





Brighton & Hove
City Council

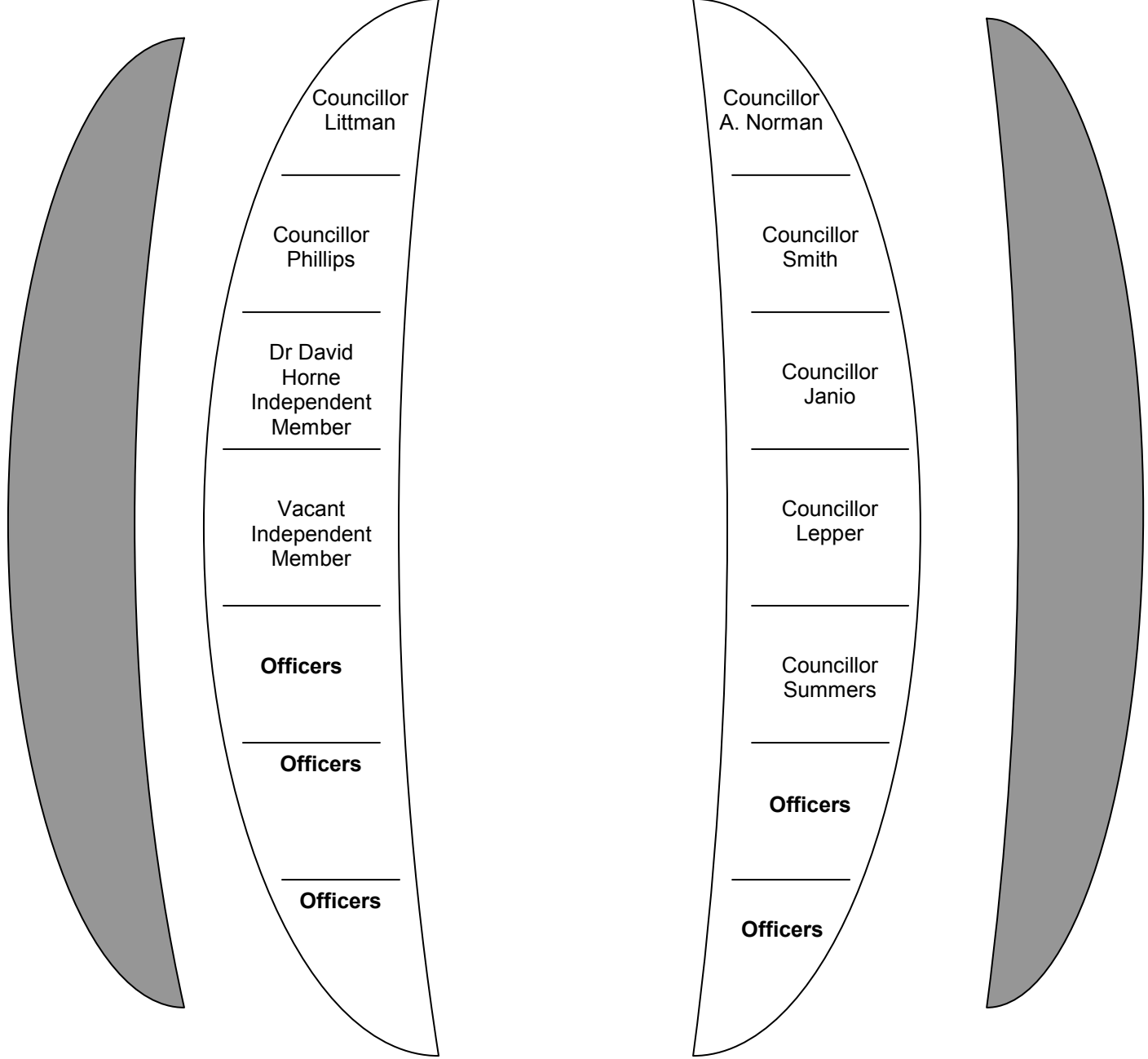
Audit & Standards Committee

Title:	Audit & Standards Committee
Date:	18 November 2014
Time:	4.00pm
Venue	Council Chamber, Hove Town Hall
Members:	Councillors: Hamilton (Chair), A Norman (Opposition Spokesperson), Janio, Lepper, Littman (Opposition Spokesperson), Smith, Summers and Phillips Co-opted Members: Dr David Horne and Vacancy
Contact:	Lisa Johnson Senior Democratic Services Officer 01273 291228 lisa.johnson@brighton-hove.gov.uk

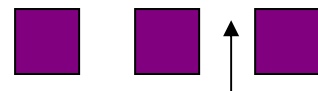
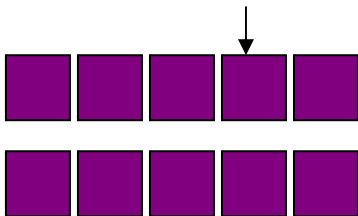
	The Town Hall has facilities for wheelchair users, including lifts and toilets
	An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter and infra red hearing aids are available for use during the meeting. If you require any further information or assistance, please contact the receptionist on arrival.
	FIRE / EMERGENCY EVACUATION PROCEDURE If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions: <ul style="list-style-type: none">• You should proceed calmly; do not run and do not use the lifts;• Do not stop to collect personal belongings;• Once you are outside, please do not wait immediately next to the building, but move some distance away and await further instructions; and• Do not re-enter the building until told that it is safe to do so.

Democratic Services: Audit & Standards Committee

Head of Legal & Democratic Services	Councillor Hamilton Chair	Executive Director Finance & Resources	Democratic Services Officer
-------------------------------------	---------------------------	--	-----------------------------



Public Seating



Press

AGENDA

37 PROCEDURAL BUSINESS

(a) **Declaration of Substitutes:** Where Councillors are unable to attend a meeting, a substitute Member from the same Political Group may attend, speak and vote in their place for that meeting.

(b) **Declarations of Interest:**

- (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.

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

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

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

38 MINUTES

1 - 6

To consider the minutes of the meeting held on 23 September 2014 (copy attached).

39 CHAIR'S COMMUNICATIONS

AUDIT & STANDARDS COMMITTEE

40 PUBLIC INVOLVEMENT

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

- (a) **Petitions:** to receive any petitions presented to the full council or at the meeting itself;
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 11 November 2014;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 11 November 2014.

41 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.

STANDARDS ITEMS

42 MEMBER COMPLAINTS UPDATE 7 - 16

Report of the Monitoring Officer (copy attached)

Contact Officer: Brian Foley *Tel:* 291229

Ward Affected: All Wards

INFORMATION ITEMS FROM THE POLICY & RESOURCES COMMITTEE

43 TARGETED BUDGET MANAGEMENT (TBM) 2014/15 MONTH 5 17 - 20

Extract from the proceedings of the Policy & Resources Committee meeting held on 16 October 2014 (copy attached).

AUDIT ITEMS

44 STRATEGIC RISK MAP FOCUS: SR10 - INFORMATION GOVERNANCE MANAGEMENT; SR21 HOUSING PRESSURES; AND SR8 BECOMING A MORE SUSTAINABLE CITY 21 - 28

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

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

Ward Affected: All Wards

45 REVIEW OF CODE OF CONDUCT FOR MEMBERS 29 - 38

Report of the Monitoring Officer (copy attached)

Contact Officer: Oliver Dixon *Tel:* 29-1512

AUDIT & STANDARDS COMMITTEE

Ward Affected: All Wards

46 COUNCIL'S PERFORMANCE DEVELOPMENT PLANS 39 - 50

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

Contact Officer: Sue Moorman Tel: 01273 293629

Ward Affected: All Wards

47 INFORMATION MANAGEMENT RISK UPDATE (SR10) 51 - 58

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

Contact Officer: Mark Watson Tel: 29-1585

Ward Affected: All Wards

48 EY: PROGRESS REPORT 2014/15 59 - 72

Report of the External Auditors (copy attached)

49 EY: ANNUAL AUDIT LETTER 2013/14 73 - 90

Report of the External Auditors (copy attached)

50 INTERNAL AUDIT PROGRESS REPORT 91 - 98

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

Contact Officer: Mark Dallen Tel: 29- 1314

Ward Affected: All Wards

51 ITEMS REFERRED FOR COUNCIL

To consider items to be submitted to the 11 December 2014 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

PART TWO

52 PART TWO PROCEEDINGS

To consider whether the items listed in Part Two of the agenda and

AUDIT & STANDARDS COMMITTEE

decisions thereon should remain exempt from disclosure to the press and public.

53 INTERNAL AUDIT PROGRESS REPORT - EXEMPT CATEGORY 3 99 - 100

Appendix 2 to the report of the Executive Director Finance & Resources, listed as Item 50 on the agenda (circulated to Members of the Committee only)

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

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

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

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

WEBCASTING NOTICE

This meeting may be filmed for live or subsequent broadcast via the Council's website. At the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed.

You should be aware that the Council is a Data Controller under the Data Protection Act 1988. Data collected during this web cast will be retained in accordance with the Council's published policy (Guidance for Employees' on the BHCC website).

Therefore by entering the meeting room and using the seats around the meeting tables you are deemed to be consenting to being filmed and to the possible use of those images and sound recordings for the purpose of web casting and/or Member training. If members of the public do not wish to have their image captured they should sit in the public gallery area.

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 Lisa Johnson, (01273 291228, email lisa.johnson@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk.

Date of Publication - Monday, 10 November 2014

BRIGHTON & HOVE CITY COUNCIL
AUDIT & STANDARDS COMMITTEE
4.00pm 23 SEPTEMBER 2014
COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Hamilton (Chair), A Norman (Opposition Spokesperson), Lepper, Littman (Opposition Spokesperson), Summers, Phillips, Simson and K Norman

PART ONE

22 PROCEDURAL BUSINESS

22a Declarations of substitutes

22.1 Councillor Simson declared she was substituting for Councillor Janio
Councillor K Norman declared he was substituting for Councillor Smith.

22b Declarations of interests

22.2 There were none

22c Exclusion of the press and public

22.3 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.

22.4 **RESOLVED** - That the public are not excluded from the meeting.

23 MINUTES

23.1 **RESOLVED** – That the Chair be authorised to sign the minutes of the meeting held on 24 June 2014 as a correct record.

24 CHAIR'S COMMUNICATIONS

24.1 The Chair informed the Committee of the following:

Standards Panel training took place for members of this committee on 21 and 22 July 2014. For those members unable to attend in July, a further training session would take place on 29 September 2014, after which, all members of the Committee would be eligible to serve on Standards Panels for the remainder of 2014/15.

A cross-party working group would be set up to review the council's Code of Conduct for Members. Membership of the group and the date it would meet to be decided. The group would report its recommendations to this Committee on 18 November 2014.

Following the resignation of Dr Lel Meleyal in June, work was underway to appoint a replacement Independent Person. The position would be advertised shortly and a panel of members and officers would interview shortlisted candidates. A recommended appointment would then be put to full Council for approval.

25 CALL OVER

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

Item 28	Member Complaints Update
Item 29	Strategic Risk Map Focus Review Dates; Risk Map Focus on SR19 Implementation of the Care Act; SR20 Better Care Fund; SR13 Safeguarding Vulnerable Adults
Item 30	Corporate Fraud Update and Risks
Item 31	Internal Audit Progress Report 2014/15
Item 32	EY 2013/14 Audit Results Report
Item 33	Statement of Accounts 2013/14
Item 35	Treasury Management Policy Statement (Incorporating the Annual Investment Strategy) End of Year Review 2013/14

26 PUBLIC INVOLVEMENT

26.1 There were no Petitions, Written Questions or Deputations.

27 MEMBER INVOLVEMENT

27.1 There were no Petitions, Written Questions, Letters or Notices of Motion.

28 MEMBER COMPLAINTS UPDATE

- 28.1 The Committee considered the report of the Monitoring Officer, which was presented by the Standards and Complaints Manager. The report provided an update of the complaints received about Member conduct following the last report to the Audit & Standards Committee on 24 June 2014.
- 28.2 Councillor Simson noted that some complaints against Members were reported in the media, and asked what steps were taken to reassure the public that those matters were being investigated. The Standards and Complaints Manager said that this report was available to the public, and if a matter was referred to a Standards Panel those papers would also be made available. Officers worked with the Communications Team to deal with media enquiries.
- 28.3 **RESOLVED:** That the report be noted.

29 STRATEGIC RISK MAP FOCUS REVIEW DATES; AND RISK MAP FOCUS ON SR19 IMPLEMENTATION OF THE CARE ACT; SR20 BETTER CARE FUND; AND SR13 SAFEGUARDING VULNERABLE ADULTS

- 29.1 The Committee considered the report of the Executive Director of Finance and Resources, which focused on the Strategic Risk MAPs and was attended by the Executive Director, Adult Services who was present to answer Member's queries relating to this Strategic Risk Maps: SR19 Implementation of the Social Care Act, SR20 Better Care Fund, and SR13 Safeguarding Vulnerable Adults.
- 29.2 Councillor K Norman referred to SR 19 and said the implementation of the Act would entail additional work for staff, and asked for confirmation that staff would be able to undertake it and what the risk would be if they couldn't. The Executive Director, Adult Services said that the Authority was doing what it could to mitigate any risk i.e. ensuring staff were fully trained. However, at this stage it was not known what the full impact on staff would be. The Chair asked whether the department had sufficient staff. The Executive Director, Adult Services said that there should be, and that there would be additional resources to employ more staff to undertake the care assessments.
- 29.3 The Chair asked for confirmation that the Health and Wellbeing Board were involved with the implementation of the Care Act, and was advised they were and had signed off the Better Care Plans.
- 29.4 Councillor K Norman asked about the Better Care Board, and was advised that the Board met once a month and was attended by a range of care providers.
- 29.5 The Chair drew the attention of the Committee to the changes presented in Appendix 1, which provided more detail on the schedule for Risk Focus items as part of the Risk Management input at Audit & Standards Committee 2014/15.

29.6 **RESOLVED** – That the Committee noted the report.

30 CORPORATE FRAUD UPDATE AND RISKS

30.1 The Committee considered the report of the Executive Director of Finance and Resources, which was presented by the Acting Head of Internal Audit. The report provided an update on the proposed role and resourcing of the Corporate Fraud Team following the transfer of staff to the Department of Work and Pensions (DWP) under the Single Fraud Investigation Service (SFIS) programme.

30.2 Councillor A Norman asked what resources the Council had to address fraud within the Authority. The Acting Head of Internal Audit said that there was a team of four people. Councillor Summers noted that one of that team would be primarily involved in supporting the DWP and asked if that post was funded by the DWP. The Acting Head of Internal Audit said they would but the funding was quite complex and the detail was still being agreed.

30.3 **RESOLVED:** That the Committee noted the revised service arrangements and revised service priorities.

31 INTERNAL AUDIT PROGRESS REPORT 2014/15

31.1 The Committee considered the report of the Executive Director of Finance and Resources, which was presented by the Acting Head of Internal Audit. The report updated Members of the progress made against the Internal Audit Plan 2014/15, including outcomes of specific audit reviews completed and tracking of the implementation of recommendations.

31.2 Councillor A Norman referred to paragraph 6.3 of the report and asked about the progress of the VFM project. The Acting Head of Internal Audit said that procurement and legal experts would look at opportunities to make savings and ways to work more efficiently.

31.3 Councillor Summers referred to paragraph 4.1 and asked for more information about Highways and Blue Badges. The Acting Head of Internal Audit said that with regard to Highways, an overpayment had been made and clarification was required to confirm it had been recovered. He said he was not sure of the details regarding Blue Badges, but would find out and provide information after the meeting.

31.4 **RESOLVED:** That the Committee noted the progress made in delivering the Annual Internal Audit Plan 2014/15

32 EY 2013/14 AUDIT RESULTS REPORT

32.1 The Committee considered the report of the External Auditors, EY. The report was presented by Helen Thompson and Simon Mathers from EY.

- 32.2 Councillor Summers noted that the Authority had relatively high levels of spending and asked if, when setting the budget, comparisons were made with other Local Authorities. The Executive Director of Finance and Resources advised that they were.
- 32.3 Councillor A Norman noted that comparisons were made with the nearest similar Authorities, but asked if there were other ways that VFM could be assessed on areas such as dealing with homeless people or children who needed social care. Simon Mathers said that was a good point and comparisons could be made with other authorities with a similar population and not just neighbouring ones. The Executive Director of Finance and Resources said that the city had similar characteristics with some London borough and faced similar issues with homelessness and children in need.
- 32.4 RESOLVED:** that the Committee noted the report

33 STATEMENT OF ACCOUNTS 2013/14

- 33.1 The Committee considered the report of the Executive Director of Finance and Resources. The report provided information about the audit of the Council's 2013/14 Statement of Accounts and recommended approval of the 2013/14 accounts the Letter of Representation on behalf of the Council. It also provided information about additional disclosure in the Annual Governance Statement.
- 33.2 The Chair thanked Jane Strudwick, Head of Finance (Corporate Financial Services) and her team for their work in preparing the accounts.
- 33.3 RESOLVED:**
- That the Committee:
- (1) Noted the findings of EY in their Audit Results Report;
 - (2) Noted the adjusted misstatements to the 2013/14 accounts (paragraph 6.3 and Appendix 4);
 - (3) Noted the results of the public inspection of the accounts;
 - (4) Approved the Letter of Representation on behalf of the council;
 - (5) Approved the audited accounts for 2013/14;
 - (6) Approved the revised Annual Governance Statement.

34 TARGETED BUDGET MANAGEMENT (TBM) 2014/15 MONTH 2

- 34.1 **RESOLVED:** That the report be noted.

35 TREASURY MANAGEMENT POLICY STATEMENT (INCORPORATING THE ANNUAL INVESTMENT STRATEGY) END OF YEAR REVIEW 2013/14

- 35.1 **RESOLVED:** That the report be noted.

36 ITEMS REFERRED FOR COUNCIL

36.1 That no items be referred to Council.

The meeting concluded at 6.00pm

Signed

Chair

Dated this

day of

AUDIT & STANDARDS COMMITTEE

Brighton & Hove City Council

Subject: Member Complaints Update
Date of Meeting: 18 November 2014
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 complaints received about Member conduct following the last report to Audit and Standards Committee on 23 September 2014.

2. RECOMMENDATION:

- 2.1 That the Committee note the report.

3. RELEVANT BACKGROUND INFORMATION

- 3.1 The current status of complaints about Member conduct is:

3.1.1 Active complaints

- a. A member of the public complained that in making an objection to a Planning Application, a Parish Councillor knowingly gave false information to a planning officer and failed to declare a personal relationship. This complaint is the subject of an investigation report that will be considered by a Hearing Panel of the Standards Committee.
- b. Some young people complained that they observed an elected member acting in an inappropriate way whilst carrying out preparatory work for a conference they were assisting with. This matter is nearing informal resolution.
- c. A member of the public complained via the Community Safety Team about the conduct of an elected Member towards her and members of her family and friends. A decision has yet to be reached on how this matter should be progressed.

3.1.2 Closed complaints:

- a. A member of the public complained that they had been publicly bullied in a sexist and smearing manner by an elected Member on Facebook. The Independent Person and Monitoring Officer considered the material as set out in the complaint and whether this had the potential to be interpreted as a breach of the Code of Conduct. It was acknowledged that the correspondence did contain some robust exchanges, but it was not considered to reach the level where a potential breach had occurred. No further action was taken on this case.
- b. Members of the Local Muslim Community complained about a tweet written by Councillor Ben Duncan. They described the tweet as deeply distasteful, hurtful and unbecoming of a Brighton & Hove City Councillor. The complainants said the tweet did more to divide communities than bring people together. The complaint was the subject of an investigation report considered by a Hearing Panel of the Standards Committee.

On 06 October 2014 the Standards Committee reached a decision that there had been a breach of the Code of Conduct. A copy of the decision is included in the appendix.

In summary, the Panel determined that Councillor Duncan be subject to formal censure for failing to treat others with respect and bringing the council into disrepute. Secondly, that, in light of this censure and the Panel's determination that a recommendation is to be made to the meeting of full Council on 23 October 2014 that he be removed for the remainder of this municipal year from the role of Deputy Chair of both the Licensing Committee (Licensing Act 2003 Functions) and the Licensing Committee (Non Licensing Act 2003 Functions).

The full decision set out in the appendix.

The recommendation of the Standards Panel were approved by full Council at its last meeting and came into effect immediately.

- c. Many members of the public complained about a tweet relating to Armed Forces Day written by Councillor Duncan. They described the tweet as being offensive and showing a lack of judgment and understanding. The complaint was the subject of an investigation report considered by a Hearing Panel of the Standards Committee.

On 06 October 2014 the Standards Committee reached a decision that there had been a breach of the Code of Conduct. A copy of the decision is included in the appendix.

In summary, the Panel determined that Councillor Duncan be subject to formal censure for failing to treat others with respect and bringing the council into disrepute. Secondly, that, in light of this censure and the Panel's determination that a recommendation is to be made to the meeting of full Council on 23 October 2014 that he be removed for the remainder of this municipal year from the role of Deputy Chair of both

the Licensing Committee (Licensing Act 2003 Functions) and the Licensing Committee (Non Licensing Act 2003 Functions).

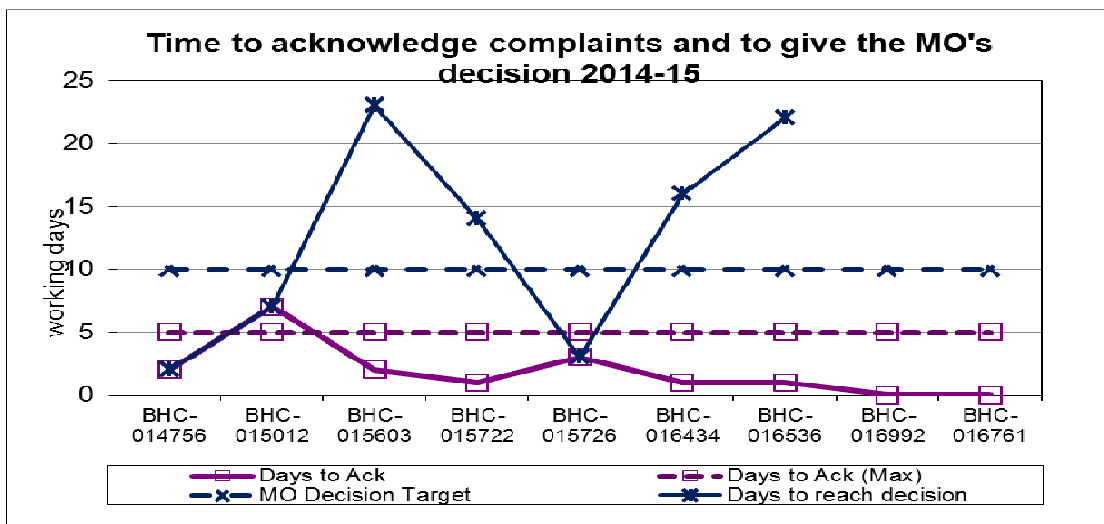
The full decision set out in the appendix.

The recommendation of the Standards Panel were approved by full Council at its last meeting and came into effect immediately.

3.2 The Council’s performance in dealing with individual complaints during 2014-15 is shown 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. This has been achieved in five out of six instances.

3.2.2 Complainants will where possible be informed within 10 working days how the matter will be dealt with. There is sometimes a delay whilst additional background information is sought.



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.

Finance Officer Consulted: James Hengeveld Date: 20/10/14

Legal Implications:

- 4.2 The Council's arrangements under which complaints about Member conduct are investigated and decided comply with the relevant provisions of the Localism Act 2011.

Lawyer Consulted: Oliver Dixon Date: 20/10/14

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. Decision lists from Standards Panel 06 October 2014.

Documents in Members' Rooms

1. None

Background Documents

1. None

APPENDIX

BRIGHTON & HOVE CITY COUNCIL STANDARDS PANEL

10.00am 6 OCTOBER 2014

COUNCIL CHAMBER, HOVE TOWN HALL

DECISION LIST

Part One

2 HEARING OF AN ALLEGATION THAT A COUNCILLOR HAS FAILED TO COMPLY WITH THE CODE OF CONDUCT FOR MEMBERS - CASE BHC-015722

Contact Officer: *Brian Foley*
Ward Affected: *All Wards*

Tel: 291229

2.1 RESOLVED – That Councillor Duncan:

1. failed to comply with paragraph 3(1) of the council's Code of Conduct for Members ('You must treat others with respect'); and
2. failed to comply with paragraph 5 of the council's Code of Conduct for Members ('You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute').

- 2.2 The Panel considered the allegation that Cllr Duncan failed to comply with the council's Code of Conduct for Members, specifically paragraphs 3.1 'you must treat others with respect' and paragraph 5 'you must not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute'.

The Panel noted that the facts of case were not in question, and that both the tweet and the identity of the tweeter were in the public domain. The Panel was satisfied that it was reasonable for members of the public to assume that by issuing his tweet, Councillor Duncan was not acting solely as a member of the public but as a councillor, and therefore that the Code applied.

The Panel noted the level of complaint, especially among the Islamic community, which the tweet of 16 June 2014 had generated.

The Panel noted Councillor Duncan's comments that in his tweet he was not referring to the Qur'an. The Panel felt, notwithstanding Councillor Duncan's assertion that he was not referring to the Qur'an but a book on Islamic art and architecture, that any reasonable person would assume the tweet was in fact referring to the Qur'an.

The Panel recognised that had the tweet been made at any time, it would have been capable of being disrespectful and of bringing the council into disrepute. However, the timing of the tweet was an additional factor as it happened at a time when members of the BME and Muslim communities, senior council officers, the Police, and Home Office were discussing ways of reducing the likelihood of young Muslim men from the community going to Syria to fight.

The Panel carefully considered Councillor Duncan's statement made during his submissions, in particular his contention that his right under Article 10 of the Human Rights Act took precedence over the council's Code of Conduct; and that for the Panel to find a breach of the Code would breach his right to freedom of expression. The Panel noted that Councillor Duncan's written response to the complaint, as conveyed during his submissions at the Hearing itself, did not in any way refer to his right to freedom of expression. This argument was only raised following publication of the papers for the hearing.

The Panel had access to legal advice during its deliberations. The council's lawyer, on behalf of the Monitoring Officer, advised that whilst under the Human Rights Act it is unlawful for a public authority to act in a way which is incompatible with a Convention right, Article 10 – the right to freedom of expression – is a 'qualified right'; further, the council's Code of Conduct is framed within the ambit of Article 10(2) which in certain circumstances makes it lawful to interfere with a person's Article 10(1) rights.

The Panel was advised that the extent of any such interference must be proportionate and engage one or more of the justifications set out in Article 10(2). The Panel was further advised that under case law, political expression or the expression of a political view attract a higher degree of protection under Article 10, whereas expression in personal or abusive terms does not attract the same higher level of protection. The limits of what is acceptable is wider where the subjects of the expression are politicians acting in their public capacity, since politicians lay themselves open to close scrutiny of their words and deeds and are expected to possess a thicker skin and greater tolerance than ordinary members of the public. In the view of the Panel, Councillor Duncan's tweet was directed to a section of the community and not at a fellow politician.

Furthermore, one of the permitted justifications for restriction of Article 10 rights is the protection of the reputation or rights of others. The Panel felt that the reputation of both the local Muslim community and the council had been impugned by the tweet. In light of this, the Panel considered

that Councillor Duncan's tweet did not enjoy the unqualified protection of Article 10(1).

2.3 Sanctions to be applied

Having heard Councillor Duncan's representation as to sanctions he considered appropriate in light of the Panel's findings, the Panel considered the range of sanctions available to it and determined the following in respect of both breaches of the Code of Conduct.

Firstly, that Councillor Duncan be subject to formal censure by this Standards Panel for failing to meet the standards of behaviour required of all councillors under the Code of Conduct for Members, specifically for failing to treat others with respect and bringing the council into disrepute; and that this censure be made publicly available and reported to the meeting of full Council on 23 October 2014.

Secondly, that, in light of this censure and the Panel's determination that it is inappropriate for someone who has repeatedly brought the council into disrepute to represent the council in the role of Chair or Deputy Chair of any committee, a recommendation be made to the meeting of full Council on 23 October 2014 that he be removed for the remainder of this municipal year from the role of Deputy Chair of both the Licensing Committee (Licensing Act 2003 Functions) and the Licensing Committee (Non Licensing Act 2003 Functions).

2.4 Right of Appeal

There is a right of appeal for the subject Member and any of the complainants against the decision of the Standards Panel.

If any of these persons wishes to exercise this right, they should write to the council's Monitoring Officer*, stating they wish to appeal the Standards Panel decision, with reasons for doing so. The appeal request will only be granted if one or more of the following criteria are met:

- (1) the hearing was procedurally flawed; a relevant consideration was not taken into account; or an irrelevant consideration was taken into account;
- (2) new evidence or material has arisen with a direct and significant bearing on either of the allegations;
- (3) the Panel's decision was irrational, meaning it was so unreasonable that no sensible Standards Panel, having applied its mind to the complaints, could have arrived at that decision.

A request for an appeal must be received within 10 working days of 6 October 2014.

3 HEARING OF AN ALLEGATION THAT A COUNCILLOR HAS FAILED TO COMPLY WITH THE CODE OF CONDUCT FOR MEMBERS - CASE BHC-015726

Contact Officer: *Brian Foley*

Tel: 291229

Ward Affected: *All Wards*

3.1 RESOLVED – That Councillor Duncan:

3. failed to comply with paragraph 3(1) of the council's Code of Conduct for Members ('You must treat others with respect'); and
4. failed to comply with paragraph 5 of the council's Code of Conduct for Members ('You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute').

- 3.2 The Panel considered the allegation that Councillor Duncan failed to comply with the Code of Conduct for Members, specifically paragraphs 3.1 'you must treat others with respect' and paragraph 5 'you must not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute'.

The Panel noted the facts of the allegation were not in question, and that both the tweet and the identity of the tweeter were in the public domain. The Panel was satisfied that it was reasonable for members of the public to assume that by issuing his tweet, Councillor Duncan was not acting solely as a member of the public but as a councillor, and therefore that the Code applied.

The Panel noted the unprecedented level of complaint the tweet of 28 June 2014 had generated, with widespread significant offence and indignation, and it appeared to be this that caused Councillor Duncan to switch off his twitter account.

Councillor Duncan offered no further submissions except to reiterate his contention that his right to freedom of expression was protected by Article 10. In relation to this point, the legal advice offered to the Panel was substantially the same as that given for item BHC-015722 in that Councillor Duncan's tweet was both abusive and directed not specifically at politicians or public figures but to ordinary members of the community, namely the armed forces; and that for this reason, Councillor Duncan was unable to rely on his Article 10(1) rights to justify or excuse his tweet.

Although the Panel noted Councillor Duncan's apology on 30 June 2014 for the offence caused, he restated his conviction to the Panel that 'hired killers' was an accurate description of the armed forces.

3.3 Sanctions to be applied

Having heard Councillor Duncan's representation as to sanctions he considered appropriate in light of the Panel's findings, the Panel considered the range of sanctions available to it and determined the following in respect of both breaches of the Code of Conduct.

Firstly, that Councillor Duncan be subject to formal censure by this Standards Panel for failing to meet the standards of behaviour required of all councillors under the Code of Conduct for Members, specifically for failing to treat others with respect and bringing the council into disrepute; and that this censure be made publicly available and reported to the meeting of full Council on 23 October 2014.

Secondly, that, in light of this censure and the Panel's determination that it is inappropriate for someone who has repeatedly brought the council into disrepute to represent the council in the role of Chair or Deputy Chair of any committee, a recommendation be made to the meeting of full Council on 23 October 2014 that he be removed for the remainder of this municipal year from the role of Deputy Chair of both the Licensing Committee (Licensing Act 2003 Functions) and the Licensing Committee (Non Licensing Act 2003 Functions).

3.4 Right of Appeal

There is a right of appeal for the subject Member and any of the complainants against the decision of the Standards Panel.

If any of these persons wishes to exercise this right, they should write to the council's Monitoring Officer*, stating they wish to appeal the Standards Panel decision, with reasons for doing so. The appeal request will only be granted if one or more of the following criteria are met:

- (4) the hearing was procedurally flawed; a relevant consideration was not taken into account; or an irrelevant consideration was taken into account;
- (5) new evidence or material has arisen with a direct and significant bearing on either of the allegations;
- (6) the Panel's decision was irrational, meaning it was so unreasonable that no sensible Standards Panel, having applied its mind to the complaints, could have arrived at that decision.

A request for an appeal must be received within 10 working days of 6 October 2014.

* Address: Brighton & Hove City Council, King's House, Grand Avenue, Hove, BN3 2LS

Subject: Targeted Budget Management (TBM) 2014/15 Month 5
Date of Meeting: 18 November 2014
Report of: Head of Law
Contact Officer: Name: **Ross Keatley** Tel: **29-1064**
E-mail: ross.keatley@brighton-hove.gov.uk
Wards Affected: All

FOR GENERAL RELEASE

Action Required of the Audit & Standards Committee:

To receive the item referred from the Policy & Resources Committee for information:

Recommendation:

That the report be noted.

BRIGHTON & HOVE CITY COUNCIL

POLICY & RESOURCES COMMITTEE

4.00pm 16 OCTOBER 2014

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillor J Kitcat (Chair) Councillors Sykes (Deputy Chair), G Theobald (Opposition Spokesperson), Morgan (Group Spokesperson), Bowden, Hamilton, Lepper, A Norman, Peltzer Dunn, and Shanks

PART ONE

61 TARGETED BUDGET MANAGEMENT (TBM) 2014/15 MONTH 5

61.1 The Committee considered a report of the Executive Director for Finance & Resources in relation to Targeted Budget Management (TBM) 2014/15 (Month 5). TBM was a key component of the Council's overall performance monitoring and control framework; the report set out the forecast outturn position (Month 5) on the Council's revenue and

capital budget for the financial year 2013/14. Month 5 showed only a small improvement to the position overall (from Month 2) as the organisation approached the mid-point of the year; there continued to be significant pressures and forecast risks to manage across the General Fund Revenue Budget.

- 61.2 Councillor Sykes thanked Officers for the report, and noted his concern in relation to the budget position as the budget preparation for 2015/16 was beginning. Year on year demand for services in the city was increasing, and there were ongoing problems in City Clean in relation to the cost of industrial action.
- 61.3 Councillor A. Norman thanked Officers for the report; she stated that the position within Adult Services summed up the projected overspend which was largely due to non-achievement of savings – this work was dependent on the commissioning review, and evidence of the delay was apparent and could have a detrimental impact on the most vulnerable residents. The trade union release time was currently being reviewed, and the additional funds from Central Government for pothole repairs were welcomed – as well as monies for retrofitting technology. The Executive Director for Finance & Resources clarified that there was not sufficient budget to fund the current central release time for staff; the organisation was reviewing to better understand this area and would make proposals for changes.
- 61.4 In response to Councillor A. Norman's queries about the catering contract at Hove Museum the Assistant Chief Executive explained that the museum was in-between contracts, and following the recent tendering process the new contract was due to be awarded.
- 61.5 Councillor G. Theobald noted the points already made in relation to City Clean and the release time for union staff; he stated he welcomed the review commitment made by the Executive Director for Finance & Resources. The Executive Director for Environment, Development & Housing stated whilst there was all intention of bringing the budget in on target the current dispute was challenging; however, a comprehensive service redesign was planned to help in future financial years.
- 61.6 The Chair noted that the largest proportion of the overspend related to social care, and it was hoped the Better Care Fund would go some way towards addressing this.
- 61.7 The Chair then put the recommendations to the vote:
- 61.8 **RESOLVED:**
- 1) That the Committee note the forecast outturn position for the General Fund, which is an overspend of £5.219m. This consists of £5.019m on council controlled budgets and £0.200m on the council's share of the NHS managed Section 75 services.
 - 2) That the Committee note that there is a further £1.890m of as yet unallocated risk provision that could be used to mitigate against this overspend.

- 3) That the Committee note the forecast outturn for the Housing Revenue Account (HRA), which is an underspend of £0.247m.
- 4) That the Committee note the forecast outturn position for the Dedicated Schools Grant which is an underspend of £0.548m.
- 5) That the Committee note the forecast outturn position on the capital programme.
- 6) That the Committee approve the capital programme variations and reprofiles in Appendix 3 and new capital schemes in Appendix 4 (excluding the Dorothy Stringer all weather pitch).
- 7) That the Committee delegate authority to the Executive Director of Finance & Resources to approve the Dorothy Stringer all weather pitch capital scheme, subject to seeking further assurance on the detail of the business case.

Subject:	Strategic Risk MAP Focus: SR10 Information Governance; SR21 Housing Pressures; and SR8 Becoming a more sustainable city		
Date of Meeting:	18 November 2014		
Report of:	Executive Director Finance & Resources		
Contact Officer:	Name:	Jackie Algar	Tel: 01273 29-1273
	Email:	Jackie.algar@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT 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 The Committee has agreed a schedule to focus on at least two strategic risks at each meeting so that over the course of a year all strategic risk MAPs receive attention. The Risk Owner(s) responsible for delivery of action to mitigate the risks attends to enable the Committee to have the opportunity to understand further background to the strategic risks and the actions taken.
- 1.3 This meeting will be attended by Catherine Vaughan, Executive Director Finance & Resources with Chief Technology Officer for SR10; and Geoff Raw, Executive Director Environment & Housing who is the Risk Owner for SR21 Housing Pressures and SR8 Becoming a more sustainable city.

2. RECOMMENDATIONS:

That:

- 2.1 Members ask questions of the Risk Owners for these Strategic Risks based on the information provided in the Strategic Risk Maps in Appendix 1 (Strategic Risk Assessment Report).
- 2.2 Having considered the Strategic Risk MAPs and the Risk Owners' 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 of project plans (the “Solutions”) to address each strategic risk. Potentially these may have significant financial implications for the authority. The council’s revenue budget includes risk provisions for both pay related matters and general financial risks and these are reviewed throughout the year within targeted budget management reports to Policy and Resources Committee and the budget setting process. Risks that have an impact in future years are incorporated into the Medium Term Financial Strategy where appropriate.

Finance Officer Consulted: *James Hengeveld*

Date: 04/11 /2014

Legal Implications:

- 3.2 Members of the Committee are entitled to information, data and other evidence with 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: 24/10/2014

SUPPORTING DOCUMENTATION

Appendices:

1. Strategic Risk Assessment Report – SR10, SR21 and SR8.

Documents in Members’ Rooms

None.

Background Documents

1. Strategic Risk Register 2014/15 – reviewed by Executive Leadership Team 28 May 2014.





Brighton & Hove City Council

Strategic Risk Assessment Report

Risk Category - BHCC Strategic Risk;

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 impact of severe weather events and mitigate the long term impact of climate change. This includes:

- * working with the Environment 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.

Potential Conseq

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

Initial:

Significant



Revised:

Significant



Risk Identified Date: 8/5/2013

Date Modified: 10/6/2014

Risk Category: BHCC Strategic Risk
Environmental / Sustainability

Existing Controls:

- * One Planet Living principles adopted for the city and establishment of a city-wide One Planet Board to oversee implementation of One Planet Living action plan;
- * Actions and opportunities arising from gaining UNESCO Biosphere* status and becoming a world demonstrator for sustainability;
- * Environmental performance reporting and improvement actions;
- * Targets and standards introduced as part of the sustainable and ethical procurement process.
- * The economic strategy & the emerging City Deal proposals for Eco Tech development

provide opportunity to reduce the environmental footprint of the city's economic activity and develop products and services which can positively influence environmental management across global markets;

- * Continuing partnership with East Sussex County Council to reduce landfill as a result of the Energy Recovery Facility at Newhaven.
- * Living Wage introduced at Council and encouraging other businesses to follow suit in the city, as part of Living Wage Commission (chaired by Chamber of Commerce);
- * 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;

Effectiveness of Controls: Adequate

Issue Type: Threat
Risk Treatment: Treat,Treat


- Solutions:**
- SR8 Risk Action: Review recycling opportunities, notably food waste
 - SR8 Risk Action: Work to achieve results set out in council's VFM programmes on Carbon reduction to improve the council's own environmental performance; and establish annual council carbon budget
 - SR8 Risk Action: Continue to work with key statutory agencies and energy providers, eg Southern Water and N Power, to reduce waste, improve efficiency and tackle fuel poverty
 - SR8 Risk Action: Investigate scope for refurbishment and maintenance of council property to incorporate energy and water performance measures, and other improvements eg, photovoltaic devices
 - SR8 Risk Action: Complete the Local Bio-Diversity Action Plan and work to deliver the Biosphere Reserve as detailed to UNESCO
 - SR8 Risk Action: Implement the One Planet Living Action Plan
 - SR8 Risk Action: Explore Green Deal and ECO investment approach with neighbouring authorities
 - SR8 Risk Action: Continue work with partners with aim of implementing a major energy efficiency improvement in homes across the city through HM Government's Green Deal


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

Identified The council must operate to a high standard of information governance and information management within the overall context of openness and transparency. The Cabinet Office has implemented new and stringent technical IT security standards that allow access to the national Public Services Network (PSN). Alongside this it has put in place a "zero tolerance" policy for those organisations that fail to meet the standards. The taking on of Public Health responsibilities and the need to integrate Adult Social Care and Health services will also place new requirements on the safe and secure management and sharing of information.

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
- * The Council risks cut off from PSN if it does not meet security requirements which would be business critical for many services

Initial: High 
Risk Identified Date: 8/5/2012
Risk Category: BHCC Strategic Risk
Legislative

Revised: Significant 
Date Modified: 24/10/2014

Existing Controls:

- * Information Management Board oversees this risk and provides leadership on Information Management good practice to ensure the council acts upon its legal obligations under the Data Protection and Freedom of Information Acts;
- * Open Government Licence implemented to support open government agenda and

records management;

* Code of Connection compliance was achieved in August 2014. Compliance is annually reassessed and additional security standards are brought into effect each year;

* Freedom of Information requests now available through What Do They Know national website;

* An Information Audit has been undertaken across the organisation;

* A new Information Governance training package has been developed and is now being rolled out

* New Data Centre procurement project is underway;

* Information Management Board identified funding to meet increased technical security compliance standards. The requirements are implemented through the CoCo project.

Effectiveness of Controls: Uncertain

Issue Type: Threat

Risk Treatment: Treat,Treat


Solutions: SR 10 Risk Action: Review, re-write and re-launch all information management and security policies to ensure a deeper understanding of individual staff and Member responsibilities in respect of protecting personal and sensitive information
 SR 10 Risk Action: Refreshed and updated the Information Governance training package and made it available to staff via elearning
 SR 10 Risk Action: Continue to deliver CoCo project programme of works as agreed by Information Management Board
 SR 10 Risk Action: Deliver improved communications plan with staff and Members
 SR 10 Risk Action: Undertake a corporate-wide Information Audit to establish an up to date corporate information asset register
 SR 10 Risk Action: Sharing of best practice across SE7 authorities particularly for remote access
 SR 10 Risk Action: Business continuity arrangements are being reviewed and updated, then to be considered by decision makers and communicated to services

ROM Issue:	Housing Pressures	Responsible Officer:	Geoff Raw
		Risk Code:	SR21

Identified The increasing demands for housing continues to outstrip new supply and as a consequence accommodation is becoming less affordable notably in central city areas relative to the local wage rates. Housing is particularly acute for low income families. There are also significant needs associated with an ageing population and more dependant households. Student numbers are also forecast to grow and have a significant impact on the existing residential communities and, in terms of affordable rents for non-student households, local character and impact on neighbourhood amenity.

Potential Conseq

1. The city is constrained in its capacity to accommodate economic growth and sustainable development objectives.
2. The city council is unable to meet it's strategic housing and planning policy objectives and statutory homelessness obligations.
3. The shortage of homes to meet the accommodation requirements of elderly and vulnerable people which can have an adverse impact on social care provision and cost pressures.

Initial: High  **Revised:** Significant 
Risk Identified Date: 5/6/2014 **Date Modified:** 10/6/2014

Risk Category: BHCC Strategic Risk
 Environmental / Sustainability

Existing Controls: The Council's Housing Strategy sets out objectives and a 4 year action plan. This is currently under review. The City Plan also sets out housing supply figures.
 Key controls include:

1. A housing allocation policy which targets the provision (c. 500 Council house lettings p.a) and nomination of affordable housing to priority households .
2. Long term private sector housing lettings with private landlords in the city and wider city region.
3. A 'New Homes for Neighbourhoods' estate regeneration programme to deliver new affordable homes in the city.
4. Tenancy sustainment initiatives particularly for more vulnerable people.

- 5. Exploration of off-plan acquisition to support provision of new supply and affordable housing planning policy.
- 6. Investment schemes to upgrade existing sheltered housing and provide new bespoke housing (e.g. Extra Care).
- 7. Continued work with Registered Social Landlords to support housing led regeneration initiatives

Effectiveness of Controls: Adequate

Issue Type: Threat
Risk Treatment: Treat

Solutions: SR21 Risk Action: Exercise Duty to Co-operate with Neighbouring Authorities to address the shortfall in housing supply that is not deliverable in Brighton & Hove
 SR21 Risk Action: Investigate options to procure more housing for affordable rented and shared ownership use
 SR 21 Risk Action: Work through City Deal with regional partners & LEP to promote Economic development incl. increased sub-regional working to meet housing need
 SR 21 Risk Action: Continue to track numbers of Right to Buy Purchases; student houses; HMOs in specific areas and across city
 SR21 Risk Action: Consider use of New Policy Article 4 a) allocates sites for purpose built housing; and b) manages properties to meet student housing needs
 SR21 Risk Action: Investigate options for council resources to develop finance expertise to increase council's ability to negotiate effectively with developers and local private agents re. schemes for housing and to provide affordable housing
 SR21 Risk Action: HRA stock improvement & estate regeneration initiative (New Homes for Neighbourhoods) to increase affordable housing supply
 SR21 Risk Action: Act on outcome of joint partners' bid for £59M for extra care housing to address social care residential needs as part of 2015-18 Affordable Housing Programme
 SR21 Risk Action: Explore options with universities to improve student accommodation provision to meet forecast growth in student numbers.
 SR 21 Risk Action: Greater Brighton Economic Board, City Deal & regional working to find housing solutions.
 SR 21 Risk Action: Affordable housing policy to be adopted

Risk Treatment:

Treat

Subject:	Review of Code of Conduct for Members		
Date of Meeting:	18 November 2014 (Audit & Standards Committee) 11 December 2014 (Council)		
Report of:	Monitoring Officer		
Contact Officer:	Name:	Oliver Dixon	Tel: 291512
	Email:	oliver.dixon@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 This report sets out the recommendations of the cross-party working group tasked with reviewing the Code of Conduct for Members.
- 1.2 The report is initially for consideration by Audit & Standards Committee, whose recommendations will be referred to Council for approval.

2. RECOMMENDATIONS:

- 2.1 That Audit & Standards Committee consider the draft revised Code of Conduct for Members set out in Appendix 1, and refer it – with any further recommended amendments (see in particular paragraph 3.6 below) – to Council for approval.
- 2.2 That Council approve the draft revised Code of Conduct for Members referred by Audit & Standards Committee, for implementation with immediate effect.
- 2.3 That Council grant delegated authority to the Monitoring Officer to take appropriate measures to implement the revised Code and to assist existing and new Members with understanding and applying its content.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Under the Localism Act 2011, the council must promote and maintain high standards of conduct by Members and co-opted Members; and the council must discharge that duty by, in particular, adopting a code dealing with the conduct expected of those persons when acting in their official capacity.
- 3.2 To comply with this obligation, the Council adopted a new Code of Conduct for Members in July 2012 and agreed minor revisions in May 2013.
- 3.3 In March 2014 Audit & Standards Committee agreed a revised procedure for dealing with complaints about alleged breaches of the Code of Conduct for Members. Having agreed the new procedure, the Committee recognised the

need for a review of the Code of Conduct itself, to ensure it remained an effective piece of corporate governance. In June 2014 the Committee agreed to the appointment of a cross-party working group to carry out the review.

3.4 The working group, consisting of Cllrs Littman, Norman (A), and Morgan, and chaired by Dr David Horne as Independent Person, discussed a revised Code in October 2014, resulting in the draft set out in Appendix 1 for consideration by the Committee.

3.5 Key aims of the revised Code are as follows:

- (i) To provide certainty over when the Code applies.
- (ii) To set the Code in context – how it operates alongside the Seven Principles of Public Life and the council’s Corporate Values.
- (iii) To make the Code clearer and simpler for everyone.
- (iv) To retain mandatory provisions (i.e. requirements relating to disclosable pecuniary interests) and simplify all other elements (e.g. the definition of “other interests”).
- (v) To clarify the effect of declaring an interest – whether a disclosable pecuniary interest or an “other interest” – in terms of Member participation during the agenda item to which the interest relates.
- (vi) To clarify the criteria for the granting of dispensations from the standard requirement to declare an interest.
- (vii) To offer guidance on dealing with interests shared with the general public (e.g. the payment of Council Tax).

3.6 After the working group met, it was recognised that references to “friends, relatives or close associates” in the context of declaring “other interests” – see paragraph 3.2 of the draft Code – could be difficult to apply in practice since these words are liable to subjective interpretation. An alternative approach is offered in paragraph 3.2A of the draft Code, which refers instead to specific relatives (e.g. spouse / civil partner) whose definitions are more precise and therefore easier to interpret. Audit & Standards Committee is invited to consider which version it prefers.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The existing Code of Conduct could be retained as it is fully compliant with the legal framework for ethical standards, but this version has proven to be difficult to follow – both for Members in understanding its requirements, and for officers when called to advise on its application. Retaining the existing Code is therefore not recommended.

4.2 The revised version is considered to be simpler and more comprehensible, and continues to meet the legal criteria for Member codes of conduct.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 One of the tests considered by the working group was whether the revised Code was simple and comprehensible enough for a reasonable person with no special knowledge. It is important that members of the public can comprehend the Code, as this will inform their judgement as to whether a complaint about Member misconduct may be justified.

6. CONCLUSION

- 6.1 For the reasons sets out above, the revised draft Code at Appendix 1 is recommended.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 There are no financial implications associated with the revised Code of Conduct. The cost of communicating the new Code to existing Members will be negligible, whilst training for new Members following the 2015 local election will be included in their wider induction programme already planned for early in the municipal year.

Finance Officer Consulted: James Hengeveld

Date: 03/11/14

Legal Implications:

- 7.2 The legal duties referred to in paragraph 3.1 are conferred by section 27(1)-(2) of the Localism Act 2011.
- 7.3 Section 28(13) of the Act makes it a requirement that revisions to a local authority code of conduct for members be approved by full Council.
- 7.4 Under the council's constitution, it is the role of Audit & Standards Committee to advise full Council on the adoption of, and revisions to, the Code of Conduct for Members.

Lawyer Consulted:

Oliver Dixon

Date: 30/10/14

Equalities Implications:

- 7.5 The revised Code carries forward the prohibition against doing anything that may cause the council to breach any of its equality duties (in particular as set out in the Equality Act 2010). These duties include the public sector equality duty set out in section 149 of the Act.

Sustainability Implications:

- 7.6 None

Any Other Significant Implications:

7.7 None

SUPPORTING DOCUMENTATION

Appendices:

1. Revised draft Code of Conduct for Members

Documents in Members' Rooms

None

Background Documents

1. Existing Code of Conduct for Members, set out in part 8.1 of the council's constitution.

CODE OF CONDUCT FOR MEMBERS

Introduction

This Code of Conduct covers elected members and co-opted members (together referred to in this Code as 'Member' or 'Members' as appropriate) of Brighton & Hove City Council whenever they are acting as a member or representative of the council or when they claim to act or give the impression of acting as a representative of the council.

It does not apply when the Member is acting in a private capacity.

When carrying out their public role, Members must adhere to the seven principles of public life – selflessness, integrity, objectivity, accountability, openness, honesty, and leadership, as defined in Appendix C.

This Code of Conduct should be read alongside the Council's corporate values – respect, collaboration, efficiency, openness, creativity, and customer focus, as defined in Appendix D.

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

- (a) Council Procedure Rules
- (b) Arrangements regarding the Register of Members' Interests
- (c) Practice Note – Use of Council Facilities
- (d) Protocol for Members regarding planning applications
- (e) Code of Conduct for Member/Officer Relations
- (f) Guidance on use of social media
- (g) Guidance on confidentiality
- (h) Anti-fraud and Corruption Strategy
- (i) Whistleblowing Policy

Behaviour

- 1.1. Members must behave in such a way that a reasonable person would regard as respectful.
- 1.2. Members must not conduct themselves in a manner which could reasonably be regarded as bringing their office or authority into disrepute.
- 1.3. Members must not act in a way which a reasonable person would regard as bullying or intimidatory.
- 1.4. Members must not seek to improperly confer an advantage or disadvantage on any person.

- 1.5. Members must not do anything which may cause the council to breach any of its equality duties (in particular as set out in the Equality Act 2010).
- 1.6. Members must only use the resources of the council in accordance with the Practice Note on Publicity and the Use of Council Facilities [*insert hyperlink to Practice Note*].
- 1.7. Members must not disclose information which is confidential or where disclosure is prohibited by law.
- 1.8. Members must not refuse or fail to –
 - (i) co-operate with official council investigations into alleged unauthorised disclosures of confidential information (irrespective of which Member may have made such alleged unauthorised disclosures); or
 - (ii) provide full access to all material that, in the view of the investigating officer, may be relevant to such an investigation.
- 1.9. Members must respect the impartiality of officers and not act in a way that a reasonable person would regard as bringing an officer's impartiality into question.
- 1.10 When reaching decisions on any matter, Members must have regard to any relevant advice provided to them by–
 - (i) the council's chief finance officer or monitoring officer, where that officer is acting pursuant to his or her statutory duties; and
 - (ii) the council's chief executive and head of paid service.
- 1.11 Where, following a complaint that a Member has breached this Code of Conduct, and the complainant and the Member complained of consent to resolve the matter informally by a particular means, the Member must co-operate and comply with the agreed method of resolution.

Registration of interests

- 2.1. Within 28 days of this Code being adopted by the council, or the Member's election or the co-opted member's appointment (where that is later), Members must register with the Monitoring Officer the interests which fall within the categories set out in Appendices A and B.
- 2.2. Upon the re-election of a Member, or the re-appointment of a co-opted member, Members must within 28 days re-register with the Monitoring Officer any interests in Appendices A and B.
- 2.3. Members must register with the Monitoring Officer any change to interests or new interests in Appendices A and B within 28 days of becoming aware of it.
- 2.4. Members need not register any interest which the Monitoring Officer agrees is a 'sensitive interest'. A sensitive interest is one which, if made public, could lead to the Member or a person connected with the Member being subject to violence or intimidation.
- 2.5 Members may provide written notification to the Monitoring Officer of their membership of any private club and of any subsequent change or addition to their membership.

Declaration of interests at meetings

A. Disclosable Pecuniary Interests

NB It is a criminal offence to fail to notify the Monitoring Officer of a disclosable pecuniary interest, to take part in discussion or votes at meetings, or to take a decision where you have a disclosable pecuniary interest, without reasonable excuse. It is also an offence to knowingly or recklessly provide false or misleading information to the Monitoring Officer.

3.1. Where a matter arises at a meeting which relates to an interest in Appendix A, Members–

- (i) must declare their interest;
- (ii) may not participate in a discussion or vote on the matter;
- (iii) must, in accordance with council procedure rule 25.4, leave the room where the meeting is held, while any discussion or voting takes place.

B. Other declarable interests

3.2. Where a matter arises at a meeting which relates to or affects an interest in Appendix B or a financial interest of the Member, a friend, relative or close associate (and it is not a Disclosable Pecuniary Interest), Members must declare the interest.

3.2A [Alternative version to 3.2] Where a matter arises at a meeting which relates to or affects an interest in Appendix B or a financial interest of the Member, their spouse or civil partner, a person whom they are living as husband or wife, or a person with whom they are living as if they are civil partners (and it is not a Disclosable Pecuniary Interest), Members must declare the interest.

3.3. Where the matter affects the declarable interest under paragraph 3.2 more than the majority of people in the area affected by the matter, and a reasonable member of the public would think the Member's judgement of the public interest would be adversely affected by the interest, the Member–

- (i) must declare the interest at the relevant time;
- (ii) may not participate in a discussion or vote on the matter;
- (iii) must leave the room where the meeting is held, while any discussion or voting takes place.

C. Dispensations

3.4 Where a matter arises at a meeting which is a sensitive interest as defined under paragraph 2.4, Members do not have to declare the nature of their interest but must follow the rules regarding non-participation.

- 3.5 On a written request made to the council’s Monitoring Officer, the council may – on the advice of the Monitoring Officer following consultation, where reasonably practicable, with the Independent Person or Chair of Audit & Standards Committee – grant a Member a dispensation to participate in a discussion and/or vote on a matter at a meeting where they would otherwise not be allowed to if the council believes that the number of Members otherwise prohibited from taking part in the meeting would impede the transaction of the business; or it is in the interests of the inhabitants in the council’s area to allow the Member to take part or it is otherwise appropriate to grant a dispensation.
- 3.6 Members are not required to register or declare an interest that is shared with ordinary members of the public living or working in the area (such as the payment of, or liability to pay, council tax, or having bins collected) or that arises simply from being a Member (such as Members’ allowances); or where the interest is otherwise de minimis.
- 3.7 Accordingly, no Member will need a dispensation to take part in the business of setting the council tax or precept or local arrangements for council tax reduction schemes, because it is a decision affecting the generality of the public in the council’s area, rather than one or more individual Members.

Appendix A – Disclosable Pecuniary Interests

Interests defined by regulations made under section 30(3) of the Localism Act 2011 and described in the table below.

N.B. Interests listed in this Appendix are those of the Member; or those of their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they are civil partners), where the Member is aware that their partner has the interest.

Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by member in carrying out duties as a member, or towards the election expenses of member. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992(1).
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority – (a) under which goods or services are to be provided or works are to be executed; and

(b) which has not been fully discharged.

Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to the member's knowledge) - (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where – (a) that body (to the member's knowledge) has a place of business or land in the area of the relevant authority; and (b) either - (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

Appendix B – other interests

1. Any body of which the Member is in a position of general control or management.
2. Any gifts or hospitality worth more than an estimated value of £50, which the Member has accepted by virtue of his or her office.

Appendix C – the seven principles of public life

Selflessness	Members should act solely in terms of the public interest.
Integrity	Members must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their

family, or their friends. They must declare and resolve any interests and relationships.

Objectivity	Members must act and take decisions impartially, fairly, and on merit, using the best evidence and without discrimination or bias.
Accountability	Members are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
Openness	Members should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.
Honesty	Members should be truthful.
Leadership	Members should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix D – the Council’s corporate values

Respect	Embrace diversity with kindness and consideration, and recognise the value of everyone
Collaboration	Work together to contribute to the creation of effective and successful decision making forums, working groups and partnerships across the council and beyond
Efficiency	Work in a way that makes the best and most sustainable use of the council’s resources
Openness	Share and communicate with honesty about the council and its decisions and activities
Creativity	Have ideas that challenge the ‘tried and tested’; use evidence of what works; listen proactively to feedback from constituents and others
Customer Focus	Do your part to help the council deliver its ‘Customer Promise’ to colleagues, partners and customers; the council aims to listen, to be easy to reach, to be clear, to treat everyone with respect, and to get things done.

Subject:	Review of Performance Management and Development		
Date of Meeting:	[Insert all meetings at which the report will be considered]		
Report of:	Executive Director of Finance and Resources Executive Director]		
Contact Officer:	Name:	Sue Moorman	Tel: 29-3629
	Email:	Sue.moorman@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE/ NOT FOR PUBLICATION**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report is in response to a formal member panel recommendation arising from an individual grievance, for the Audit and Standards Committee to receive a report updating the committee on the progress on the Council's Performance Development Planning and Performance Management
- 1.2 To provide a relevant update the report expands upon the recommendation to provide a comprehensive overview of the work underway to support performance management and development in the council.
- 1.3 Individual performance is embedded in the council's performance management framework, which outlines the council's priorities deriving from the Sustainable Community Strategy, through the Council's Corporate Plan and Business Plans to individual performance management and development. This is a clear demonstration of how the council has clarity of purpose and ensures the delivery of its priorities for its services and its workforce. (**Appendix A – Council's Performance Framework**)
- 1.4 The Corporate Plan for 2015-2019 is currently being developed alongside our budget preparation and medium term financial strategy. The budget challenge means that our future council will be smaller than now and the council will not be directly delivering all the services it does now. This means we need to build the skills and capability of our current and future staff to work within this changing environment. We also need to support them to be employable outside local government and within the wider provision of public services .

2. RECOMMENDATIONS:

- 2.1 That the committee note the current activity and measures related to supporting and improving individual performance management and development in the council.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Council has set out a clear ambition to modernise the way services are delivered to reflect its priorities and to ensure value for money. This inevitably means a high level of change for our workforce as the organisation develops.
- 3.2 One of the council's four priorities is to modernise the organisation into a high-performing council that is able to deliver high-quality, accessible services whilst offering value for money for residents. In order to achieve this, the council needs a high-performing workforce that is able to respond quickly to the significant changes and challenges the council is facing, and will continue to face, for the foreseeable future. This means it needs to be flexible in terms of its skills profile and how its staff are deployed.
- 3.3 Underpinning the councils modernisation approach is the council's cultural change programme and the focus on improving performance management across the organisation.
- 3.4 This report sets out the action that has already been taken in relation to implementing cultural change and improving performance management across the council. It also describes the other work it is intended to carry out over the next six months or so as part of the council's People Plan. This Plan aims to ensure the council has the appropriate mechanisms and processes in place to enable the council to develop and maintain an agile workforce going forward.

Summary of progress to date:

Changing the council's culture

- 3.5 An organisation's culture sets the framework for "how" it goes about doing things as an organisation on a day-to-day basis. The council has embarked on a cultural change programme, engaging with the workforce about the fundamental changes it needs to make if it is to respond effectively to the significant challenges ahead. Fundamental to this work was the development, in collaboration with our staff, of a set of organisational values and behaviours. These describe the qualities every employee is expected to demonstrate when carrying out their job and are being embedded into everyday use to support the modernisation agenda.
- 3.6 A core activity within the cultural change programme is the delivery of a leadership programme designed around the council's values. The programme is being delivered to all managers over a period of nine months, ending in May 2015. The programme focuses on how the council will achieve its ambition to become a high performing organisation, concentrating on performance of self, others and service. The programme is delivered over 3.5 days and as at end of September :-

- 210 managers have now completed
- A further 253 have started and are currently on the programme
- The final 330 managers begin the programme in February
- All 793 BHCC managers will complete by end of May 2015
- New managers who join the organisation are being added to the programme as appropriate

Feedback has been consistently positive about the impact of the activity. The Chief Executive is the overall sponsor for the programme and is given regular feedback on the impact of the learning.

- 3.7 The learning programme reinforces that the performance of others is core to management accountability and that doing this well is a driver for success.

Performance management framework

- 3.8 The council has an established performance management system in the council through regular one to ones and through an annual Performance Development Plan (PDP) with a six monthly review. The Performance Development Plan sets out current work objectives so there is clarity what individuals are being asked to achieve and that they have the relevant training and support not only to do this, but also to develop as people and professionals.
- 3.9 The system was reviewed and refreshed last year to ensure it reflected the council's values and the requirement to record the event on the HR system, Pier.
- 3.10 Managers of staff are introduced to the council's performance management scheme at induction. There is also guidance for both managers and staff on the Wave on how to get the best out of performance development activity. This approach is supported by e-learning and face to face training to give staff the knowledge and skills to undertake effective PDPs linked to the council's performance, values and behaviour frameworks.
- 3.11 As a result of feedback from the leadership programme, further work is being done on a performance tool kit for managers of staff to offer guidance on setting robust objectives and fulfilling their performance management role.

Personal Development

- 3.12 Learning and development that is highlighted in the PDP should inform a team's workforce development plan. The council runs a corporate learning programme providing generic skills support. The programme offer is attached at **Appendix B**.
- 3.13 Due to the current available budget for corporate training, which is £100k per annum, the programme is limited to generic core training requirements. Additional professional development programmes run in Housing, Customer Services, Adult Social Care and Children's Services. Other development and training needs are currently identified at a local level based on an assessment of need and available budget.
- 3.14 A review of the council's core development programme is underway, informed by workforce planning and skills information and feedback from the leadership

programme. The review will ensure we are targeting the current resource to the right learning outcomes for the council.

- 3.15 It is recognised that the level of the available training budget and how this inevitably has to be prioritised does mean that there is a limited core programme. The council has to prioritise funding for work related core development and does not have the facility meet other personal development.
- 3.16 Some personal development in the council is supported via mentoring and coaching, and work shadowing. However this is not a corporately resourced or coordinated and so is not currently a consistent offer across the council, as it relies on local management response.
- 3.17 The council does have general information on the Wave about how to register for work shadowing or mentoring. It is recognised however, that this is limited to those who are motivated to seek it out and also by those who have more ready access to the intranet.
- 3.18 Therefore movement to different posts within the council occurs through recruitment or the process of seeking redeployment during a period of organisational change. As a response to this, an aspect of the People Plan is to review the accessibility, and openness of recruitment, including secondment opportunities across the workforce.

Monitoring PDP's

- 3.19 Completion of PDPs is monitored via the annual staff survey. In 2013 72% of staff reported that they had a PDP. This is an important source of information about staff attitudes, the impact of the culture change on individuals and organisation and also a signpost to where teams are demotivated. Linking key data together offers insight to where there may be teams who are demotivated and may highlight under-performance.
- 3.20 The staff survey is due to run again on 6 October 2014. This will provide a further measure of progress. Other questions are asked within the staff survey that further improves the council's view of the effectiveness of PDP discussions e.g. ' I get useful feedback from my manager, I have personally benefitted from learning and development in my current role'.
- 3.21 Monitoring of completion of PDPs is also undertaken by reporting on the information logged into the HR system. However the loading of information is dependent upon managers undertaking the updating and so is not a complete source of data. As at 30.9.14 the completion rate was only 38% across the council which is concerning. On receipt of the staff survey analysis for 2014, we will be able to undertake a correlation between the rate reported in the staff survey and that on the HR system. Following this, further recommendations will be made to the organisation on how to improve assurance.
- 3.22 Monitoring the quality of the intervention is less embedded in the organisation, thought in July 2013 we ran a "pulse" survey to 170 staff, after the new PDP

format and guidance was revised to reflect the councils values. The results told us:

- 56% of respondents felt more motivated after their PDP and 121 conversations
- 45% of respondents felt the values made a difference to their PDP and 121 conversations and 45% stated they had made no difference.

Future developments – performance management

- 3.23 The People and Performance Management workstream in the people plan has six related actions,
1. Management competencies;
 2. Recruitment;
 3. Secondments;
 4. Redeployment;
 5. Capability review;
 6. Performance Management
- 3.24 As a core part of the people plan outcomes for this year on performance management, we are developing an online managers' guide to performance management to complement the skills training provided. This will provide managers with best practice, tips, and further reading for them to get the best out objective setting and conducting PDPs and 121 meetings. We are proposing to work with managers that attended the leadership programme, to start to define more clearly what is a performance conversation and how this will shape the new forms and associated guidance.
- 3.25 Following the staff survey results for Autumn 2014, we will be developing more ways to assess the quality of the PDP intervention, as the staff experience is fundamental to the impact on performance. As part of the leadership programme, a 121 is observed with the aim to give feedback and highlight any areas for development of the manager.
- 3.26 It is recognised that there is a challenge for the council to ensure a consistency of experience in relation to PDP conversations and process, especially in front line services where staff are working the majority of their time in the community. Local management in these services are working to improve experience in these areas and plan effectively For example in City Clean, all line managers have had refresher training on how to conduct an effective PDPs, all reviews were completed but it has been recognised that these were not consistent in terms of quality. In some cases reviews were conducted on shift in work vehicles to minimise disruption to service. The newly appointed Head of City Clean and Parks has instigated a change to this practice, to improve the quality of the interaction. As a result, planning is underway for the 6 monthly reviews, to ensure PDP reviews are scheduled and located appropriately within the working day with a series of sample follow up quality checks on the reviews. This learning will be shared across the council.

4.0 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The approach to develop managers' skills reflects the fact that performance is a managers accountability. Any other model of centralised performance management would dilute this core responsibility. Due to the available resources work has been concentrated on creating a set of management tools and guidance to support them, back up by a core skills programme.

5.0 COMMUNITY ENGAGEMENT & CONSULTATION

Not applicable

6.0 CONCLUSION

- 6.1 In conclusion the council is committed to ensuring staff have meaningful PDP discussions that incorporate learning and development needs and I would suggest that we report back to the Audit and Standards Committee in six months time with the results of the 2014 staff survey and associated action plan.
- 6.1 Acknowledge further detailed work to be done
- 6.2 Context of priorities and reducing workforce – skills assessment is key

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

There are few direct financial implications arising from this report. A lot of the performance monitoring work outlined is undertaken by in-house staff and within existing workloads. Other schemes such as the leadership programme has had the resources identified to meet the costs.

Finance Officer Consulted: Peter Francis

Date: 06/11/14

Legal Implications:

There are no legal implications arising from this report, which is for noting.

Lawyer Consulted:

Elizabeth Culbert

Date: 06/11/14

Equalities Implications:

- 7.1 Learning and development opportunities and the council's performance management framework applies to all employees; that our programme is designed to be accessible to all e.g. it takes account of individual learning styles. We monitor take up of training by protected characteristic and compare with workforce profile to make sure no adverse impact on certain groups

Sustainability Implications:

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

Crime & Disorder Implications:

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

Risk and Opportunity Management Implications:

7.4 The council needs to have effective learning and development and performance management frameworks in place if it is to have an workforce which not only has the right skills but which can also be deployed flexibly in order to meet the future needs of the organisation as external factors change.

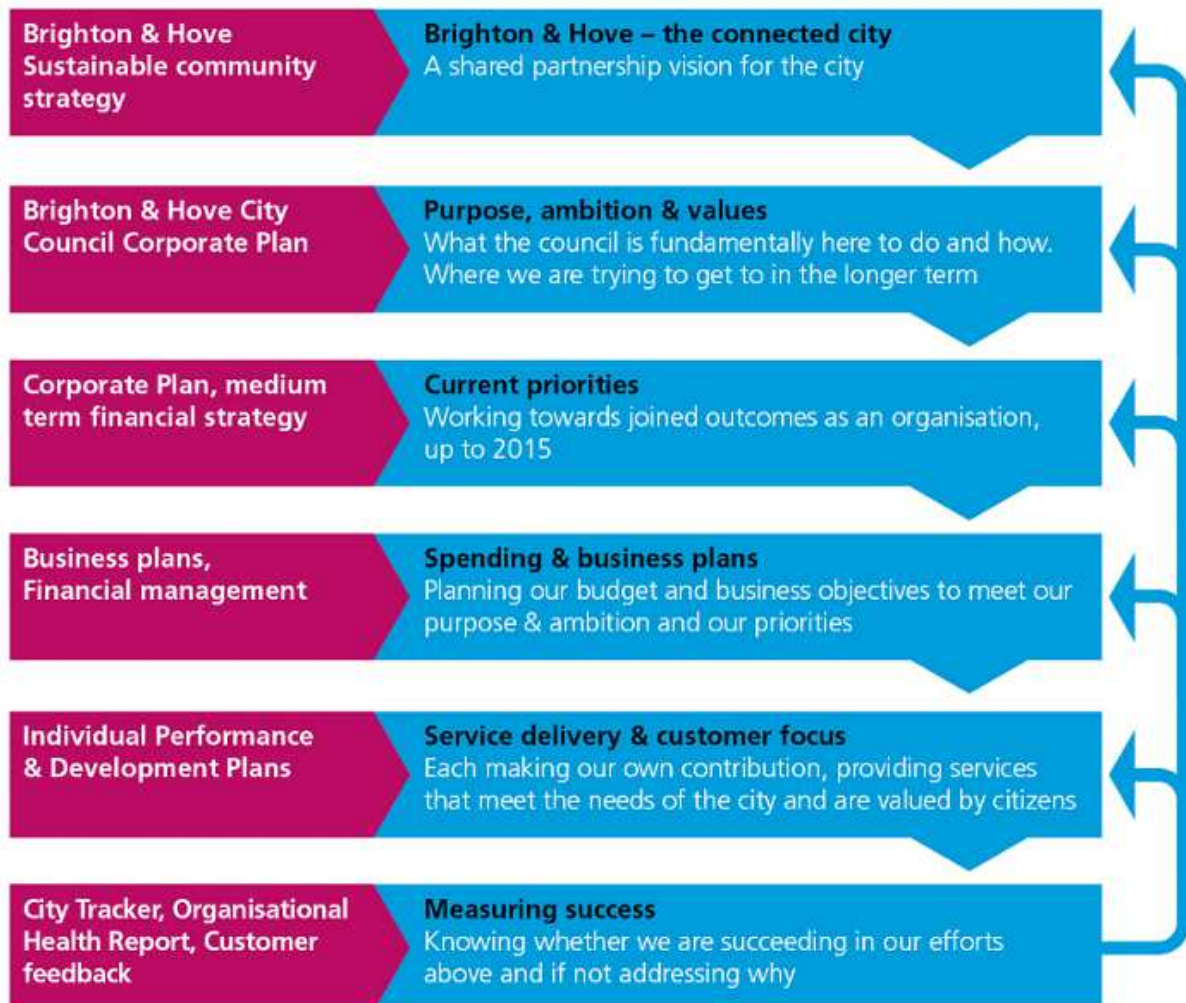
Public Health Implications:

7.5 None.

Corporate / Citywide Implications:

7.6 Effective learning and development and performance management frameworks are essential if the council is to develop and maintain a high-performing workforce that has the right skills profile to enable it to continue to deliver quality, value for money services during a climate of considerable change.

Councils Performance Framework

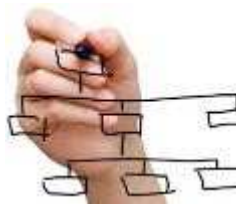


Appendix A

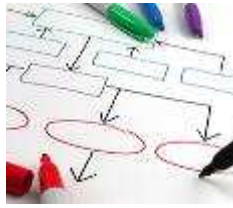
Council's Core Learning Programme - learning for all staff



[Being an Employee](#)



[Being a Manager](#)



[Introduction to Business Process Improvement \(BPI\)](#)



[Business Risk Management](#)



[Complaints Investigation Skill & Service Improvement](#)



[CV Writing](#)



[Interview Skills & Confidence Building](#)



[Equality & Diversity](#)



[Financial Management for Budget Holders](#)



[Foundation Learning Programme](#)



[Getting the Most Out Of Your 121s & PDPs](#)



[Handling Challenging & Sensitive Conversations](#)



[ICS Coach](#)



[ICS Qualification Overview](#)



[Elearning \(Surf2Learn\)](#)



[Leading & Managing Change](#)



[Minute & Note Taking](#)



[People & Performance Management](#)



[Project Management](#)



[Recruitment & Selection](#)



[Retirement Planning](#)



[Time Management Skills for Effective Working](#)



[Using Social Media for Job Searching](#)



[Working in a Political Environment](#)



[Working With Our Communities](#)

Subject:	Information Management Risk Update (SR10)		
Date of Meeting:	18th November 2014		
Report of:	Executive Director, Finance and Resources		
Contact Officer:	Name:	Mark Watson	Tel: 29-1585
	Email:	Mark.watson@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The purpose of this report is to update the Audit and Standards Committee on the ongoing work to mitigate the corporate risk SR10, Information Management.

2. RECOMMENDATIONS:

- 2.1 That the Audit and Standards Committee notes the report.

3. CONTEXT/ BACKGROUND INFORMATIONIntroduction

- 3.1 Strategic Information Management is an essential discipline in the good governance of any organisation and in its mature relationships with partners. This is especially true in an organisation of the scale and complexity of BHCC where information is the life blood of its business. Good information management and information security practice mitigates risk of information loss and enables the full exploitation of the information the organisation holds. This results in better decision making (based on good quality information) to deliver improved citizen and client experiences and efficient service delivery (e.g. sharing information with partner agencies, collecting information once and reusing many times). Effective information management and security also increases public confidence and helps avoid any potentially damaging action being taken against the council by the information Commissioners Office.

Background

- 3.2 BHCC holds a huge amount of both sensitive and non-sensitive information. The majority of planning records are a good example of non-sensitive information as much of this is available in the public domain. Information about children and families held by Children's Social Care is at the other end of the sensitive spectrum. This is an example of information that should be afforded the greatest care and should be shared amongst professionals on a need to know basis. Any

loss could cause families significant distress and the council reputational damage. This may impact on our partners' willingness to collaborate in service provision. However, this is a complex area as not sharing information appropriately can also place children at risk. A balance must therefore be achieved and education of our staff which gives them the confidence to share appropriately and securely is therefore crucial.

- 3.3 Good examples of the implementation of robust information governance practices are in Children's Services in the Multi Agency Safeguarding Hub (MASH) and the Early Help Hub. Both these services are based on partnership working and integrated practice where effective information sharing is a crucial element. The same is true in Adult Social Care where closer working with the Health sector and information sharing across agencies will enable these new partnership working arrangements to deliver the efficiencies and service improvements that support the City's outcomes.

Risk and Impact

- 3.4 The Information Commissioner's Office (ICO) commonly takes action against organisations found to have been negligent in ensuring they are fully compliant with their obligations under Data Protection Act and the Freedom of Information Act. This could include action being taken even when the loss is a consequence of human error, if the ICO judges that staff have been inadequately educated in Information Governance standards and that there is therefore a heightened risk of data loss.

Failure to comply with the Acts could result in:

- Financial penalties of up to £500,000 per breach. The highest fine to date is £325,000. The average fine is approximately £113,000.
 - Loss of reputation and public confidence in the council and the services it provides.
 - Personal liability for any member of staff who unlawfully obtains information, or for managers who negligently allow employees to unlawfully obtain information.
- 3.5 Equally important is the requirement from central government, enforced by the Communications and Electronics Security Group (CESG) and Cabinet Office, that we comply with the Public Service Network (PSN) Code of Connection (CoCo) technical security standards. Failure to comply could result in disconnection from the Public Sector Network and consequent inability to deliver critical council services such as Revenues and Benefits and communications with police and health services.

Mitigation

- 3.6 Over the last 18 months we have been making some urgent improvements to the technical security of our IT network and information systems.
- 3.7 So far we have completed the migration to a new Operating System (Windows 7) and upgraded to Office 2010, implemented new firewalls, Network scanning

software, Protective Monitoring and Protective Marking on GCSx mail, 2 Factor Authentication, encrypted the entire laptop estate and USBs (portable storage/pen drives), provided managed endpoints (council laptops) to mobile secure information users, separated GCSx (secure government exchange) and .gov.uk email accounts and more.

- 3.8 There have also been challenges over the last 18 months and not all our changes have been positive for users. We are aware for instance that the implementation of GCSx mail has presented some significant limitations for some users. We propose to address this through the provision of an alternative, more user friendly encrypted email tool. This can be deployed to both Members and staff reducing significantly the number of users who will need to use GCSx mail.
- 3.9 Nonetheless, the work already completed has significantly improved technical security standards and enabled us to comply with stringent government security standards set by the CESG. This is reflected in BHCC having achieved PSN CoCo compliance for both 2013 and 2014. However, there is a residual risk that this will introduce organisational complacency. Technical security is only part of the mitigation; arguably more difficult to address is the culture of the organisation and the behaviour of staff.
- 3.10 In order to achieve compliance in 2015 we will need to further improve our technical infrastructure as the requirements continue to increase. This is an extremely challenging set of requirements but will nonetheless provide us with a more robust, efficient and modern environment which will be more reliable and stable into the future.

Actions to address cultural and behavioural change:

- 3.13 The Information Management Board (IMB) has been established at board level as required by the ICO. It is chaired by the Executive Director, Finance and Resources and is advised by the Senior Information Risk Owner, Head of Legal and Democratic Services. Both our Caldicott Guardians, (Executive Director, Children's Services and Executive Director Adult Social Care) are members of the Board, as are other key senior managers at Corporate Management Team (CMT) level. The Board provides the organisational leadership in Information Management good practice to ensure that the value of our core business information is both protected and exploited to its full potential. The IMB also ensures that the organisation acts upon its legal obligations under the Data Protection Act and Freedom of Information Act. It sets the standards for information management, ensures that these standards are embedded within the organisation, and ensures communication of these key messages to the organisation. For example, the Board reviews and agrees multi-agency data sharing agreements and Privacy Impact Assessments and receives regular key performance indicators and breach reports.
- 3.14 In addition we have;
- Increased the staffing available to manage and investigate information security and governance matters for:
 - the increased reporting of incidents,

- development and delivery of training and education
- increased Freedom of Information requests
- increased Subject Access Requests
- new technical security monitoring responsibilities under PSN CoCo
- relationship with the ICO and PSNA/CESG
- implementation of records management
- Implemented a complete refresh of policies relating to information management and information security and have published them in one place on the WAVE. The policies set out the expectations and behavioural standards of all staff in relation to their use of information, whatever its format (paper or electronic).
- Refreshed and updated the Information Governance training package and made it available to staff via e-learning
- Initiated a council wide information and security communications plan under the strap-line, 'Safe and Secure'
- Provided face to face and e-learning Information Governance training for Members who are data controllers in their own right
- Provided face to face bespoke training to specific groups of staff
- Completed an information audit across the entire organisation. This will form the basis of a records management approach which will enable better access to information, better quality information and ensure that our information is adequately protected and appropriate sharing is encouraged. Information Asset ownership will be established and responsibilities identified.
- Assessed new multi-agency working initiatives (for example MASH and Early Help Hub) under a Privacy Impact Assessment (PIA) process to ensure an appropriate culture, that balances sharing and privacy, is in place. PIA's are reviewed and signed off by the relevant Executive Director and the Information Management Board.

Why does the risk still persist if we are doing all of the above?

- 3.15 We send thousands of communications every day to our customers and partners. Over the past year there have been 88 data breaches, of which 79% were due to human error (e.g. incorrectly addressed envelopes, emails and/or incorrect attachments sent to the wrong recipient). Every breach is investigated and where appropriate additional training or controls are put in place. Where breaches are considered to be of a more serious nature, they are reported to the Information Commissioner's Office.
- 3.16 It is inherently difficult to establish and then truly embed real cultural change in any large and diverse organisation. But this is critical if we are to get true engagement with staff who are extremely busy delivering services at the front line. These requirements can feel like an additional, purely administrative burden. However, it is vital that all of our staff, Members and suppliers working on our behalf, recognise that it is incumbent on all public servants to ensure that the information they hold in trust for citizens is kept safe and treated with the utmost respect.
- 3.17 It is a requirement of the Information Commissioner that all staff in BHCC undertake annually refreshed Information Governance (IG) training and that this is supported by an audit trail. A new e-learning package has been developed and is currently being rolled out to all staff. Teams have also been identified for bespoke, face-to-face training. All staff, including agency staff, must complete the

training. There are no exceptions as the council retains liability for data loss by 3rd parties because it remains the data controller for that originating information. The IG training is part of the compulsory induction programme for all new joiners

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 Not applicable

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 Not applicable

6. CONCLUSION

6.1 The risk of data loss remains significant and will continue to do so until the culture change which will be brought about by improved education and awareness is fully embedded. The report above describes the ongoing programme of work to achieve this change.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The financial penalties of non-compliance are outlined in paragraph 3.4. If the council were to be fined the costs would need to be reflected in the Targeted Budget Management projected outturn along with any mitigating costs incurred.
- 7.2 Ongoing additional costs of improving information management governance and complying with government requirements were included in the additional resources allocated to the ICT service that were agreed at Budget council for 2014/15. In addition, the budget setting assumptions for 2015/16 includes further additional investment for information security, information management and infrastructure that will support the delivery of further mitigating actions.

Finance Officer Consulted: James Hengeveld

Date: 06/11/14

Legal Implications:

- 7.3 The measures identified in the report reflect legal requirements and the steps outlined in paragraph 3.17 will help minimise any risk of breaches of the Data Protection Act or the government's requirements under the Code of Communications.

Lawyer Consulted:

Abraham Ghebre-Ghiorghis

Date: 06/11/2014

Equalities Implications:

- 7.4 An Equalities Impact Assessment (EIA) will be conducted against any part of the programme which results in a change to user functionality. Service and or customer service impacts will be addressed by relevant services where identified.

Sustainability Implications:

- 7.4 Many of the initiatives that contribute to the management and mitigation of information risk contribute to the wider corporate commitment to sustainability and the reduction of carbon emissions e.g. improvements to the underlying IT infrastructure and the migration to the new remote data centre.

Any Other Significant Implications:

- 7.5 The activity set out in this report supports the corporate plan aim to modernise the council through the delivery of effective, safe, secure and modern working arrangements that can be confidently delivered in partnership with other key agencies across the city.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms

1. None

Background Documents

1. None

Crime & Disorder Implications:

- 1.1 None

Risk and Opportunity Management Implications:

- 1.2 See main body of report.

Public Health Implications:

- 1.3 None

Corporate / Citywide Implications:

- 1.4 See Introduction to this report.

COMMITTEENAME

Agenda Item 48

Brighton & Hove City Council

Subject:	Ernst & Young - Audit Progress Report and Sector Update		
Date of Meeting:	18 November 2014		
Report of:	Ernst & Young		
Contact Officer:	Name:	Simon Mathers	Tel: 07776 349851
	Email:	smathers@uk.ey.com	
Ward(s) affected:	All		

1. SUMMARY AND POLICY CONTEXT:

1.1 We ask the Committee to consider our audit progress report.

2. RECOMMENDATIONS:

2.1 To consider the 2013/14 and 2014/15 audit progress report, ask questions as necessary and note the progress made.

Brighton & Hove City Council

Audit & Standards Committee Progress Report

18 November 2014



Audit & Standards Committee
Brighton & Hove City Council
Kings House
Grand Avenue
Hove
BN3 2LS

18 November 2014

Audit Progress Report

We are pleased to attach our Audit Progress Report.

It sets out the work we have completed since our last report to the Committee. Its purpose is to provide the Committee with an overview of the 2013/14 and 2014/15 audits, and an indication of progress against our plans. This Progress Report is a key mechanism in ensuring that our audit is aligned with the Committee's service expectations.

Our audit is 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 faithfully



Helen Thompson
Director
For and behalf of Ernst & Young LLP

Contents

2013/14 audit	2
2014/15 audit	3
Timetable 2013/14	4
Timetable 2014/15	6

In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This report is prepared in the context of the Statement of Responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

2013/14 audit

Fee letter

We issued our 2013/14 fee letter to the April 2013 meeting of the Audit & Standards Committee.

Financial Statements

On 26 September 2014 we issued an unqualified audit opinion on the Council's financial statements. Detailed issues arising from our work were presented to the 23 September meeting of the Committee in our audit results report

Value for money

On 26 September 2014 we issued an unqualified value for money conclusion. Detailed issues arising from our work were presented to the 23 September meeting of the Committee in our audit results report.

Whole of government accounts

On 26 September 2014 we reported to the National Audit Office the results of our work performed in relation the accuracy of the Council's consolidation schedules. We found that the consolidation pack was consistent with the statutory financial statements.

Annual Audit Letter

We are presenting our Annual Audit Letter to today's Committee meeting.

Grant claim certification

We certified your pooling of housing capital receipts return before the extended deadline of 8 October. Both the final return, and each of the quarterly returns used to generate the final return were subject to amendment as a result of our work. We are currently auditing your housing benefit subsidy claim which has a certification deadline of the end of November. We are no longer required to audit the Council's Teacher's Pension return under the programme of work set by the Audit Commission. The Council is currently considering whether it wants us to undertake this work as a separate engagement.

We plan to issue our annual report on the certification of claims and returns providing more details on the work undertaken and our detailed findings to the January 2015 meeting of the Committee. This will complete our work on the 2013/14 audit.

2014/15 audit

Fee letter

We have agreed our 2014/15 audit fee with the Chief Executive and Director of Finance & Resources. A copy of our fee letter was issued to the June 2014 meeting of the Audit & Standards Committee.

Financial Statements

We adopt a risk based approach to the audit and as part of our ongoing continuous planning we regularly meet with key officers and other stakeholders:

- We met Central Accounting officers during October 2014 to evaluate the 2013/14 accounts production and audit process. We will continue to work with those officers to refine and improve arrangements for 2014/15 and arrive at a shared understanding of key deliverables early in the process.
- We are sharing our plans with Internal Audit on an ongoing basis to ensure that a properly integrated approach is taken to audit work at the Council.

Our work to identify the Council's material income and expenditure systems and to walk through these systems and controls is planned in January and February 2015. The detailed testing of the controls and critical path of each material system is planned for March 2015. We will maximise the reliance we place on the work of Internal Audit to support our work in this area.

We will continue to use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries and payroll.

Value for money

The Audit Commission has now issued its guidance on the 2014/15 value for money conclusion. The full guidance can be found at <http://www.audit-commission.gov.uk/wp-content/uploads/2014/10/08102014-VFM-guidance-2014-15.pdf>

There are no planned changes to the approach in 2014/15. We will carry out our initial risk assessment in the new calendar year and report the risks we have identified and associated work we will carry out in our detailed audit plan.

Timetable 2013/14

We set out below a timetable showing the key stages of the audit, including the value for money work, and the deliverables we will provide to you through the 2013/14 Audit & Standards Committee cycle. We will provide formal reports to the Committee throughout our audit process as outlined below.

Audit phase	EY Timetable	Deliverable	Associated Audit & Standards Committee	Status
High level planning	Ongoing	Audit Fee Letter	March 2013	Completed. Reported to the April 2013 meeting of the Audit & Standards Committee
Risk assessment and setting of scope of audit	Feb – April 2014	Audit Plan	March 2014	Completed. Our assessment of the risks impacting on our financial statements and VFM conclusion audit is set out in our 2013/14 Audit Plan presented to this March 25 meeting of the Audit & Standards Committee.
Testing of routine processes and controls	Feb – April 2014	Audit Plan	June 2014	Completed. The results of our controls testing have not altered our risk assessment.
Year-end audit	June - August 2014	Audit results report to those charged with governance Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources) Whole of Government Accounts Submission to NAO based on their group audit instructions Audit Completion certificate	September 2014	Completed. The results of work were reported to the September 2014 meeting of the Audit & Standards Committee in our 2013/14 audit results report.

Audit phase	EY Timetable	Deliverable	Associated Audit & Standards Committee	Status
Annual Reporting	October 2014	Annual Audit Letter	November 2014	Completed. The annual audit letter is presented to this November 2014 meeting of the Audit & Standards Committee.
Grant Claims	September – November 2014	Annual certification report	January 2015	

Timetable 2014/15

We set out below a timetable showing the key stages of the audit, including the value for money work, and the deliverables we will provide to you through the 2014/15 Audit & Standards Committee cycle. We will provide formal reports to the Committee throughout our audit process as outlined below.

Audit phase	EY Timetable	Deliverable	Associated Audit & Standards Committee	Status
High level planning	Ongoing	Audit Fee Letter	June 2014	Completed. Reported to the June 2014 meeting of the Audit & Standards Committee
Risk assessment and setting of scope of audit	Feb – April 2015	Audit Plan	March 2015	
Testing of routine processes and controls	Feb – April 2015	Audit Plan	June 2015	
Year-end audit	June - August 2015	<p>Audit results report to those charged with governance</p> <p>Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources)</p> <p>Whole of Government Accounts Submission to NAO based on their group audit instructions</p> <p>Audit Completion certificate</p>	September 2015	.

Audit phase	EY Timetable	Deliverable	Associated Audit & Standards Committee	Status
Annual Reporting	October 2015	Annual Audit Letter	November 2015	
Grant Claims	September – November 2015	Annual certification report	January 2016	

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All rights reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com

Subject:	Ernst & Young - 2013/14 Annual Audit Letter		
Date of Meeting:	18 November 2014		
Report of:	Ernst & Young		
Contact Officer:	Name:	Helen Thompson	Tel: 07974 007332
	Email:	HThompson2@uk.ey.com	
Ward(s) affected:	All		

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The Audit Commission requires auditors to issue an Annual Audit Letter by 31 October 2014. The purpose of the Letter is to communicate to the Members of the Council and external stakeholders, including members of the public, the key issues arising from our work which we consider should be brought to their attention.
- 1.2 Detailed findings from our 2013/14 audit have already been reported to the 23 September meeting of the Committee in our 2013/14 Audit Results Report. The matters reported in the Annual Audit Letter are the most significant for the Council.

2. RECOMMENDATIONS:

- 2.1 To consider the 2013/14 Annual Audit Letter and ask questions as necessary.

Brighton & Hove City Council

Year ending 31 March 2014

Annual Audit Letter

October 2014



Building a better
working world



Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO 14 3QB

Tel: + 44 2380 382000
Fax: + 44 2380 382001
ey.com

The Members of Brighton & Hove City Council
Kings House
Grand Avenue
Hove
BN3 2LS

23 October 2014

Dear Members,

Annual Audit Letter

The purpose of this Annual Audit Letter is to communicate to the Members of Brighton & Hove City Council and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to their attention.

We have already reported the detailed findings from our audit work to the Audit & Standards Committee in our Audit Results Report issued on 23 September 2014.

The matters reported here are the most significant for the Council.

I would like to take this opportunity to thank the officers of the Council for their assistance during the course of our work.

Yours faithfully

Helen Thompson
For and behalf of Ernst & Young LLP
Enc

Contents

1. Executive summary	1
2. Key findings	3
3. Control themes and observations	7
4. Fee update	9

In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Executive summary

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan we issued on 24 June 2014 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Council reports publicly on an annual basis on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of the governance arrangements in the year, and on any planned changes in the coming period. The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements;
- ▶ reviewing the Annual Governance Statement;
- ▶ forming a conclusion on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of Brighton & Hove City Council for the financial year ended 31 March 2014 in accordance with International Standards on Auditing (UK & Ireland).	On 26 September 2014 we issued an unqualified audit opinion for the Council.
Form a conclusion on the arrangements the Council has made for securing economy, efficiency and effectiveness in its use of resources.	On 26 September 2014 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Council (the Audit & Standards Committee) communicating significant findings resulting from our audit.	On 23 September 2014 we issued our Audit Results Report for the Council.
Report to the National Audit Office on the accuracy of the consolidation pack the Council is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 26 September 2014.
Consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.	No issues to report.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	No issues to report.

Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.

No issues to report.

Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

On 26 September 2014 we issued our audit completion certificate.

Issue a report to those charged with governance of the Council summarising the certification of grant claims and returns work that we have undertaken.

We plan to issue our annual certification report for 2013/14 to those charged with governance in January 2015 when our work in this area is complete.

2. Key findings

Financial statement audit

We audited the Council's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified audit report on 26 September 2014.

In our view, the quality of the process for producing the accounts, including the supporting working papers was good.

The main issues identified as part of our audit of your financial statements, including our conclusions in relation to the areas of risk/areas of audit emphasis outlined in our Audit Plan were:

Significant risk 1 – Risk of Management Override

Risk:

As identified in ISA (UK & Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

Specifically, we considered the impact of an allegation received by the Council from a whistle blower during the year, relating to a historic failure to declare a material related party interest, on our approach to the audit of the 2013/14 financial statements.

Results:

The whistle-blowing allegation related to the failure to disclose a material related part interest associated with the procurement of temporary accommodation by the Council's housing service.

In response to the risk identified, the Council has undertaken its own work. There is an ongoing disciplinary investigation by the Council, as well as an ongoing police investigation. In addition, a detailed review has been carried out by management designed to assess the impact of the issue on Council expenditure, the efficacy of internal controls and any potential failure in the Council's arrangements to secure value for money.

We reviewed the joint work undertaken by the Council's central finance, internal audit and procurement teams as part of the assurance for our opinion on the financial statements. Our approach was to treat this work as a management control and to seek to place reliance on its findings. In order to do that we reviewed, challenged and re-performed on a sample basis the work undertaken by the Council. Based on our review we concluded that the work undertaken by management was properly performed. We therefore consider the overall findings and conclusions from that work to be reliable. Based on the findings of that work, and our re-performance of it, we are satisfied that there was no material misstatement of expenditure potentially affected by the whistle-blowing allegation.

Our work on the Council's financial statements is guided by the concept of materiality. Information is only material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. We reviewed our assessment of materiality in light of the whistle blowing allegation and amended our audit strategy to reflect the increased risk of material misstatement. This increased the level of testing required in all areas of the audit, and especially in relation to testing housing expenditure.

Our audit found no material misstatement due to fraudulent financial reporting, or evidence of material fraud, impacting on the year of account. However, our audit is not designed to give absolute assurance, and non-material fraud does occur each year at the Council.

The work undertaken by management, and our re-performance of it and additional testing, highlighted some weaknesses in the Council's arrangements which need to be addressed. Specifically, there are clear deficiencies in the Council's arrangements for the signing and sealing of leases. We found weaknesses in record keeping for leases, and the Council was not able to locate the records for a significant minority of the leases considered by our work. There was also a lack of consistency and clarity in lease terms and conditions across similar lease agreements.

We also considered both the accuracy of the disclosure made in the related party transactions note in the financial statements, and the adequacy of the Council's arrangements to identify and disclose related party transactions more generally. Based on our work we were satisfied that the disclosure of the issue in the related party transactions note in the financial statements was accurate. We were also satisfied the Council's arrangements for the identification and disclosure of related party interests and transactions are reasonable overall. There is, however, scope for improvement. This is recognised by the Council and actions have already begun to improve the level of control in this area. We also considered the accuracy and adequacy of disclosure of the issue in the Council's Annual Governance Statement. We were satisfied that the disclosures originally made were accurate and note that management increased the level of disclosure in the Annual Governance Statement during the course of the audit.

Significant risk 2 - National Non-Domestic Rates (NNDR) rateable value appeals provision

Risk:

The Business Rates Retention Scheme came into force on 1 April 2013. Under the scheme a proportion of the business rates collected by councils are retained locally and half paid over to central government. The potential cost of successful rateable value appeals is significant to the Council. There is also a high level of estimation uncertainty in determining an accurate provision for the cost in the financial statements.

Our work focussed on reviewing the accounting transactions made and assessing the reasonableness of the estimation made.

Results:

We were satisfied the Council developed an approach to ensure that a materially accurate and complete provision was included in the financial statements. The provision was calculated correctly based on an analysis of available information and professional judgment.

Value for money conclusion

We are required to carry out sufficient work to conclude on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In accordance with guidance issued by the Audit Commission, in 2013/14 our conclusion was based on two criteria:

- ▶ the organisation has proper arrangements in place for securing financial resilience; and
- ▶ the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified value for money conclusion on 26 September 2014. We did not identify any significant risks to the value for money conclusion, but we did identify two other risks in our Audit Plan. In addition, we assessed whether there were value for

money implications arising from the whistle blowing allegation received. The table below summarises the findings from our work.

Other risk 1 – Council spending

Risk:

The Audit Commission produces value for money and financial ratio profiles for local authorities on an annual basis. This provides an indication of the relative spending of an individual body against a comparator group of statistical nearest neighbours which have similarities in population, expenditure, and geographical area.

Review of the comparative VFM profile data in previous periods has suggested that the Council is high spending compared to its statistical nearest neighbours. This is true for both its overall per capita spending, and per capita spending in each of its main service areas.

The Council continues to face significant financial challenges over the medium term. A clear focus on addressing high cost areas is therefore essential to the economy, efficiency and effectiveness of services delivered and the overall financial resilience of the Council.

Findings:

The Council's financial position remains sound at the end of 2013/14 and it continues to be financially resilient.

However, the scale of the financial challenge it faces continues to grow and, based on available comparative information at the end of 2012/13, its overall level of spending remains high relative to others. There is a significant budget gap over the medium term which will need to be addressed through more fundamental service prioritisation, re-design and commissioning and de-commissioning decisions.

Other risk 2 – Better Care Fund

Risk:

The Council has a well-established value for money (VFM) programme and a good track record of delivering its planned savings. However, it is becoming increasingly difficult for the Council to continue to deliver good quality services against a backdrop of growing demand and increased financial challenges.

The June 2013 Spending Round announced the creation of a £3.8 billion Integration Transformation Fund – now referred to as the Better Care Fund (BCF). The BCF is a single pooled budget for health and social care services to work more closely together in local areas, based on a plan agreed between the NHS and local authorities.

It therefore offers a substantial opportunity to the Council to build on its existing partnerships with NHS commissioners and providers to bring resources together to address immediate pressures on services and lay foundations for a much more integrated system of health and care.

This creates both risks and opportunities for the Council. The £3.8 billion is not new or additional money. £1.9 billion will come from clinical commissioning group (CCG) allocations (equivalent to around £10 million for an average CCG) in addition to NHS money already transferred to social care.

Findings:

We are satisfied there is evidence the Council is making good progress in developing arrangements to improve its system leadership, governance and level of integrated working across the city with NHS and other commissioners and providers in preparation for implementation of the Better Care Fund.

Whistleblowing allegation

Risk:

We considered the impact of an allegation received by the Council from a whistle blower during the year, relating to a historic failure to declare a material related party interest, on the Council's arrangements to secure value for money.

Findings:

Based on the work carried out, we have concluded there is evidence of historic weaknesses in the Council's arrangements to assess and take action on the value for money provided by providers of temporary accommodation.

We are, however, satisfied that the financial value of the issue is not sufficiently significant to impact on our value for money conclusion.

Objections received

We did not receive any formal questions or objections to the Council's 2013/14 financial statements from members of the public.

Whole of government accounts

We reported to the National Audit Office on 26 September 2014 the results of our work performed in relation the accuracy of the consolidation pack the Council is required to prepare for the whole of government accounts.

We did not identify any areas of concern.

Annual governance statement

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA / SOLACE guidance.

We completed this work and did not identify any areas of concern.

Certification of grants claims and returns

We intend to present our annual certification report for 2013/14 to those charged with governance in January 2015 when our work on 2013/14 grant claims and returns is complete.

3. Control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control we communicate to those charged with governance at the Council, as required, significant deficiencies in internal control.

The control themes and observations reported as part of our Audit Results Report are shown below and are limited to those deficiencies that we identified during the audit and that we concluded are of sufficient importance to merit being reported.

Description and Impact	Recommendation
<p>Housing leases</p> <p>Based on our review of leases for temporary accommodation we found:</p> <ul style="list-style-type: none"> ▶ Weaknesses in the Council's arrangements for the signing and sealing of leases. ▶ Weaknesses in record keeping for leases. Specifically the Council was not able to locate a significant minority of the leases considered by our work. ▶ A lack of consistency and clarity in lease terms and conditions across similar lease arrangements. <p>Our testing of other disclosures in the financial statements relating to the Council as lessor has identified some further weaknesses in lease documentation and record keeping.</p>	<p>Improve documentation and internal control over leases having regard to the specific weaknesses in arrangements identified by both our review, and the findings from relevant Internal Audit work.</p>
<p>Related party transactions – officers</p> <p>The Council's arrangements for the identification and disclosure of related party interests and transactions for officers are reasonable overall. However, the need to continue to improve arrangements in this area is recognised by the Council. Legal and Democratic Services have introduced an enhanced set of arrangements for officers designed to more fully capture related party transactions from 2014/15.</p>	<p>None required. We will review the revised arrangements introduced as part of our 2014/15 audit.</p>

Description and Impact	Recommendation
<p>Related party transactions - members</p> <p>The Council's arrangements for the identification and disclosure of related party interests and transactions are reasonable overall. However, as part of our work we noted that the disclosure of related party interests for members is informed primarily by review of the members' register of interests.</p> <p>The Council is reliant on members keeping this information up to date. Quarterly reminders are issued, but there is no routine annual circularisation of members to check that the information is accurate. Our review of the members' register of interest highlighted some out of date information. We note, however, that the committee based system of decision making at the Council does offer some mitigation against the risk of any one member having significant influence over operating decisions taken by the Council.</p>	<p>Continue to improve arrangements to identify material related party transactions. Specifically consider whether active circularisation of members would provide a better level of assurance in this area.</p>
<p>Debtors</p> <p>Our testing identified the Council has repeatedly raised and cancelled a £1 million invoice relating to the lessee of Shoreham Airport. This has been done as a mechanism to enforce the lessee to carry out its obligations under the terms of the lease agreement. There is no debt due to the Council unless the lease condition is not met. We are satisfied that the amount raised was cancelled by a credit note at the end of the year, does not appear as part of year end debtors and therefore is correctly excluded from the financial statements. However, the invoice had been re-raised in the new financial year.</p>	<p>The Council should reconsider its current approach of raising and cancelling an invoice where it does not expect to collect a cash debt due to it.</p>

4. Fee update

A breakdown of our agreed fee is shown below. The proposed additional fee for Code work of £7,500 was agreed with the Executive Director of Finance & Resources on 15 October 2014. The proposed final fee remains subject to final agreement by the Audit Commission.

	Proposed final fee 2013/14	Planned fee 2013/14	Scale fee 2013/14	
	£'000	£'000	£'000	Explanation of variance
Total Audit Fee – Code work	217,830	210,330	210,330	<p>Additional auditor time was required due to undertake work on risks to our responsibilities arising from the whistleblowing allegation received as set out in this report.</p> <p>Specifically we were required to amend our audit strategy, compared with previous years, through:</p> <ul style="list-style-type: none"> ▶ a reduction in our materiality threshold; ▶ an increased focus on the Council's arrangements to identify and report related party transactions; and ▶ ongoing liaison with Internal Audit, including review and re-performance of its work in response to the allegation received.
Certification of claims and returns	21,602*	21,602	21,602**	

**Our fee for certification of grants and claims is yet to be finalised for 2013/14 and will be reported to those charged with governance in January 2015 as part of our 2013/14 Annual Certification Report.*

***Note: the Audit Commission altered the scale fee for the certification of claims and returns after our 2013/14 Audit Plan was finalised and presented to the Audit & Standards Committee in March 2014. The scale fee reduced from £26,300 to £21,602 to reflect the removal of certain claims from the regime.*

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All rights reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com

Subject:	Internal Audit Progress Report 2014/15		
Date of Meeting:	18 November 2014		
Report of:	Executive Director of Finance and Resources		
Contact Officer:	Name:	Mark Dallen, Acting Head of Internal Audit	Tel: 29-1314
	Email:	mark.dallen@brighton-hove.gcsx.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The purpose of this report is to update Members of the progress made against the Internal Audit Plan 2014/15, including outcomes of specific audit reviews completed and tracking of the implementation of recommendations.
- 1.2 The Audit and Standards Committee has a role in monitoring the activity and outcomes of internal audit work against the plan and receiving regular progress reports.
- 1.3 The report includes and update on the work of the Corporate Fraud Team.

2. RECOMMENDATIONS:

- 2.1 That the Committee notes the progress made in delivering the Annual Internal Audit Plan 2014/15.

3. BACKGROUND INFORMATION:

- 3.1 The Accounts and Audit (England) Regulations 2011 require the Council to 'maintain an adequate and effective system for internal control in accordance with proper practices.' Proper practice is defined by Public Sector Internal Audit Standards.
- 3.2 The Internal Audit Strategy and Plan provides the framework to deliver this service ensuring the most appropriate use of internal audit resources to provide assurance on the Council's control environment and management of risks.
- 3.3 The Audit Plan sets out an annual schedule of those systems including core financial systems, governance frameworks, IT audits and other key operational systems.

3.4 Amendments to the plan are approved by the Executive Director of Finance and Resources and are reported as part of this monitoring report.

4. PROGRESS AGAINST THE 2014/15 AUDIT PLAN:

4.1 A total of 19 reports have now been finalised for the year to date. Those finalised since the last reported to the Audit & Standards Committee in September 2014 are detailed in the table below:

Final Audit Reports	Assurance Opinion*	Number of Recommendations and Priority
Education PFI	Reasonable	1 x Medium
Corporate Building Cleaning Contract	Limited	2 x High 8 x Medium
Regulatory Enforcement Activities/Licensing	Reasonable	1 x High 2 x Medium
Declarations of Gifts, Interests and Hospitality (Members)	Reasonable	5 x Medium
Declarations of Gifts, Interests and Hospitality (Officers)	Reasonable	5 x Medium
Procurement Cards	Substantial	3 x Medium
Right to Buy	Substantial	1 x Medium
Premises Security - Schools	Reasonable	3 x Medium
SIMS – Application Audit	Reasonable	4 x Medium
School Admissions	Substantial	6 x Medium
Cash Collection Contract – Transition Arrangements	Limited Assurance	1 x High 1 x Medium

Note.* A definition of the Assurance Opinions is provided in Appendix 1.

4.2 In addition there are 17 reviews where draft reports have been issued and are in the process of being finalised.

4.3 The total of draft and final reports is 36 at this point of the year which represents 40% of the approved audit plan. Another 18 audit reviews are allocated and/or in progress.

5. LIMITED ASSURANCE REPORTS:

5.1 The two Limited Assurance reports finalised in the period were an audit of the Cash Collection Contract - Transitional Arrangements and an audit of the Council's Building Cleaning Contract.

5.2 Further information about these audits is included in Appendix 2 which is included as a Part 2 Agenda Item at this meeting.

6. CHANGES TO THE APPROVED AUDIT PLAN:

Addition: School Financial Governance Review

- 6.1 At the request of the Assistant Director - Education & Inclusion an audit review was undertaken into specific aspects of financial governance at Blatchington Mill School. The review was undertaken following the receipt of a whistleblowing allegation.
- 6.2 A draft report has been prepared and sent to the school and the Department for Education who are also aware of the issues. A copy of the report has also been released to the whistleblower.
- 6.3 For the areas reviewed the audit did not identify any fundamental shortfalls with the school's financial management arrangements but a number of areas for improvement were identified.

Deletions to Audit Plan

- 6.4 The service has continued to be required to do investigatory and other unplanned work which is likely to exceed the original contingencies on this year's annual plan. To ensure effective planning and control it is therefore proposed to delete the following audits from this year's work plan.
 - Lift Maintenance (Housing) – This review was covered by a late 2013/14 audit
 - Traded Services for Schools – This audit has already been followed up this year
 - Environmental Management System Audits – This was a joint working exercise with the sustainability team which is no longer required.

7. COUNTER FRAUD WORK:

Housing Tenancy Fraud

- 7.1 Outcomes for the year to date are as follows:

Outcome	Year to Date	This Period
Housing Stock returned	5	-
Housing Association properties	1	-

- 7.2 The Council has had its first successful prosecution of a housing tenancy fraud case (October 2014) under the Prevention of Social Housing Fraud Act 2013.
- 7.3 The Defendant appeared through a solicitor and entered a guilty plea. The Court heard the matter and passed sentence in the absence. The magistrates ordered the Defendant to pay a fine and costs.

Proactive Initiatives

- 7.4 A draft fraud e-learning package is currently being compiled by the Corporate Fraud Manager working in conjunction with the Organisational & Workforce Development Team. It is planned to launch this in the next two months.

National Fraud Initiative 2014 Update

- 7.5 Arrangements are currently in place to supply the data for the above exercise to the Audit Commission. There is a new dataset that is required this year which is Personal Budgets.
- 7.6 Checks are also being undertaken to ensure that the requirements of the Code of Data Matching Practice are being complied with e.g. data is submitted securely and data subjects have been notified as to the purposes for which the data that they supply are notified as to the purposes for which the data they have supplied will be used for.

Publicity and Fraud Awareness

- 7.7 The Autumn edition of the council's Housing Magazine "Homing in" includes a short article on tenancy fraud.
- 7.8 An update on the progress being made in relation to housing tenancy fraud was given to the Housing Committee on 10th September 2014.

8. IMPLEMENTATION OF RECOMMENDATIONS:

- 8.1 For the year to date we have now followed-up on a total of 83 recommendations. The results of this exercise are summarised below.

Number of Recommendations Followed Up (Year to Date)	Implemented*	% Compliance
83	80	96%

* Includes both fully implemented and part implemented

- 8.2 There are two audits where there are recommendations that have not been actioned. These are in relation to Housing Locata System and training for school staff on Information Governance. We continue to follow-up on both issues

9. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 9.1 It is expected that the Internal Audit Plan for 2014/15 will be delivered within existing budgetary resources after allowing for deletions to the plan to accommodate unplanned work . Progress against the Annual Internal Audit Plan

and action taken in line with recommendations support the robustness and resilience of the councils practices and procedures and support the councils overall financial position. Where there are financial implications relating to limited assurance audits and the risks can be quantified, these will be taken into account within budget setting, Targeted Budget Management and the Statement of accounts as appropriate.

Finance Officer Consulted: James Hengeveld

Date: 31/10/2014

Legal Implications:

- 9.2 Regulation 6 of The Accounts & Audit Regulations 2011 requires the Council to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. It is a legitimate part of the Audit & Standards Committee's role to review the level of work completed and planned by internal audit.

Lawyer Consulted: Oliver Dixon

Date: 24/10/14

Equalities Implications:

- 9.3 There are no direct equalities implications arising directly from this report

Sustainability Implications:

- 9.4 There are no direct sustainability implications arising from this report.

Crime & Disorder Implications:

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

Risk and Opportunity Management Implications:

- 9.6 The Internal Audit Plan and its outcome is a key part of the Council's risk management process. The internal audit planning methodology is based on risk assessments that include the use of the council's risk registers.

Corporate / Citywide Implications:

- 9.7 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. Internal Audit Report Assurance Levels: Definitions
2. Additional Information on Limited Assurance Reports (Part 2. Agenda Item)

Background Documents:

1. Internal Audit Plan 2014/15
2. Public Sector Internal Audit Standards
3. Accounts and Audit Regulations 2011

APPENDIX 1.

Internal Audit Report Assurance Opinions: Definitions

FULL	There is a sound system of control designed to achieve the system and service objectives. Compliance with the controls is considered to be good. All major risks have been identified and are managed effectively.
SUBSTANTIAL	No significant improvements are required. Whilst there is a basically sound system of control (i.e. key controls), there are weaknesses, which put some of the system/service objectives at risk, and/or there is evidence that the level on non-compliance with some of the controls may put some of the system objectives at risk and result in possible loss or material error. Opportunities to strengthen control still exist.
REASONABLE	The audit has identified some scope for improvement of existing arrangements. Controls are in place and to varying degrees are complied with but there are gaps in the control process, which weaken the system and result in residual risk. There is therefore a need to introduce additional controls and/or improve compliance with existing controls to reduce the risk to the Council.
LIMITED	Weaknesses in the system of control and/or the level of compliance are such as to put the system objectives at risk. Controls are considered to be insufficient with the absence of at least one critical or key control. Failure to improve control or compliance will lead to an increased risk of loss or damage to the Council. Not all major risks are identified and/or being managed effectively.
NO	Control is generally very weak or non-existent, leaving the system open to significant error or abuse and high level of residual risk to the Council. A high number of key risks remain unidentified and/or unmanaged.

Document is Restricted

