





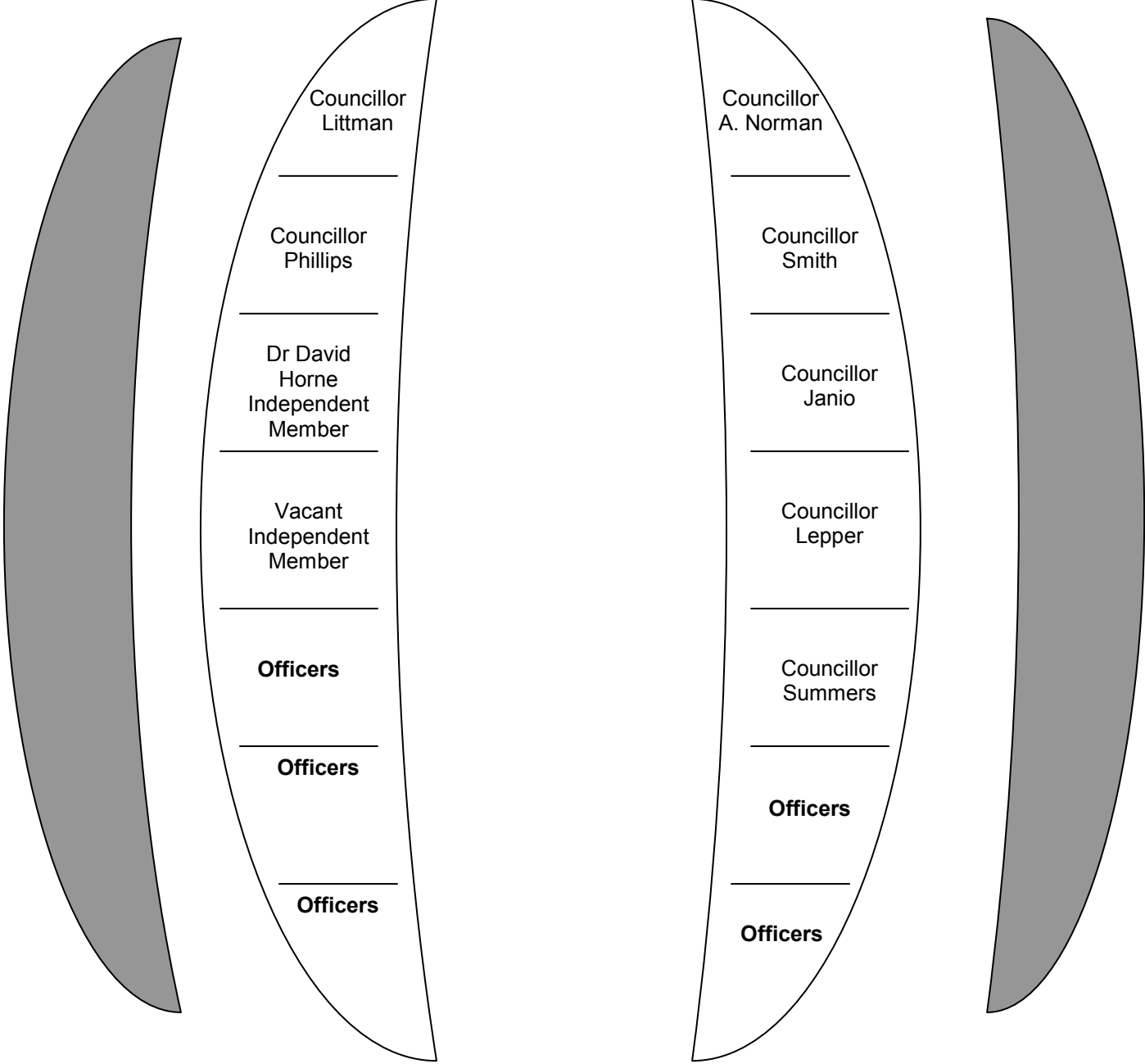
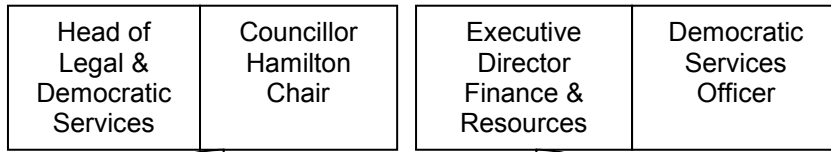
Brighton & Hove
City Council

Audit & Standards Committee

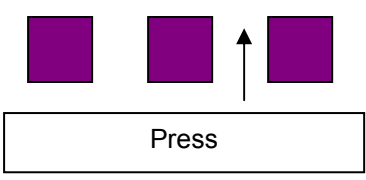
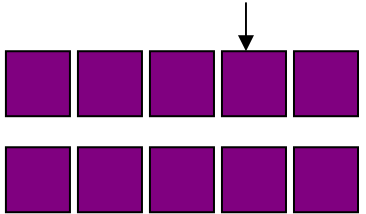
Title:	Audit & Standards Committee
Date:	13 January 2015
Time:	4.00pm
Venue	Council Chamber, Hove Town Hall
Members:	<p>Councillors: Hamilton (Chair), A Norman (Opposition Spokesperson), Janio, Lepper, Littman (Opposition Spokesperson), Smith, Summers and Phillips</p> <p>Co-opted Members: Dr David Horne and Vacancy</p>
Contact:	<p>Lisa Johnson Senior Democratic Services Officer 01273 291228 Lisa.johnson@brighton-hove.gov.uk</p>

	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.
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Democratic Services: Audit & Standards Committee



Public Seating



AGENDA

54 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;
- (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.

55 MINUTES

1 - 6

To consider the Part One Minutes of the meeting held on 18 November 2014 (copy attached).

56 CHAIR'S COMMUNICATIONS

AUDIT & STANDARDS COMMITTEE

57 CALL OVER

- (a) Items (60 - 71) will be read out at the meeting and Members invited to reserve the items for consideration.
- (b) Those items not reserved will be taken as having been received and the reports' recommendations agreed.

58 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 6 January 2015;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 6 January 2015.

59 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

60 MEMBER COMPLAINTS UPDATE, AUDIT & STANDARDS COMMITTEE, 13 JANUARY 2015 7 - 12

Report of the Head of Law & Monitoring Officer (copy attached).

Contact Officer: Brian Foley *Tel:* 291229

Ward Affected: All Wards

61 CODE OF CONDUCT FOR MEMBERS - GRANTING OF DISPENSATION 13 - 16

Report of the Head of Law & Monitoring Officer (copy attached).

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

Ward Affected: All Wards

AUDIT & STANDARDS COMMITTEE

AUDIT ITEMS

- 62 CORPORATE MODERNISATION GOVERNANCE ARRANGEMENTS** **17 - 30**
- Report of the Executive Director for Finance & Resources (copy attached).
- Contact Officer: Rima Desai* *Tel: 01273 291268*
Ward Affected: All Wards
- 63 STRATEGIC RISK REGISTER REVIEW & RISK MAP UPDATES** **31 - 50**
- Report of the Executive Director for Finance & Resources (copy attached).
- Contact Officer: Jackie Algar* *Tel: 29-1273*
Ward Affected: All Wards
- 64 STRATEGIC RISK MAP FOCUS: SR22 MODERNISING THE COUNCIL; AND SR23 DEVELOPING AN INVESTMENT STRATEGY TO REFURBISH AND DEVELOP THE CITY'S MAJOR ASSET OF THE SEAFRONT** **51 - 58**
- Report of the Executive Director for Finance & Resources (copy attached).
- Contact Officer: Jackie Algar* *Tel: 29-1273*
Ward Affected: All Wards
- 65 ANNUAL GOVERNANCE STATEMENT 2013/14 - ACTION PLAN PROGRESS UPDATE** **59 - 68**
- Report of the Executive Director for Finance & Resources (copy attached).
- Contact Officer: Jackie Algar* *Tel: 29-1273*
Ward Affected: All Wards
- 66 INTERNAL AUDIT PROGRESS REPORT** **69 - 76**
- Report of the Executive Director for Finance & Resources (copy attached).
- Contact Officer: Mark Dallen* *Tel: 29- 1314*
Ward Affected: All Wards
- 67 AUDIT COMMISSION - PROTECTING THE PUBLIC PURSE FRAUD BRIEFING 2014** **77 - 92**
- Presentation from EY – External Auditor (copy of presentation attached)

AUDIT & STANDARDS COMMITTEE

68 EY - 2014/15 PROGRESS REPORT AND SECTOR BRIEFING 93 - 106

Report of the External Auditors (copy attached)

Contact Officer: Simon Mathers Tel: 02380382044
Ward Affected (All Wards)

69 EY - 2013/14 ANNUAL CERTIFICATION REPORT 107 - 118

Report of the External Auditors (copy attached)

Contact Officer: Simon Mathers Tel: 02380382044
Ward Affected (All Wards)

INFORMATION ITEMS FROM THE POLICY & RESOURCES COMMITTEE

70 TREASURY MANAGEMENT POLICY STATEMENT 2014/15 (MID YEAR REPORT) 119 - 132

Extract from the proceedings of the Policy & Resources Committee on 4 December 2014 together with a report of the Executive Director for Finance & Resources (copies attached).

Contact Officer: James Hengeveld Tel: 29-1242
Ward Affected: All Wards

71 TARGETED BUDGET MANAGEMENT (TBM) 2014/15 MONTH 7 133 - 200

Extract from the proceedings of the Policy & Resources Committee on 4 December 2014 together with a report of the Executive Director for Finance & Resources (copies attached).

Contact Officer: Jeff Coates Tel: 29-2364
Ward Affected: All Wards

72 ITEMS REFERRED FOR COUNCIL

To consider items to be submitted to the 29 January 2015 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

73 PART TWO MINUTES

201 - 202

To consider the Part Two Minutes of the meeting held on 18 November 2014 (copy attached).

74 PART TWO PROCEEDINGS

To consider whether the items listed in Part Two of the agenda and decisions thereon should remain exempt from disclosure to the press and public.

The City Council 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.

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

AUDIT & STANDARDS COMMITTEE

Date of Publication - Monday, 5 January 2015

BRIGHTON & HOVE CITY COUNCIL**AUDIT & STANDARDS COMMITTEE****4.00pm 18 NOVEMBER 2014****COUNCIL CHAMBER, HOVE TOWN HALL****MINUTES**

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

Independent Persons & Co-opted Members: Dr David Horne

PART ONE**37 PROCEDURAL BUSINESS****37a Declarations of substitutes**

37.1 Councillor Simson declared she was substituting on behalf of Councillor Janio

37b Declarations of interests

37.2 There were none

37c Exclusion of the press and public

37.3 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.

37.4 **RESOLVED** - That the public are excluded from the meeting from items listed on Part 2 of the agenda.

38 MINUTES

38.1 **RESOLVED** – That the Chair be authorised to sign the minutes of the meeting held on 23 September 2014 as a correct record.

39 CALL OVER - CHAIR'S COMMUNICATIONS

39a Call Over

39a.1 The following items on the agenda were reserved for discussion:

- Item 44: Strategic Risk Map Focus: SR10 – Information Governance Management; SR21 – Housing Pressures; SR8 – Becoming a More Sustainable City
- Item 45: Review of Code of Conduct for Members
- Item 47: Information Management Risk Update (SR10)
- Item 48: EY – Progress Report 2014/15
- Item 49: EY – Annual Audit Letter 2013/14
- Item 50: Internal Audit Progress Report

39b Chair's Communications

39b.2 The Chair was sorry to announce that this would be the last Audit & Standards Committee meeting for both Helen Thompson (EY) and Catherine Vaughan (Executive Director of Finance & Resources). He thanked them both very much for their work with the Committee and wished them the best for the future.

40 PUBLIC INVOLVEMENT

40.1 There were no Petitions, Written Questions or Deputations

41 MEMBER INVOLVEMENT

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

42 MEMBER COMPLAINTS UPDATE

42.1 **RESOLVED:** That the Committee noted the report.

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

43.1 **RESOLVED:** That the Committee noted the report.

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

- 44.1 The Committee considered the report of the Executive Director of Finance & Resources, which focused on Strategic Risk MAPs. The report was presented by the Executive Director of Finance & Resources, the Executive Director Environment Development & Housing, the Chief Technology Officer and the Risk Manager Performance, Programmes & Improvement.
- 44.2 Dr Horne referred to SR 10, and the Control Solutions which applied to staff, and asked when they would be implemented. The Chief Technology Officer said that they had started and the first round of the Information Audit was nearly complete. The audit would identify all the information assets and where and how the information was being held. Dr Horne asked whether the Control Solutions would apply to external contractors. The Chief Technology Officer said the Council could not pass on its duties and responsibilities to outside bodies.
- 44.3 Councillor Summers referred to the 'Existing Controls' for SR10 which stated that a new Data Centre procurement project was underway, and asked for more information. The Chief Technology Officer said that this matter had been considered by the Policy & Resources Committee on 20 March 2014, and authority had been given to the Executive Director of Finance & Resources to identify and implement the most appropriate method of procurement.
- 44.4 Councillor Smith referred to SR21, and noted that student numbers were forecast to grow. As students were exempt from paying Council Tax, he asked if it was known how much income the Authority lost each year through student exemption. The Executive Director Environment Development & Housing said it was currently around £5m pa.
- 44.5 Councillor Simson referred to SR8 and asked if the improvements to energy efficiency detailed in the Risk MAP would benefit the Council financially. The Executive Director Environment Development & Housing said that 150 Council properties currently had Solar PVs, that would generate income but the pay-back period was usually 7-8 years after they'd been installed. The Executive Director of Finance & Resources said that savings on street lighting could already be seen, as could savings from home insulation.
- 44.6 **RESOLVED:** That the Committee noted the report.

45 REVIEW OF CODE OF CONDUCT FOR MEMBERS

- 45.1 The Committee considered the report of the Monitoring Officer, which was presented by a Senior Lawyer, Oliver Dixon. The report set out the recommendations of a cross-party working group tasked with reviewing the Code of Conduct for Members.
- 45.2 The lawyer referred the Committee to paragraphs 3.2 and 3.2A in Appendix 1 to the report and asked them to recommend which should one should be included in revised Code of Conduct for Members. Paragraph 3.2 read '*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'. Paragraph 3.2A read '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.'. The Committee agreed that paragraph 3.2A was preferable.

- 45.3 Councillor Simson referred to paragraph 1.6 in Appendix 1 and asked if there could be a hyperlink to all relevant documents, as she thought that that would be particularly useful for new Councillors.
- 45.4 Councillor Simson referred to paragraph 1.7 in Appendix 1, which read that '*Members must not disclose information which is confidential or where disclosure is prohibited by law*', and suggested that there were occasions when it was in the public interest to disclose information. The Monitoring Officer said that all confidential information should be treated as such, if not a Member could disclose any confidential information on the basis that it 'was in the public interest'.
- 45.5 Councillor A Norman said she was part of the cross-party working group who reviewed the Code of Conduct and believed that there was a need to review and modify the current one, and the draft Code being considered today was a sensible one which she hoped would be agreed.
- 45.6 RESOLVED:** That the Committee considered the draft revised Code of Conduct for Members (as amended) and agreed to refer it to Council for approval.

46 COUNCIL'S PERFORMANCE DEVELOPMENT PLANS

- 46.1 **RESOLVED:** That the Committee noted the current activity and measures related to supporting and improving individual performance management and development in the Council.

47 INFORMATION MANAGEMENT RISK UPDATE (SR10)

- 47.1 The Committee considered the report of the Executive Director of Finance & Resources, which in accordance with the Committee's request at the their meeting held on 24 June 2014, provided an update on the ongoing work to mitigate the corporate risk SR10 Information Management. The report was introduced by the Chief Technology Officer.
- 47.2 Councillor Simson referred to paragraph 3.15, which stated that 79% of data breaches were due to human error and asked what would be the cause of the other 21%. The Chief Technology Officer said that it would be a number of things such as systems being hacked or loss of IT equipment etc.
- 47.3 **RESOLVED –** That the Committee noted the report.

48 EY: PROGRESS REPORT 2014/15

- 48.1 The Committee considered the report of the external auditors EY. The report was presented by Simon Mathers from EY.
- 48.2 Dr Horne thanked Mr Mathers for the report and noted that EY were no longer auditing Teachers Pensions and asked how, if that were the case, the audit could be reported to the Audit & Standards Committee. The Executive Director of Finance & Resources said that the Government had changed the rules about financial checks and there was now no national framework for auditing this area. Under the old arrangements the pension contributions were audited with the rest of the Council's accounts at a cost of £1500. However, as that audit would no longer be part of the main audit it would need to be prepared separately and EY had quoted £15k to undertake the work. However, a local firm had now been appointed to conduct that audit at a cost of £6k. Members would be advised how that audit would come to the Committee. The Chair confirmed that that audit would come to a future meeting of the Committee.
- 48.3 **RESOLVED** – That the Committee noted the report.

49 EY: ANNUAL AUDIT LETTER 2013/14

- 49.1 The Committee considered the report of the external auditors EY. The report was presented by Simon Mathers from EY.
- 49.2 Dr Horne referred to Part 3 of the Annual Audit Letter, and asked if the proposed Recommendations had been accepted. The Executive Director of Finance & Resources confirmed that they had.
- 49.3 **RESOLVED**: That the Committee noted the report.

50 INTERNAL AUDIT PROGRESS REPORT

- 50.1 The Committee considered the report of the Executive Director of Finance & Resources which updated Members on the progress made against the Internal Audit Plan 2014/15. Appendix 2 to the report would be considered under Part Two. The report was introduced by the Principal Audit Manager.
- 50.2 Councillor A Norman noted that an audit review had been undertaken for Blatchington Mill School, and asked if auditing of schools was a new area of work. The Principal Audit Manager said that it was not, but there had been very few undertaken over the last five years.
- 50.3 Dr Horne asked about the work undertaken by the Corporate Fraud Team. The Principal Audit Manager said that previously a large amount of the work undertaken related to Housing Benefit fraud. However, as that area of work was now dealt with by the Department for Works and Pensions, there was now more time to focus on other aspects of corporate fraud such as housing tenancy fraud.

50.4 The Committee then moved to Part Two to consider Appendix 2.

50.5 **RESOLVED:** That the Committee noted the report.

51 ITEMS REFERRED FOR COUNCIL

51.1 That no items be referred to Council on 11 December 2014 for information only. Item 45, Review of Code of Conduct for Members would be referred to Council on 11 December 2014 for approval.

The meeting concluded at 6.05pm

Signed

Chair

Dated this

day of

Subject: Member Complaints Update
Date of Meeting: 13 January 2015
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 we have received about Member conduct following the last report to Audit and Standards Committee on 18 November 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

There are currently no active complaints.

3.1.2 Closed 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.

The decision of the Monitoring Officer was that the complaint could not represent a potential breach of the Code of Conduct. However a number of recommendations arose from the complaint which included:

The Parish Council should consider adopting the National Association of Local Councils Model Standing Orders to provide for:

- An open and transparent process for calling special meetings of Planning Sub-Committees at which the public can attend.

- An open and transparent process for dealing with urgent Council business and reporting the outcome to the next relevant committee.

Additionally the Parish Council should consider

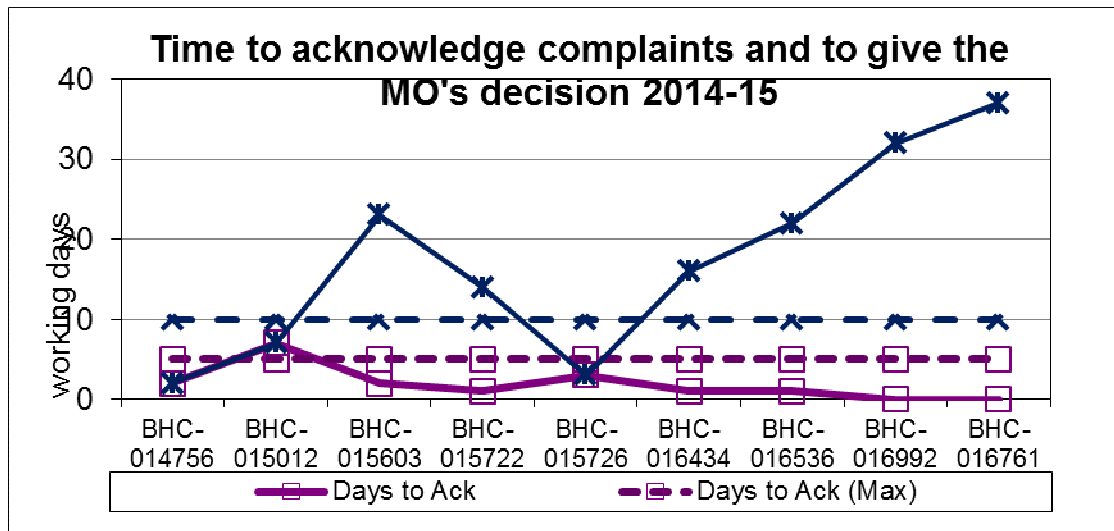
- Including in their Standing Orders rules on the disclosure of personal interest being extended to friends or people that Councillors have a close association with, and an explanation as to what should happen when a Councillor has such an interest.
 - Training and /or retraining Members of their Planning Sub-Committee, in particular on what are valid planning objections and how to deal with information in relation to planning applications which has not been included in the papers provided by the City Council's planning department.
- b. 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. The decision of the Monitoring Officer was that the matter should not be investigated.

Some initial enquiries were carried out into the allegations surrounding the alleged incident and there were inconsistencies in evidence provided from various sources. The inconsistency in evidence might be resolved through further enquiries, but this would have involved significant extra time and cost on the part of council officers. In light of this, the Monitoring Officer and Independent Person did not consider that an enquiry of this nature would be in the public interest and that the complaint did not warrant formal investigation.

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. During recent cases there has been a delay in reaching a decision on how to proceed whilst additional background information has been 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: 05/01/15

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: 05/01/2015

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. None

Documents in Members' Rooms

1. None

Background Documents

1. None

Subject:	Code of Conduct for Members – Granting of Dispensations		
Date of Meeting:	13 January 2015		
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 recommends granting the Monitoring Officer delegated power to grant dispensations under the Code of Conduct for Members recently adopted by Council.

2. RECOMMENDATION:

- 2.1 That Audit & Standards Committee grant delegated power to the Monitoring Officer to grant dispensations under the Code of Conduct for Members, subject to consultation, where reasonably practicable, with the Chair of Audit & Standards Committee or the Independent Person.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Council approved a revised Code of Conduct for Members on 11 December 2014.
- 3.2 The revised Code includes arrangements for granting Members dispensations to participate in council meetings where they would otherwise be prevented from doing so (e.g. by reason of a particular interest in the matter due for discussion at the meeting). Paragraph 3.5 of the Code provides as follows:

“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.”

- 3.3 The provision above permits “the council” to grant dispensations but does not specify which part of the council would exercise this function in practice. However, the terms of delegation to the Audit & Standards Committee provide that the Committee may put in place suitable arrangements for dealing with applications for dispensation; such arrangements would include delegations to an officer.
- 3.4 As requests for dispensation tend to be at short notice and usually relate to a meeting soon to commence or already underway, it would not be practicable to refer the decision to full Council or to Audit & Standards Committee. Instead, it is recommended that the Committee grant delegated authority to the Monitoring Officer to grant dispensations following consultation, where reasonably practicable, with the Chair of Audit & Standards Committee or the Independent Person. This represents a more practical arrangement, since the Monitoring Officer is normally contactable at short notice and could decide a dispensation request in a relatively short timeframe.

4. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 4.1 There are no financial implications associated with the recommendations in this report.

Finance Officer Consulted: James Hengeveld

Date: 23/12/14

Legal Implications:

- 4.2 Under its delegated standards functions, the Audit & Standards Committee has power to exercise all council functions in relation to ethical standards (other than the adoption of, or replacement or revision to codes of conduct). These functions include putting in place arrangements to grant dispensations from the restrictions, under the Code of Conduct for Members, on speaking and/or voting at council meetings.

Lawyer Consulted:

Oliver Dixon

Date: 19/12/14

SUPPORTING DOCUMENTATION

Appendices:

None.

Subject:	Corporate Modernisation Governance Arrangements		
Date of Meeting:	13 January 2015		
Report of:	Interim Executive Director Finance & Resources		
Contact Officer:	Name:	Rima Desai	Tel: 01273 29-1268
	Email:	rima.desai@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 Brighton & Hove City Council's Corporate Plan 2011-15 has four priorities namely:
- Tackling inequalities;
 - Creating a more sustainable city;
 - Engaging people who live and work in the city; and
 - Modernising the council.
- 1.2 This report provides an overview of the governance arrangements to achieving 'modernising the council' priority.

2. RECOMMENDATIONS:

- 2.1 That the Committee notes the contents of Appendix 1 (copy attached)

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The outcomes in relation to 'Modernising the council' are: value for money, excellent customer service, high performing workforce and good governance and leadership. Corporate Modernisation Delivery Board has been set up as a Sponsoring Group to initiate and lead programmes and projects that are intended to achieve these outcomes including cross-cutting programmes and projects. The Board is chaired by the Chief Executive and consists of directors and other key officers of the council.
- 3.2 Reporting to the Corporate Modernisation Delivery Board, Directorate Modernisation Boards are set up to drive the programmes and projects forward and deliver outcomes and benefits. Reporting to the Directorate Modernisation Boards, there are Programme and Project Boards responsible for planning, set-up and management of programmes and projects.

- 3.3 All non-modernisation programmes/projects get led by and reported to the Directorate Management Teams (DMTs) and reported to the Executive Leadership Team (ELT) if/when appropriate.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 This approach has been developed based on 'Managing Successful Programmes (MSP)' methodology which is best practice in managing programmes that require transformational changes.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 There are no direct financial implications relating to the corporate modernisation governance arrangements. Each board is supported by a dedicated finance lead and this will ensure the financial implications of programmes and projects are clear and are reflected within the Targeted Budget Management (TBM) process and the financial projections that support the Medium Term Financial Strategy.

Finance Officer Consulted: James Hengeveld

Date: 11/12/14

Legal Implications:

- 5.2 It is a core function of Audit & Standards Committee to satisfy itself that the council's governance arrangements are effective, and - if not so satisfied – to raise queries or challenges as appropriate.

Lawyer Consulted: Oliver Dixon

Date: 04/12/14

SUPPORTING DOCUMENTATION

Appendices:

1. Corporate Modernisation Governance Arrangements (copy attached)

Documents in Members' Rooms

None

Background Documents

None

Corporate Modernisation Governance Arrangements (30 Dec 2014)

Brighton & Hove City Council's Corporate Plan 2011-15 has four priorities, namely:

- § tackling inequalities;
- § creating a more sustainable city;
- § engaging people who live and work in the city; and
- § modernising the council.

This document provides an overview of the corporate governance arrangements for the modernisation priority, as agreed by the Executive Leadership Team.

It includes:

1. a diagram of the governance arrangements;
2. terms of reference for the Corporate Modernisation Delivery Board;
3. terms of reference for the Advisory & Support Group;
4. details of the current corporate and directorate programmes/projects which are part of the modernisation agenda, including key officers;
5. a lead-in timetable for the production of highlight reports;
6. the highlight report template; and
7. guidance notes for the production of highlight reports.

Please direct any queries regarding the arrangements to:

Rima Desai, Head of Performance, Improvement & Programmes
(x1268, rima.desai@brighton-hove.gov.uk)

or

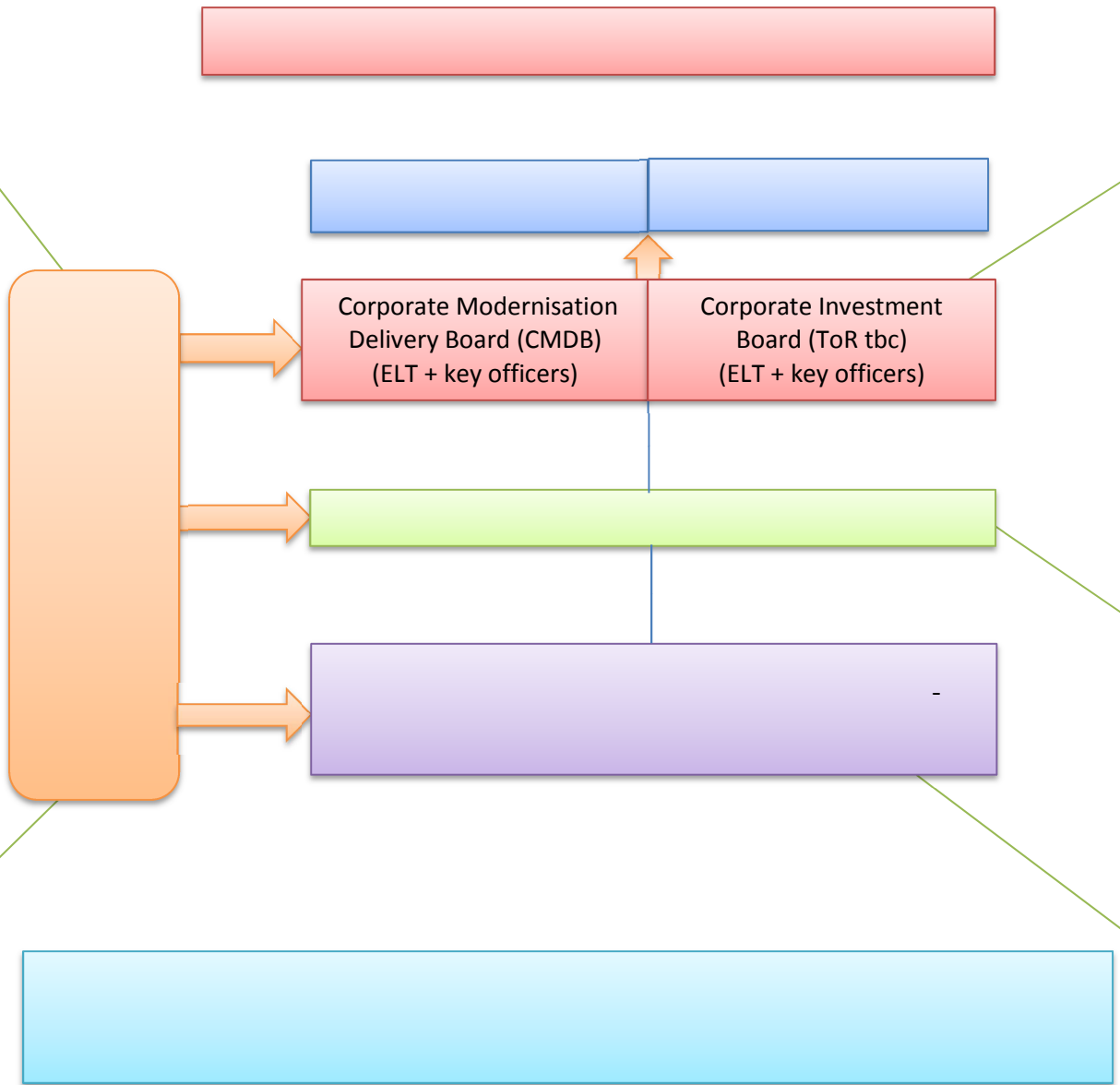
Julie Nichols, Head of the Programme Management Office
(x1656, julie.nichols@brighton-hove.gov.uk)

Advisory & Support Group
 A virtual team of professionals, co-ordinated by the CPMO, providing advice to programmes and projects.
 This includes:

- § Business Process Improvement (BPI)
- § Communications
- § Corporate Programme Management Office
- § Customer impact
- § Finance
- § Human Resources & OD
- § ICT
- § Internal Audit
- § International Team (knowledge of funding opportunities)
- § Legal
- § Performance
- § Policy, Communities & Equalities
- § Procurement
- § Property & Design
- § Risk management
- § Sustainability

Corporate Programme Management Office (CPMO) provides:

- § Portfolio management
- § Governance support
- § Management of dependencies
- § Oversight, support, scrutiny and challenge
- § Management of relationship with other programme/project offices



Sponsoring Groups
 Provide investment decisions, define the direction of the organisation and ensure the ongoing overall alignment of the programme to the strategic direction of the organisation

Directorate Modernisation Boards
 drive the modernisation programmes forward and deliver the outcomes and benefits

Programmes and projects are responsible for planning, set-up, management and delivery of the benefits

Terms of Reference

The Executive Leadership Team (ELT) agreed to establish a single Corporate Modernisation Delivery Board to drive the big changes needed and remain focused on what is important - delivering improvement, focusing on key priorities and making the required budget savings.

Purpose

ELT acting as corporate sponsors and change champions for the programme, delivering our values by demonstrating:

Accountability

- Providing oversight of the portfolio, programmes, projects and change management process
- Developing a strategic perspective

Delivery

- Driving for results by providing strategic leadership and overall direction for the modernisation programme

Personal Impact

- Communicating powerfully and prolifically
- Displaying high integrity and honesty
- Inspiring and motivating others
- Supporting people and working collaboratively

Working Together

- Solving problems and analysing issues
- Collaborating and promoting team work
- Ensuring the programme is appropriately balanced against council priorities

Role

The Corporate Modernisation Delivery Board will be the strategic decision making body driving change by:

- Acting individually and collectively as a vocal and visible champion for Modernisation
- Securing spending authority and resource for the programme
- Acting as the ultimate decision maker for the programme
- Providing support for Senior Responsible Owners (SROs) and/or Programme Managers to ensure overall strategic coherence
- Will approve programme deliverables, help resolve issues and policy decisions, approve scope changes, and provide direction and guidance to the programme
- Ensure learning is shared
- Identifying and managing programme level risks
- Ensuring delivery is monitored using:
 - Key milestones
 - A clear outcomes framework
 - Budget reductions required through financial monitoring
 - Benefits capture

Membership

Core members of ELT, Sue Moorman, Nigel Manvell, Corinna Allen, Rima Desai, Caroline Bottrell and Cian Cronin. SROs to be invited to attend as and when required.

Frequency and duration of meetings

The Corporate Modernisation Delivery Board will meet every 4/6 weeks for ninety minutes, during the time reserved for Extended ELT.

Support to the Board

The Corporate Programme Management Office (CPMO) and Advisory & Support Group, will steer the overall organisation of the programmes and change management strategy, manage risk and advise on the appropriate level of resourcing needed to deliver the workstreams.

Terms of Reference

Purpose and role

The Advisory & Support Group (ASG) is a network of support service representatives who advise on the following for those programmes and projects which are part of the Corporate Modernisation Portfolio:

- § business case development;
- § the availability of resources to support programmes and projects, and help in resolving resourcing conflicts; and
- § best practice, processes and templates.

This has the benefits of:

- § better business case development, which supports successful delivery of programmes and projects;
- § better/forward planning of support service resources; and
- § effective and timely resolution of issues and risks raised by programmes and projects.

Membership

The membership of the ASG is as follows:

Support service	Representative
Business Process Improvement	Jo Holt
Communications	Corinna Allen
Corporate Programme Management Office	Julie Nichols
Customer Impact	Valerie Pearce
Finance	Nigel Manvell
Human Resources & Organisational Development	Sue Moorman/Felicity Scanlon
ICT	Dan Snowdon
Internal Audit	Mark Dallen
International Team (knowledge of funding opportunities)	Rachel Williams
Legal & Democratic Services	Elizabeth Culbert
Performance	Andy Edwards
Policy, Communities & Equalities	Richard Tuset
Procurement	Cliff Youngman
Property & Design	Angela Dymott/Andrew Batchelor
Risk Management	Jackie Algar
Sustainability	Mita Patel

Frequency of meetings

The ASG conducts the majority of its business via email, as and when business cases for programmes and projects are developed or issues and queries arise. ASG representatives will need to commit to responding to emails as quickly as possible.

The Head of the Corporate Programme Management Office will arrange meetings including specific ASG members if/when required.

Co-ordination of the ASG

The Head of the Corporate Programme Management Office co-ordinates the business of the ASG. All efforts will be made to be clear with Programme/Project Managers as to what support is required from the ASG to maximise efficiency.

Corporate Modernisation Programmes and Projects

Programme/ Project	Senior Responsible Owner (SRO)		Programme/ Project Manager	Finance Lead	HR Lead
	Name	Directorate			
Outcome: Value for Money (Directorate)					
Adult Social Care (Care Act 2014 (inc. demand management), high cost placements, Continuing Health Care & Telecare) From April: Implementation of learning disability review	Denise D'Souza	Adult Social Care	Richard Fullagar (CPMO)	Anne Silley	Alison McManamon
Children's Services (includes Early Help, Social Work/MASH & Disability Review)	Pinaki Ghoshal	Children's Services	Carolyn Bristow/ Kim Bowler (CPMO)	David Ellis	Alison McManamon
Cultural Services (Royal Pavilion)	Paula Murray	Assistant Chief Executive	Janita Bagshawe	Anne Silley	Laura Keogh
Cultural Services (Libraries)	Paula Murray	Assistant Chief Executive	Sally McMahon	Anne Silley	Laura Keogh
Outcome: Value for Money (Cross-cutting)					
Income & debt management	Nigel Manvell	Finance & Resources	Lynsay Cook	Heather Bentley	Michael Harrison
Third party spend	Rachel Musson	Finance & Resources	Cliff Youngman	Jeff Coates	Katie Ogden
Client transport	Pinaki Ghoshal/ Karin Divall	Children's Services/ASC	Steve Foster (CPMO)	Mike Bentley	Melissa Francis
Workstyles	Rachel Musson/ Angela Dymott	Finance & Resources	Hale Ucar	Rob Allen	Laura Keogh
ICT infrastructure	Rachel Musson/ Mark Watson	Finance & Resources	Bob Smith-Vaughan	Rob Allen	Lisa Hepi
Business process improvement	Rima Desai	Finance & Resources	Jo Holt	Peter Francis	Katie Ogden
Central services	Rachel Musson	Finance & Resources	Tbc	Nigel Manvell	Sue Moorman
Outcome: Excellent Customer Service					
Customer access programme	Rachel Musson/ Valerie Pearce	Finance & Resources	John Francis	Peter Francis	Katie Ogden
Community engagement	Paula Murray	Assistant Chief Executive	Emma McDermott/ Sam Warren	Anne Silley	Laura Keogh
Customer contact centre	Tbc	Tbc	Tbc	Tbc	Tbc
Business strategy for the digital age	Penny Thompson/ Tbc	Tbc	Tbc	Tbc	Tbc
Outcome: High Performing Workforce					
People Plan: § Workforce planning § Service redesign § People & performance management § Job design & accountability § Employee relations & staff engagement	Sue Moorman	Finance & Resources	Richard Fullagar § Alison McManamon/ Mary Fursman § Alison McManamon § Glenn Jones/ Katie Ogden § Sally-Ann Russell § Parul Chatterjee	Peter Francis	Sue Moorman
Culture change	Penny Thompson/ Sue Moorman	Finance & Resources	Caroline Bottrell (Project Lead)	Peter Francis	Sue Moorman
Outcome: Good Governance & Leadership					
Good governance & leadership	Abraham Ghebre-Ghiorghis	Legal & Democratic Services	Kim Bowler (CPMO)	Nigel Manvell	Parul Chatterjee
Information management	Rachel Musson/ Mark Watson	Finance & Resources	Caroline Butler	Rob Allen	Lisa Hepi

Other significant projects/programmes

Modernisation Priority*	Programme/Project Name	Senior Responsible Owner	Programme/Project Manager	Finance Lead	HR Lead	#
2	Implementation of Talentlink	Katie Ogden	Annette Miles	n/a	Annette Miles	1
1	New Corporate Banking Contract	Nigel Manvell	Debbie Sargent	Debbie Sargent	n/a	2
4	Establishment Control	Nigel Manvell/ Sue Moorman	James Hengeveld	Derek Mansfield	Dan Lelliott	3
1	Redesign City Clean services	Richard Bradley	Richard Bradley	Steven Bedford	Melissa Francis	4
2	Redesign Planning & BC services	Martin Randall	Jane Goodall	Steven Bedford	Melissa Francis	5
1	Shared services across Greater Brighton region	Martin Randall	Rob Fraser	Steven Bedford	Melissa Francis	6
1	New Greater Brighton service delivery model	Nick Hibberd	Thalia Liebig (from 15/1/15)	Mark Ireland	Melissa Francis	7
1	Redesign Housing services	Geoff Raw/Tbc	Tbc	Sue Chapman	Laura Keogh	8
2	Redesign Housing Register	Geoff Raw/Tbc	Tbc	Sue Chapman	Laura Keogh	9
1	Transport (4 key projects)	Mark Prior	various	Steven Bedford	Melissa Francis	10

- * 1. Value for money
- * 2. Excellent customer service
- * 3. High performing workforce
- * 4. Good governance and leadership

Corporate Modernisation Highlight Report Writing Timetable

Highlight report writing drop in session (CPMO available to assist) – please bring first draft of highlight report (10-11am)	Deadline for SROs to sign off their draft highlight reports and for programme/ project managers to upload the reports to SharePoint (10am)	Head of CPMO to email F&R highlight reports and other papers to the F&R Modernisation Board (12pm)	F&R Modernisation Board meeting	Feedback from F&R Modernisation Board emailed to programme/ project managers	Deadline for SROs to sign off their final highlight reports and for programme/ project managers to upload the reports to SharePoint (10am)	Head of CPMO to email papers to the Corporate Modernisation Delivery Board (12pm)	Corporate Modernisation Delivery Board meeting
13 October	14 October	N/a	N/a	N/a	20 October	20 October	22 October
10 November	11 November	11 November	13 November	13 November	17 November	17 November	19 November
8 December	9 December	9 December	11 December	11 December	15 December	15 December	17 December
12 January	13 January	13 January	15 January	15 January	19 January	19 January	21 January
16 February	17 February	17 February	19 February	19 February	23 February	23 February	25 February
16 March	17 March	17 March	19 March	19 March	23 March	23 March	25 March

Please put these dates and reminders in your diaries. If you will be absent for any of the activities, please arrange for someone else to do the activities for you.

Corporate Modernisation Delivery Board Highlight Report
(Please refer to guidance document)

1. Modernisation outcome			
2. Programme/project name and description			
3. Programme/project budget, including high level breakdown			
4. Cashable benefits			
5. Non-cashable benefits			
6. Senior Responsible Owner (SRO)			
7. Programme/Project Manager			
8. Start date		9. End date	
10. Is there a business case that has been signed off? Who signed it off?		Has the business case been uploaded to SharePoint?	
11. Project stage ("Initiation", "Planning", "Execution" or "Closure")			
12. Does the programme/project have a programme/project plan?		Has the programme/project plan been uploaded to SharePoint?	
13. Achievements and key actions undertaken within the last month			
14. Key actions planned for the coming month			
15. Action required by the Corporate Modernisation Delivery Board			
16. What support is required from the Advisory & Support Group, if any?			
Status	RAG	Please state reasons if amber or red	Please state mitigating actions if amber or red, who will do them and by when
17. Scope			
18. Time			
19. Cost			
20. Cashable benefits			
21. Non-cashable benefits			
22. Risk			
23. Overall RAG rating		Please state rationale for overall RAG rating	
Completed by		Date	
Approved by (SRO)		Date	

Corporate Modernisation Delivery Board Highlight Report

1. Modernisation outcome	VFM – Cross-cutting <i>(See Page 4 for all outcomes)</i>		
2. Programme/project name and description	Any Change Programme - The programme is about changing the way we deliver our 'Any Change' service across the authority. It supports the Modernisation priority and will result in improved customer service and significant VfM savings. <i>(Note: Delete "Project" or "Programme" as applicable. Keep description brief)</i>		
3. Programme/project budget, including high level breakdown	£168K Staffing, £150K software, £10K revenue. <i>(Note: Delete "Project" or "Programme" as applicable. Include precise figures in £s and the financial years to which they relate).</i>		
4. Cashable benefits	£500K pa cashable savings from 2016 <i>(Note: Cashable benefits are those which can be extracted from a specific budget in a specified financial year. Include precise figures in £s and details of the cost centres from which the savings will be realised).</i>		
5. Non-cashable benefits	30% increase in customer satisfaction as measured by customer survey (results available by 31 October 2014). 75% of all customer queries dealt with a first point of contact as measured by customer survey and call logs (results available by 31 October 2014). <i>(Note: Benefits/improvements must be measurable and comparable with a baseline figure. Detail how and when these will be measured).</i>		
6. Senior Responsible Owner (SRO)	Jane Doe (Directorate X) <i>(Note: Include SROs service/directorate).</i>		
7. Programme/Project Manager	Fred Bloggs (Service X) <i>(Note: Delete "Project" or "Programme" as applicable. Include Project/Programme Manager's service/directorate).</i>		
8. Start date	1 April 2013	9. End date	31 March 2016
10. Is there a business case that has been signed off? Who signed it off?	Yes, by Corporate Modernisation Delivery Board. Uploaded onto SharePoint. <i>(Note: Delete "Project" or "Programme" as applicable. Remember to include the name of the person who signed it off).</i>	Has the business case been uploaded to SharePoint?	Yes.
11. Project stage ("Initiation", "Planning", "Execution" or "Closure")	In progress.		
12. Does the programme/project have a programme/project plan?	Yes. <i>(Note: Delete "Project" or "Programme" as applicable).</i>	Has the programme/project plan been uploaded to SharePoint?	Yes.
13. Achievements and key actions undertaken within the last month	Pilot has gone 'live' in Service X. Twenty members of staff have received customer service training. <i>(Note: Be brief but include key details (evidenced by numbers where possible) on what has been delivered).</i>		
14. Key actions planned for the coming month			
15. Action required by the Corporate Modernisation Delivery Board	Communicate the need for staff to support the programme to encourage engagement through ELT briefing. <i>(Note: Do not put "To note progress". This is an opportunity to get a steer from the CMDB and for them to help resolve an issue).</i>		

16. What support is required from the Advisory & Support Group, if any?	Yes, HR implications for staff roles and potential additional training requirements. <i>(Note: Delete “Project” or “Programme” as applicable).</i>
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Status	RAG*	Please state reasons if amber or red	Please state mitigating actions if amber or red, who will do them and by when
17. Scope	Green	Scope is under control	N/a
18. Time	Green	Good – on target to deliver on time	N/a
19. Cost	Amber	Unplanned additional spend resulted in a 5% overspend this period.	Confident this spend can be recouped over next two reporting periods. Risk will be escalated if this proves not to be the case. <i>(Note: For all status RAGs, always include mitigating actions, who will undertake them and by when, and if they are working).</i>
20. Cashable benefits	Green	On track to deliver projected benefits	N/a
21. Non-cashable benefits	Green	On track to deliver projected benefits	N/a
22. Risk	Green	Risk register updated regularly, risks are understood, planned for and have owners. All are currently under control. <i>(Note: Just undertaking a risk assessment does not make the risk status ‘green’. See corporate <u>risk matrix</u> and <u>risk management process (element 2)</u> - identify, score/prioritise and maintain a risk register to manage risks).</i>	See risk register for detail [link]
23. Overall RAG rating	Green	Please state rationale for overall RAG rating	Programme mainly green with high confidence over single amber rating
Completed by	Fred Bloggs		Date 10 October 2014
Approved by (SRO)	Jane Doe		Date 13 October 2014

*RAG Key	Green	Amber	Red
17. Scope	Scope is understood & under control	Scope may be changing	Scope is unclear
18. Time	Programme/project projected to complete on or before target completion date	Programme/project may not complete prior to completion date	Programme/project is forecast to complete after target completion date
19. Cost	Programme/project is forecast to meet cost requirements	Programme/project may not meet cost requirements	Programme/project is not expected to meet cost requirements
20 & 21. Benefits	Programme/project is forecast to deliver the expected benefits	There is likely to be a reduction in planned benefits of up to 10%	It is highly likely that there will be more than a 10% reduction in planned benefits
22. Risk	Risks are understood and planned for using the corporate risk management process	Risks exist that could present a significant challenge and/or a risk analysis using the corporate risk management process has not been completed	Programme/project is being significantly impacted by a negative risk event

Subject:	Strategic Risk Register Review and all Risk MAP Updates		
Date of Meeting:	Audit & Standards Committee		
Report of:	Interim 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 Audit & Standards Committee has a role to monitor and form an opinion on the effectiveness of risk management and internal control. As part of discharging this role, it reviews the Strategic Risk Register, recently updated by the Executive Leadership Team (ELT) on 22 October and 5 November 2014 as attached at Appendix 1.
- 1.2 Strategic risk information now is only recorded and presented through Integrated Risk Manager (IRM) software. A Strategic Risk Assessment Report is attached and provides further detail on the actions taken (existing controls) and planned actions ('solutions') to manage each strategic risk.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee notes the Strategic Risk Report November 2014 (Appendix 1).

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Strategic Risk Register details the current prioritised issues which may affect the achievement of the council's priorities, including in relation to its work with other organisations across the city. It is reviewed and agreed by the ELT every six months (usually May and November) and provides evidence of a risk aware and risk managed organisation.
- 3.2 The Strategic Risk Register is an exception report. Only risks with a Red or Amber revised risk score and are of a strategic scope (which require effective mitigation and strong leadership by ELT) are recorded on this Strategic Risk Register. All other levels of risk are recorded in business and risk management plans at service (operational) or programme/project level.
- 3.3 The Strategic Risk Register provides evidences of a risk aware and risk managed organisation.

3.4 Summary of the main changes to the Strategic Risk Register

There remain 12 strategic risks in total. The changes are:

- New Risk – SR22 Modernising the Council;
- Removed Risk – SR4 Economic Resilience and Sustainable Economic Growth. This risk was removed due to the mitigating measures implemented;
- Removed and replaced Risk – SR12 Maintaining the Seafront as an Asset to the City removed; now replaced with SR23 Developing an investment strategy to refurbish and develop the city’s major asset of the seafront.

Summary of Whole Risk Register

The table below sets out the risks in order of revised risk score which is Assessed after taking into account the Existing Controls to provide a more ‘realistic’ prioritisation of risks compared against each other. Note:

- as risks are managed, the unique risks may be removed from the Strategic Risk Register and in that case, a gap in sequential numbering will arise;
- the appendix ‘Strategic Risk Report’ provides full details of strategic risks and risk MAPs

Risk No. and Risk Title	Revised Risk Score		Revised Risk Score (L x I)	Revised Risk Rating	Comment
	Likelihood (L)	Impact (I)			
SR23 Developing an investment strategy to refurbish and develop the city’s major asset of the seafront	4 Likely	4 Major	16	RED	New as a separate risk. Removed and replaced SR12 to more strongly focus on funding issues
SR2 Financial Outlook for the council	4 Likely	4 Major	16	RED	Updated Risk MAP only
SR19 Implementation of the Care Act	4 Likely	4 Major	16	RED	Risk Description Altered to reflect that Funding details are awaited from HM Govt.
SR18 Effective use of technology	4 Likely	4 Major	16	RED	Updated Risk MAP only
SR13 Keeping vulnerable adults safe from harm and abuse	3 Possible	4 Major	12	AMBER	Updated Risk MAP only
SR15 Keeping children safe from harm and abuse	3 Possible	4 Major	12	AMBER	Updated Risk MAP only
SR10 Information Governance	3 Possible	4 Major	12	AMBER	Updated Risk MAP only

Risk No. and Risk Title	Revised Risk Score		Revised Risk	Revised Risk	Comment
Management					
SR17 School Places Planning	3 Possible	4 Major	12	AMBER	Updated Risk MAP only
SR20 Better Care Fund	3 Possible	4 Major	12	AMBER	Updated Risk MAP only
SR21 Housing Pressures	3 Possible	4 Major	12	AMBER	Updated Risk MAP only
SR22 Modernising the Council	3 Possible	3 Moderate	9	AMBER	New – focuses on aspects of implementation
SR8 Becoming a more Sustainable city	3 Possible	3 Moderate	9	AMBER	No change

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Consultation has taken place with the council's Executive Leadership Team; the Corporate Management Team; and representatives of all the political parties.
- 4.2 The Strategic Risk Register will be sent to the City Management Board partners for information, which reflects the city wide performance & risk management approach.

5. FINANCIAL & OTHER IMPLICATIONS

Financial Implications:

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

Finance Officer Consulted: James Hengeveld Date: 11/12/14

Legal Implications:

- 5.2 This report comes before Audit & Standards Committee in order for the Committee to discharge its function of providing independent assurance of the adequacy of the council's risk management and associated control environment. Having reviewed the latest Strategic Risk Register and the Risk Management Action Plans or "Risk MAPs" contained in the Strategic Risk Assessment Report, the Committee may, if it considers it appropriate, make recommendations to Full Council, Policy & Resources Committee, one or more officers or another relevant body in the council.

Lawyer Consulted: Oliver Dixon Date: 11/12/14

Equalities Implications:

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

Sustainability Implications:

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

Any Other Significant Implications:

- 5.5 None.

SUPPORTING DOCUMENTATION

Appendices:

1. Strategic Risk Assessment Report November 2014.

Documents in Members' Rooms

1. None.

Background Documents

1. None.



Brighton & Hove City Council

Strategic Risk Assessment Report

Risk Category - BHCC Strategic Risk;

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

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

Potential Conseq Implementing the current budget strategy and devising budget plans for 2015/16 will be challenging and affected by uncertainty as both national and local elections are due in May 2015.

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

Initial:	High		Revised:	High	
Risk Identified Date:	15/5/2012		Date Modified:	10/6/2014	

Risk Category: - BHCC Strategic Risk
- Economic / Financial

Existing Controls:

- * Ongoing review of the adequacy of risk provisions and reserves to support the budget strategy and to ensure financial resilience;
- * Close alignment of Corporate Plan and Medium Term Financial Strategy (MTFS) and service and financial planning;
- * Ongoing review of the MTFS assumptions, the impact of legislative changes; cost and demand pressures; savings programmes; and income and grant assumptions;
- * Close monitoring of council tax and business rates income and regular updating of forecasts;
- * New VFM Phase 4 programme being initiated;
- * City Management Board and Finance Directors review city wide impact & opportunities for joint budget planning;
- * Consultation and engagement plan for budget setting continues to include staff, partners, businesses and Community & Voluntary Sector;
- * Development of skills and knowledge to support options appraisal of new delivery models;
- * Close monitoring of council tax, business rates and other income and regular updating of forecasts;
- * Continued review of the adequacy of savings programmes alongside other budget measures to support the budget strategy;
- * Ongoing review and challenge of value for money including Member review, benchmarking, and external audit review;

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

Solutions:

- SR 2 Risk Action: Deliver ongoing programme of value for money workstreams and initiatives through VFM Phase 4
- SR 2 Risk Action: Continue to monitor impact of health sector reforms and local savings strategies
- SR 2 Risk Action: Regular joint updates to City Management Board on partners' financial positions and strategies
- SR 2 Risk Action: Regular updates of the City Council's projected financial position for future years
- SR 2 Risk Action: Bi-weekly ELT/Modernisation programme board includes overview of council financial position
- SR 2 Risk Action: Meet Targeted Budget Management (TBM) reporting timetable
- SR 2 Risk Action: Oversight of VFM Phase 4 by cross-party Extended Budget Review Group
- SR 2 Risk Action: Implement budget setting timetable and process


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 Finance & Resources SR10 & 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		Revised:	Significant	
Risk Identified Date:	8/5/2012		Date Modified:	24/10/2014	

Risk Category: - BHCC Strategic Risk
- Legislative

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

Identified Keeping vulnerable adults safe from harm and abuse is a responsibility of the council. Brighton & Hove City Council has a statutory duty to co-ordinate safeguarding work across the city and the Safeguarding Adults Board. This work links partnerships across the Police and Health and Social Care providers. Over 1400 concerns were raised last year about vulnerable people with over 1,000 going into investigation.

Potential Conseq Due to a national legal judgement in early 2014 on Deprivation of Liberty Safeguards (DoLS) the council has seen a significant increase in requests for Best Interest Assessments (BIAs); numbers have increased significantly testing the council's capacity to deliver. Generally cases are more complex and demands can vary. The council is able to respond appropriately at a time of change to protect those most vulnerable.

Initial:	High		Revised:	Significant	
Risk Identified Date:	8/5/2013		Date Modified:	10/6/2014	

Risk Category: - BHCC Strategic Risk
- Legislative

Existing Controls:

- * Awareness through messages and training;
- * Safeguarding Board workplan arising from review of Board;
- * Learning from serious case reviews, coroners concerns and case review from national work;
- * Good multi-agency work: Pilot role and access point from Police;
- * Audit of Safeguarding investigations and alerts (to check as appropriate);
- * Maintain the role and numbers of professional social workers through service redesign to ensure capacity;
- * Multi-agency training in place for better awareness, investigation management;
- * Highly motivated social workers;
- * Assessment of need using agreed threshold policies and procedures;
- * Staff provided with learning opportunities and undertake continuous professional development;
- * Working with ADASS (association of directors of adult social services) on the impact of recent legal judgement on DoLS ;
- * Working with Care Providers to ensure requests for Best Interest Assessments are appropriate and provides best and least restrictive practice;

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

Solutions: SR13 Risk Action: Continue to learn from serious case reviews, coroners inquests and case reviews
SR 13 Risk Action: Continue to raise awareness through messages and training
SR13 Risk Action: From multi-agency work with Police, review pilot to inform service delivery

ROM Issue:	Keeping children safe from harm and abuse	Responsible Officer:	Pinaki Ghoshal
		Risk Code:	SR15

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

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

Initial:	High		Revised:	Significant	
Risk Identified Date:	8/5/2013		Date Modified:	10/6/2014	

Risk Category: - BHCC Strategic Risk
- Legislative

Existing Controls:

- * LSCB Work Plan established with strong leadership by the Independent Chair with aligned LSCB sub-group work plans;
- * Serious Case, Local Management and Child Death Reviews identify learning and action for improvement;
- * Quality Assurance across key agencies monitored by the LSCB sub group ;
- * Reports delivered to LSCB sub group;
- * MASH (Multi Agency Safeguarding Hub) launched in September 2014 to provide robust risk assessments and information sharing between partner agencies which will lead to robust assessment of need using agreed Child Protection threshold document, policies and procedures;
- * Early Help Strategy in place;
- * Stronger Families, Stronger Communities work targets support to the most troubled families;
- * Quality Assurance across key agencies monitored by the LSCB sub group ;
- * Reports delivered to LSCB following robust auditing of multi-agency case files and safeguarding practice;
- * Clarity regarding roles, responsibilities and accountabilities of all professionals and agencies;
- * Threshold document, agreed by all agencies, signed off by Children and Young People Committee; and LSCB on 2nd, and 3rd June 2014. MASH (Multi Agency Safeguarding Hub) launched in September 2014 to provide robust risk assessments and information sharing between partner agencies which will lead to robust assessment of need using agreed thresholds, policies and procedures;
- * Continuous professional development and learning opportunities offered by the LSCB and good multi agency take up of training;
- * Services in place offering targeted support to the most troubled families (Stronger Families, Stronger Communities programme);
- * Early Help Strategy in place
- * Early Help Hub to receive referrals and support identification of appropriate interventions from September 2014

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

Solutions: SR 15 Action: Address failures in ICT information storage and retrieval processes to ensure appropriate access to case files by social workers.



ROM Issue:	School Places Planning	Responsible Officer:	Pinaki Ghoshal
		Risk Code:	SR17

Identified The Council has a statutory role to ensure primary and secondary school places meet future need. There has been an upturn in the birth rate so that since 2003, the number of school aged children living the city has been increasing year on year, therefore pupil places are increasingly challenged. This is particularly acute in areas when in previous years pupil yield has previously been very much lower. While previously there has been a focus on primary school places in the next few years we will have a significant pressure on secondary school places.

Potential Conseq

- * Parents may not feel able to secure a place for their child in the local community;
- * There may be increased travelling;
- * Without identifying new sites, existing schools may become overcrowded or larger.

Initial:	High		Revised:	Significant	
Risk Identified Date:	25/9/2013		Date Modified:	10/6/2014	

Risk Category:

- BHCC Strategic Risk
- Customer / Citizen

Existing Controls:

- * Cross party school place planning group chaired by Risk Owner and involving all schools, colleges and two city universities;
- * Regular review of pupil number forecasting has made it clear that primary growth starts to reach secondary schools by 2014, with the issue becoming acute in subsequent years. The future need focus relates to secondary school places;
- * Work with Members on cross-party basis and with partners to bring forward proposals and share understanding;
- * 465 new primary school places (15.5 classes) added in last five years;
- * Two new free schools opened in city;
- * Four class junior site to open on Hove Police Station site September 2014;
- * One new permanent form of entry opening in September 2014 at West Hove Infant School (Connaught);
- * Public consultation being undertaken on proposals to provide two permanent additional forms of entry from September 2015 in primary schools serving areas of highest demand, with funding identified in the capital programme;
- * 80% of schools are currently assessed by Ofsted as good or outstanding and a new School Improvement Strategy has been adopted to support the target of all schools being good or outstanding.

Effectiveness of Controls: Adequate

Issue Type: Threat

Risk Treatment: Treat

Solutions:

SR 17 Risk Action: Review of secondary school admissions arrangements commissioned by Children and Young People Committee, to be steered by cross party working group :

SR 17 Risk Action: Review of 'lessons learned' from 2014 primary admissions round to be undertaken in consultation with the cross party working group with a view to agreeing earlier any bulge classes required

SR 17 Risk Action: Deliver the School Improvement Strategy to support the remaining 20% of schools to be good or outstanding

ROM Issue:	Effective use of technology	Responsible Officer:	Catherine Vaughan
		Risk Code:	SR18

Identified The Modernising the Council priority is dependant on a high quality of ICT infrastructure and service, and staff who are able to make the most of the technology available to them . Customers' expectations of how they are able to interact with the council relies on effective use of technology.

Potential Conseq If we do not invest appropriately in technology and its effective use , we will be unable to deliver sufficient efficiency savings and meet customer expectations

Initial:	High		Revised:	High	
Risk Identified Date:	25/9/2013		Date Modified:	31/10/2014	

Risk Category: - BHCC Strategic Risk
- Technological

Existing Controls:

- * ICT Strategy;
- * ICT investment plan (partially funded);
- * Ongoing upgrade of ICT infrastructure, hardware and systems to ensure service availability and compliance with external government security standards;
- * Current deployment of the new Network jointly with partners through the LINK (Completed);
- * Roll out of new Microsoft Operating Suite (Windows 7 and Office 2010) (Completed);
- * Migration of computer rooms to third party data centre;
- * ICT workforce planning ideas shared within council and SE7 partners;
- * Improving Customer Experience Board includes focus on measures to enhance customer experience and digital access to council services;
- * New piece of work on Targeted ICT investment initiated alongside VFM Phase 4 programme to review with ELT the gaps in investment in ICT to support strategic ambitions and requirements of the Council.

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

Solutions: SR18 Risk Action: Compare the ICT workload & existing ICT investment priorities for 2014-2016, with the emerging strategic priorities across directorates and for the Council as a whole. Work with ELT and corporate change partners to identify gaps requiring targeted investment to support business strategies and support the Council's outcomes.

SR18 Risk Action: Review required ICT skills and training offer requirement for all staff in the light of next round of investment plans.

SR18 Risk Action: Improve clarity & governance of relationship between ICT Investment and business benefits through the oversight by the Corporate Modernisation Delivery Board of the ICT Investment Programmes: Infrastructure and Information Management

SR18 Risk Action: Put in place expert ICT supplier relationship skills to deliver best value from complex contracted services and additional support, planning and advice on sourcing and procurement

ROM Issue:	Implementation of the Care Act	Responsible Officer:	Denise D'Souza
		Risk Code:	SR19


Identified Final guidance has been received on many aspects of the Care Act although importantly still awaited are details of future funding with implications for:

- Safeguarding;
- Funding of Social Care;
- Contributions for Care costs (Dilnot report) - Future Funding;
- Increased duties in respect of carers

The Council needs to have processes and systems in place to support changes to safeguarding, care, information and advice functions by April 2015.

Potential Conseq If we fail to meet our new statutory duties under the Care Act then:

- * Service delivery for individuals will be affected
- * Reputational damage
- * Financial risk

Initial:	High		Revised:	High	
Risk Identified Date:	21/5/2014		Date Modified:	10/6/2014	

Risk Category:

- BHCC Strategic Risk
- Legislative

Existing Controls:

- * Adults Social Care Modernisation Board set up and considers detail on timelines and risk rating;
- * Workstreams in place working both locally, across the South East and nationally to ensure capacity to respond to the changes;
- * Local workstream identified and will link, where possible, to work on the Better Care Fund.

Effectiveness of Controls: Uncertain

Issue Type: Threat

Risk Treatment: Treat

Solutions:

- SR 19 Risk Action: Work with partners to inform and influence all parties involved in social care provision so that understanding, capacity and performance meets new requirements
- SR 19 Risk Action: Review progress at Adult Social Care Modernisation Board on a regular basis
- SR 19 Risk Action: Scan for changes relating to Care Act as more clarity emerges and assess implications of guidance issued late October 14 to care delivery arrangements

ROM Issue:	Better Care Fund	Responsible Officer:	Denise D'Souza
		Risk Code:	SR20

Identified The changes to funding for Adult Social Care was introduced by the Better Care Fund and affect how the whole system of social care, across the public and private sectors, works together and how funding is agreed.

Potential Conseq The impact of funding changes of the Better Care Fund combine with already significant changes to the NHS still being worked through with a submission to the NHS made on 19 September 2014. This needs to deliver more integrated care and show real improvement in Accident & Emergency (A&E) performance.

If parties do not work together as agreed, or organisation's priorities change, it will affect delivery of performance targets in relation to the Better Care Fund. Any failure of delivery will impact on the Acute Trusts' costs and our ability to release efficiency savings to create new services.

Initial:	High		Revised:	Significant	
Risk Identified Date:	14/5/2014		Date Modified:	10/6/2014	

Risk Category:
 - BHCC Strategic Risk
 - Economic / Financial

Existing Controls:

- * Health & Wellbeing Board reviewed and governance arrangements in place to help deliver an integrated approach, including oversight of the Better Care Fund;
- * Re-submission of the Better Care Plan was made on 19 September 2014 following changes nationally;
- * Better Care Board established (high level and cross sector representation) and chaired by Executive Director Adult Social Care;
- * Partnership work agreed and submitted a Better Care Plan by the deadline in March 2014;
- * Agreement at Better Care Board to develop a Better Care implementation plan for delivery of Phase 1 from September 2014, based on an integrated model of delivery;

Effectiveness of Controls: Adequate **Issue Type:** Threat
Risk Treatment: Treat

Solutions: SR 20 Risk Action: Deliver Phase 1 Better Care implementation plan from September 2014
 SR 20 Risk Action: Monitor and react to implications on the Better Care Fund arising from the Care Act

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 existitng 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

ROM Issue:	Modernising the Council	Responsible Officer:	Penny Thompson
		Risk Code:	SR22

Identified Brighton & Hove City Council's Corporate Plan 2011-15 has four priorities, namely:
 * tackling inequalities;
 * creating a more sustainable city;
 * engaging people who live and work in the city; and
 * modernising the council.

Potential Conseq The outcomes in relation to 'Modernising the council' are: value for money, excellent customer service, high performing workforce and good governance and leadership. If the programmes/projects are not successful in delivering intended benefits, it will impact on the achievement of these outcomes failing to deliver our Corporate Plan.

Initial:	High		Revised:	Significant	
Risk Identified Date:	3/11/2014		Date Modified:	3/11/2014	
Risk Category:	- BHCC Strategic Risk				

Existing Controls:

- Corporate Modernisation Delivery Board has been set up as a Sponsoring Group to initiate and lead programmes and projects that are intended to achieve the modernisation outcomes including cross-cutting programmes and projects
- The Board is chaired by the Chief Executive and consists of directors and other key officers of the council.
- Reporting to the Corporate Modernisation Delivery Board, Directorate Modernisation Boards are set up to drive the programmes and projects forward and deliver outcomes and benefits.
- Reporting to the Directorate Modernisation Boards, there are Programme and Project Boards responsible for planning, set-up and management of programmes and projects.

Effectiveness of Controls: Adequate

Issue Type: Threat
Risk Treatment: Treat

Solutions: Risk Action: Corporate Modernisation Delivery Board to regularly review risks escalated by individual programmes and projects and initiate mitigating actions
 Risk Action: The funding of the Modernisation programme will be reviewed to ensure limited resources are effectively targeted
 Risk Action: Performance Improvement & Programmes team to support, coordinate and challenge programmes and projects delivery.

ROM Issue:	Developing an investment strategy to refurbish and develop the city's major asset of the seafront	Responsible Officer:	Paula Murray and Geoff Raw
		Risk Code:	SR23

Identified The seafront is a city asset which is iconic and contributes to the city's reputation . The council is the lead custodian of the seafront but the benefits are shared by many. At least 5 million people use our seafront every year. It is a very significant attraction in our visitor economy; provides a series of important public spaces for residents; many businesses in the city rely on the draw of the seafront to sustain their organisation's value and to provide an attractive place for stakeholders and employees. It is being used beyond its original design and, in many ways, is a victim of its own success and affected by the changing patterns and increased demands of usage.

Potential Conseq The heritages structures and infrastructure along the seafront require significant investment and ongoing revenue in order to ensure suitability for modern use, and to preserve and enhance the reputation of the city and its offer .

Initial:	High		Revised:	High	
Risk Identified Date:	3/11/2014		Date Modified:	3/11/2014	

Risk Category: - BHCC Strategic Risk

Existing Controls:

- * Develop the investment plan to underpin the Seafront Strategy and long term viability of the seafront infrastructure;
- * Continue to support financially viable investments in the seafront e.g. i360
- * Seafront arch repair programme to be delivered over 10 years from 2012
- * Scrutiny panel report in 2014 has identified recommendations for improved management and development of the Seafront
- * Project Boards have been established and are actively considering seafront redevelopment opportunities including the Black Rock and King Alfred sites . The King Alfred site is currently in an OJEU compliant procurement process to secure a development partner

Effectiveness of Controls:	Adequate	Issue Type:	Threat
Solutions:	Officers to respond to Seafront Scrutiny report recommendations.	Risk Treatment:	Treat

Subject:	Strategic Risk MAP focus: SR22 Modernising the council; and SR23 Developing an Investment Strategy to Refurbish and Develop the City's Major Asset of the Seafront.		
Date of Meeting:	13 January 2015		
Report of:	Interim 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 the Risk Management Action Plan ("risk MAP") for each risk which is owned by a member of the Executive Leadership Team (ELT).
- 1.2 As part of the Committee's Work Plan for 2014/15 normally at each meeting there are two Strategic Risk MAPs which receive focus by the Committee and in the Work Plan it was set out for 13 January 2015 as SR12: Maintaining the Seafront as a city asset; and Risk SR4: Economic Resilience & Sustainable Economic Growth.
- 1.3 However, the dynamic process of managing strategic risks has changed the focus of this item as a result of ELT's six monthly review of the Strategic Risk Register which took place in November 2014. SR4 was removed and a new risk SR22 Modernising the council was added. In addition, to better emphasise the importance of funding issues, SR12 was removed and replaced with SR23: Developing an investment strategy to refurbish and develop the city's major asset of the seafront. Both SR22 and SR23 are presented for Strategic Risk MAP focus at this meeting.
- 1.4 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. At this meeting the following will attend for the items:
 - SR22, Chief Executive, Penny Thompson;
 - SR23, Assistant Chief Executive, Paula Murray and the Executive Director Environment, Development and Housing, Geoff Raw.

2. RECOMMENDATIONS:

- 2.1 That 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 That, having considered the Strategic Risk MAPs and the Risk Owners' responses, 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: *28 /11 /2014.*

- 3.2 Legal Implications:

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: *04/12/2014.*

SUPPORTING DOCUMENTATION

Appendices:

1. Strategic Risk Assessment Report SR22 and SR23.

Background Documents

1. None.





Brighton & Hove City Council

Strategic Risk Assessment Report

Risk Category - BHCC Strategic Risk;

ROM Issue:	Modernising the Council	Responsible Officer:	Penny Thompson
		Risk Code:	SR22

Identified

Brighton & Hove City Council's Corporate Plan 2011-15 has four priorities, namely:

- * tackling inequalities;
- * creating a more sustainable city;
- * engaging people who live and work in the city; and
- * modernising the council.

Potential Conseq

The outcomes in relation to 'Modernising the council' are: value for money, excellent customer service, high performing workforce and good governance and leadership. If the programmes/projects are not successful in delivering intended benefits, it will impact on the achievement of these outcomes failing to deliver our Corporate Plan.

Initial:

High



Revised:

Significant



Risk Identified Date: 3/11/2014

Date Modified: 3/11/2014

Risk Category: BHCC Strategic Risk

Existing Controls:

- Corporate Modernisation Delivery Board has been set up as a Sponsoring Group to initiate and lead programmes and projects that are intended to achieve the modernisation outcomes including cross-cutting programmes and projects
- The Board is chaired by the Chief Executive and consists of directors and other key officers of the council.
- Reporting to the Corporate Modernisation Delivery Board, Directorate Modernisation Boards are set up to drive the programmes and projects forward and deliver outcomes and benefits.
- Reporting to the Directorate Modernisation Boards, there are Programme and Project Boards responsible for planning, set-up and management of programmes and projects.

Effectiveness of

Adequate

Issue Type: Threat

Controls:

Risk Treatment: Treat

Solutions: Risk Action: Corporate Modernisation Delivery Board to regularly review risks escalated by individual programmes and projects and initiate mitigating actions
 Risk Action: The funding of the Modernisation programme will be reviewed to ensure limited resources are effectively targeted
 Risk Action: Performance Improvement & Programmes team to support, coordinate and challenge programmes and projects delivery.

ROM Issue:	Developing an investment strategy to refurbish and develop the city's major asset of the seafront	Responsible Officers: Paula Murray and Geoff Raw
		Risk Code: SR23

Identified The seafront is a city asset which is iconic and contributes to the city's reputation. The council is the lead custodian of the seafront but the benefits are shared by many. At least 5 million people use our seafront every year. It is a very significant attraction in our visitor economy; provides a series of important public spaces for residents; many businesses in the city rely on the draw of the seafront to sustain their organisation's value and to provide an attractive place for stakeholders and employees. It is being used beyond its original design and, in many ways, is a victim of its own success and affected by the changing patterns and increased demands of usage.

Potential Conseq The heritages structures and infrastructure along the seafront require significant investment and ongoing revenue in order to ensure suitability for modern use, and to preserve and enhance the reputation of the city and its offer.

Initial: High



Risk Identified Date: 3/11/2014

Revised: High



Date Modified: 3/11/2014

Risk Category: BHCC Strategic Risk

Existing Controls:

- * Develop the investment plan to underpin the Seafront Strategy and long term viability of the seafront infrastructure;
- * Continue to support financially viable investments in the seafront e.g. i360
- * Seafront arch repair programme to be delivered over 10 years from 2012
- * Scrutiny panel report in 2014 has identified recommendations for improved management and development of the Seafront
- * Project Boards have been established and are actively considering seafront re-development opportunities including the Black Rock and King Alfred sites. The King Alfred site is currently in an OJEU compliant procurement process to secure a development partner

Effectiveness of Adequate

Issue Type: Threat

Controls:

Risk Treatment: Treat

Solutions: Risk Action: Officers to respond to Seafront Scrutiny report recommendations.

Subject:	Annual Governance Statement 2013/14 Action Plan Progress Update		
Date of Meeting:	13 January 2015		
Report of:	Interim 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 Audit & Standards Committee has a responsibility for reviewing the council's corporate governance arrangements, including internal control, and approving the Annual Governance Statement. The Annual Governance Statement includes an action plan for improvements to the council's governance framework. The Audit & Standards Committee should seek assurance over its effective implementation.
- 1.2 This report provides the Audit & Standards Committee with an update on the council's progress in implementing actions agreed in the Annual Governance Statement for 2013/14.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee notes the Annual Governance Statement 2013/14 Action Plan at Appendix 1.

3. CONTEXT/ BACKGROUND INFORMATION:

- 3.1 The Annual Governance Statement for 2013/14 was approved by the Audit & Standards Committee in June 2013. The Annual Governance Statement included a number of 'governance issues' and actions required. This was updated and presented to this Committee in September 2014, accompanying the report on the Audited Annual Statement of Accounts 2013/14.
- 3.2 The Officers' Governance Board is responsible for the review and ongoing monitoring of implementation of actions contained within the Annual Governance Statement and the action plan is a standing agenda item at these meetings.

4. ANNUAL GOVERNANCE ACTION PLAN:

4.1 The Annual Governance Statement Action Plan 2013/14 is at Appendix 1 and shows the 'work undertaken' in implementing the agreed actions; and details 'next steps' from December 2014.

4.2 The Annual Governance Statement Action Plan includes for each Action:

- the 'Work Undertaken' reflecting the position at December 2014;
- provides a RAG Status i.e. Red (not commenced), Amber (in progress), Green (complete);
- Next Steps planned for further improvement; and
- the Lead Officer(s).

5. FINANCIAL & OTHER IMPLICATIONS:

5.1 Financial Implications:

Sound corporate governance and proper systems of internal control are essential to the financial health and reputation of the council. The actions outlined to strengthen the governance arrangements, can be delivered within existing financial resources.

Finance Officer consulted: James Hengeveld

11 December 2014

5.2 Legal Implications:

The Audit & Standards Committee has delegated authority to approve the annual statement of accounts which are accompanied by an annual governance statement. The Committee thus has a legitimate interest in the actions underway to implement the improvement action plan stemming from that statement.

Lawyer consulted:

Oliver Dixon

04 December 2014

SUPPORTING DOCUMENTATION

Appendices:

1. Annual Governance Statement 2013/14 Action Plan Progress..



Documents in Members' Rooms:


None.

Background Documents:


1. Annual Governance Statement 2013/14.
2. Delivering Good Governance in Local Government (CIPFA/SOLACE 2012).
3. Accounts & Audit Regulations 2003 (Amended 2011).



Annual Governance Statement 2013/14 Action Plan Progress




No	Action	Work Undertaken	RAG Status	Next Steps	Lead Officer(s)
i.	To embed the refreshed approach to Fraud & Corruption awareness across the council including whistleblowing arrangements and declarations of interest.	<ul style="list-style-type: none"> Revised Corporate Fraud Team implemented following Single Fraud Investigation Service transfer to the DWP from 1 October 2014. Intranet pages updated. Fraud awareness e-learning prepared and ready for roll-out. Improved engagement with stakeholders and publicity e.g. Tenancy Fraud. Further work undertaken on enhancing processes for declarations of interest (both for officers and members). 	 Amber	<ol style="list-style-type: none"> Fraud Awareness e-Learning roll-out Implement fraud awareness workshops Greater publicity of Whistleblowing policy and arrangements 	Head of Internal Audit
ii.	Develop a new approach to the management of corporate fraud following the transfer of housing benefit work and associated staff to the new national Single Fraud Investigation Service.	<ul style="list-style-type: none"> Revised Corporate Fraud Team implemented following Single Fraud Investigation Service transfer to the DWP from 1 October 2014. Internal Audit Progress reports to Audit & Standards Committee include additional information on Fraud & Corruption. 	 Amber	<ol style="list-style-type: none"> Fraud e-Learning roll-out. Implement fraud awareness workshops. Refresh Counter Fraud Strategy and other key policies. 	Head of Internal Audit and Assistant Director Finance & Procurement


No	Action	Work Undertaken	RAG Status	Next Steps	Lead Officer(s)
		<ul style="list-style-type: none"> • Fraud awareness e-learning prepared and ready for roll-out. • £183,000 of Counter Fraud Funding won from the DCLG to prevent and detect Blue Badge fraud across Sussex. (Joint venture with ESCC and Sussex Police). 		<ol style="list-style-type: none"> 4. Embed SFIS referral and communication process with the DWP. 5. Deliver Blue Badge project in conjunction with ESCC and Sussex Police. 6. Priority areas to be identified as part of the Income & Debt Management VFM Programme and resources and actions agreed to raise awareness and improve detection and prevention. 	
iii.	Further Information Governance-focused work to maintain compliance with the Public Service Network (PSN) Code of Compliance and to meet the requirements of the Information Commissioners' Office (ICO).	<ul style="list-style-type: none"> • 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. • A review, rewrite and re-launch of the first suite of policies has taken place as part of the new Safe and Secure education campaign. • A major refresh of desktop software replacing end of life 	 Amber	<ol style="list-style-type: none"> 1. The continuing review, re-write and re-launch of 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. 2. Continuing the delivery of the refreshed and updated Information Governance training package, through both e-learning and face to face, to ensure maximum 	Senior Information Risk Owner (SIRO) and Chief Technology Officer

No	Action	Work Undertaken	RAG Status	Next Steps	Lead Officer(s)
		<p>software (Windows XP and Office 2003) with Windows 7 and Office 2010 has been completed.</p> <ul style="list-style-type: none"> • Public Service Network Code of Connection compliance was achieved in September 2014. Compliance is annually reassessed and additional security standards are brought into effect each year. • NHS Information Governance Toolkit compliance was achieved during summer 2014. Again this is an annual assessment. • Freedom of Information requests can be made and are now publicly available through the foi.brighton-hove.gov.uk website. • An Information Audit has been undertaken across the organisation to establish an up to date corporate information asset register. • A new Information Governance training package has been developed and has been rolled out through both e-learning and face to face. • A new Data Centre supplier has 		<p>uptake and annual renewal.</p> <ol style="list-style-type: none"> 3. Deliver the Compliance work stream of the Infrastructure Programme, including ensuring compliance with requirements of PSN CoCo 2015 and NHS IG Toolkit 2015. 4. Continue the education and communications plan with staff and Members under the banner of Safe & Secure. 5. Complete, analyse and exploit the findings of the corporate-wide Information Audit. 6. Business continuity arrangements continue to be reviewed and are being considered in the design for the new Infrastructure Services as part of the Infrastructure Programme. 7. A revised encrypted email product with improved usability and availability will be rolled out across key users. 	

No	Action	Work Undertaken	RAG Status	Next Steps	Lead Officer(s)
		<p>been selected and the migration project is underway as part of a major refresh of the council's secure ICT infrastructure.</p> <ul style="list-style-type: none"> • New multi-agency working support and assessment processes have been introduced including Privacy Impact Assessments for all significant new multi-agency working initiatives, reviewed and overseen by the Information Management Board. • Joined the South East Government Warning Advice Reporting Point (SEG WARP) to share best practice across the South East region, including SE7 colleagues. 			
iv.	Improved compliance with Contract Standing Orders to be incorporated into the Value for Money Programme in relation to third party spend.	<ul style="list-style-type: none"> • Increased emphasis of Internal Audit work on procurement and contracts. • Procurement, legal and financial training provided to all key officers on compliance with Contract Standing Orders. • VfM programme/Council has funded additional permanent posts in Corporate Procurement and temporary support in Legal 	 Amber	<ol style="list-style-type: none"> 1. Formulation and prioritisation of contract optimisation work plan. 2. Build in procurement and contract audits into 2015/16 Internal Audit Plan. 	Executive Director of Finance & Resources

No	Action	Work Undertaken	RAG Status	Next Steps	Lead Officer(s)
		Services and Internal Audit to focus on contract optimisation.			
v.	Review of Code of Corporate Governance - prioritised refresh of council policies and communication methods to take account of the pace of change.	<ul style="list-style-type: none"> • Review of Code of Corporate Governance has commenced. • Corporate Governance Intranet pages have been updated. 	 Amber	<ol style="list-style-type: none"> 1. Complete review and update of Local Code of Corporate Governance. 2. Additional enhancements to Intranet and corporate communications on good governance. 	Executive Director, Finance & Resources
vi.	Focus on the adequacy of Business Continuity arrangements and work to embed understanding of its practice in council service delivery.	<ul style="list-style-type: none"> • Corporate Business Continuity Group set up with representation from all Directorates to meet quarterly. • Business Impact Analysis undertaken to establish business continuity priorities. • Business continuity e-learning package developed and available on council intranet. 	 Amber	<ol style="list-style-type: none"> 1. To prepare a report to Executive Leadership Team to enable sign off of business continuity priorities, this will include an assessment of the uptake of business continuity e-learning on the council intranet. 2. ICT Disaster Recovery arrangements to be linked more closely to Business Continuity priorities. 3. Regular communication of business continuity arrangements and issues to services through the Corporate Business Continuity Group. 	Executive Director, Public Health

No	Action	Work Undertaken	RAG Status	Next Steps	Lead Officer(s)
vii.	The continued roll out of the Living Our Values Every Day culture change programme.	The Living Our Values Every Day programme is being rolled out and has been delivered to all of ELT and CMT.	 Green	1. To roll out the training for all other managers in the council.	Head of HR and Organisational Development
viii.	Refreshing the Value for Money Programme and ensuring that its governance is fit for purpose.	<ul style="list-style-type: none"> Value for Money programmes set up. Corporate Modernisation Delivery Board set up as a Sponsoring Group to govern Modernisation projects / programmes including Value for Money programmes. Extended Budget Review Group set up to provide periodic member oversight of the VFM Programme. 	 Amber	1. Support and challenge Modernisation project / programmes to ensure benefits are delivered.	Head of Performance, Improvement & Programmes
ix.	Introducing the reformed Health & Wellbeing Board (HWBB) and new Greater Brighton Economic Board.	<p>Re. Health & Wellbeing Board:</p> <ul style="list-style-type: none"> HWBB set up and development programme underway. Wider HWBB system in place including Chief Executive meetings, officer group core in the NHS. <p>Re: Greater Brighton Economic Board (GBEB):</p> <ul style="list-style-type: none"> GBEB established in 2014/15 and regularly meeting; GBEB has provided a useful 	 Amber	<p>Re. Health & Wellbeing Board:</p> <ol style="list-style-type: none"> First wider stakeholder event planned. <p>Re: Greater Brighton Economic Board: GBEB will:</p> <ol style="list-style-type: none"> Continue to explore stronger collaboration between local authorities in 	<p>Executive Director, Adult Social Care (Health & Wellbeing Board)</p> <p>Executive Director Environment, Development & Housing (Greater Brighton Economic</p>

No	Action	Work Undertaken	RAG Status	Next Steps	Lead Officer(s)
		forum which helped to lever in £90M of funding across the Region.		the City Region; 2. Develop new propositions after May 2015 and submit funding bids into HM Government.	Board)
x.	Improving how we use a range of financial and non-financial information including customer insight to make improvements to service delivery.	<ul style="list-style-type: none"> • Key Performance Indicators to be monitored by the Executive Leadership Team defined. • Business Planning Process for 2015/16 simplified and streamlined to ensure appropriate information is captured based on which performance improvement could be monitored. 	 Amber	<ol style="list-style-type: none"> 1. Key Performance Indicators to be monitored by each Directorate to be better defined. 2. Ensure production and delivery of high quality directorate and services plans. 	Head of Performance, Improvement & Programmes

Subject:	Internal Audit Progress Report 2014/15		
Date of Meeting:	13 January 2015		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name:	Mark Dallen,	Tel: 29-1314
		Acting Head of Internal Audit	
	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. It includes outcomes of specific audit reviews completed and tracking of the implementation of recommendations.
- 1.2 The Audit & 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 now includes an 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 and corporate fraud outcomes achieved.

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 & Resources and are reported as part of this monitoring report.

4. PROGRESS AGAINST THE 2014/15 AUDIT PLAN:

- 4.1 A total of 30 reports have now been finalised for the year to date. Those finalised since the last report to the Audit & Standards Committee in November 2014 are detailed in the table below:

Final Audit Reports	Assurance Opinion*	Number of Recommendations and Priority
Children's Centres	Substantial	3 x Medium
Capital Investment Programme - ICT	Substantial	4 x Medium
ICON Cash Management	Reasonable	1 x High 1 x Medium
Payment Card Industry – Data Security Standard (PCI-DSS)	Reasonable	1 x High 1 x Medium
PIER (Management Data)	Reasonable	3 x Medium
Tenant Incentive Scheme	Reasonable	7 x Medium
Housing Allocations	Reasonable	4 x Medium
City Clean Expenditure (Stores)	Limited	2 x High 10 x Medium
Learning Disabilities Accommodation Service	Substantial	3 x Medium
Asylum Seekers (UASC Grant Claim)	Reasonable	2 x Medium
Client Billing (Adult Social Care Contributions)	Reasonable	9 x Medium

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

- 4.2 In addition there are 18 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 48 at this point of the year which represents 53% of the approved audit plan. Another 20 audit reviews are allocated and/or in progress.

5. LIMITED ASSURANCE REPORTS:

- 5.1 There has been just one Limited Assurance Report finalised since the Audit & Standards Committee Meeting in November 2014. This was the audit of City Clean Expenditure (Stores).
- 5.2 The review found that purchasing practices for stores do not currently comply with Financial Regulations. In addition, there are shortfalls with the process for the issue of items from stock to staff. Improvements are also required to the security arrangements at the store as well as a need to put in place contracts for the key procurements.

5.3 The service has responded positively to the report and has given a commitment to addressing the issues raised.

6. CHANGES TO THE APPROVED AUDIT PLAN:

6.1 There were no changes to the audit plan for this period.

7. COUNTER FRAUD WORK:

Housing Tenancy Fraud

7.1 Housing Tenancy fraud work is primarily focused on the identification and investigation of council properties where there is evidence that the tenant has illegally sublet the property. The primary purpose of the investigation is to return the property to the council so that the property can be re-let to a legitimate tenant on the council's housing waiting list. Where appropriate, the council will also seek to prosecute using its powers under the Prevention of Social Housing Fraud Act 2013.

7.2 For 2014/15 (year to date) investigations have resulted in a total of 8 properties being 'returned' to the council plus one to a housing association in the City. Outcomes are summarised in the table below.

Outcome	Achieved since last Committee Report	Year to Date
Housing Stock returned	3	8
Housing Association properties	-	1
Total	3	9

National Fraud Initiative Data (NFI) Matches

7.3 The data matches from the 2014 NFI are expected to be received by the council on the 29th January 2015. The data supplied will lead to the supply of data matching reports for the council which provide indicators of fraud. The type of fraud that may be detected include pensions, housing tenancy, false insurance claims, council tax fraud, blue badge fraud and duplicate payments of different types.

7.4 As per previous years there will also be a significant number of reports provided to assist in the detection of Housing Benefit Fraud. The investigation of these data matches is no longer the responsibility of the Corporate Fraud Team but will require effective co-ordination and communication between this team, the council's Housing Benefits Service and the DWP Single Fraud Investigation Service (SFIS).

Proactive Initiatives

- 7.4 As part of the Corporate Fraud Update report to the Audit & Standards Committee in September 2014 we reported that a Blue Badge bid for Counter Fraud Funding had been submitted to the DCLG. This was a joint bid between Brighton & Hove City Council, East Sussex County Council and Sussex Police for funding to tackle Blue Badge misuse, free up parking spaces for the genuinely disabled and to manage offenders in a proportionate and cost effective way.
- 7.5 The bid was successful and secured £183,000 of funding to be received in the next 18 months. In addition to detection and enforcement, the initiative aims to educate the public about the correct use of Blue Badges and the consequences of misuse, through Police participation in high profile operations and other publicity.
- 7.6 Progress on this project will be reported back to this committee.

8. IMPLEMENTATION OF RECOMMENDATIONS:

- 8.1 We have followed up on a total of 57 recommendations since the last report to this committee. For the year to date we have now followed-up on a total of 140 recommendations.

Number of Recommendations Followed Up (Year to Date)	Implemented*	% Compliance
140	126	90%

* Includes both fully implemented and part implemented

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 as identified in previous update reports. 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: 05/01/15

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.

The monitoring and reporting of internal audit recommendations, in addition to discharging the duties under the 2011 Act helps the Council in complying with its statutory duty of best value under the Local Government Act 1999.

Lawyer Consulted: Oliver Dixon

Date: 18/12/14

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

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.

Subject:	Ernst & Young - Audit Commission Protecting the Public Purse – Fraud Briefing 2014		
Date of Meeting:	13 January 2015		
Report of:	Ernst & Young		
Contact Officer:	Name:	Paul King	Tel: 0118 928 1556
	Email:	Pking1@uk.ey.com	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 Fraud briefings have been developed by the Audit Commission based on data submitted annually by councils. They are designed to be delivered in conjunction with the *Protecting the Public Purse 2014* report, also published by the Audit Commission.
- 1.2 The purpose of this fraud briefing is:
- to provide an information source to support councillors in their consideration of fraud detection activities at the Council, compared to similar local authorities;
 - to support and encourage discussion of national and local fraud risks; and
 - to provide an opportunity to review the Council's current counter fraud approach, strategy and priorities - in particular, to support local fraud risk management and help ensure local priorities are reflected as part of a proportionate response to fraud.

2. RECOMMENDATIONS:

- 2.1 To consider the 2014 fraud briefing presentation and ask questions as necessary.

Protecting the Public Purse

Fraud Briefing 2014

Brighton and Hove City Council



Purpose of Fraud Briefing



Provide an information source to support councillors in considering their council's fraud detection activities



Extend an opportunity for councillors to consider fraud detection performance, compared to similar local authorities



Give focus to discussing local and national fraud risks, reflect on local priorities and the proportionate responses needed



Be a catalyst for reviewing the council's current strategy, resources and capability for tackling fraud

Understanding the bar charts

Outcomes for the first measure for your council are highlighted in yellow in the bar charts. The results of your comparator authorities are shown in the green bars.



Outcomes for the second measure for your council are highlighted as a green symbols above each bar. The results of your comparator authorities are shown in the white triangles.



A '*' symbol has been used on the horizontal axis to indicate your council.

All data are drawn from council submissions on the Audit Commission's annual fraud and corruption survey for the financial year 2013/14.

In some cases, council report they have detected fraud and do not report the number of cases and/or the value. For the purposes of this fraud briefing these 'Not Recorded' records are shown as Nil.

Interpreting fraud detection results



Contextual and comparative information needed to interpret results



Detected fraud is indicative, not definitive, of counter fraud performance (*Prevention and deterrence should not be overlooked*)



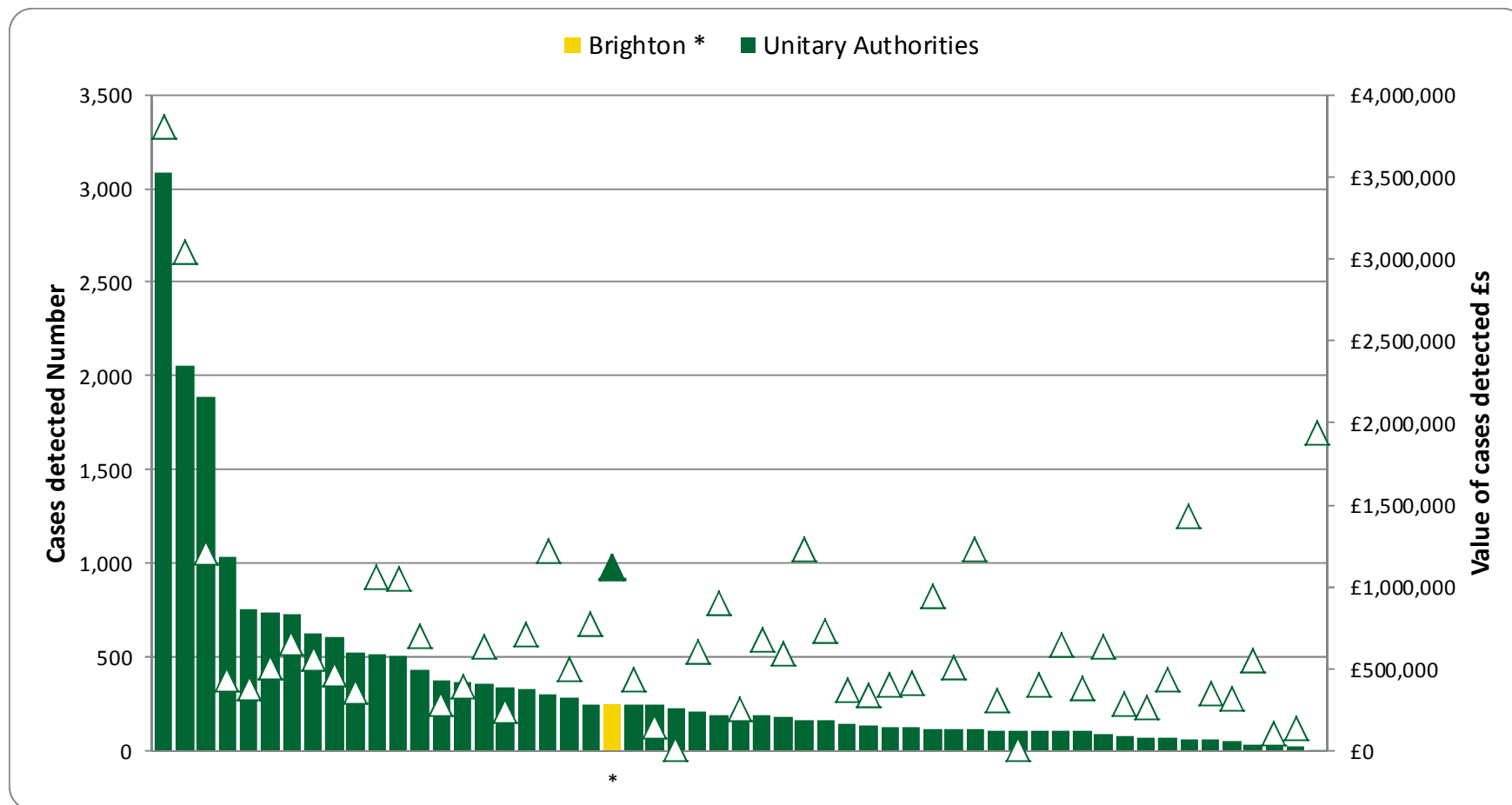
No fraud detected does not mean no fraud committed (*Fraud will always be attempted and even with the best prevention measures some will succeed*)



Councils who look for fraud, and look in the right way, will find fraud (*There is no such thing as a small fraud, just a fraud that has been detected early*)

Total detected cases and value 2013/14 (Excludes Housing tenancy fraud)

Brighton



Brighton detected 245 cases of fraud. The value of detected fraud was £1,118,442 #.

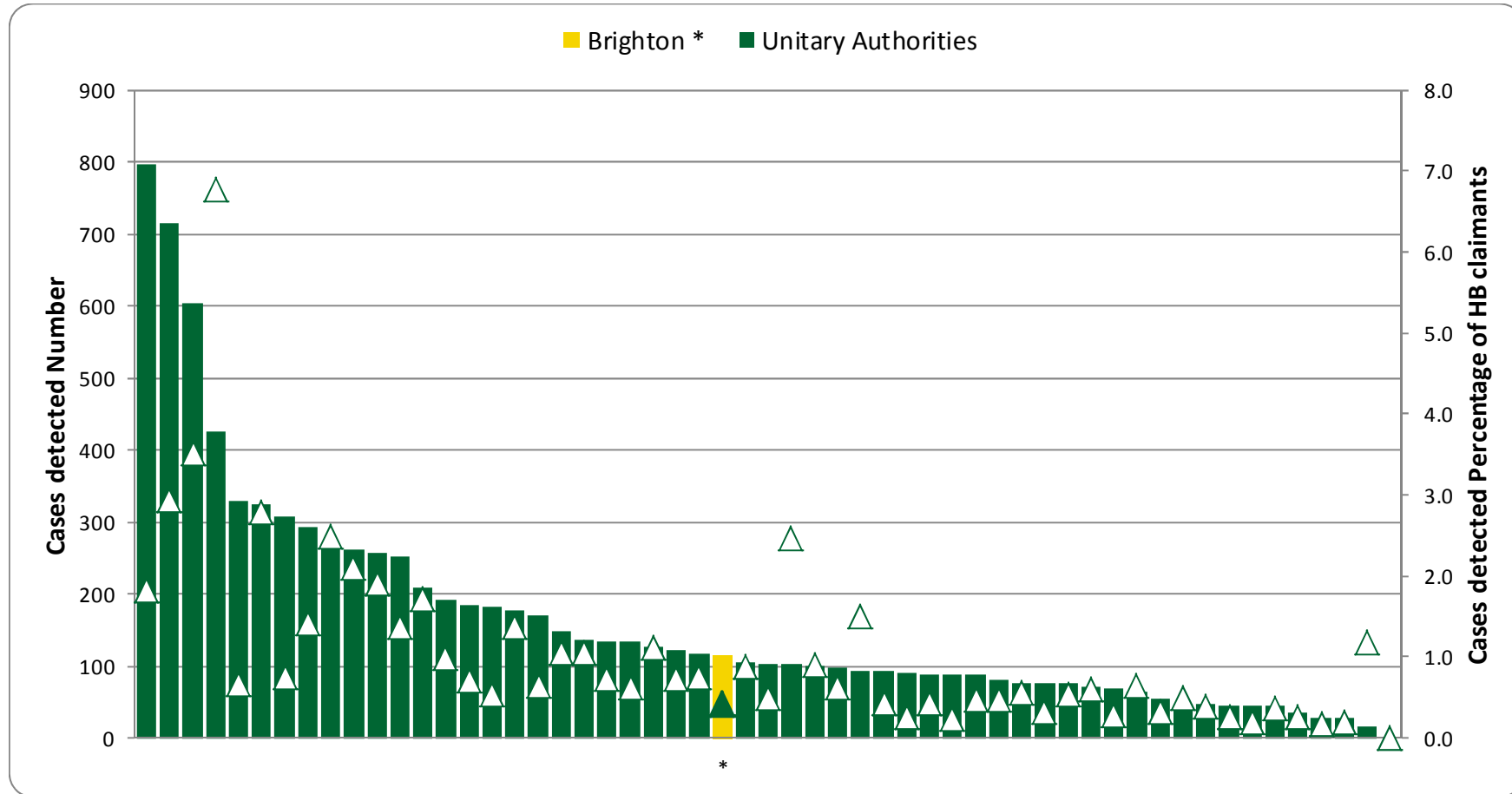
Average for other Unitary Authorities: 372 cases, valued at £686,087



Housing Benefit (HB) and Council Tax Benefit (CTB) 2013/14

Total detected cases, and as a proportion of housing benefit caseload

Brighton



Brighton detected 115 cases of this type of fraud. The value of detected fraud was £1,088,442.

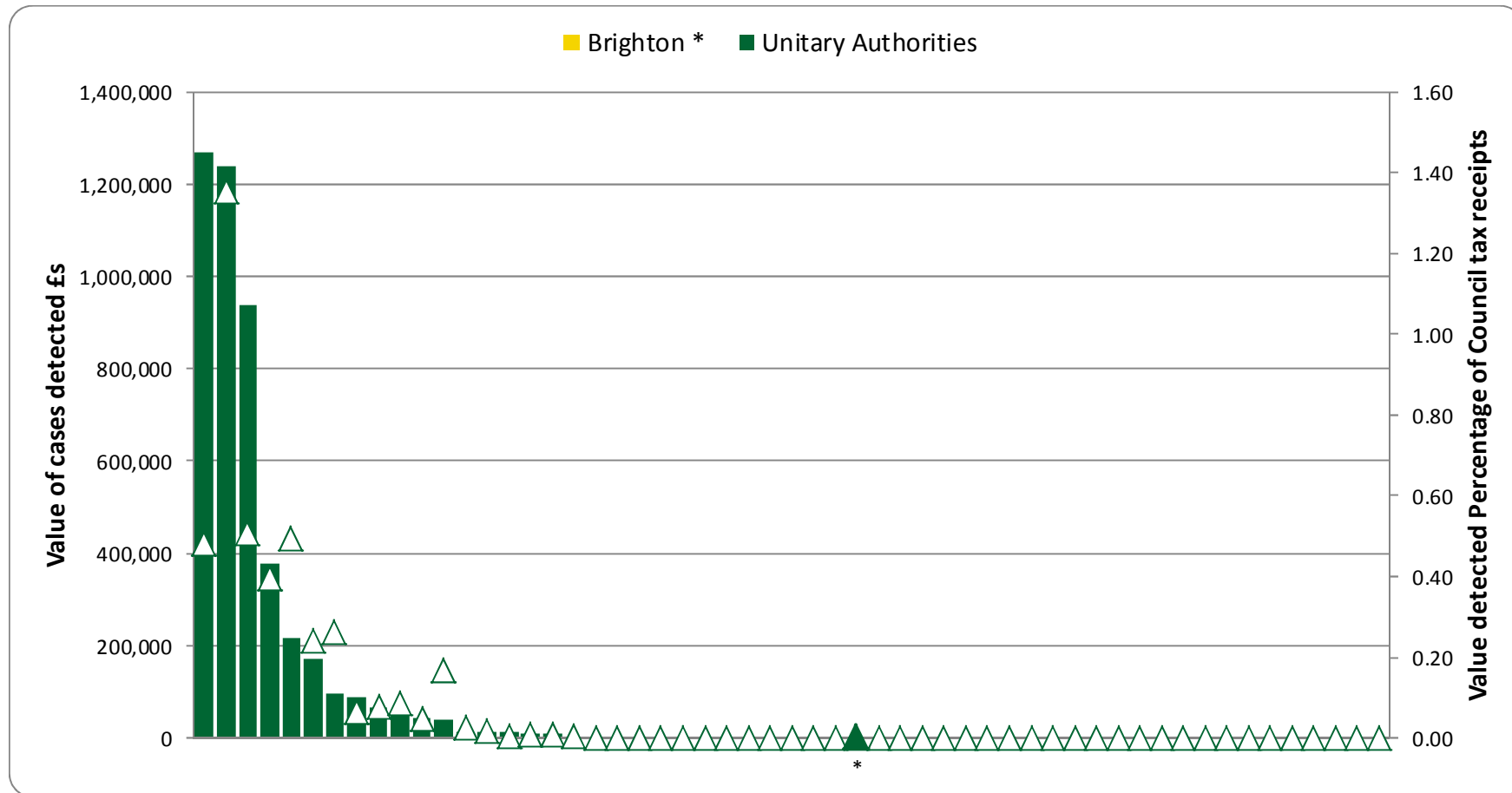
Average for other Unitary Authorities: 163 cases, valued at £534,583



Council tax discount fraud 2013/14

Total detected value, and value as a proportion of council tax income

Brighton



Brighton did not detect any cases of this type of fraud.

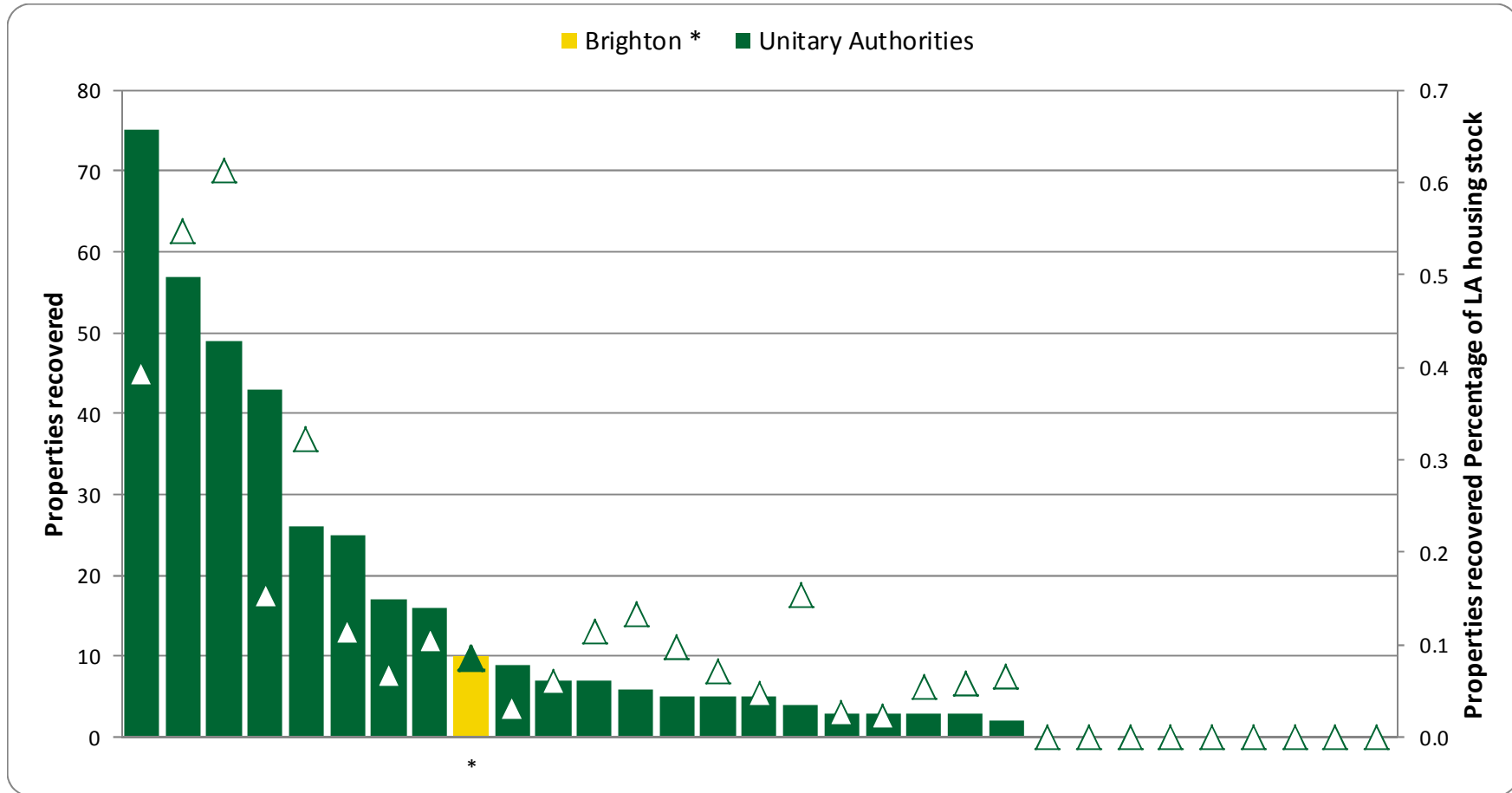
Average for other Unitary Authorities: 173 cases, valued at £86,424



Social Housing fraud (only councils with housing stock) 2013/14

Total properties recovered, and as a proportion of housing stock

Brighton



Brighton recovered 10 properties.
 Average for other Unitary Authorities with housing stock: 12 cases



Right to buy fraud (only councils with housing stock) 2013/14

Right to buy cases and value

Brighton



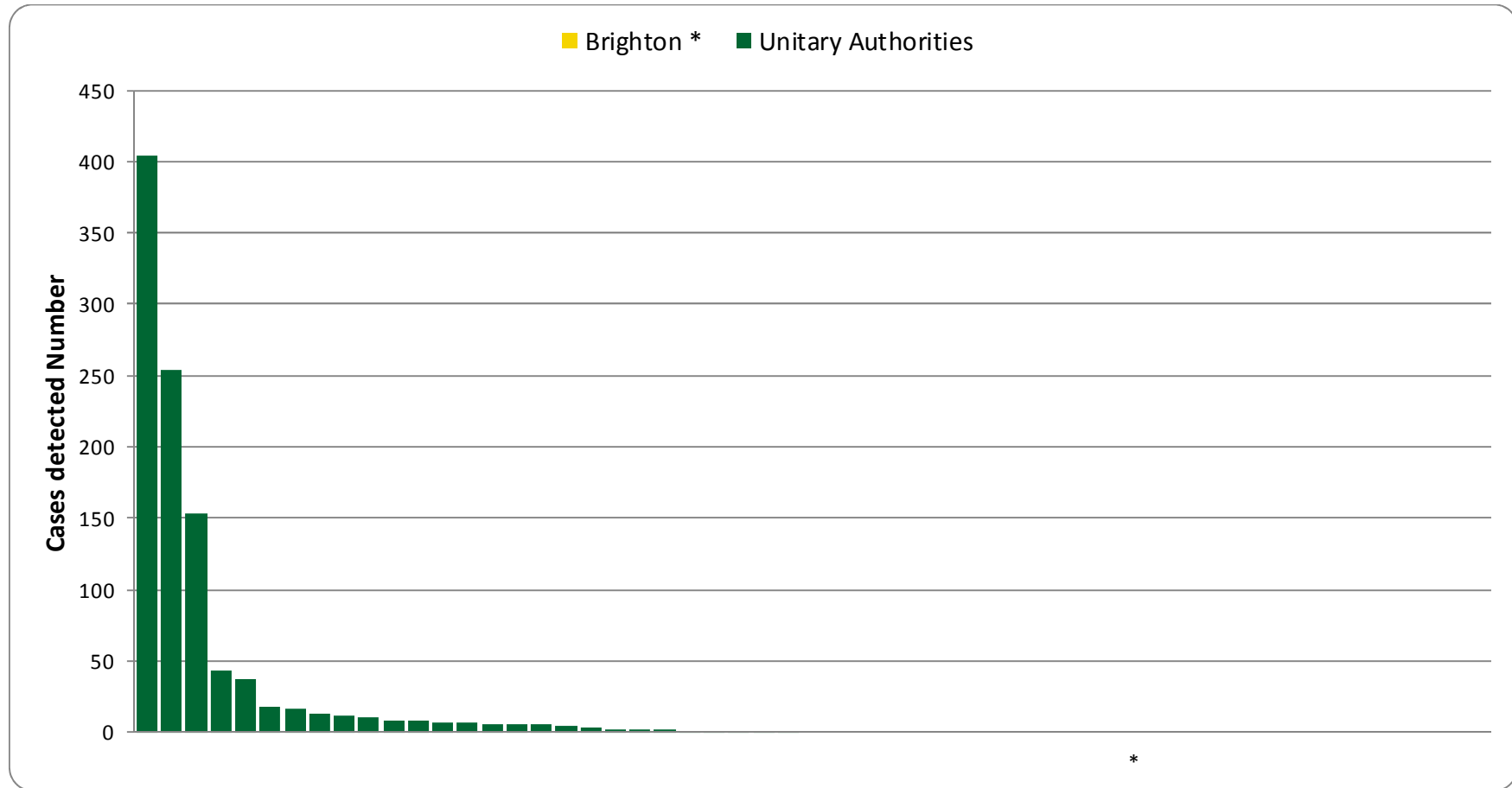
Brighton did not detect any cases of this type of fraud.

Average for other Unitary Authorities with housing stock: 0.4 cases



Disabled parking (Blue Badge) fraud 2013/14

Brighton



Brighton did not detect any cases of this type of fraud.
Average for other Unitary Authorities: 19 cases



Other frauds 2013/14 Brighton

Procurement: Brighton did not detect any cases of this type of fraud.
Total for other Unitary Authorities: 25 cases, valued at £832,190

Insurance: Brighton did not detect any cases of this type of fraud.
Total for other Unitary Authorities: 34 cases, valued at £988,636

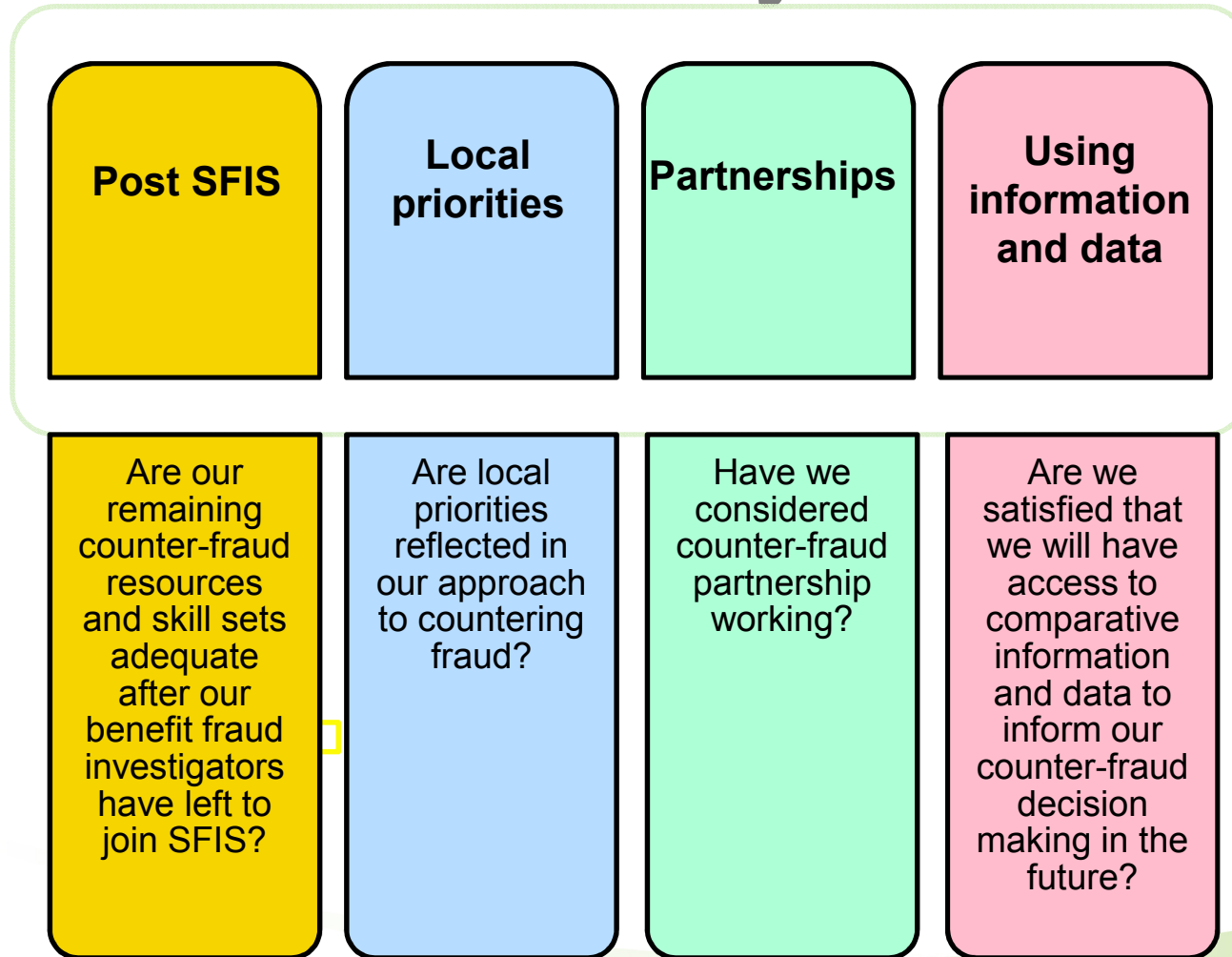
Social care: Brighton did not detect any cases of this type of fraud.
Total for other Unitary Authorities: 47 cases, valued at £731,379

Internal: Brighton detected 5 cases of this type of fraud. The value of detected fraud was £33,183.

Total for other Unitary Authorities: 315 cases, valued at £997,315

*Correctly recording fraud levels is a central element in assessing fraud risk.
It is best practice to record the financial value of each detected case*

Questions elected members and decision makers may wish to ask



06

Any questions?



Subject:	Ernst & Young - Audit Progress Report and Sector Update		
Date of Meeting:	13 January 2015		
Report of:	Ernst & Young		
Contact Officer:	Name:	Paul King	Tel: 0118 928 1556
	Email:	Pking1@uk.ey.com	
Ward(s) affected:	All		

FOR GENERAL RELEASE

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

13 January 2015



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

13 January 2015

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



Paul King
Director
For and behalf of Ernst & Young LLP

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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 2014 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 2014 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 presented our Annual Audit Letter to the 18 November 2014 meeting of the Committee.

Grant claim certification

We are presenting our annual report on the certification of claims and returns providing more details on the work undertaken and our detailed findings to today's meeting of the Committee.

2014/15 audit

Fee letter

Our 2014/15 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 have agreed our detailed working paper requirements with Central Accounting officers and plan to meet again in January to discuss current accounting issues and our planned approach to the audit. Central Accounting is currently revisiting its processes for closedown of the ledger and production of the financial statements. It plans to produce the financial statements more directly from the trial balance on the general ledger with much less need for manual adjustments to be made as part of closedown processes. It also plans to continue its work to eliminate any unnecessary disclosure in the financial statements. This should increase the speed with which the financial statements can be produced and also mean that it is better placed to meet the likely challenges for earlier production and approval of the financial statements from 2017/18.
- We will also need to audit the financial statements and issue our audit opinion much more quickly and will work with the Council to ensure our audit approach allows for this.
- We have shared 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 for January and February 2015. The detailed testing of the controls and critical path of each material system is planned for March 2015. We are likely to be able to rely on some of the control testing work planned by Internal Audit to support our approach.

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.

2015/16 Audit Fees

The Audit Commission is currently consulting on the proposed work programme and scales of fees for the audit of the accounts for 2015/16. It is proposing to reduce scale fees by a further 25 per cent from 2015/16 for all principal audits including the Council. It does not plan to make changes to the overall work programme. The 25 per cent fee reduction has been achieved as a result of a recent procurement exercise to retender the work undertaken under the Commission's older contracts with audit firms, and is on top of the 40 per cent cut in fees made in 2012.

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	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 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	

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Subject:	Ernst & Young – Annual Certification Report		
Date of Meeting:	13 January 2015		
Report of:	Ernst & Young		
Contact Officer:	Name:	Helen Thompson	Tel: 07974 007332
	Email:	HThompson2@uk.ey.com	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

1.1 Councils continue to claim large sums of public money in grants and subsidies from government departments and other grant-paying bodies and in some areas must complete returns providing financial information to government departments. Our certification work as the Council's appointed auditor provides assurance to government departments and grant-paying bodies that claims for grants and subsidies are made properly or that information in financial returns is reliable. This report summarises the outcomes of our certification work on your 2013/14 claims and returns

2. RECOMMENDATIONS:

2.1 To note the 2013/14 annual certification report and ask questions as necessary.

Certification of claims and returns annual report 2013/14

Brighton & Hove City Council

December 2014

Ernst & Young LLP



The Members of the Audit & Standards Committee
Brighton & Hove City Council
Kings House
Grand Avenue
Hove
BN3 2LS

16 December 2014

Ref: BHCC/Claims/2013-14

Direct line: 023 8038 2099

Email: HThompson2@uk.ey.com

Dear Members

Certification of claims and returns annual report 2013/14 Brighton & Hove City Council

We are pleased to report on our certification work. This report summarises the results of our work on Brighton & Hove City Council's 2013/14 claims and returns.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require certification from an appropriately qualified auditor of the claims and returns submitted to them.

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. When such arrangements are made, certification instructions issued by the Audit Commission to appointed auditors of the audited body set out the work they must undertake before issuing certificates and set out the submission deadlines.

Certification work is not an audit. Certification work involves executing prescribed tests which are designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.

In 2013/14, the Audit Commission did not ask auditors to certify individual claims and returns below £125,000. The threshold below which auditors undertook only limited tests remained at £500,000. Above this threshold, certification work took account of the audited body's overall control environment for preparing the claim or return. The exception was the Housing Benefits subsidy claim where the grant paying department sets the level of testing.

Where auditors agree it is necessary audited bodies can amend a claim or return. An auditor's certificate may also refer to a qualification letter where there is disagreement or uncertainty, or the audited body does not comply with scheme terms and conditions.

Statement of responsibilities

In March 2013 the Audit Commission issued a revised version of the 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities). It is available from the Chief Executive of each audited body and via the Audit Commission 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.

This annual certification report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2013/14 certification work and highlights the significant issues.

We checked and certified two claims and returns with a total value of £170,141,305. We met all submission deadlines. We issued a qualification letter for the Housing Benefits claim, and details of the qualification matters are included in section 1.

Our work to audit your pooling of housing capital receipts return found errors in both the final return, and each of the quarterly returns used to generate the final return. The return was subject to amendments to correct for these errors. Last year we concluded there were weaknesses in supervision and review arrangements for the pooling of housing capital receipts return and raised a recommendation for improvement. Based on our work this year we have concluded that the recommendation had not been satisfactorily implemented and have therefore raised a similar recommendation for improvement in section 4.

Fees for certification work are summarised in section 2.

We welcome the opportunity to discuss the contents of this report with you at the Audit & Standards Committee on 13 January 2015.

Yours faithfully



Helen Thompson
Director
Ernst & Young LLP
Enc

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1. Summary of 2013/14 certification work

We certified 2 claims and returns in 2013/14. The main findings from our certification work are provided below.

Housing Benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£163,594,805
Limited or full review	Full
Amended	Not amended
Qualification letter	Yes
Fee – 2013/14	£21,276
Fee – 2012/13	£21,052
Recommendations from prior year 2012/13:	
None	

Councils run the Government's housing benefits scheme, and claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' testing (extended testing) if initial testing identifies errors in the calculation of benefit or compilation of the claim. We found errors which all related to the miscalculation of earned income in the assessment of benefit entitlement and carried out three sets of extended testing covering housing revenue account rent rebates, non-housing revenue account rent rebates and rent allowances.

The extended testing identified a small number of cases where similar errors had occurred. We extrapolated the financial impact of our findings to determine the total financial impact of the errors on the claim. No amendments were made to the claim. This was because, given the nature of the populations tested, it was unlikely that even significant additional work would result in amendments to the claim that would allow us to conclude it was fairly stated. We reported the extrapolated value of these errors to the DWP in a qualification letter.

Our testing of modified schemes identified one case where the income from war widows' pensions was not correctly recognised in the assessment of benefit entitlement. We were satisfied from our work that war widow pension income information had been correctly input to the Northgate benefits system and therefore that the error in the calculation of expenditure under the modified scheme is systematic. We were also satisfied that the effect of the error results in an underpayment of subsidy. The Council referred this issue to the software supplier for resolution. The Council also checked the complete population of effected cases. Based on this work we are satisfied that the issue is isolated. We also reported this issue in our qualification letter to the DWP.

Pooling of housing capital receipts

Scope of work	Results
Value of return presented for certification	£ 6,546,500
Limited or full review	Full
Amended	Yes
Qualification letter	No
Fee – 2013/14	£1,339
Fee - 2012/13	£1,437

Recommendations from prior year 2012/13 and findings:

Findings:

The Council had incorrectly disclosed capital receipts arising from transfers of council dwellings to a not for profit charitable company, Seaside Community Homes, as receipts arising from a small scale voluntary transfer. The receipts arising from the dwelling transfers should have been properly categorised as receipts subject to pooling offset by capital allowances. The resulting errors impacted on both the year end return and each of the 2013/14 quarterly pooling returns made by the Council to CLG.

A large number of the entries on the return were amended as a result of this finding.

Recommendation:

Improve arrangements for the preparation and review of quarterly submissions to the Department of Communities and Local Government and the year-end audit return.

Councils pay part of a housing capital receipt into a pool run by the Department of Communities and Local Government (DCLG). Regional housing boards redistribute the receipts to those councils with the greatest housing needs. Pooling applies to all local authorities that have a housing function, including those that are debt-free and those with closed Housing Revenue Accounts, who typically have housing receipts in the form of mortgage principal and right to buy discount repayments. The year end audit return is based on four detailed quarterly returns made to DCLG.

Our detailed testing of one quarterly return showed that the Council had made errors in the classification of right to buy disposal details in the DCLG worksheet used to generate the nominal price valuation of the disposals disclosed in the return. We therefore extended the testing to cover all quarterly returns and found similar errors in each quarter. All quarterly returns were therefore subject to amendment for this issue.

We also found an expenditure amount had been entered on an incorrect basis to the year end pre-audit return produced by the Council. A new audit return needed to be generated for all of the adjustments made.

Last year we concluded that there were weaknesses in supervision and review arrangements for the pooling of housing capital receipts return and raised a recommendation for improvement. Based on our work this year we have concluded that the recommendation had not been satisfactorily implemented and have therefore raised a similar recommendation for improvement.

2. 2013/14 certification fees

The Audit Commission sets composite indicative fee for certification work for each body. The indicative fee for 2013/14 was initially based on actual certification fees for 2011/12, reduced by 40%. This was then further adjusted to reflect the fact that a number of schemes would no longer require auditor certification, and a 12% reduction was also applied to the Housing Benefit Subsidy claim due to the replacement of Council Tax Benefit with Council Tax Support which is not part of that claim.

The indicative composite fee for Brighton & Hove City Council for 2013/14 was £21,602.

Claim or return	2013/14	2013/14	2012/13
	Indicative fee £	Actual fee £	Actual
Housing [and council tax] benefits subsidy	21,276	21,276	21,052
Pooling of housing capital receipts return	326	1,339	1,437
Teachers' superannuation return	n/a	n/a	3,120
National non-domestic rates return	n/a	n/a	900
Total	21,602	22,615	26,509

Note: Fees for annual reporting and for planning, supervision and review have been allocated directly to the claims and returns.

Fees fell overall due to the reduction in claims requiring certification.

Housing Benefits Subsidy

The indicative fee was set based on work completed in 2011/12, when a similar level of additional 40+ testing was undertaken on the claim, and a qualification letter issued.

We found a similar number of errors this year, and we were able to deliver our work within planned scale fee.

Pooling of housing capital receipts

Due to errors identified in the prior year, we undertook more extensive testing than assumed by the scale fee set. We have agreed the additional fee with the Assistant Director – Finance & Procurement. The additional fee has also been approved by the Audit Commission.

We found errors in our initial testing which caused us to extend the scope of our work and make a number of amendments to the return.

3. Looking forward

The Council's indicative certification fee for 2014/15 is £18,530. This is based on the outturn from 2012/13 certification work, adjusted for claims no longer requiring review. The actual certification fee for 2014/15 may be higher or lower than the indicative fee, if we need to undertake more or less work than in 2012/13 on individual claims or returns. Details of individual indicative fees are available at the following link:

<http://www.audit-commission.gov.uk/audit-regime/audit-fees/201415-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

We must seek the agreement of the Audit Commission, or its successor body, to any proposed variations to indicative certification fees. The Audit Commission expects variations from the indicative fee to occur only where issues arise that are significantly different from those identified and reflected in the 2012/13 fee.

The Audit Commission has changed its instructions to allow appointed auditors to act as reporting accountants where the Commission has not made or does not intend to make certification arrangements. This removes the previous restriction saying that the appointed auditor cannot act if the Commission has declined to make arrangements.

4. Summary of recommendations

This section highlights the recommendations from our work and the actions agreed.

Recommendation	Priority	Agreed action and comment	Deadline	Responsible officer
Pooling of housing capital receipts				
Improve arrangements for the preparation and review of quarterly submissions to the Department of Communities and Local Government and the year-end audit return.	H	Agreed	For the 2014/15 return	Nigel Manvell, Assistant Director – Finance and Procurement

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Subject:	Treasury Management Policy Statement 2014/15 (Mid Year Report)		
Date of Meeting:	13 January 2015		
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 4 DECEMBER 2014

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

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

PART ONE

94 TREASURY MANAGEMENT POLICY STATEMENT 2014/15 (MID YEAR REPORT)

94.1 RESOLVED:

- (1) That Policy & Resources Committee endorses the key actions taken during the first half of 2014/15 to meet the treasury management policy statement and practices (including the investment strategy) as set out in this report.

- (2) That Policy & Resources Committee notes that the approved maximum indicator for investment risk of 0.05% has been adhered to and the authorised limit and operational boundary have not been exceeded in the first half of the year.

Subject:	Treasury Management Policy Statement 2014/15 (including Annual Investment Strategy 2014/15) – Mid Year Review		
Date of Meeting:	4 December 2014		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name:	James Hengeveld	Tel: 29-1242
	Email:	james.hengeveld@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The 2014/15 Treasury Management Policy Statement (TMPS), practices and schedules were approved by Policy & Resources on 20 March 2014. The TMPS sets out the role of Treasury Management, whilst the practices and schedules set out the annual targets and methods by which these targets will be met.
- 1.2 The TMPS includes the Annual Investment Strategy (AIS) which sets out the key parameters for investing council cash funds and was approved by Full Council on 27 March 2014.
- 1.3 It is recommended good and proper practice that Members receive half yearly reports and review and endorse treasury management actions during the year. The purpose of this report is to advise of the action taken in the first half of 2014/15.

2. RECOMMENDATIONS:

- 2.1 That Policy & Resources Committee endorses the key actions taken during the first half of 2014/15 to meet the treasury management policy statement and practices (including the investment strategy) as set out in this report.
- 2.2 That Policy & Resources Committee notes that the approved maximum indicator for investment risk of 0.05% has been adhered to and the authorised limit and operational boundary have not been exceeded in the first half of the year.

3. CONTEXT/ BACKGROUND INFORMATION***Overview of Markets***

- 3.1 The UK GDP has seen very strong growth in the last 3 quarters of 2013 (resulting in an annual growth of 2.7% in 2013), and the first two quarters of 2014, plus further strength suggested in quarter 3 estimates (which puts annual growth at 3.1% in quarter 3). It appears very likely that strong growth will continue through 2014 and into 2015 as forward surveys for both the construction and services sectors are

encouraging, as is the recovery seen in business investment. The manufacturing sector has also been encouraging, though latest figures indicate a weakening in the future trend rate of growth. However, for the recovery to become more sustainable in the longer term, it needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufacturing goods, both of which need to substantially improve.

- 3.2 This overall strong growth has resulted in unemployment falling much faster through the initial threshold of 7%, set by the Monetary Policy Committee (MPC) last August, before it said it would consider any increases in Bank Rate. The MPC has, therefore, subsequently broadened its forward guidance by adopting five qualitative principles and looking at a much wider range of about eighteen indicators in order to form a view on how much slack there is in the economy and how quickly slack is being used up.
- 3.3 Also encouraging has been the sharp decline in inflation, with CPI reaching 1.2% in September (The lowest rate since 2009). Forward indications suggest that it is likely to fall further in 2014. Thus, markets are expecting the MPC to be cautious in raising Bank Rate as it will want to protect heavily indebted consumers at a time where inflationary pressures are also weak. The Council's Treasury Advisors (and a number of other economists) have put back the expectation of a Bank Rate rise to Quarter 2 2015. They also expect rate rises to be at a much slower pace and to peak at lower levels than previous patterns.
- 3.4 The Eurozone (EZ) is facing an increasing threat from weak or negative growth and from deflation. In September, the inflation rate fell further, to reach a low of 0.30%. However, this is an average for all EZ countries and includes some countries currently running with a negative rate of inflation. Accordingly, the ECB took some rather limited action in June to loosen monetary policy in order to promote growth. Further action was taken in September, which resulted in setting a negative deposit rate of -0.2%, and started a programme of purchasing corporate debt. EZ sovereign difficulties subsided in 2013, but have not gone away, and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, lack of international competitiveness, and the need for overdue reforms of the economy.
- 3.5 The expected delay in any increase in the Bank Rate is likely to suppress the Council's Income from its investment portfolio. However, long term borrowing rates are also suppressed in the current market, and therefore borrowing requirements for capital projects will be at a lower cost than earlier projections. Officers have carried out analysis on the current borrowing rates for future capital investment requirements and have assessed that the cost of carrying debts in advance of need is too great given the very low investment rates. Therefore it is not the right time for the council to borrow.

Treasury Management Strategy

- 3.6 A summary of the action taken in the six months to September 2014 is provided in Appendix 1 to this report and further information on borrowing and investment performance is shown in the September 2014 Bulletin at Appendix 2. The main points are:

- The council did not enter into any new borrowing arrangements during the period;
- The highest risk indicator during the period was 0.039% which is below the maximum set of 0.050%;
- The return on investments by the in-house treasury team and cash manager has exceeded the target rates.
- The two borrowing limits approved by full Council have not been exceeded.

3.7 Treasury management activity in the half-year has focused on a short-term horizon as summarised in the table below:

	Amount invested 1 st Apr 2014 to 30 Sep 2014			
	Fixed deposits	Money market funds	Total	
Up to 1 week		£234.9m	£234.9m	77%
Between 1 week & 1 month	£7.0m		£7.0m	2%
Between 1 month & 3 months	£20.1m	£2.5m	£22.6m	8%
Over 3 months	£38.8m	-	£38.8m	13%
	£65.9m	£237.4m	£303.30m	100%

Summary of Treasury Activity April to September 2014

3.8 The following table summarises the treasury activity in the half year to September 2014 compared to the corresponding period in the previous year.

April to September	2013/14	2014/15
Long-term borrowing repaid	-	-
Short-term borrowing repaid	-	-
Investments made	£350.0m	£303.3m
Investments maturing	(£311.0m)	(£296.6m)

3.9 The Financing Costs budget reported a breakeven position at Month 5. Within the budget, a saving generated by delaying long term borrowing, which is offsetting a pressure caused by lower cash balances for investment in the first half of the year. In addition there is expectation that short term borrowing will fund cash flows in the later part of the year.

3.10 Long term borrowing has been delayed in order to reduce the pressure caused by the difference between borrowing and investment rates. Officers are exploring the use of forward borrowing for capital investment in future years as this could provide certainty of future revenue costs, lock in to lower rates now, and avoid the cost of carry.

3.11 The following table summarises how the day-to-day cash flows in the first half-year have been funded compared to the same period in the previous year.

April to September	2013/14	2014/15
Cash flow surplus – general	£39.0m	£11.3m
HRA Settlement Payment	-	-
Net cashflow surplus	£39.0m	£11.3m
Represented by:		
Increase in long-term borrowing	-	-
Change in short-term borrowing	-	-
Change in investments	(£39.0m)	(£6.7m)
Change in bank balance	-	(£4.6m)

Security of Investments

- 3.12 A summary of investments made by the in-house treasury team and outstanding as at 30 September 2014 in the table below shows that investments continue to be held in good quality, short term instruments. The funds invested in BBB institutions included in the table below are invested in the part-nationalised banks which are backed by Government guarantee in line with the AIS.

'AAA' rated money market funds	£3.26m	6%
'AA' rated institutions	£2.00m	3%
'A' rated institutions	£45.53m	77%
'BBB' rated institutions	£8.50m	14%
Total	£59.29m	100%
Period – less than one week	£13.26m	23%
Period – between one week and one month	£18.51m	31%
Period – between one month and three months	£19.02m	32%
Period – between three months and 1 year	£8.50m	14%
Total	£59.29m	100%

Municipal Bonds Agency Investment

- 3.13 Policy & Resources delegated the authority to invest a maximum of £50,000, classified as capital expenditure, in an equity stake in the Municipal Bonds Agency. Following a meeting with the Local Government Agency and a review of the Agency's Business Case, there is a strong case for supporting the formation of the Agency in order to deliver potentially substantially lower future borrowing costs to the Local Government community.
- 3.14 The Executive Director of Finance & Resources has signed a Subscription Agreement which commits the authority to £25,000 in the initial subscription phase (£10,000 of which was drawn down by the Agency on 30th September 2014). The Subscription Agreement additionally sets out the Authority's intention to commit a further £25,000 in the second subscription.

Risk

- 3.15 As part of the investment strategy for 2014/15 the Council agreed a maximum risk benchmark of 0.050% i.e. there is a 99.95% probability that the council will get its investments back. The benchmark is a simple target that measures the risk based on the financial standing of counterparties and length of each investment based on historic default rates. The actual risk indicator has varied between 0.009% and 0.039% between April 2014 and September 2014. It should be remembered however that the benchmark is an average risk of default measure, and does not constitute an expectation of loss against a particular investment.
- 3.16 In January 2014, Internal Audit and Business Risk undertook an audit of the treasury management function. The audit concluded that “substantial assurance” is provided on the effectiveness of the control framework operating and mitigating risks for treasury management.

Performance

- 3.17 The following table summarises the performance on investments compared with the budgeted position and the benchmark rate.

(*) Annualised rates	In-house investments		Cash manager investments	
	Average balance	Average rate (*)	Average balance	Average rate (*)
Budget 2014/15– full year*	£67.9m	0.63%	£25.3m	0.70%
Actual to end Sept 2014	£88.6m	0.65%	£25.3m	0.87%
Benchmark rate (i.e. 7 day LIBID Rate) to end Sept 2014	-	0.35%	-	0.35%

**please note this is an average for the full year –profile of balances are higher in the first half of the year and are expected to reduce over the financial year.*

- 3.18 The council is now part of a regional benchmark club which shares investment strategies and performance on a confidential basis. The benchmarking data demonstrates that the council’s investment portfolio is performing in line with expectations.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 This report sets out action taken in the six months to September 2014. Treasury management actions have been carried out within the parameters of the AIS, TMPS and Prudential Indicators. Therefore no alternative options have been considered.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The council’s external treasury advisors have been consulted over the content of this report. No other consultation was necessary.

6. CONCLUSION

- 6.1 Treasury management is governed by a code that is recognised as “best and proper practice” under the Local Government Act 2003. The Code requires a minimum of two reports per year, one of which is required to review the previous year’s performance. This report fulfils this requirement.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The financial implications of treasury management activity are reflected in the financing costs budget set out in paragraph 3.6.

Finance Officer Consulted: James Hengeveld

Date: 07/11/14

Legal Implications:

- 7.2 The TMPS and associated actions are exercised under powers given to the council by Part 1 of the Local Government Act 2003 which includes the power for a local authority to invest for the purposes of the prudent management of its financial affairs (section 12).

Lawyer Consulted: Oliver Dixon

Date: 10/11/14

Equalities, Sustainability and other significant implications:

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

SUPPORTING DOCUMENTATION

Appendices:

1. A summary of the action taken in the period April 2014 to September 2014
2. September 2014 Treasury Management Bulletin

Documents in Members' Rooms

None

Background Documents

1. Part I of the Local Government Act 2003 and associated regulations
2. The Treasury Management Policy Statement and associated schedules 2014/15 approved by Policy & Resources on 20 March 2014
3. The Annual Investment Strategy 2014/15 approved by full Council on 27 March 2014
4. Treasury Management Policy Statement 2013/14 (including Annual Investment Strategy 2013/14) – End of year Review approved by Policy & Resources Committee on 11 July 2014
5. Papers held within Financial Services, Finance & Resources Directorate
6. The Prudential Code for Capital Finance in Local Authorities published by CIPFA 2011

Summary of action taken in the period April to September 2014

Treasury Management Strategy

New long term borrowing

No new long-term borrowing raised in the first six months.

Debt maturity

No long-term borrowing was repaid in the first six months.

Lender options, where the lender has the exclusive option to request an increase in the loan interest rate and the council has the right to reject the higher rate and repay instead, on three loans were due in the 6 month period but no option was exercised.

Debt restructuring

Opportunities to restructure the debt portfolio are severely restricted under changes introduced by the Public Works Loan Board in October 2007. No restructuring was undertaken in the first 6 months.

Weighted average maturity profile

With no movement in the long-term debt portfolio the weighted average maturity period of the portfolio has decreased naturally by 6 months, from 31.3 years to 30.8 years.

Capital financing requirement

The prudential code introduces a number of indicators that compare borrowing with the capital financing requirement (CFR) – the CFR being amount of capital investment met from borrowing that is outstanding. Table 1 compares the CFR with actual borrowing.

Table 1 – Capital financing requirement compared to debt outstanding

	1 April 2014	30 Sept 2014	Movement in period
Capital financing requirement (CFR)	£336.5m		
Less PFI element	-£58.0m		
Net CFR	£278.5m	^(*) £277.8m	-£0.7m
Long-term debt	£207.8m	£207.8m	-
O/s debt to CFR (%)	74.6%	74.8%	-0.2%

^(*) projected 31 March 2015

Traditionally the level of borrowing outstanding is at or near the maximum permitted in order to reduce the risk that demand for capital investment (and hence resources) falls in years when long-term interest rates are high (i.e. interest rate risk). However given the continued volatility and uncertainty within the financial markets, the council has maintained the strategy to keep borrowing at much lower levels (as investments are used to repay debt). Currently outstanding debt represents 74.6% of the capital financing requirement.

Cash flow debt / investments

The TMPS states that “The council will maintain an investment portfolio that is consistent with its long term funding requirements, spending plans and cash flow movements.”

An analysis of the cash flows reveals a net surplus for the first six-months of £11.3m. The surplus has been used to increase investments (Table 2).

Table 2 – Cash flow April to September 2014

	Payments	Receipts	Net cash
Total for period	£471.6m	£482.9m	+£11.3m
Increase in investments			+£11.3m

Prudential indicators

Budget Council approved a series of prudential indicators for 2014/15 at its meeting in February 2014. Taken together the indicators demonstrate that the council's capital investment plans are affordable, prudent and sustainable.

In terms of treasury management the main indicators are the 'authorised limit' and 'operational boundary'. The authorised limit is the maximum level of borrowing that can be outstanding at any one time. The limit is a statutory requirement as set out in the Local Government Act 2003. The limit includes 'headroom' for unexpected borrowing resulting from adverse cash flow.

The operational boundary represents the level of borrowing needed to meet the capital investment plans approved by the council. Effectively it is the authorised limit minus the headroom and is used as an in-year monitoring indicator to measure actual borrowing requirements against budgeted forecasts.

Table 3 compares both indicators with the maximum debt outstanding in the first half year.

Table 3 – Comparison of outstanding debt with Authorised Limit and Operational Boundary 2014/15

	Authorised limit	Operational boundary
Indicator set	£381.0m	£370.0m
Less PFI element	-£58.0m	-£58.0m
Indicator less PFI element	£323.0m	£312.0m
Maximum amount o/s in first half of year	£207.8m	£207.8m
Variance	(*)£115.2m	£104.2m

(*) can not be less than zero

Performance

The series of charts in Appendix 2 provide a summary of the performance for both the debt and investment portfolios.

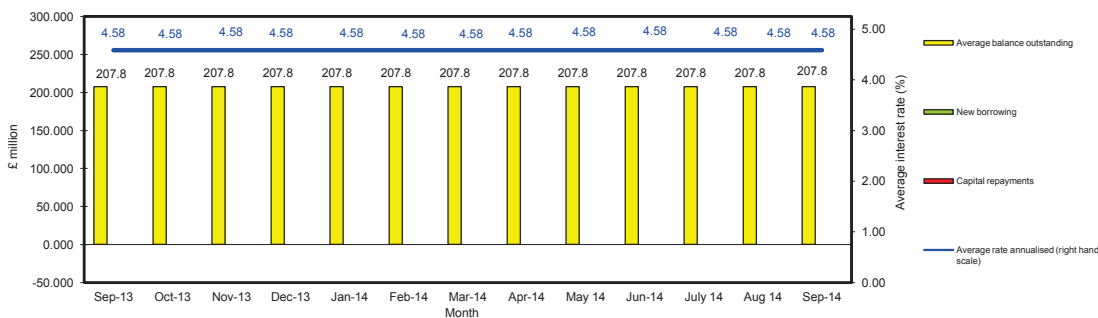
The graphs below show the monthly averages of borrowing and investments outstanding, monthly cashflows and the average monthly cost/return on debt/investments, over a thirteen month period.

Graph 1

This graph shows the average monthly balance outstanding on long term debt, together with the average cost.

It also shows the amount of new long term debt raised and the repayment of long term borrowing. There has not been any new or repayment of long term debt during the past twelve months

Graph 1 Long Term Debt Outstanding
Monthly averages



Graph 2

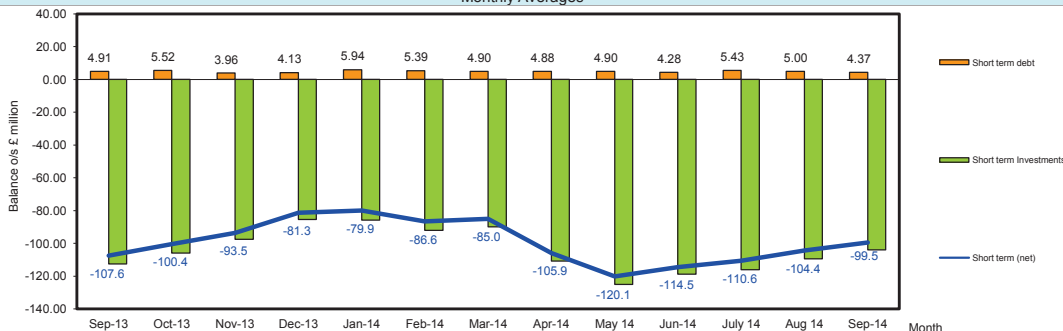
This graph shows the average monthly balance outstanding for:

- short term debt
- short term investments

The graph also shows the net monthly cash position, excluding long term borrowing

Short term debt includes the monies held on behalf of South Downs National Park Authority.

Graph 2 - Short Term Borrowing / Investments (all)
Monthly Averages

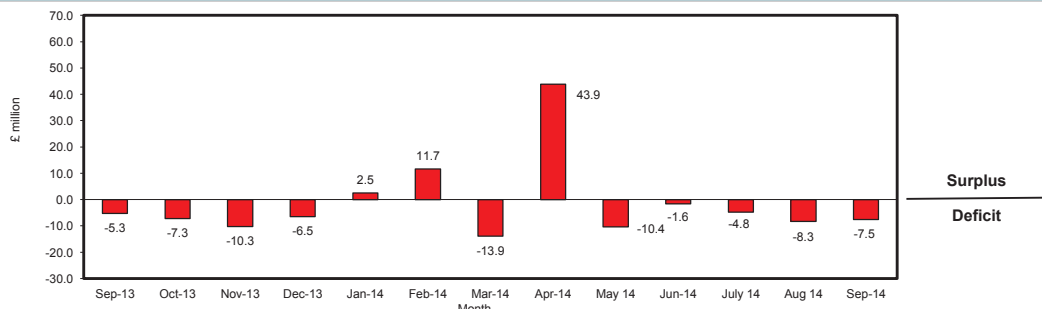


Graph 3

This graph shows the net monthly cash flow position, excluding movement in borrowing and investments.

Cashflow movements have resulted in a small deficit for the month.

Graph 3 - Monthly Cash Flows



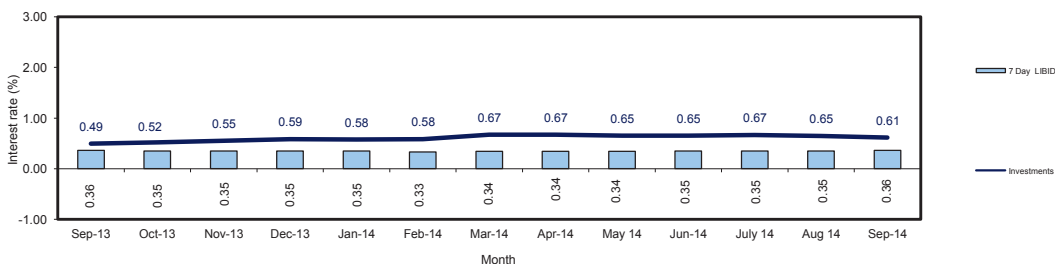
Graph 4a

This graph compares the average return on short term investments with the average 7 Day LIBID rate.

The target is for the return on short term investments to exceed the 7 Day rate by 5% in a 12 month period

In house investments continue to meet the benchmark target rate of return.

Graph 4a - Short Term Investments -v- 7 Day LIBID (In house)
Monthly averages - annualised (to 2 dec pl)



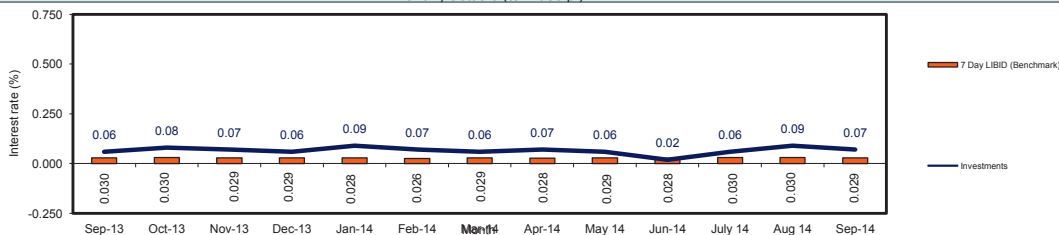
Graph 4b

This graph compares the average return on the fund with a benchmark of 7 Day LIBID (compounded weekly).

The target is for the return on investment to exceed the benchmark rate by 5% in a 12 month period.

The cash manager performance fluctuates due to changes in the value of the investments. Performance has been above benchmark target levels in 11 of the past 12 months.

Graph 4b Short Term Investments -v- Benchmark Rate (Cash Managers)
Monthly actuals (to 2 dec pl)



Investments by Sector

The 2014/15 Treasury Policy Statement states that with the exception of the banking sector and money market funds, no one sector shall have more than 75% of the investment portfolio at the time an investment is made. As at end of September 2014 investments were made as follows:-

	£m	
SWIP External Managers	25.397	
In-house Investments - Banks		
Close Brothers Limited	3.500	
Crown Agents Bank Ltd	1.500	
Lloyds Bank plc	7.526	
Lloyds Bank plc	16.000	
Royal Bank of Scotland	5.014	
Santander UK plc	3.009	
Standard Chartered Bank	13.501	
Virgin Money	2.000	
	52.050	87.8 %

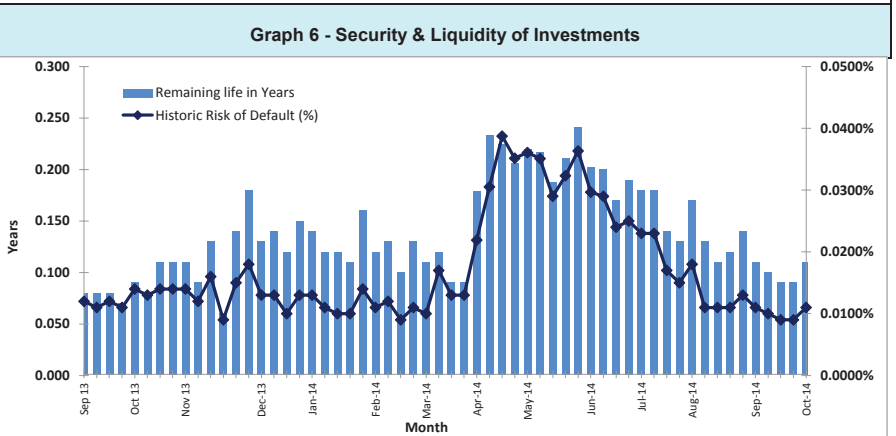
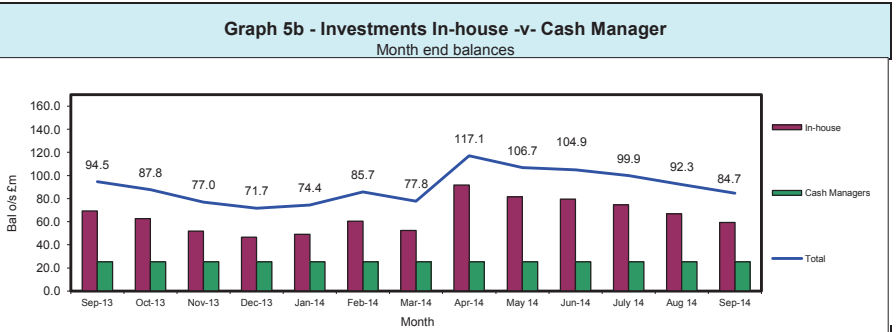
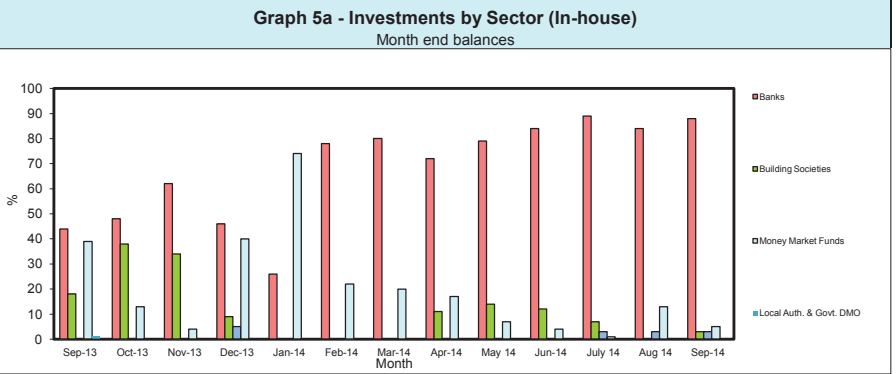
Local Authority		
LANCASHIRE CC - PRESTON	2.000	3.4 %

Money Market Funds		
CCLA - Public Sector Deposit Fund	0.199	
Goldman Sachs Funds Plc	0.005	
Ignis Liquidity Fund	1.899	
Insight Liquidity Funds Plc	0.430	
Morgan Stanley Sterling Liquidity Fund	0.232	
State Street services		
SWIP GLF	0.494	
	3.259	5.5 %

In-house Investments - Building Societies		
Nationwide Building Society	2.000	
	2.000	3.4 %
TOTAL - In-house Investments	59.309	100.0 %

Graph 6

Members agreed, as part of the 2013/14 Treasury Policy Statement, to set a maximum indicator for risk at 0.05%. Table 6 shows the risk factor to be well below the maximum set. Recent increases in the risk factor are due to lending for slightly longer periods with good quality counterparties to maintain investment returns as short-term rates in the market are falling.



Prudential Indicators (Treasury Management)

The Council sets each year a number of prudential indicators for treasury management. The following tables show that these indicators have not been exceeded in the month of September 2014.

Gross Outstanding Debt (£millions)		
	Debt	PFI
Authorised limit	323	58
Operational boundary	312	58
Minimum o/s	208	-
Maximum o/s	208	-

Variable Rate Debt (%age)	
Maximum limit	40.0
Maximum amount o/s	0.0

(NB. The maximum limit for fixed rate debt is 100% and cannot therefore be breached.)

Net Outstanding Debt (£millions)		
	Debt	PFI
Minimum capital financing requirement	278	58
Maximum net debt o/s	123	-

Debt Maturity Profile (%ages)					
	<12 mths	1-2 yrs	2-5 yrs	5-10 yrs	>10 yrs
Maximum limit	40.0	30.0	40.0	75.0	100.0
Minimum limit	0.0	0.0	0.0	0.0	50.0
Maximum o/s debt	1.9	1.4	2.8	13.7	80.2

Subject: Targeted Budget Management (TBM) 2014/15 Month 7
Date of Meeting: 13 January 2015
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 4 DECEMBER 2014

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

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

PART ONE

93 TARGETED BUDGET MANAGEMENT (TBM) 2014/15 MONTH 7

93.1 The Committee considered a report of the Executive Director for Finance & Resources in relation to Targeted Budget Management (TBM) 2014/15 – Month 7. TBM was a key component of the Council's overall performance monitoring and control framework; the report set out the forecast outturn position (Month 7) on the Council's revenue and capital budget for the financial year 2014/15. Month 7 showed an improvement to the

position overall at just past the mid-point in the year, but there remained significant pressures and forecast risks to manage across the General Fund Revenue Budget.

- 93.2 In response to Councillor Sykes the Executive Director for Children's Services explained that the underspend in the Dedicated Schools Grant related to the schools themselves and the early years funds. Where schools had underspends that were greater than reasonable there was a mechanism to challenge this, and even withdraw funds if the local authority considered this necessary. Councillor Shanks added that this was considered by the Schools Forum and there was also a role for school governors in challenging budgets. In relation to GCSE performance it was noted that whilst there was some disappointment with the performance this year; the primary school attainment had been very strong.
- 93.3 In response to Councillor A. Norman the Chair explained that close work was being undertaken with health partners to progress work in relation to the Better Care Fund, and Councillor A. Norman noted that the new governance arrangements for the Health & Wellbeing Board allowed for cross-party work with health partners for the advantage of residents.
- 93.4 In response to further questions from Councillor A. Norman the Executive Director for Finance & Resources explained that the review of trade union facility time had been started, and this would include mapping out the costs of the work place reps. The deduction for strike pay would be forecast into budget holders' TBM forecast so the funds could not be spent elsewhere. The uncertain elements of the VFM programme were a reflection of the challenges in managing the demand of services in both Adult and Children's Services.
- 93.5 The Executive Director for Environment, Development & Housing responded to Councillor A. Norman that staff sickness in City Clean was being closely monitored; where the service would be directly affected it could be necessary to use temporary agency staff. One of the key issues in the City Clean service redesign would be to strengthen the local management team and build confidence with the workforce. It would also be important to make it clear that sickness imposed additional costs to the service, and the intention of the service redesign was to create the right motivation with staff to reduce sickness. In relation to the Horsdean site; the water drainage had been a requirement from the Environment Agency; the solution should be available in the new year, and there was a condition in the consent to consult with the local amenity society.
- 93.6 The Chair then put the recommendations to the vote.
- 93.7 **RESOLVED:**
- (1) That the Committee note the forecast outturn position for the General Fund, which is an overspend of £4.368m. This consists of £4.052m on council controlled budgets and £0.316m 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 £0.156m.
- (4) That the Committee note the forecast outturn position for the Dedicated Schools Grant which is an underspend of £1.115m
- (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.

Subject:	Targeted Budget Management (TBM) 2014/15 Month 7		
Date:	4 December 2014		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name:	Jeff Coates	Tel: 29-2364
	Email:	jeff.coates@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

Note: The special circumstances for non-compliance with Council Procedure Rule 3, Access to Information Procedure Rule 5 and Section 100B(4) of the Local Government Act 1972 (as amended), (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that some of the key financial information was not available at the time of publication.

1 SUMMARY AND POLICY CONTEXT:

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out the forecast outturn position as at Month 7 on the council's revenue and capital budgets for the financial year 2014/15.
- 1.2 The TBM Month 5 forecast indicated significant potential pressures and forecast overspending. Month 7 shows an improvement to the position overall at just past the mid-point of the year but there remain significant pressures and forecast risks to manage across the General Fund Revenue Budget.

2 RECOMMENDATIONS:

- 2.1 That the Committee note the forecast outturn position for the General Fund, which is an overspend of £4.368m. This consists of £4.052m on council controlled budgets and £0.316m on the council's share of the NHS managed Section 75 services.
- 2.2 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.
- 2.3 That the Committee note the forecast outturn for the Housing Revenue Account (HRA), which is an underspend of £0.156m.
- 2.4 That the Committee note the forecast outturn position for the Dedicated Schools Grant which is an underspend of £1.115m.
- 2.5 That the Committee note the forecast outturn position on the capital programme.

2.6 That the Committee approve the capital programme variations and reprofiles in Appendix 3 and new capital schemes in Appendix 4 .

3 RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

Targeted Budget Management (TBM) Reporting Framework

3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy & Resources Committee. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending together with more regular monitoring of high risk 'corporate critical' areas as detailed below.

3.2 The TBM report is normally split into 8 sections as follows:

- i) General Fund Revenue Budget Performance
- ii) Housing Revenue Account (HRA) Performance
- iii) Dedicated Schools Grant (DSG) Performance
- iv) NHS Controlled S75 Partnership Performance
- v) Capital Investment Programme Performance
- vi) Capital Programme Changes
- vii) Implications for the Medium Term Financial Strategy (MTFS)
- viii) Comments of the Director of Finance (statutory S151 officer)

General Fund Revenue Budget Performance (Appendix 1)

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

Forecast Variance Month 5 £'000	Directorate	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
1,226	Children's Services	57,603	58,262	659	1.1%
4,078	Adult Services	63,857	67,411	3,554	5.6%
(201)	Environment, Development & Housing	41,862	42,191	329	0.8%
210	Assistant Chief Executive	17,362	17,594	232	1.3%
0	Public Health (incl. Community Safety & Public Protection)	4,558	4,530	(28)	-0.6%
(442)	Finance, Resources & Law	31,710	31,038	(672)	-2.1%
4,871	Sub Total	216,952	221,026	4,074	1.9%
148	Corporate Budgets	3,613	3,591	(22)	-0.6%
5,019	Total Council Controlled Budgets	220,565	224,617	4,052	1.8%

3.4 The General Fund includes general council services, corporate budgets and central support services. Corporate budgets include centrally held provisions and budgets (e.g. insurance) as well as some cross-cutting value for money savings targets. General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Although part of the General Fund, financial information for the Dedicated Schools Grant is shown separately as this is ring-fenced to education provision (i.e. Schools).

Corporate Critical Budgets

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

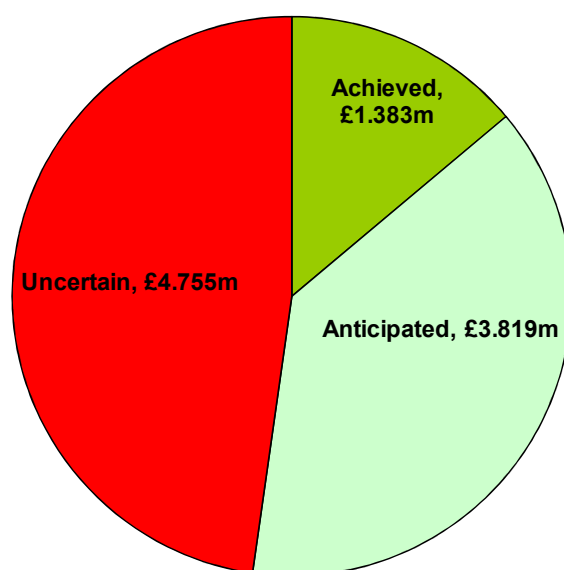
Forecast Variance Month 5 £'000	Corporate Critical	2014/15 Budget Month 7 £'000	Provisional Outturn Month 7 £'000	Provisional Variance Month 7 £'000	Provisional Variance Month 7 %
1,610	Child Agency & In House	19,515	21,141	1,626	8.3%
2,452	Community Care	41,145	43,922	2,777	6.7%
(330)	Sustainable Transport	(16,325)	(16,575)	(250)	-1.5%
(227)	Temporary Accommodation	1,592	1,441	(151)	-9.5%
(485)	Housing Benefits	(613)	(813)	(200)	-32.6%
3,020	Total Council Controlled	45,314	49,116	3,802	8.4%

Value for Money (VfM) Programme (Appendix 2)

3.6 Policy & Resources Committee received a report on the next stage of the council’s Value for Money Programme (Phase 4) at the committee’s June meeting. The savings and resources attached to Phase 4 for future years are being refined as part of the budget setting process although some part-year savings are expected in 2014/15. In the meantime, current Phase 3 VfM projects will continue with the savings targets identified and approved by Council as part of the 2014/15 budget.

3.7 VfM projects generally carry significant risks and may need specialist advice or skills that can be in short supply or they may need to navigate complex procurement or legal processes. Therefore, each month the TBM report quantifies progress in terms of those savings that have been achieved, those that are anticipated to be achieved (i.e. low risk) and those that remain uncertain (i.e. higher risk). The chart below shows that there is continuing risk in relation to social care related VfM workstreams. More detail is provided in Appendix 2.

Value for Money Programme (All Phases) - 2014/15 Monitoring



VfM Target 2014/15 = £9.917m

Housing Revenue Account Performance (Appendix 1)

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

Forecast Variance Month 5 £'000	HRA	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 12 %
(256)	Expenditure	58,946	59,329	383	0.6%
9	Income	(58,946)	(58,885)	61	0.1%
(247)	Net Expenditure	0	444	444	0.0%
0	Transfer from Reserves	0	(600)	(600)	
(247)	Total	0	(156)	(156)	

Dedicated Schools Grant Performance (Appendix 1)

- 3.9 The Dedicated Schools Grant (DSG) is a ring-fenced grant which can only be used to fund expenditure on the schools budget. The schools budget includes elements for a range of services provided on an authority-wide basis including Early Years education

provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The current forecast is an underspend of £1.115m and more details are provided in Appendix 1. Under the Schools Finance Regulations any underspend must be carried forward to support the schools budget in future years.

NHS Managed S75 Partnership Performance (Appendix 1)

- 3.10 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and Sussex Community NHS Trust (SCT) and include health and social care services for Adult Mental Health, Older People Mental Health, Substance Misuse, AIDS/HIV, Intermediate Care and Community Equipment.
- 3.11 These partnerships are subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements can result in financial implications for the council should a partnership be underspent or overspent at year-end and hence the performance of the partnerships is reported as a memorandum item under TBM throughout the year.

Month 5 Forecast Variance £'000	Section 75	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
200	NHS Trust managed S75 Services	11,951	12,267	316	2.6%

Capital Programme Performance and Changes

- 3.12 The table below provides a summary of capital programme performance by Directorate and shows that there is an overall underspend of £0.588m forecasted at this stage.

Forecast Variance Month 5 £'000	Capital Budgets	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Children's Services	19,961	19,961	0	0.0%
0	Adult Services	628	628	0	0.0%
0	Environment, Development & Housing - General Fund	23,596	23,596	0	0.0%
332	Environment, Development & Housing - HRA	30,989	30,401	(588)	-1.9%
0	Assistant Chief Executive	12,770	12,770	0	0.0%
0	Public Health	447	447	0	0.0%
0	Finance, Resources & Law	9,295	9,295	0	0.0%
0	Corporate Services	25	25	0	0.0%
332	Total Capital	97,711	97,123	(588)	-0.6%

- 3.13 Appendix 3 shows the changes to the budget and Appendix 4 provides details of new schemes to be added to the capital programme which are included in the budget figures above. Policy & Resources Committee's approval for these changes is required under the council's Financial Regulations. The following table shows the movement in the capital budget since approval in the Month 5 report.

Capital Budget Summary	2014/15 Budget £'000
Budget Approved at Month 5	103,911
Reported at other Policy & Resources committees since Month 5	0
New schemes to be approved in this report (see Appendix 4)	228
Variations (to be approved - see Appendix 3)	(73)
Reprofiles (to be approved - see Appendix 3)	(6,056)
Slippage (to be approved - see Appendix 3)	(299)
Total Capital Budget	97,711

- 3.14 Appendix 3 also details any slippage into next year. In total, project managers have forecast that £0.299m of the capital budget may slip into the next financial year and this equates to 0.31% of the budget.

Implications for the Medium Term Financial Strategy (MTFS)

- 3.15 The council's MTFS sets out resource assumptions and projections over a longer term. It is periodically updated including a major annual update which is included in the annual revenue budget report to Policy & Resources Committee and Full Council. This section highlights any potential implications for the current MTFS arising from in-year TBM monitoring above and details any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies. Details of Capital Receipts and Collection Fund performance are also given below because of their potential impact on future resources.
- 3.16 Details of risk provisions currently held are given in the Corporate Budgets section of Appendix 1. At this stage of the year no further risk provisions are recommended to be deployed as mitigating actions and recovery plans need to be implemented before re-assessing the financial position and the level of forecast risk.

Capital Receipts Performance

- 3.17 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Asset Management Fund, ICT Fund and the Workstyles VFM projects. The planned profile of capital receipts for 2014/15, as at Month 07, is £7.208m against which there have been receipts of £0.979m in relation to the disposal of 18 Market Street, a deposit for the Preston Barracks project, a lease extension at Warren Way, a number of minor lease extensions at the Marina and the repayment of improvement grants.

- 3.18 The forecast for the 'right to buy sales' 2014/15 (after allowable costs, repayment of housing debt and forecast receipt to central government) is that an estimated 60 homes will be sold with a maximum useable receipt of £0.474m to fund the corporate capital programme and net retained receipts of £2.727m are available to re-invest in replacement homes. To date 31 homes have been sold in 2014/15.

Collection Fund Performance

- 3.19 The collection fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council, Sussex Police and East Sussex Fire Authority whereas any forecast deficit or surplus relating to business rates is shared between, the council, government and East Sussex Fire Authority.

The collection fund surplus position at 31st March 2014 on council tax was £1.925m and the council's share of this was £1.644m. This was £0.243m lower than anticipated when setting the 2014/15 budget. However it is estimated that increased council tax income in the current financial year will offset this shortfall and therefore a break even position is currently forecast for 31st March 2015.

- 3.20 The council's share of the surplus on the collection fund for business rates at 31 March 2014 was £1.590m after taking into account the repayment of Safety Net Grant. These resources will be available when setting the 2015/16 budget. The 2014/15 business rates income assumption included projected growth of 0.5% in rateable value as well as a further 1.0% increase through a review of the register. On the basis of the information available so far in this financial year the position is in line with expectations. However this remains a difficult area to predict with great certainty.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS:

- 4.1 The provisional outturn position on council controlled budgets is an overspend of £4.052m. In addition, the council's share of the forecast overspend on NHS managed Section 75 services is £0.316m. Any overspend at the year end will need to be funded from general reserves which would then need to be replenished to ensure that the working balance did not remain below £9.000m. Any underspend would release one off resources that can be used to aid budget planning for 2014/15.

5 COMMUNITY ENGAGEMENT AND CONSULTATION

- 5.1 No specific consultation has been undertaken in relation to this report.

6 CONCLUSION AND COMMENTS OF THE DIRECTOR OF FINANCE (S151 OFFICER)

- 6.1 The Month 7 position, although improved, still shows a significant level of forecast financial risk that must be urgently attended to, particularly in relation to Adult Social Care and Children's Services. The trends on the corporate critical budgets for Community Care and for Looked After Children continue to give cause for concern. While there are some mitigating actions and recovery plans in place it is not clear that these will make sufficient impact on the forecast risk to ensure a break even position at year end.

- 6.2 The Executive Leadership Team (ELT) will keep the position under close scrutiny and will take appropriate action to reduce spending, manage vacancies and develop financial recovery plans where necessary.

7 FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Finance Officer Consulted: Jeff Coates

Date: 18/11/2014

Legal Implications:

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

Lawyer Consulted: Oliver Dixon

Date: 18/11/2014

Equalities Implications:

- 7.3 There are no direct equalities implications arising from this report.

Sustainability Implications:

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

Risk and Opportunity Management Implications:

- 7.5 The Council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a recommended minimum working balance of £9.000m to mitigate these risks. The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments.

SUPPORTING DOCUMENTATION

Appendices:

1. Revenue Budget Performance
2. Value for Money Programme Performance
3. Capital Programme Performance
4. New Capital Schemes

Documents in Members' Rooms:

None.

Background Documents

None.

Appendix 1 – Revenue Budget Performance

Children’s Services - Revenue Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Director of Children's Services	230	230	0	0.0%
38	Education & Inclusion	3,816	3,754	(62)	-1.6%
202	SEN & Disability	7,129	7,258	129	1.8%
1,322	Children's Health, Safeguarding and Care	36,758	38,180	1,422	3.9%
(336)	Stronger Families, Youth & Communities	9,670	8,840	(830)	-8.6%
1,226	Total Revenue - Children	57,603	58,262	659	1.1%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Education & Inclusion			
(10)	Home to School Transport	The underspend of £0.10m reflects the latest numbers of children being transported (433). A detailed analysis has been undertaken with the budget holder for each area of the budget and the latest position reflects the estimated outturn position. The position regarding independent travel needs to be monitored closely as any further reductions in numbers will impact on the overall forecast.	
(52)	Other	Minor underspend variances.	Within this saving £0.013m relates to use of DSG and has been reflected in the 2015/16 additional savings proposals.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
SEN & Disability			
136	Corporate Critical Disability Agency Placements	The anticipated number of disability placements is 18.00 FTE. The average general fund unit cost of these placements is £1,884.17 following additional DSG contributions to residential placements. The number of placements is 4.50 FTE above the budgeted level, with the average weekly cost now being £378.41 lower than the budgeted level. The combination of these two factors together with the underspend of £0.040m on respite placements, results in an overspend of £0.136m .	
31	Direct Payments	This initial outturn estimate for Direct Payments - Disabled Children, indicated an overspend of approximately £0.130m . This figure has been adjusted down to an overspend of approx. £0.031m following a review of current agreed packages by the Head of Service. Finance will continue to liaise closely with the budget holder with a view to ensuring that an up to date projection based on current agreed cases is provided.	Costs will be monitored closely over the year and efforts made to reduce costs or identify mitigating savings to bring these budgets back in balance where possible
11	Preventive Payments	This current estimate based on expenditure in months 1 to 7 and taking into account the 2013/14 outturn indicates, for Preventive Payments – Disabled Children, an overspend of approximately £0.011m . This area will need to be monitored closely on a monthly basis as it is subject to a significant element of variation dependent on identified need. Finance will liaise with the budget holder with a view to ensuring that an up to date projection based on current agreed cases is provided monthly.	Costs will be monitored closely over the year and efforts made to reduce costs or identify mitigating savings to bring these budgets back in balance where possible
(49)	Other	Minor underspend variances	
Children's Health, Safeguarding & Care			
1,590	Corporate Critical - Children's Agency Placements	The projected number of residential placements (31.24 FTE) is broken down as 26.65 FTE social care residential placements (children's homes), 4.25 FTE schools placements, 0.33 FTE family assessment placements and 0.00 FTE substance misuse rehabilitation placements. The budget allowed for 21.20 FTE	The Children's Services Value for Money (VfM) programme has two workstreams: <ul style="list-style-type: none"> The VfM Early Help Workstream

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		<p>social care residential care placements, 5.00 FTE schools placements, 1.25 FTE family assessment placements and 0.50 FTE substance misuse rehab placements. The average unit costs of these placements is £158.65 per week below the budgeted level, with the most significant unit cost saving in residential homes. Overall the number of placements are 3.29 FTE above the budgeted level, and this combined with the unit cost savings described above result in an overspend of £0.248m.</p> <p>The numbers of children placed in independent foster agency (IFA) placements began to fall during 2012/13 and that trend continued in the early months of 2013/14, however, since then numbers have started to increase. During 2013/14 there were 165.76 FTE placements but the current projected number of placements in 2014/15 is 178.64 FTE, an increase of 7.8%. The budget for IFA placements was based on the falling trend of the previous two years and was set at 135.80 FTE which is being exceeded by 42.84 FTE placements resulting in an overspend of £1.286m.</p> <p>During 2014/15 it is estimated that there will be 1.76 FTE secure (welfare) placements and 1.38 FTE secure (justice) placements. The budget allowed for 1.00 FTE welfare and 0.75 FTE justice placements during the year. There are currently 2 children in a secure (welfare) placement and one in a secure (criminal) placement resulting in a projected overspend of £0.056m.</p>	<p>objective is to deliver, review and rationalise evidence based early help services to reduce the need for specialist interventions. Key initiatives include:</p> <ul style="list-style-type: none"> • developing Early Help Hub to create a single integrated system for identification, referral, assessment, delivery and monitoring of effective early help interventions. • delivering evidence based interventions (such as family coaching by Stronger Families Stronger Communities, Functional Family Therapy, Family Nurse Partnership, Triple P) <p>• The VfM Placement Workstream objective is to strengthen social work systems so that care plans for individual children can be delivered by lower cost interventions and placements and/or by reducing the time children require statutory interventions. Key initiatives include:</p> <ul style="list-style-type: none"> • developing Multi Agency Safeguarding Hub to ensure appropriate and timely

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
			<p>response to safeguarding concerns</p> <ul style="list-style-type: none"> • strengthening social work transformational programme including developing a clear practice model • strengthening pre-proceedings work by social work/legal/Clermont Family Assessment Centre to prevent care proceedings <p>As part of both workstreams, changes in commissioning arrangements/service redesign are being identified and implemented including working with partners in their approaches to commissioning for vulnerable adults who are parents.</p> <p>In addition, a task & finish group is set up to review and strengthen Special Education Needs (SEN)/Disability services</p>
(82)	Corporate Critical-In House Foster Payments	As part of the children's VFM programme, there is an ongoing attempt to increase the recruitment of in-house foster carers. This has not progressed as well as anticipated and currently there are 30.39 FTE less children placed than allowed in the budget. However, there are considerably more children placed with family and friends carers or under special guardianship orders than anticipated in the budget and the combination of these factors results in a projected underspend of £0.082m in	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		in-house placements.	
(18)	Corporate Critical 16+Services	The budget for 16+ services is split across 4 client types. Care Leavers, Ex-Asylum Seekers, Looked After Children and Preventive. Across these services the budget allows for 53.65 FTE young people and currently the projection is based on 54.41 FTE young people. However, the average unit cost of accommodation is projected to be £44.43 lower than allowed in the budget resulting in an underspend on accommodation costs. The non-accommodation costs, conversely are currently anticipated to overspend the budget by £0.096m resulting in an overall underspend of £0.018m .	The new joint commissioning arrangements between children's services and Housing start in June and it is anticipated that the new robust commissioning of placements, work on reducing the numbers of young people being accommodated and more rigorous monitoring of non-accommodation budgets will reduce the overspend.
(146)	Social Work Teams	The projected Social Work Teams underspend of £0.146m reflects the outcome of the SW teams restructure and the revised final cost of the MASH premises. At this stage we are closely monitoring projected outturn against the anticipated 2014/15 savings within the teams - pending further discussion regarding the potential for additional capital contribution to the additional cost attached to the MASH premises . We will continue to undertake detailed monthly analysis of these areas to ensure that we're aware at the earliest stage as to any movement from the projected underspend position.	
(80)	Legal Fees	Lower expenditure in the year to date suggests an underspend of £0.080m on Legal, Counsel and Court Fees.	
(20)	Adoption Services	The government have instituted a number of changes and new requirements for the adoption service. The increase in both the number and cost of inter-agency adoptions has resulted in a significant increase in the levels of spend. This has been funded this year by carry forward of the unspent element of the Adoption Reform Grant (ARG) The underspend of £0.020m relates to regular adoption support payments and allowances for which numbers are currently slightly below budgeted levels.	
204	Section 17 Preventive	Most of this overspend (£0.161m) relates to the increased costs of the housing recharge for homeless families due to a rise in	Costs will be monitored closely over the year and efforts made to reduce

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		the number of families needing accommodation. There has also been an increase in expenditure charged to the No Recourse to Public Funds budget leading to a pressure of £0.047m. There are other minor underspends of £0.004m.	costs or identify mitigating savings to bring these budgets back in balance where possible.
148	Support Through Care Team	The overspend relates predominantly to the use of locum social workers. Due to the increase in the number of children in care, it was felt necessary, in order to maintain a safe level of service to increase the number of social workers in this team. As this was deemed a crisis and recruitment procedures were unable to meet the demand a number of locum social workers have been engaged. The restructure of social work services has increased the establishment in this team resulting in a considerable reduction in the overspend reported in previous months. This budget has now been combined with the 14+ Team.	This overspend has been reduced following agreement of the social work restructure which increases the social work establishment in the Support Through Care Team, enabling additional recruitment which should result in the cessation of the use of locums.
(113)	Contact Supervision	The underspend in this service is predominantly due to the use of sessional staff being considerably less than anticipated in the budget. In addition there is a smaller underspend in the car mileage budget, which also reflects the more efficient use of resources than was anticipated in the budget.	
(61)	Other	Minor underspend variances.	
Stronger Families, Youth & Communities			
(300)	VFM Commissioning	Public Health have agreed to pick up the funding of the Family Nurse Partnership resulting in the Children's Services VFM funding of £0.240m no longer being required. Further one-off savings of £0.060m have also been identified.	The saving of £0.240m relating to the transfer of funds with Public Health has been reflected in the 2015/16 budget proposals.
(100)	Early Help Hub	The underspend in the Early Help Hub predominantly relates to funding for a contract that is not required until 2015/16. In addition there is a vacant operations manager post and the full year effect of setting up the service part way through the year.	
(200)	Troubled Families	There was an agreed carry forward at the previous year end of £0.800m. Of this, £0.200m is no longer needed because of the	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		success in attracting payment by results funding. This funding has therefore been released back into the revenue budget as a one off contribution to the overall budget position.	
(90)	Early Years Inclusion Funding	Underspend due to this area now being funded from DSG.	
(140)	Other	Minor underspend variances.	

Appendix 1 – Revenue Budget Performance

Adult Services – Revenue Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
2,867	Adults Assessment	49,258	51,974	2,716	5.5%
1,429	Adults Provider	13,807	15,210	1,403	10.2%
(218)	Commissioning & Contracts	792	227	(565)	-71.3%
4,078	Total Revenue - Adult	63,857	67,411	3,554	5.6%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		The key variances across Adult Social Care are as detailed below:	Further plans are being developed and mitigating action is being taken to reduce these forecast overspends.
Adults Assessment			
see below	Assessment Services	Assessment Services are showing an overspend of £2.716m (5.5% of net budget), which is a decrease of £0.151m from Month 5. There are increased levels of complexity and need being experienced across all client groups and the overspend is broken down as follows: -	
1,432	Corporate Critical - Community Care Budget (Learning Disabilities)	Learning Disabilities are reporting a pressure of £1.432m , which is a significant increase of £0.594m from Month 5. This is largely due to a further shortfall in expected savings of £0.419m reducing out of city placements and identifying alternative accommodation options) and a thorough review of the manual commitments for clients waiting to leave hospital, leading to the expected start date being brought forward for 4 clients. There is a commitment of £0.143m for Ordinary	Increased scrutiny of all Learning Disability placements/care package requests has been put in place to assure value for money against eligible care needs across different types of placement. Focus on high cost placements and identifying low dependency placements in in house

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		Residence claims included in the latest forecast.	units for move on.
717	Corporate Critical - Community Care Budget (Physical & Sensory Support - Under 65's)	Under 65's are reporting a pressure of £0.717m, which is a reduction of £0.144m from Month 5. There continues to be cost pressures from increased complexity in need of clients.	Increased panel scrutiny of all complex or high cost care package requests to assure value for money against eligible care needs. Where possible no placements will be made above the agreed local authority rates. The VfM Phase 4 programme includes a specific project focussing on high cost placements to reduce costs. Risk share arrangement with health is actively being pursued and the consequences on health and social care of a risk share not being in place discussed. Taskforce in place to ensure that all appropriate funding sources are identified.
628	Corporate Critical - Community Care Budget (Physical & Sensory Support -Over 65's)	Over 65's are reporting a pressure of £0.628m (an improvement of £0.124m from Month 5), of which the majority relates to the balance of unachievable previous year savings against Extra Care Housing.	As above, there will be increased scrutiny of complex or high cost care packages. An independent Extra Care business case has been commissioned to establish demand/need projections to enable ASC commissioners to work with their housing partners to identify the types of provision that will most appropriately meet the objective of reducing residential care costs. Risk share arrangement with health is actively being pursued and the consequences on health and social care of a risk share not being in place

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
			discussed. Taskforce in place to ensure that all appropriate funding sources are identified.
0	Hostel Accommodation	The main pressures on this service were covered by the service pressure funding allocation as part of the 2014/15 budget setting process so that on transfer to Adults the service is breakeven.	
(61)	Support & Intervention Teams	Minor underspend.	
Adults Provider			
1,403	Adults Provider	<p>Provider Services are reporting a pressure of £1.251m from unachievement of savings targets (2014/15 targets and previous years targets in 2012/13 and 2013/14) after the allocation of £0.500m risk provision funding agreed at P&R in July 2014. Achievement of the other savings is dependent on the commissioning review of Day Options and the Learning Disabilities accommodation review, which are on-going but have been subject to delay.</p> <p>The overspend also includes staffing pressures against Respite Services of £0.160m reflecting increased occupancy levels and the complexity and compatibility of other service users. There are other pressures across the service of £0.067m on direct employee costs and £0.022m on non pay costs which are offset by an expected contribution from health.</p>	<p>Vacancy control measures to be tightened and recruitment to posts only where this is required to ensure CQC compliance. The use of agency staff and care crew will be closely scrutinised and signed off by senior managers. This will have an impact on service delivery. It is possible that we may need to rationalise or close services as a result.</p> <p>There are ongoing discussions with Health to determine costs associated with health needs that should be funded by CCG.</p> <p>A further review of service users receiving both day services and residential care needs to be carried out.</p>

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Commissioning & Contracts			
(565)	Commissioning & Contracts	Older People and HIV Preventative contracts totalling £0.350m and £0.235m respectively will be funded by the Public Health Grant.	

Environment, Development & Housing - Revenue Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
(273)	Transport	(4,357)	(4,532)	(175)	4.0%
214	City Infrastructure	29,431	29,681	250	0.8%
(18)	City Regeneration	1,315	1,299	(16)	-1.2%
21	Planning & Building Control	1,961	2,006	45	2.3%
(56)	Total Non Housing Services	28,350	28,454	104	0.4%
(145)	Housing	13,512	13,737	225	1.7%
(201)	Total Revenue - Environment, Development & Housing	41,862	42,191	329	0.8%

Explanation of Key Variances:

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Transport			
(250)	Corporate Critical – Parking Operations	<p>Overall the corporate critical parking budget is forecast to underspend by £0.250m. The main components of this are:</p> <ul style="list-style-type: none"> A surplus of £0.367m is forecast for on-street parking income. This forecast incorporates new parking zones being introduced this financial year and an increase in year-on-year transactions estimated to be approximately 2.5%. Evidence from various major event organisers in the city, including the Brighton Festival/Fringe and Brighton Marathon, has suggested increased attendances which are 	<ul style="list-style-type: none"> Actual income is monitored and reported on a monthly basis as part of the TBM process. There are a range of factors that can impact on parking activity and therefore any significant variations to the forecast are reported and acted upon regularly. Minor percentage variations in activity could result in significant financial implications.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		<p>likely to increase demand for parking in the city.</p> <ul style="list-style-type: none"> • There is a forecast under-achievement of income of approximately £0.202m relating to off-street car parks. There have been several factors resulting in reduced income at The Lanes car park, including the end of a contractual agreement with the Thistle Hotel and a Southern Water mains sewer collapse on Black Lion Street causing access issues. These have contributed to transactions being approximately 15% less compared to this point in the last financial year. There have been some offsetting increases in transactions at other car parks. • There is a net income shortfall of £0.631m due to income from PCNs being lower than predicted, particularly the recovery of older debt. Our approach to income collection is being reviewed as part of the Value for Money Phase 4 programme. There is also a pressure of £0.045m due to a delay in implementing new CCTV enforcement, where there have been delays in receiving approval for the required data protection enforcement security system from DfT and implementation of the required communication line. • Surplus income of £0.450m is forecast from parking permits. This has been caused by increased demand, removal of waiting lists for certain permits and the expected introduction of new and extended controlled parking zones. • An expected £0.098m surplus on leased car parks is forecast. Contractual arrangements in 	<ul style="list-style-type: none"> • Parking services are working with the Highways team to improve temporary signage at works by The Lanes car park to increase customer awareness and the Highways and Network Coordination team are actively pursuing Southern Water to expedite their sewer works. • Finance are working with Parking staff to review the ongoing budget for contributing to the bad debt provision with a view to addressing this as part of a realignment of Parking budgets in the 2015/16 budget setting process. • The service are working with the DfT and external suppliers to resolve issues surrounding the implementation of new CCTV enforcement as soon as possible.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		<p>place are expected to result in greater income than budgeted, as well as reducing unsupported borrowing costs.</p> <ul style="list-style-type: none"> • There is a forecast underspend of £0.340m on unsupported borrowing costs, where the repayment of previous years' capital programmes is reducing and new schemes have not yet begun. • Other variances include an overspend of £0.068m on car park premises budgets largely due to business rates costs at Trafalgar Street car park where transitional rate relief has ended this financial year. There are also one off costs of £0.035m to replace security mechanisms following a change in cash collection supplier and other minor variances of £0.024m 	<ul style="list-style-type: none"> • It is expected that the business rates pressure at Trafalgar Street will be funded in future years by reducing utility and unsupported borrowing costs. Other overspend variances are expected to be one-off costs in the current financial year. Budgets are reviewed on a regular basis to identify potential areas of offsetting underspends.
75	Highways	The variance largely relates to an overspend on staffing and a pressure on professional fees for highways inspection which are not fully covered by the income received. There may also be additional costs incurred as a result of legal action.	Is it expected that the highway inspections overspend will not be an on-going pressure as these costs are likely to be recoverable in the future under a proposed highways permit scheme. The service is exploring ways of reducing the current cost of this service. The legal fees are one-off costs relating to a single case.
City Infrastructure			
(71)	City Infrastructure Management	There is a forecast employee underspend within this section of £0.056m where vacancies are currently being held. The City Infrastructure management section holds centralised budgets for staff training and other fees which are being managed to a forecast underspend of £0.015m.	
298	City Clean Operations	There is a forecast overspend position of £0.220m relating to the employee budget. There are a	Vacancy management, reducing overtime to minimum standards and a review of the use of

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		number of reasons for this, including costs of a temporary additional round to help the bedding in process of a service redesign (likely to continue past Christmas), additional weekend working with the introduction of the new communal recycling scheme, and a high absence rate resulting in high levels of agency recruitment. There is also a forecast £0.080m overspend on transport costs. This is due to spot hire of vehicles which are required to support additional waste collection rounds and a large number of the existing fleet requiring repairs and maintenance as they are at the end of their useful life in advance of a replacement programme.	agency staff will be put in place to reduce the variance across the remainder of the year.
37	City Parks Operations	The main reason for this is that Rottingdean mini golf course has been let at a peppercorn rent resulting in an income pressure of £0.023m and £0.005m additional costs of managing the site as a nature reserve. There are a number of minor variances within the City Parks Operations section with a forecast net overspend of £0.009m.	Several attempts have been made to remarket the site with an appropriate use on a commercial basis; however no viable commercial proposal has been forthcoming.
(14)	Fleet Management	There are overspends within this section relating to vehicle maintenance and running costs but these are offset by underspends in employee and unsupported borrowing budgets resulting in a forecast net £0.014m underspend position.	
City Regeneration			
(1)	Head of City Regeneration	Minor underspend forecast.	
2	Economic Development	Minor overspend forecast.	
(17)	Sustainability	The forecast variance largely relates to vacancy management within the service resulting in an	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		employee underspend of £0.025m. This is partly offset by anticipated non-recurring costs of additional support and initiatives of £0.008m.	
Planning & Building Control			
40	Development Control	A forecast employee overspend of £0.020m is due to delays to the implementation of a service redesign and long term sick absences resulting in increased use of agency staff. There is also £0.020m of unavoidable one-off legal costs in relation to a public inquiry at the northern end of Toads Hole Valley and a hearing on Church Street, Brighton. Other variances are offset by over achievement of planning application fee income.	Vacancies are being held in advance of a service redesign. It is not considered appropriate to reduce expenditure on agency staff in advance of the implementation of the re-design as this would have an impact on the ability of the service to generate income. The overspend on legal costs is considered to be unavoidable and one-off.
5	Planning Strategy and Projects	Delays to the achievement of financial savings from the implementation of a service re-design.	Vacancies are being held to offset the overspend position.
Housing			
168	Corporate Critical - Temporary Accommodation & Allocations	Current trends reflect an increase in the number of properties being returned to landlords due to contracts ending and at the landlord's request in view of the improving property market. This has led to an increase in voids and the use of alternative spot purchase accommodation and/or more expensive leased properties. It also impacts on the ability to collect housing benefit income. At this stage, increasing costs and pressures on income including unachieved savings target of £0.287m are currently being offset by service pressure funding of £0.120m. from 2013/14 and £0.440m from 2014/15.	New properties are being acquired as soon as possible to replace those being handed back in order to manage the number of more expensive spot purchase placements. There is a potential delay in the impact of Welfare Reform on this service as eligible clients are currently awarded Discretionary Housing Payments. Costs and income are continually under review and improvements to forecasting are being developed.
0	Travellers	This budget includes £0.100m 2014/15 service pressure funding. A breakeven position is forecast subject to periodic reviews of operational	Council Officers meet with police and other agencies to review operational management and service cost implications.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		management.	
142	Private Sector Housing	The further expansion of the Private Sector Licensing Scheme was projected to achieve savings in 2014/15 of £0.125m. The timetable for introducing the scheme including public consultation and decision by Members has slipped. Housing Committee, in September 2014, agreed a detailed options paper to be reported to a future meeting on extending coverage and/or widening the scope of discretionary licensing schemes in the City. In addition, there are pressures on staffing costs of £0.065m across Private Sector Housing which are being offset by underspends on non pay costs and customer receipts of £0.048m.	The timetable for consultation and decision by Members is being reviewed by the Housing Leadership Team.
(85)	Other Housing	Pressures on income of £0.007m are being offset by underspends on Direct Employees of £0.041m and non pay costs of £0.051m	

Appendix 1 – Revenue Budget Performance

Assistant Chief Executive - Revenue Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
(5)	Communications	789	786	(3)	-0.4%
126	Royal Pavilion, Arts & Museums	3,676	3,781	105	2.9%
89	Tourism & Venues	1,581	1,714	133	8.4%
0	Libraries	5,295	5,295	0	0.0%
0	Corporate Policy & Communities	5,283	5,280	(3)	-0.1%
0	Sport & Leisure	738	738	0	0.0%
210	Total Revenue - Assistant Chief Executive	17,362	17,594	232	1.3%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Communications			
(3)	Communications	Minor underspend anticipated.	
Royal Pavilion, Arts & Museums			
105	Royal Pavilion, Arts & Museums	Royal Pavilion & Museums are reporting an overspend of £0.105m, due mainly to a continuation of pressures against the achievement of retail income of approximately £0.100m. There are further pressures from costs incurred following the withdrawal of the catering contractor, some of which the council is expecting to recover and delays to the implementation of savings at Hove Museum.	Measures have already been implemented to improve the performance of retail, including restructuring, new products and investment in the shop. These are reflected in the latest forecast. The service is also holding recruitment to key posts relating to core conservation functions.
Tourism & Venues			
133	Tourism &	The closure of Hove Centre on 24 th December 2014 is	All expenditure at Hove Centre is

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
	Venues	forecast to result in a reduction in budgeted hire fees from both external and internal hirers of £0.129m. Employee savings from the closure will however reduce the impact of this to £0.065m. Tourism are forecasting a pressure of £0.026m from reduced sales commissions. The latest forecast includes a revenue contribution to capital of £0.042m to cover the outstanding final account in relation to Brighton Centre frontage works.	under review for the remaining 2 months of operation. There may be savings in other areas of the service to help offset this shortfall.
Libraries			
0	Libraries	Break-even position forecast at Month 7.	
Corporate Policy & Communities			
(3)	Corporate Policy & Communities	Minor underspend anticipated.	
Sport & Leisure			
0	Sport & leisure	Break-even position forecast at Month 7.	

Appendix 1 – Revenue Budget Performance

Public Health (incl. Community Safety and Public Protection) – Revenue Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Public Health	607	607	0	0.0%
0	Community Safety	1,448	1,448	0	0.0%
0	Public Protection	2,325	2,297	(28)	-1.2%
0	Civil Contingencies	178	178	0	0.0%
0	Total Revenue - Public Health	4,558	4,530	(28)	-0.6%

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Public Health			
0	Public Health	<p>The ring fenced public health grant is £18.695m (an increase of £0.510m from last year) for 2014-2015. In 2013-2014 an amount of £0.576m was carried forward as part of a public health reserve, mainly a result of unanticipated sexual health underspend. The latest spending plans for 2014-15 indicate that there will be an underspend of approximately £0.500m, which includes £0.200m as a result of several senior members of staff moving on from B&H Public Health and the balance from a review of contract spend.</p> <p>Public Health have already agreed to fund the Family Nurse Partnership in Children's Services (£0.240m) and HIV Preventative contracts in Adult Services (£0.245m) on a recurrent basis and Older People's preventative contracts (£0.350m in 2014/15) Spending plans are being formulated to address the remaining underspend of £0.500m to ensure that the underspend (both non-recurrent and</p>	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		recurrent) is used appropriately for council services that can be delivered with clear public health benefits.	
Community Safety			
0	Community Safety	Break-even position forecast at Month 7.	
Public Protection			
(28)	Public protection	An underspend of £0.028m is forecast. Vacant posts are held pending 2015-16 budget setting and anticipated staffing changes. Income from fees is on target, but there has also been unforeseen, non-recurring income from provision of air quality expertise to a neighbouring district council. These factors are helping to offset overspends in relation to one-off costs of site investigations of contaminated land and increased cost of external animal welfare provision	
Civil Contingencies			
0	Civil Contingencies	Break-even position forecast at Month 7.	

Resources & Finance and Law - Revenue Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
230	City Services	7,733	7,737	4	0.1%
(485)	Housing Benefit Subsidy	(613)	(813)	(200)	-32.6%
73	HR & Organisational Development	3,667	3,740	73	2.0%
0	ICT	6,720	6,720	0	0.0%
(190)	Property & Design	4,464	4,134	(330)	-7.4%
(60)	Finance	6,282	6,073	(209)	-3.3%
0	Performance, Improvement & Programmes	481	481	0	0.0%
(10)	Legal & Democratic Services	2,976	2,966	(10)	-0.3%
(442)	Total Revenue - Resources & Finance	31,710	31,038	(672)	-2.1%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
City Services			
(6)	Revenues & Benefits	Vacancy management within the service has identified new underspends this month of £0.043m, with other underspends in Council tax initiatives (approx. £0.081m) and computer maintenance costs (£0.029m). Also this month the service is reporting that Discretionary Payments are likely to be less than expected, by approximately £0.018m. This is mostly offset by an expected underachievement in	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		the recovery of income of about £0.145m, largely brought about by a transitional period whilst new bailiff legislation takes effect. Other variances account for a net overspend of £0.020m.	
0	Life Events	The approval of the fees and charges report at Policy & Resources Committee last month has reduced the estimated underachievement of Bereavement Services and Registrar's income to £0.139m. This is further offset by expected overachievements in Land Charges fee income of £0.064m and various other income gains of £0.024m. Elsewhere in the service, vacancy management should result in an underspend of some £0.031m, with other variances netting off to an underspend of £0.020m, due mostly to anticipated lower maintenance costs this year at the Crematorium.	
10	Standards & Complaints	A forecast overspend of £0.010m, relating to staffing costs, including agency and maternity cover.	
Housing Benefit Subsidy			
(200)	Corporate Critical - Housing Benefit Subsidy	At this stage a break even position is reported on the rent allowance and rent rebate subsidy budgets. A surplus of £0.200m is estimated in respect of the recovery of former Council Tax Benefit overpayments.	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
HR & Organisational Development			
73	HR & Organisational Development	A projected £0.073m overspend has been reported within the service. This is due to a gap between the cost of the current level of full-time corporate release for union activities and the available budget.	This corporate budget pressure is currently being reviewed.
ICT			
0	ICT	Break even position forecast as at Month 7.	The one off funding received has offset some of the shortfall in the contracts budget but there are still budget pressures in other areas. These pressures should be offset by savings on other budget lines.
Property & Design			
(330)	Property & Design	A stop on planned maintenance works totalling £0.149m has been agreed to help the current Council TBM overspend and this has been included in projections Also additional NNDR refunds have been negotiated and included in this forecast. The commercial rent forecasts within Property & Design are being maintained with income collection performing well for the rental properties on the high street.	
Finance			
(209)	Finance	The forecast for Financial Services, Procurement & Audit is an underspend of £0.209m, of which £0.111m is within the Audit Service. This is a non-recurrent saving because some of the staff from the Corporate Fraud team have transferred to the Department of Works & Pensions (DWP) on 1 st October 2014 under the Single Fraud Investigation Service (SFIS) but there is no	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		corresponding reduction to the council's Housing Benefit Administration Grant funding until 2015/16. The remaining £0.098m is from vacancy control within the Financial Services area.	
Performance & Improvement			
0	Performance, Improvement & Programmes	Break even position forecast as at Month 7.	
Legal & Democratic Services			
(10)	Legal & Democratic Services	An underspend of £0.010m in respect of Democratic Services budgets.	

Corporate Budgets - Revenue Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Bulk Insurance Premia	0	(130)	(130)	0.0%
(110)	Concessionary Fares	10,615	10,505	(110)	-1.0%
0	Capital Financing Costs	8,904	8,904	0	0.0%
0	Levies & Precepts	161	161	0	0.0%
0	Corporate VfM Savings	(44)	(84)	(40)	-90.9%
0	Risk Provisions	2,734	2,734	0	0.0%
258	Other Corporate Items	(18,757)	(18,499)	258	1.4%
148	Total Revenue - Corporate Budgets	3,613	3,591	(22)	-0.6%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Bulk Insurance Premia			
(130)	Bulk Insurance Premia	The underspend has arisen from a reduced cost in claims to date.	
Concessionary Fares			
(110)	Concessionary Fares	Underspend as a result of conclusion of negotiations on fixed deal arrangements with Brighton & Hove Buses and Stagecoach.	
Capital Financing Costs			
0	Capital Financing Costs	The Financing Costs budget is expected to break even. Within the budget there is a saving generated by delaying long term borrowing, which is offsetting a pressure caused by lower cash balances for	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		investment, and higher expectations of short term borrowing to fund cashflows. Long term borrowing has been delayed in order to reduce the pressure caused by the difference between borrowing and investment rates.	
Corporate VFM Projects			
(40)	Corporate VFM Projects	The savings associated with the Third Party Spend corporate VFM project are currently still being finalised and are expected to be achieved through additional procurement / third party spend savings on contract renewals and renegotiations across a range of services.	
Risk Provisions			
0	Risk Provisions & Contingency	<p>The risk provision budget includes the following main items:</p> <ul style="list-style-type: none"> • £2.000m risk provisions including £0.110m set aside centrally to cover the in-year additional costs of the new security carrier contract which otherwise would be recharged across all users of the service; • A balance of £0.455m held centrally for Adult Social Care modernisation. • £0.279m for other contingency items. <p>A break-even position is reported at Month 7, however the overall budget position for Month 7 position indicates a number of forecast risks which may result in a call on risk provisions if these cannot be mitigated by recovery actions.</p>	
Other Corporate Items			

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
180	Pension Costs	This overspend relates to the budget for additional compensation payments to former employees of the Council or its predecessor authorities. The benefits are subject to annual increases in line with the September Retail Price Index (RPI) which is generally higher than our corporate inflation rates for pay costs. This had been expected to be offset by a reduction in the number of beneficiaries but this has remained fairly static. All related reserves that were being used to fund yearly fluctuations have now been exhausted.	
78	Unringfenced Grants	The shortfall relates to lower than anticipated income from the Education Services Grant.	

Appendix 1 – Revenue Budget Performance

Housing Revenue Account - Revenue Budget Summary

Forecast Variance Month 5 £'000	Housing Revenue Account	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
(13)	Employees	8,563	8,612	49	0.6%
(230)	Premises – Repair	11,199	10,908	(291)	-2.6%
(91)	Premises – Other	2,948	2,870	(78)	-2.6%
86	Transport & Supplies	3,166	3,251	85	2.7%
0	Support Services	2,249	2,249	-	0.0%
(8)	Third Party Payments	183	175	(8)	-4.4%
0	Revenue contribution to capital	22,074	22,074	-	0.0%
0	Capital Financing Costs	8,564	9,190	626	7.3%
(256)	Total Expenditure	58,946	59,329	383	0.6%
0	Dwelling Rents (net)	(50,423)	(50,404)	19	0.0%
0	Other rent	(1,412)	(1,370)	42	3.0%
14	Service Charges	(6,588)	(6,553)	35	0.5%
(5)	Other recharges & interest	(523)	(558)	(35)	-6.7%
9	Total Income	(58,946)	(58,885)	61	0.1%
(247)	Net Expenditure / (Income)	-	444	444	
-	Funded from Capital Reserves	-	(600)	(600)	
(247)	Total	-	(156)	(156)	

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Housing Revenue Account			
49	Employees	The forecast for employees has increased to an overspend of £0.049m. This is due to additional Agency Staff being employed to cover long term sickness/vacancy cover.	Part of this overspend (0.015 million) is offset by additional grant income from Interreg.
(291)	Premises - Repairs	The forecast for Premises - Repairs is an underspend of £0.291m as responsive repairs are forecast to underspend by £0.250m, based on current trends. There are further underspends of £0.022m in relation to Cold Water Tanks and £0.050m forecast in relation to Fire Risk works due to efficiencies. These underspends are offset by a forecast overspend of £0.026m on Void Works as the level of repairs required have been higher in recent months.	
(78)	Premises - Other	Forecast underspend on electricity and gas costs by £0.128m. Latest available consumption data suggests lower spend than originally calculated at budget setting time This has been offset by a forecast overspend on business rates of £0.038m and on Rubbish Clearance of £0.012m.	
85	Transport & Supplies	Cost of consultancy to deliver Lean Thinking Review, £0.025m. Additional security sweeps around blocks night and day, £0.096m. Offset by £0.050m underspend in Supplies & Services efficiencies	This is currently being managed within the service by underspends elsewhere in the HRA.
626	Capital Financing Charges	Capital financing costs estimates have increased to reflect the requirement to repay £3.9m HRA debt as it matures at the end of the financial year. The original budget included £3.3m to repay debt. The additional £0.6m will be funded from HRA capital reserves	Overspend to be funded from HRA capital reserves. The HRA Capital reserves includes an element of capital receipts from Right to Buy Sales which can be used to either fund the HRA capital programme or repay debt.
42	Rents - Other	Forecast under achievement of rents for garages and car parking spaces of £0.028m. Plus a forecast overspend of £0.018m in respect of void garages and car parking spaces.	
35	Service	Service Charges to Tenants are forecast to under achieve by	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
	Charges	£0.035m. Sheltered Scheme tenants support charge and intensive housing management is forecast to underachieve by £0.026m and other service charges to tenants are forecast to underachieve by £0.009m.	
(35)	Other Income & Recharges	Other Income and Recharges is forecast to overachieve by £0.035 million. The Interreg claim is forecast to be £0.022m higher than forecast however this is offset by overspends contained within the forecasts for Employees and Transport & Supplies. Rechargeable Works is forecast to over achieve by £0.012m.	

Dedicated Schools Grant - Revenue Budget Summary

Forecast Variance Month 5 £'000	Dedicated Schools Grant (DSG)	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Individual Schools Budget (ISB) <i>(This does not include the £7.219m school balances brought forward from 2013/14)</i>	120,109	120,109	0	0.0%
(403)	Early Years Block (including delegated to Schools) <i>(This includes Private Voluntary & Independent (PVI) Early Years 3 & 4 year old funding for the 15 hours free entitlement to early years education)</i>	12,516	11,967	(549)	-4.4%
(54)	High Needs Block (excluding delegated to Schools); <i>(This includes the £1.446m underspend brought forward from 2013/14)</i>	18,296	17,847	(449)	-2.5%
(91)	Exceptions and Growth Fund	6,070	5,953	(117)	-1.9%
0	Grant Income	(155,544)	(155,544)	0	0.0%
(548)	Net DSG Budget	1,447	332	(1,115)	-77.1%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Early Years Block			
(600)	PVI Payments – 2 Year Olds	Take up is significantly less than budgeted for.	
51	PVI payments – 3 & 4 Year Olds	Take up is greater than budgeted for.	Costs will be monitored closely over the year and efforts made to reduce costs or identify mitigating savings to bring these budgets back in balance where possible.
High Needs Block			
(23)	Education Other than at School (EOTAS)	The overspend on General EOTAS relates to Looked After Children's education costs in agency placements being £0.023m less than anticipated.	Costs will be monitored closely over the year and efforts made to reduce costs or identify mitigating savings to bring these budgets back in balance where possible
18	Various	Other minor overspends.	Costs will be monitored closely over the year and efforts made to reduce costs or identify mitigating savings to bring these budgets back in balance where possible
(444)	Unspent balance brought forward from 2013/14	Unallocated balance brought forward used to cover identified overspends.	
Exceptions & Growth Fund			
		The total underspend of £0.117m in this area relates to items specifically approved by the Schools Forum and is therefore not available for general DSG spending.	
(65)	Admissions & Transport	Staffing and other savings.	
(52)	Schools central costs	Other minor underspends.	

NHS Trust Managed S75 Budgets - Revenue Budget Summary

Forecast Variance Month 5 £'000		2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
	S75 Partnership				
170	Sussex Partnership Foundation NHS Trust (SPFT)	11,304	11,590	286	2.5%
30	Sussex Community NHS Trust (SCT)	647	677	30	4.6%
200	Total Revenue - S75	11,951	12,267	316	2.6%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note WTE = Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Sussex Partnership Foundation NHS Trust			
286	SPFT	Sussex Partnership NHS Foundation Trust is reporting an overspend of £0.572m. The overspend reflects continuing pressures from a lack of affordable residential and nursing placements across the board, potentially leading to increased use of high cost placements and waivers within Memory & Cognition Support. There continues to be a pressure from an increase in need and complexity in Mental Health and forensic services across residential and supported accommodation. In line with the agreed risk-share arrangements for 2014/15 any overspend will be shared 50/50 between SPFT and BHCC and this is reflected in the figure of £0.286m reported here.	As for Adult Social Care, there will be increased panel scrutiny of all complex or high cost placement requests to assure value for money against eligible care needs. Where possible, no placements will be made above the agreed local authority rates. Risk share arrangement with SPFT in place, further risk share with health being actively pursued. Taskforce in place to ensure that all appropriate funding sources are identified.
Sussex Community NHS Trust			
30	SCT	The Integrated Community Equipment Store (ICES) budget is forecasting an overspend of £0.030m.	The service has switched to alternative equipment suppliers to help deliver efficiencies and manage down the projected overspend. The future

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note WTE = Whole Time Equivalent)	Mitigation Strategy (Overspends only)
			commissioning arrangements of the service were agreed by P&R on 17th November.

Value for Money Programme Performance (All Phases)

Projects	Savings Target £m	Achieved £m	Anticipated £m	Uncertain £m	Achieved %
Adult Social Care	2.903	0.000	0.000	2.903	0.0%
Children's Services	2.539	0.590	0.422	1.527	23.2%
Third Party Spend	2.276	0.000	1.951	0.325	0.0%
Workstyles	0.060	0.060	0.000	0.000	100.0%
Accelerated Service Redesign (FYE)	1.626	0.331	1.295	0.000	20.4%
Client Transport	0.263	0.152	0.111	0.000	57.8%
VFM Phase 4 Additional Saving	0.250	0.250	0.040	0.000	100.0%
Total All VFM Projects	9.917	1.383	3.819	4.755	13.9%

Explanation of 'Uncertain' VFM Savings:

Uncertain Savings £'000	Description	Mitigation Strategy for Uncertain Savings
Adult Social Care		
2,903	Adult Social Care services had been under pressure throughout the previous financial year and this pressure is currently showing a continuing upward trend through 2015/16. This will place the achievement of VFM savings under serious threat both in the current year and beyond unless remedial action can be identified.	Financial recovery measures have been identified where possible, including one-off measures, to improve the position in-year alongside additional scrutiny that has been put in place in relation to care packages, particularly out-of-area and high cost packages, to ensure VFM and reduce costs. Mitigating cost reductions on Continuing Health Care should also aid the position.
Children's Services		
1,527	Appendix 1 provides details of the current pressures across Children's Services. The main pressures are arising from an upward trend in Independent Foster Agency placements (IFAs) and lower than expected recruitment of 'in-house' foster carers.	VFM and partnership work are continuing in the hope that trends can be halted and reversed through measures including Early Help strategies, recruitment of 'in-house' foster carers, and the SEN/Disability task & finish work. One-off recovery measures have been identified to mitigate the position in the current year and the forecast has seen

Appendix 2 – VFM Performance

Uncertain Savings £'000	Description	Mitigation Strategy for Uncertain Savings
		some improvement since month 2.
Third Party Spend		
325	Uncertain elements concern Adult Social Care provider contract savings which are £0.141m lower than anticipated. In addition, lower than anticipated savings of £0.097m have been achievable on renegotiated Supporting People provider contracts. There is also a shortfall of £0.087m on Corporate Landlord savings due to higher than expected costs relating to 3 contracts.	<p>Adult Social Care contract negotiations are now complete and the challenging £1.000m saving target, although substantially met, has fallen short. This will need to be managed alongside other pressures across Adult Social Care as noted above and in Appendix 1.</p> <p>The Supporting People variance is being covered by additional permanent savings on HRA contracts (£0.034m) and temporary funding from Homelessness Prevention budgets (£0.063m). 2014/15 is the final year of the 4 year SP strategy and contracts are being reviewed to mitigate the temporary funding for 2015/16 and beyond.</p> <p>The Corporate Landlord shortfall will be offset overall in 2014/15, and ongoing, by increased rental incomes within the Corporate Landlord portfolio.</p>

Children's Services – Capital Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 TBM 5 Budget £'000	Reported at other Meetings £'000	New Schemes (Appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Child Health Safeguard and Care	89	0	0	0	89	89	0	0.0%
0	Education and Inclusion	17,090	0	0	0	17,090	17,090	0	0.0%
0	SEN & Disability	489	0	0	0	489	489	0	0.0%
0	Schools	1,881	0	0	0	1,881	1,881	0	0.0%
0	Stronger Families Youth & Communities	420	0	0	(8)	412	412	0	0.0%
0	Total Children's Services	19,969	0	0	(8)	19,961	19,961	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Stronger Families, Youth & Communities				
Variation	(8)	Tarner Lift Project	Scheme has been completed and budget no longer required.	

Adult Services – Capital Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 TBM 5 Budget £'000	Reported at other Meetings £'000	New Schemes (Appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Adults Assessment	423	0	0	0	423	423	0	0.0%
0	Adults Provider	81	0	0	0	81	81	0	0.0%
0	Commissioning and Contracts	124	0	0	0	124	124	0	0.0%
0	Total Adult Services	628	0	0	0	628	628	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Adult Services				
No Change				

Appendix 3 – Capital Programme Performance

Environment, Development & Housing (General Fund) – Capital Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 TBM 5 Budget £'000	Reported at other Meetings £'000	New Schemes (Appendix 4) £'000	Variation, Slippage/ reprofile £'000	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	City Infrastructure	4,916	0	0	0	4,916	4,916	0	0.0%
0	City Regeneration	3,931	0	0	69	4,000	4,000	0	0.0%
0	Planning & Building Control	481	0	0	0	481	481	0	0.0%
0	Transport	11,937	0	128	0	12,065	12,065	0	0.0%
0	Housing GF	2,034	0	100	0	2,134	2,134	0	0.0%
0	Total Environment, Development & Housing GF	23,299	0	228	69	23,596	23,596	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
City Regeneration				
Variation	69	Major Projects	The Brighton Centre Redevelopment budget will now be renamed the Waterfront Redevelopment project and will now provide support for the Brighton Centre and Black Rock Site which are closely linked. An additional £0.069m is required from the Brighton centre reserve to provide ongoing support for these projects.	

Appendix 3 – Capital Programme Performance

Environment, Development & Housing (Housing Revenue Account) – Capital Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 TBM 5 Budget £'000	Reported at other Meetings £'000	New Schemes (Appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	City Regeneration	720	0	0	0	720	768	48	6.7%
332	Housing HRA	31,049	0	0	(780)	30,269	29,633	(636)	-2.1%
332	Total Environment, Development and Housing HRA	31,769	0	0	(780)	30,989	30,401	(588)	-1.9%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
City Regeneration				
Overspend	48	Redevelopment of HRA vacant garage sites	Overspend of less than £0.050m	
Housing HRA				
Budget Reprofile	(700)	Manor Place/Robert Lodge new build	Delay in project due to extended planning period. Works should start after Christmas period.	Ensure project ready to start on site in January 2015.
Budget Reprofile	(80)	Communal Boilers	Due to major boiler replacement procurement process, three tenders were received. The winning tenderer has not been used on gas works previously and has bid significantly lower than the other two contractors. This has resulted in savings and the £0.080m will be used to fund next year's contingency. No major works are planned for the first six months of the next financial year 2015/16, due to procurement of new gas partnering contract.	Programme will be continued in next financial year, during the second half.

Appendix 3 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Overspend	310	Roofing	Previously reported £0.500m overspend at TBM 5 for Robert Lodge and Sanders House, as roofs that are currently top of the list of poorly performing roofs and are being repaired as a priority addition to the original programme. The forecast has now reduced to £0.310m as a proportion of these works will be carried out in 2015/16.	An asset management decision in the interests of value for money to advance the Citywide programme to address poorly performing roofs which will reduce ongoing maintenance costs.
Overspend	84	Minor Capital Works	An increase in demand on the minor works capital budget has led to a forecast overspend.	Can be met through underspends elsewhere in the capital programme.
Overspend	225	Block Conversions (Evelyn Court)	Previously reported in TBM5 report to P&R Committee.	
Overspend	55	Various	Various overspends less than £0.050m – Feasibility and Design Property & Investment £0.004m, Cladding £0.047m, Ventilation £0.04m.	
Underspend	(469)	Conversions & Extensions	This project was placed on hold pending a review of the Policy.	
Underspend	(113)	Empty Properties	This project is based on a reactive (needs based) basis and the number of Empty Homes, with current forecasts of an underspend of £0.113m.	
Underspend	(99)	Structural Repairs	The cost of works at St Aubyns is lower than originally anticipated, resulting in the forecast underspend.	
Underspend	(200)	Fire Safety & Asbestos Management	Part of Bates Estate Fire upgrade works were delayed awaiting advice from the Fire Health and Safety Board.	Programme will be continued in next financial year
Underspend	(182)	Insulation	Programming of capital projects being spread out more efficiently over 2 financial years.	
Underspend	(100)	DES/CCTV	Door inspection and resulting repair/replacement programme has impacted on the Door Entry System (DES) upgrade and replacements. DES upgrade cannot be actioned until a decision is made regarding the actual entrance/exit door at blocks. Leaseholder	Programme will be continued in next financial year

Appendix 3 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			consultation process for door and DES is then combined.	
Underspend	(80)	Water Tanks	Three months without Building Services Engineer (now recruited via agency) has impacted on the water tank replacement/repair programme originally set up. The programme is now underway, but will not be completed within the timescale originally set.	Programme will be continued in next financial year
Underspend	(67)	Various	Various underspends less than £0.050m – City College Partnership (£0.002m), Windows (£0.038m), Fencing (£0.027m).	

Assistant Chief Executive - Capital Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 TBM 5 Budget £'000	Reported at other Meetings £'000	New Schemes (Appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Corporate Policy Performance & Communities	82	0	0	(82)	0	0	0	0.0%
0	Royal Pavilion Arts & Museums	362	0	0	0	362	362	0	0.0%
0	Sports & Leisure	133	0	0	0	133	133	0	0.0%
0	Libraries	233	0	0	0	233	233	0	0.0%
0	Tourism & Venues	17,176	0	0	(5,134)	12,042	12,042	0	0.0%
0	Total Assistant Chief Executive	17,986	0	0	(5,216)	12,770	12,770	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Corp Policy & Communities				
Reprofile	(82)	Voluntary and Community Projects	This funding has been allocated to support the development of an Advice Hub for the City. Work to establish this at Community Base was unsuccessful and work is underway to explore the possibility of establishing the Hub at Hove Town Hall. This work will take some time and we expect there to be delays whilst the partners explore and agree options.	

Appendix 3 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Tourism and Venues				
Reprofile	(5,000)	i360 Project	The project managers and the contractors for Brighton i360 have developed very detailed project plans for the construction works which have amended the spending profile over the 2 year construction period with higher levels of spending towards the latter stages of construction. There has also been a delay in the works programme but this does not currently affect the anticipated completion date for the i360.	
Variation	42	Brighton Centre Facade	Variation to budget of less than £0.050m.	
Variation	(176)	Brighton Centre Box Office	The spend to save funds of £0.176m to implement a new box office system will no longer be required as during the procurement process a variant bid came to the fore which was commercially attractive enough to ensure that these funds were no longer required.	

Public Health – Capital Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 TBM 5 Budget £'000	Reported at other Meetings £'000	New Schemes (appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Public Health	252	0	0	0	252	252	0	0.0%
0	Public Protection	195	0	0	0	195	195	0	0.0%
0	Total Public Health	447	0	0	0	447	447	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Public Health				
No Changes				

Appendix 3 – Capital Programme Performance

Finance, Resources and Law - Capital Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 TBM 5 Budget £'000	Reported at other Meetings £'000	New Schemes (appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	City Services	250	0	0	0	250	250	0	0.0%
0	Finance	0	0	0	0	0	0	0	0.0%
0	HR Organisational Development	165	0	0	0	165	165	0	0.0%
	ICT	2,758	0	0	0	2,758	2,758	0	0.0%
0	Performance Improvement & Programmes	10	0	0	0	10	10	0	0.0%
0	Property & Design	6,605	0	0	(493)	6,112	6,112	0	0.0%
0	Total Finance, Resources and Law	9,788	0	0	(493)	9,295	9,295	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Property & Design				
Reprofile	(194)	Legionella Works, Solar Panel Implementation, Asbestos Survey and Fire Risk Assessments	An application has been made by the Twentieth Century Society to upgrade Hove Town Hall's listing as a protected building. English Heritage have met with Property & Design and Planning officers but the Council will not know the outcome of the evaluation until December, or possibly into the new year, and this will cause immediate delays to schedules for these schemes.	

Appendix 3 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Slippage	(299)	Workstyles Phase 3 – ICT Costs	At the initial budget setting stage in September 2013, the total ICT budget was spread across the three years of implementation based on very high-level estimations. As the Workstyles programme has developed, we are able to adjust the budget profile against the timing of the activity/anticipated spend. As the plans develop further we will be fine tuning the profile accordingly.	

Corporate Services - Capital Budget Summary

Forecast Variance Month 5 £'000	Service	2014/15 TBM 5 Budget £'000	Reported at other Meetings £'000	New Schemes (appendix 4) £'000	Variation, Slippage / reprofile £'000	2014/15 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Corporate Services	25	0	0	0	25	25	0	0.0%
0	Total Corporate Services	25	0	0	0	25	25	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Corporate Services				
No changes				

New Capital Project Approval Request				
Unit:	Transport - Public Transport			
Project title:	Smart & multi operator bus ticketing in Brighton & Hove			
Total Project Cost (All Years):	£98,000			
Purpose, benefits and risks:				
Implementation by the City Council of a smart ticketing scheme across supported bus services, utilising a managed service proposal from Go Ahead Group, who already have a successful smart ticket product in the city. Multi operator ticketing can help reduce barriers to market entry and expansion for smaller bus operators. Competition between bus operators benefits bus passengers.				
Capital expenditure profile (£'000):				
Year	This Year	Next Year	Year After	TOTAL
Grant: Department for Transport Section 31	35	36		71
Grant: Department for Transport Bus Service Operators	13	14		27
Total estimated costs and fees	48	50	0	98
Financial implications:				
The majority of the capital costs for the project (approximately 72%) have been funded by the Department for Transport following a successful bid for pilot funding for the scheme. The remainder will be funded from an underspend on Bus Service Operators Grant. This grant from the Department for Transport (DfT) can only be used on bus related expenditure, and the majority of it is already used for supported bus services. The DfT have confirmed it can be used for this scheme. The ongoing revenue costs will be met by the bus operators. There will be a role for the council in administering aspects of the scheme which will be absorbed within existing Transport budgets.				

New Capital Project Approval Request				
Unit:	Transport - Highways			
Project title:	Repair & Renew (Flood) Scheme			
Total Project Cost (All Years):	£80,000			
Purpose, benefits and risks:				
The Repair & Renew scheme is part of the Government's package of measures in response to the severe weather in winter 2013/14. Under the scheme, owners of properties that were damaged by flooding are able to claim up to £0.005m in order to carry out a range of specified works to increase resilience against future flooding.				
Capital expenditure profile (£'000):				
Year	This Year	Next Year	Year After	TOTAL
Grant DEFRA - Repair & Renew Grant	80			80
Total estimated costs and fees	80	0	0	80
Financial implications:				
It is anticipated that there will be 16 claims under this scheme so the maximum expenditure would be £0.080m. This will all be funded by a capital grant.				

New Capital Project Approval Request				
Unit:	Housing General Fund			
Project title:	Permanent Travellers Site			
Total Project Cost (All Years):	£1,834,000			
Purpose, benefits and risks:				
<p>Capital allocation for the development of the Horsdean Permanent Travellers Site, following planning permission granted by the South Downs National Park Authority in July 2014. A grant of £1.739 million was secured from DCLG in 2008-09 to meet the costs of a Permanent Travellers' site of which £1.655m remains following costs incurred in previous years. Current estimated total capital costs are £1.834m primarily due to construction cost inflation since the original scheme proposal.</p> <p>Risks: Further delay in the development of the site could lead to further increased construction cost through inflation.</p>				
Capital expenditure profile (£'000):				
Year	This Year	Next Year	Year After	TOTAL
Grant (please state) - Travellers grant	50	1,605		1,655
Capital Reserves		179		179
Total estimated costs and fees	50	1,784		1,834
Financial implications:				
<p>The majority of the funding of the scheme will be from the grant of £1.655m and further contributions of £0.179m are required which are expected to be met through capital reserves following a review of the reserves, capital receipts and any underspend position as at the year end. Ongoing revenue running costs associated for, will be funded from future rental streams on the permanent traveller pitches. The pitches will also attract New Homes bonus income for the council.</p>				

New Capital Project Approval Request				
Unit:	Housing General Fund			
Project title:	Horsdean Travellers Transit Site			
Total Project Cost (All Years):	£170,000			
Purpose, benefits and risks:				
<p>Capital allocation to provide a design solution for foul water drainage that meets Environment Agency requirements. The drainage solution, costing an estimated £0.170m, will provide an acceptable solution for both the existing Transit site and the future permanent traveller site. These drainage improvements are required in order to keep the transit site operational.</p>				
Capital expenditure profile (£'000):				
Year	This Year	Next Year	Year After	TOTAL
Capital Reserves	50	120		170
Total estimated costs and fees	50	120		170
Financial implications:				
<p>There is no specific funding identified for this project and this is will need to be met through capital reserves following a review of the reserves, capital receipts and any underspend position as at the year end.</p>				

Document is Restricted

