



Brighton & Hove
City Council

Audit & Standards Committee

Title:	Audit & Standards Committee
Date:	27 September 2016
Time:	4.00pm
Venue	Council Chamber, Hove Town Hall, Norton Road, Hove, BN3 4AH
Members:	Councillors: A Norman (Chair), Chapman, Cobb, Druitt, Morris, Robins (Group Spokesperson), Sykes (Group Spokesperson) and Taylor Co-opted Members: Diane Bushell and Dr David Horne
Contact:	John Peel Democratic Services Officer 01273 291058 john.peel@brighton-hove.gov.uk



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Democratic Services: Audit & Standards Committee

Monitoring Officer	Executive Director	Councillor A Norman (Chair)	Democratic Services Officer
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OFFICERS

Councillor Chapman
Councillor Morris
Councillor Robins
Dr David Horne
Diane Bushell
Officers
Officers

Councillor Cobb
Councillor Taylor
Councillor Druitt
Councillor Sykes
Officers
Officers
Officers

Public Speaker	Public Speaker
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Press

Public Seating



Public Seating



AGENDA

23 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.

24 MINUTES

1 - 14

To consider the minutes of the meeting held on 21 June 2016 (copy attached).

25 CHAIR'S COMMUNICATIONS

AUDIT & STANDARDS COMMITTEE

26 CALL OVER

- (a) Items (29- 36) 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.

27 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 20 September 2016;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 20 September 2016.

28 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.

29 STRATEGIC RISK MAP FOCUS

15 - 34

Report of the Executive Lead Officer, Strategy, Governance & Law (copy attached).

Contact Officer: Jackie Algar

Tel: 01273 291273

30 INTERNAL AUDIT AND CORPORATE FRAUD PROGRESS REPORT

35 - 42

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

Contact Officer: Graham Liddell

Tel: 01273 291323

31 DUE DILIGENCE IMPLICATIONS FOR AUDIT AND CORPORATE FRAUD JOINING ORBIS

43 - 46

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

Contact Officer: Graham Liddell

Tel: 01273 291323

AUDIT & STANDARDS COMMITTEE

32 2015/16 FINANCIAL STATEMENTS AND ANNUAL GOVERNANCE STATEMENT **To Follow**

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

Contact Officer: Jane Strudwick

Tel: 01273 291255

33 ERNST & YOUNG AUDIT RESULTS REPORT 2015/16 **To Follow**

Report of Ernst & Young (copy to follow).

34 TARGETTED BUDGET MANAGEMENT (TBM) 2016/17 MONTH 2 **47 - 106**

Extract from the proceedings of the Policy, Resources & Growth Committee meeting held on 14 July 2016; together with a report of the Executive Director of Finance & Resources (copies attached).

35 CUSTOMER FEEDBACK REPORT **107 - 124**

Report of the Executive Lead Officer, Strategy, Governance & Law (copy attached).

Contact Officer: Brian Foley

Tel: 01273 291229

Ward Affected: All Wards

36 STANDARDS UPDATE **125 - 130**

Report of the Executive Lead Officer, Strategy, Governance & Law (copy attached).

Contact Officer: Abraham Ghebre-Ghiorghis

Tel: 01273 291500

Ward Affected: All Wards

37 ITEMS REFERRED FOR COUNCIL

To consider items to be submitted to the 20 October 2016 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.

38 ITEMS FOR THE NEXT MEETING

AUDIT & STANDARDS COMMITTEE

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.

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For further details and general enquiries about this meeting contact John Peel, (01273 291058, email john.peel@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk.

Date of Publication - Monday, 19 September 2016

BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 21 JUNE 2016

THE RONUK HALL, PORTSLADE TOWN HALL

MINUTES

Present: Councillors A Norman (Chair) Chapman, Cobb, Druitt, Littman, Morris, Robins (Group Spokesperson) and Taylor

PART ONE

1 PROCEDURAL BUSINESS

1a Declarations of substitutes

1.1 Councillor Littman was present as substitute for Councillor Sykes.

1b Declarations of interests

1.2 There were none

1c Exclusion of the press and public

1.3 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.

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

2 MINUTES

2.1 **RESOLVED** – That the minutes of the previous meeting held on 8 March 2016 be approved and signed as the correct record.

3 CHAIR'S COMMUNICATIONS

3.1 The Chair welcomed David Kuenssberg to his first meeting of the committee following his recent appointment as Executive Director of Finance & Resources.

4 CALL OVER

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

- Item 7: Unaudited Statement of Accounts 2015/16
- Item 8: Internal Audit and Corporate Fraud Annual Report 2015-16
- Item 9: Residents Car Parking Permits
- Item 10: Human Resources & Organisational Development Annual Report
- Item 11: Self-Assessment Review of Audit & Standards Committee
- Item 12: Organisational Learning Review
- Item 13: Annual Governance Statement 2015/16
- Item 14: Strategic Risk Register Review April 2016
- Item 15: Strategic Risk Focus: SR2 Financial Outlook; SR25 Organisational Capacity as a Result of Change and SR26 Council's Relationship with its Citizens
- Item 16: Ernst & Young Annual Certification Fees
- Item 17: Audit Recommendation Follow Up- Verbal Update
- Item 18: Counter Fraud Strategy and Framework
- Item 20: Cash Collection- Company Administration Update
- Item 21: Treasury Management Policy Statement 2016/17
- Item 22: Targeted Budget Management (TBM) Provisional Outturn 2015/16

4.2 The Democratic Services Officer confirmed that the items listed above had been reserved for discussion and that the following reports on the agenda with the recommendations therein had been approved and adopted:

- Item 19: Standards Update

5 PUBLIC INVOLVEMENT

5.1 No items from the public were received.

6 MEMBER INVOLVEMENT

6.1 No items from Members were received.

7 UNAUDITED STATEMENT OF ACCOUNTS 2015/16

7.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the 2015/16 Statement of Accounts. Under the Accounts and Audit Regulations 2015, the Council's Statement of Accounts were to be approved by the Chief Finance Officer by 30 June and following the audit process are to be approved by Members by 30 September each year. The report presented the unaudited Statement of Accounts for 2015/16 for information purposes only. Copies of the Statement of Accounts were made available to Members of the Committee - at this stage the accounts had not been audited by the external auditor. It was expected that the external auditor would present an Audit Results Report to the September meeting of the Committee on the conclusion of the audit of the 2015/16 financial statements. An accompanying Officer report would be presented to that meeting, to enable Members to consider and approve the statement of accounts

7.2 **RESOLVED-** That the Audit & Standards Committee note the accounts for 2015/16 and note that these are subject to audit and public inspection.

8 INTERNAL AUDIT AND CORPORATE FRAUD ANNUAL REPORT 2015-16

- 8.1 The Committee considered a report of the Executive Director, Finance & Resources that provided the Head of Internal Audit's opinion on the council's control environment, a summary of the results of audit work for the year and an assessment of the effectiveness of internal audit against the UK Public Sector Internal Audit Standards.
- 8.2 Councillor Littman enquired as to any recent developments in relation to overpayments identified by the council in respect of housing repairs carried out by its contractor Mears Ltd.
- 8.3 The Head of Internal Audit clarified that the matter had recently been the subject of a report to the Housing & New Homes Committee and that report detailed that overpayments made in the most recent 18 month period had been fully recovered. Investigations into possible overpayments potentially made before that period were continuing but that task would be more difficult. The Internal Audit team were continuing to look at capital spending as a whole.
- 8.4 Councillor Taylor noted that contract management had been given limited assurance and asked if this matter should be the subject of further review by the Committee. Referring to page 23 of the agenda, Councillor Taylor noted that one 'no assurance' report had been given and asked if further details of that could be provided.
- 8.5 The Head of Internal Audit answered that a specific Members training session on contract management could be arranged. The Head of Internal stated that he did would provide details of the no assurance report to Councillor Taylor after the meeting.
- 8.6 The Executive Director, Finance & Resources stated that work was underway on improvements to the council's contract management process and a separate session could be set up should Members wish.
- 8.7 Diane Bushell asked how the Annual Governance statement addressed the risks detailed in the report.
- 8.8 The Head of Internal Audit stated that work was ongoing to address improvements to contract management procedures and he was aware this was seen as a key area for the Finance team. With regard to ICT, there was awareness on their behalf of the high risk areas and he was assured that action was being taken to address these.
- 8.9 Councillor Robins stated that it was his understanding that contract management would be scrutinised by the Procurement Advisory Board and the committee needed to be careful not to duplicate their work. Councillor Robins noted that the report detailed that 26 council properties had been recovered that had been rented by ineligible tenants and enquired as to whether this was indicative of social housing fraud in the city.
- 8.10 The Head of Internal stated that it was difficult to quantify precise levels of social housing fraud as it was unclear how many cases went undetected. The Internal Audit & Corporate Fraud team had extrapolated data from similar local authorities that indicated the rate would be higher than the current number and he expected that there would be

an increase in the number of cases in the short-term due to the focus on the matter by the Housing and Audit services.

- 8.11 Councillor Morris stated that he had concerns regarding the confidence placed in the council's Whistleblowing Policy and asked if an outside body should be appointed to oversee the process and handle reports.
- 8.12 The Executive Lead Officer, Strategy, Governance & Law stated that whistleblowing could be reported to any statutory agency. In terms of the council's policy, confidentiality was a fundamental aspect of the Whistleblowing framework and anonymity would always be respected. Over the past 12 months, incidents of Whistleblowing reporting had increased by 22 compared to the previous year and any evidence of criminality would necessitate the involvement of Sussex Police.
- 8.13 **RESOLVED-**
- 1) That the Committee considers the internal audit annual report including the head of internal audit's:
- opinion on the council's control environment
 - summary of the results of audit work for the year
 - self-assessment of the effectiveness of internal audit against the UK Public Sector Internal Audit Standards.
- 2) That the Committee notes:
- the council's current arrangements for three areas of partial compliance against UK Public Sector Internal Standards
 - the proposals to further strengthen the council's internal audit function
- 3) That the Committee considers the implications for the Annual Governance Statement.

9 RESIDENTS CAR PARKING PERMITS

- 9.1 The Committee considered a report of the Executive Director, Finance & Resources that summarised the results of 2015/16 audit work into residents parking permits. Internal Audit had used data from the council tax system to identify potential fraudulent applications. The investigation related to a potential risk identified in the council's arrangements for preventing and detecting fraudulent applications in a review of residents parking permits conducted in 2014/15.
- 9.2 Councillor Taylor asked if there was any other method to recover fraudulent permits other than via amnesty.
- 9.3 The Head of Internal stated that any parking permits fraudulently obtained would be returned on the date of renewal due to the new controls put into place.
- 9.4 Councillor Druitt stated that residents had reported to him that there was ongoing misuse of permits in car free developments.
- 9.5 The Head of Internal requested that Councillor Druitt send him details of any incidents so they could be investigated.

9.6 RESOLVED-

- 1) That the Audit & Standards Committee notes that:
 - based on extrapolation up to 700 residents parking permits may be held by individuals who are not entitled to them
 - control improvements have been agreed with the service that should both prevent and identify fraudulent applications and significantly reduce the associated fraud risk to the council.

10 HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT ANNUAL REPORT

- 10.1 The Committee considered a report of the Executive Director, Finance & Resources that provided an annual report of activity, assurance and business plan priorities from the Human Resources & Organisational Development (HROD) and Health & Safety Service.
- 10.2 Diane Bushell stated her concern for the report findings and the challenge it represented for HROD. Levels of sick days and staff turnover had increased, as had reports of bullying and harassment. Diane stated that significant change was required and request assurance that the resource to do so would be available.
- 10.3 The Executive Director, Finance & Resource agreed that levels of staff turnover were concerning. A contributory factor to that had been ongoing budget pressures and there had been a net reduction in staff of 305 in 2014/15. The Executive Director, Finance & Resources added that there was a clear trend that frontline services had high rate of absenteeism and issues relating to staff sickness often arose from other factors such as increases in service pressures. Resources would be targeted in this area and one initiative agreed would be for a mandatory return to work interview to be held within one day. The authority had undergone a number of service re-designs and it was important to undertake a lessons learned exercise each time that occurred to inform the next. The Executive Director, Finance & Resources provided assurance that senior management were aware of the specific problems and efforts were already underway to resolve these and progress and outcomes would be regularly reported to the committee.
- 10.4 Councillor Taylor stated that this was a big issue for the authority and he welcomed the assurance of regular updates. Councillor Taylor added that an increase in sickness levels was a backward step for the authority and it was essential to find the reasons behind that rise. Councillor Taylor asked how Brighton & Hove City Council compared with its statistical and geographical neighbours on levels of staff sickness and if a financial cost in terms of productivity was known.
- 10.5 The Chief Executive clarified that it was estimated that approximately £1m was lost in productivity to staff sickness. The authority was currently above its statistical neighbours for overall levels of staff sickness and he believed the high levels could be seen as a management issue as well as one of cultural and transitional change. Return to work interviews were of high importance because not only was it a way to help staff with any medical issues, it was also a demonstration that the council as an employer took an interest in staff wellbeing. The Chief Executive supplemented that some sickness issues related to manual labour issues and there would be renewed focus on providing the right training for those staff and regular health and safety checks. The Chief Executive

explained that whilst a range of initiatives to address the issues highlighted were underway, there was no quick fix.

- 10.6 Councillor Littman stated that he was aware that the Head of Human Resources had made significant changes to established workplace cultures and he was disappointed to hear there had been a backward step in this area. Councillor Littman added that staff turnover should instead be categorised as staff losses and he would welcome investigation as to whether the reduction in employees was related to an increase in staff sickness.
- 10.7 The Executive Director, Finance & Resources stated that whilst there was no robust analysis of staff turnover and its relation to staff sickness, it could be assumed that an overall decrease in staff numbers would have an impact. Where service redesigns were implemented, measures were put in place to ensure that they would be as robust and efficient as possible and senior managers were given guidance on how to ensure that. The Executive Director, Finance & Resources added that the annual Staff Survey had specific Health & Safety Authority stress indicator questions and the survey results could be focussed down to individual service levels.
- 10.8 Councillor Druitt stated that at a time of diminishing resources, a reduction in staff and increased service pressures; it was unsurprising that there had been an increase in staff sickness, particularly relating to stress. Councillor Druitt stated that maintaining and improving staff morale was key and possible methods to reverse the current trend should be the promotion of personal development skills and focussing resources to help staff and their expectations.
- 10.9 The Executive Director, Finance & Resources stated that there was a significant budget available for learning development activities and new elements to this would be rolled out soon. There was a widespread excitement about developments and progress in the city and that could perhaps be harnessed to link to the work of the council.
- 10.10 The Chief Executive stated that the council had a broad and varied workforce and it was important that staff fully understood their role and had the correct tools and skills to undertake their work. The Chief Executive stated that he had received anecdotal feedback that Brighton & Hove City Council was an interesting and challenging place to work which was something that could work in the authorities favour and promoted.
- 10.11 The Executive Lead, Strategy, Governance & Law clarified that managers conducted PDP's with staff twice per year and there were specific questions regarding personal development and training. Furthermore, Executive Lead, Strategy, Governance & Law stated that he was an example of staff development having personally progressed through the organisation.
- 10.12 Councillor Robins stated his concern that diminishing staff numbers may be a contributing factor to increases in staff sickness as workload pressures may mean staff attending work during sickness leading to worsening, long-term issues.
- 10.13 Councillor Cobb stated that improvements in technology should cover any staff losses in ICT.

10.14 The Executive Director, Finance & Resources stated that the council were examining ways to improve its digital technology which was being delivered through the Customer First in a Digital Age programme.

10.15 **RESOLVED-**

- 1) That the Committee note the annual reports of activity, assurance and business plan priorities from the Human Resources & Organisational Development (HROD) and Health & Safety Service.
- 2) That the Committee notes the relevance of these reports and their contribution to the council's annual governance statement

11 SELF-ASSESSMENT REVIEW OF AUDIT & STANDARDS COMMITTEE

11.1 The Committee considered a report of the Executive Director, Finance & Resources that summarised the Audit & Standards self-assessment of its effectiveness. The review was carried out by Members with support from the Head of Internal Audit and Ernst & Young and was based on a comparison with the Chartered Institute of Chartered Accountants (CIPFA) good practice principles.

11.2 The Chief Executive stated that ELT believed the Committee to be very important during a time of significant change and its role in preserving the reputational image of the council.

11.3 **RESOLVED-** That the Committee recommends that the actions set out in paragraph 4.2 should be used to draw up a detailed action plan to develop further the effectiveness of the Audit & Standards Committee.

12 ORGANISATIONAL LEARNING REVIEW

12.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that provided an update on progress on implementing the recommendations of the Organisational Learning Review which was reported to the committee in November 2015.

12.2 Diane Bushell welcomed the report that had a series of detailed measures. Diane requested assurance that the resources would be available for the training and investment in HR set out in the report and that the actions would be implemented.

12.3 The Executive Lead, Strategy, Governance & Law clarified that funding was available and he had received assurance from the Head of HR that implementation of the recommendations was possible.

12.4 **RESOLVED-** That Members note the progress on the action points arising from the Organisational Learning Review as set out in the Appendix to the report.

13 ANNUAL GOVERNANCE STATEMENT 2015/16

- 13.1 The Committee considered a report of the Executive Director, Finance & Resources that presented the draft Annual Governance Statement for 2015/16 following completion of the annual review of the council's governance arrangements, including its systems of internal control.
- 13.2 Diane Bushell noted her concern that contract management was not a part of the strategic risk process. Diane stated that page 140 noted that improving contract management was hindered by limited resources and asked whether there was commitment to improve this area. Diane also noted her concern regarding 'uncertain' risk ratings and whether that meant there were not effective controls in identifying risk.
- 13.3 The Executive Director, Finance & Resources stated that a review would be conducted as to whether contract management should be a strategic risk. The Executive Director, Finance & Resources explained that historically, contract management had been a duty of senior managers and did not have a dedicated post. A case would shortly be made for the appointment of dedicated contract managers with the expected savings used as the resource. The Executive Director, Finance & Resources added that the recently established Procurement Advisory Board would assist in monitoring and holding officers to account.
- 13.4 The Risk Management Lead explained that where strategic risks were given 'uncertain' ratings, this meant that they were a priority to the council and monitored as such but some of the actions were dictated by outside bodies such as central government or developments that the council had no control over hence the risk was uncertain.
- 13.5 **RESOLVED-** That the Audit & Standards Committee approve the draft Annual Governance Statement (attached as Appendix 1) subject to any comments or amendments as they consider appropriate.

14 STRATEGIC RISK REGISTER REVIEW APRIL 2016

- 14.1 The Committee considered a report of the Executive Director, Finance & Resources which informed Members that the Committee had a role to monitor the effectiveness of risk management and internal control. This included oversight of the Strategic Risk Register which was set by the Executive Leadership Team (ELT). The report included recent updates by ELT made on 20 April 2016.
- 14.2 Councillor Druitt noted that SR2: Financial Outlook for the Council currently had a risk rating of red but effectiveness of the controls were deemed adequate. Councillor Druitt asked for further information about the different categorisations.
- 14.3 The Executive Director, Finance & Resources explained that whilst he was confident of ensuring a balanced budget and controls were effective, a red rating was deemed necessary due to unknowns regarding government policy and wider uncertainties.
- 14.4 The Chair asked for further information as to why SR18: Sustainable ICT and Digital Modernisation had a red risk rating.

- 14.5 The Risk Management Lead explained that the issue was looked at specifically by ELT and following that discussion and directorate feedback, a red categorisation had been assigned.
- 14.6 Councillor Taylor asked that where risk actions were close to the deadline but progress was such that it was not expected to meet that deadline, if comments could be included from the relevant officers as to the reasons why that was the case.
- 14.7 Councillor Littman asked if any discussions were due or were planned with community organisations in relation to SR2: Financial Outlook of the Council and SR25: Organisational Capacity as a Result of Change as both discussed an increase in working with communities.
- 14.8 The Executive Director, Finance & Resources stated that discussion were taking place with communities in the relevant service areas. The Assistant Director, Finance added that there was extensive publicity and public input into the annual budget setting process. This was not specific engagement but it did raise awareness of the financial outlook of the council and levels of spending in service areas.
- 14.9 **RESOLVED-** That the Audit & Standards Committee notes the Strategic Risk Register Report May 2016.
- 15 STRATEGIC RISK FOCUS: SR2 FINANCIAL OUTLOOK; SR25 ORGANISATIONAL CAPACITY AS A RESULT OF CHANGE AND SR26 COUNCIL'S RELATIONSHIP WITH CITIZENS**
- 15.1 The Executive Director, Finance & Resources as the Risk Action Owner for SR2: Financial Outlook, SR25 Organisational Capacity as a Result of Change and SR26: Council's Relationship with its Citizens provided a verbal update on all three Risks.
- 15.2 Councillor Taylor noted that there was a trend during the financial year of initial overspend followed by strict controls to set a balanced budget at year end. Councillor Taylor asked what measures could be undertaken to minimise this fluctuation.
- 15.3 The Executive Director, Finance & Resources stated that a Section 151 Officer had to be confident that the budget projections were accurate. The nature of the services provided by the council meant that were complexities relating to unexpected demand that would not be possible to forecast. The Executive Director, Finance & Resources added that budget overspends were tightly monitored and assessed in order to establish more effective controls.
- 15.4 **RESOLVED-** That Members note the information provided in the Strategic Risk Assessment Report s in Appendix 1 (Strategic Risk Register Report).
- 16 ERNST & YOUNG: ANNUAL CERTIFICATION FEES AND AUDIT RECOMMENDATION FOLLOW UP - VERBAL UPDATE**
- 16.1 The Committee considered a report of Ernst & Young that provided the Audit Fee Letter 2016/17 confirming the audit work and associated fee proposed for the 2016/17 financial year set by Public Sector Audit Appointments Ltd (PSAA) and agreed by the Executive

Director, Finance & Resources. Furthermore, a verbal update was given on the progress the council has made against the external audit recommendations made in previous years.

- 16.2 Councillor Taylor asked if a competitive tendering exercise was undertaken for the appointment of external auditors.
- 16.3 Paul King clarified that the current arrangement was for external auditors to be appointed by the PSAA but under the new arrangements to commence from 2018/19, the council would be able to appoint its own auditors.
- 16.4 **RESOLVED-** That the Committee note the Audit Fee for 2016/17 and the progress on recommendations made by the Council.

17 COUNTER FRAUD STRATEGY AND FRAMEWORK

- 17.1 The Committee considered a report of the Executive Director, Finance & Resources that set out the council's counter fraud strategy and framework which detailed its approach to countering fraud and policies and procedures that set out the responsibilities of its Members, officers, contractors, partners and the public on how to report concerns.
- 17.2 Councillor Taylor asked if there was a method by which the public could be kept informed of complaints they made.
- 17.3 The Head of Internal Audit stated that this was an area that could be looked at.
- 17.4 **RESOLVED-**
- 1) That the Audit & Standards Committee approves the counter fraud policy and framework (appendix 1)
 - 2) That the Audit & Standards Committee notes the arrangements put in place for members, officers and citizens to report fraud.

18 STANDARDS UPDATE

- 18.1 **RESOLVED-** That Members note the report.

19 CASH COLLECTION - COMPANY ADMINISTRATION UPDATE

- 19.1 The Committee considered a report of the Executive Director, Finance & Resources that provided an update following the publication of the Joint Administrators latest progress report regarding the company administration process for Coin Co. International (CCI).
- 19.2 Councillor Druitt stated that he did believe that the issue was one of fraudulent activity as it appeared clear that the money due to the council was used for a purpose that it should not have been used for. Councillor Druitt asked if the council had reported any CCI director for wrongdoing and if there were options to take private action to recover its loss. Furthermore, Councillor Druitt asked who the secure creditors were.

- 19.3 The Assistant Director- Finance replied that whilst the CCI banking arrangements and performance were not satisfactory, the council had no evidence that they were acting fraudulently and was able to reconcile all collections and payments to and from CCI. The Assistant Director clarified that there had been an investigation by the National Crime Agency (NCA) in relation to suspected criminal activity but that no further action was to be taken as there was no evidence to suggest fraudulent behaviour. The Assistant Director stated that there was no basis for the council to report any CCI staff or directors and there had been constant communication between the council and CCI, and site visits by officers following termination of the contract in August 2014. The Assistant Director supplemented that the company administration process currently underway was a highly legal process directed by the courts and unless the council had specific evidence of fraudulent activity then it would not be possible to undertake legal action. The Assistant Director explained that a secured creditor would be a person or organisation with a secured debt such as a mortgage and where realisable assets were recovered by the Joint Administrators; secured creditors losses would always be met first.
- 19.4 Councillor Druitt queried the response as he understood CCI had continued trading as insolvent which was a criminal offence.
- 19.5 The Executive Lead Officer, Strategy, Governance & Law stated that the civil powers available to the council would also be available to the Joint Administrators and provided assurance that the council had taken every action it possibly could to recover the money owed. The Insolvency Agency, a Department for Business, Innovation & Skills sponsored executive agency had made enquiries into the actions of CCI that would perhaps relate to the offence of trading as insolvent.
- 19.6 Councillor Robins stated that it was a credit to the council that the issue had been reported and dealt with in public that would help the image of transparency of the council.
- 19.7 Councillor Cobb enquired as to the amounts owed to other companies.
- 19.8 The Assistant Director, Finance stated that that information about all of CCI's creditors was publically available and detailed hundreds of creditors worldwide to a total of approximately £10m.
- 19.9 Diane Bushell stated that she understood that the Canadian authorities had taken insolvency action against CCI in 2010 and asked if the council were aware of that and if it had been taken into account.
- 19.10 The Executive Director, Finance & Resources replied that he did not have information in relation to that specific issue to hand and would investigate the matter and report back to the committee after the meeting. The Executive Director, Finance & Resources stated that companies were monitored by credit rating agencies and he hoped those agencies would have taken any insolvency action into account.
- 19.11 **RESOLVED-** That the Audit & Standards Committee note the report.

20 TREASURY MANAGEMENT POLICY STATEMENT 2016/17

- 20.1 The Committee considered a report of the Executive Director, Finance & Resources that provided the Treasury Management Policy Statement 2016/17 report and an extract of proceedings of the Policy & Resources Committee held on 17 March 2016 from which the report had been referred.
- 20.2 Councillor Morris noted that the fund performance had decreased in 2015/16 compared to previous years.
- 20.3 The Assistant Director, Finance clarified that the performance of the cash manager fund was still performing relatively well and had exceeded its 2015/16 benchmark but had tailed off slightly compared to previous years. As the report noted, options were being explored for future cash managements.
- 20.4 **RESOLVED-** That the Committee note the report.

21 TARGETTED BUDGET MANAGEMENT (TBM) PROVISIONAL OUTTURN 2015/16

- 21.1 The Committee considered a report of the Executive Director, Finance & Resources that provided the Targeted Budget Management (TBM) Provisional Outturn 2015/16 report together with an extract of proceedings of the Policy & Resources Committee held on 17 March 2016 from which the report had been referred.
- 21.2 Councillor Taylor noted that £1.9m of identified savings had not been achieved in 2015/16 and asked what more could be done to track and monitor savings made. Furthermore, Councillor Taylor noted that the council had increased its year-end provision for backdated business rates appeals to £500,000 and asked if the appeals process would be an ongoing issue for the authority.
- 21.3 The Executive Director, Finance & Resources stated that savings were tracked robustly and the full savings package had not been realised due to a range of factors. As savings became more complex and challenging to deliver, there would be a certain element of savings that may be unachievable or delayed for which risk provisions were identified when setting the budget. In relation to business rates, the Executive Director, Finance & Resources stated that this was a fluid issue with some element of uncertainty relating to central government policy.
- 21.4 Councillor Druitt stated that as the council moved to 100% retention of business rates, the reliance upon that income would be much higher and asked if the council had a clear plan on how to attract larger companies to the city.
- 21.5 The Executive Director, Finance & Resources clarified that there were several areas of uncertainty relating to business rates including the issue of equalisation which was of strategic importance nationwide. The Council had a very active economic development function and being part of the Greater Brighton region was of huge benefit in terms of attracting economic investment to the city.
- 21.6 **RESOLVED-** That the Committee note the report.

22 ITEMS REFERRED FOR COUNCIL

22.1 No items were referred to Full Council for information.

The meeting concluded at 7.30pm

Signed

Chair

Dated this

day of

Subject:	Strategic Risk Focus: SR13 Keeping Vulnerable Adults Safe; SR20 Better Care Fund; SR10 Information Governance Management; and SR18 Transition to modern, digital ICT.		
Date of Meeting:	27 September 2016		
Report of:	Executive Lead Officer Strategy, Governance & Law		
Contact Officer:	Name:	Jackie Algar	Tel: 01273 291273
	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 (SRR), recently updated by the Executive Leadership Team (ELT) on 20 April 2016.
- 1.2 The Audit & Standards Committee have agreed to focus on at least two Strategic Risks at each of their meetings.
- 1.3 The Strategic Risk Assessment Report (Appendix 1) provides further detail on the actions taken (existing controls) and future actions to manage each strategic risk.
- 1.4 Officers available to answer Members' questions on the Strategic Risks will be:

Brian Doughty, Assistant Director Adult Social Care, for SR13 Keeping vulnerable adults safe; and SR20 Better Care Fund;
and

David Kuenssberg, Executive Director Finance & Resources, and Mark Watson, Chief Technology Officer, for SR10 Information Governance Management; and SR18 Transition to modern, digital ICT (please note this strategic risk title replaces 'Sustainable ICT and Digital Modernisation').

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee notes the Strategic Risk Assessment Report at Appendix 1.
- 2.2 That, having considered Appendix 1 and any clarification comments from the Officers, the Committee makes any recommendations it considers appropriate to the relevant council body.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Strategic Risk Register details the current prioritised risks which may affect achievement of the council's Corporate Plan purpose, including in relation to its work with other organisations across the city. It is reviewed and agreed by ELT every six months (usually around May and November) and provides evidence of a risk aware and risk managed organisation.
- 3.2 Across the council there are a number of risk registers which prioritise risks consistently by assigning risk scores 1-5 that the risk will occur, and the potential impact (denoted by 'I') if it should occur. These L and I scores are multiplied; the higher the result of L x I, the greater the risk e.g.L4xI4 which denotes a Likelihood score of 4 (Likely) x Impact score of 4 (Major). A colour coded system, similar to the traffic light system, is used to distinguish risks that require intervention. Red risks are the highest, followed by Amber risks and then Yellow, and then Green. The Strategic Risk Register records Red and Amber risks.
- 3.2 Each strategic risk has a unique identifying number and is prefixed by 'SR' representing that it is a strategic risk. Each is recorded on the Integrated Risk Manager (IRM) software system, part of the Interplan package. Appendix 1 gives details of existing controls and future actions to manage each strategic risk.

4. FINANCIAL & OTHER IMPLICATIONS:

- 4.1 For each Strategic Risk there is detail of the actions already in place ('Existing Controls') or work to be done as part of business or project plans ('Risk Actions') to address the strategic risk. Potentially these may have significant financial implications for the authority either directly or indirectly.
The associated financial risks are considered during the Targeted Budget Management process and the development of the Medium Term Financial Strategy.

Finance Officer Consulted: James Hengeveld

Date: 19/07/2016

Legal Implications:

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

Lawyer Consulted: Victoria Simpson

Date: 21/07 /2016

SUPPORTING DOCUMENTATION

Appendices:

1. Strategic Risk Assessment Report SR13; SR20; SR10; and SR18.

Documents in Members' Rooms

1. None.

Background Documents

1. Strategic Risk Register Review April 2016.

Brighton & Hove City Council



**Strategic Risk Report for Audit & Standards Committee Focus
Item on 27 September 2016:**

SR13 Keeping vulnerable adults safe from harm and abuse;

**SR20 Better Care Fund: Ability of health and social care to
integrate services at a local level to deliver timely and
appropriate interventions;**

SR10 Information Governance Management; and

SR18 Transition to modern, digital IT.

Initial Rating

LIKELIHOOD (L)	IMPACT (I)				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	0	0	0	1	0
Likely (4)	0	0	0	3	0
Possible (3)	0	0	0	0	0
Unlikely (2)	0	0	0	0	0
Almost Impossible (1)	0	0	0	0	0

Revised Rating

LIKELIHOOD (L)	IMPACT (I)				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	0	0	0	0	0
Likely (4)	0	0	0	1	0
Possible (3)	0	0	0	3	0
Unlikely (2)	0	0	0	0	0
Almost Impossible (1)	0	0	0	0	0



1 - 3
Low
Monitor periodically

4 - 7
Moderate
Monitor if the risk levels increase

8 - 14
Significant
Review and ensure effective controls

15 - 25
High
Immediate action required & need to escalate to the management level above

Risk Details

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR13	Keeping vulnerable adults safe from harm and abuse	Executive Director Health & Adult Social Care Head of Adult Safeguarding	BHCC Strategic Risk, Legislative	20/04/16	Threat	Treat	 Red L4 x I4 10/06/14	 Amber L3 x I4 10/06/14		Revised: Adequate

Causes

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 in 2015/16 about vulnerable people with over 1,000 going into investigation, and it continues at this level.

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.

Potential Consequence(s)

- * Generally cases are more complex and demands can vary
- * Failure to meet statutory duties could result in legal challenge
- * Failure to respond to a more personalised approach could result in challenge
- * Inadequate budget provision to meet statutory requirements

Existing Controls

First Line of Defence: Management Controls

- * 1) Care Act implemented and procedures updated, guidance continues to come out in relation to the Care Act and Safeguarding;
- 2) Awareness through messages and training;
- 3) Good multi-agency work: multi agency safeguarding procedures promote joint working;
- 4) Multi-agency audits of Safeguarding enquiries in place;
- 5) DOLs Governance Group;
- 6) Maintain the role and numbers of professional social workers through service redesign to ensure capacity;
- 7) Multi-agency training in place for better awareness, safeguarding enquiry management;
- 8) Highly motivated social workers;
- 9) Assessment of need using agreed threshold policies and procedures;
- 10) Staff provided with learning opportunities and undertake continuous professional development;
- 11) Working with Care Providers to ensure requests for Best Interest Assessments are appropriate and provides best and least restrictive practice.

Second Line of Defence: Corporate Oversight

- * 1) Safeguarding Board workplan arising from review of Board. Independent Chair appointed;
- 2) Learning from Safeguarding Adult Reviews, coroners concerns and case review from national work;
- 3) Working with ADASS (association of directors of adult social services) on the impact of ongoing legal judgement and advice on DoLs ;
- 4) HASC Modernisation Board in place;
- 5) Executive Director HASC meets with Chief Executive;
- 6) Reports on budget pressures to ELT.

Third Line of Defence: Independent Assurance



None

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
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SR 13 Risk Action: Continue to raise awareness through messages and training	Head of Adult Safeguarding	50	31/03/17	01/04/15	31/03/17
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Comments: Joint Participation and Engagement Group has been set up (April 16), linking the Safeguarding Adults and Children's Boards to engage with the community and promote awareness
 Regular and ongoing programme of Practice Development Groups within adults assessment service to ensure practice standards are met for safeguarding and mental capacity work.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
SR13 Risk Action: Continue to learn from serious case reviews, coroners inquests and case reviews	Head of Adult Safeguarding	25	31/03/17	01/04/15	31/03/17
<p>Comments: Revised Pan Sussex Safeguarding Adults Review protocol in place April 2015, to replace Serious Case Review process following implementation of Care Act. Revised protocol reflects new duties regarding Safeguarding Adults Reviews. Safeguarding Procedures updated April 2016.</p> <p>A Safeguarding Adults Review agreed to be undertaken following referral to the Safeguarding Adults Board. In process of being completed, for final report November 2016.</p> <p>Review of recent deaths of homeless people being undertaken, to report to the Safeguarding Adults Board June 16 then to Members Steering Group.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR20	Better Care Fund: Ability of health and social care to integrate services at a local level to deliver timely and appropriate interventions	Executive Director Health & Adult Social Care	BHCC Strategic Risk, Economic / Financial	20/04/16	Threat	Treat	 L4 x I4 10/06/14	 L3 x I4 10/06/14		Revised: Adequate

Causes
 The ability of the health and social care system to progress with integrated teams and to commission appropriate services to support early intervention and ongoing care.

Potential Consequence(s)
 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.

Existing Controls

First Line of Defence: Management Controls

- 1) Continued roll out of cluster working started in 3 of the 6 clusters. Social Care work aligned with clusters June 2016.
- 2) Key stakeholders event taken place and strategic intentions and plans currently being updated- end of June 2016.
- 3) Better Care Board established (high level and cross sector representation) and chaired by Executive Director Health & Adult Social Care, with oversight by Health & Wellbeing Board;
- 4) Better Care Finance and Performance Group monitors spend and performance.

Second Line of Defence: Corporate Oversight



- 1) Health & Wellbeing Board reviewed and governance arrangements in place to help deliver an integrated approach, including oversight of the Better Care Fund;
- 2) Better Care Plans in place. Section 75 signed off;
- 3) Partnership work agreed and submitted a Better Care Plan by the deadline in March 2014. Revised Better Care plan for 2016/17 submitted.

Third Line of Defence - Independent Assurance

- 1) NHS England sign off Better Care Plan, submitted in May

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Robust Section 75 agreement to be revised annually each June.	Executive Director Health & Adult Social Care	75	30/06/16	23/03/16	30/06/16
<p>Comments: Current discussions to revise both section 75 agreements relate to 1) Better Care which is led by the CCG and likely to require minor update; and 2) with the Sussex Partnership Foundation Trust (SPFT) now agreed in May 2016 with a slight change to risk share and budget.</p>					
SR 20 Risk Action: Deliver Phase 1 Better Care implementation plan from September 2014. Cluster working under development. Cluster one, went live in September 2015. This model is based around GP's and multi-disciplinary teams	Executive Director Health & Adult Social Care	75	31/03/17	01/09/15	31/03/17
<p>Comments: 3 clusters currently operating with multi-disciplinary team working. From June 2016 development programme to change working practices and monitor performance and outcomes.</p>					

Risk Details

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR10	Information Governance Management	Strategic Risk Owners ICT Business Engagement Manager Chief Technology Officer ICT	BHCC Strategic Risk, Legislative	20/04/16	Threat	Treat	 Red L4 x I4 29/04/15	 Amber L3 x I4 24/08/16		Revised: Adequate

Causes

The council must operate to a high standard of information governance within the overall context of openness and transparency. The council must ensure that it not only protects the organisation's information and technical assets but that it does so within a complex array of legislative (including Data Protection, and Freedom of Information) requirements and compliance regimes. As examples, the Public Services Network ("PSN") and the Health & Social Care Information Centre ("HSCIC") both place significant emphasis on Information Governance Controls as does the Information Commissioner's Office.

Potential Consequence(s)

- Individuals could suffer reputational, financial or physical harm,
- The council could suffer reputational and/or financial loss along with an inability to function effectively,
- The PSN & HSCIC could impose operational sanctions which would be catastrophic for many services,
- The Information Commissioner's Office could impose financial sanctions,
- It could result in a loss of trust in the council by citizens and partners.

Existing Controls

First Line of Defence: Management Action

- 1) A suite of Information Governance Policies has been approved;
- 2) An Information Governance training package has been rolled out across the entire organisation;
- 3) An Information Audit has been completed, including business impact assessments for the loss or compromise of Confidentiality, Integrity and Availability;
- 4) Physical access controls have been improved a result of the move to a new datacentre;
- 5) Cyber security controls introduced to minimize security risks and adoption of ITHC principles for internal security scanning.

Second Line of Defence: Corporate Oversight

- 1) The Senior Information Risk Owner (“SIRO”) oversees the organisation's approach to Information Risk Management, setting the culture along with risk appetite and tolerances;
- 2) The Information Governance Board (“IGB”) oversees and provides leadership on Information Risk Management and obligations arising from legislation such as the DPA 1998 & FOI 1998;
- 3) The Caldicott Guardians (CFS and ASC) have corporate responsibility for protecting the confidentiality of Health and Social Care service-user information and enabling appropriate information sharing;
- 4) The Information Governance Team operates as an independent function to provide to provide advice, guidance and oversight in key areas.

Third Line of Defence: Independent Assurance



- 1) Internal and external ICT audits provide an objective evaluation of the design and effectiveness of ICTs internal controls;
- 2) IT Health Check (ITHC) performed by a ‘CHECK’/‘CREST’ approved external service provider – covering both applications and infrastructure assurance;
- 3) Continued assurance from compliance regimes, including PSN CoCo, HSCIC IG Toolkit and PCI DSS Annual;
- 4) Oversight of Audit and Standards Committee.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
SR 10 Risk Action: Business continuity arrangements are being reviewed and updated, then to be considered by decision makers and communicated to services	Civil Contingencies Manager	25	31/03/17	01/04/14	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Update July 2016 - All DMTs have held BCP review sessions, and this is scheduled in quarterly. The Corporate Business Group representatives have been advised of dates. Emergencies & Resilience Team co-ordinates service business continuity plans through Corporate Business Continuity Group representatives. Prioritisation of recovery of services and ICT requirements reported to ELT for approval in January 2016. Work to inform services and review business continuity plans will be undertaken on a quarterly basis via DMTs</p>					
<p>SR 10 Risk Action: Implement an organisation wide information risk management process and maintain a prioritised information risk register.</p>	<p>ICT Business Engagement Manager</p>	<p>70</p>	<p>31/12/16</p>	<p>01/09/15</p>	<p>31/12/16</p>
<p>Comments: Work to embed the risk management process within ICT is on-going. The ICT risk register is now reviewed monthly by ICTMT and strategies out in place to mitigate major risk. Owing to other demands on the team, the deployment of a fully comprehensive risk management process outside ICT has been delayed. The addition of a new security analyst and new functions through the ICT restructure will help progress the work.</p>					
<p>SR10 New education and awareness programme approved at Information Governance Board on 15/12/15. Objectives - 1. Increase awareness, and understanding of IG across organisation 2. Information Asset Owners practical training to target good IG in their areas with a focus reducing data incidents</p>	<p>ICT Business Engagement Manager</p>	<p>50</p>	<p>31/12/16</p>	<p>15/12/15</p>	<p>31/12/16</p>
<p>Comments: Two 'bite-size' training sessions have run with very positive feedback. Future sessions have been scheduled. Sessions for asset owners are being developed.</p>					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
SR10 Risk Action: Adoption of bi-annual IT Health Check (ITHC) for 2017	ICT Business Engagement Manager	0	31/12/16	01/09/16	31/12/16
Comments: Project to start in September					
SR10 Risk Action: Introduction of protective monitoring technology to provide threat, vulnerability and incident alerts	ICT Business Engagement Manager	10	31/12/16	01/06/16	31/12/16
Comments: An implementation plan has been initiated.					
SR10 Risk Action: Review arrangements for dealing with Freedom of Information Requests	ICT Business Engagement Manager	50	31/12/16	01/04/15	31/12/16
Comments: A project is underway to procure and implement a shared complaints and FOI tool. A 'to-be' process review will be incorporated into the implementation phase of the project					
SR10 Risk Action: Review of ICT incident management process – to fully integrate data breach and cyber security incidents	ICT Business Engagement Manager	30	31/12/16	01/06/16	31/12/16
Comments: The review is underway and will report in the next quarter					

Risk Details

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR18	Transition to modern, digital IT	Executive Director of Finance & Resources ICT Business Engagement Manager Chief Technology Officer	BHCC Strategic Risk, Technological	15/04/16	Threat	Treat	 L5 x I4 24/10/14	 L4 x I4 31/10/14		Revised: Uncertain

Causes

Service redesign and development of user centric, secure, resilient, flexible digital capabilities which meet safeguarding and other legislative duties relies on:

- 1) a sufficient number of ICT staff with appropriate skills and effective, efficient suppliers
- 2) an investment strategy for sustainable targeted improvements of ICT platforms and systems
- 3) services' and ICT capacity for joint work to co-design business change
- 4) staff skill levels and confidence to use and innovate with information and technology
- 5) sufficient understanding and leadership at all levels of the organisation to exploit the opportunities of modern, digital IT
- 5) appropriate access for those with safeguarding responsibilities, including in partnership, to ICT systems which enable the protection of the most vulnerable
- 6) improved information systems and services to enable delivery of council objectives as set out in the corporate plan

Potential Consequence(s)

- Less confidence in digital technology to assist achievement of Corporate Plan objectives
- Unable to redesign key services to achieve efficiencies and better outcomes for residents, communities, businesses and visitors
- Communications offer, including with citizens and communities is less effective and engaging
- Safeguarding issues if staff do not have appropriate access to the information and support needed to carry out their roles
- Increased pressure on staff in delivering services
- Leaders unable to innovate services at necessary pace to meet demand and cope with financial pressures
- Impact on council and city reputation as a digital city
- Staff morale affected

Existing Controls

First Line of Defence: Management Action

- 1) ICT Infrastructure Programme is delivering core ICT infrastructure platforms to improve service flexibility, availability, business continuity and cybersecurity - this includes clear service levels, hybrid cloud platform, flexible connectivity options and robust cybersecurity;
- 2) Feedback and engagement from customers and partners is driving the development of services, including focus inside and outside of CFDA on mobile, digital and information sharing;
- 3) Alignment and prioritisation of project resources to modernisation requirements;
- 4) Established working relationships and governance (Informatics Oversight Committee) for cross social care and health system developments and resourcing, linked to Better Care and Digital Roadmap development;
- 5) Customer First in a Digital Age (CFDA) programme is now up and running and delivering new digital and data capabilities to support business strategies across the Council including digital channels, mobile capabilities and staff capabilities required to make us fit for the future;
- 6) Work with City and City region partners including Wired Sussex, Digital Catapult, Brighton University and Sussex University to establish cross sector relationships which support the ambitions of the City and channel opportunities to further establish Brighton & Hove as the Connected City. Includes joint development of research and investment bids in support of shared agendas and supporting devolution agenda;
- 7) Early work with Orbis partners to carry out joint procurement and align supply chain where possible. For example joint procurement of Microsoft Licensing Solutions Partner;
- 8) The close linking in of the partnership Digital Resilience project into the CFDA programme, Libraries, Services to Schools and Customer Service Centres work is ensuring that solutions to the risks of digital exclusion are well managed and sustainably implemented;
- 9) Establishment of Head of Digital Transformation role driving culture change in harnessing the opportunities of digital.

Second Line of Defence: Corporate Oversight

- 1) Customer First in a Digital Age programme approved at P&R/Council -, incorporating current investments in Digital improving Customer Experience and Information Management Programme, target work to support the new corporate plan and ambitions identified by the board & strategic priorities engagement;
- 2) Corporate Modernisation Delivery Board overseeing alignment of programmes and projects to Corporate Plan aims and reviewing any gaps. Includes oversight of ICT Infrastructure, Workstyles and Customer First in a Digital Age programmes.

Third Line of Defence: Independent Assurance

- 1) Internal and External Audit assurance of programme management and Capital Investment strategies.

Effectiveness of Controls – Comment for ‘Uncertain’ grading: The controls are considered to be uncertain ahead of a full decision around Orbis. This is because the sustainability of support for digital modernisation requires a resilient ICT Service. This cannot be assured ahead of this decision.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Ensure development of cross-sector digital partnerships across city and city region.</p> <p>Comments: Agreed areas of joint focus with Brighton University with new Digital Transformation lead including potential joint bid; engagement with Brighton Digital Festival including planned event and promotion.</p> <p>Initial work within CFDA on the approach to supplier engagement has been started.</p> <p>The Greater Brighton Digital working group has developed an initial draft of a Greater Brighton digital strategy, which has been submitted to the Greater Brighton Economic Board, alongside indicative plans for Digital Infrastructure and support for public service reform plans.</p>	Chief Technology Officer	20	31/03/17	01/04/16	31/03/17
<p>Ensure outcomes of ICT Infrastructure Programme are sustainable, embedded and enabling of change within the organisation.</p> <p>Comments: New security infrastructure now implemented for BHCC and Schools, First secure cloud services migrated, continued migration of priority services, new citrix farm built and tested, network interconnect with NHS established, corporate wifi now deployed to HTH and Barts House, shared services wifi ready for deployment, new laptop services rolling out to first tranche of users</p>	Chief Technology Officer	35	31/03/17	01/04/16	31/03/17
<p>Help develop network of business change capacity across the breadth of the organisation who can work together to redesign and embed change.</p> <p>Comments: CFDA Programme Board now includes representative business change managers from across the organisation. Established connections to corporate change network.</p>	Chief Technology Officer	25	31/03/17	01/04/16	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Information Management strand of CFDA developing and delivering core information practices including customer index, enterprise content management and robust data and record management practices.	Chief Technology Officer	25	31/03/17	01/04/16	31/03/17
Comments: Initial matched customer index completed, core ECM platform selected, records management support for teams moving under Workstyles completed.					
The ICT Service Redesign is realigning available capacity within budget constraints to most effectively support the organisations needs.	Chief Technology Officer	75	31/07/16	01/04/16	31/07/16
Comments: Consultation completed, implementation underway, Tier 4 complete, Tier 5 completing September, Tier 6 through September and October.					
Work with Orbis, Greater Brighton and Supplier partners to ensure resilient capacity, a sustainable set of core platforms, services and practices are in place to support and enable modernisation, devolution and safeguarding. Includes taking the learning early from others and using collective economies of scale.	Chief Technology Officer	10	31/03/17	01/04/16	31/03/17
Comments: The engagement with Orbis partners is progressing well, BHCC is represented and well established within the Architectural Design Authority for Orbis, agreeing the core platforms and practices for the Orbis partnership. The Greater Brighton digital digital working group is up and running with an initial focus on digital infrastructure and public service reform.					

Subject:	Internal Audit and Corporate Fraud Progress Report		
Date of Meeting:	27 September 2016		
Report of:	Head of Internal Audit		
Contact Officer:	Name:	Graham Liddell	Tel: 01273 291323
	Email:	Graham.Liddell@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

1.1 This purpose of this report is to provide assurance to the Audit & Standards Committee that:

- the internal audit and corporate fraud teams are delivering the audit and corporate fraud strategy and plan for 2016/17
- the council is dealing with governance and control weaknesses appropriately.

1.2 The report summarises:

- the progress made against the Internal Audit and Corporate Fraud Plan
- the key issues identified and action being taken
- progress made by management in implementing audit recommendations.

2. RECOMMENDATIONS

2.1 That the Audit & Standards Committee notes the report.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 The Audit & Standards Committee approved the Internal Audit and Corporate Fraud Plan on 8 March 2016. The plan comprised:

- 1,115 audit days covering:
 - audit reviews based on assessment of risk
 - following up progress on implementing audit recommendations
- 475 anti-fraud and corruption days for:
 - reviewing and updating of fraud policies
 - fraud awareness and publicity
 - data matching
 - investigating and pursuing fraud focused on high priority areas.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

Progress against the audit plan

4.1 Internal audit has issued 11 reports out of a planned total of 61 reports for the year. This represents 18% of the audit plan and is lower than the 20% of reports delivered at the same time last year. This slippage is because:

- We have carried substantial work on unplanned audits. These are now approaching completion and will be reported to the November Audit & Standards Committee.
- We have also been working closely with colleagues from Orbis to work towards a joint service including:
 - developing a more efficient and effective audit approach
 - improving the way we report our audits.
 - seconding a member of staff on a temporary promotion.

Whilst we will benefit from this joint working regardless of whether we formally join Orbis, this investment of time in the first quarter of 2016/17 has impacted on our delivery of the audit plan.

- As a small team we are particularly vulnerable to staff vacancies and long-term sickness. During the first quarter of 2016/17 this has contributed to losing the equivalent of just over 10% of our workforce.

4.2 Long-term sickness issues have now been resolved and we are addressing the backlog of work by:

- seeking a secondment to fill our remaining vacancy
- working with our private sector partner TIAA

4.3 We expect to deliver at least 90% of the audit plan by April 2017 and will report back to the Audit & Standards Committee in November to consider whether to propose changes to the audit plan. This will consider:

- changing priorities for the council
- the results of work carried out (including any unplanned audit work)
- the level of audit resource available

Progress against the corporate fraud plan

4.4 The Corporate Fraud Team has made good progress against its plan for 2016/17:

- **counter-fraud framework**
 - The council's new counter-fraud framework was approved by the Audit & Standards Committee on 21 June 2016. The new framework updated and streamlined existing policies and

addressed areas that had not previously been included such as dealing with bribery and setting out a sanctions policy.

- **fraud awareness and publicity**
 - Our approach to counter fraud has been publicised internally through the council's intranet site (The Wave). Over 800 staff, nominated by their managers, have now completed the council's fraud e-learning tool. The e-learning tool is now part of the induction process for all staff and is being refreshed for 2017.
 - Externally, we have launched a new website to enable members of the public to report suspected fraud more easily. We are also working with the East Sussex fraud-hub to publicise the counter-fraud work we carry out and will be taking part in International Fraud Awareness Week in November 2016.

- **data matching**
 - We are on track for submitting data to the National Fraud Initiative (NFI) by the deadline of 10 October 2016. This includes alerting staff and members of the public to explain how NFI will use data. We will review the outcome of the NFI when the data matches are released at the end of January 2017.
 - We have developed data matching reports to identify potential cases for misuse of council dwellings and residents parking permits. These will be used to focus our investigation work from September 2016.

- **investigating and pursuing fraud focused on high priority areas**
 - The Corporate Fraud Team has worked with colleagues from housing to introduce preventative controls in respect of Right to Buy. All applicants now have to provide additional information to support their application. The corporate fraud team then carry out detailed tests to ensure that all applicants are eligible and have a legitimate source of finance to purchase their council dwelling.
 - Three properties have been returned to the council following investigations into housing tenancy fraud. This is lower than the 10 properties returned at this stage last year. We are working with colleagues from housing and legal to understand the reasons for this slow down.
 - The council has retained or destroyed 59 Blue Badges and five residents parking permits.
 - The corporate fraud and audit teams have together worked on a range of cases that have resulted in referrals to relevant authorities, recovery of funds and disciplinary action against Brighton & Hove staff. Further joint work is planned in respect of business rates and historic right to buy cases.

Key Audit findings

4.5 Table 1 sets out the key audit findings.

Table 1 – Key audit findings

Audit report	Assurance rating	Key issues	Agreed management action
Business Continuity	Limited	<p>The Emergency Planning & Resilience team is working hard to ensure that up to date robust Business Continuity Plans are in place for all services. However keeping business continuity plans up to date is not always given a high priority and the team requires greater corporate support to achieve these goals.</p>	<p>Action and deadlines for all recommendations agreed. All due to be complete by 31 March 2017 as part of a wider service redesign supported by the Executive Director (Finance & Resources)</p> <p>These include clearer communication of the importance and requirements for business continuity plans and escalating to executive directors and ELT where needed.</p>
Declarations of Interests, Gifts & Hospitality	Reasonable	<p>There is now a clear corporate process for declarations of interest. However a significant proportion of declarations of interest submissions have not been reviewed by a line manager and for some declarations, there is insufficient evidence that these conflicts of interest are being effectively managed.</p> <p>Authorisation of gifts & hospitality is not always being sought in advance. Narrative is generally not provided to support authorisations.</p>	<p>Action and deadlines for all recommendations agreed. All due to be complete by 31 December 2017.</p> <p>These include updating and communicating policies to staff and improving the information provided to Directorate Management Teams to provide better management oversight.</p>
Contract Waivers	Limited	<p>During 2015/16 the council significantly increased its use of contract waivers (63 awards with a total value of £21m).</p> <p>Whilst all waiver requests were approved in accordance with Contract Standing Orders, some were made either at the last minute (the month preceding the contract decision) or retrospectively.</p>	<p>Actions agreed.</p> <p>The proposal to focus more resources on contract management will help address these issues.</p>
ICT Disposals	Limited	<p>The ICT waste operational procedures are not consistent with the ICT disposal policy.</p> <p>The waste contractor does not hold recognised accreditation for handling confidential waste,</p>	<p>Actions agreed.</p> <p>Progress on implementing recommendations to be reported to the Information Governance Board.</p>

		contrary to the Council policy requirements. Some operations are sub-contracted, contrary to the existing contract.	
Budgetary management	Reasonable	<p>During 2015/16 the council:</p> <ul style="list-style-type: none"> • had effective processes, guidance and training in place to support key aspects of budget setting and monitoring. • successfully managed a projected overspend of £8.7 million by introducing emergency spending controls. <p>These arrangements demonstrate that the council can address short-term financial challenges. However, relying on corporate interventions to fund over spending by services:</p> <ul style="list-style-type: none"> • undermines the principle that budget holders should be accountable for delivering their budgets • if used repeatedly or over an extended period of time, expose the council to significant long-term risks. <p>The finance department has supported services that have identified overspending risks in 2016/17 to develop recovery plans at an earlier stage of the budget cycle.</p>	<p>Action and deadlines for all recommendations agreed. All due to be complete for the 2017/18 budget planning cycle.</p> <p>These include:</p> <ul style="list-style-type: none"> • directorates taking full accountability for managing their budgets. • bringing forward the identification of budget risks to ensure that overspending risks are fully identified, considered and resolved as part of the budget setting process.

Progress made in implementing recommendations

4.6 We have received confirmation that 82% of recommendations due to be implemented by 30 June 2016 had been implemented (see table 2).

Table 2 – implementation of audit recommendations (as at 13 September 2016)

Year	Audit Recs due	Database not updated by managers	Not implemented (or less than 50% implemented)	Implemented (includes part implemented > 50%)	Implemented (%)
31 July 2015	225	28	25	171	76%
30 June 2016	221	25	8	182	82%

4.7 This is improved from the the rate reported at a similar time last year which but is lower that the final implementation rate of 88% for 2015/16. This does not suggest an underlying reduction in implementation rates because:

- the percentage has been artificially depressed by removing from the calculation recommendations that were due more than 12 months ago and have been implemented or are no longer relevant.
- As at 25 August 2016, we have not been provided with progress for 11% of recommendations. We have treated these recommendations as not implemented. We are currently reminding managers to provide updates and we expect this percentage to reduce and the percentage of implemented recommendations to increase.

4.8 The high priority recommendations that have not been yet implemented are set out in table 3.

Table 3 – high priority recommendations not implemented (as at 25 August 2016)

Recommendation	Directorate	Due date	Progress as at 25 August 2016
<u>Pensions administration</u> <ul style="list-style-type: none"> • Processes to ensure the relevant pension fund is informed of pension fund members leaving the authority in a timely manner should be introduced. 	Finance & Resources	30 June 2016	To be included in review of processes for using Pensionsweb.
<u>Parking permits</u> <ul style="list-style-type: none"> • All applications (whether physical or electronic) should be adequately retained to enable easy retrieval in the event that this is required. This should also be extended to include copies of any proofs supplied in support of an application. • All renewal applications should be validated (electronically if possible) to ensure evidence of ongoing eligibility is confirmed. Should the service move towards awarding permits with no expiry through a Direct Debit process, verification checks should still be undertaken every 12 months. Any applications which cannot be validated electronically should be subject to robust address proof checks, both at initial application stage, and on every renewal. • Parking should ensure that any improvements to the verification 	Economy, Environment and Culture	30 June 2016	As reported to Audit & Standards, the council is procuring an online permit system. It is expected that this will become operational in by February 2017. The new system should both prevent permits being awarded to residents that are not entitled and facilitate the prompt cancelling of any permit that is not held legitimately.

<p>process are extended to the processing of all other relevant permit types where residency is a condition of issue.</p>			
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- 4.9 We are continuing to work with ELT and other senior managers to ensure that all managers give sufficient priority to address audit recommendations, particularly high priority recommendations.

Future developments of the service

- 4.10 As reported to Policy and Resources Committee, the council is currently reviewing the best way of delivering its support functions, including Internal Audit and Corporate Fraud. The Head of Internal Audit is carrying out a detailed assessment of possible options including retaining the service in-house, working as part of a shared service with other local authorities, and outsourcing.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 None

6. CONCLUSION

- 6.1 The Committee is asked to note the report.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 It is expected that the Internal Audit and Corporate Fraud Plan 2016/17 will be delivered within existing budgetary resources. Progress against the plan and action taken in line with recommendations support the robustness and resilience of the council’s practices and procedures in support of the council’s overall financial position.

Finance Officer Consulted: James Hengeveld

Date: XXXXX

Legal Implications:

- 7.2 The Accounts and Audit Regulations 2015 require the Council to ‘undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards’. It is a legitimate part of the Audit and Standards Committee’s role to review the level of work completed and planned by internal audit.

Lawyer Consulted: Elizabeth Culbert

Date: 250816

Equalities Implications:

7.3 There are no direct equalities implications.

Sustainability Implications:

7.4 There are no direct sustainability implications.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms

1. None

Background Documents

1. None

Subject:	Due diligence implications for audit and corporate fraud joining Orbis		
Date of Meeting:	27 September 2016		
Report of:	Executive Director of Finance and Resources		
Contact Officer:	Name:	Graham Liddell	Tel: 01273 291323
	Email:	Graham.Liddell@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 This report updates the Committee on the progress made in carrying out due diligence for assessing the effectiveness of internal audit at Brighton & Hove City Council provided through Orbis (Orbis IA).

2. RECOMMENDATIONS:

- 2.1 That the Committee notes that Orbis IA is capable of delivering an effective internal audit function at Brighton & Hove City Council.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 At the Policy & Resources Committee on Thursday 3 December it was agreed that a number of the council's support functions, including internal audit and corporate fraud, would join Orbis, a partnership between East Sussex County Council and Surrey County Council. The final decision was subject to a due diligence process and delegated to the Chief Executive, Monitoring Officer and Section 151 Officer.
- 3.2 The Executive Director (Finance & Resources) will update the Policy, Resources and Growth Committee on progress on due diligence for support functions as a whole. The Audit & Standards Committee has specific responsibility to assess the effectiveness of Internal Audit and this report focuses on this aspect of due diligence.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The benefits for delivering the council's internal audit function through Orbis include:
- lower costs driven through economies of scale
 - higher quality audits through:

- auditors deep understanding of Brighton & Hove City Council being supplemented with a broader range of wider knowledge and experience from other local authorities
- sharing of best practice and specialist insights
- the ability to retain and recruit high quality staff
- a more resilient audit team to deliver BHCC audit work

4.2 The key areas that could impact on the ability of Orbis IA to deliver an effective internal audit function are whether Orbis IA will:

- be able to deliver sufficient work at the council whilst meeting savings requirement
- be delivered by IA staff with sufficient experience and understanding of the council
- comply with professional auditing standards.

4.3 The due diligence work for Orbis IA demonstrates that Orbis IAs is capable of addressing these issues.

Key area for delivering an effective internal audit function	Results of due diligence.
Delivering sufficient work at the council whilst meeting savings requirement.	<p>The savings target for Internal Audit and Corporate Fraud is £177k. Our financial modelling shows that:</p> <ul style="list-style-type: none"> • savings of £130k can be achieved outside Orbis (largely through reductions in audit and corporate fraud activity). • the remaining £47k can be delivered through the BHCC IA share of Orbis economies of scale.
Work delivered by IA staff with sufficient experience and understanding of the council.	<p>Staff based in Brighton and with long-standing experience of BHCC will continue to deliver a substantial amount of audit and corporate fraud work at BHCC</p> <p>In addition to this we would expect to reap the benefits of developing greater specialist knowledge in key areas such as IT audit, adult and children's social care and schools.</p>
Comply with professional auditing standards	<p>Each of the three councils carries out an annual assessment of compliance with professional auditing standards. The results of these self-assessments are informing the design of Orbis IA procedures. Orbis IA will also be subject to an external assessment against professional standards in 2017/18.</p>

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 None

6. CONCLUSION

6.1 Sufficient work has been carried out to demonstrate that an effective internal audit function can be delivered through Orbis.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 There are no direct financial implications arising from this report. Paragraph 4.3 sets out how Orbis IA will deliver required savings.

Finance Officer Consulted: James Hengeveld

Date: 14/09/16

Legal Implications:

- 7.2 There are no legal implications at this stage in relation to this report for noting.

Lawyer Consulted: Elizabeth Culbert

Date: 15.09.16

Equalities Implications:

- 7.3 Not applicable.

Sustainability Implications:

- 7.4 Not applicable.

Any Other Significant Implications:

- 7.5 None

SUPPORTING DOCUMENTATION

Documents in Members' Rooms

1. None

Background Documents

1. None

Subject:	Targeted Budget Management 2016/17 (Month 2)		
Date of Meeting:	27 September 2016		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name:	James Hengeveld	Tel: 29-1242
	E-mail:	James.Hengeveld@brighton-hove.gov.uk	
Wards Affected:	All		

FOR GENERAL RELEASE

1 SUMMARY AND POLICY CONTEXT:

- 1.1 Targeted Budget Management (TBM) reports are reported to the Policy, Resources & Growth Committee and referred to the Audit & Standards Committee and the Cross Party Budget Review Group (monthly) to ensure effective member oversight and consideration of the in-year revenue and capital financial performance and associated risks.
- 1.2 The purpose of providing the TBM reports to the Audit & Standards Committee is to:
 - provide assurance to the committee that there are appropriate arrangements in place to identify and treat risks;
 - demonstrate that members of the Policy, Resources & Growth Committee are able to make informed decisions on the monitoring of the budget process to ensure the ongoing financial resilience of the authority;
 - provide an opportunity for members to consider whether the information provided to Policy, Resources & Growth Committee as part of the TBM process could be improved.
- 1.3 This report highlights the position as at Month 2 (May) as reported to the 14 July meeting of the Policy, Resources & Growth Committee.

2 RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee notes the update on the council's in-year financial position and the continuing actions taken to address forecast overspend risks.

3 CONTEXT/BACKGROUND INFORMATION:

- 3.1 The council's financial performance is monitored monthly through the Targeted Budget Management (TBM) process. TBM reports are reported to Policy, Resources & Growth Committee and more frequently (monthly) to the cross-party member Budget Review Group. They are also reviewed monthly by Directorate Management Teams and the Executive Leadership Team.

- 3.2 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. Individual services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within each 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 demand-led areas.
- 3.3 In summary, as at Month 2, the forecast overspend risk on the council's General Fund was £3.745m as shown below:

2015/16 Outturn Variance £'000	Directorate	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
1,926	Families, Children & Learning	53,068	54,145	1,077	2.0%
1,886	Health & Adult Social Care	79,226	82,685	3,459	4.4%
(1,736)	Economy, Environment & Culture	33,201	33,228	27	0.1%
246	Neighbourhood, Communities & Housing	15,467	15,715	248	1.6%
(973)	Finance & Resources	20,040	19,590	(450)	-2.2%
(734)	Strategy, Governance & Law	5,656	5,698	42	0.7%
615	Sub Total	206,658	211,061	4,403	2.1%
(5,395)	Corporate Budgets	7,758	7,100	(658)	-8.5%
(4,780)	Total General Fund	214,416	218,161	3,745	1.7%

- 3.4 The TBM report provides assurance by presenting members with comprehensive and timely information about forecast expenditure compared to budget based on two months of actual expenditure. As well as the summary table above the report provides members with a detailed breakdown for each Directorate (as well as the Housing Revenue Account and Dedicated Schools Grant) which gives details of all the key risks and the steps being taken to mitigate them.
- 3.5 As TBM is a risk based process the report provides members with more detailed narrative descriptions, both in the body of the report and the Directorate appendix, of the pressures and recovery plan mitigations on the key demand-led budgets in Adult Social Care, Children's Agency placements and Homelessness (temporary accommodation).
- 3.6 The report also provides an update on the capital programme (a forecast overspend of £0.312m) and with progress against 2016/17 savings targets. It shows that the substantial savings package in 2016/17 of £20.968m is significantly on track with £20.333m either achieved or anticipated to be achieved.
- 3.7 The minutes of the Policy, Resources & Growth Committee meeting demonstrate that members asked a wide range of questions on information presented in the report.
- 3.8 This report compares to Month 2 forecast risks in previous years of £6.031m in 2014/15 and £9.430m in 2015/16 and therefore indicates a more manageable starting position for the financial year by comparison. Taking into account the

available risk provisions of £3m, the council's financial position is therefore in a reasonable position at this point in the year, however, utilising risk provisions is to be avoided if at all possible as these resources are highly likely to be required for future years as the financial challenges increase.

- 3.9 The report provides members with assurance that the Executive Leadership Team will continue to keep recovery actions under review and that the cross-party Budget Review Group will be provided with appropriate updates on recovery actions to provide members with effective oversight of this corporate risk. It also highlights that there will also be further 'stress testing' of current and future budget proposals including 4-year savings plan proposals to ensure that the 2017/18 budget is developed on a sound footing.
- 3.10 The report concludes that the forecast risk at Month 2, while challenging, should be manageable in the context of the expected level of risk, given that it is early in the financial year with sufficient time to take further corrective action without resorting to indiscriminate spending and recruitment restrictions.
- 3.11 The importance of this message is reinforced by the Internal Audit report on Budget Management (elsewhere on this agenda) which concludes that during 2015/16 the council had effective processes, guidance and training in place to support key aspects of budget setting and monitoring and successfully managed a projected overspend of £8.7m by introducing appropriate emergency spending controls. These arrangements demonstrate that the council can address short term financial challenges but relying on corporate interventions to fund overspending by services:
- undermines the principle that budget holders should be accountable for delivering their budgets, including approved savings;
 - if used repeatedly or over an extended period of time, could expose the council to significant long-term risks because underlying issues may not be properly addressed.
- 3.12 The Internal Audit report also recognises that Finance has supported services that identified overspending risks in 2016/17 to develop recovery plans at an earlier stage of the budget monitoring cycle. The inclusion of these recovery plans in the Month 2 forecasts has contributed to the early position being more manageable than in previous years.

4 EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 4.1 Any overspend remaining at the year-end, after taking account of risk provisions, would need to be funded from general reserves which would then need to be replenished to ensure that the working balance did not remain below the recommended level of £9.000m. Any underspend would release one off resources that can be used to aid budget planning for 2017/18.

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 None directly in relation to this update report.

6 CONCLUSION

- 6.1 The TBM Month 2 report to Policy, Resources & Growth Committee on 14 July highlighted the forecast overspend risk at Month 2 and the mitigating actions being taken. The report provides members with the information needed to make informed decisions on management of the 2016/17 budget monitoring process to ensure the continued financial resilience of the council.

7 FINANCIAL & OTHER IMPLICATIONS:

- 7.1 Included in the body of the report.

Finance Officer Consulted: Jeff Coates

Date: 13 September 2016

Legal Implications:

- 7.2 None directly in relation to this report. Implications relating to TBM Month 2 are detailed in the report to the 14 July Policy, Resources & Growth Committee meeting.

Equalities Implications:

- 7.3 Note directly in relation to this report. Implications relating to TBM Month 2 are detailed in the report to the 14 July Policy, Resources & Growth Committee meeting.

Sustainability Implications:

- 7.4 None directly in relation to this report. Implications relating to TBM Month 2 are detailed in the report to the 14 July Policy, Resources & Growth Committee meeting.

SUPPORTING DOCUMENTATION

Appendices: None

Documents in Members' Rooms: None

Background Documents: None

Subject: Extract from the proceedings of the Policy Resources & Growth Committee meeting held on the 14 July 2016 – Targetted Budget Management (TBM) 2016/17 Month 2

Date of Meeting: 27 September 2016

Report of: Head of Legal & Democratic Services & Monitoring Officer

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 report referred from the Policy & Resources for information.

Recommendations:

That the Committee note the report.

BRIGHTON & HOVE CITY COUNCIL

POLICY, RESOURCES & GROWTH COMMITTEE

4.00pm 14 JULY 2016

FRIENDS MEETING HOUSE, SHIP STREET, BRIGHTON

MINUTES

Present: Councillors Morgan (Chair), Hamilton (Deputy Chair), G Theobald (Opposition Spokesperson), Mac Cafferty (Group Spokesperson), Bewick, Janio, Mitchell, A Norman, Sykes and Wealls

PART ONE**25 TARGETTED BUDGET MANAGEMENT (TBM) 2016/17 MONTH 2**

- 25.1 The Committee considered a report of the Executive Director for Finance & Resources in relation to Targetted Budget Management (TBM) 2016/17 Month 2. The report set out an early indication of forecast risks as at Month 2 on the Council's revenue and capital budgets for the financial year 2016/17.
- 25.2 In response to Councillor Sykes it was explained that the additional pressure funding in adult social care was based on projected demand; however, the service was working to meeting its efficiency savings. The figures in the report included decisions made at the previous meeting in relation to contract management for the Royal Pavilion & Museums. In relation to social worker agency staff the Executive Director for Families, Children & Learning explained that the department had introduced a market supplement to make the roles more competitive with neighbouring authorities in view to having no agency staff in the future. Lastly it was also clarified that slippage in terms in capital funding would affect the cash flow of the Council.
- 25.3 In response to questions from Councillor G. Theobald the following responses were provided. Band One in terms of transport was part of the incentive fund and related the ability of the authority to provide full asset management plans, the scale was from one at the lowest to three at the highest. It was not envisaged the Council would receive money from the Better Care Fund this year, the additional money the previous financial year had related to an underspend in the pooled fund. There had been a pause before the introduction of fees for pre-application planning advice the allow the Planning Department to focus on the determining the backlog of applications; however, charging for advice of major applications had now commenced and work was being undertaken on planning performance agreements on schemes, and the intention was to roll out more of the fees this year. Previous recruitment controls had been relaxed, and posts now had to be agreed through the relevant DMT. Re-procurement had increased costs in relation to home to school transport and Officers were now undertaking further a review of this in view to bringing a report to a future meeting of the Children, Young

People & Skills Committee. It was hoped that a permanent management solution could be found for the Electoral Services Team; however, this had not been possible due to the recruitment difficulties during the PCC Elections and Referendum, it was hoped that this could be taken forward after the by-election in August. There were also some funding pressures due to the volume of electoral work that had been delivered by the Council since May 2015 and it had been necessary to use increased casual staff and as well staff resources from other areas of the Council.

- 25.4 In response to Councillor Janio it was explained that priorities could be established during the budget setting process to realise funds where there were underspends; however, the Council would need to be very mindful that it was not seen to be acting imprudently in its financial management.
- 25.5 In response to Councillor A. Norman it was clarified that there was an agreed overspend to manage cases in relation to Deprivation of Liberty Safeguards work. Whilst the Law Commission were currently considering the administrative process, it was highlighted that this work was in the best interests of the individuals concerned and would be ongoing.
- 25.6 The Chair then put the recommendations to the vote.

25. **RESOLVED**

- 1) That the Committee note the forecast risk position for the General Fund, which indicates a budget pressure of £3.745m. This includes a pressure of £0.236m on the council's share of the NHS managed Section 75 services.
- 2) That the Committee note that recovery planning is in place and will be reported to the cross-party Budget Review Group as appropriate.
- 3) That the Committee note that total recurrent and one-off risk provisions of £3m are available to mitigate the forecast risk if the risks cannot be completely eliminated by year-end.
- 4) That the Committee note the forecast for the Housing Revenue Account (HRA), which is an underspend of £0.270m.
- 5) That the Committee note the forecast risk position for the Dedicated Schools Grant which is an overspend of £0.097m.
- 6) That the Committee note the forecast outturn position on the capital programme and approve the variations and reprofiles in Appendix 3 and the new schemes as set out in Appendix 4.

The meeting concluded at 8.07pm

Subject:	Targeted Budget Management (TBM) 2016/17: Month 2		
Date of Meeting:	14 July 2016		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name:	Nigel Manvell	Tel: 29-3104
	Email:	Nigel.manvell@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE**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 an early indication of forecast risks as at Month 2 on the council's revenue and capital budgets for the financial year 2016/17.
- 1.2 As set out in the General Fund Revenue Budget 2016/17 report to Budget Council, potential cost pressures of up to £18m were identified of which approximately £12m was provided for in the budget through 'service pressure funding'. The report highlighted that successful 'demand management' strategies would therefore be key to managing down cost pressures across Adult and Children's social care and Homelessness (temporary accommodation) in order to achieve financial balance in 2016/17. In recognition of this challenging position, £3m risk provisions were set aside to provide some mitigation against these risks.
- 1.3 The forecast risk for 2016/17 at this early stage is £3.745m on the General Fund reflecting the situation outlined above. This includes a pressure of £0.236m on the council's share of the NHS managed Section 75 services. The position continues to be due to sustained pressures across Adults and Children's social care budgets and Homelessness. These services have developed recovery plans and measures to address pressures as far as practicable and this process will continue to attempt to pull the position back into balance over the remainder of the year.
- 1.4 This position compares to early forecasts in previous years of £6.031m in 2014/15 and £9.430m in 2015/16 and therefore indicates a more manageable starting position for the financial year by comparison. Taking into account the available risk provisions of £3m, the council's financial position is therefore in a reasonable position at this point in the year, however, utilising risk provisions is to be avoided if at all possible as these resources are highly likely to be required for future years as the financial challenges increase.
- 1.5 Although the forecast risk above is significant, mainly due to ongoing demand pressures, the report shows that the substantial savings package in 2016/17 of

£20.968m is significantly on track with £20.333m either achieved or anticipated to be achieved.

2 RECOMMENDATIONS:

- 2.1 That the Committee note the forecast risk position for the General Fund, which indicates a budget pressure of £3.745m. This includes a pressure of £0.236m on the council's share of the NHS managed Section 75 services.
- 2.2 That the Committee note that recovery planning is in place and will be reported to the cross-party Budget Review Group as appropriate.
- 2.3 That the Committee note that total recurrent and one-off risk provisions of £3m are available to mitigate the forecast risk if the risks cannot be completely eliminated by year-end.
- 2.4 That the Committee note the forecast for the Housing Revenue Account (HRA), which is an underspend of £0.270m.
- 2.5 That the Committee note the forecast risk position for the Dedicated Schools Grant which is an overspend of £0.097m.
- 2.6 That the Committee note the forecast outturn position on the capital programme and approve the variations and reprofiles in Appendix 3 and the new schemes as set out in Appendix 4.

3 RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

Targeted Budget Management (TBM) Reporting Framework

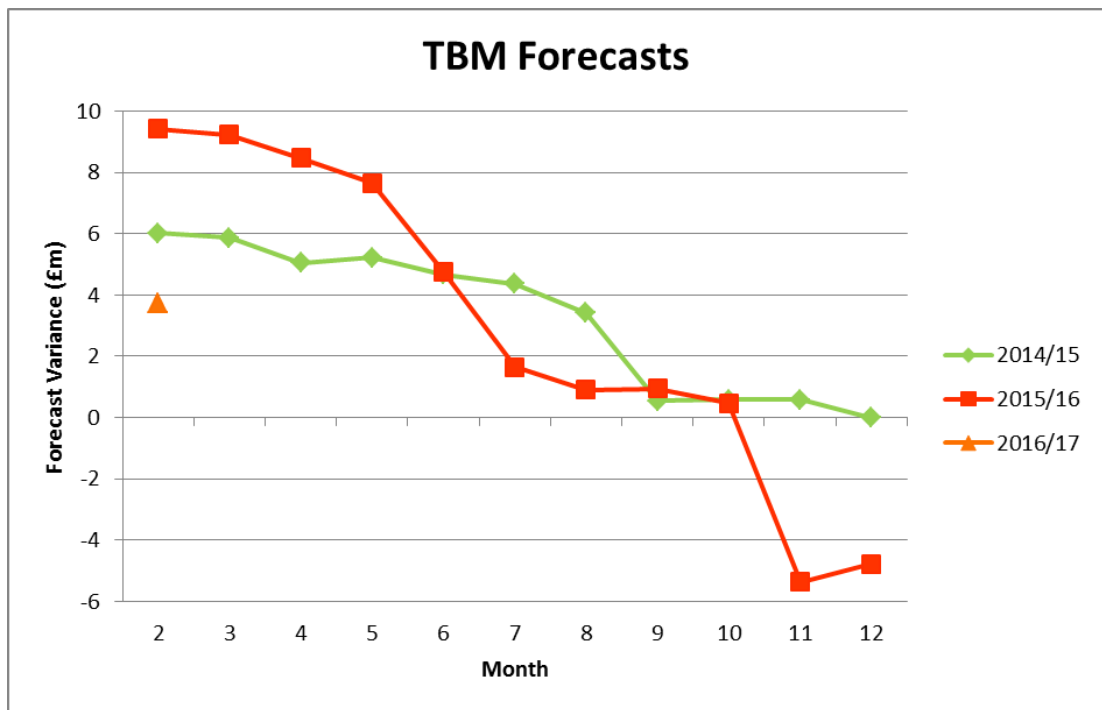
- 3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy, Resources & Growth Committee. Services monitor their TBM position on a monthly or quarterly basis 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 demand-led 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. These are budgets under the direct control and management of the Executive Leadership Team. More detailed explanation of the variances can be found in Appendix 2.

2015/16 Outturn Variance £'000	Directorate	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
1,926	Families, Children & Learning	53,068	54,145	1,077	2.0%
1,886	Health & Adult Social Care	79,226	82,685	3,459	4.4%
(1,736)	Economy, Environment & Culture	33,201	33,228	27	0.1%
246	Neighbourhood, Communities & Housing	15,467	15,715	248	1.6%
(973)	Finance & Resources	20,040	19,590	(450)	-2.2%
(734)	Strategy, Governance & Law	5,656	5,698	42	0.7%
615	Sub Total	206,658	211,061	4,403	2.1%
(5,395)	Corporate Budgets	7,758	7,100	(658)	-8.5%
(4,780)	Total General Fund	214,416	218,161	3,745	1.7%

- 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. Note that General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Note also that 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). The chart below shows the monthly forecast variances for 2016/17 and the previous two years for comparative purposes.



Demand-led 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. Note that the Community Care figures for 2015/16 in the table below exclude one-off Care Act funding of £2.228m and one-off Better Care funding of £0.971m applied to these areas.

2015/16 Outturn Variance £'000	Demand-led Budget	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
1,766	Child Agency & In House Placements	19,556	20,643	1,087	5.6%
4,308	Community Care	36,855	39,466	2,611	7.1%
656	Temporary Accommodation	1,459	1,611	152	10.4%
6,730	Total Corporate Critical	57,870	61,720	3,850	6.7%

Summary of the position at Month 2

The main pressures reported at Month 2 continue to be across Children's and Adults Social Care and Homelessness (Temporary Accommodation) as follows:

3.6 **Children's Services:** The initial forecast budget risk across Families, Children and Learning was £2.534m primarily resulting from increased demand pressures on services for Children in Care and social work cost pressures continuing through from last year. Subsequently the directorate has put together a financial recovery plan to address the financial risks. This recovery plan identified £1.535m of potential cost reductions to improve the forecast position. There still remain significant financial pressures on services for Children in Care and social work as well as an emerging risk in the Home to School Transport budget that will need to be closely monitored.

The projected position has identified potential cost pressures of £0.250m on social work staffing and £1.205m on placement budgets. Together with risks of £0.255m on Home to school transport, and other underspending budgets of £0.633m, this explains the residual forecast risk of £1.077m as at Month 2.

3.7 **Adults Services:** The service is facing a significant financial challenge in 2016/17 in mitigating the risks arising from the sustained pressures in 2015/16 and managing in-year demands. This is alongside delivering a significant budget savings programme, developing integration plans through the Better Care Fund and completing the Learning Disabilities Review.

The forecast TBM risk at Month 2 of £3.459m is after identifying recovery measures of £1.741m which have helped to contain the forecast risk. Recovery measures are focused on attempting to manage demands on and costs of community care placements across Assessment Services and making the most efficient use of available funds. The forecast risk includes the following main elements that are described in more detail in Appendix 1:

- The main area of forecast risk concerns service pressures identified at the beginning of the year (and highlighted in the General Fund Revenue Budget report as noted above) which relate to increased complexity of need, increasing numbers of older people being discharged from hospital requiring social care services for the first time, pressures on the provider services' budget and Deprivation of Liberty Standards (DoLS) cases. At Month 2 there is a significant residual risk of £3.459m relating to these pressures.
- Note that the in-year forecast does not include any one-off funding contributions. In previous years, one-off contributions have been received from the Care Act implementation funds and the Better Care Fund (£3.548m in 2015/16). At this stage it is not anticipated that any additional funds will be made available in 2016/17 but this will kept under review.
- The forecast includes the part year effect of the proposed increase in care home fees. In order to manage the local market and address the significant under-supply of providers in the city who will accept publicly funded residents, fee increases were essential.
- Approved budget savings for 2016/17 of £6.159m are projected to be achieved.
- Service pressure funding of over £6m, including the Adult Social Care precept, was applied in 2016/17 and has been used to fund budget pressures resulting from increased demands and complexity, DoLS, the national living wage and fee rates.

The funding of all care packages is scrutinised for Value for Money, ensuring that eligible needs are met in the most cost-effective manner which will not always meet people's aspirations. This forms a key part of the savings implementation plan. Adult Services are also using benchmarking information to support the driving down of unit costs but are faced with increased complexity and demand (deographic) growth which is also a national picture. Through regional and other social care networks the service has been looking at best practice in delivering cost effective services in order to influence future direction - this includes demand management strategies and identifying opportunities through Housing provision.

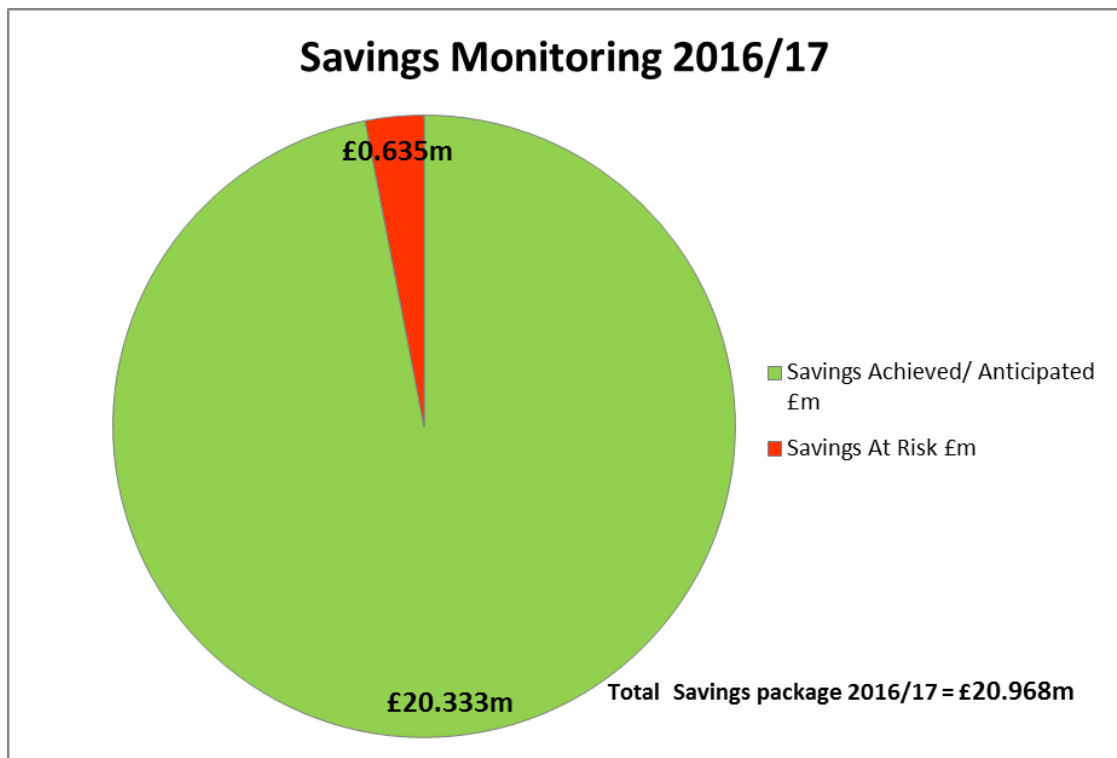
- 3.8 **Housing Services and Temporary Accommodation:** Although the council is accepting a full housing duty for a similar level of households than previously, the actual numbers of households in temporary accommodation is increasing because there are limited opportunities to move these households out of temporary accommodation into other alternative longer term forms of accommodation. This is due to a mixture of shortage of supply, unaffordable rents in the private sector and policy changes within Adult Social Care commissioning affecting the allocation of supported beds.

The current projection is an overspend of £0.820m of which £0.335m relates to the managed risk identified when the budget was approved. As a result, the service has developed a financial recovery plan which includes a number of measures to reduce the overspend including the use of one off specific temporary accommodation reserves, vacancy management, improving moving on out of temporary accommodation as well as utilising £0.200m of DCLG funding for early prevention work and financial incentives to landlords and applicants. However, £0.152m is at risk of not being achieved and hence the current forecast risk reflects this.

In the longer term, changes to the allocations policy (due to be reported to Housing and New Homes Committee in September) to provide priority for homeless households would also achieve significant savings from 2017/18.

Monitoring Savings

- 3.9 The savings package approved by full Council to support the revenue budget position in 2016/17 was £20.968m. This is a very large savings package and follows 5 years of substantial packages totalling nearly £98m. Achievement of savings programmes and actions in 2016/17 will be closely monitored to ensure satisfactory progress and, so far as possible, to avoid adding to financial pressures in future years through non-achievement.
- 3.10 Appendix 1 provides a summary of savings in each directorate and indicates in total what is anticipated/achieved or is at risk. Appendix 2 summarises the position across all directorates and presents the entire savings programme. The graph below provides a summary of the position as at Month 2 which is an early indication. This shows that delivery of the savings programme of £20.968m for 2016/17 is expected to be substantially on track with only a small number of items, totalling £0.635m, at risk. Mitigation of these risks is included in the development of services' financial recovery actions.



Housing Revenue Account Performance (Appendix 1)

- 3.11 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 is an underspend of £0.270m and more details are provided in Appendix 1.

Dedicated Schools Grant Performance (Appendix 1)

- 3.12 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 forecast outturn is an overspend of £0.097m 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)

- 3.13 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 include health and social care services for Adult Mental Health and Memory and Cognitive Support Services.
- 3.14 This partnership is 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 result in financial implications for the council where a partnership is underspent or overspent at year-end and hence the performance of the partnership is included within the forecast outturn for the Health & Adult Social Care directorate. The council's forecast contribution to the risk share for 2016/17 is currently £0.236m and more details are provided in Appendix 1.

Capital Programme Performance and Changes

- 3.15 The table below provides a summary of capital programme performance by Directorate and shows that there is a forecast overspend of £0.312m at this early stage. More details are provided in Appendix 3.

2015/16 Outturn Variance £'000	Capital Budgets	2016/17 Capital Budget £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000	Forecast Outturn Variance %
(13)	Families, Children & Learning	17,248	17,248	0	0.0%
0	Health & Adult Social Care	665	665	0	0.0%
(272)	Economy, Environment & Culture	50,034	50,034	0	0.0%
(409)	Neighbourhood, Comms & Housing	4,545	4,857	312	6.9%
(578)	Housing Revenue Account	56,416	56,416	0	0.0%
0	Finance & Resources	3,572	3,572	0	0.0%
0	Strategy, Governance & Law	0	0	0	0.0%
0	Corporate Services	0	0	0	0.0%
(1,272)	Total Capital	132,480	132,792	312	0.2%

(Note: Summary may include minor rounding differences to Appendix 3)

- 3.16 Appendix 3 shows the changes to the budget and Appendix 4 provides details of new schemes for 2016/17 to be added to the capital programme which are included in the budget figures above. Policy, Resources & Growth 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 at Budget Council.

Capital Budget Movement	2016/17 Budget £'000
Summary	
Budget approved at Budget Council	72,418
New schemes included in the Budget above where further reports to Policy & Resources are needed before their inclusion in the capital programme	50,941
Slippage and reprofiles approved in the Outturn report	8,853
New Schemes approved in the Outturn report.	745
Reported at other Policy & Resources committees for inclusion into 2016/17 year	100
New schemes to be approved in this report (see appendix 4)	1,715
Variations to Budget (to be approved)	174
Reprofiling of Budget (to be approved)	(2,466)
Slippage (to be approved)	0
Total Capital	132,480

- 3.17 Appendix 3 also details any slippage into next year. However, project managers have forecast that none of the capital budget will slip into the next financial year at this early stage.

Implications for the Medium Term Financial Strategy (MTFS)

- 3.18 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 & Growth 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.

Capital Receipts Performance

- 3.19 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, Customer First in a Digital Age and the Workstyles VFM projects. The planned profile of capital receipts for 2016/17, as at Month 2, is £12.858m against which there have been receipts of £0.309m in relation to a lease extension at Hartington Road plus some minor lease extensions at the Marina.
- 3.20 The forecast for the 'right to buy sales' in 2016/17 (after allowable costs, repayment of housing debt and forecast receipt to central government) is that an estimated 50 homes will be sold with a maximum useable receipt of £0.495m to fund the corporate capital programme and net retained receipt of £3.582m available to re-invest in replacement homes. To date 5 homes have been sold in 2016/17.

Collection Fund Performance

- 3.21 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 Crime Commissioner and East Sussex Fire Authority, whereas any forecast deficit or surplus relating to business rates is shared between the council, East Sussex Fire Authority and the government.
- 3.22 The council tax collection fund is forecast to be in surplus by (£0.765m) at year end which incorporates a brought forward surplus of (£0.376m). Other main changes in the forecast during the year are a greater than forecast reduction in Council Tax Reduction awards (£0.300m), increased income from new properties and banding changes (£0.150m), and increased severely mentally impaired exemptions £0.050m. The council's share of the overall forecast council tax surplus is (£0.654m).
- 3.23 The business rates collection fund is forecast to be in deficit by £2.660m at year-end which incorporates a brought forward deficit of £1.378m. The main change in the forecast during the year is in relation to a greater reduction in the 2016/17 liability being forecast from the impact of appeals. Business rates income continues to be difficult to forecast due to the backlog of appeals. The current focus of the Valuation Office Agency is the 2017 revaluation and therefore it is anticipated that the uncertainty over the impact of potentially successful appeals will continue into 2017/18. The council's share of the overall forecast business rates deficit is £1.303m.
- 3.24 The council's share of the combined net deficit across both collection funds is £0.649m and this will need to be included in the budget forecast for 2017/18.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The provisional outturn position on the General Fund is an overspend of £3.745m. This includes a pressure of £0.236m on the council's share of the NHS managed Section 75 services. Risk provisions of £3m are available to substantially mitigate the position. Any overspend at the year end would 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 2017/18.

5 COMMUNITY ENGAGEMENT & 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 General Fund Revenue Budget 2016/17 report to full Council in February, which set out the budget for approval, indicated that cost pressures arising from increasing costs and demands, particularly across social care, were likely to add costs of around £18m. Through a combination of savings programmes

(totalling over £20m) and taxbase increases including the Adult Social Care precept, the council was able to provide £12m funding toward these cost pressures requiring effective demand management strategies to manage the residual risk.

- 6.2 The forecast risk at month 2, while challenging, would appear to be manageable in the context of the expected level of risk, given that it is early in the financial year with sufficient time to take further corrective action without resorting to indiscriminate spending and recruitment restrictions.
- 6.3 The Executive Leadership Team will continue to keep under review recovery actions and every effort will be made to ensure risk provisions are protected to ensure these resources are available to support the greater financial challenge expected in 2017/18. There will also be further 'stress testing' of current and future budget proposals including 4-year savings plan proposals to ensure that the 2017/18 budget is developed on a sound footing.
- 6.4 To assure the position, the cross-party Budget Review Group will be provided with appropriate updates on recovery actions to provide members with effective oversight of this corporate risk.

7 FINANCIAL AND OTHER IMPLICATIONS

Financial Implications:

- 7.1 The financial implications are covered in the main body of the report. Financial performance is kept under review on a monthly basis by the Cross-Party Budget Review Group and the management and treatment of forecast risks is considered by the Audit & Standards Committee.

Finance Officer Consulted: Jeff Coates Date: 21/06/16

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: Elizabeth Culbert Date: 30/06/16

Equalities Implications:

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

Sustainability Implications:

- 7.4 Although there are no direct sustainability implications arising from this report, the council's financial position is an important aspect of its ability to meet Corporate Plan and Medium Term Financial Strategy priorities. The achievement of a break-even position or better is therefore important in the

context of ensuring that there are no adverse impacts on future financial years from performance in 2016/17.

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. Summary of 2016/17 Savings Progress
3. Capital Programme Performance
4. New Capital Schemes

Documents in Members' Rooms:

None.

Background Documents

None.

Families, Children & Learning

Revenue Budget Summary

2015/16 Outturn Variance £'000	Service	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
2	Director of Families, Children & Learning	288	288	0	0.0%	100	100	0
(668)	Health & Disability Services	5,489	5,262	(227)	-4.1%	1,105	1,105	0
(325)	Education & Skills	8,237	8,445	208	2.5%	755	695	60
2,991	Children's Safeguarding & Care	37,603	38,699	1,096	2.9%	3,002	2,902	100
(74)	Children's Safeguarding & Quality Assurance	1,451	1,451	0	0.0%	0	0	0
1,926	Total Families, Children & Learning	53,068	54,145	1,077	2.0%	4,962	4,802	160

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Explanation of Key Variances (Note: FTE/WTE = Full/Whole Time Equivalent)

Key Variances £'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
Health & Disability Services			
(118)	Corporate Critical - Disability Agency Placements	It is currently forecast that there will be 12.12 FTE disability agency placements during 2016/17. The budget allows for 14.00 FTE and this has resulted in the underspend of £0.118m.	
(75)	Recruitment and expenditure restrictions	A £0.075m target has been allocated to each Assistant Director for the year to be met from cutting non essential expenditure and/or holding posts vacant for a longer period of time	

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
(50)	Contracted services	A number of efficiency savings have been realised following a comprehensive review of all contracted services for children with disabilities.	
Education & Skills			
255	Home to School Transport	<p>The overspend is due to:</p> <ul style="list-style-type: none"> • The full year effect of the new contract that commenced in September following the retendering exercise; • Lower impact of Independent Travel Training than anticipated; • Increased costs in 16-19 travel; • Additional 'recoupment' costs. <p>The overspend reflects the latest numbers of children (353) being transported. An analysis has been undertaken with the budget holder for each area of the budget and the latest position reflects the estimated outturn position based on current information.</p>	Further work is taking place to understand the increased costs of transport and identify mitigations.
53	Youth Service	An element of the 2016/17 budget savings strategy for the Youth Service was based on reducing the costs for premises following a review of buildings. At this stage it is unlikely that these savings will materialise, resulting in the overspend of £0.053m.	Negotiations are currently underway with third sector providers to increase delivery from the Youth Service buildings. It is expected that an initial one year licence will be agreed for one building and will be in place by July 2016 which will produce a significant contribution towards this pressure. Other negotiations are continuing.

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
(75)	Recruitment and expenditure restrictions	A £0.075m target has been allocated to each Assistant Director for the year to be met from restricting non essential expenditure and/or holding posts vacant for a longer period of time where possible.	
Children's Safeguarding & Care			
277	Corporate Critical - Residential Agency Placements	The projected number of residential placements (32.15 FTE) is broken down as 28.76 FTE social care residential placements (children's homes), 3.00 FTE schools placements and 0.40 FTE family assessment placements. The budget allowed for 27.70 FTE social care residential care placements, 3.90 FTE schools placements and 0.40 FTE family assessment placements. The average unit cost of these placements is also higher than the budgeted level. The number of children's home placements is 1.06 FTE above the budgeted level, and this combined with the overall average unit cost pressure of £151.01 per week results in an overspend of £0.277m.	Regular reviews of any placement in a residential setting are being undertaken and there are plans for a number of children to move them to alternative placements in the community where this is appropriate.

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
499	Corporate Critical - Independent Foster Agency (IFA) Placements	The numbers of children placed in Independent Foster Agency placements has decreased in recent years. During 2015/16 there were 158.06 FTE. The current projected number of placements in 2016/17 is 134.26 FTE, a reduction of 15.1%. The budget for IFA placements included significant levels of savings and was set at 121.00 FTE. The numbers being higher than the budget by 13.26 FTE results in a projected overspend of £0.699m.	This project is working very well and with a reduction in children in Care (CIC) is enabling the service to achieve an improved financial outcome. If both factors continue, it may be possible to achieve greater savings. It is, however, anticipated that the recruitment of new in-house foster carers will reduce the overspend by £0.200m.
215	Corporate Critical - Secure Accommodation	It is estimated that during 2016/17 there will be 2.03 FTE secure (welfare) placements and 0.76 FTE secure (justice) placements. The budget allowed for 1.00 FTE welfare and 1.00 FTE justice placements during the year. There are currently 2 children in a secure (welfare) placement and none in a secure (criminal) placement resulting in a projected overspend of £0.215m.	Secure placements are only used as a last resort. They are used when deprivation of a young person's liberty is the only solution which will enable work to start to keep them safe on exit from the unit. The Adolescent Service is being successful in reducing the risk and stepping down needs and it is planned that the service will be able to impact on the number of young people requiring secure placements.
295	Corporate Critical - Semi-independent/Supported placements	The number of semi-independent and supported living placements is projected to be 19.93 FTE and this is 1.43 FTE above the budgeted level. In addition, the average unit cost of these placements is £221.26 per week higher than the budget and this results in an overspend of £0.295m.	It will be difficult to achieve any savings in this area due to pressures elsewhere in the system.

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
(292)	Corporate Critical - In-House Fostering	As at the 31st May 2016 there were 146 children placed with 'in-house' foster carers. The budget was based on an increasing trend over the last few years and was set at 156.50 FTE placements. This has resulted in the current projected underspend of £0.292m. There is currently work ongoing to increase the number of in-house foster carers and this should result in a net reduction in costs which has been taken into account in the independent foster agency placement projection above.	The project will try to increase the number of in house foster carers by more than predicted
(94)	Corporate Critical - Family & Friends placements, Child Arrangement Orders and Special Guardianship Orders	The budget allows for 310.00 FTE placements of these types. It is currently anticipated that there will be 295.11 FTE children in these placements during 2016/17. In addition the average unit cost is lower than budgeted and this results in the underspend of £0.094m.	
305	Corporate Critical - Care Leavers	The projected number of care leaver placements in 2016/17 is 77.42FTE. The budget allows for 58.10 FTE placements. The increase mainly relates to growing numbers of Staying Put placements (45.60 FTE in 2016/17). In addition, the average unit cost is £15.79 higher than the budget and the non-accommodation support costs are also overspending resulting in an overall overspend of £0.305m.	The right of 18 year olds to decide to 'Stay Put' with their foster carers is a requirement on the service and one which we are tasked to encourage as in the best interests of young people. We do not anticipate this spend reducing. The current Social Work Bill is likely to lead to increased pressure in this area.

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
250	Social Work Teams	The overspend within the social work teams relates predominantly to use of agency staff. This is a result of a large number of vacant posts across the social work teams at present and a difficulty in retaining experienced staff. There are currently 29 locum social workers employed within the social work service resulting in additional costs of £2.100m off-set by savings on vacant posts of £1.550m. It is anticipated that the new measures designed to improve recruitment and retention of social workers will reduce this overspend by £0.300m resulting in the forecast overspend of £0.250m.	The new model for social work adopted in Brighton & Hove has attracted a lot of interest from social workers from other areas and those employed as agency staff currently. With the potential agreement to a market supplement payment, it is hoped that it will be possible to achieve further reductions in agency spend.
(216)	Adoption	Following changes to adoption regulations and a re-basing of the inter-agency budget, it is anticipated that there will be an underspend in 2016/17. This is based on estimated income from other agencies which was considerably higher last year than in previous years. In addition, it includes income from the new Inter Agency Adoption Fee Grant.	
(143)	Other	There are a number of smaller underspends across Children's Safeguarding and Care primarily resulting from staff vacancies.	

Health & Adult Social Care

Revenue Budget Summary

2015/16 Outturn Variance £'000	Service	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
1,103	Adult Social Care	45,507	48,705	3,198	7.0%	4,631	4,631	0
1,350	Provider Services	12,114	12,239	125	1.0%	1,369	1,369	0
(808)	Integrated Commissioning	8,688	8,588	(100)	-1.2%	159	159	0
474	S75 SPFT	11,675	11,911	236	2.0%	0	0	0
(233)	Public Health	1,242	1,242	0	0.0%	1,096	1,096	0
1,886	Total Health & Adult Social Care	79,226	82,685	3,459	4.4%	7,255	7,255	0

75 Explanation of Key Variances (Note: FTE/WTE = Full/Whole Time Equivalent)

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
Adult Social Care			
2,049	Corporate Critical Community Care - Learning Disability	There has been an increase in the level of clients presenting with greater complexity of need in the last few months. This has resulted in an increase in the average unit costs for Learning Disability Care packages. Numbers of clients have remained fairly static and the overspend is almost entirely a result of increased costs of packages of care.	Continued review of care packages to ensure provision of services is effective, appropriate and value for money. Making the best use of in-house resources is also critical. Continued exploration of ways to reduce the need for high cost care and admissions into residential homes. Also, talking to NHS colleagues regarding the impact of the transforming care programme

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
38	Corporate Critical Community Care - No Recourse to Public Funds	The forecast Whole Time Equivalent (WTE) number of care packages for clients with no recourse to public funds is slightly higher than the budgeted estimate. In addition the average unit cost is slightly higher as well, resulting in the small overspend of £0.038m.	
506	Corporate Critical Community Care - Physical & Sensory Support	The number of WTE care packages is significantly greater than the budgeted level. This is partly the result of increasing numbers of 'new' older people being discharged from hospital requiring social care services for the first time, as well as increased community demand.	Numbers of clients requiring social care services have been higher than anticipated and work is ongoing to look at reducing admissions to nursing and residential homes. There is a need to work with all partners both NHS and independent sector to promote well being and reablement.
18	Corporate Critical Community Care - Substance Misuse	There are relatively small numbers of clients within this service and this is in line with the expected demand. The average unit costs however are slightly higher than anticipated and this accounts for the small overspend.	
660	Deprivation of Liberty Safeguarding (DOLS)	The level of new referrals increased significantly in the last half of 2015/16, rising from 122 in October 2015 to 190 in April 2016. It is estimated that referrals will increase by 25% in 2016/17 to just fewer than 3,100 for new and repeat referrals.	This is a key pressure area for which additional resources will be required and in future years will need to be mitigated by either additional resources (e.g. Adult Social Care precepts) or by savings elsewhere.
(82)	Carers Support	More efficient use of Better Care Fund resources will result in an underspend in the carers support budget.	

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
Provider Services			
86	Older people resource centres	The overspend relates to use of Care Crew agency staffing pressures across the resource centres.	Reviewing staffing levels and the use of care crew.
50	Supported employment	The income target for supported employment has risen significantly in the last few years to £0.490m. The level of sales being generated however is considerably below the required rate and it is anticipated that there will be a shortfall of £0.100m in 2016/17. This is mitigated by actions identified in the Financial Recovery Plan, reducing the overspend to £0.050m.	Review of the service and exploring ways to maximise income revenue streams.
Integrated Commissioning			
(118)	Carers Support	More efficient use of Better Care Fund resources will result in an underspend in the Carers Support budget.	
S75 Sussex Partnership Foundation Trust (SPFT)			
317	Memory Cognition Support	There are higher numbers of WTE care packages than are funded in the budget; the unit costs are also higher than had been anticipated resulting in the overspend of £0.317m. This is due to a current lack of affordable residential and nursing home placements within the city.	Increased scrutiny of all complex or high cost care packages to ensure value for money against eligible care needs. Where possible, no placements are made above the agreed Local Authority rates. The Clinical Commissioning Group (CCG) have agreed additional funding of £0.850m to offset the risks on the Community Care budget. The Risk Share arrangement with SPFT assumes a 50:50 split of any remaining overspend. A Continuing Health Care Taskforce is in place to ensure that all appropriate funding sources are identified.
255	Mental Health Support	Numbers of WTE clients are lower than the budget allocation but the average unit costs are significantly higher due to the increasing need and complexity of this client group and it is this that results in the overspend of £0.255m.	

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
(100)	Staff teams	Underspends resulting from vacancies and turnover.	
(236)	SPFT risk share	Negotiations are still ongoing to agree the risk share for the S75 agreement. For reporting purposes, it has been assumed that the proposed capped 50/50 risk share will ultimately be approved.	

Economy, Environment & Culture

Revenue Budget Summary

2015/16 Outturn Variance £'000	Service	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
(1,040)	Transport	(6,317)	(6,492)	(175)	-2.8%	980	813	167
(272)	City Environmental Management	28,331	28,287	(44)	-0.2%	1,330	1,330	0
(76)	City Development & Regeneration	2,787	2,934	147	5.3%	226	216	10
31	Culture	4,403	4,428	25	0.6%	572	484	88
(379)	Property	3,997	4,071	74	1.9%	789	769	20
(1,736)	Total Economy, Environment & Culture	33,201	33,228	27	0.1%	3,897	3,612	285

79 Explanation of Key Variances

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
Transport			
0	Head of Transport	The implementation of the service redesign is now anticipated later than originally planned resulting in a savings risk of £0.167m. This will be funded through vacancy management pending the service redesign.	
(197)	Parking & Network Operations	Forecast over-achievement on permit fee income of £0.159m due to continued uptake in permit parking. This is partially offset by forecast under-achievement on other parking income of £0.072m. Net underspending on car park expenditure of £0.111m is largely due to reduced	

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
		borrowing costs of refurbishment schemes.	
City Environmental Management			
(44)	City Clean Operations	An underspend of £0.056m on employee costs is largely due to Easter bank holidays not falling in the financial year . There is also a reduction in agency staff expenditure of £0.098m primarily across Street Cleansing teams following various modernisation schemes resulting in a more efficient service. These are partially offset by an overspend on vehicle related costs and other ad-hoc variances totalling £0.110m.	
City Development & Regeneration			
276	Applications	There is a forecast under-achievement on Development Planning and Building Control fee income of £0.254m. This is based on current demand forecasts and delays to implementing pre-planning application advice charges. There is a net salary overspend forecast of £0.022m.	Income levels are demand led and dependant on the number of applications and major developments in the City. Potential mitigating actions are not currently possible due to pressure on the service to meet timescales for responding to applications.
(86)	Planning Policy and Major Projects	Underspends in salary costs due to vacancies being held in advance of a service restructure.	

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
Culture			
25	Royal Pavilion and Museums	An overspend of £0.025m relates to savings at risk due to the delay in the implementation of the extension of cultural exemption to other sites. Unachievable one-off savings of £0.063m relating to sinking fund contributions for The Keep will be managed within other expenditure budgets within the service.	
Property			
213	Commercial Property Portfolio	There is a net pressure from income forecasts (representing approximately 2.6% of the income budget) based on information from managing agents. This includes £0.020m of savings at risk which are subject to economic and market conditions.	Rent income forecasts are monitored and reported on a monthly basis as part of the TBM process. The managing agents acting on behalf of the council seek to maximise the level of rental income from the commercial portfolio.
(139)	Property Services	There are underspends within the Corporate Landlord service (£0.085m), Technical Services (£0.020m) and Energy Management (£0.034m).	

Neighbourhood, Communities & Housing

Revenue Budget Summary

2015/16 Outturn Variance £'000	Service	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
533	Housing General Fund	4,499	4,651	152	3.4%	582	582	0
(14)	Libraries	4,968	4,968	0	0.0%	309	309	0
(142)	Communities, Equalities & Third Sector	2,757	2,857	100	3.6%	208	108	100
(107)	Regulatory Services	1,983	1,979	(4)	-0.2%	154	124	30
(24)	Community Safety	1,260	1,260	0	0.0%	133	133	0
246	Total Neighbourhood, Communities & Housing	15,467	15,715	248	1.6%	1,386	1,256	130

82 Explanation of Key Variances

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
Housing General Fund			
152	Corporate Critical - Temporary Accommodation and Allocations	This service is currently forecasting to overspend by £0.820m due to the difficulty of moving households out of temporary accommodation and into sustainable tenancies. Therefore a Financial Recovery Plan has been developed which aims to bring the spend within budget, However, approximately £0.152m is at high risk of not being achieved and is therefore forecast as an overspend risk at this time.	Currently the service is forecast to overspend by £0.820m but a financial recovery plan has been developed including the use of reserves, use of DCLG money for early prevention work, vacancy management, and a change in the allocation of supported beds by Adult Social Care which aim to keep costs within budget.

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
Communities, Equalities & Third Sector			
100	Communities, Equalities & Third Sector	The projected variance reflects the cross-cutting 'at risk' saving from the proposed merger with Community Safety in Public Health.	Pressure is expected to be managed across the Directorate.

Finance & Resources

Revenue Budget Summary

2015/16 Outturn Variance £'000	Service	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
(268)	Finance	10,417	10,175	(242)	-2.3%	810	810	0
(367)	Housing Benefit Subsidy	(676)	(926)	(250)	-37.0%	0	0	0
(194)	HR & Organisational Development	3,046	3,088	42	1.4%	335	335	0
(144)	ICT	7,253	7,253	0	0.0%	434	434	0
(973)	Total Finance & Resources	20,040	19,590	(450)	-2.2%	1,579	1,579	0

Explanation of Key Variances

Key Variances £'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
Finance			
(55)	Financial Services	The underspend relates to turnover and associated vacancy management.	
(187)	Revenues & Benefits	The management of vacancies accounts for an underspend of £0.331m. This is partially offset by an anticipated higher spend of £0.151m on court fees, postages, income collection contractor charges and other professional fees. Other minor variances give a further underspend of £0.007m.	

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
Housing Benefit Subsidy			
(250)	Housing Benefit Subsidy	£0.100m relates to the recovery of former Council Tax Benefit overpayments. There is not sufficient data available yet to make a detailed forecast on the main subsidy budgets, but based on last year's outturn a surplus of £0.150m can be forecast.	

Strategy, Governance & Law

Revenue Budget Summary

2015/16 Outturn Variance £'000	Service	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
(167)	Corporate Policy	1,102	1,102	0	0.0%	167	167	0
(135)	Democratic & Civic Office Services	1,575	1,569	(6)	-0.4%	85	85	0
(72)	Legal Services	1,474	1,474	0	0.0%	105	105	0
(236)	Life Events	27	75	48	177.8%	212	152	60
(32)	Performance, Improvement & Programmes	809	809	0	0.0%	46	46	0
(92)	Communications	669	669	0	0.0%	140	140	0
(734)	Total Strategy, Governance & Law	5,656	5,698	42	0.7%	755	695	60

Explanation of Key Variances

Key Variances £'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
Life Events			
65	Registrars	Staffing cost pressures within the Registrars Service.	The Head of Life Events and Registrations Manager are progressing a service redesign in this area.
57	Elections	Staffing cost pressures within Elections Service.	A review of the costs and funding for the Elections Service will be undertaken following the EU referendum.
(74)	Bereavement Services	Income overachievements of £0.065m and vacancy management of £0.009m.	

Corporate Services

Revenue Budget Summary

2015/16 Outturn Variance £'000	Service	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
(324)	Bulk Insurance Premia	0	(250)	(250)	0.0%	0	0	0
(132)	Concessionary Fares	10,933	10,889	(44)	-0.4%	240	240	0
(2,624)	Capital Financing Costs	6,705	6,705	0	0.0%	0	0	0
0	Levies & Precepts	172	171	(1)	-0.6%	0	0	0
(1,846)	Unallocated Contingency & Risk Provisions	4,066	4,066	0	0.0%	0	0	0
52	Unringfenced Grants	(15,495)	(15,641)	(146)	-0.9%	0	0	0
(521)	Other Corporate Items	1,377	1,160	(217)	-15.8%	270	270	0
(5,395)	Total Corporate Budgets	7,758	7,100	(658)	-8.5%	510	510	0

Explanation of Key Variances

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
Bulk Insurance Premia			
(250)	Bulk Insurance Premia	Expenditure on the settlement of claims is forecast to be lower than budgeted.	
Concessionary Fares			
(44)	Concessionary Bus Fares	Lower than anticipated reimbursements for concessionary trips.	

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
Capital Financing Costs			
73	Capital Financing Costs	Additional net borrowing costs of £0.073m will be incurred as a result of bringing forward borrowing to take advantage of historically low borrowing rates. This is expected to make permanent savings of £0.044m per year.	Overspending is offset by an increase in forecast investment income (see below).
(73)	Capital Financing Costs	Increase in forecast investment income as a result of higher forecast investment balances than previously expected.	
Unringfenced Grants			
(78)	Unringfenced Grants	Council Tax Support Admin Subsidy Grant announced in March 2016 is higher than forecast.	
(68)	Unringfenced Grants	Local Reform & Community Voices grant announced in April 2016 is higher than forecast.	
Other Corporate Items			
(217)	Unfunded Pension Payments	There is a £0.123m underspend relating to overpayments identified in respect of previous years and £0.094m in respect of an in year reduction.	

Housing Revenue Account (HRA)

Revenue Budget Summary

2015/16 Outturn Variance £'000	Service	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
2,024	Capital Financing	31,916	31,916	0	0.0%	0	0	0
(114)	Head of Housing HRA	3,197	3,197	(0)	0.0%	385	385	0
(57)	Head of City Development & Regeneration	264	237	(27)	-10.2%	37	37	0
(44)	Housing Strategy	664	664	0	0.0%	0	0	0
(1,376)	Income Involvement Improvement	(49,514)	(49,526)	(12)	0.0%	239	239	0
(1,737)	Property & Investment	11,557	11,283	(274)	-2.4%	348	348	0
(733)	Tenancy Services	1,916	1,959	43	2.2%	384	384	0
(2,037)	Total Housing Revenue Account	0	(270)	(270)	0.0%	1,393	1,393	0

Explanation of Key Variances

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
(120)	Responsive Repairs	This underspend relates to a reduction in responsive repairs expenditure due to the increased levels of capital investment in council dwellings over recent years as well as reducing stock numbers from Right to Buy sales and stock transfers to Seaside Homes.	

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
(170)	Gas servicing and maintenance	Estimated contract efficiency savings relating to a new gas contract which commenced on 1 April 2016.	

Dedicated Schools Grant (DSG)

Revenue Budget Summary

2015/16 Outturn Variance £'000	Service	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
0	Individual Schools Budget (ISB)	121,918	121,918	0	0.0%
43	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>	12,030	12,030	0	0.0%
(356)	High Needs Block (excluding delegated to Schools)	18,456	18,575	119	0.6%
(119)	Exceptions and Growth Fund	5,298	5,276	(22)	-0.4%
0	Grant Income	(157,270)	(157,270)	0	0.0%
(432)	Total Dedicated Schools Grant (DSG)	432	529	97	22.5%

Explanation of Key Variances

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
High Needs Block (excluding delegated to Schools)			
100	Mainstream top up	High Needs top up to mainstream schools is higher than budgeted.	A review of all High Needs expenditure will be undertaken to identify savings in other areas.
50	DSG contributions	Unanticipated DSG contribution to meet General Fund pressures.	
18	Other	Miscellaneous minor overspends.	
(49)	Other	Unallocated 2015/16 budget brought forward.	

Appendix 1 – Revenue Budget Performance

Key Variances			
£'000	Service Area	Variance Description	Mitigation Strategy (Overspends Only)
Exceptions and Growth Fund			
(23)	Exception 1	Mainly school reimbursement for union duties, jury service and suspension.	

Savings Monitoring 2016/17

General Fund

Directorate	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
Families, Children & Learning	4,962	4,802	160
Health & Adult Social Care	7,255	7,255	0
Economy, Environment & Culture	3,897	3,612	285
Neighbourhood, Communities & Housing	1,386	1,256	130
Finance & Resources	1,579	1,579	0
Strategy, Governance & Law	755	695	60
Corporate Budgets	510	510	0
Total Directorate Savings	20,344	19,709	635
Tax Base Savings	624	624	0
Total General Fund Savings	20,968	20,333	635

Housing Revenue Account

Directorate	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
Housing Revenue Account	2,786	2,786	0
Total HRA Savings	2,786	2,786	0

Appendix 3 – Capital Programme Performance

Families, Children & Learning – Capital Budget Summary

Provisional Outturn Variance £'000	Service	2016/17 Original Budget £'000	Reported at other Committees £'000	New Schemes in Appendix 4 £'000	Variation, Slippage/ reprofile £'000	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
0	Children's Safeguarding & Care	40	0	0	0	40	40	0	0.0%
(17)	Health & Disability Services	36	0	0	0	36	36	0	0.0%
8	Education & Skills	17,006	0	0	0	17,006	17,006	0	0.0%
(4)	Schools	106	0	60	0	166	166	0	0.0%
0	Stronger Families Youth & Communities	0	0	0	0	0	0	0	0.0%
(13)	Total Families, Children & Learning	17,188	0	60	0	17,248	17,248	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
Families, Children & Learning				
No changes to report for TBM2				

Health & Adult Social Care – Capital Budget Summary

Provisional Outturn Variance £'000	Service	2016/17 Original Budget £'000	Reported at other Committees £'000	New Schemes in Appendix4 £'000	Variation, Slippage/ reprofile £'000	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
0	Adult Social Care	520	0	0	0	520	520	0	0.0%
0	Integrated Commissioning	145	0	0	0	145	145	0	0.0%
0	Provider Services	0	0	0	0	0	0	0	0.0%
0	Public Health	0	0	0	0	0	0	0	0.0%
0	Total Health & Adult Social Care	665	0	0	0	665	665	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
Health & Adult Social Care				
No changes to report for TBM2				

Appendix 3 – Capital Programme Performance

Economy, Environment & Culture (excluding Housing Revenue Account) – Capital Budget Summary

Provisional Outturn Variance £'000	Service	2016/17 Original Budget £'000	Reported at other Committees £'000	New Schemes in Appendix4 £'000	Variation, Slippage/ reprofile £'000	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
(23)	City Development & Regen	9,546	100	0	0	9,646	9,646	0	0.0%
(14)	City Environmental Management	8,732	0	0	0	8,732	8,732	0	0.0%
0	City Regeneration	0	0	0	0	0	0	0	0.0%
(124)	Culture	8,837	0	0	0	8,837	8,837	0	0.0%
0	Planning & Building Control	0	0	0	0	0	0	0	0.0%
(117)	Property	9,095	0	0	0	9,095	9,095	0	0.0%
6	Transport	13,391	0	225	108	13,724	13,724	0	0.0%
(272)	Total Economy, Environment & Culture	49,601	100	225	108	50,034	50,034	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 Development & Regen				
Other Committees	100	Affordable Housing Delivery Options	Please see the Housing Delivery Options report submitted to P&R Committee 17 th March 2016.	
Transport				
Variation	108	Integrated Transport Schemes	Technical adjustment for S106 funding.	

Appendix 3 – Capital Programme Performance

Neighbourhood, Comms & Housing (excluding Housing Revenue Account) – Capital Budget Summary

Provisional Outturn Variance £'000	Service	2016/17 Original Budget £'000	Reported at other Committees £'000	New Schemes in Appendix4 £'000	Variation, Slippage/ reprofile £'000	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
0	Comms Equalities & 3 rd Sector	278	0	0	0	278	278	0	0.0%
0	Community Safety	0	0	0	0	0	0	0	0.0%
(389)	Housing GF	1,919	0	1,430	0	3,349	3,661	312	9.3%
(20)	Libraries	373	0	0	0	373	373	0	0.0%
0	Regulatory Services	545	0	0	0	545	545	0	0.0%
(409)	Total Neighbourhood, Comms & Housing	3,115	0	1,430	0	4,545	4,857	312	6.9%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Housing GF				
Overspend	312	Disabled Facilities Grant	The £0.306m overspend carried forward, reported to Policy & Resources at the end of 2015/16, should reduce to £0.162m due to the financial recovery measures in place. Therefore the total overspend including the carry forward overspend is now estimated to be £0.312m. The financial recovery plan will need to be reviewed to include the additional forecast overspend in this financial year.	

Appendix 3 – Capital Programme Performance

Housing Revenue Account – Capital Budget Summary

Provisional Outturn Variance £'000	Service	2016/17 Original Budget £'000	Reported at other Committees £'000	New Schemes in Appendix4 £'000	Variation, Slippage/ reprofile £'000	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
297	City Development & Regen	26,050	0	0	(318)	25,732	25,732	0	0.0%
(875)	Housing - HRA	32,766	0	0	(2,082)	30,684	30,684	0	0.0%
(578)	Total Housing Revenue Account	58,816	0	0	(2,400)	56,416	56,416	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 Development & Regen				
Reprofile	(318)	Feasibility and Design	Revised estimate of budget requirement in 2016/17.	
Housing HRA				
Reprofile	(848)	Block conversion project (Seniors Housing studios)	<p>An amount of £0.848m is being requested to be re-profiled from the 2016/17 block conversions budget to 2019/20 to smooth the budget across future years in an elongated programme. The main reason for this request is a sum of £0.878m carried over from 2015/16 (explained through the 2015/16 TBM process).</p> <p>It is therefore proposed to change the programme from a 4 year to an 8 year programme. The current financial year is Year 2, with a revised budget of £1.2m.</p>	<p>Extend the programme from 4 to 8 years to allow a new approach from 2017/18 of converting voids in designated schemes as they occur.</p> <p>This will be discussed with the Seniors Housing Action Group on 13th July 2016.</p> <p>Tenants affected by the revised programme will be informed after the meeting, with reassurance provided on</p>

Appendix 3 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
				a one to one basis as necessary. The proposed changes to extend the programme will be included in the HRA 4 year Capital Investment Programme 2017/18 to 2020/21 report as part of next year's budget setting process.
Reprofile	(1,300)	Lifts	After discussion at the Lift Core Group Meeting on the 7 th June, replacement of 5 lifts in the programme is subject to review regarding the reason for replacement and the need to replace at this time. Due to extensive leaseholder enquires and the need to commission new structural surveys, the current lift programme will continue into the 2017/18 financial year.	Impact on residents is minimal as programme will continue in 2017/18.
Variation	132	Fire Systems	The combination of the funds transferred from the Fire Safety budget and the grant funding from the ESFRS is for the provision of Sprinklers at Somerset Point.	Positive impact on tenants.
Variation	(66)	Fire Safety	The sum required for the match funding agreement with the ESFRS for the installation of a sprinkler system at Somerset Point.	No negative impact on residents anticipated.

Appendix 3 – Capital Programme Performance

Finance & Resources - Capital Budget Summary

Provisional Outturn Variance £'000	Service	2016/17 Original Budget £'000	Reported at other Committees £'000	New Schemes in Appendix4 £'000	Variation, Slippage/ reprofile £'000	2016/17 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
0	Finance	53	0	0	0	53	53	0	0.0%
0	HR Organisational Develop	0	0	0	0	0	0	0	0.0%
0	ICT	3,519	0	0	0	3,519	3,519	0	0.0%
0	Total Finance & Resources	3,572	0	0	0	3,572	3,572	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
Finance & Resources				
No changes to report for TBM2				

Note: There are currently no capital budgets to report on for Strategy, Governance & Law.

New schemes to be added to the Capital Programme in 2016/17 to be approved

New Capital Project Approval Request				
Unit:	Housing GF			
Project title:	Disabled Facilities Grant			
Total Project Cost (All Years):	Ongoing annual investment			
Purpose, benefits and risks:				
<p>The Disabled Facilities programme helps disabled people to live as comfortably and independently as possible in their own homes through the provision of adaptations. Entitlement to a Disabled Facilities Grant is mandatory for eligible disabled people and the grant provides financial assistance for the provision of a wide range of housing adaptations ranging from stair lifts, level access showers and home extensions. The programme is therefore key in delivering the Government's objective of providing increased levels of care and support to people in their own homes.</p>				
Capital expenditure profile (£'000):				
Year	This Year	Next Year	Year After	TOTAL
Grant (Disabled Facilities Grant - DCLG)	1,430			1,430
Total estimated costs and fees	1,430			1,430
Financial implications:				
<p>Disabled Facilities Grant funding of £1.595m has been allocated to the council by the Department of Communities and Local Government of which £1.430m has been allocated to fund disabled adaptations by the Health & Wellbeing Board. Estimated spend for 2016/17 is £1.580m, leaving a shortfall of £0.150m. The £0.306m overspend carried forward, reported to Policy & Resources Committee at the end of 2015/16, should reduce to £0.162m due to the financial recovery measures in place. Therefore the total overspend including the carry forward overspend is now estimated to be £0.312m. The financial recovery plan will need to be reviewed to include the additional forecast overspend in this financial year.</p>				

New Capital Project Approval Request				
Unit:	Elm Grove Primary School			
Project title:	Improvement Works			
Total Project Cost (All Years):	£60,000			
Purpose, benefits and risks:				
<p>Elm Grove Primary School is seeking to borrow £0.060m from the council to allow it to make improvements to its allocation of office space, to make exterior building improvements and to fund the first stage of developing its outside playground.</p> <p>The exterior improvements will enhance the visual image of the school, assist in managing high levels of rainfall whilst increasing the value of the property and help attract future pupils and parents to ensure pupil numbers remain high.</p>				
Capital expenditure profile (£'000):				
Year	This Year	Next Year	Year After	TOTAL
Unsupported Borrowing	60			60
Total estimated costs and fees	60			60
Financial implications:				
<p>The school and the Schools Finance Team has reviewed the school's revenue budgets to ensure it can meet borrowing costs and all continued related revenue costs.</p>				

New Capital Project Approval Request				
Unit:	Highway Maintenance - Transport (Environment, Economy & Culture)			
Project title:	Local Highways Maintenance Incentive			
Total Project Cost (All Years):	£132,000			
Purpose, benefits and risks:				
<p>In December 2014, the Secretary of State for Transport announced that £6 billion would be made available between 2015/16 and 2020/21 for local highways maintenance capital funding. From this funding, £578 million has been set aside for an Incentive Fund scheme to reward councils who demonstrate they are delivering value for money in carrying out cost effective improvements. The amount awarded to BHCC is in accordance with the Level 1 self-assessment issued by the Department for Transport, and is targeted at preventative maintenance treatments to prolong the life of the road/pavement assets in the most cost-effective way.</p>				
Capital expenditure profile (£'000):				
Year	This Year	Next Year	Year After	TOTAL
Grant - Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) DfT	132	0	0	132
Total estimated costs and fees	132	0	0	132
Financial implications:				
<p>This grant is in addition to the Local Transport Plan funding allocation and was awarded to BHCC following submission of the highway self-assessment form, in which the authority was rated Band 1.</p>				

New Capital Project Approval Request				
Unit:	Highway Maintenance - Transport (Environment, Economy & Culture)			
Project title:	Pothole Action Fund			
Total Project Cost (All Years):	£93,000			
Purpose, benefits and risks:				
<p>The funding is a direct grant from the Department of Transport to local highway authorities, calculated according to the length of the local road network maintained by the authority. The fund is to prevent or repair potholes on local roads. The grant will enable BHCC to carry out maintenance treatments to identified suitable locations which will prolong the life of the asset and prevent future expensive, reactive repairs. At the end of the financial year, BHCC must report to the DfT stating how many potholes have been prevented or repaired.</p>				
Capital expenditure profile (£'000):				
Year	This Year	Next Year	Year After	TOTAL
Grant - Pothole Action Fund (DfT)	93	0	0	93
Total estimated costs and fees	93	0	0	93
Financial implications:				
<p>This grant is in addition to capital highway maintenance funds allocated to the local authority via the Local Transport Plan funds and must be spent on repairing or preventing potholes.</p>				

Subject:	Customer Feedback Report		
Date of Meeting:	27 September 2016		
Report of:	Executive Lead Officer - Strategy Governance & Law		
Contact Officer:	Name:	Brian Foley	Tel: 29-3109
	Email:	Brian.foley@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 To provide assurance to the Committee that the Council has an effective Customer Feedback system which is able to ensure that:
- Complaints from members of the public are dealt with promptly and efficiently.
 - Appropriate performance targets are set and monitored to ensure there is continued improvement in the way customer and service user dissatisfaction is dealt with.
 - Where corrective action is required this is addressed.
 - Analysis of complaints and compliments are used to improve the way services are provided.
- 1.2 To provide assurance that any major areas of concern of themes that might require further investigation are being considered.

2. RECOMMENDATIONS:

- 2.1 That the Committee note the report.
- 2.2 That the Committee should receive a similar report four times a year.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Customer Feedback is important to the Council. The feedback we receive from customers and service users about what disappoints or delights them provides insight on what members of the public value and can inform decisions on where improvements should be made.
- 3.2 A failure to deal with complaints promptly and effectively can affect levels of customer satisfaction and present a level of risk to organisational reputation. The

Customer Feedback Team are working with key services to promote and improve the way customer dissatisfaction is dealt with.

3.3 The information within the Appendix to this report is taken from the council's performance reporting system and has been previously shared with the Executive Leadership Team's Performance Board.

3.4 The following set of Key Performance Indicators are used to measure Customer Feedback.

- Number of Stage One complaints received
- Number of Stage One complaints upheld
- Number of Stage Two complaints upheld
- Number of Ombudsman complaints upheld
- Number of compliments

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 Results for the full year 2015/16 showed a 20% decrease in Stage One complaints and an increase of 20% in compliments received. Numerically, complaints reduced from 1957 to 1567 and compliments increased from 648 to 781.

4.2 We have set a target for a further 5% reduction in complaints throughout 2016/17 which is 373 in each quarter. In Quarter One the result was 460. Stage One complaints can be reduced by addressing the underlying issues that give rise to customer dissatisfaction and by giving front line teams the means to resolve issues at first point of contact.

4.3 The areas which had the greatest impact on complaint levels and where further work is required following the Q1 results are:

- CityClean where complaints caused by problems in communication between the operations team and contact centre is being addressed through the introduction of mobile technology.
- Parking where two contentious schemes have recently been implemented which have generated a large amount of public opinion/correspondence causing a rise in complaints.
- Housing Services where it is recognised there is a need to work on how to reduce the number of issues going to complaint. The service is under review and changes that are implemented should reduce the number of complaints.
- Repairs and Maintenance where actions have been taken to improve the flow of multi-trade works and to check on outstanding jobs each morning. Improvements are being made to the management of planned programme of works. The repairs handbook is being revised to give more information to residents.

4.4 This demonstrates that services are recognising the issues that give rise to complaints and are seeking to improve the services they provide.

4.5 The average time taken to respond to complaints has increased from 12 working days to 13 working days and is outside the target figure of 10 working days.

- 4.6 The Customer Feedback Team produce a weekly chase up list for members of the Corporate Management Team. The Directors for the areas where there are the most significant delays in providing replies during Q1, that is Development Control, Housing and CityClean have given their assurances this is being dealt with.
- 4.7 The proportion of complaints upheld at Stage One is an indicator of how well teams are resolving dissatisfaction at point of contact. If a matter becomes a formal complaint and is upheld we question why it was not possible to resolve it without recourse to the complaints process.
- 4.8 We have seen the proportion of upheld formal complaints steadily reduce from 39% in 2014/15 to the current target of 28% for Q1 2016/17.
- 4.9 Stage Two complaints are investigated by the Customer Feedback Managers who are independent of services. A low percentage of upheld or partially upheld results at Stage Two is interpreted as showing that on the whole service managers carrying out Stage One investigations have reached a fair and reasonable decision.
- 4.10 The result for 2015/16 was 22%.The target result for 2016/17 Stage 2 complaints upheld or partially upheld is 15%.
- 4.11 In Q1 there have been 54 Stage Two complaints and the result to date has been 8%, the direction of travel is therefore positive, there are six cases not yet concluded.
- 4.12 The LGO's Annual Review of Local Government Complaints shows that nationally it upheld 51% of detailed investigations in 2015/16, up from 46% the previous year.
- 4.13 Over the three year period 2013-16 the percentage of cases where the Ombudsman upheld complaints against this Council has consistently decreased from 31% to 22%.
- 4.14 The Council's target result for 2016/17 of 20% aims for continued improvement in resolving complaints before they are referred to the Ombudsman.
- 4.15 In Q1 there have been 12 Ombudsman complaints with one case upheld giving a result to date of 8.3% which is very positive.
- 4.16 The number of compliments recorded continues to increase and at 213 compliments in Q1 were two (2) short of the targeted 10% improvement. Areas which have recorded the greatest improvement in compliments received are CityClean and Children's Social Care.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The information in the report is derived from feedback received directly from members of the public. The results obtained have been shared with senior officers in the services referred to and their comments have been incorporated.

6. CONCLUSION

6.1 We are able to assure the Committee that:

- Complaints are being dealt with efficiently as can be seen from the reducing levels of cases which are upheld. The concerns about the timeliness of responses have been addressed with Directors and corrective action is being taken.
- Performance targets have been set, are regularly monitored and reported to the Council's Executive Performance Board.
- Services take account of the customer feedback they receive and have identified ways to improve their performance and the services they offer.
- The Customer Feedback process is robust and is able to identify when and where any major areas of concern arise and can bring this to the attention of relevant senior officers to act upon.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

7.1 The costs of Customer Feedback in terms of administration and compensation awards (where appropriate) are met within existing allocated budgets.

Finance Officer Consulted: James Hengeveld

Date: 19/08/16

Legal Implications:

7.2 The Council follows statutory complaints procedures for complaints about Adult's and Children's Social Care and a corporate complaints procedure under which complaints about council services are dealt with.

Lawyer Consulted: Elizabeth Culbert

Date: 19/08/2016

Equalities Implications:

7.3 There are no direct Equalities implications.

Sustainability Implications:

7.4 There are no direct Sustainability implications.

Any Other Significant Implications:

7.5 There are no other significant implications.

SUPPORTING DOCUMENTATION

Appendices:

Documents in Members' Rooms

1. None

Background Documents

1. None

Appendix 1: Number of Stage One complaints received

Position:

- 1.1 This information relates to complaints from members of the public about all services delivered by the Council including statutory Adult Social Care, Children Social Care and Corporate Complaints.
- 1.2 The target for 2016/17 is to drive continuous improvement with a 5% reduction on the result of the preceding twelve months. The annual result for 2015/16 was 1567, the green target is 1490. The result for Q1 (March to May) was 460, and so has a Red rating. The direction of travel is declining.
- 1.3 The number of complaints received in the quarter; the target achieved including direction of travel; and main issues of complaint for the key services that we monitor were:

Economy, Environment & Culture

- Cityclean = 108 (Red/Declining); Failure to provide bins, recycling
- Development Control = 14 (Green/Improving); Disagree with decision
- Highways = 15 (Green/Improving); Road Safety, Poor quality of service
- Parking = 49 (Red/Declining); Consultation, PCN administration
- Sport & Leisure = 5 (Green/Improving); Disagree with decision
- Tourism & Venues = 0 (Green)

Families, Children & Learning

- Childrens Social Care = 15 (Green/Improving); Unhappy with SW, Not supporting parent
- Education & Skills = 4 (Red/Declining); Public consultation, Unhappy with decision
- Health & Disability = 2 (Green/Improving); Delay, Unhappy with decision

Finance & Resources

- Revenues & Benefits = 44 (Red/Declining); Legal Action, Administrative errors

Health & Adult Social Care

- ASC Assessment = 23 (Red /Declining); Not suitably informed about contributions to care
- ASC Provider = 9 (Red/Declining); Rudeness of care providers

Neighbourhoods, Communities & Housing

- Housing Needs = 25 (Green/Improving); Banding, Standard of accommodation
- Housing Services = 35 (Red/Declining); Staff conduct, Cleaning not done
- Repairs & Maintenance = 74 (Red/Declining); Delay completing repair, Communication
- Regulatory Services = 8 (Red/Declining); Failure to take action, disagree with decision

Strategy, Governance & Law

- Life Events = 6 (Red/Declining); Electoral service
- 1.4 Few other local authorities provide their annual complaints data and where they do the corporate complaints processes used often differ so that direct comparisons are not easily made.
 - 1.5 For 2015/16 the average response time to corporate complaints was 12 working days against the target of 10 working days. 67% of replies were sent within 10 working days, 12% took longer than 20 working days.
 - 1.6 In Quarter One 2016/17 the average response time to corporate complaints at the time of reporting is 13 working days. 61% of replies were sent within 10 working days, 17% have taken longer than 20 working days. There are 14 complaints yet to be replied to and the results of these cases will change the Q1 result.
 - 1.7 The Customer Feedback Team issues weekly reminders to all members of CMT which show what complaints have not been replied to.

Commentary:

- 1.8 The Customer Feedback Team review the results with all major teams. There have been increasing levels of complaints in Q1 across eleven of the eighteen services reviewed. The biggest proportional increases in complaints have been in:
 - Cityclean, who are aware that complaints are caused by problems in communication between the operations team and contact centre. Mobile technology is being trialled in Oct/Nov 2016 and this will enable a quicker response to reported problems and is expected to reduce the current level of complaints.
 - Parking, where every year 2-3 new parking schemes are being consulted on or introduced. Two contentious schemes have recently been implemented and have generated a large amount of public opinion/correspondence causing a rise in complaints. There is a full timetable for this work over the next 5 years so these issues are likely to be a regular theme which can periodically affect quarterly results. The introduction of online permit processing may reduce the levels of complaint.
 - Housing Services where it is recognised there is a need to work on how to reduce the number of issues going to complaint. The service is under review and changes that are implemented should reduce the number of complaints. These will be achieved by maintaining a focus on resolving 80% of issues at point of contact and introducing Area Based Teams rather than separate Neighbourhood and Tenancy Enforcement Teams.
 - Repairs and Maintenance where a range of actions have been taken to improve the flow of multi-trade works and to check on outstanding jobs each morning. Council surveyors are now managing the planned programme of works where previously this was done by the contractor. It is recognised that the analysis of repairs is currently poor and that by March 2017 Business & Performance Manager will have introduced a system to achieve this. The repairs handbook is being updated by Customer Service Manager by March 2017, it will give more information about issues like condensation so residents can understand how to improve things for themselves.

- 1.9 Children's Social Care complaints have reduced consistently; this is mainly as a result of the introduction of a new delivery model.

Actions:

- 1.10 The Modernisation Project will enable refuse crews to give live information to the Contact Centre and customers about missed collections which will enable quicker responses and fewer complaints. Action Date: October/November 2016. Action Lead: Waste Contracts & Projects Manager
- 1.11 Reorganisation of Housing Services to lead to fewer complaints, consultation reaching completion, implementation to follow. Action Date: October 2016. Action Lead: Assistant Director – Housing
- 1.12 Implementation of system to create better understanding of repair requirements to housing stock to be implemented. Action Date: March 2017. Action Lead: Business & Performance Manager.
- 1.13 Revised tenant repairs handbook. Action Date: March 2017. Action Lead: Customer Service Manager.
- 1.14 All overdue complaints are made known to senior managers in a weekly publicised list. Action Date: Ongoing. Action Lead: Customer Experience Lead
- 1.15 Quarterly meetings with heads of service to review complaints performance. Action Date: Ongoing. Action Lead: Customer Feedback Managers

Appendix 2: Number of Stage One complaints upheld

Position:

- 1.1 Teams should endeavour to avoid issues of dissatisfaction becoming formal complaints by resolving the matter with customers when they are first raised. This is good customer service.
- 1.2 The average percentage of complaints upheld or partially upheld over the two year period 2013/14 and 2014/15 was 39% across all services. The result for the year 2015/16 was 31.0% (468/1567). For 2016/17 a target of 28% represents a 10% improvement.
- 1.3 For 2016/17 Q1 there have been 446 completed Stage One complaints of which 124 have been upheld or partially upheld. This equates to a figure of 28%, this result has a Green rating.
- 1.4 There is no comparator information available from other authorities.

Commentary:

- 1.5 We have complaints data about all service teams but more closely monitor and report on the activity of a group of services who have a high profile or significant levels of complaint.
- 1.6 Services with higher than the target level of upheld or partially upheld complaints and where the trend was not improving in Q1 were:
 - Housing Repairs & Maintenance: In Q1 there were 74 complaints of which 39 were upheld (=53%) compared to 2015/16 where there were 208 complaints of which 89 were upheld (=43%). The service recognise there is a communication issue which is causing complaints in that residents are not being kept informed of progress and their expectations are not well managed resulting in increasing numbers of upheld complaints.
 - Sports & Leisure: In Q1 there were 5 complaints of which 3 were upheld (=60%) compared to 23 complaints in 2015/16 where 3 complaints were upheld (=13%). The service receives very few formal complaints and there has been no single theme connecting those upheld in Q1. The service works closely with contractors and event organisers to resolve dissatisfaction before they become formal complaints, for example there was only one complaint about the Prince Regent when it had to be closed.

Actions:

- 1.7 Housing Repairs & Maintenance: Recognise the need to improve communications. Meeting between partnership senior managers to consider the new processes in place to deal with the work flow of multi trade works and how communications with customers will be carried out. (Action Date: October 2016. Action Lead: Business & Performance Manager)

- 1.8 Housing Repairs & Maintenance: To remove the practice of closing job numbers and starting another before a piece of work is actually completed which can cause momentum to be lost in completing work and give rise to complaints from customers. (Action Date: October 2016. Action Lead: Business & Performance Manager)
- 1.9 Sports & Leisure: To continue to work closely with contractors and event organisers to resolve matters of dissatisfaction to prevent customers feeling they should need to raise matters as a formal complaint. (Action Date: Ongoing. Action Lead: Head of Sport & Leisure)

Appendix 3: Number of Stage Two complaints upheld

Position:

- 1.1 Stage 2 complaints are investigated by the Customer Feedback Managers who are independent of services. A low percentage of upheld or partially upheld results at Stage 2 can indicate that service managers carrying out Stage 1 investigations have reached a fair and reasonable decision.
- 1.2 The target result for 2016/17 Stage 2 complaints upheld or partially upheld is 15%.
- 1.3 In Q1 the result to date has been 8% which is Green. There are six complaint investigations which have yet to be concluded. The result for 2015/16 was 22%, the direction of travel is therefore positive.
- 1.4 There is no comparator information available from other authorities about the percentage of Stage 2 complaints upheld.

Commentary:

- 1.5 For complaints investigated at Stage 2 in Q1 2016/17 Customer Feedback Managers have found that Service Managers reached a fair and reasonable decision in more than nine out of ten (92%) of cases compared to four out of five (80%) cases in 2015/16.
- 1.6 Heads of Service tell us that greater effort is being placed on resolving customer dissatisfaction by their managers. To assist in this the Customer Feedback Team offer training in developing investigations skills and identifying service improvement as part of the Council wide learning programme.
- 1.7 Feedback received from delegates who have attended is that it is very informative and useful. This appears to be having a positive effect on the quality of Stage 1 complaints and is reducing the cases upheld at Stage 2.
- 1.8 The challenge for the future will be to continue to improve the skills of all managers and their teams so that people who have raised complaints at Stage 1 can recognise that their issue has been fairly investigated and that they have been treated with empathy and respect. Recognising when something has gone wrong, dealing with it promptly, giving an explanation and a meaningful apology is really important to customers.
- 1.9 Services with higher than the target level of upheld or partially upheld complaints at Stage 2 and where the trend was not improving in Q1 were:
 - Development Control: In Q1 there have been 14 Stage 1 complaints which have resulted in 4 Stage 2 complaints (Escalation rate = 29%). Of those 4 complaints 1 was upheld (25%). By comparison in 2015/16 there were 61 Stage 1 complaints which resulted in 20 Stage 2 complaints (Escalation rate = 33%), of those 20 complaints 3 were upheld (15%).

- Life Events: In Q1 there have been 8 Stage 1 complaints which have resulted in 1 Stage 2 complaint (Escalation rate = 12.5%). The Stage 2 complaint was unusual in that it was referred immediately to Stage 2 at the request of the Head of Service. The complaint was upheld therefore giving a result of 100%. By comparison in 2015/16 there were 23 Stage 1 complaints which resulted in 3 Stage 2 complaints (Escalation rate = 13%), of those 3 complaints 1 was upheld (33%).
- Children's Social Care: In Q1 there have been 15 Stage 1 complaints which have resulted in 2 Stage 2 complaints (Escalation rate = 13%). Of those 2 complaints both were partially upheld (100%). These were complaints carried out under the statutory process and contained many issues. Such complaints will usually have at least one component that is upheld, it would be unusual in Children's Social Care to have a large complaint where no single element was not at least partially upheld.

Actions:

- 1.10 The Customer Feedback Team will continue to provide support, advice and training to enable service managers to give high quality response to complaints which focus on either resolving matters or giving clear explanations why service have to be delivered as they are. (Action Date: Ongoing. Action Lead: Customer Experience Lead)
- 1.11 The Customer Feedback Managers will continue to meet with service managers to identify service improvements and to improve the quality of Stage One replies. (Action Date: Ongoing. Action Lead: Customer Experience Lead)

Appendix 4: Number of Ombudsman complaints upheld

Position

- 1.1 The target result for 2016/17 for complaints referred to the Ombudsman which are upheld or partially upheld is 20%.
- 1.2 National comparator data for complaints to the Local Government Ombudsman are produced annually in June/July. The LGO's Annual Review of Local Government Complaints shows that it upheld 51% of detailed investigations in 2015/16, up from 46% the previous year.
- 1.3 Over the three year period 2013-16 the percentage of cases where the Ombudsman upheld complaints against the council has consistently decreased from 31% to 22% with an average of 27%.
- 1.4 A Target of 20% for 2016/17 gives a continued improvement in resolving complaints before they are referred to the Ombudsman.
- 1.5 In Q1 the result to date has been 8.3% which is Green. There have been 12 complaints referred to the Ombudsman in the quarter, one complaint resulted in a finding of Maladministration and Injustice. Seven other cases have been concluded with findings of no fault, we are awaiting the results of four more.

Commentary

- 1.6 The case in which the Ombudsman found fault was in Children's Social Care. The Ombudsman was satisfied the Council has identified the full extent of fault involved and offered appropriate remedies, and that the Council had agreed with the Ombudsman's recommendations about implementation of remedy.
- 1.7 The Council has confirmed to the Ombudsman that it has carried out the practice reminders identified during the course of its investigation of the complaints. These included:
 - Remind staff 'to be clear about the origin of material and to ensure that handwritten documentation is scanned to the child's record'.
 - Remind staff to pay due regard to parental commitments when contact arrangements are made.
 - Remind staff of the need to ensure that all people involved in contact are consulted about changes to arrangements

Actions:

- 1.8 The Customer Feedback Team will continue to provide support, advice and assistance to services to enable managers to give high quality responses to the Ombudsman which reflect the service and their attempts to resolve complaints in the best possible light. (Action Date: Ongoing. Action Lead: Customer Experience Lead)

- 1.9 Actions identified by the Ombudsman for service improvement will be communicated to the relevant team and will be monitored to ensure they are carried out. (Action Date: Ongoing. Action Lead: Customer Experience Lead)

Appendix 5: Number of Compliments

Position:

- 1.1 The total number of compliments recorded by the corporate Customer Feedback Team for 2015/16 was 781 which gave a 10% improvement over the green target for that year.
- 1.2 For 2016/17 a 10% improvement for the year is 860 compliments (215 per quarter).
- 1.3 For 2016/17 quarter one there were 213 compliments, this is an Amber rating.
- 1.4 The Customer Feedback Team record compliments from members of the public and from other professionals. By professionals we mean colleagues from other departments and people working in other agencies or partner organisations.
- 1.5 In quarter one 188 (88%) compliments were received from members of the public, and 25 (12%) were from professionals.
- 1.6 By comparison for the whole of 2015/16 that ratio was 656 (84%) from members of the public, and 125 (16%) from professionals.
- 1.7 We record the reasons for compliments. In Q1 the results for compliments from members of the public are set out below with the full figures for 2015/16 alongside for comparative purposes:

Member of Public: Reason for Compliment	Quarter One 2016/17		Whole Year 2015/16	
Customer Focus	89	47%	226	33%
Personal Qualities	40	21%	132	20%
Good Process	33	18%	112	17%
Quality of Outcome	17	9%	107	16%
Quality of Input	9	5%	79	12%

In Q1 the results for compliments from other professionals are:

Other Professionals: Reason for Compliment	Quarter One 2016/17		Whole Year 2015/16	
Customer Focus	10	40%	18	14%
Personal Qualities	4	16%	36	29%
Good Process	2	8%	31	25%
Quality of Outcome	3	12%	10	8%
Quality of Input	6	24%	36	29%

- 1.8 In Q1 the number of compliments received by each Directorate were:
 - Economy, Environment & Culture = 59
 - Families, Children & Learning = 34

- Finance & Resources = 20
- Health & Adult Social Care = 47
- Neighbourhoods, Communities & Housing = 46
- Strategy Governance & Law = 8

1.9 There is no comparator information available from other authorities.

Commentary:

1.10 Customer Feedback Team published a wave story to encourage services to report compliments so we can analyse these centrally, and learn from these. Compliments are included in the quarterly discussions between service leads and Customer Feedback Managers to inform service improvements.

1.11 Some service areas have reported a significant increase in the compliments they receive.

- City Infrastructure: have doubled the amount of compliments reported. In 2015/16 they received 40 (that is 10 per quarter), in quarter one of 2016/17 they have reported 20.

Most of the compliments have been about refuse collection or recycling and have referred to the quality of customer focus.

[“What a difference it makes when someone takes a bit pride in the job, today the recycling came and took all the recycling and replaced the boxes tidily and did not leave a load of rubbish all over the place, may be this crew or the supervisor should be used to show other crews how to do the job. And this is Moulsecoomb have we got change on the way. Well done to the crew please pass this on I would much rather pay compliments than have confrontation but I don't get much chance to pay compliments.”]

- Children’s Social Care: have increased the compliments they are reporting four fold. In 2015/16 they reported 14 compliments. In quarter one of 2016/17 they have reported the same number (14).

Compliments received by this service often refer to the professionalism of staff, their friendliness and support they offer.

[“Just wanted to say a big thank you to you all for being so friendly and making contact such a better place when I saw xxxxx. I was meant to be coming to contact Saturday but social have said I can now take xxxxx out on that day unsupervised. He moves home on Monday and is his overnight tomorrow!! So so happy! But just wanted to let u know that I've really enjoyed coming to Hillview because you always made it that bit nicer so thank you Michelle and Colette and Hillview staff and all the lovely supervisors :) ”]

Actions:

1.12 The Customer Feedback Team will continue to encourage and remind teams to send their compliments to CustomerFeedback using the generic email address

as this will enable us to build a picture of what customers find valuable. (Action Date: Ongoing. Action Lead: Customer Experience Lead)

1.13 The value of Compliments is promoted in the Complaints Investigation and Service Improvement workshops. (Action Date: Ongoing. Action Lead: Customer Experience Lead)

1.14 The Customer Feedback Team will analyse compliments received and discuss with services leads in quarterly meetings to inform service improvements (Action Date: Ongoing, Action Lead: Customer Feedback Managers)

Subject:	Standards Update		
Date of Meeting:	27th September 2016		
Report of:	Head of Law and Monitoring Officer		
Contact Officer:	Name:	Abraham Ghebre-Ghiorghis	Tel: 29-1500
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Ward(s) affected:	All		

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

1.1 This report updates Members on Standards-related matters since the last report.

2. RECOMMENDATIONS

2.1 That Members note the report.

3. MEMBER-RELATED COMPLAINTS

3.1 A complaint reported to the last meeting of this Committee has been resolved during this quarter, as has a complaint received in the early part of June 2016. A third complaint received in at the start of September remains to be determined.

4. ALLEGATIONS CONSIDERED**4.1 Complaint 1**

4.2 **The allegation:** A complaint received in during May 2016 concerned complaints about a Member's participation in the School Admissions Review Group and was referred to in the last Standards Update to this Committee, in June 2016, as 'Complaint 3'.

4.3 That complaint was referred for formal investigation following consultation with the Independent Person. It was the subject of detailed consideration by an investigator appointed by the Monitoring Officer. Having provided all parties with the opportunity to input, the investigator reached the view that there had been no breach of the Code of Conduct other than a technical but minimal breach arising out of the subject member's failure to update their entry on the members' register of interests so as to delete references to financial interests which they no longer held.

4.4 After consulting with the Independent Person, the Monitoring Officer took the view that it would not be in the public interest to refer the technical but minimal breach to a Standards Panel. He wrote to all parties, including the complainants, recommending that the matter be resolved informally and inviting them to make

representations if they had any objections to proceeding in this way. No representations were received in.

4.5 **The outcome:** The Monitoring Officer therefore took such steps as were considered necessary to resolve the complaint informally. These involved the subject member apologising to the Chair of Audit and Standards Committee for their failure to update their register of interests and providing reassurance that they had taken all necessary steps to update their register of interests, following which the matter was determined.

4.6 **Complaint 2**

4.7 **The allegation:** A complaint was received in during June 2016 from a member of the public. This alleged that the relevant member had failed to treat the complainant with respect during a public Council meeting and had engaged in behaviour which was bullying and/or intimidatory.

4.8 Following consultation with one of the Independent Persons, a decision was made to instigate a preliminary assessment with a view to deciding whether or not to progress the matter to formal investigation.

4.9 The complaint concerned the relevant member's statements during a public meeting. It was noted that the issues arose during a single interchange and that the member's choice of language appeared to indicate a failure to exhibit appropriate standards of care and reflection during an engaged debate.

4.10 Once alerted to the complaint, the subject member promptly and pre-emptively offered an apology to the complainant, indicating regret. That apology was accepted.

4.11 **The outcome:** In this case, a decision was made by the Monitoring Officer in consultation with the Independent Person to dispose of the matter by informal resolution as doing so was considered to be in the public interest on all of the facts.

4.12 **Complaint 3**

4.13 A complaint was received in during early September from a Member of the Council about a comment from another member via social media which the complainant considered unacceptable. This has now been referred to one of the Independent Persons for consultation to determine whether an investigation should be undertaken in accordance with the procedure for investigating complaints.

5. **OTHER MATTERS**

5.1 **Extension of the tenure of one of the Independent Persons to the Committee**

- Under the Localism Act 2011, the Council is required to appoint at least one Independent Person to fulfil the functions prescribed by the Localism Act. Their views are sought in relation to Member Code of

Conduct issues and other standards-related issues. They also provide independent assurance in relation to internal and external controls in line with CIPFA Guidance to Local Authorities on best practice for audit committees.

- Two IPs are currently appointed to the Audit and Standards Committee in order to provide resilience should one IP not be available or should there be a conflict.
- Dr David Horne was appointed for a four year term following a competitive recruitment process in accordance with a decision of full Council in October 2012. That decision gave the Monitoring Officer the delegated authority to extend Dr Horne's appointment for a further 4 year term following consultation with the Chair of Audit and Standards Committee.
- The Monitoring Officer has consulted in the required terms with the Chair to this Committee who has agreed that Dr Horne's term may be extended for a further 4 year period. Dr Horne has now agreed to his term being extended for that period.
- This Committee is therefore asked to note the above. For the avoidance of doubt, Diane Bushell, this authority's other IP, was appointed in March 2015 and therefore her tenure does not fall to be considered at the current time.

5.2 **Member Training**

- Training of members of the Audit and Standards Committee was carried out in the evenings of 13th and 20th July 2016. The training focused on conducting Standards Panel hearings. It is a compulsory requirement for members of the Audit & Standards Committee as it equips them to sit on Standards Hearing Panels. The training involved a presentation and a roleplay exercise and was attended by all those elected members of this Committee who had not previously received training.
- An additional training need has been identified in the form of a need to refresh members' awareness of BHCC's Code of Conduct and of the rules relating to predetermination and pre-disposition. If the proposals outlined in para 6 are agreed, that training might most logically take place after the Code has been reviewed and any changes agreed.

5.3 **Proposed Review of the Code of Conduct**

- The current Code of Conduct for members was adopted in its current form in 2012, following the introduction of the Localism Act 2011. It was last reviewed and updated in November 2014, following recommendations made by a cross party Working Group comprised of Independent Persons and members of this Committee.
- Authority is sought from this Committee to allow the Monitoring Officer to set up a new cross party Working Group to carry out a further review of the current Code with a view to updating and clarifying it. This accords with the emphasis placed by the Committee on Standards in Public Life (which retains a watching brief on local government standards) in its recent annual report on the need for councils to consider whether their local frameworks remain sufficient to address breaches

and to build trust: <https://www.gov.uk/government/publications/committee-on-standards-in-public-life-annual-report-2015-2016>.

- A meeting of a cross party Working Group has been provisionally scheduled to take place on 4th October 2016. Assuming that authority to proceed in this way is given, that Working Group may be directed to make such recommendations as it considers appropriate regarding the Code of Conduct for consideration at a future meeting of the Audit and Standards Committee.

6. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 6.1 The Council is obliged under the Localism Act to make arrangements for maintaining high standards of conduct among members and to make arrangements for the investigation of complaints. This Report aims to assist the Committee in discharging its responsibilities for ensuring that high standards of conduct which are compliant with local requirements are maintained. The Report reflects this aim and no alternative proposals are suggested.

7. COMMUNITY ENGAGEMENT & CONSULTATION

- 7.1 This report focuses mainly on internal rules and procedures and as a result no need to consult with the local community has been identified.

8. CONCLUSION

- 8.1 Members are asked to authorise the Monitoring Officer to set up a Working Group in the terms described in para 6 and otherwise to note the contents of this Report.

9. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Finance Officer Consulted: Jeff Coates

Date: 16 September 2016

Legal Implications:

- 10.2 These are covered in the body of the report

Lawyer Consulted: Victoria Simpson

Date: 12 September 2016

Equalities Implications:

- 10.3 There are no equalities implications arising from this report

Sustainability Implications:

- 10.4 There are no sustainability implications arising from this report

Any Other Significant Implications:

10.5 None

SUPPORTING DOCUMENTATION

Appendices: None

Documents in Members' Rooms: none.

Background Documents: None

