in 2012/13 but production of the vehicles has been delayed due to industrial action in Holland with an expected delivery date in May/June 2013.	
Reprofile	(14)	Various	Cromwell Road Basement Development (£0.014m).	
Delivery Unit - Children's and Families				
Budget Variation	(150)	Short breaks for Disabled Children	Local authorities are required to provide a short breaks service designed to assist individuals who provide care for children with disabilities. There are two items to report here: 1) A budget variation is required for match funding for the Level Heritage Lottery Funded scheme of £0.150m (along with £0.050m from revenue) which has been transferred to	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Slippage	(93)		<p>City Infrastructure for the Level Heritage Lottery Fund project (see City Infrastructure under Environment, Development & Housing).</p> <p>2) Delays can occur due to the complexity of assessment for adaptations and slippage has resulted on the remaining capital budget.</p>	<p>In relation to slippage, the plans for using this budget in 2013/14 are as follows:</p> <ul style="list-style-type: none"> • £0.007m independence training materials; • £0.010m publications and directories of short break services; • £0.020m specialist equipment; • £0.056m adaptations for a new short breaks facility.
Reprofile	(75)	Various	Turner Lift Project (£0.009m), Children's Social Services (£0.049m), 55 Drove Road new vehicle (£0.017m).	
Delivery Unit – Adult's Provider				
IFRS/ Other	2	Beach House Adaptations	Beach House Adaptations (£0.002m).	
Reprofile	(43)	Various	Telecare Provider (£0.024m) & Learning Disability Accommodation (£0.019m).	
Delivery Unit – Adults Assessment				
IFRS/ Other	(36)	Various	Adaptations for the disabled (£0.036m) transfer to Housing General Fund Major Adaptations.	
Reprofile	(49)	Adaptations for the disabled	A carry forward (reprofile) for Adaptations for the Disabled of £0.049m is requested.	

Environment, Development & Housing – Capital Budget Summary

Forecast Outturn Month 9 £'000	Unit	2012/13 Revised Budget £'000	Reported At other Meetings £'000	IFRS / Other changes £'000	Variation, Slippage or reprofile £'000	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
0	Transport	12,281	0	10	182	12,473	12,540	67	0.5%
0	City Infrastructure	4,283	200	0	(614)	3,869	3,960	91	2.4%
0	City regeneration	434	0	(235)	(140)	59	59	0	0.0%
0	Planning, Public Protection	18	0	0	(18)	0	0	0	0.0%
0	Total Non Housing Services	17,016	200	(225)	(590)	16,401	16,559	158	1.0%
(300)	Housing (General Fund Capital)	6,640	499	26	(1,546)	5,619	4,703	(916)	-16.3%
(906)	Housing (HRA Capital)	31,343	0	358	(1,830)	29,871	28,892	(979)	-3.3%
(1,206)	Total Housing	37,983	499	384	(3,376)	35,490	33,595	(1,895)	-5.3%
(1,206)	Total Place	54,999	699	159	(3,966)	51,891	50,154	(1,737)	-3.3%

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
Transport				
IFRS/ Other	10	Street Lighting	Garden lantern costs within the Pavilion Gardens have been provided by the Street Lighting section. A budget transfer was agreed from the Commissioner - Sports and Leisure to cover these costs.	
Reprofile	(302)	Local Transport Plan (LTP)	The LTP capital programme came in on budget overall with the exception of the recently approved urgent structural work on the seafront arches. The reconstruction of the seafront arches is a complicated task	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			due to their location and the way they were originally built. As this was only recently approved it needs to be carried forward to complete the works programme on time.	
Reprofile	(4)	Brighton Marina to River Adur study	Brighton Marina to River Adur study (£0.004m)	
Reprofile of overspend	488	Ex Leased car Parks	This is a temporary overspend in 2012/13 that will be fully met from planned resources in 2013/14.	
Variance	67	Various	There is an overspend of £0.067m on this budget including the Better Bus Areas £0.015m, London Road & Lanes car park £0.007m, Falmer Infrastructure Works £0.012m, Controlled Parking Scheme £0.001m & Local Sustainable Transport Fund £0.032m.	The overspend will be met by either revenue or grant funding.
City Infrastructure				
Budget Variation	200	Heritage lottery Fund – the Level	Match funding from the short breaks for disabled children scheme of £0.150m (along with £0.050m from revenue) was transferred to City Infrastructure for the Level Heritage Lottery Fund project (see Delivery Unit – Children & Families).	
Reprofile	(51)	Hollingdean Depot	There have been delays on the Hollingdean Depot scheme due to: <ul style="list-style-type: none"> • A dispute with the contractors over quality of the work carried out; which has only just been resolved. • Demolition delayed due to delay in staff leaving the site. 	
Slippage	(942)	The Level Heritage Lottery Fund & skate park	The Level Skate Park and the construction of the landscape works are ahead of schedule but the café element is behind	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			schedule leading to slippage on the spending profile.	
Reprofile	(211)	Various	Reprofiling of various small schemes is requested including: Vale Park Portslade Improvements (£0.023m), Saunders Park Playground (£0.025m), Queens Park Playground (£0.014m), St Anne's Wells Gardens (£0.016m), Turner Park (£0.011m), Stoneham Recreation Ground (£0.035m) Knoll Recreation Ground (£0.039m), Saltdean Play (£0.020m) and Stoneham Park (£0.028m).	
Reprofile	(207)	Downland Initiative	This budget is now needed in 2013/14 partly as match funding with the South Downs National Park to facilitate the new open access area adjacent to Stanmer Park. The rest will be used by the council as a capital contribution to the Higher Level Scheme funding for the management of our chalk grassland.	
Reprofile of overspend	797	Procurement of vehicles & purchase of vehicles for City Parks	The vehicles procurement within City Infrastructure is ahead of the plan. This was to take advantage of favourable procurement opportunities and improves the long term value for money of the fleet.	The additional expenditure on vehicles in 2012/13 will be carried forward and netted off the Replacement of Vehicles scheme in 2013/14 of £2.400m already approved by Members and included in the capital programme.
Variance	139	Bexhill Road Skate park & Hollingdean Skate park	There are small overspends on the Bexhill Road skate park of £0.068m and Hollingdean skate park of £0.071m.	Both overspends have been funded from available revenue budget.
Underspend	(48)	Various	Underspends on various schemes of under (£0.050m).	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
City Regeneration				
IFRS/ Other	(235)	Various	Please see paragraph 3.19 (v) of the main report for a general explanation of IFRS changes. For major projects there is a watershed for capitalisation between the feasibility stage and the development stage of a project. In the feasibility stage, an authority is considering possible strategies for addressing a service issue and options that might be implemented. In the development stage, the authority has an objective to acquire, construct or enhance a particular fixed asset. These are activities being undertaken to bring a particular asset into use. Until the development stage commences, expenditure would not normally be capitalised. It would be impracticable for an authority to assess every item of expenditure when it is incurred as to whether it has enhanced an asset. The practical situation is instead that at the year end an assessment is made by programme managers and finance to make sure that expenditure is correctly charged to capital or revenue. The capital budgets are reduced by the same amount as the items that are subsequently coded to revenue.	
Slippage	(60)	Open Market	Redevelopment of the new Open Market is well underway and construction is proceeding. Implementation of the market stalls application process and marketing of the new business opportunities has been put back due to the projects later than expected start of works on site.	These works are now expected to be completed by October 2013, when the new market will open.

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Reprofile	(80)	Various	Reprofiling of various small capital schemes is requested, including: Preston Barracks Site (£0.005)m, Circus Street Development (£0.015)m, Falmer released Land (£0.005m), Regeneration of Black Rock (£0.010m), Redevelopment of King Alfred swimming Pool (£0.018m), Brighton Centre Redevelopment (£0.009m), The Keep (£0.010m), and i360 project (£0.008m).	
Planning, Public Protection				
Reprofile	(18)	Emergency vehicle – Civil Contingencies	Emergency vehicle for Civil Contingencies (£0.018m).	
Housing (General Fund)				
Budget Variation	499	Fuel Poverty Capital Works & Green Deal Pioneer Places	Both of these schemes were not included at TBM Month 9 but have been subsequently approved by Policy & Resources Committee.	
IFRS / Other changes	26		Transfer from Delivery Unit - Adults Assessment of £0.036m and other changes of (£0.010m).	
Reprofile	(235)	Fuel Poverty Capital Works	The time period for delivering the project was very tight with award of funding only being announced on the 21st December. Significant elements of the project have been delivered in time and the 60 vulnerable householders have been identified. The incomplete works are outside the control of the council and are due to the capacity of contractors to take on this additional work within the restricted time frame. At project start and inception it was expected that more time would be available for the install phase	It is expected the remaining works will be carried out in April 2013; the original deadline was 31st March 2013 however the Department of Energy and Climate Change have acknowledged the tight deadlines and allow a carry forward into 2013/14 for completion.

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			but delays in announcement of and release of funding has hampered this.	
Reprofile	(123)	Private Sector Housing Renewal Programme	<p>A significant amount of works remain committed in the system for decent homes grants and assistance, covering the requested reprofile total. Although approved by the council, the completion of these works is dependent on the applicant proceeding and appointing contractors to complete works. The anticipated progress against these commitments has not been made over the last months by the applicants.</p> <p>Re-profiling of the budget to 2013/14 will allow the council to proceed with these approved works and cancel all commitments where the applicant does not wish to proceed.</p>	
Slippage	(974)	Local Delivery Vehicle – post Lease Refurbishment	<p>This capital scheme relates to capital works on properties that have been leased to Seaside Homes to bring homes across the city to a decent standard before being handed to Temporary Accommodation to nominate and manage the properties. This scheme is funded by a development fee paid to the council from Seaside Homes at an average cost of £0.021m per property per annum (inflated by 5% on anniversary of the overarching agreement) and managed within these funding limits.</p> <p>As at 31st March 2013, 294 properties had been leased to Seaside Homes which required routine (149) or major (145) post leased refurbishment.</p>	<p>The unit is expecting the transferred budget to be spent in 2013/14 to complete Batches 1-7. Some of the properties leased to Seaside in Batch 4 and 5 are expected to be substantially over the £0.021m per property but we expect to be able to manage the budget with costs being lower than the £0.021m on other properties.</p>

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			<p>The main reasons for the slippage on this budget are due to:</p> <ul style="list-style-type: none"> • delay in works on Batch 1-6; based on the expected schedule, we would have expected the works on batches 1-6 to have been completed by 1st April 2013 but only batch 1 has been completed as at 31st March 2013, and • delay in leasing batch 7 to Seaside Homes. Batch 7 was delayed by 1 month which means works didn't start on these properties before 31st March 2013. 	
Reprofile	(148)	Local Delivery Vehicle – ongoing costs	<p>This capital scheme relates to capital works on Seaside Homes Properties, subsequent to development works and under the management of Temporary Accommodation. This scheme is funded by a management fee paid to the council from Seaside Homes and managed within the funding limits.</p> <p>These costs form part of the Leasehold Major Works managed by the Leasehold team. The works have been completed within this financial year (2012/13) with the costs being held in the Property & Investment Capital budget. These are then recharged to the relevant leaseholder in September of the following financial year after the final account has been authorised. The unit is expecting cost in the region of £0.237m relating to 2012/13 in 2013/14 and needs to manage the costs over the next 5-6</p>	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			years of the project within the funding available.	
Reprofile	(66)	Various	Reprofiling of various small capital schemes is requested, including: Disabled facilities Grants (£0.041m), Places for Change programme (£0.013m) and the Permanent Travellers Site (£0.012m).	
Variance	(916)	Local Delivery Vehicle	As agreed at month 9 this budget is no longer needed as it was for the initial set up costs resulting in an underspend of £0.916m..	
Housing (HRA Capital)				
IFRS/ Other	358	Various	Capitalisation of Property and Investment Team salaries allowable under IFRS regulations.	
Variance	(207)	Door Entry Systems	An underspend variance of £0.300m was reported at TBM month 9 for Door Entry Systems. This has been revised to £0.207m with a reprofile of £0.068m of the budget being requested to add to the 2013/14 Capital programme for Door Entry.	A new long term contract is being procured, to be in place 2013/14
Reprofile	(68)		Projects tendered for in 2012/13 cost much less than originally anticipated as the Property Investment team developed clear specifications and reduced the risk for tenderers and their subsequent costs. Whilst a new long term contract is being procured, each upgrade project requires individual tendering & consultation.	
Variance	(236)	Water Tanks, Ventilation & Fire	BHCC/Mears are in the process of agreeing costs for undertaking this large programme	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
		Alarms Lighting	of work. Urgent works have already been instructed and these will be funded from the 2013/14 budget resulting in an underspend against 2012/13 resources.	
Variance Reprofile	(234) (170)	Minor Empty Properties	A £0.248m underspend was previously identified and agreed at TBM month 5, while a reprofile of £0.170m is requested at outturn. Due to delays in starting 2 properties in Glynde Road £0.125m will need to be moved into 2013/2014 budget. The delay was caused by a lack of tender returns to ensure value for money and building control requirements. A 2nd round of tendering was required to ensure value for money. £0.045m is also requested to be moved out of the remaining savings on this budget to finance urgent roofing repairs at a number of high rise blocks such as Tyson Place.	
Reprofile	(86)	Roofing	Due to legal issues causing delays in starting work at Park Royal, £0.086m will need to be reprofiled into 2013/2014.	Legal advice is being obtained for a strategy on this project going forward.
Variance	(955)	Pre-Lease Conversion Refurbishment	This underspend on Pre-Lease Conversion Refurbishment (Seaside Homes) was previously reported and agreed at TBM month 9. Due to previous legal issues, now resolved, works were delayed to these former Temporary Accommodation (TACC) buildings (e.g. 243/245 Preston Rd, 57 Sackville Rd, and 22 Windlesham). These empty homes have been leased to Seaside prior to completion of major refurbishment works. Work will now be completed using the	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			Seaside Homes leased properties refurbishment arrangements. This will mean that the £0.400m that was reprofiled at TBM month 5 will no longer be required.	
Reprofile	(255)	Major Voids	The saving on this budget is requested to be moved forward to 2013/14 to help fund urgent roofing works at a number of high rise blocks.	
Variance	(67)	City College Partnership	£0.015m of this underspend was highlighted at TBM month 9; the outturn underspend is £0.052m more than forecast. City College refurbishments were planned to take place on empty properties prior to leasing to Seaside. However, the majority of works had to be carried out post-lease, therefore the spend is covered under the General Fund post-lease refurbishment arrangements. As a result the remaining 2012/13 funding is no longer required.	
Reprofile	(451)	Structural Repairs	The improvements to the North Whitehawk High Rise blocks, Nettleton & Dudeney and St James' House (Phase 2) have progressed well in 2012/13. These are phased programmes over 2 years expecting to be completed in Q3 of 2013/14. We therefore request that the remaining budget of £0.451m be moved into 2013/14. This is split as follows: St James's House (P2): £0.346m Nettleton & Dudeney: £0.094m Kestrel Court: £0.011m	Progress on these projects is regularly communicated to residents & other stakeholders. And monitored by the Partnership & Core groups
Reprofile	(286)	Windows	The improvements to the North Whitehawk High Rise blocks have progressed well in 2012/13. This is a phased programme over 2	Local residents and stakeholders are updated regularly on the progress of the programme.

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			years expecting to be completed in Q3 of 2013/14. We therefore request that the remaining budget for Heron Court: £0.026m and Kestrel Court £0.260m be moved into 2013/14 for works to complete the scheme.	
Reprofile	(91)	Doors	Due to delays with the door manufacturing, delivery and installations caused by the adverse weather in 2012 and early 2013, works have been delayed in the 2012/13 programme. Therefore a reprofile of £0.091m into 2013/14 is required to complete the works.	The outstanding jobs will be prioritised and completed in the 1st quarter of 2013/14.
Variance	81	Kitchen & Bathroom Replacements	A £0.032m overspend was highlighted at TBM month 9 and this has increased to £0.081m at outturn. A greater number of kitchens were chosen by tenants when their property failed the decency level than had previously been predicted. These greater numbers increased spend beyond the saving on the bathrooms budget. The breakdown is as follows: Kitchens: Overspend: £0.235m Bathrooms: Underspend (£0.154)m	This is reflected in the Partnership meeting the decency target for 2012/13.
Variance	241	Rewiring	A £0.358m overspend was approved at TBM month 9; this has reduced at outturn to £0.241m. The rewiring budget has overspent in 2012/13 to help meet the 'Decent Homes' standard.	The increase in the number of jobs carried out has had a positive impact on resident safety and helped the partnership to achieve the decency target for 2012/13.
Slippage	(109)	Cladding	Specifications for energy efficiency works at Staplefield Drive have not been agreed in this financial year due to other priorities. It is therefore requested that the budget of	Priority will be given to this project in 2013/14 to get agreement on the specifications and works commenced.

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			£0.109m is carried forward (reprofiled) into 2013/14.	
Reprofile	(51)	Estate Development Budget	<p>The EDB budget will need to move £0.051m of capital budget into reserves as an allowance for works that could not be carried out in 2013/14 but that are allocated to projects still expected to be completed in the coming financial year(s).</p> <p>The reason for this is mainly down to consultation and agreement of specifications for works with resident representative groups before works can commence.</p>	The EDB board is regularly updated on these issues and is actively involved with seeking resolution.
Variance	86	HRA adaptations	<p>The HRA Adaptations budget funds all housing adaptations, minor and major, in council homes in response to an initial Community Care Act assessment in Adult Social Care to establish eligibility for our services and an specialist OT assessment & recommendation for adaptations deemed 'necessary', 'appropriate and reasonable', and 'practicable'. The Major Adaptations Panel scrutinises all applications for adaptations over £0.015m.</p> <p>The 2012/13 HRA adaptations budget is £1.250m with an outturn overspend of £0.086m which can be met from underspends from other areas within the HRA Capital Programme 2012/13.</p> <p>The spend this year is as a result of the service having significantly speeded up the OT assessment process, the joint work/co</p>	<p>Link with development of housing options, 2013/14 - 43 new affordable wheelchair accessible homes in development.</p> <p>Scrutiny at Major Adaptations Panel - all applications for adaptations over £0.015m.</p> <p>Continued joint work with Decent Homes to ensure best use of resources.</p>

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			<p>funding bathroom adaptations with the Decent Homes programme and adaptations with the Relief of Overcrowding /extensions project, and meeting the demand for adaptations in response to a Community Care Act assessment. The service has cleared a backlog of cases this year, both in terms of cases waiting for OT assessment and ordering work; there are currently around 100 cases in progress.</p> <p>This funding also has to be seen in the context of all we do to more pro-actively manage the demand for adaptations, our joint work, close links in housing with the affordable housing delivery programme and number of new wheelchair accessible homes in the pipeline, with Homemove (the council's housing register) and letting of accessible and adapted council properties, and through our re-commissioning of the Adaptations Framework contract of specialist contractors - a housing led joint procurement with Adult Social Care to ensure value for money.</p>	
Variance Reprofile	363 (112)	TV Aerials	<p>Additional funding to cover the overspend on TV aerials was reported at TBM month's 4 and 7. However, some of this work will now be carried out in 2013/14 and a part reprofile is requested.</p> <p>Following-on from the successful digital aerial installation programme, we plan to undertake a clean-up operation to remove and tidy-up any existing and redundant</p>	The overspend element of this project will be funded from other reported HRA Capital Programme underspends as previously reported.

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			cabling, aerials & satellite dishes from our blocks. This will address the frequent enquiries we have received from residents about loose cabling affecting their block and will ensure the integrity of the cladding is not compromised. There are also additional benefits to this programme such as enhancing the appearance of our blocks across the City and will increase the overall value of our property portfolio.	
Variance Slippage	(56) (40)	Balchin Court	<p>The original budget for the construction phase was over-estimated. When the final contract was agreed the amount was lower, however the project budget was not adjusted in line with this resulting in a small underspend variance.</p> <p>Slippage in the construction phase will move the end date into 2013/14. This will result in the final Kier Construction invoice carrying into 2013/14 including half of their Retention fee. The final project management fee to Calford Seaden has also slipped into 2013/14.</p> <p>Contingency funds also need to be carried into 2013/14. The main potential draws on this are:</p> <ol style="list-style-type: none"> 1) Site security between handover from the contractor and full occupancy. 2) Snagging at handover stage in May. 	
Reprofile	28	Various	Various small reprofiles within the HRA Capital Programme not included in the	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			above.	
Variance	5	Various	Small overspends on various schemes within the HRA capital Programme not included in the above.	

Appendix 4 – Capital Programme Performance

Communities - Capital Budget Summary

Forecast Outturn Month 9 £'000	Unit	2012/13 Revised Budget £'000	Reported at other Meetings £'000	IFRS / Other £'000	Variation, Slippage or reprofile £'000	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
(37)	Commissioner - Sports & Leisure	1,291	0	0	(20)	1,271	1,256	(15)	-1.2%
0	Delivery Unit - Tourism & Leisure	3,491	0	(10)	(4,726)	(1,245)	(1,245)	0	0.0%
(37)	Total Capital Communities	4,782	0	(10)	(4,746)	26	11	(15)	-57.7%

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
Commissioner – Sports & Leisure				
Reprofile	(20)	Saltdean Lido Emergency Works	A reprofile is requested for Saltdean Lido Emergency Works.	
Variance	(15)	Stanley Deason all weather track	As reported at Month 5, tenders have now been received and the cost of the project is less than expected by (£0.040m) offset by additional costs elsewhere within the Withdean capital scheme. The result is a small underspend.	
Delivery Unit – Tourism & Leisure				
IFRS / Other	(10)	Royal Pavilion Lighting	Garden lantern costs within the Pavilion Gardens were provided by the Street Lighting section via budget	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			transfer (see the Transport section within Environment, Development & Housing).	
Slippage	(238)	Volks Railway Shed	The budget estimate for the project currently exceeds the allocated funding. The scheme has been redesigned and value engineered but still exceeds the budget. A funding bid to the Coastal Communities Fund was submitted last September in an attempt to finance the new sheds however this bid was unsuccessful.	Further funding is still being sought but in the meantime this budget needs to be slipped forward to 2013/14.
Slippage	(176)	Brighton Centre Box Office	At the outset of the project it was anticipated that the majority of expenditure would be either spent or committed by 31st March 2013. However, following the first round of procurement and resulting supplier submissions it became obvious that the Contract Values would exceed the EU Thresholds of £0.174m and would need to be subject to OJEU. This has resulted in a delay in the project and as a result the budget will need to be transferred to 2013/14.	
Reprofile	(4,268)	New Historical Records Office (The Keep)	The variance has arisen following a change in accounting policy adopted by East Sussex County Council for the Keep which has resulted in the reversal of the accrual raised for 2011/12 of £1.465m. The treatment now reflects that Brighton & Hove City Council is not due to pay its contribution towards the Keep until the legal arrangements are in place - this will be achieved in 2013/14.	The construction of the Keep is on schedule with practical completion due in May 2013. A reprofile of the 2012/13 budget into 2013/14 is required to reflect the expected cash flow.
Reprofile	(44)	Various	Reprofiling of various small capital schemes is requested, including: Royal Pavilion Toilet Facilities (£0.029m) & Royal Pavilion Lighting (£0.015m).	

Appendix 4 – Capital Programme Performance

Resources & Finance - Capital Budget Summary

Forecast Variance Month 9 £'000	Unit	2012/13 Revised Budget £'000	Approved at other Meetings £'000	IFRS / Other £'000	Variation, Slippage or reprofile £'000	2012/13 Budget Month 12 £'000	Provisional Outturn Month 12 £'000	Provisional Variance Month 12 £'000	Provisional Variance Month 12 %
0	Delivery Unit - City Services	234	0	0	(155)	79	79	0	0.0%
0	Resources	9,514	0	(1,233)	(2,644)	5,637	5,608	(29)	-0.5%
0	Finance	139	0	(4)	(27)	108	108	0	0.0%
0	Total Capital Resources & Finance	9,887	0	(1,237)	(2,826)	5,824	5,795	(29)	-0.5%

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
Delivery Unit – City Services				
Reprofile	(99)	Woodingdean Library	Further to the reprofile agreed in November 2012 due to unresolved S106 issues, there were also delays in the finalisation of the legal agreement between the Developers and the Doctors, influenced by concerns related to the Health Service reorganisation and future funding. A reprofile is therefore requested to 2013/14.	All the issues have now been resolved and the development will be completed during 2013/14.
Reprofile	(50)	Replacement of Coroner's Vehicle	There has been considerable delay in the acquisition of the vehicle due to the specific nature and purpose. A reprofile to 2013/14 is requested.	The vehicle will now be purchased in the first quarter of 2013/14.
Reprofile	(6)	various	Minor reprofiling of various capital schemes is requested, including: replacement of library booking system (£0.024m) and Woodvale	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			cremators for mercury abatement £0.018m	
Resources – ICT				
IFRS/ Other	(393)	ICT Workstyles	Please see paragraph 3.19 (v) of the main report for a general explanation of IFRS changes. For the refurbishments within corporate buildings some of the costs are of a day-to-day servicing nature and are not capital expenditure. It would be impracticable for an authority to assess every item of expenditure when it is incurred as to whether it has enhanced an asset. The practical situation is instead that at the year end an assessment is made by programme managers and finance to make sure that expenditure is correctly charged to capital or revenue. The capital budgets are reduced by the same amount as the items that are subsequently coded to revenue.	
Slippage	(85)	Information Management	Slower than expected progress on the City Planning Improvements Project means that not all initial payment milestones have been reached with supplier. There is therefore an outstanding commitment of £0.037m which will slip into 2013/14 until the project milestones are successfully met. The remainder is a result of the later than originally planned go live dates for CityClean CEM and Incident Reporting/Clients for Concern system developments which are now expected in quarter 1 of 2013/14. These have led to payment milestones not yet being reached with suppliers who will receive the remainder of payment	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			following successful launch of the systems.	
Reprofile	(68)	Communications (ICT)	There are two main elements to the carry forward in Communications. There is an amount of £0.024m from a large telephony project where the supplier was unable to supply the services ordered and subsequently the development roadmap for the product was altered in a way that could not have been predicted. This has led to the final phase of the project being redefined and alternative services will be delivered in 2013/14. The remainder is for goods and associated professional services that were expected to be used in the current year for network performance upgrades, but the whole implementation has been delayed due to a combination of new information becoming available, and equipment that is normally held in stock by suppliers and available on short lead times being unexpectedly out of stock nationwide. A reprofile is requested.	
Reprofile	(562)	ICT workstyles phase 2	Workstyles Phase 2 is being implemented over 3 financial years with a total of £1.6m set aside for ICT costs. The back-end infrastructure costs have been completed and a reprofile is required for the completion of works of the corporate buildings for cabling costs at Bartholomew House, EDRM costs, decommissioning at Ovest House plus the final investment in hot-desks, PC's and phone installation. Contingencies have also been included within the project costs which will be reprofiled.	The ICT support for Workstyles Phase 2 is dependent on other ICT investment and infrastructure changes.
Reprofile	(62)	Various	Various minor reprofiles are requested including: ICT Workstyles Planning (£0.026m) & ICT Governance & Security (£0.036m).	

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Resources – Communications				
Variance	(108)	Relocation of Print & sign Unit	The project is now complete and the underspend is as a result of finding a better alternative building than originally anticipated, which not only required less refurbishment work but also the rent per annum is half that of the original building.	
Resources – Human Resources				
Reprofile	(43)	Human Resources System	A small reprofile is requested for the continued development of the PIER HR System (£0.043m).	
Resources – Property & Design				
IFRS/ Other	(840)	Workstyles	Please see paragraph 3.19 (v) of the main report for a general explanation of IFRS changes. For the refurbishments within corporate buildings some of the costs are of a day-to-day servicing nature and are not capital expenditure. It would be impracticable for an authority to assess every item of expenditure when it is incurred as to whether it has enhanced an asset. The practical situation is instead that at the year end an assessment is made by programme managers and finance to make sure that expenditure is correctly charged to capital or revenue. The capital budgets are reduced by the same amount as the items that are subsequently coded to revenue.	
Slippage	(65)	Replacement of card swipe security system	All the main civic and corporate buildings use a swipe card system which is being replaced. This project has slipped into 2013/14.	
Reprofile	(50)	New England House replacement of fire alarm system	Essential Health & Safety works at New England House for the replacement of the fire alarm system needs to slip into 2013/14.	
Slippage	(53)	Stanmer Park	The council has appointed a project manager and	The council has tendered an

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
		Agricultural Buildings	we have completed a conditions survey and heritage assessment of the property which has taken longer than anticipated.	instruction and jointly appointed agents with SDNPA to consider capacity and planning issues and provide valuation advice on potential schemes as well as funding options.
Reprofile	(108)	Solar Panel Implementation Plan	Solar PV Panels are to be installed to the corporate buildings under Workstyles Phase 2. Moulsecoomb LDC and Hove Town Hall have been installed but the installation at Bartholomew House still to be completed and a reprofile to 2013/14 is therefore requested.	
Reprofile	(1,318)	Workstyles Phase 2	Workstyles Phase 2 is being implemented over 3 financial years and includes Bartholomew House (2 nd & 3 rd floors), the Moulsecoomb Learning & Development Centre and the Customer Service Centre at Hove Town Hall. The works at Moulsecoomb LDC have been completed with the majority of work at Hove Town Hall also completed. Completion of the works at Bartholomew House and Hove Town Hall will be completed in 2013/14 and includes project resource costs, contingencies and dilapidations at vacating sites such as Ovest House.	The profile of the original budget was dependent on a wide range of factors including decisions about accommodation units by services. The budget now needs reprofiling to reflect an updated payment profile.
Reprofile	(230)	Various	Reprofiling of various small budgets is requested, including: Hollingdean Depot Health & Safety Works (£0.041m), Farms Partnership – Water protection (£0.022m) Preston Manor (£0.028m), New England House Health & Safety Works (£0.043m), Social Services Lifts (£0.031m), Social Services externals (£0.046m) and Kensington Street (£0.019m)..	
Variance	79	Various	Various minor overspends include: Mechanical Boiler Replacements £0.021m, Legionella	All overspends have been funded from available revenue resources in

Appendix 4 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			Assessments £0.014m, Learning Development Centre £0.014m and other very small overspends over many schemes.	2012/13.
Resources – Finance				
IFRS/ Other	(4)	Replacement of FIS	Please see paragraph 3.19 (v) of the main report for a general explanation of IFRS changes. Small change relating to IFRS requirements on this project.	
Reprofile	(27)	Replacement FIS	A reprofile is requested to enable continued development and upgrading of the Corporate Financial Information System (£0.027m).	

New Capital Project Approval Request

Unit:	Commissioner – Learning & Partnership
Project title:	Hove Park Tablet Devices
Total Project Cost (All Years)	£150,000

Purpose, benefits and risks:

Provision of tablet devices for Hove Park School to be funded from borrowing.

The scheme to provide tablet devices is part of the school’s learning transformation project that focuses around ICT. Research has shown that learning outcomes have been significantly improved where students have access to cutting edge technology and the project being implemented at Hove Park ultimately seeks to give every student within the school access to a tablet device (approx. 1,600 students in total). Parents have been offered a package of three options: they can buy a tablet directly from the school, bring in their own, or use a school-owned tablet, paying contributions over a fixed period, after which they own it. The scheme also aims to encourage partnership working with local primary schools and to investigate the way in which lessons learned from the project can be implemented in the primary sector.

Capital expenditure profile (£’000):

Year	2013/14	2014/15	2015/16	TOTAL
Unsupported Borrowing	150,000	0	0	150,000
Total estimated costs and fees	150,000	0	0	150,000

Financial implications:

Borrowing is available to schools to provide finance for schemes such as this subject to an acceptable business case. Hove Park ended the 2012/13 financial year with an underspend of £347k and have factored the future capital financing repayments of the loan in to their multi-year budget plan submitted to and verified by the council’s Schools Finance team. Furthermore, the Local Authority has received a signed agreement from the school that confirms the Governing Body has reviewed its three year budget plan and has confirmed the project is affordable, including the repayments on the loan. The repayment of the loan will be funded from the revenue budget of the school over 3 years.

New Capital Project Approval Request

Unit:	Commissioner – Learning & Partnership
Project title:	Elm Grove Reception Playground
Total Project Cost (All Years):	£30,000

Purpose, benefits and risks:

Playground development has been within our School Improvement Plan since 2010. The school needs to develop an innovative outside space to improve the quality of teaching and learning in the Early Years curriculum.

The reception playground is used as an outside learning/activity area and the current equipment is need of refurbishment. Outdoor learning is an important part of children’s education and an enhanced outside space would enable them to further develop their physical and mental skills. Developing the outside area would enable the educational experience to be expanded and would ensure that children would be able to achieve their full potential in Key Stage 1.

Capital expenditure profile (£’000):

Year	2013/14	2014/15	2015/16	TOTAL
Donation	10,000			10,000
Unsupported Borrowing	20,000			20,000
Total estimated costs and fees	30,000			30,000

Financial implications:

The school has been given £10,000 from the PTA and would like to apply for £20,000 in borrowing, which would be paid back through school revenue over a period of 4 years. Borrowing is available to schools to provide finance for schemes such as this subject to an acceptable business case.

New Capital Project Approval Request				
Unit:		Commissioner – Learning & Partnership		
Project title:		Fairlight Primary Solar Panels		
Total Project Cost (All Years):		£42,000		
Purpose, benefits and risks:				
<p>This scheme is for the installation of solar panels at Fairlight primary school, which is to be funded from borrowing. The scheme is estimated to provide a payback within 7 years and over the 20-year period of the scheme the school will receive significant energy savings.</p>				
Capital expenditure profile (£'000):				
Year	2013/14	2014/15	2015/16	TOTAL
Unsupported Borrowing	42,000			42,000
Total estimated costs and fees	42,000			42,000
Financial implications:				
<p>Borrowing is available to schools to provide finance for schemes such as this subject to an acceptable business case. The repayment of the loan will be funded from a combination of the Feed In Tariff's generated from the solar panels, energy savings and potentially the revenue budget of the school in the early years of the project. The school has produced a balanced budget plan for 2013/14 and its 3-year budget plan incorporates the loan repayments and continues to show the school in a sound financial position over the next 3 years.</p>				

New Capital Project Approval Request				
Unit:	Resources – Property & Design			
Project title:	King Alfred – Landlords responsibility			
Total Project Cost (All Years):	£77,000			
Purpose, benefits and risks:				
This capital expenditure is urgently needed to replace the water supply pipe work to reduce legionella risk.				
Capital expenditure profile (£'000):				
Year	2013/14	2014/15	2015/16	TOTAL
Direct Revenue Funding	77,000			77,000
Total estimated costs and fees	77,000			77,000
Financial implications:				
This health and safety work was identified in March and the funding has been identified and accommodated within the revenue budget in 2012/13.				

Subject:	Strategic Risk Review 2013-14 & Risk Management Action Plans– Updated May 2013		
Date of Meeting:	Audit & Standards Committee		
Report of:	Executive Director Finance and Resources		
Contact Officer:	Name:	Jackie Algar	Tel: 29- 1273
	Email:	Jackie.algar@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The Audit & Standards Committee has a role to monitor and form an opinion on the effectiveness of risk management and internal control. As part of discharging this role, it reviews the Strategic Risk Register, recently updated by the Executive Leadership Team (ELT) as attached at Appendix 1.
- 1.3 The Strategic Risk Assessment Report at Appendix 2, provides further details on the actions taken (mitigating controls) and planned actions (“solutions”) to manage specific strategic risks.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee notes the revised Strategic Risk Register (Appendix 1).
- 2.2 That the Audit & Standards Committee notes the Risk Management Action Plans or “Risk MAPs” contained in the Strategic Risk Assessment Report May 2013 (Appendix 2).

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The Strategic Risk Register details the current prioritised issues which may affect the achievement of the council’s priorities, including in relation to its work with other organisations across the city. It is reviewed and agreed by the ELT and reviewed every six months (usually May and November).
- 3.2 This Strategic Risk Register provides evidence of a risk aware and risk managed organisation. Generally, it reflects risk scenarios that will be common to comparable local authorities in this current period of change and financial challenge for the public sector and considers how these relate specifically to the city council.

3.3 Summary of the main changes made to the Strategic Risk Register:

There are nine strategic risks in total.

FOUR NEW RISKS

- SR12 – Maintaining Seafront as an asset to the city
- SR13 – Keeping Vulnerable Adults safe from harm (note: was previously SR6 ‘Safeguarding vulnerable members of our community’ covering both children and adults)
- SR14 – Pay & Allowances Modernisation
- SR15 – Keeping Children safe from harm and abuse (previously part of SR6, as above)

THREE RISKS WITH NO CHANGE TO RISK SCORE as circumstances continue to evolve

- SR2 – Financial Outlook
- SR4 – Economic Resilience
- SR8 – Becoming a more Sustainable City

TWO RISKS WITH REDUCTION IN RISK SCORE due to work undertaken

- SR10 – Information Governance Management
- SR11 – Welfare Reform

FOUR RISKS REMOVED OR REPLACED

- SR1 – Readiness for opportunities and impacts of Localism. This risk has been removed as there is active work detailed in service business plans and project plans and there is work with 2 pilot areas on neighbourhood governance; policies are in place for the community right to bid and community right to challenge and there is a procedure in place to manage neighbourhood plans.
- SR3 – Pace & Volume of Public Sector Change. The increased join up as a result of the Public Service Board transforming into the City Management Board has allowed removal of this risk, with reference in SR2 Financial Outlook now including changes to city partners’ resources for joint working.
- SR5 – City Wide Employability removed due to considerable partnership work to address issues and performance data showing an upward trend in respect of city employability. Some job employment issues are incorporated in SR4 Economic Resilience.
- SR6 – Safeguarding vulnerable members of our community. This risk has been replaced and is now separated into two separate risks for Adults (SR13) and Children (SR15) rather than one combined risk

3.4 Strategic Risk Management Action Plans for all Strategic Risks have been updated following ELT’s review and are reported as Appendix 2 to this report.

4. **COMMUNITY ENGAGEMENT AND CONSULTATION**

4.1 Consultation has taken place with the council’s Executive Leadership Team, the Corporate Management Team and representatives of all the political parties.

- 4.2 The Strategic Risk Register will be sent to the City Management Board partners for information which reflects the city wide risk management approach.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The Strategic Risk Register reflects a number of risks which have potential significant financial implications for the authority either directly or indirectly. The risk owners are responsible for overseeing the effective management of the risks through the Risk Management Action Plans and for highlighting financial risks through the budget monitoring process and budget strategy development.

Finance Officer Consulted: Anne Silley Date: 23/05/13

Legal Implications:

- 5.2 This report comes before Audit & Standards Committee in order for the Committee to discharge its function of providing independent assurance of the adequacy of the council's risk management and associated control environment.

Having reviewed the latest Strategic Risk Register and the Risk Management Action Plans or "Risk MAPs" contained in the Strategic Risk Assessment Report, the Committee may, if it considers it appropriate, make recommendations to Full Council, Policy & Resources Committee, one or more officers or another relevant body in the council.

Lawyer Consulted: Oliver Dixon Date: 23/05/13

Equalities Implications:

- 5.3 There are no direct equalities implications. Equalities will be incorporated as appropriate across all Strategic Risks and Risk MAPs by the officers responsible for taking actions.

Sustainability Implications:

- 5.4 The risk management methodology includes identification and management of sustainability issues. There is a specific Strategic Risk, SR 8, which relates to Sustainability. However, Sustainability will be incorporated as appropriate across all Strategic Risks and Risk MAPs.

Crime & Disorder Implications:

- 5.5 There are no direct implications.

Risk and Opportunity Management Implications:

- 5.6 The Strategic Risk Register and the Risk Management Action Plans or "Risk MAPs" contained in the Strategic Risk Assessment Report provide evidence of

risk management in operation and relates to changes to the council's operating framework.

Public Health Implications:

5.7 There are no direct implications.

Corporate / Citywide Implications:

5.8 There are no direct implications.

SUPPORTING DOCUMENTATION

Appendices:

1. Strategic Risk Register 2013/14 – reviewed by ELT May 2013.
2. Strategic Risk Assessment Report May 2013.

Documents in Members' Rooms

None.



Background Documents

None.

Brighton & Hove City Council Strategic Risk Register 2013/2014 - reviewed by Executive Leadership Team (ELT) May 2013

Risks are set out in order of Residual Risk Score (a combination of likelihood and impact)



See final page for information on risk scoring and terms used

Strategic Risk No.	Risk Title and Owner	Council Priority	Background and Risk Scenario and Potential Consequences <i>A potential or actual risk or opportunity which needs to be managed in order to better achieve the Council's objectives (including contribution to the Sustainable Community Strategy)</i>	Risk Category	Initial Likelihood (L) Score	Initial Impact (I) Score	Risk Score L x I (Dot indicates RAG rating)	Mitigating Controls and Actions currently include (but are not limited to)	Residual Likelihood (L) Score	Residual Impact (I) Score	Residual Risk Score L x I
12	<p>Maintaining Seafront as an asset to the city</p> <p>Assistant Chief Executive</p> <p>Paula Murray</p> <p><i>and</i></p> <p>Executive Director Environment, Development & Housing</p> <p>Geoff Raw</p>	2. Creating a More Sustainable City	<p>Background: The city council is the lead custodian of the city's iconic seafront. This involves both maintenance of historic infrastructure and development of key and iconic sites. The seafront is the city's shopfront, a very significant attraction in our visitor economy and a series of important public spaces for our residents. There are 5 million people along our seafront every year.</p> <p>Risk Scenario: The heritage structures and infrastructure managed by the council along the seafront require significant investment. Not all existing assets have received the investment needed to meet the changing patterns and demands of usage. The arches which house many of the seafront businesses are intrinsic to the seafront's commercial success and are part of the structural support for the city's major highway the A259 road and footways, many of the structures require significant refurbishment and are under constant monitoring. Madeira Terraces is another current example, where extensive additional financing and resources are needed to meet the refurbishment needs identified.</p>	Physical	5	4	<p>20</p> <p></p> <p>RED</p>	<ul style="list-style-type: none"> ⌘ Seafront arch repair programme to be delivered over 10 years from 2012; ⌘ Commissioned structural surveys, e.g. principal inspection of Madeira Terrace and a programme of structural surveys of arches and other seafront structures; ⌘ Ongoing visual inspection on day to day basis by seafront team; ⌘ Specialist functions involved in cross council working group to identify, prioritise and report issues. 	4	4	<p>16</p> <p></p> <p>RED</p> <p>NEW</p>

Brighton & Hove City Council Strategic Risk Register 2013/2014 - reviewed by Executive Leadership Team (ELT) May 2013

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2	Financial Outlook for the Council Executive Director Finance & Resources Catherine Vaughan	ALL	Background: Reductions in central government funding are expected to continue well beyond the current Comprehensive Spending Review period through to 2020. The changes to local government funding introduced in 2013/14 will also transfer greater risks to the council, particularly in relation to Business Rate valuation appeals. There is a cumulative impact of reductions in government funding to other public agencies in the city. Risk Scenario: The council will need to continue robust financial planning in a highly complex environment. Failure to do so could impact on financial resilience and mean that outcomes for residents are not optimised.	Economic/ Financial	5	4	20  RED	<ul style="list-style-type: none"> § Ongoing review of the adequacy of risk provisions and reserves to support the budget strategy and to ensure financial resilience; § Closer alignment of Corporate Plan and MTFs; § City Management Board and Finance Directors reviewing city wide impact and opportunities for joint budget planning; § Development of skills and knowledge to support options appraisal of new delivery models; § Ongoing consultation and engagement plan for budget setting including with staff, partners, business sector and Community & Voluntary Sector; § Close monitoring of council tax and business rates income and regular updating of forecasts. 	4	4	16  RED ↕

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14	Pay & Allowances Modernisation Chief Executive Penelope Thompson	4. Modernising the council	<p>Background: The pay, terms and conditions of employees of Brighton & Hove City Council are constructed from a number of different sources. Key terms and conditions such as pension rights and entitlement to sick pay are agreed nationally. Basic pay is governed by the council's job evaluation and grading system which was implemented in January 2010 and the rates of pay are set in accordance with nationally agreed pay scales. In addition, a significant number of staff receive allowances and additional payments because of the nature and pattern of the work that they do. These allowances are locally determined but over time the current system has become complex, is based on historic requirements and is no longer fit for purpose. Pay Modernisation is designed to implement a new system of allowances that is fair, consistent, modern and transparent and takes into account relevant legislation and case law, in particular in relation to equal pay and broader employment law.</p> <p>Risk Scenario: Pay Modernisation is critical to ensure a fair, consistent, modern and transparent system of pay. Failure to implement an appropriate system of pay could lead to significantly greater legal and financial risks in future; service disruption during the implementation phase; and reputational damage.</p>	Professional/Managerial	4	4	16  RED	<ul style="list-style-type: none"> § Agreement from Policy & Resources Committee to negotiate new allowances structure; § Clear officer governance structure set up for communications, negotiations and decision-making; § Clear communication strategy for members, staff and officers; § Identified staff and other resources in Finance, Legal and HR to support negotiations, pay modelling and financial and legal implications; § Refreshed Business Continuity Plans. 	3	4	12  AMBER NEW

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11	<p>Welfare Reform</p> <p>Executive Director Finance & Resources</p> <p>Catherine Vaughan</p>	ALL	<p>Background: The government is implementing widespread welfare reforms and support for council tax has been localised. Introduction of the Universal Credit initiative and changes to housing benefits are expected to have a wide-ranging impact on the council and the city.</p> <p>Risk Scenario: There will be significantly less housing benefit funding in the city. It is complex to predict the impact on individuals and households. There may be increased risk of vulnerability, homelessness and an impact on income collection.</p>	Economic/ Financial	4	4	<p>16</p> <p></p> <p>RED</p>	<ul style="list-style-type: none"> § Cross-council programme management approach to welfare reform, links with other strategies i.e. financial inclusion, digital inclusion, Stronger Families, Stronger Communities Partnership; § Additional funding to implement welfare reform included in the budget; § Additional discretionary funding identified and policies agreed; § Monitoring framework being developed to assess service and equalities impacts of welfare reform; § Close monitoring of income collection from council tax and housing rents and corporate critical homelessness budget; § Approach to implementation of social housing sector size criteria agreed by Housing Committee. 	3	4	<p>12</p> <p></p> <p>AMBER</p> <p></p>

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13	<p>Keeping vulnerable adults safe from harm and abuse</p> <p>Executive Director Adult Social Care</p> <p>Denise D'Souza</p>	1. Tackling Inequality	<p>Background:</p> <p>Keeping vulnerable adults safe from harm and abuse is a legal responsibility of the council. Brighton & Hove City Council have a statutory duty to co-ordinate safeguarding work across the City, and to lead the Safeguarding Adults Board which oversees work locally, in partnership with Police, Health and Social Care providers. Over 1400 concerns were raised last year about vulnerable people, 700 progressed to safeguarding referrals requiring investigation.</p> <p>Risk Scenario:</p> <p>Cases are more complex and demands can vary. The council is able to respond appropriately at a time of change and contact is vital to protect those most vulnerable.</p>	Customer/Citizen	4	4	<p>16</p> <p></p> <p>RED</p>	<ul style="list-style-type: none"> ⌘ Awareness through messages and training; ⌘ Safeguarding Board workplan; ⌘ Learning from serious case reviews, coroners concerns and case review from national work; ⌘ Good multi-agency work: Pilot role and access point from Police; ⌘ Audit of Safeguarding investigations and alerts (to check as appropriate); ⌘ Maintain the role and numbers of professional social workers through service redesign and voluntary severance to ensure capacity; ⌘ Multi-agency training in place for better awareness, investigation management; ⌘ Highly motivated social workers ⌘ Assessment of need using agreed threshold policies and procedures; ⌘ Staff provided with learning opportunities and undertake continuous professional development. 	3	4	<p>12</p> <p></p> <p>AMBER</p> <p>NEW As separate risk</p>

Brighton & Hove City Council Strategic Risk Register 2013/2014 - reviewed by Executive Leadership Team (ELT) May 2013

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15	Keeping children safe from harm and abuse Interim Executive Director Children's Services Heather Tomlinson	1. Tackling Inequality	Background: Keeping vulnerable children safe from harm and abuse is a legal responsibility of the Council. Legislation requires all local authorities to act in accordance with national guidance (Working Together) to ensure robust safeguarding practice. This includes the responsibility to ensure an effective Local Safeguarding Children Board which oversees work locally and in partnership with Police, Health and social care providers. The numbers of children in care, and with Child Protection and Children in Need plans, are significantly higher than in similar authorities (1780). Risk Scenario: The complexity of circumstances for many children presents a constant state of risk. Understanding and managing risk demands informed and reflective professional judgement, and often urgent and decisive action, by all agencies using agreed thresholds and procedures. Such complexity inevitably presents a high degree of risk. Children subject to abuse and neglect are unlikely to achieve and maintain a satisfactory level of health or development, or their health and development will be significantly impaired. In some circumstances, abuse and neglect may lead to a child's death.	Customer/ citizen	4	4	16  RED	<ul style="list-style-type: none"> § LSBC Work Plan and strong leadership by the Independent Chair; § Serious Case, Local Management and Child Death Reviews to identify and learning and action for improvement; § Robust audit of case files and safeguarding practice; § Clarity regarding roles, responsibilities and accountabilities of all professionals and agencies; § Robust assessment of need using agreed thresholds, policies and procedures; § Continuous professional development and learning opportunities; § Integrated Teams providing targeted support to the most troubled families (Stronger Families, Stronger Communities programme). 	3	4	12  AMBER NEW As separate risk

Brighton & Hove City Council Strategic Risk Register 2013/2014 - reviewed by Executive Leadership Team (ELT) May 2013

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					Score	Score			Score	Score	
4	<p>Economic Resilience and Sustainable Economic Growth</p> <p>Executive Director Environment, Development & Housing</p> <p>Geoff Raw</p>	2. Creating a more Sustainable City	<p>Background: The council has a significant role in championing the city economy and attracting inward investment. It uses its own land and property portfolio to contribute to this alongside a range of policy levers including: housing, planning, economic development, leisure, tourism, education performance and public investment powers</p> <p>Risk Scenario: If the council does not do this effectively: * The city's economy falters in the wake of difficulties in the national and international economy * Business, community, employee and employment expectations and aspirations not met and reputation affected * Failure to sustain local businesses and attract new investment in the city * Failure to achieve Corporate Plan objectives.</p>	Economic/ Financial	4	4	<p>16</p> <p></p> <p>RED</p>	<p>§ Greater Brighton City Deal initiative has established governance arrangements to support local economic growth and well being;</p> <p>§ The Council continues to work closely with the Local Enterprise Partnership to influence the economic development strategy and has successfully bid for Growing Places Funding and is in the process of bidding for EU Structural Funds;</p> <p>§ Council is exploring a variety of policy and financial levers to unlock sustainable growth including housing led regeneration with the Housing & Communities Agency;</p> <p>§ The City Plan will take account of new legislation affecting planning, including s106 requirements, and impacts on citizens, developers and businesses.</p>	3	4	<p>12</p> <p></p> <p>AMBER</p> <p>↕</p>

Brighton & Hove City Council Strategic Risk Register 2013/2014 - reviewed by Executive Leadership Team (ELT) May 2013

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10	<p>Information Governance Management</p> <p>Senior Information Risk Officer</p> <p>Abraham Ghebre-Ghiorghis</p> <p>And</p> <p>Executive Director Finance & Resources</p> <p>Catherine Vaughan</p>	ALL	<p>Background: The council must operate to a high standard of information governance within the overall context of openness and transparency.</p> <p>Risk Scenario: The council recognises that if it fails to manage data effectively then : * Individuals may suffer loss or damage * The council may suffer loss of reputation, financial penalties and/or other enforcement penalties * It may result in a loss of trust in the council by citizens and partners and sub-optimal decision making.</p>	Customer/Citizen	5	4	<p>20</p> <p></p> <p>RED</p>	<ul style="list-style-type: none"> § Information Management Board oversees this risk; § An action plan to deliver the improvements identified by the Information Commissioner's Office is in place covering staff awareness and training, review and update of all policies and guidance, security review management and records management; § Open Government Licence implemented to support open government agenda and records management; § Freedom of Information requests – streamlined process being developed. 	3	3	<p>9</p> <p></p> <p>AMBER</p> <p></p>

Brighton & Hove City Council Strategic Risk Register 2013/2014 - reviewed by Executive Leadership Team (ELT) May 2013

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08	<p>Becoming a more sustainable city</p> <p>Executive Director Environment, Development & Housing</p> <p>Geoff Raw</p>	2. Creating a more Sustainable City	<p>Background: The council has an important civic leadership role in working with others to prepare the city for the impact of severe weather events and mitigate the long term impact of climate change. This includes: * working with the Environmental Agency to review and manage the risks of coastal and surface water flooding. * strengthening the resilience of the city's energy, waste management, water and land resource arrangements * improving the environmental performance of council buildings and facilities * reducing any adverse environmental impacts arising from the operation and delivery of council services.</p> <p>Risk Scenario: Depending on the council's actions, it may affect: * compliance with our commitment to be a One Planet City * the ability to attract inward investment and environmental industries to the city * maintenance of essential routes and services with particular implications for vulnerable residents and businesses in vulnerable locations * the city's long term resilience to potential increases in the costs of food, energy and travel * performance against agreed targets and compliance with environmental legislation. e.g. air quality).</p>	Environmental/ Sustainability	3	4	<p>12</p> <p></p> <p>AMBER</p>	<ul style="list-style-type: none"> ⌘ Implementation of the One Planet Living action plan; ⌘ Environmental performance management and reporting; ⌘ The refresh of the economic strategy and action plan alongside the emerging City Deal proposals for Eco Tech development in the city afford opportunity to reduce the environmental footprint of economic activity within the city and develop produces and services which can positively influence environmental management across global markets; ⌘ Continue to work in partnership with East Sussex County Council to reduce landfill reductions as a result of the Energy Recovery Facility at Newhaven. 	3	3	<p>9</p> <p></p> <p>AMBER</p> <p>↕</p>

RISKS REMOVED/REPLACED

The Executive Leadership Team reviewed the Strategic Risk Register and resolved to remove the following strategic risks for the reasons set out below:

- * SR1 – Readiness for opportunities and impacts of Localism. This has been removed as there is active work detailed in service business plans and project plans and there is work with 2 pilot areas on neighbourhood governance; policies are in place for the community right to bid and community right to challenge and there is a procedure in place to manage neighbourhood plans.
- * SR3 – Pace & Volume of Public Sector Change. The increased join up as a result of the Public Service Board transforming into the City Management Board has allowed removal of this risk, with reference in SR2 Financial Outlook now including changes to city partners' resources for joint working.
- * SR5 – City Wide Employability removed due to considerable partnership work to address issues and performance data showing an upward trend in respect of city employability. Some job employment issues are incorporated in SR4 Economic Resilience.
- * SR6 – Safeguarding vulnerable members of our Community. This risk has been replaced and is now separated into two separate risks for Adults (SR13) and Children (SR14) rather than one combined risk.

The next pages provide copies of the removed or replaced risks.

Brighton & Hove City Council Strategic Risk Register 2013/2014 - reviewed by Executive Leadership Team (ELT) May 2013

Risks are set out in order of Residual Risk Score (a combination of likelihood and impact)

See final page for information on risk scoring and terms used

Strategic Risk No.	REMOVED/REPLACED Risk Title and Owner	Council Priority	REMOVED/REPLACED Background and Risk Scenario and Potential Consequences <i>A potential or actual risk or opportunity which needs to be managed in order to better achieve the Council's objectives (including contribution to the Sustainable Community Strategy)</i>	Risk Cat	Initial L	Initial I	Initial Risk Score	REMOVED/REPLACED Mitigating Controls and Actions currently include (but are not limited to)	Residual	Residual Impact	Residual Risk Score
1	Readiness for opportunities and impacts of localism <i>Interim Lead for Chief Executive Services</i>	Engaging People Who Live & Work in the City	Background: The broad remit of the localism agenda provides opportunities for all councils to deliver public services in new ways with greater involvement of communities in local issues. The council's approach to the implementation of neighbourhood governance should prepare: <ul style="list-style-type: none"> For expressions of interest by local groups under the Community Right to Challenge and the Community Right to Bid; For influencing the development of Neighbourhood Planning; To build upon the experience of the two Neighbourhood Pilot areas; For indirect costs arising, e.g. administration and compensation costs Risk scenario: The localism agenda is a fluid and complex issue and the council will need to continue consultation and develop the approach to best fit the needs of the city and specific neighbourhoods.	Professional/ Managerial/	4	4	16 RED	<ul style="list-style-type: none"> Community Engagement Strategy in place and managed by the City Engagement Partnership Council processes being developed to prepare to respond effectively Neighbourhood Governance working group oversees development of new opportunities and changes Lead Officers communicate relevant potential impacts on services across the council as a result of Localism implementation Localism Agenda is registered as a key priority for the council, with active Member involvement including by the Council Leader Public Services Board informed of potential city impacts of the Localism Act 	3	4	12 AMBER Now Removed
3	Pace and Volume of public sector change <i>Chief Executive</i>	ALL	Background: All public services are affected by national reductions in spending and the wider reform agenda. Risk scenario: Financial constraints and significant reform affecting partner organisations, e.g. NHS and those engaged in Public Health and Wellbeing, may lead organisations to reframe their budgets and ways of working and therefore affect their ability to deliver plans as envisaged. Enhanced communication and joined up planning will be needed to ensure that the impacts on the city are well managed and there is clear agreement on the role of each organisation and its responsibilities.	Customer/citizen	5	4	20 RED	<ul style="list-style-type: none"> Strong and developing understanding of need in the city: - Joint Strategic Need Assessment - State of the City report - City Intelligence Network managed by the Public Service Board (PSB) City Needs Assessment process agreed - Brighton & Hove Local Information Service The PSB continues its work on joint commissioning: - Needs analysis which includes review of government reforms and their impacts; - Community Engagement - Joint Commissioning Pilots - Better joint resourcing City Commissioning Plan approved with a programme of targeted prioritised projects to enable and oversee partnership work, recognising challenges including financial constraints 	5	3	15 RED Now Removed

Brighton & Hove City Council Strategic Risk Register 2013/2014 - reviewed by Executive Leadership Team (ELT) May 2013

Risks are set out in order of Residual Risk Score (a combination of likelihood and impact)

See final page for information on risk scoring and terms used

Strategic Risk No.	REMOVED/REPLACED Risk Title and Owner	Council Priority	REMOVED/REPLACED Background and Risk Scenario and Potential Consequences <i>A potential or actual risk or opportunity which needs to be managed in order to better achieve the Council's objectives (including contribution to the Sustainable Community Strategy)</i>	Risk Cat	Initial L	Initial I	Initial Risk Score	REMOVED/REPLACED Mitigating Controls and Actions currently include (but are not limited to)	Residual	Residual Impact	Residual Risk Score
5	City wide employability <i>Strategic Director, Place</i>	Creating a more Sustainable City	Background: The Council has a role in supporting education and training providers in strengthening the labour force offer to employers & in addressing the legitimate employment aspirations of local communities. Risk Scenario: Failure to do this effectively could impact on the performance of the city's economy and employment resilience. There would be social and economic costs for individuals and overall costs to the public purse.	Physical	4	4	16	<ul style="list-style-type: none"> Continual work via PSB and LSP and the Learning & Education Partnership with education, training & employment agencies: <ul style="list-style-type: none"> Promote the city as a business location Support the analysis of employer skills needs information Inform the business planning of education training & employment opportunities Co-ordinate public sector policy & interventions which optimise opportunities particularly for dis-advantaged people Council support for City College in setting up a skills shop in Queens Road for an Apprenticeship Training Association (opened in April 2012) Council funds the Youth Employability Service (YES) to specifically support young people 16-18 who are Not in Education, Employment or Training Council has supported bids for employment initiatives, e.g. apprenticeships, green jobs and training 	3	4	12 AMBER Now Removed

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Brighton & Hove City Council Strategic Risk Register 2013/2014 - reviewed by Executive Leadership Team (ELT) May 2013

Risks are set out in order of Residual Risk Score (a combination of likelihood and impact)

See final page for information on risk scoring and terms used

Strategic Risk No.	REMOVED/REPLACED Risk Title and Owner	Council Priority	REMOVED/REPLACED Background and Risk Scenario and Potential Consequences <i>A potential or actual risk or opportunity which needs to be managed in order to better achieve the Council's objectives (including contribution to the Sustainable Community Strategy)</i>	Risk Cat	Initial L	Initial I	Initial Risk Score	REMOVED/REPLACED Mitigating Controls and Actions currently include (but are not limited to)	Residual	Residual Impact	Residual Risk Score
6	Safeguarding vulnerable members of our community <i>Director of Adult Social Services</i> <i>and</i> <i>Director of Children's Services</i>	Tackling Inequality	Background: Safeguarding of Adults and Children require different responses, however the council is the lead agency with lead responsibility for both. Key issues are: * There are 1800 children in the city for whom the council has a clear legal responsibility and numbers of referrals continue to increase and are unpredictable. This is further complicated by the Government announcement about changes to children with Special Educational Needs. * As welfare reforms are implemented there is a risk that more families will become vulnerable * Services are seeing more complex cases in council care, especially in relation to mental health and older people with complex need. Risk Scenario: These changes will affect the council's ability to respond in a timely manner to safeguard the needs of the most vulnerable. Any change in the approach of risk management has the potential to impact on the council's resources and budget but despite changes, provision of services to support safeguarding of adults and children remain in place.	Customer/ citizen	4	5	20	* Services to support the most vulnerable remain in place including work on our most complex families including through the Stronger Families, Stronger Communities initiative; * Programmes to reduce risk, eg alcohol, drugs and alcohol; * Working with partners and others across children and adults services to improve understanding of threshold referrals so that risks can be better held in the community; * Commissioners working with the Governance Board to ensure appropriate levels of training and support for staff delivering services with the council and council commissioned services * Looked After Children (LAC) a clear corporate priority and overseen by the Corporate Parenting sub-committee of Policy and Resources Committee.	3	5	15 RED Now Replaced with 2 individual risks

Brighton & Hove City Council Strategic Risk Register 2013/2014 - reviewed by Executive Leadership Team (ELT) May 2013

Risks are set out in order of Residual Risk Score (a combination of likelihood and impact)

See final page for information on risk scoring and terms used

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

Risk Scoring

The City Council uses this risk matrix to “score”, i.e. assess the likelihood and impact of the risk scenario occurring and its potential consequences if it did, and how it would affect achievement of the council’s objectives.

Terms Used

- Strategic Risk Register – a document which details the current prioritised issues which affect the achievement of the Council’s objectives, including in relation to its work with others across the city to address city priorities
- Strategic Risk No. – a unique number allocated to each strategic risk. As these risks are managed, these unique risks may be removed from the Strategic Risk Register and in that case, a gap in sequential numbering will arise
- Risk Scenario – a potential or actual risk or opportunity which needs to be managed in order to better achieve the council’s objectives
- Potential Consequences – those which may arise if the risk scenario occurs
- Initial Likelihood/Impact Scores – the initial score for the risk scenario before the current Mitigating Controls and Actions are considered
- RAG rating – a way to colour code risks to prioritise them. “RAG” derives from the initials of Red, Amber, Green although for risk management it is common to have the extra colour of Yellow
- Mitigating Controls and Actions – these are already in place and operating to reduce/mitigate the likelihood and/or impact of the risk scenario and potential consequences
- Residual Likelihood/Impact Scores – assessed after taking into account the Mitigating Controls & Actions to provide a more “realistic” prioritisation of risks compared against each other
- Risk Category – there is a standard list of risk categories which are designed to ensure a “rounded” consideration of risks from a number of different perspectives. By recording the Risk Category, it enables analysis across the risks contained in a risk register



Brighton & Hove City Council

Strategic Risk Assessment Report




Risk Category - BHCC Strategic Risk;



ROM Issue:	Financial Outlook for the Council	Responsible Officer:	Catherine Vaughan
		Risk Code:	SR2

Identified Reductions in central government funding are expected to continue well beyond the current Comprehensive Spending Review period through to 2020. The changes to local government funding introduced in 2013/14 will also transfer greater risks to the council, particularly in relation to Business Rate valuation appeals. There is a cumulative impact of reductions in government funding to other public agencies in the city.

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

Initial:	High		Revised:	High		Future:	Significant	
Risk Identified Date:	15/5/2012		Date Modified:	4/6/2013		Date Modified:	17/5/2012	

Risk Category:
 - BHCC Strategic Risk
 - Economic / Financial

Existing Controls:

- * Ongoing review of the adequacy of risk provisions and reserves to support the budget strategy and to ensure financial resilience;
- * Closer alignment of Corporate Plan and MTFs;
- * City Management Board and Finance Directors reviewing city wide impact and opportunities for joint budget planning;
- * Development of skills and knowledge to support options appraisal of new delivery models;
- * Ongoing consultation and engagement plan for budget setting including with staff, partners, business sector and Community & Voluntary Sector;
- * Close monitoring of council tax and business rates income and regular updating of forecasts.

Effectiveness of Controls: Adequate

Issue Type: Threat

Risk Treatment: Treat, Treat




Solutions: Meet Targeted Budget Management (TBM) reporting timetable
 Implement budget setting timetable and process
 Review VFM programme and develop further initiatives for 2014/15
 Continue to monitor impact of health sector reforms and local savings strategies
 Regular joint updates to City Management Board on partners' financial positions and strategies
 Monthly Modernisation programme boards

ROM Issue:	Economic Resilience and Sustainable Economic Growth	Responsible Officer:	Geoff Raw
		Risk Code:	SR4

Identified The council has a significant role in championing the city economy and attracting inward investment. It uses its own land and property portfolio to contribute to this alongside a range of policy levers including: housing, planning, economic development, leisure, tourism, education performance and public investment powers

Potential Conseq

- * The city's economy falters in the wake of difficulties in the national and international economy
- * Business, community, employee and employment expectations and aspirations not met and reputation affected
- * Failure to sustain local businesses and attract new investment in the city
- * Failure to achieve Corporate Plan objectives
- * Business Rate income to the city is adversely affected

Initial:	High		Revised:	Significant		Future:	Significant	
Risk Identified Date:	8/5/2013		Date Modified:	23/5/2013		Date Modified:	23/5/2013	

Risk Category:

- BHCC Strategic Risk
- Economic / Financial

Existing Controls:

- * Greater Brighton City Deal initiative has established governance arrangements to support local economic growth and well being
- * The Council continues to work closely with the Local Enterprise Partnership to influence the economic development strategy and has successfully bid for Growing Places Funding
- * Council is exploring a variety of policy and financial levers to unlock sustainable growth including housing led regeneration with the Housing & Communities Agency (HCA)
- * The City Plan will take account of new legislation affecting planning, including s106 requirements, and impacts on citizens, developers and businesses
- * Continue to develop the investment options in relation to the council's Asset Management Strategy and work on Major Projects
- * The Brighton & Hove Economic Partnership are hosting an investment prospectus for the city
- * Planning service to develop an enabling service approach: reflecting local priorities; encouraging best design and building practice; providing certainty to developers; and improving the reputation of the council
- * Major transport project bid is in the process of consideration by the EU Structural Fund

Effectiveness of Controls: Adequate

Issue Type: Threat

Risk Treatment: Treat, Treat

Solutions:

The council will explore how best to ensure that policy decisions and operational activities give stronger consideration to their impact on the business vitality of the city

Refresh the economic strategy for the city, with city partners, to reflect changes in local authority powers and finance (eg Business Rate Retention) and emerging opportunities in the public and private sectors

Complete the submission of the Greater Brighton City Deal bid

Within its commissioning frameworks the council is exploring opportunities to improve the "look and feel" of the public realm in the main commercial areas of the city

ROM Issue:	Becoming a more sustainable city	Responsible Officer:	Geoff Raw
		Risk Code:	SR8

Identified The council has an important civic leadership role in working with others to prepare the city for the current changing pattern of severe weather events and other, longer-term impacts of climate change locally. This includes:

- * managing the efficiency of buildings and facilities operated by the council
- * reducing the environmental impact of council services and how they are delivered
- * strengthening the resilience of the city's energy, waste management, water and land resource arrangements

Potential Conseq Depending on the council's actions, it may affect:

- * compliance with our commitment to be a One Planet City
- * ability to attract inward investment and environmental industries to the city
- * maintenance of essential routes and services with particular implications for vulnerable residents and businesses in vulnerable locations
- * the city's long term resilience to potential increases in the costs of food, energy and travel
- * performance against agreed targets and compliance with environmental legislation (e.g. air quality)
- * residents and businesses, if partners fail to plan for severe weather events, e.g. maintain essential routes and services to support vulnerable people
- * the city's longer term future climate change adaptation and increased resilience to increased costs of food, energy, materials
- * performance against stated targets and compliance with environmental legislation
- * ability to demonstrate the city's sustainability credentials in comparison with other similar cities

Initial:	Significant		Revised:	Significant		Future:	Significant	
Risk Identified Date:	8/5/2013		Date Modified:	23/5/2013		Date Modified:	16/5/2012	

Risk Category:

- BHCC Strategic Risk
- Environmental / Sustainability

Existing Controls:

- * Continue to work in partnership with East Sussex County Council in a contract with Veiola to reduce landfill reductions as a result of the Energy Recovery Facility at Newhaven
- * Action plan to set out progress on all targets the council has to meet and quantify impact
- * The economic strategy and City Deal are exploring the opportunity to reduce carbon emissions through local economic development, including promoting a research and development Eco-Tech capacity for sustainable business solutions within the city, and for re-sale across the globe
- * Council support for the City Food Strategy and commitment to take on board findings in relation to the City Council's operations
- * Carbon Management Programme Board in place to oversee internal carbon reduction
- * Carbon budgets are reviewed with clear action plans to meet targets
- * Agreement for council targets on water, waste and sustainable/ethical procurement minimum standards and the installation of monitoring equipment
- * Installation of metering of water and energy on council premises to reduce waste
- * Targets and standards introduced as part of the sustainable and ethical procurement process
- * Adoption of One Planet Living principles for the city




Effectiveness of Controls: Uncertain **Issue Type:** Threat
Risk Treatment: Treat, Treat

Solutions: Achieve results set out in council's VFM 3 programme on Carbon reduction to improve the council's own environmental performance; and establish annual council carbon budget
Continue work with partners with aim of implementing a major energy efficiency improvement in homes across the city through HM Government's "Green Deal"
Implement the One Planet Living Action Plan
Complete the Local Bio-Diversity Action Plan and Biosphere Reserve bid to UNESCO
Investigate scope for refurbishment and maintenance of council property to incorporate energy and water performance measures, and other improvements eg, photovoltaic devices

ROM Issue:	Information Governance Management	Responsible Officer:	Executive Director Finance & Resources & Senior Information Risk Owner (SIRO)
		Risk Code:	SR10

Identified The council must operate to a high standard of information governance within the overall context of openness and transparency.

Potential Conseq The council recognises that if it fails to manage data effectively then :
 * Individuals may suffer loss or damage
 * The council may suffer loss of reputation, financial penalties and/or other enforcement penalties
 * It may result in a loss of trust in the council by citizens and partners and sub-optimal decision making.

Initial:	High		Revised:	Significant		Future:	Significant	
Risk Identified Date:	8/5/2012		Date Modified:	23/5/2013		Date Modified:	12/10/2012	

- Risk Category:**
- BHCC Strategic Risk
 - Customer / Citizen
 - Legislative
 - Professional / Managerial

Existing Controls:

- * Information Management Board oversees this risk;
- * An action plan to deliver the improvements identified by the Information Commissioner's Office is in place covering staff awareness and training, review and update of all policies and guidance, security review management and records management;
- * Open Government Licence implemented to support open government agenda and records management;
- * Freedom of Information requests – streamlined process being developed.

Effectiveness of Controls: Uncertain

Issue Type: Threat




Risk Treatment: Treat, Treat

Solutions: Information Management Board to develop arrangements and, through Heads of Service, develop accountability for information asset ownership – ongoing
 Information Management Board identified funding to meet implementation streams to meet compliance standards. Further work to follow

ROM Issue:	Welfare Reform	Responsible Officer:	Catherine Vaughan
		Risk Code:	SR 11

Identified The government is implementing widespread welfare reforms and support for council tax has been localised. Introduction of the Universal Credit initiative and changes to housing benefits are expected to have a wide-ranging impact on the council and the city.

Potential Conseq There will be significantly less housing benefit funding in the city. It is complex to predict the impact on individuals and households. There may be increased risk of vulnerability, homelessness and an impact on income collection.

Initial:	High		Revised:	High		Future:	High	
Risk Identified Date:	9/5/2012		Date Modified:	4/6/2013		Date Modified:	23/5/2013	

Risk Category:

- BHCC Strategic Risk
- Customer / Citizen

Existing Controls:

- * Cross-council programme management approach to welfare reform, links with other strategies i.e. financial inclusion, digital inclusion, Stronger Families, Stronger Communities Partnership;
- * Additional funding to implement welfare reform included in the budget;
- * Additional discretionary funding identified and policies agreed;
- * Monitoring framework being developed to assess service and equalities impacts of welfare reform;
- * Close monitoring of income collection from council tax and housing rents and corporate critical homelessness budget;
- * Approach to implementation of social housing sector size criteria agreed by Housing Committee.

Effectiveness of Controls: Adequate

Issue Type: Threat




Risk Treatment: Treat, Treat

Solutions: Continue to implement measures and develop approach
 Monitor best practice from other Local Authorities and emerging government guidance
 Review of financial advice and financial inclusion issues arising from these reforms

ROM Issue:	Maintaining Seafront as an asset to the city	Responsible Officer:	Paula Murray and Geoff Raw
		Risk Code:	SR12

Identified The city council is the lead custodian of the city’s iconic seafront. This involves both maintenance of historic infrastructure and development of key and iconic sites. The seafront is the city’s shopfront, a very significant attraction in our visitor economy and a series of important public spaces for our residents. There are 5 million people along our seafront every year.

Potential Conseq The heritage structures and infrastructure managed by the council along the seafront require significant investment. Not all existing assets have received the investment needed to meet the changing patterns and demands of usage. The arches which house many of the seafront businesses are intrinsic to the seafront’s commercial success and are part of the structural support for the city’s major highway the A259 road and footways, many of the structures require significant refurbishment and are under constant monitoring. Madeira Terraces is another current example, where extensive additional financing and resources are needed to meet the refurbishment needs identified.

Initial:	High		Revised:	High		Future:	High	
Risk Identified Date:	8/5/2013		Date Modified:	23/5/2013		Date Modified:	23/5/2013	

Risk Category:
 - BHCC Strategic Risk
 - Physical

Existing Controls:

- * Seafront arch repair programme to be delivered over 10 years from 2012;
- * Commissioned structural surveys, e.g. principal inspection of Madeira Terrace and a programme of structural surveys of arches and other seafront structures;
- * Ongoing visual inspection on day to day basis by seafront team;
- * Specialist functions involved in cross council working group to identify, prioritise and report issues.




Effectiveness of Controls: Uncertain
Issue Type: Threat
Risk Treatment: Treat, Treat

Solutions: Further investigate issues to develop approach
 Regular focus by specialist functions, issues to be reported to Risk Owners

ROM Issue:	Keeping vulnerable adults safe from harm and abuse	Responsible Officer:	Denise D'Souza
		Risk Code:	SR13

Identified Keeping vulnerable adults safe from harm and abuse is a legal responsibility of the council. Brighton & Hove City Council have a statutory duty to co-ordinate safeguarding work across the City, and to lead the Safeguarding Adults Board which oversees work locally, in partnership with Police, Health and Social Care providers. Over 1400 concerns were raised last year about vulnerable people, 700 progressed to safeguarding referrals requiring investigation.

Potential Conseq Cases are more complex and demands can vary. The council is able to respond appropriately at a time of change and contact is vital to protect those most vulnerable.

Initial:	High		Revised:	Significant		Future:	Significant	
Risk Identified Date:	8/5/2013		Date Modified:	23/5/2013		Date Modified:	23/5/2013	

Risk Category:
 - BHCC Strategic Risk
 - Customer / Citizen

- Existing Controls:**
- * Awareness through messages and training;
 - * Safeguarding
 - * Learning from serious case reviews, coroners concerns and case review from national work;
 - * Good multi-agency work: Pilot role and access point from Police;
 - * Audit of Safeguarding investigations and alerts (to check as appropriate);
 - * Maintain the role and numbers of professional social workers through service redesign and voluntary severance to ensure capacity;
 - * Multi-agency training in place for better awareness, investigation management;
 - * Highly motivated social workers
 - * Assessment of need using agreed threshold policies and procedures;
 - * Staff provided with learning opportunities and undertake continuous professional development.

Effectiveness of Controls: Adequate

Issue Type: Threat
Risk Treatment: Treat, Treat

Solutions: From multi-agency work with Police, review pilot to inform service delviery
 Continue to raise awareness through messages and training
 Continue to learn from serious case reviews, coroners concerns and case review from national work

ROM Issue:	Pay & Allowances Modernisation	Responsible Officer:	Penny Thompson
		Risk Code:	SR14

Identified The pay, terms and conditions of employees of Brighton & Hove City Council are constructed from a number of different sources. Key terms and conditions such as pension rights and entitlement to sick pay are agreed nationally. Basic pay is governed by the council's job evaluation and grading system which was implemented in January 2010 and the rates of pay are set in accordance with nationally agreed pay scales. In addition, a significant number of staff receive allowances and additional payments because of the nature and pattern of the work that they do. These allowances are locally determined but over time the current system has become complex, is based on historic requirements and is no longer fit for purpose. Pay Modernisation is designed to implement a new system of allowances that is fair, consistent, modern and transparent and takes into account relevant legislation and case law, in particular in relation to equal pay and broader employment law.

Potential Conseq Pay Modernisation is critical to ensure a fair, consistent, modern and transparent system of pay. Failure to implement an appropriate system of pay could lead to significantly greater legal and financial risks in future; service disruption during the implementation phase; and reputational damage.

Initial:	High		Revised:	Significant		Future:	Significant	
Risk Identified Date:	8/5/2013		Date Modified:	23/5/2013		Date Modified:	23/5/2013	

Risk Category:
 - BHCC Strategic Risk
 - Professional / Managerial

Existing Controls:

- * Agreement from Policy & Resources Committee to negotiate new allowances structure;
- * Clear officer governance structure set up for communications, negotiations and decision-making;
- * Clear communication strategy for members, staff and officers;
- * Identified staff and other resources in Finance, Legal and HR to support negotiations, pay modelling and financial and legal implications;
- * Refreshed Business Continuity Plans




Effectiveness of Controls: Adequate

Issue Type: Threat
Risk Treatment: Treat, Treat

ROM Issue:	Keeping children safe from harm and abuse	Responsible Officer:	Heather Tomlinson
		Risk Code:	SR15

Identified Keeping vulnerable children safe from harm and abuse is a legal responsibility of the Council. Legislation requires all local authorities to act in accordance with national guidance (Working Together) to ensure robust safeguarding practice. This includes the responsibility to ensure an effective Local Safeguarding Children Board which oversees work locally and in partnership with Police, Health and social care providers. The numbers of children in care, and with Child Protection and Children in Need plans, are significantly higher than in similar authorities (1780).

Potential Conseq The complexity of circumstances for many children presents a constant state of risk. Understanding and managing risk demands informed and reflective professional judgement, and often urgent and decisive action, by all agencies using agreed thresholds and procedures. Such complexity inevitably presents a high degree of risk. Children subject to abuse and neglect are unlikely to achieve and maintain a satisfactory level of health or development, or their health and development will be significantly impaired. In some circumstances, abuse and neglect may lead to a child's death.

Initial:	High		Revised:	Significant		Future:	Significant	
Risk Identified Date:	8/5/2013		Date Modified:	23/5/2013		Date Modified:	23/5/2013	

Risk Category:
 - BHCC Strategic Risk
 - Customer / Citizen

Existing Controls:

- * LSBC Work Plan and strong leadership by the Independent Chair
- * Serious Case, Local Management and Child Death Reviews to identify and learning and action for improvement
- * Robust audit of case files and safeguarding practice
- * Clarity regarding roles, responsibilities and accountabilities of all professionals and agencies
- * Robust assessment of need using agreed thresholds, policies and procedures
- * Continuous professional development and learning opportunities
- * Integrated Teams providing targeted support to the most troubled families (Stronger Families, Stronger Communities programme).

Effectiveness of Controls: Uncertain
Issue Type: Threat
Risk Treatment: Treat, Treat

Solutions: Ensure multi agency Quality Assurance and audit arrangements.
 Address failures in ICT information storage and retrieval processes to ensure appropriate access to case files by social workers.
 Develop use of Patchwork: a multi-agency information sharing tool
 Ensure coherent early help strategy and provision for school age children
 Establish a multi-agency hub (MASH) in partnership with the Police.

Subject:	Strategic Risk Management Action Plan Focus: <ul style="list-style-type: none">• SR2 - Financial Outlook; and• SR11 - Welfare Reform.	
Date of Meeting:	25 June 2013	
Report of:	Executive Director, Finance & Resources	
Contact Officer: Name:	Jackie Algar	Tel: 29- 1273
Email:	Jackie.algar@brighton-hove.gov.uk	
Ward(s) affected:	All	

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The Committee has a role to monitor the effectiveness of risk management and internal control by oversight of the Strategic Risk Register and a Risk Management Action Plan ("risk MAP") for each risk which is owned by a member of the Executive Leadership Team.
- 1.2 At each Audit & Standards Committee meeting there is normally focus on two strategic risks so that over the course of a year all strategic risk MAPs receive attention. The risk owner responsible for delivery of action to mitigate the risk attends to enable the Committee to have the opportunity to understand further background to the strategic risks and the actions taken.
- 1.3 The Risk Owner for both SR2 - Financial Outlook and SR11 – Welfare Reform is Catherine Vaughan, Executive Director Finance & Resources.

2. RECOMMENDATIONS:

- 2.1 That Members ask questions of the Risk Owner for this Strategic Risks based on the information provided in the Strategic Risk MAPs.
- 2.2 That, having considered the Strategic Risk MAPs and the Risk Owner's response, the Committee make any recommendations it considers appropriate to the relevant council body.

3. FINANCIAL & OTHER IMPLICATIONS:Financial Implications:

- 3.1 Each Strategic Risk MAP provides details of the actions already in place ("Existing Controls") or work to be done as part of business or project plans (the "Solutions") to address each strategic risk. Potentially these may have significant financial implications for the authority either directly or indirectly.

The associated financial risks are considered during the Targeted Budget Management process, the development of the Medium Term Financial Strategy and budget strategies.

Finance Officer Consulted: James Hengeveld

Date: 28 May 2013

3.2 Legal Implications:

Members of the Committee are entitled to information, data and other evidence which enable them to reach an informed view as to whether the council's strategic risks are being adequately managed; and to make recommendations based on their conclusions.

Lawyer Consulted:

Oliver Dixon

Date: 29 May 2013

SUPPORTING DOCUMENTATION

Appendices:

1. None.

Documents in Members' Rooms

None.

Background Documents

1. Appendix 2 of the item, 'Strategic Risk Review 2013-14 & Risk Management Action Plans– Updated May 2013'.

Subject:	Review of the Effectiveness of the System of Internal Audit		
Date of Meeting:	25 June 2013		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name: Ian Withers	Tel: 29-1323	
	Email: Ian.withers@brighton0hove.gov.uk		
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The council is required to conduct an annual review of the effectiveness of its Internal Audit, the findings of which to be considered by a committee (the Audit & Standards Committee) of that body.
- 1.2 The process is also regarded as part of the wider annual review of the council's governance arrangements and production of the Annual Governance Statement.
- 1.3 A professional, independent and objective Internal Audit service is one the key elements of good governance, as recognised throughout the public sector

2. RECOMMENDATIONS:

It is recommended that the Audit & Standards Committee:

- 2.1 Considers the findings of the review of the effectiveness of Internal Audit, in particular the conclusion that the Council operates an effective of Internal Audit Service.
- 2.2 To request an update on progress in implementing the actions arising from the effectiveness review, as part of Internal Audit Progress Report 2013/14 in September 2013.
- 2.3 Note the conclusion of the review that the system of internal audit for Brighton & Hove City Council continues to be effective and operating in accordance with accepted professional practice. Further that the council can place reliance on the system of internal audit for the purpose of its Annual Governance Statement.

3. BACKGROUND

Legislative Requirements

- 3.1 The Accounts and Audit Regulations 2011 requires local authorities to undertake at least once in each year *“a review of the effectiveness of its internal audit and have the findings considered by a committee”*.
- 3.2 All local authorities have a statutory requirement to make provision for internal audit and for the purpose of the regulations, in accordance with proper practices. The recently published Public Sector Internal Audit Standards together with the Local Government Application Notes have been cited by the Department of Communities & Local Government (DCLG) as meeting this purpose.
- 3.3 The Committee was updated in a report to its April meeting, on the new Public Sector Internal Audit Standards effective from 1st April 2013 in particular the implications and key changes from the previous Code of Practice for Internal Audit in Local Government. The Local Government Application Note was published by the Chartered Institute of Public Finance and accountancy in May 2013.

Defining the Effectiveness of system of Internal Audit

- 3.4 To be “effective” the Internal Audit shall aspire to:
- § Under the whole organisation, its needs and objectives;
 - § Be seen as a catalyst for improvement at the heart of the Council;
 - § Be forward looking, knowing where the Council wishes to be and aware of the national agenda and impact’
 - § Add value and assist the council in achieving its objectives;
 - § Provide credible and evidenced assurance to management on the operation of the internal control environment;
 - § Provide appropriate advice and support to management to ensure efficiency, effectiveness and economy of their services and functions and to help them respond to new and emerging issues
 - § Act as a catalyst for change, add value and assist in achieving the authority’s objectives (i.e. solutions and impact in making a positive difference)
 - § Understand its position within the authority and plan and undertake its work accordingly, working in partnership with relevant stakeholders
 - § Help shape the ethics and culture of the organisation
 - § Utilise and target its resources efficiently and effectively

4. PROCESS

Public Sector Internal Audit Standards

- 4.1 The Public Sector Internal Audit Standards requires an annual self assessment to be carried out and then every five years an external review. Conformance with professional standards and best practice is seen as the foundation for an effective Internal Audit service.
- 4.2 In order to reach an opinion on the extent to which the Internal Audit function is complying with the Public Sector Internal Audit Standards and Local Government Application Note, a self assessment questionnaire was used, comprising of 344 questions.
- 4.3 The self-assessment against the Standards comprised the following areas:

Definition of Internal Auditing

Code of Ethics

Attributable Standards

- Purpose, authority and responsibility
- Independence and objectivity
- Proficiency and due professional care
- Quality assurance and improvement programme

Performance Standards

- Managing the internal audit activity
- Nature of work
- Engagement planning
- Performing the engagement
- Communicating results
- Monitoring progress
- Communicating the acceptance of risks

5. OUTCOME AND ACTIONS

- 5.1 From the evidence of this review, it is considered that the Council's Internal Audit service continues to be effective.
- 5.2 A summary of the self-assessment against each of these areas is shown at Appendix 1 that includes an opinion on each area, comments on any partial or non conformance and actions required.

5.3 As a broad measure, of the 344 self assessment questions conformance was assessed at 94%. None of the questions not met, are considered to have a significant impact to the effectiveness of Internal Audit.

5.4 The following are the actions required resulting from the self- assessment:

To ensure full conformance with the Public Sector Internal Audit Standards and Local Government Application Notes:

- Although it will still not fully comply, improved information to be provided to the Audit & Standards Committee on financial resources for Internal Audit.
- All staff need to meet the required level of competency on Information governance, counter fraud and use of Computer Audit Assisted Techniques (CAATs) and Data Analytics and therefore some individuals have been identified who need to receive training by a suitable provider;
- The new requirement of a Quality Action Programme must be introduced;
- Develop a process for a five year external assessment of Internal Audit and agreement with the Audit & Standards Committee;
- There needs to be a clear process in relation to identifying and undertaking consultancy activities;
- Specific assurance on Information Technology Governance that supports the Council's strategies and objectives; and
- Introduce a procedure for undertaking consultancy.

Further improvements for the Internal Audit Service to meet best practice

- Review process of feedback from stakeholders and customers including liaison and satisfaction questionnaires;
- Promoting of the role and responsibilities of Internal Audit including its role in relation to improvement and value for money and brief factsheet/brochure to be provided and discussed at audit review entry meetings; and
- Updating of the Internal Audit Manual which provides technical guidance to staff on conducting audit work and refresher training provided.

5.5 The Head of Audit & Business Risk will be responsible for ensuring the implementation of the actions to achieve full conformance to the PSIA's and LGAN for improvement and provide an update on progress as necessary, part of normal progress.

Outcome of Benchmarking of Internal Audit

- 5.6 The Council participates in an annual benchmarking exercise organised by provided by CIPFA, to make comparison with other internal audit functions provided by similar local authorities..
- 5.7 It is not a requirement of either the PSIAS or LGAN to participate in this type of exercise but useful to further demonstrating effectiveness and value of the service.
- 5.8 The results from the 2011/12 benchmarking exercise have currently not been released by CIPFA but are likely to be available by the date of the Committee Meeting and if so a verbal update will be provided.
- 5.9 Results from the 2011/12 benchmarking exercise showed the Council's Internal Audit to continue to be above average for performance and efficiency and below average in terms of service costs when compared with similar local authorities.

6. FINANCIAL & OTHER IMPLICATIONS:

6.1 Financial Implications:

The minor improvements identified within this review can be managed within the budget of Audit & Business Risk for 2013/14.

Finance Officer Consulted: James Hengeveld

11/06/13

6.2 Legal Implications:

The Audit & Standards Committee is the Council's designated committee for discharging the statutory duty under Part 2 of The Accounts and Audit (England) Regulations 2011 to consider the findings of the Council's review of the effectiveness of its system of internal control.

Lawyer
13/06/13

consulted:

Oliver

Dixon

6.3 Equalities Implications:

When carrying out audit work, any equality issues identified are reported to the appropriate level of management. The Internal Audit Strategy and Annual Audit Plan recognises the Council's priorities in respect to Equality and Diversity and how Internal Audit will meet them.

6.4 Sustainability Implications:

When carrying out audit work, any sustainability issues identified are reported to the appropriate level of management.

6.5 Crime & Disorder Implications:

When carrying out audit work, any crime and disorder issues identified are reported to the appropriate level of management.

6.6 Risk and Opportunity Management Implications:

An effective Internal Audit service is essential in providing independent assurance over the management of risks.

6.7 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. Conformance with the Public Sector Internal Audit Standards and the Local Government Application Note – Self Assessment

Background Documents

1. Accounts & Audit Regulations 2011 (Amended)
2. Public Sector Internal Audit Standards (2013)
3. Local Government Application Note (2013)
4. Internal Audit Strategy and Annual Audit Plan
5. Internal Audit Charter

Conformance with the Public Sector Internal Audit Standards and the Local Government Application Note – Self Assessment Summary

Standards	Assessed Conformance				Opinion	Actions
	Yes	No	Part	N/A		
Definition of Internal Audit	3	0	0	0	Full Conformance	
Code of Ethics	13	0	0	0	Full Conformance	
Attribute Standards						
Purpose, Authority and Responsibility	23	0	0	0	Full Conformance	
Independence and Objectivity	34	2	0	1	Partial Conformance Non conformance relates to the Audit & Standards Committee approving the Internal Audit Budget, the resourcing levels are determined by the Chief Finance Officer and Full Council has responsibility for the overall Council budget.	Although will not comply in full, improved information to be provided to the Audit & Standards Committee on financial resources.

Standards	Assessed Conformance				Opinion	Actions
	Yes	No	Part	N/A		
					The responsibility for appointing and removing the Head of Audit & Business Risk will remain with the Chief Finance Officer but in consultation with the Chair of the Audit & Standards Committee and Chief Executive, in line with other council appointment processes.	
Proficiency and Due Professional Care	18	0	3	0	Partial Conformance Part relates to a few staff assessed as not fully proficient in ICT governance, counter fraud, and CAATS/Data Analytic skills.	All staff need to meet the required level of competency on Information governance, counter fraud and use of CAATs and Data Analytics and therefore some individuals have been identified who need to receive training by a suitable provider.
Quality assurance and improvement programme	20	3	5	0	Partial Conformance Non conformance (3) relates to new requirement to have a Quality Improvement Programme (QAP). Further details are being provided on the requirements. Partial conformances (5) relate to the five year external assessment, its development,	The new requirement of a Quality Action Programme must be introduced. Develop a process for a five year external assessment of Internal Audit and agreement with

Standards	Assessed Conformance				Opinion	Actions
	Yes	No	Part	N/A		
					undertaking and monitoring.	the Audit & Standards Committee.
Performance Standards						
Managing the internal audit activity	46	0	0	1	Full Conformance N/A refers to the External Auditor as also as Internal Audit.	
Nature of work	30	0	1	0	Partial Conformance Although currently part of the general annual opinion on governance, risk management and internal control. New requirement for specific assurance on the or the organisations information technology governance that supports the organisations strategies and objectives	Specific assurance on Information Technology Governance that supports the Council's strategies and objectives
Engagement planning	54	0	0	5	Partial Conformance Partial conformances (5) relate to consultancy services provided. In general not a part of the internal audit activity although has been carried out and potential for increasing in the future.	Introduce a procedure for undertaking consultancy

Standards	Assessed Conformance				Opinion	Actions
	Yes	No	Part	N/A		
Performing the engagement	23	0	0	0	Full Conformance	
Communicating results	53	0	0	0	Full Conformance	
Monitoring progress	4	0	0	0	Full Conformance	
Communicating the acceptance of risks	2	0	0	0	Full Conformance	
	324	5	8	7		

