



Brighton & Hove
City Council

Audit & Standards Committee

Title:	Audit & Standards Committee
Date:	10 January 2017
Time:	4.00pm
Venue	Council Chamber, Hove Town Hall, Norton Road, Hove, BN3 3BQ
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

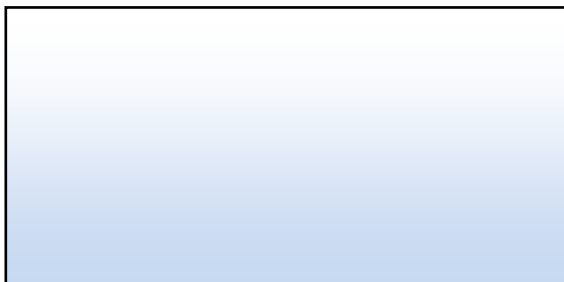
Councillor Chapman
Councillor Morris
Councillor Robins
Dr David Horne
Diane Bushell
Officers
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Councillor Cobb
Councillor Taylor
Councillor Druitt
Councillor Sykes
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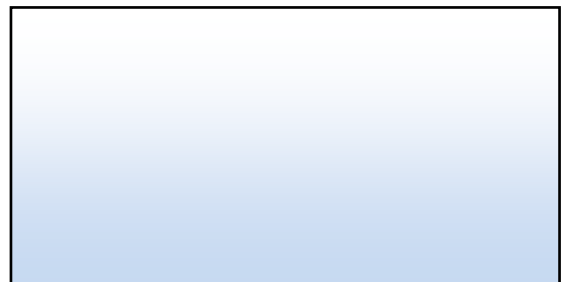
Public Speaker	Public Speaker
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Press

Public Seating



Public Seating



AGENDA

53 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.

54 MINUTES AND COMMITTEE ACTION LOG

To consider the minutes of the meeting held on 15 November 2016 (copy attached).

The Committee Action Log is appended for Members information purposes.

AUDIT & STANDARDS COMMITTEE

55 CHAIR'S COMMUNICATIONS

56 CALL OVER

- (a) Items (59-66) 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.

57 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 3 January 2017;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 3 January 2017.

58 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.

59 INTERNAL AUDIT AND CORPORATE FRAUD PROGRESS REPORT 13 - 20

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

Contact Officer: *Graham Liddell* Tel: 01273 291323

60 ERNST & YOUNG: ANNUAL CERTIFICATION REPORT 21 - 30

Report of Ernst & Young (copy attached).

61 ERNST & YOUNG: AUDIT PLAN 2016-17 31 - 50

Report of Ernst & Young (copy attached).

AUDIT & STANDARDS COMMITTEE

- 62 DECISION TO OPT IN TO THE NATIONAL SCHEME FOR AUDITOR APPOINTMENTS** **51 - 66**
- Report of the Executive Director, Finance & Resources (copy attached).
- Contact Officer:* Nigel Manvell *Tel:* 01273 293104
Ward Affected: All Wards
- 63 STRATEGIC RISK REGISTER REVIEW NOVEMBER 2016** **67 - 140**
- Report of the Executive Lead Officer, Strategy, Governance & Law (copy attached).
- Contact Officer:* Jackie Algar *Tel:* 01273 291273
Ward Affected: All Wards
- 64 STRATEGIC RISK FOCUS ITEM: SR22 MODERNISING THE COUNCIL** **141 - 142**
- Report of the Executive Lead Officer, Strategy, Governance & Law (copy attached).
- Contact Officer:* Jackie Algar *Tel:* 01273 291273
Ward Affected: All Wards
- 65 CORPORATE RISK ASSURANCE FRAMEWORK (CRAF)** **143 - 198**
- Report of the Executive Lead Officer, Strategy, Governance & Law and the Executive Director, Finance & Resources (copy attached).
- Contact Officer:* Jackie Algar *Tel:* 01273 291273
Ward Affected: All Wards
- 66 TREASURY MANAGEMENT POLICY STATEMENT 2016/17 (INCLUDING ANNUAL INVESTMENT STRATEGY 2016/17) –MID YEAR REVIEW** **199 - 216**
- Extract from the proceedings of the Policy, Resources & Growth Committee meeting held on 8 December 2016; together with a report of the Executive Director of Finance & Resources (copies attached).
- 67 STANDARDS UPDATE** **217 - 220**
- Report of the Head of Law and Monitoring Officer (copy attached).
- Contact Officer:* Abraham Ghebre-Ghiorghis *Tel:* 01273 291500
Ward Affected: All Wards
- 68 ITEMS REFERRED FOR COUNCIL**
- To consider items to be submitted to the 26 January 2017 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,*

AUDIT & STANDARDS COMMITTEE

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

69 ITEMS FOR THE NEXT MEETING

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

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

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Electronic agendas can also be accessed through our meetings app available through www.moderngov.co.uk

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

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

Date of Publication – Friday 30 January 2016

BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 15 NOVEMBER 2016

COUNCIL CHAMBER, HOVE TOWN HALL, NORTON ROAD, HOVE, BN3 3BQ

MINUTES

Present: Councillors A Norman (Chair) Cattell, Cobb, Druitt, Moonan, Morris, Sykes and Taylor

Independent Members present: Diane Bushell, Dr David Horne

PART ONE

38 PROCEDURAL BUSINESS

38a Declarations of substitutes

38.1 Councillor Moonan was present as substitute for Councillor Chapman.

38.2 Councillor Cattell was present as substitute for Councillor Robins.

38b Declarations of interests

38.2 There were none

38c Exclusion of the press and public

38.3 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.

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

39 MINUTES

39.1 Councillor Taylor noted that he had not yet received a reply to his enquiry at 29.5 of the minutes.

- 39.2 The Executive Director apologised that a reply to the query had not been sent and confirmed that all investments were currently held in sterling and that the council was not therefore directly exposed to currency fluctuations.
- 39.3 Councillor Druitt noted that minute item 33.5 did not indicate a response to his query on unplanned audits at minute item 33.4.
- 39.4 The Head of Internal Audit confirmed that investigation into the Mears contract had been responsible for some but not all unplanned audit work.
- 39.5 **RESOLVED-** That the minutes of the previous meeting held on 27 September 2016 be approved and signed as the correct record.

40 CHAIR'S COMMUNICATIONS

- 40.1 The Chair provided the following communications:

“I’d like to welcome Thomas Wilkins from Ernst & Young to the committee who has will now be attending our meetings instead of Ian Young. We look forward to working with Thomas and I’d like to record my thanks to Ian Young for his work and input into the committee.

“As some as you will be aware, Councillor Robins became unwell last week- on behalf of the Committee I’d like to extend our best wishes to Alan and I will send a card on Members behalf”.

41 CALL OVER

- 41.1 The following items on the agenda were reserved for discussion:

- Item 44: Strategic Risk Focus Item: SR21 Housing Pressures; SR23 Developing an Investment Strategy to Refurbish and Develop the City’s Major Asset of the Seafront; and SR27 Devolution
- Item 45: Internal Audit Update (including Amended Audit Plan)
- Item 46: Targetted Budget Management (TBM) 2016/17 Month 5
- Item 47: Ernst & Young Annual Audit Letter
- Item 48: Develop the Audit & Standards Committee
- Item 50: Review of the Code of Conduct for Members
- Item 51: Customer Feedback Report

- 41.2 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 49: Standards Update
- Item 52: Annual Surveillance Report

42 PUBLIC INVOLVEMENT

42.1 There were none.

43 MEMBER INVOLVEMENT

43.1 There were none.

44 STRATEGIC RISK FOCUS ITEM: SR21 HOUSING PRESSURES; SR23 DEVELOPING AN INVESTMENT STRATEGY TO REFURBISH AND DEVELOP THE CITY'S MAJOR ASSET OF THE SEAFRONT; AND SR27 DEVOLUTION

44.1 The Executive Director, Economy Environment & Culture provided a verbal update and answered Members questions for SR21: Housing Pressures, SR23: Developing an Investment Strategy to Refurbish and Develop the City's Major Asset of the Seafront and SR27: Devolution. The Executive Director was accompanied by the Head of Housing Strategy for presentation of SR21 and the Head of Sport & Leisure for the presentation of SR23.

44.2 The Chair asked what risks were presented by the shortage of housing in the city and if the issue could realistically be resolved in the near future.

44.3 The Executive Director, Economy, Environment & Culture stated that the central risk was that it would hinder the ability of the city to attract workers particularly in the public sector and that there could be an increase in homelessness. Resolving the issue in the near future would be a challenge but work was in progress and there were upcoming proposals to mitigate the potential impact.

44.4 Councillor Taylor noted that there were 32,000 students based in the city and that figure was expected to rise to 40,000 by 2020. Councillor Taylor stated that whilst students made a superb contribution to the city, 90% were housed in private property meaning that 4,000 housing units were subject to council tax exemption. Councillor Taylor asked what actions were being taken to manage the issue.

44.5 The Executive Director, Economy, Environment & Culture stated that there had been a recent increase in purpose built student accommodation that had eased pressures but that a further increase would be required to address the expected rise in need and growth. The issue would form part of the City Plan 2 in the context of the wider Housing Strategy.

44.6 In reference to the Joint Venture with Hyde Housing to deliver 1,000 new lower cost homes, Councillor Druitt stated that these should be genuinely affordable homes. Councillor Druitt asked if the council had sourced the necessary financial expertise for the venture and whether a low rate of return and therefore lower rents for the properties would present risk to the council.

44.7 The Executive Director, Economy, Environment & Culture clarified that the council had used external resource where it did not have the necessary expertise in-house and this mainly related to legal matters. The Executive Director, Economy, Environment &

Culture added that the rate of return on the properties needed to balance two objectives: to bring forward new homes that were affordable as possible for those on low incomes and balance the risk to the council in making that financial investment. The Executive Director, Economy, Environment & Culture stated that studies had been undertaken into a variety of different rates of return and a report would be considered by the Housing & New Homes Committee on 16 November 2016 with proposals that struck a balance between financial risk and housing delivery.

44.8 Diane Bushell enquired as to the local impact of the Welfare Benefit Cap and the introduction of Section 24 of the Finance Act (No. 2) 2015 due in 2017.

44.9 The Executive Director, Economy, Environment & Culture explained the Welfare Benefit Cap had a phased introduction and analysis had been undertaken to identify the households this would affect in order to take preparatory steps to provide support to those residents through measures such as a change in accommodation or short-term discretionary payments. In relation to Section 24, the Head of Housing Strategy stated that the matter had been discussed with representatives of the private sector and would be monitored closely during its four year phased introduction.

44.10 Councillor Sykes stated that the issue of high rents in private sector housing was a particular concern in his ward and across the city but there appeared no reference in the report on the issue. Councillor Sykes added that engagement with the two universities was listed as a risk action and asked if a response had been provided by either on the issue. Furthermore, Councillor Sykes asked if any impact was expected or known in relation to the emergence of the Airbnb service.

44.11 The Head of Housing Strategy responded that the city currently had approximately 3,000 licensed Houses in Multiple Occupation (HMO's) and a possible extension of that scheme was being considered. The Head of Housing Strategy added that whilst there were elements of private sector housing that were outside council control, a report would be considered by the Housing & New Homes Committee on 16 November recommending the council to join the Rent Smart Partnership that was a citywide partnership promoting an increase awareness of rights and responsibilities amongst private renting tenants and promoting a rating system for landlord agencies. The Executive Director, Economy, Environment & Culture clarified that the universities had responded positively and sensitively and were looking at ways they could assist the council. The Executive Director, Economy, Environment & Culture stated that he understood there were currently 800 properties citywide listed on the Airbnb website. Currently that was not cause for concern but the figure would need to be monitored.

1) **RESOLVED-** That the Audit & Standards Committee notes the Strategic Risk Assessment Report at Appendix 1

45 INTERNAL AUDIT UPDATE (INCLUDING AMENDED AUDIT PLAN)

45.1 The Committee considered a report of the Executive Director, Finance & Resources that summarised audits that had been carried out to date and proposed changes to the audit plan.

- 45.2 Diane Bushell noted that an unplanned audit of emergency accommodation had been carried out following concerns raised by a member of the public that had found required improvements. Diane asked if the council inspected emergency accommodation and if the fault would have found had it not been reported by a member of the public.
- 45.3 The Head of Internal Audit clarified that emergency accommodation was due to be considered in the 2017/18 Plan and had been brought forward in response to the concerns reported. The council did inspect its accommodation however there were issues regarding the length of time it took for problems to be rectified. Furthermore, the audit had uncovered issues relating to the procurement of contracts that would be revisited.
- 45.4 Councillor Sykes stated that he understood that agreement had been reached with Mears that they would contribute funding to the council for a Quantity Surveyor post and asked if that had happened. Councillor Sykes asked how issues raised by members of the public were balanced with the requirement to complete the plan.
- 45.5 The Head of Internal Audit confirmed that the council now employed a Quantity Surveyor for responsive repairs that was funded through the Mears partnership. Furthermore, a review of the partnership agreement was underway and the outcome reported to a future meeting. In relation to reports from members of the public, the Head of Internal Audit explained that this was balanced on a case by case basis with an element of contingency within the audit plan for such matters. Any decision upon whether to proceed with investigation was based upon a risk assessment of the issue or area of concern raised.
- 45.6 Councillor Druitt noted his surprise that City Parks had been deleted from the audit plan as there would likely be significant changes to the service in coming months. Councillor Druitt asked if the deleted Housing Repairs- Capital Programme (general) audit related to Mears Ltd.
- 45.7 The Head of Internal Audit stated that the audit plan broadly related to those issues on the Risk Register and to expenditure and Parks may be included in the following 2018/19 year. An audit on the Mears Housing Repairs and Capital Programme had been brought forward to 2016/17 Plan and the 2017/18 work would be a specific review of housing repairs capital works.
- 45.8 Dr Horne asked if it was expected that the Audit Plan for 2016/17 would be delivered to schedule.
- 45.9 The Head of Internal Audit confirmed that it was expected for 90-95% of the Plan to be delivered. A completion rate of 100% was never expected as some items became redundant through the period of the audit plan and in his experience, a completion rate of 90-95% was standard.
- 45.10 **RESOLVED-**
- 1) That the Audit & Standards Committee notes the audits that have been carried out to date.

- 2) That the Committee approves the proposed changes to the audit plan.

46 TARGETTED BUDGET MANAGEMENT (TBM) 2016/17 MONTH 5

- 46.1 The Committee considered a report of the Executive Director, Finance & Resources that provided the Targeted Budget Management (TBM) report Month 5 and an extract of the proceedings of the Policy, Resources & Growth Committee held on 13 October 2016 from which the report had been referred; together with a specific report to the Audit & Standards Committee.
- 46.2 Councillor Cobb enquired as to the arrangement between the council and Brighton & Hove Buses for concessionary bus fares.
- 46.3 The Assistant Director, Finance stated that the contract related to volume of journeys made and the council were charged a fixed price for each journey using a concessionary bus pass. Journey data was monitored and captured and formed a part of the terms of the contract negotiations between the two parties.
- 46.4 Councillor Sykes noted that there had been a recent 10% drop in concessionary bus pass journeys and asked if that would have some impact on the contract negotiations.
- 46.5 The Assistant Director, Finance confirmed that the reduction would be a factor in the upcoming renegotiation of the contract.
- 46.6 Councillor Taylor asked if there were remedial plans for the demand-led services should the recovery plan not deliver the forecasted £1.535m of potential cost reductions.
- 46.7 The Executive Director, Finance & Resources answered that the majority of this spend related to services that the council had a statutory duty to deliver and it was difficult to drive down costs determined by demand. There was currently a risk provision in the corporate budget that would mitigate against the forecast overspend in Children's Services, Adult Social Care and Housing.
- 46.8 Diane Bushell asked if the predicted overspends related to the natural uncertainty in forecasting demand-led services or if there had been over zealousness in identifying cost savings.
- 46.9 The Assistant Director, Finance stated that there was some difficulty in forecasting volatile, demand-led services but there had been improvement in the systems used by the council to identify service pressures. However, the Council's annual budget must be agreed by the end of February, with draft proposals usually coming forward in December each year, meaning that forecasts were often made well in advance of the start of each financial year. This adds to the difficulty in making accurate predictions.
- 46.10 **RESOLVED**-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.

47 ERNST & YOUNG ANNUAL AUDIT LETTER

- 47.1 The Committee considered a report of Ernst & Young that set out their Annual Audit Letter for 2015/16.
- 47.2 Diane Bushell asked for further information on the assessment of management override of controls.
- 47.3 Paul King stated that this related to the ability by management to manipulate management controls directly or indirectly and prepare fraudulent statements by overriding controls that could appear to be operating effectively. As part of this assessment, Ernst & Young would analyse journals kept by the senior finance team for the year as a whole and after an event for specific descriptions, testing accounting estimates for any scope of inherent bias particularly in relation to appeals on non-domestic rates and property, plant and equipment hire (PPE).
- 47.4 Councillor Sykes asked what type of risk auditors were looking for when assessing Minimum Revenue Provision (MRP).
- 47.5 Paul King clarified that this was an assessment of why the council made any changes in the provision for capital expenditure and whether the council complied with statutory guidance in this area.
- 47.6 Councillor Sykes enquired whether local authorities could increase their leverage by reducing their MRP.
- 47.7 The Head of Internal Audit explained that MRP related to how local authorities charge current and historic capital financing costs relating to capital programme spend to their revenue accounts. The timeframe of repayment can vary, for example depending on the average life of capital assets of the local authority. The council has effectively extended the period over which this will be charged to the revenue account to more closely reflect asset lives thereby reducing the annual charge. However, the financing will still be repaid eventually.
- 47.8 Councillor Druitt noted that the issuing of the Audit Certificate had been delayed pending the resolution of an objection to the accounts for 2015/16 in relation to Lender Option Borrower Option loans and enquired whether there was a timeframe or deadline for resolution.
- 47.9 Paul King stated that the target for resolution was set at 9 months by the Public Sector Audit Appointments Limited (PSAA) but it was hoped that the objection would be settled before that deadline. It was necessary to have a correct balance between considering the objection and the work required to do so but Ernst & Young were mindful of the need to follow due process and reaching a fair outcome for all parties. Paul King supplemented that there was also an option to challenge any decision made that may extend the timeframe for resolution.
- 47.10 **RESOLVED-** That the Committee note the 2015/16 Annual Audit Letter.

48 DEVELOPING THE AUDIT & STANDARDS COMMITTEE

- 48.1 The Committee considered a report of the Executive Director, Finance & Resources that summarised the progress on implementing the development plan for the Audit & Standards Committee.
- 48.2 Dr Horne asked whether the committee could receive an update report on the issue in six months time, whether monitoring reports could form part of the agenda and requested that the committee Members have input into the upcoming re-appointment of external auditors.
- 48.3 The Head of Internal Audit confirmed that an update report could be brought to the committee in six months time and that monitoring reports could be included in the agenda subject to determination from Members. The Executive Lead, Strategy, Governance & Law added that he believed the committee should have input into the decision on the appointment of external auditors even if the final decision was a statutory function of Full Council.
- 48.4 **RESOLVED-** That the Committee notes the action taken to date and agrees the proposed actions set out in paragraph 4.2.

49 STANDARDS UPDATE

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

50 REVIEW OF THE CODE OF CONDUCT FOR MEMBERS

- 50.1 The Committee considered a report of the Head of Law and Monitoring Officer that sought approval for a range of proposed amendments to the Code of Conduct for Members. The amendments had been agreed unanimously by a cross party working group of Members, Independent Persons and Officers with the rationale for the changes set out in the body of the report. If approved, the report would be referred to Full Council for adoption.
- 50.2 Councillor Moonan welcomed the detailed and thorough report. Councillor Moonan noted that the report proposed that a substantive breach of the Code may not be referred to a Panel in exceptional circumstances and asked for an example of when that might be enacted. Furthermore, Councillor Moonan asked when the Code would come into effect if agreed by the Committee and Full Council and if the new guidelines would apply to existing complaints. In addition, Councillor Moonan expressed her belief that all Members should be given a detailed update on the changes to the Code, if ratified and proposed that the Political Group meetings might be the best format for doing so.
- 50.3 The Head of Law and Monitoring Officer explained that the Code would come into effect once it had been approved by Full Council. Existing breaches would be determined in accordance with the Code of Conduct in force at the time of the occurrence of the breach. The Head of Law and Monitoring Officer explained that it was proposed that the Monitoring Officer be given the discretion to resolve complaints informally where he considered that exceptional circumstances applied, this even where a substantive breach of the Code was considered to have occurred. He explained that the Code itself created a mechanical process and very occasionally there would be technical breaches of the Code that were not in the public interest to pursue. The option of informal

resolution without a Panel hearing would only be undertaken having consulted with the parties, with an additional safeguard in the form of the Independent Person's agreement.

50.4 Councillor Druitt welcomed the clarity that the declaration of interest flowchart provided and asked if a section could be added for the correct course of action for Members where an interest should be declared during a meeting that was not known ahead of the meeting for example, during a debate of an issue.

50.5 The Lawyer welcomed the suggestion and confirmed that it could be added to the flowchart.

50.6 RESOLVED TO RECOMMEND-

- 1) That Audit and Standards Committee consider the draft revised Code of Conduct for Members and the Procedure for Dealing with Allegations of Breaches of the Code of Conduct for Members set out in Appendices 1 and 2 respectively and approve Appendix 2 while referring Appendix 1 – with any further recommended amendments – to Council for approval.
- 2) That Council approve the draft revised Code of Conduct for Members referred by Audit and Standards Committee, for implementation with immediate effect.
- 3) That Council grant delegated authority to the Monitoring Officer to take appropriate measures to implement the revised Code and to assist existing and new Members with understanding and applying it, including via training.

51 CUSTOMER FEEDBACK REPORT

51.1 The Committee considered a report of the Executive Lead Officer- Strategy, Governance & Law that provided assurance to the Committee that the Council has an effective Customer Feedback system that included detail and analysis of the complaints received.

51.2 Councillor Cobb asked if Members were included as professionals as defined in the report.

51.3 The Customer Experience Lead confirmed that this was the case adding that Councillors played an important role in the complaints process as advocates for residents.

51.4 Councillor Cobb noted her disappointment that Members were subject to the same ten working days timeframe for responding to complaints as others adding that this should be shorter for Members due to the important role they played.

51.5 Councillor Sykes asked if complaints registered through social media platforms were recorded.

51.6 The Customer Service Experience Lead clarified that complaints made through social media were not currently recorded and the data covered complaints and compliments made via telephone, email and the web form on the council website.

- 51.7 Councillor Druitt asked if it was intended to include complaints and compliments made through social media in the future as from his own experience, this was a popular way to contact services and Members and the current data may not reflect an accurate picture.
- 51.8 The Customer Service Experience Lead clarified that social media compliments and complaints were monitored manually but this entailed significant human resource. A software programme that monitored social media posts and gauged emotion and subject was currently being investigated as an option for the future.
- 51.9 The Executive Lead Officer- Strategy, Governance & Law clarified in relation to Member correspondence that the question of responses to Members had been considered two years ago and it was agreed that Members should receive an acknowledgement within two working days and a full substantive response within five working days. On occasions where that might not be possible the Member should be informed of when they may expect a full response.
- 51.10 **RESOLVED-** That the Committee note the report.

52 ANNUAL SURVEILLANCE REPORT

52.1 RESOLVED-

- 1) That the Committee approve the continued use of covert surveillance as an enforcement tool to prevent and detect crime and disorder investigated by its officers, providing the activity is in line with the Council's Policy and Guidance and the necessity and proportionality rules are stringently applied.
- 2) That the surveillance activity undertaken by the authority since the report to Committee in January 2016 as set out in paragraph 3.3 is noted.
- 3) That the continued use of the Policy and Guidance document as set out in Appendix 1 be approved.

53 ITEMS REFERRED FOR COUNCIL

- 53.1 **RESOLVED-** That Item 51: Customer Feedback report be referred to the next meeting of Full Council for information.

The meeting concluded at 7.00pm

Signed

Chair

Dated this

day of

Action Log: A&S Meeting 15 November 2016

Agenda Item		Owner	Actions	Status
	39: Minutes	Nigel Manvell	To provide an update in relation to the query from Cllr Taylor on Deutsche Bank investments	Completed
	46: Targeted Budget Management Month 5	Nigel Manvell	To provide an update in relation to the query on concessionary fares from Cllr Cobb	Completed

11

Subject:	Internal Audit and Corporate Fraud Progress Report		
Date of Meeting:	10 January 2017		
Report of:	Executive Director, Finance & Resources		
Contact Officer:	Name:	Graham Liddell	Tel: 29-1323
	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 revised Internal Audit and Corporate Fraud Plan on 15 November 2016. This comprised:
- 1100 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 35 reports out of an original planned total of 61 reports (revised to 62). The team is on target to deliver 90 - 95% of the revised audit plan. The status of audits delivered to date is set out in appendix 1. Key findings since the November Audit & Standards Committee are set out in table 1.

Table 1 – Key audit findings (since November Audit & Standards Committee)

Audit report	Assurance rating	Key issues	Agreed management action
Risk management	Reasonable	<p>The council has a well-established risk management process. The audit made a series of recommendations to strengthen the council's arrangements including:</p> <ul style="list-style-type: none"> • Linking risks more clearly to the corporate plan and directorate objectives; • Communicating directorate risks to stakeholders (strategic risks are already published publically); • Ensuring that the Integrated Risk Management System is updated with the review dates. 	<p>Recommendations have been agreed and will be implemented by 31 March 2017.</p>
Building and systems access control follow up	Limited	<p>Although progress has been made on a significant number of recommendations from our original report, there are still areas of significant risk. The follow up report has identified the need to:</p> <ul style="list-style-type: none"> • develop a corporate and systematic solution to ensure that the access rights for all leavers are promptly removed 	<p>All recommendations have been agreed.</p> <p>The audit report will be considered by the Information Governance Board on 13 January 2017.</p> <p>As part of developing a corporate and systematic solution a business process improvement (BPI)</p>

		<p>from all IT systems;</p> <ul style="list-style-type: none"> strengthen access controls over suspended staff and staff not directly employed by the council; ensure managers always collect ID cards from those no longer working at the council. 	<p>project is currently reviewing the systems and processes involved with identifying and removing leavers from systems.</p>
Administration of banking system	Limited	<p>The audit made a series of recommendations to strengthen the controls over the administration of the banking system.</p>	<p>Most of these have now been implemented, or alternative solutions put in place to address underlying risks.</p> <p>Management are satisfied that controls in the remaining areas are appropriate and proportionate to identified risks, and that any residual risk is covered by the council's insurance arrangements.</p>

Progress made in implementing recommendations

4.2 We have received confirmation that 77% of recommendations due to be implemented by 30 September 2016 had been implemented (see table 2).

Table 2 – implementation of audit recommendations (as at 30 September 2016)

Year	Audit Recs due	Database not updated by managers	Not implemented (or less than 50% implemented)	Implemented (includes part implemented > 50%)	Implemented (%)
30 Sep 2016	272	46	17	209	77%

4.3 This is similar to the rate reported at a similar time last year but is lower than the final implementation rate of 88% for 2015/16.

- 4.4 We have not been provided with progress for 17% of recommendations. We have treated these recommendations as not implemented. We are currently reminding managers to provide updates and we expect this proportion to reduce and the percentage of implemented recommendations to increase.
- 4.5 The high priority recommendations that have not been yet implemented are set out in table 3.

Table 3 – high priority recommendations due by 31 October not implemented

Audit/Recommendation	Directorate	Due date	Progress
<p>Residents parking permits</p> <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 process are extended to the processing of all other relevant permit types where residency is a condition of issue. 	<p>Economy, Environment and Culture</p>	<p>30 Jun 2016</p>	<p>As reported to Audit & Standards, the council is procuring an online permit system. It is expected that this will become operational by February 2017.</p>

<p>Temporary accommodation</p> <ul style="list-style-type: none"> The housing service needs to set out clearly an overview of the process and responsibilities for managing voids including monitoring, clearing, escalating voids and recovering void losses. This should be set out in a formal procedure document. 	<p>Neighbourhoods, Community and Housing</p>	<p>26 Aug 2016</p>	<p>Database not updated.</p> <p>This will be subject to a follow up audit in the first quarter of 2017.</p>
<p>Access controls</p> <ul style="list-style-type: none"> Processes to ensure access [for staff who no longer work for the council] to external systems is removed should be developed. 	<p>Finance and Resources</p>	<p>29 Feb 2016</p>	<p>This is subject to a follow up audit.</p> <p>Some action has been taken but developing an effective solution requires system changes which will take longer to implement. A project board, supported by Internal Audit, is being put in place.</p>
<p>IT waste disposal</p> <ul style="list-style-type: none"> Review, implement, and formally disseminate the ICT Waste Disposal Policy and ensure that operational guidance documentation is aligned to the policy requirements. 	<p>Finance and Resources</p>	<p>31 October 2016</p>	<p>Database not updated</p>
<p>Corporate procurement</p> <ul style="list-style-type: none"> Actions should be agreed to monitor and provide assurance on compliance with Contract Standing Orders 	<p>Finance and Resources</p>	<p>30 April 2016</p>	<p>Implementation would require a significant investment.</p>

4.6 We continue to work with ELT and other senior managers to ensure that all managers give sufficient priority to address audit recommendations, particularly high priority recommendations.

Progress against the corporate fraud plan

4.7 The Corporate Fraud Team continues to make good progress against its plan for 2016/17.

- **Counter-fraud framework**
 - The council's counter-fraud framework was approved by the Audit & Standards Committee on 21 June 2016. It has proved useful in helping the council deal with employee disciplinary cases and suspected money laundering.

- **Fraud awareness and publicity**
 - Our fraud e-learning tool now forms part of the council's induction process and is being refreshed for 2017. We continue to raise fraud awareness internally through positive counter-fraud articles on the council's intranet site.
 - Externally, we have:
 - published a web based fraud reporting tool for members of the public to raise concerns
 - publicised a county-wide counter fraud phone hotline, working with the East Sussex fraud-hub
 - launched a two month tenancy amnesty (from 1 December to 31 January) supported by publicity in the local media.

- **Data matching**
 - We have developed and are currently reviewing data matching reports to identify potential cases for misuse of council dwellings and residents parking permits.
 - We have submitted our complete set of data to the National Fraud Initiative (NFI). We will work with colleagues across the council to review the outcomes when the data matches are released from January 2017.

- **Investigating and pursuing fraud focused on high priority areas**
 - 10 properties have been returned to the council following investigations into housing tenancy fraud.
 - The Corporate Fraud Team has also worked with colleagues in housing to introduce additional checks on the eligibility of Right to Buy cases. This has identified and prevented 11 potentially fraudulent Right to Buy cases from proceeding and provides a deterrent for ineligible applicants.
 - The council has retained or destroyed 85 Blue Badges, agreed 59 community resolutions, undertaken 27 prosecutions and cancelled 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.

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: 14/12/16

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: 20.12.16

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

COMMITTEENAME**Agenda Item 60**

Brighton & Hove City Council

Subject:	Ernst & Young – Annual Certification Report 2015/16		
Date of Meeting:	10 January 2017		
Report of:	EY		
Contact Officer:	Name:	Paul King	Tel: 0118 928 1556 (Ext 41556)
	Email:	pking1@uk.ey.com	
Ward(s) affected:	All		

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The purpose of the Certification Report is to communicate to the Members of the Council our findings relating to the certification of grant claims completed in 2015/16.

2. RECOMMENDATIONS:

- 2.1 To note the 2015/16 Certification Report.

Certification of claims and returns annual report 2015-16

Brighton & Hove City Council

December 2016

Ernst & Young LLP



Building a better
working world

The Members of the Audit & Standards Committee
Brighton & Hove City Council
Hove Town Hall
Norton Road,
Hove,
BN3 3BQ

December 2016
Ref:

Direct line: 0118 928 1556
Email: pking1@uk.ey.com

Dear Members

Certification of claims and returns annual report 2015-16 for Brighton & Hove City Council

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Brighton & Hove City Council's 2015-16 claims.

Scope of work

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

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2015-16, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

Summary

Section 1 of this report outlines the results of our 2015-16 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £163,299,208. We met the submission deadline. Our initial work identified a number of errors. As a result further testing needed to be undertaken by the Council and reviewed by us. We reported the results of our initial and additional testing to the DWP in a qualification letter. Details of the qualification matters are included in section 2.

Fees for certification and other returns work are summarised in section 3. The housing benefits subsidy claim fees for 2015-16 were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2015 and are now available on the PSAA's website (www.psaa.co.uk).



We welcome the opportunity to discuss the contents of this report with you at the Audit & Standards Committee meeting on 10 January 2017.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Paul King', with a horizontal line underneath.

Paul King
Executive Director
Ernst & Young LLP
Enc

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2. 2015-16 certification fees.....	2
3. Looking forward.....	3

1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£163,299,208
Amended/Not amended	Not amended
Qualification letter	Yes
Fee – 2015-16	£16,957
Fee – 2014-15	£18,530

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous years claims. We found errors and carried out extended testing in several areas.

We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

- We identified 1 failure in Non-HRA Rent Rebate cases whereby the Council failed to accurately assess the claimant's weekly income from the evidence provided. We undertook additional 40+ in response to this error, where a further 7 failures were identified. These errors were extrapolated and reported in our Qualification Letter.
- Our initial testing did not identify any failures relating to HRA Rent Rebate cases. However, as errors have been identified in this case type in previous years, we asked the Council to undertake 40+ testing on HRA Rent Rebate cases containing income. This identified 5 failures whereby the claimant's income had been incorrectly assessed. These errors were extrapolated and reported in our Qualification Letter.
- We identified 2 failures in our initial testing of Rent Allowance cases whereby claimant income had been incorrectly assessed. We asked the Council to undertake 40+ testing, which identified a further 5 errors. These errors were extrapolated and reported in our Qualification Letter.
- We identified 3 additional failures in our Rent Allowance testing whereby an overpayment had been incorrectly classified as eligible, when it resulted from Local Authority Error or Administrative Delay. A 40+ sample was tested and a further 2 errors identified. These errors were extrapolated and reported in our qualification letter.

2. 2015-16 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2015-16, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) in March 2015 and are now available on the PSAA's website (www.psaa.co.uk).

Claim or return	2015-16	2015-16	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	16,957	15,957	18,530

The actual fee for 2015/16 differs to the indicative fee as we were required to undertake additional 40+ testing compared to the 2013/14 year upon which the indicative fee is based. This additional £1,000 is subject to approval by PSAA.

3. Looking forward

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2016-17 is £13,898. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2015-16. Indicative fees for 2016/17 housing benefit subsidy certification work are based on final 2014/15 certification fees. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2014-15.

Details of individual indicative fees are available at the following web address:
<http://www.psaa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Executive Director of Finance & Resources before seeking any such variation.

PSAA is currently consulting on the 2017-18 work programme. There are no changes planned to the work required and the arrangements for certification of housing benefit subsidy claims remain in the work programme. However, this is the final year in which these certification arrangements will apply. From 2018-19, the Council will be responsible for appointing their own auditor and this is likely to include making their own arrangements for the certification of the housing benefit subsidy claim in accordance with the requirements that will be established by the DWP.

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COMMITTEENAME**Agenda Item 61**

Brighton & Hove City Council

Subject:	Ernst & Young – Audit Plan 2016/17		
Date of Meeting:	10 January 2017		
Report of:	EY		
Contact Officer:	Name:	Paul King	Tel: 0118 928 1556 (Ext 41556)
	Email:	pking1@uk.ey.com	
Ward(s) affected:	All		

1. SUMMARY AND POLICY CONTEXT:

1.1 Audit Plan 2016/17 - The 2016/17 Audit Plan sets out how we intend to carry out our responsibilities as your external auditor. It covers the work we plan to perform in order to provide you with:

- our audit opinion on whether the Council's financial statements give a true and fair view of the financial position as at 31 March 2017 and the income and expenditure account for the year then ended; and
- a statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

The report summarises our progress to date, our assessment of the key risks which drive the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

2. RECOMMENDATIONS:

2.1 To note the 2016/17 Audit Plan and ask questions as necessary on our proposed audit approach, progress to date and audit scope. You should also consider whether there are any other matters which you consider may influence our audit.

Brighton & Hove City Council

Year ending 31 March 2017

Audit Plan

January 2017

Ernst & Young LLP



Building a better
working world

The Members of the Audit & Standards Committee
Brighton & Hove City Council
Hove Town Hall
Norton Road,
Hove,
BN3 3BQ

January 2017

Dear Committee Members

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit & Standards Committee with a basis to review our proposed audit approach and scope for the 2016/17 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this Audit Plan with you at your meeting on 10 January 2017 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Paul King
For and behalf of Ernst & Young LLP
Enc

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk).

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

The 'Terms of Appointment from 1 April 2015' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit & Standards Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

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

1. Overview

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of Brighton & Hove City Council give a true and fair view of the financial position as at 31 March 2017 and of the income and expenditure for the year then ended; and
- ▶ Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

2. Financial statement risks

We outline below our current assessment of the financial statement risks facing the Council, identified through our knowledge of the Council's operations and discussion with those charged with governance and officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)

Our audit approach

Risk of management override

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

For local authorities, the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of management override.

Our approach will focus on:

- ▶ testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- ▶ reviewing accounting estimates for evidence of management bias,
- ▶ Evaluating the business rationale for significant unusual transactions; and
- ▶ review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.

Valuation of Land and Buildings

Land and building valuations are based upon valuation reports issued by internal and external professional valuers used by the Council.

The valuations are carried out in accordance with the methodologies and bases for estimation set out in relevant professional standards.

The draft 2015/16 financial statements recognised a reduction in the value of Property, Plant and Equipment (PPE) of some £500 million. We challenged this movement both generally and within specific asset categories, including the valuation of land.

This resulted in a revised external valuation report which has the effect of increasing the value of PPE by £92.2 million, to reflect local knowledge of the availability and value of land in Brighton & Hove.

Due to the significant changes in the valuation reports received in 2015/16, we made a number of recommendations to the Council to ensure appropriate and robust challenge of asset valuations and to ensure early communication with the valuer (including local information).

The risk remains that the PPE balance could be materially misstated in 2016/17.

Our testing will focus specifically on those recommendations made in 2015/16: We will

- ▶ ensure the Council has undertaken a robust exercise to challenge the reasonableness of asset valuation provided by their expert;
- ▶ ensure that specific local information that should be taken into consideration has been included in the valuation; and,
- ▶ employ or own expert valuers to review and challenge the work of the Councils valuer.

2.1 Responsibilities in respect of fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ identifying fraud risks during the planning stages;
- ▶ enquiry of management about risks of fraud and the controls to address those risks;
- ▶ understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ determining an appropriate strategy to address any identified risks of fraud, and,
- ▶ performing mandatory procedures regardless of specifically identified risks.

3. Value for money risks

We are required to consider whether the Council has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources.

For 2016-17 this is based on the overall evaluation criterion:

“In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- take informed decisions;
- deploy resources in a sustainable manner; and
- work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the following significant VFM risks which we view as relevant to our value for money conclusion.

Significant value for money risks

Our audit approach

The Council will not be able to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

The Council continues to face very significant and increasing financial challenges. It must save in excess of £20 million in its 2016/17 budget to match its spending to the resources it will have available. In total it predicts that it will need to save some £68 million from its budget over the next four years.

- ▶ Our approach will focus on:
 - ▶ use of PSAA’s value for money profile tool to assess Council spending against similar councils; and
 - ▶ review and assess the updated assumptions within the Council’s 2016/17 budget and medium term financial plan.

Continued reductions in government grants, and increasing demand and cost around key services such as adult social care and children’s services are the key drivers of the need for significant savings. The Council

continues to seek alternative solutions to ensure that local services can be maintained and supported in the future, in line with local need.

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Council's:

- ▶ Financial statements
- ▶ Arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We report to you by exception in respect of your governance statement and other accompanying material as required, in accordance with relevant guidance prepared by the NAO on behalf of the Comptroller and Auditor General.

Alongside our audit report, we also review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require. We will plan our audit procedures to identify misstatements that could be material to the statutory financial statements of the individual entity.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

4.2 Audit process overview

Processes

Our initial assessment of the key processes across the Council has identified the following key processes where we will seek to test key controls, both manual and IT:

- ▶ Accounts Receivable
- ▶ Accounts Payable
- ▶ Payroll
- ▶ Social Care Expenditure
- ▶ Cash & Bank

Analytics

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

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report any significant findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit & Standards Committee.

Internal audit

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where we raise issues that could have an impact on the year-end financial statements

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Public Finance Initiatives (PFI)	EY PFI expert
PPE Valuation	Council Valuer and EY Valuations Team
IAS19 Pensions	Council Actuary and EY Pensions Team

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's environment and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ assess the reasonableness of the assumptions and methods used;
- ▶ consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ assess whether the substance of the specialist's findings are properly reflected in the financial statements.

4.3 Mandatory audit procedures required by auditing standards and the Code

As well as the financial statement risks (section two) and value for money risks (section three), we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- ▶ Addressing the risk of fraud and error;
- ▶ Significant disclosures included in the financial statements;
- ▶ Entity-wide controls;
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- ▶ Auditor independence.

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement and the Remuneration and Staff Report.
- ▶ Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

4.4 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined that overall materiality for the financial statements of the Council is £16,725,000 based on 2% of Gross Revenue Expenditure. We will communicate uncorrected audit misstatements greater than £836,000 to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

4.5 Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The indicative fee scale for the audit of Brighton & Hove City Council is £158,550.

4.6 Your audit team

The engagement team is led by Paul King, who has significant experience of working with Brighton & Hove City Council. Paul is supported by Tom Wilkins who is responsible for the day-to-day direction of audit work and is the key point of contact for the Executive Director of Finance and Resources.

4.7 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Audit & Standards Committee's cycle in 2016/17. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Audit & Standards Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

Audit phase	Timetable	Audit & Standards Committee timetable	Deliverables
High level planning	November 2016	November 2016	Progress Report
Risk assessment and setting of scopes	December 2016	January 2017	Audit Plan
Testing routine processes and controls	February / March 2017	March 2017	Progress Report
Year-end audit	June 2017		
Completion of audit	July 2017	July/August [TBC] 2017	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements; [our opinion on the regularity of your expenditure and income]; and, [by exception] overall value for money conclusion). Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	July/August 2017	July/August [TBC] 2017	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 ‘Communication of audit matters with those charged with governance’, requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the PSAA Terms of Appointment and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed and analysed in appropriate categories.

5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council.

At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and that are in compliance with PSAA Terms of Appointment.

At the time of writing, we have not charged any non-audit fees.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Council. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Overall Assessment

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Paul King, the audit engagement Director and the audit engagement team have not been compromised.

5.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended June 2016 and can be found here:

<http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2016>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2016/17 £	Scale fee 2016/17 £	Outturn fee 2015/16 £
Opinion Audit and VFM Conclusion	158,550	158,550	165,320 ¹
Total Audit Fee – Code work	158,550	158,550	165,320
Certification of claims and returns ²	13,898	13,898	16,957
Non-audit work	0	0	0

All fees exclude VAT.

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ The operating effectiveness of the internal controls for the key processes outlined in section 4.2 above;
- ▶ We can rely on the work of internal audit as planned;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee. We note an ongoing objection to the Council's 2015-16 accounts has been raised in respect of Lender Option Borrower Option loans, for which additional fee will be charged.

¹ The 2015/16 Outturn fee includes a proposed scale fee variation of £6,770 in respect of additional procedures completed in relation to the Property, Plant & Equipment Valuation issues. This amount is yet to be agreed with the Council or the PSAA.

² Our fee for the certification of grant claims is based on the indicative scale fee set by the PSAA.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Audit & Standards Committee. These are detailed here:

Required communication	Reference
Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.	▶ Audit Plan
Significant findings from the audit <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	▶ Audit Results Report
Misstatements <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant 	▶ Audit Results Report
Fraud <ul style="list-style-type: none"> ▶ Enquiries of the Audit & Standards Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	▶ Audit Results Report
Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	▶ Audit Results Report
External confirmations <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	▶ Audit Results Report
Consideration of laws and regulations <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off. ▶ Enquiry of the Audit & Standards Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit & Standards Committee may be aware of. 	▶ Audit Results Report

Required communication	Reference
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Audit Results Report
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<ul style="list-style-type: none"> ▶ Audit Results Report
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Audit Results Report
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Audit Results Report ▶ Annual Audit Letter if considered necessary
<p>Certification work</p> <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	<ul style="list-style-type: none"> ▶ Certification Report

EY | Assurance | Tax | Transactions | Advisory

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Subject:	Decision to Opt In to the National Scheme for Auditor Appointments		
Date of Meeting:	10 January 2017 (Audit & Standards Committee) 26 January 2017 (Council)		
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. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 With effect from the financial year 2018/19, public bodies are required to appoint their own external auditors following a process of competition. This report sets out the requirements to comply with appointment legislation and asks the Audit & Standards Committee to recommend a proposed course of action to full Council relating to the future appointment of the Council's external auditor through Public Sector Audit Appointments Ltd (PSAA).

2. RECOMMENDATIONS:

That the Audit & Standards Committee:

- 2.1 Note the requirements relating to the appointment of an External Auditor to the Council for 2018/19.
- 2.2 Note the letter of invitation from PSAA for the Council to opt into the national scheme for auditor appointments (Appendix 2).
- 2.3 Recommends that Council opt-in to the national scheme and adopt PSAA as the appointing person for the Council including in the prescribed acceptance form a request for a collaborative auditor appointment with Surrey County Council and East Sussex County Council.
- 2.4 Recommends that the Council delegate the process of acceptance of the invitation to the Executive Director of Finance & Resources as the council's S151 Officer.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Local Audit and Accountability Act 2014 abolishes the Audit Commission and repeals the Audit Commission Act 1998. Its aim, as stated in Department of Communities & Local Government (DCLG) guidance, was to give local bodies the freedom to appoint their own auditors from an open and competitive market

and to manage their own audit arrangements, with appropriate safeguards to ensure independence.

- 3.2 Following the decision to abolish the Audit Commission, Auditors for each local authority were appointed by means of a national procurement exercise. The auditors were appointed with effect from the financial year 2013/14 on a 3 year contract with an optional extension for a further 2 years. The parties have agreed to extend the contract which now expires at the completion of the 2017/18 audit.
- 3.3 The Council's current external auditor is EY, this appointment having been made under a contract originally let by the Audit Commission. The contract is now managed by PSAA, the transitional body set up by the Local Government Association (LGA) with delegated authority from the Secretary of State for Communities & Local Government. It expires at the completion of the 2017/18 audit.
- 3.4 Over recent years local authorities have benefited from reductions in fees in the order of 50% compared with historic levels. This has been the result of a combination of factors including new contracts negotiated nationally with the firms of accountants and savings from closure of the Audit Commission. The council's external audit fee for 2015/16 is subject to confirmation but is expected to be circa £181,000, excluding any fees relating to the objection to the accounts regarding LOBO loans.
- 3.5 With effect from the financial year 2018/19, public bodies will be required to appoint their own external auditors following a process of competition. The 2014 Act sets out the framework and requirements within which this appointment can be made and requires that the appointment is concluded by the end of December 2017. This report sets out the requirements to comply with appointment legislation and recommends a proposed course of action.
- 3.6 The options analysis at Section 4 and Appendix 1 of the report indicates that opting in to the national collective scheme (Option iii) is considered to be the most favourable by:
- potentially offering the most favourable scale fees;
 - avoiding additional administrative, auditor panel and procurement processes and costs;
 - avoiding ongoing contract management time and cost;
 - avoiding the need to monitor compliance, audit quality and independence of the appointed auditor.
- 3.7 The Local Audit (Appointing Person) Regulations 2015 require that the Council may only make the decision to 'opt-in' to the appointing person arrangement by the members of the Council meeting as a whole. This report therefore asks the Audit & Standards Committee to recommend to full Council that the PSAA invitation be accepted.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 There are 3 options open to the Council for the appointment of its external auditor as follows:

- i) **Direct appointment** – in order to make the appointment itself, the Council will be required to have an ‘Auditor Panel’ to advise the Council on the selection and appointment of a local auditor; or
- ii) **Joint appointment** – an appointment could be made in conjunction with other bodies (e.g. on a regional / sub-regional basis) by setting up a Joint Auditor Panel; or
- iii) **Opt-in to the national scheme for appointment** – i.e. to make the appointment via the offered national collective scheme through PSAA Ltd.

4.2 The key advantages and disadvantages of each option are set out in Appendix 1. This analysis indicates that opting in to the national collective scheme (Option iii above) is considered to be the most favourable option.

Appointment through the national collective scheme

4.3 The LGA has previously canvassed councils with regard to potential ‘opt-in’ to a Sector-Led Body (SLB) appointed by the Secretary of State for CLG under the Act, following which the council expressed a non-obligational interest in opting-in as an indication of the likely preferred approach to appoint an external auditor.

4.4 In July 2016, the Secretary of State specified PSAA Ltd as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. This means that PSAA can make auditor appointments for audits of the accounts from 2018/19 of principal authorities that choose to opt-in to its arrangements. The LGA is strongly supportive of this and the PSAA is leading on the development of this national option.

4.5 The PSAA has formally invited the Council to opt-in to the national scheme for external auditor appointments and a copy of the letter is attached at Appendix 2. PSAA will make auditor appointments to principal local government bodies that choose to opt-in to the national scheme for audits of the accounts from 2018/19. PSAA intends to run the scheme in a way that will save time and resources for local public bodies. A collective national procurement will secure the best prices, keeping the cost of audit as low as possible for the bodies that choose to opt-in, without compromising on audit quality. Using the scheme will avoid the need for opted-in authorities to:

- establish an Audit Panel with independent members;
- manage the procurement process for the auditor appointment and cover associated costs;
- monitor the independence of the appointed auditor; and
- manage the contract with the auditor.

4.6 The scope of the audit will still be specified nationally by the National Audit Office (NAO) which will be responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council’s audit must follow. Not all audit firms will be eligible to compete for the work as they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council.

- 4.7 The timetable for the new arrangements outlining the appointment of auditors is contained within the letter at Appendix 2 with a closing date for 'opting-in' of 9 March 2017. PSAA will commence the formal procurement process after this date and expect to award contracts in summer 2017 and consult with authorities on the appointment of auditors so that it can make an appointment by the statutory deadline of December 2017.

Collaborative Auditor Appointment

- 4.8 Any of the options for appointment can allow for collaborative auditor appointments to be made. This enables the same auditor to be appointed to one or more local authorities who have indicated that they collaborate or work in a partnership and wish to make a collaborative auditor appointment. The appointed auditor would still be individually appointed to each authority and would report to each body separately but having the same auditor would bring potential benefits to the local authorities, for example, processing efficiencies through having common audit practices and supporting document requirements.
- 4.9 The council is joining the Orbis shared service partnership as a 'founding partner' with Surrey County Council and East Sussex County Council. The admission of Brighton & Hove City Council to the partnership is still subject to the final approval of the members of the two authorities and an Inter-Authority Agreement will need to be put in place (target date is April 2017) to formalise the arrangement well before 2018/19 when the auditor appointment will commence. However, in the unlikely event that the partnership is not formalised, the authorities can still benefit from a collaborative auditor appointment if desired and all 3 partners are recommending this approach to their members, adopting the national collective PSAA route.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Colleagues across the Orbis shared service partnership were consulted with regard to requesting a 'collaborative appointment' should all three authorities elect to opt-in to the national scheme.

6. CONCLUSION

- 6.1 Opting-in to the national scheme is the recommended option for the Council because PSAA has the full support of the LGA which has worked to secure the option for principal local government bodies to appoint auditors through a dedicated sector-led national procurement body. Further, requesting a collaborative auditor appointment with Orbis partners is recommended as this brings additional potential efficiencies.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 There is a risk that current external fees levels could increase when the current contracts end in 2018. Opting-in to the national collective scheme provides the best opportunity to secure value for money by ensuring fees are as competitive as possible, whilst ensuring the quality of audit is maintained by entering into a large scale collective procurement arrangement.

- 7.2 If the national collective scheme is not used some additional resources may be needed to establish an Auditor Panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to predict what additional resource or costs may be incurred.

Finance Officer Consulted: James Hengeveld

Date: 14/12/16

Legal Implications:

- 7.3 Section 7 of the Local Audit and Accountability Act 2014 requires Councils to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the Council must consult and take account of the advice of an Auditor Panel on the selection and appointment of a local auditor. Opting-in to the national collective appointment scheme removes the necessity for a local Audit Panel.
- 7.4 If the Council fails to appoint a local auditor the Secretary of State may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.
- 7.5 The recommendations in the report will ensure that the Council's duties to appoint an External Auditor are met in the most efficient manner and in compliance with the requirements of the Local Audit and Accountability Act 2014.

Lawyer Consulted Elizabeth Culbert

Date: 20/12/16

Equalities Implications:

- 7.6 There are no equalities implications arising from this report.

Sustainability Implications:

- 7.7 There are no sustainability implications arising from this report.

SUPPORTING DOCUMENTATION

Appendices:

1. Options Analysis.
2. Copy of PSAA Ltd letter inviting opt-in.

Documents in Members' Rooms

1. None.

Background Documents

1. None.

ANALYSIS OF OPTIONS FOR THE APPOINTMENT OF EXTERNAL AUDITORS

Options	Description of Option	Possible advantages	Possible disadvantages
<p>Option i) Direct Appointment</p>	<p>Procuring a stand-alone, direct appointment overseen by a specially set up independent Audit Panel of the authority. The members of the Panel would need to be wholly or a majority of independent members (i.e. not current or former members of the authority). This option would therefore incur costs associated with the recruitment of independent members and of maintaining and supporting the panel.</p>	<ul style="list-style-type: none"> • Full ownership of the process; • Fully bespoke local contract with the auditor; • Tendering process more based on local circumstances (subject to EU Procurement and Public Contract Regulation constraints). 	<ul style="list-style-type: none"> • May not be able to procure at a lower cost, e.g. risk of limited provider choice in the authority location and because a single authority contract may be less attractive to providers; • Therefore, this option may not be able to demonstrate value for money compared with other available options; • Will not achieve economies of scale and could also therefore be unattractive to providers; • The need to appoint appropriately skilled and knowledgeable independent Audit Panel members and an independent panel chair; • Covering the cost of panel expenses; • Contract management administration and costs.
<p>Option ii) Joint Appointment (Joint Auditor Panel)</p>	<p>Joining with other councils to set up a joint independent Auditor Panel. This option would spread the cost across a number of local authorities (for example, this could be a joint procurement with Orbis partners).</p>	<ul style="list-style-type: none"> • Procurement can still be a relatively tailored process; • There may be a greater opportunity for negotiating some economies of scale by being able to offer a larger, combined contract value; • Less administration than a sole Auditor Panel and the ability to share administration expenses; • May be easier to attract suitable panel members; • An opportunity for fully bespoke contracts with the auditor if the 	<ul style="list-style-type: none"> • Potentially less local input than Option i) meaning the potential for a compromise on arrangements or the auditor contract; • Similarly, may not end up with first choice of auditor, compared to an individual Auditor Panel; • The need to agree appointment of members across multiple authorities and set up a joint decision-making process; • May not achieve competitive fees and may still not demonstrate value for

		<p>group of authorities can agree;</p> <ul style="list-style-type: none"> • Shared contract management and administrative costs. 	<p>money compared to other available options.</p>
<p>Option iii) National Collective Appointment through Public Sector Audit Appointments Limited (PSAA)</p>	<p>A not-for-profit company established by the Local Government Association (LGA), PSAA Ltd, would administer the current audit contracts, let by the Audit Commission before it closes.</p> <p>PSAA have the support of the LGA, which has worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national procurement body. PSAA have established an advisory panel, drawn from representative groups of local government and police bodies, to give access to councils' views on the design and operation of the scheme.</p> <p>PSAA have been specified by the Secretary of State for Communities and Local Government as the appointing person for principal local government bodies. This means that PSAA will make auditor appointments to principal local government bodies that choose to opt in to the national appointment arrangements. PSAA will operate for audits of the accounts from 2018/19.</p>	<ul style="list-style-type: none"> • Opting-in to the national arrangement will help to ensure there is a competitive public audit market for the benefit of the whole sector; • By offering large contract values providers should be able to offer better rates and lower fees than are likely to result from local direct or joint negotiation; • The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities (i.e. will be nominal only); • The appointment process would not be ceded to locally appointed independent members. Instead a separate body will be set up to act in the collective interests of the 'opt-in' authorities. This avoids the necessity for the Council to establish an Auditor Panel (or Joint Auditor Panel) or to undertake an auditor procurement (or joint procurement) avoiding higher administrative and procurement costs; • As a sector-led body, PSAA can ensure the appointed auditor meets and maintains the required audit quality standards; • Any conflicts at individual authorities can be more easily 	<ul style="list-style-type: none"> • Individual elected members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups; • In order for the PSAA to be viable and to be placed in the strongest possible negotiating position, the PSAA will need councils to indicate their intention to opt-in before final contract prices are known.

		<p>managed by the PSAA who would have a number of contracted firms to call upon avoiding higher local contract management costs and administration;</p> <ul style="list-style-type: none">• A scale of fees will be negotiated which will be able to reflect size, complexity and audit risk of opting-in authorities, similar to current scale fees;• Distribution of surpluses to participating bodies;• Appointment of the same auditors to bodies involved in significant collaboration/joint working initiatives or across regions (for example Orbis partners) where the parties believe that it will enhance efficiency and value for money;• Demonstrates value for money as the approach most likely to achieve the best price and quality combination..	
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27 October 2016

Email: appointingperson@psaa.co.uk

Geoff Raw
Brighton and Hove City Council
Kings House
Grand Avenue
Hove BN3 2LS

Copied to: David Kuenssberg, Executive Director Finances & Resources (S151 Officer), Brighton and Hove City Council
Abraham Ghebre-Ghiorghis, Head of Law and Monitoring Officer, Brighton and Hove City Council

Dear Mr Raw,

Invitation to opt into the national scheme for auditor appointments

As you know the external auditor for the audit of the accounts for 2018/19 has to be appointed before the end of 2017. That may seem a long way away, but as there is now a choice about how to make that appointment, a decision on your authority's approach will be needed soon.

We are pleased that the Secretary of State has expressed his confidence in us by giving us the role of appointing local auditors under a national scheme. This is one choice open to your authority. We issued a prospectus about the scheme in July 2016, available to download on the [appointing person](#) page of our website, with other information you may find helpful.

The timetable we have outlined for appointing auditors under the scheme means we now need to issue a formal invitation to opt into these arrangements. The covering email provides the formal invitation, along with a form of acceptance of our invitation for you to use if your authority decides to join the national scheme. We believe the case for doing so is compelling. To help with your decision we have prepared the additional information attached to this letter.

I need to highlight two things:

- we need to receive your formal acceptance of this invitation by 9 March 2017; and
- the relevant regulations require that, except for a body that is a corporation sole (a police and crime commissioner), the decision to accept the invitation and to opt in needs to be made by the members of the authority meeting as a whole. We appreciate this will need to be built into your decision making timetable.

If you have any other questions not covered by our information, do not hesitate to contact us by email at appointingperson@psaa.co.uk.

Yours sincerely,



Jon Hayes, Chief Officer

Appointing an external auditor

Information on the national scheme

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit company established by the Local Government Association (LGA). We administer the current audit contracts, let by the Audit Commission before it closed. We have the support of the LGA, which has worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national procurement body. We have established an advisory panel, drawn from representative groups of local government and police bodies, to give access to your views on the design and operation of the scheme.

The national scheme for appointing local auditors

We have been specified by the Secretary of State for Communities and Local Government as the appointing person for principal local government bodies. This means that we will make auditor appointments to principal local government bodies that choose to opt into the national appointment arrangements we will operate for audits of the accounts from 2018/19. These arrangements are sometimes described as the 'sector-led body' option, and our thinking for this scheme was set out in a prospectus circulated to you in July. The prospectus is available on the [appointing person](#) page of our website.

We will appoint an auditor for all opted-in authorities for each of the five financial years beginning from 1 April 2018, unless the Secretary of State chooses to terminate our role as the appointing person beforehand. He or she may only do so after first consulting opted-in authorities and the LGA.

What the appointing person scheme will offer

We are committed to making sure the national scheme will be an excellent option for auditor appointments for you.

We intend to run the scheme in a way that will save time and resources for local government bodies. We think that a collective procurement, which we will carry out on behalf of all opted-in authorities, will enable us to secure the best prices, keeping the cost of audit as low as possible for the bodies who choose to opt in, without compromising on audit quality.

Our current role means we have a unique experience and understanding of auditor procurement and the local public audit market.

Using the scheme will avoid the need for you to:

- establish an audit panel with independent members;
- manage your own auditor procurement and cover its costs;
- monitor the independence of your appointed auditor for the duration of the appointment;
- deal with the replacement of any auditor if required; and
- manage the contract with your auditor.

Our scheme will endeavour to appoint the same auditors to other opted-in bodies that are involved in formal collaboration or joint working initiatives, if you consider that a common auditor will enhance efficiency and value for money.

We will also try to be flexible about changing your auditor during the five-year appointing period if there is good reason, for example where new joint working arrangements are put in place.

Securing a high level of acceptances to the opt-in invitation will provide the best opportunity for us to achieve the most competitive prices from audit firms. The LGA has previously sought expressions of interest in the appointing person arrangements, and received positive responses from over 270 relevant authorities. We ultimately hope to achieve participation from the vast majority of eligible authorities.

High quality audits

The Local Audit and Accountability Act 2014 provides that firms must be registered as local public auditors with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of registered firms' work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC), under arrangements set out in the Act.

We will:

- only contract with audit firms that have a proven track record in undertaking public audit work;
- include obligations in relation to maintaining and continuously improving quality in our contract terms and in the quality criteria in our tender evaluation;
- ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any quality concerns are detected at an early stage; and
- take a close interest in your feedback and in the rigour and effectiveness of firms' own quality assurance arrangements.

We will also liaise with the National Audit Office to help ensure that guidance to auditors is updated as necessary.

Procurement strategy

In developing our procurement strategy for the contracts with audit firms, we will have input from the advisory panel we have established. The panel will assist PSAA in developing arrangements for the national scheme, provide feedback to us on proposals as they develop, and helping us maintain effective channels of communication. We think it is particularly important to understand your preferences and priorities, to ensure we develop a strategy that reflects your needs within the constraints set out in legislation and in professional requirements.

In order to secure the best prices we are minded to let audit contracts:

- for 5 years;
- in 2 large contract areas nationally, with 3 or 4 contract lots per area, depending on the number of bodies that opt in; and
- to a number of firms in each contract area to help us manage independence issues.

The value of each contract will depend on the prices bid, with the firms offering the best value being awarded larger amounts of work. By having contracts with a number of firms, we will be able to manage issues of independence and avoid dominance of the market by one or two firms. Limiting the national volume of work available to any one firm will encourage competition and ensure the plurality of provision.

Auditor appointments and independence

Auditors must be independent of the bodies they audit, to enable them to carry out their work with objectivity and credibility, and in a way that commands public confidence.

We plan to take great care to ensure that every auditor appointment passes this test. We will also monitor significant proposals for auditors to carry out consultancy or other non-audit work, to protect the independence of auditor appointments.

We will consult you on the appointment of your auditor, most likely from September 2017. To make the most effective allocation of appointments, it will help us to know about:

- any potential constraints on the appointment of your auditor because of a lack of independence, for example as a result of consultancy work awarded to a particular firm;
- any joint working or collaboration arrangements that you think should influence the appointment; and
- other local factors you think are relevant to making the appointment.

We will ask you for this information after you have opted in.

Auditor appointments for the audit of the accounts of the 2018/19 financial year must be made by 31 December 2017.

Fee scales

We will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising our own costs. Any surplus funds will be returned to scheme members under our articles of association and our memorandum of understanding with the Department for Communities and Local Government and the LGA.

Our costs for setting up and managing the scheme will need to be covered by audit fees. We expect our annual operating costs will be lower than our current costs because we expect to employ a smaller team to manage the scheme. We are intending to fund an element of the costs of establishing the scheme, including the costs of procuring audit contracts, from local government's share of our current deferred income. We think this is appropriate because the new scheme will be available to all relevant principal local government bodies.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk, most likely as evidenced by audit fees for 2016/17. Pooling means that everyone in the scheme will benefit from the most competitive prices. Fees will reflect the number of scheme participants – the greater the level of participation, the better the value represented by our scale fees.

Scale fees will be determined by the prices achieved in the auditor procurement that PSAA will need to undertake during the early part of 2017. Contracts are likely to be awarded at the end of June

2017, and at this point the overall cost and therefore the level of fees required will be clear. We expect to consult on the proposed scale of fees in autumn 2017 and to publish the fees applicable for 2018/19 in March 2018.

Opting in

The closing date for opting in is 9 March 2017. We have allowed more than the minimum eight week notice period required, because the formal approval process for most eligible bodies, except police and crime commissioners, is a decision made by the members of an authority meeting as a whole.

We will confirm receipt of all opt-in notices. A full list of authorities who opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters that would prevent us appointing a particular firm.

If you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2018. The earliest an auditor appointment can be made for authorities that opt in after the closing date is therefore for the audit of the accounts for 2019/20. We are required to consider such requests, and agree to them unless there are reasonable grounds for their refusal.

Timetable

In summary, we expect the timetable for the new arrangements to be:

- Invitation to opt in issued 27 October 2016
- Closing date for receipt of notices to opt in 9 March 2017
- Contract notice published 20 February 2017
- Award audit contracts By end of June 2017
- Consult on and make auditor appointments By end of December 2017
- Consult on and publish scale fees By end of March 2018

Enquiries

We publish frequently asked questions on our [website](#). We are keen to receive feedback from local bodies on our plans. Please email your feedback or questions to: appointingperson@psaa.co.uk.

If you would like to discuss a particular issue with us, please send an email to the above address, and we will make arrangements either to telephone or meet you.

Subject:	Strategic Risk Register review November 2016		
Date of Meeting:	10 January 2017		
Report of:	Executive Lead Officer, Strategy, Governance & Law		
Contact Officer:	Name:	Jackie Algar	Tel: 01273 29-1273
	Email:	Jackie.algar@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The Audit & Standards Committee has a role to monitor and form an opinion on the effectiveness of risk management and internal control. As part of discharging this role it reviews the Strategic Risk Register (SRR), recently updated by the Executive Leadership Team (ELT) on 16 November 2016.
- 1.2 The SRR Report December 2016 (Appendix 1) provides detail on the actions taken and future actions to manage each strategic risk.

2. RECOMMENDATIONS

- 2.1 That the Audit & Standards Committee notes the SRR Report December 2016 at Appendix 1.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The SRR details the risks which may affect achievement of the Council's key objectives, 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. Risk management is embedded within Directorate Plans, service plans and other work plans, and therefore the register is a key document which influences activity.
- 3.2 Across the council there are a number of risk registers which prioritise risks consistently by assigning risk scores 1-5 to assess the likelihood (denoted by 'L') 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.
- 3.3 There is an approved Risk Management Strategy to manage all risks at the appropriate organisational level. This process enables risks to be 'escalated' for the consideration of ELT.

- 3.4 ELT are responsible for reviewing the SRR and individual ELT members are assigned as 'Risk Owners' responsible for co-ordinating action to manage the Strategic Risks. ELT's review is informed by Directorate Risk Registers which are reviewed at least quarterly in line with the SRR review and the Audit & Standards Committee timetable.
- 3.5 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 Interplan package. Appendix 1 gives details of existing controls and future actions to manage each strategic risk.

4 SUMMARY OF MAIN CHANGES TO THE STRATEGIC RISK REGISTER (SRR) 2016/17 AFTER REVIEW BY ELT 16 NOVEMBER 2016

- 4.1 There remain 15 strategic risks at Red or Amber Level, one risk was removed and another added.

Risk removed: SR28 Governance & Assurance Framework because the Corporate Risk Assurance Framework (CRAF) was approved by ELT, it will be reported to all the meetings (above).

Risk added: SR29 Contract Management, which will help deliver important aspects of the Annual Governance Statement 2015/16 actions. Full details are provided in Appendix 1.

4.2 Changes to risk scores

SR26 'Council's relationship with citizens' was given a thorough review by the Chief Executive and the Executive Director, Finance & Resources. This resulted in an increase in the Initial risk score.

From: Likelihood score 3 (Possible) x Impact score 3 (Moderate) = AMBER

To: Likelihood score 4 (Likely) x Impact score 4 (Major) = RED

However, the Residual risk score has remained as last reported. It is: Likelihood score 3 (Possible) x Impact score 3 (Moderate) = AMBER

There were no other changes to risk scores.

4.3 Changes to risk titles and focus

The title of SR20 changed:

Previous Title: Better Care Fund: Ability of health and social care to integrate services at a local level to deliver timely and appropriate interventions.

New Title: Ability of health and social care to integrate services at a local level to deliver timely and appropriate interventions.

The reason for this was that the Better Care Fund is one aspect to enable integration of health and social care, but there are others and the Better Care Fund is now reflected elsewhere in the risk (as a 'Cause').

The title of SR18 changed from:

Previous Title: Sustainable ICT and Digital Modernisation

New Title: Sustainable ICT and Digital Modernisation to improve service delivery

The focus of risk action has also altered to better reflect work underway or planned as part of the Digital First Programme.

4.4 Whole Risk Register

The table below sets out the risks in order of revised risk score which is assessed after taking into account the Existing Controls to provide a more 'realistic' prioritisation of risks compared against each other. The table provides details of direction of travel and in the final column, in addition of the Revised Risk Rating, the Risk Owner's assessment of the Effectiveness of Controls. As risks are managed, the unique risks may be removed from the SRR and in that case a gap in sequential numbering may arise.

As risks are managed, the unique risks may be removed from the SRR and in that case a gap in sequential numbering may arise.

Risk No.	Risk Title	Revised Risk Score		Revised Risk Score (L x I) Direction of Travel	Revised Risk Rating	Effectiveness of Controls
		Likelihood (L)	Impact (I)			
SR2	Financial Outlook for the council	4 Likely	4 Major	16 ◀▶	RED	Adequate
SR18	Transition to modern, digital IT to improve service delivery	4 Possible	4 Major	16 ◀▶	RED	Uncertain
SR13	Keeping vulnerable adults safe from harm and abuse	3 Possible	4 Major	12 ◀▶	AMBER	Adequate
Risk No.	Risk Title	Revised Risk Score		Revised Risk Score (L x I) Direction of Travel	Revised Risk Rating	Effectiveness of Controls
		Likelihood (L)	Impact (I)			

SR15	Keeping children safe from harm and abuse	3 Possible	4 Major	12 ◀▶	AMBER	Adequate
SR10	Information Governance Management	3 Possible	4 Major	12 ◀▶	AMBER	Adequate
SR17	School Places Planning	3 Possible	4 Major	12 ◀▶	AMBER	Adequate
SR20	Ability of health and social care to integrate services at a local level to deliver timely and appropriate interventions	3 Possible	4 Major	12 ◀▶	AMBER	Adequate
SR21	Housing Pressures	3 Possible	4 Major	12 ◀▶	AMBER	Adequate
SR29	Contract Management	3 Possible	4 Major	12 NEW	AMBER	Adequate
SR24	Welfare Reform	4 Likely	3 Moderate	12 ◀▶	AMBER	Uncertain
SR25	Organisational Capacity as a Results of Change	4 Likely	3 Moderate	12 ◀▶	AMBER	Uncertain
SR27	Devolution	4 Likely	3 Moderate	12 ◀▶	AMBER	Adequate
SR22	Modernising the Council	3 Possible	3 Moderate	9 ◀▶	AMBER	Adequate
SR26	Council's relationship with Citizens	3 Possible	3 Moderate	9 ◀▶	AMBER	Adequate
SR23	Developing an investment strategy to refurbish and develop the city's major asset of the seafront	3 Possible	3 Moderate	9 ◀▶	AMBER	Adequate

5. CONSULTATION

- 5.1 Consultation has taken place with the council's ELT; all Directorate Management Teams; and representatives of all the political parties.
- 5.2 The SRR will be sent to the City Management Board partners for information which reflects the city wide performance and risk management approach.

6. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 6.1 The SRR reflects a number of risks which have potential significant implications for the authority either directly or indirectly. The Risk Owners are responsible for overseeing the effective management of the risks as detailed in Appendix 1 and for highlighting financial risks through the budget monitoring process and budget strategy development.

Finance Officer Consulted: James Hengeveld

Date: 29/11/16

Legal Implications:

- 6.2 This report comes before Audit & Standards Committee in order for the Committee to discharge its functions of providing independent assurance of the adequacy of the council's risk management and associated control environment. Having reviewed the latest SRR, the Committee may, if it considers it appropriate, make recommendations to Full Council, Policy, Resources and Governance Committee, one or more officers or another relevant body in the council.

Lawyer Consulted: Victoria Simpson

Date: 27/11/16

- 6.3 Equalities Implications:

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

- 6.4 Sustainability Implications:

The risk management process includes identification and management of sustainability issues. Sustainability will be incorporated as appropriate across all Strategic Risks by the officers responsible for taking actions.

- 6.5 Any Other Significant Implications:

None.

SUPPORTING DOCUMENTATION

Appendices:

1. Strategic Risk Register Report December 2016

Documents in Members' Rooms

1. None.

Background Documents

1. Risk Management Strategy 2014 – 2017.

Brighton & Hove City Council

Strategic Risk Register - ELT review 16
November 2016

Initial Rating

Revised Rating

LIKELIHOOD	IMPACT				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	0	0	0	3	0
Likely (4)	0	0	2	9	0
Possible (3)	0	0	0	1	0
Unlikely (2)	0	0	0	0	0
Almost Impossible (1)	0	0	0	0	0

LIKELIHOOD	IMPACT				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	0	0	0	0	0
Likely (4)	0	0	3	2	0
Possible (3)	0	0	3	7	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
SR10	Information Governance Management	Chief Executive as SIRO; and Executive Director, Finance & Resources	BHCC Strategic Risk, Legislative	16/11/16	Threat	Treat	 L4 x I4	 L3 x I4		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
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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
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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

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
SR 10 Risk Action: Implement an organisation wide information risk management process and maintain a prioritised information risk register.	ICT Business Engagement Manager	70	31/12/16	01/09/15	31/12/16
<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.</p> <p>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>					
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	ICT Business Engagement Manager	50	31/12/16	15/12/15	31/12/16
<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>					
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
<p>Comments: Project to start in September</p>					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
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 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	Assistant Director Adult Social Care, Head of Adult Safeguarding	BHCC Strategic Risk, Legislative	16/11/16	Threat	Treat	Red L4 x 14	Amber L3 x 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

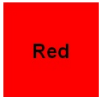

CQC Inspection of in-house registered care services

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	60	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	60	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, reported to the Safeguarding Adults Board June 16, then to Members Steering Group. Update Sep 16. This has led to further investigation with a view to further report due to be presented to Safeguarding Adults Board in Dec 16</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR15	Keeping children safe from harm and abuse	Executive Director Families, Children & Learning Service Manager - Directorate Policy & Business Support Assistant Director - Children's Health, Safeguarding & Care	BHCC Strategic Risk, Legislative	16/11/16	Threat	Treat	 L4 x I4	 L3 x I4		Revised: Adequate

Causes

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

Potential Consequence(s)

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

Existing Controls

First Line of Defence: Management Controls

Robust quality assurance processes embedded and reported on annually

LSCB Work Plan established with strong leadership by the Independent Chair with aligned LSCB sub-group work plans

Serious Case, Local Management and Child Death Reviews identify learning and action for improvement

MASH launched in September 14 to provide robust risk assessments and information sharing between partner agencies

SFSC programme targets support to the most vulnerable families

Continuous professional development and training opportunities offered by the LSCB and good multi agency take up of training

In line with the Government's Prevent Strategy, work with the Police, Statutory Partners, Third Sector Organisations and Communities to reduce radicalisation

Threshold document, agreed by all agencies, signed off by Children and Young People Committee; and LSCB on 2 & 3rd June 2014

Continuous professional development and learning opportunities offered by the LSCB and good multi agency take up of training

New model of practice (wef Oct 2015) for social work teams, with Pods in place to provide stability to service users

Performance management across children's social work enables a more informed view on current activity and planning for future service changes;

Second Line of Defence: Corporate Oversight

Early Help strategy in place and governance arrangements in place via LSCB and the MASH Board

Quality Assurance within the city and also across key agencies monitored by the LSCB sub group

The Child Review Board meetings quarterly and is an opportunity for Lead Members to receive information, provide challenge and comments on children's social care issues with Heads of Service, Assistant Director and Director for Children's Services

Reports delivered to LSCB following robust auditing of multi-agency case files and safeguarding practice;

Third Line of Defence: Independent Assurance

Ofsted inspected our social work arrangements in May 2015 and an action plan was developed to take forward recommendations.

LGA Peer Review on Safeguarding recently completed in September 2016 which provided assurance (and helpful challenge) regarding progress against the Ofsted inspection report.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
A focus on working with CYP at risk of being missing from care, home and education	Assistant Director - Children's Health, Safeguarding & Care	25	31/03/17	01/04/16	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Progress to date: The Pan Sussex commissioned service is now operational and in the process of starting the data reporting agreements. Sussex Police are now not differentiating between 'absent and missing' as per good practice this will create far more demand for services, including missing interviews. Pan Sussex work is led by the police which provides good joint plans and working. Weekly meetings established with police to consider those missing. Children missing education systems are in place and work well. Next steps are to establish and embed good data management and analysis systems using data from new service and to establish processes and service response to those who have been categorised as 'absent' previously, both being led by Head of Service Children in Care to be completed by March 2017.</p>					
Ensure there are effective pathways, information sharing and risk management between MASH and Early Help Hub	Assistant Director - Children's Health, Safeguarding & Care	50	31/03/17	01/04/16	31/03/17
<p>Comments: Progress to date: The LGA Safeguarding Peer Review in September 2016 found that the MASH process was good but did question the two front doors. The recent audit by LSCB with regards effectiveness of the system was positive and the EHH BPI review with regards systems and processes in May 2016 was positive. Next steps are that actions from LSCB audit are to be reviewed by the Head of Service for Children in Need. Additional the detailed findings from the Safeguarding Peer Review will be considered when received (Due in November 2016).</p>					
Full engagement with the LSCB to support effective partnership working in order to safeguard CYP	Assistant Director - Children's Health, Safeguarding & Care	50	31/03/17	01/04/16	31/03/17

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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Progress to date: Services are fully represented on appropriate sub committees and full LSCB and in auditing and Learning Reviews and have 100% attendance at the main LSCB meeting. Senior strategic and operational management representation continues at LSCB sub committees concerned with CSE, Operation Kite, Vulnerable Children, Radicalisation, Monitoring and Evaluation, Child Deaths, Serious Case Reviews and partner agency working. There is active participation in all LSCB auditing arrangements. This is ongoing work and is overseen by the Head of Safeguarding.</p>					
High quality social work is provided to ensure that CYP are effectively safeguarded	Assistant Director - Children's Health, Safeguarding & Care	50	31/03/17	01/04/16	31/03/17
<p>Comments: Progress to date: The LGA Safeguarding Peer Review in September 2016 found that children are being effectively safeguarded and that quality of work is improving and of a good standard. The Quality Assurance Framework (QAF) is fully established with Performance Management systems. Last quarter there was 87% compliance with auditing activity. Links have been established with Principal Social Worker to ensure learning from audit activity and case reviews is fed into social work practice. The Safeguarding Peer Review noted the impact of Lead Practitioners in driving through good practice. SLT continue to monitor action plans arising from Quality Assurance activity. Learning is disseminated via staff briefings and workshops and seminars led by Lead Practitioners. During the last quarter 73% of cases audited through QA activity had a judgement of ,at least, 'good'. Improved activity in numbers of Children in Care in the criminal justice system has been attributed to the improved working between the Youth Offending Team and Social Work service and also the Adolescent service. At end of quarter 1 there were 9 children in care in the criminal justice system the previous year there were 27 children throughout the year. reducing the percentage from 26% to 10%. Next steps include to continue to action the QAF and monitor performance through SLT and DMT Performance Board b and to maintain the existing learning system, both led by the Head of Safeguarding and Performance by Mar 17.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR17	School Places Planning	Executive Director Families, Children & Learning Service Manager - Directorate Policy & Business Support Assistant Director Education & Skills Head of School Organisation	BHCC Strategic Risk, Customer / Citizen	16/11/16	Threat	Treat	Red L4 x I4	Amber L3 x I4		Revised: Adequate

Causes

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

Potential Consequence(s)

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

Existing Controls

First Line of Defence: Management Controls

School Organisation Plan routinely reviewed internally and pupil forecasting element received independent assurance in 2015

Work has been ongoing on securing site for new secondary school

465 new primary school places (15.5 classes) added in last five years

Two new free schools opened in city

Four class junior site opened on Hove Police Station site September 2014

One new permanent form of entry opened in September 2014 at West Hove Infant School (Connaught)

Following a public consultation two permanent additional forms of entry opened in September 2015 in primary schools serving areas of highest demand, with funding identified in the capital programme

Council officers are working with schools where there are spare places to assist them in developing and sustaining strong partnership relationships with the primary schools in their catchment area;

Second Line of Defence: Corporate Oversight

Strategic Risk 17 agreed by ELT and last reviewed six monthly

Audit & Standards Committee focus on all strategic risks

Cross Party Working Group (supported by a group consisting of all ten secondary schools, the three colleges and the two universities with the local authority) has been meeting to develop proposals around a new secondary admissions process with full engagement exercise conducted in first half of 2016, proposals will be formally consulted on next year, once new school location known

Secondary Continuing Education meeting established to raise awareness including and involving all schools, colleges and two city universities. This has focused on school organisation

Third Line of Defence: Independent Assurance

In case of dispute over admissions arrangements the Office of the Schools Adjudicator will adjudicate

80% of schools are currently assessed by Ofsted as good or outstanding and a new School Improvement Strategy has been adopted to support the target of all schools being good or outstanding

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
To implement the School Organisation Plan to ensure sufficient school places to meet future need	Assistant Director Education & Skills	50	31/03/17	01/04/16	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Progress to date: Progress on the content of the School Organisation Plan has not been progressed as anticipated due to the impact of unanticipated tasks meaning the Cross Party School Organisation Working Group have yet to consider a draft of the document and provide feedback. School Partnerships have been contacted regarding the scheduling of slots to discuss the item and a meeting has already taken place with the Portslade partnership of schools. An individual meeting has also taken place with one of the city's secondary schools. Next steps include finalising the draft SOP and bring to the CPSOWG on 16 November for further feedback, confirming the schedule of meetings with school partnerships over autumn/spring term to discuss school organisation and then for the School Organisation Plan will be taken to a Children, Young People and Skills Committee meeting in 2017. All overseen by the Head of School Organisation.</p>					
To secure agreement on the location of a new six form entry secondary school in Brighton (to ensure there are sufficient school place to meet growing numbers of students) to open September 2018	Assistant Director Education & Skills	50	31/03/17	01/04/16	31/03/17
<p>Comments: Progress to date: Discussions with the Education Funding Agency have continued regarding the identification of a site for the new school. A request for a further site visit to City College to consider the revised proposals that are likely to come forward from their redeveloped masterplan exercise is being actioned. The Executive Director of Families, Children and Learning has met with the recently appointed new Chief Executive of the Sussex Hospital Trust to discuss their plans for the hospital site. Contingency plans have not been further developed in Quarter 2 and will need to reflect any further developments associated with the opening of the new school. The recent publication of the report on the SEND review proposals allow for a more open dialogue about options that could become available as a result of the proposals being put forward. The University of Brighton's project board continues to meet as do the relevant sub-groups. Next steps include contingency plans continuing to be developed and needing to reflect any further developments associated with the school's opening. These plans will consider options such as temporary accommodation on the site, alternative sites to house an 'embryo' school and approaches to follow should no site be available. This work will be overseen by the Head of School Organisation.</p>					

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 to improve service delivery	Executive Director of Finance & Resources Head of Digital Transformation ICT Business Engagement Manager Chief Technology Officer	BHCC Strategic Risk, Technological	16/11/16	Threat	Treat	Red L5 x I4	Red L4 x I4		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) organisational capacity for joint work to transform services
- 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 to improve service delivery
- 6) appropriate access for those with safeguarding responsibilities, including in partnership, to ICT systems which enable the protection of the most vulnerable
- 7) 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 transform services to achieve efficiencies and better outcomes for residents, communities, businesses and visitors
- Unable to meet organisational budget reductions if automated services is not introduced
- 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 and unable to focus on transformation
- 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

- 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.
- Feedback and engagement from customers and partners is driving the development of services, including focus inside and outside of Digital First on mobile, digital and information sharing.
- Alignment and prioritisation of project resources to modernisation requirements.
- 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.
- Digital First programme has been reviewed. Experienced programmed team in place and growing. A clear timeline of work and savings up to April 17 has been established. Procurement of a new platform that will allow rapid development to take place will conclude by end of December 16.
- Increased profile and presence in the city's digital community to enable the work with City and City region partners including Wired Sussex, Digital Catapult, Brighton University and Sussex University. Establishing 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.
- 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.
- The close linking in of the partnership Digital Resilience project into the Digital First 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.

Second Line of Defence: Corporate Oversight

- Digital First 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.
- 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 Digital First programmes.
- Digital First Members Oversight Group - quarterly
- Digital First programme board

Third Line of Defence: Independent Assurance

- 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 2017 about two jointly commissioned pieces of work around Open Spaces strategy and digital inclusion Initial work within Digital First 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>Increase organisational capacity for service transformation by using Digital First team across services and silos to identify efficiencies online</p> <p>Comments: From September 2016 - new Digital First team working in services with business change managers. Where there isn't a business change resource, the programme may now fund that resource. This will allow services to change quicker and realise savings.</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
<p>Information Management - developing and delivering core information practices including customer index, enterprise content management and robust data and record management practices.</p> <p>Comments: Initial matched customer index completed, core ECM platform selected, records management support for teams moving under Workstyles completed.</p>	Chief Technology Officer	25	31/03/17	01/04/16	31/03/17
<p>The ICT Service Redesign is realigning available capacity within budget constraints to most effectively support the organisations needs.</p> <p>Comments: Consultation completed, implementation underway, Tier 4 complete, Tier 5 completing September, Tier 6 through September and October.</p>	Chief Technology Officer	75	31/07/16	01/04/16	31/07/16
<p>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.</p> <p>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.</p>	Chief Technology Officer	10	31/03/17	01/04/16	31/03/17

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR2	Financial Outlook for the Council	Executive Director of Finance & Resources Head of Integrated Financial Management & Planning Assistant Director Finance & Procurement Head of Performance, Improvement & Programmes	BHCC Strategic Risk, Economic / Financial	16/11/16	Threat	Treat	Red L5 x I4	Red L4 x I4		Revised: Adequate

Causes

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

Implementing the current budget strategy and devising budget plans for 2016/17 will be challenging and there is increased uncertainty until HM Gov't's spending review and the local government finance settlement for 2016 (expected Dec. 2016).

Potential Consequence(s)

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

Existing Controls

First Line of Defence: Management Controls

- * Ongoing review of the adequacy of risk provisions and reserves to support the budget strategy and to ensure financial resilience;
- * Financial recovery planning introduced in May 2016 for demand-led services to help mitigate an in-year forecast overspend in 2016/17.
- * Consultation and engagement for budget proposals continues to include staff, partners, businesses and Community & Voluntary Sector;

Second Line of Defence: Corporate Oversight

- * Modernisation portfolio including VfM projects/programmes reviewed by cross-party Member Oversight group;
- * Close alignment of Corporate Plan and Medium Term Financial Strategy (MTFS) and service and financial planning;
- * Ongoing review of the MTFS assumptions, the impact of legislative changes; cost and demand pressures; savings programmes; and income and grant assumptions;
- * Adoption of 4-year service & financial planning approach which sets out what services propose to Stop, Retain and redesign, or commercialise;
- * Close monitoring of council tax, business rates and other income and regular updating of forecasts;
- * Continued review of the adequacy of savings programmes alongside other budget measures to support the budget strategy;
- * Ongoing review and challenge of value for money including Member review, benchmarking, and external audit review;
- * The cross-party budget review group reviews monthly TBM performance, including financial recovery plans.

Third Line of Defence: Independent Assurance

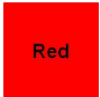

- * Annual review by Ernst Young (external auditors) of VfM arrangements leading to an opinion in the annual audit report.
- * Internal audit reviews of budget management arrangements.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
* Development of skills and knowledge and/or investment to support options appraisal of new delivery models (action);	Executive Director of Finance & Resources	30	01/04/17	01/09/16	01/04/17
Comments: BMCs process nearing completion - service managers needing support identified. Mgmt development programme in preparation - will include commercial element.					
Corporate Modernisation Delivery Board board includes monitoring and RAG rating of critical VFM and other savings programmes that support the council's current and medium term financial position. Reporting links to TBM reporting which also monitors savings delivery.	Head of Performance, Improvement & Programmes	75	31/03/20	01/04/15	31/03/20

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Corporate Modernisation governance arrangements in place. Internal audit provided 'reasonable assurance' in May 2016. Some of the savings targets for 2016/17 are expected to be difficult to achieve (hence £3m risk provisions). Corporate Modernisation Delivery Board to continue to provide support and challenge to project/programme managers and Senior Responsible Owners.</p> <p>All budget figures reported link to TBM process. Modernisation arrangements fully integrated within 4 year Service & Finance Planning. Finance guidance has been drafted for project/programme managers to ensure consistency of figures being reported to accurately calculate 'return on investment'.</p>					
Schedule regular sessions at City Management Board to enable Finance Directors to review city wide impact & opportunities for joint budget planning	Executive Director of Finance & Resources	0	31/03/17	04/10/16	31/03/17
Comments:					
SR 2 Risk Action: Continue to monitor impact of health sector reforms and local savings strategies	Assistant Director Finance & Procurement	25	31/03/17	01/04/15	31/03/17
<p>Comments: Attending monthly Finance & Performance Better Care Fund Board chaired by the CCG. S75 Agreement has been signed and is in place (April 2016). Pool Manager has reverted to the CCG Director of Finance from April 2016. Reporting on pool performance will be to F&P Board and the BCF Programme Board on a monthly basis. Recovery plans and corrective measures will be proposed where necessary. Other discussions with the CCG regarding funding have been undertaken by the DAS resulting in £1.3m additional Better Care Funding and additional S75 risk funding in 2015/16.</p>					
SR 2 Risk Action: Delivery of value for money programme financial and non-financial benefits as part of the Modernisation Programme	Assistant Director Finance & Procurement	50	31/03/17	01/04/15	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Regular monitoring of performance against target is submitted to CMDDB. Member Oversight Group meets quarterly to focus on each area of the Modernisation Programme including VFM programmes.. All VFM programmes have appropriate project and programme management resources in place. Detailed implementation plans are in place. Regular monitoring will be through monthly TBM reports to DMT's, ELT, Budget Review Group, and PR&G (5 times per year). The TBM position indicates continued underlying pressures across social care budgets which are impacting on achievement of VFM targets in 2016/17 and later years. Pressures on demand-led budgets have been recognised in setting the 2016/17 budget with over £11m of Service Pressure funding provided. A Financial Recovery Plan approach has been adopted for 2016/17 to ensure early consideration and planning to mitigate against in-year forecast risks, including savings/VFM risks.</p>					
SR 2 Risk Action: Devise and implement Corporate Plan & MTFS service and financial planning timetable and process.	Assistant Director Finance & Procurement	100	31/07/16	01/05/15	31/07/16
<p>Comments: 4-year Integrated Service & Financial Plans have now been developed and considered by Full Council including approval of the 2016/17 savings programme. An MTFS update will be undertaken in Summer 2016 to complement a Corporate Plan refresh. Early planning discussions have been held between Finance and the ED Finance & Resources (May 16) and these will continue through to development of a PR&G report to 14 July meeting which will set out a refreshed MTFS and a recommended financial planning approach for setting the 2017/18 budget. This will include a high level refresh of the 4-Year Integrated Service & Financial Plans.</p>					
SR 2 Risk Action: Meet Targeted Budget Management (TBM) reporting timetable and identify risk mitigation and corrective action where necessary	Assistant Director Finance & Procurement	50	31/03/17	01/04/15	31/03/17
<p>Comments: 2016/17 TBM Timetable produced and agreed. TBM Month 2 will be the first reporting period for 2016/17 to 9 June PR&G. ELT have considered an early draft and a discussion was held at CMT (11 May) to consider the approach to addressing forecast overspend risks. CMT agreed to the development of Financial Recovery Plans for ELT consideration on 8 June. As last year, TBM reports will continue to be reported to the cross-party Budget Review Group (BRG) to ensure additional member oversight of the financial position. TBM reporting will identify risk mitigation and corrective action for overspending areas. All savings programmes will also be monitored (including key VFM programmes) through TBM. A review of the financial accountability regime is being undertaken by the ED F&R to consider an escalation process for continued overspending or underachievement of savings.</p>					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>SR 2 Risk Action: Regular joint updates to City Management Board on partners' financial positions and strategies. Joint action and/or funding options to be agreed where necessary.</p>	<p>Assistant Director Finance & Procurement</p>	<p>25</p>	<p>31/03/17</p>	<p>01/06/15</p>	<p>31/03/17</p>
<p>Comments: Joint Finance Leads/CMB sessions were held in 2015/16. City-wide pressures were considered and joint action and/or funding options explored and agreed where appropriate (mainly with health partners). MTFS plans were also shared across the group including budget and taxation proposals, and consultation and engagement information information was shared with CMB partners where appropriate (e.g. Council Tax Reduction Scheme proposals affecting Police and Fire). It is planned to continue joint meetings and information sharing in 2016/17.</p>					
<p>SR 2 Risk Action: Regular MTFS updates of the City Council's projected financial position for future years</p>	<p>Head of Integrated Financial Management & Planning</p>	<p>50</p>	<p>31/03/17</p>	<p>01/04/15</p>	<p>31/03/17</p>
<p>Comments: MTFS 2015/16-2019/2020 updated and approved by P&R and Full Council in March 2015. 4-year. An updated MTFS was provided to 9 July P&R titled 'Corporate Plan & MTFS 2015 - 2019: Budget Planning and Resource Update 2016/17'. 4-year Service & Financial Plans were considered by P&R and Full Council for the 2016/17 budget process and approved a £20m savings programme for 2016/17 and around £58m savings over 4-years toward meeting the £68m gap over the period. The approved 2016/17 budget also included over £11m service pressure funding together with £20m investment funding (for Restructure & Redundancy, Modernisation, 4 year plans and CFDA) and £3m risk provisions to support and ensure delivery of the budget and savings targets. The budget and 4-year plan therefore identifies clear plans and opportunities for managing the financial situation over the next 4 years. Potential changes to Local Government Finance are being closely monitored including 100% Business Rate Retention, Attendance Allowance transfer, 2017 Business Rate revaluation, etc.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR20	Ability of health and social care to integrate services at a local level to deliver timely and appropriate interventions	Assistant Director Adult Social Care Interim Head of Adult Social Care Commissioning Interim Assistant Director, Adult Social Care	BHCC Strategic Risk, Economic / Financial	16/11/16	Threat	Treat	 L4 x I4	 L3 x I4		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, supported by the Better Care Fund.

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 GP clusters June 2016 and continue to be developed as part of the ongoing service redesign programme
2. 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;
3. 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

NHS England sign off Better Care Plan, submitted in May 2016.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Robust Section 75 agreement to be revised annually each June.	Assistant Director Adult Social Care	75	30/06/17	23/03/16	30/06/17
<p>Comments: There are two Section 75 (s75) agreements: 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. Update November 2016: SPFT in receipt of updated S75 agreement, response pending. Better Care Fund - currently being reviewed.</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	Assistant Director Adult Social Care	75	31/03/17	01/09/15	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<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. Update Nov 16: This work remains ongoing and full roll out of cluster teams in April 17.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR21	Housing Pressures	Executive Director Economy, Environment & Culture Head of Housing Strategy / Private Sector Housing Assistant Director Housing	BHCC Strategic Risk, Environmental / Sustainability	16/11/16	Threat	Treat	 L4 x I4	 L3 x I4		Revised: Adequate

Causes

Brighton & Hove is a growing city with high house prices, low incomes, an ageing population and a significant proportion of households with a support need. Scope for development within the city is affected by significant geographical constraints and competing land pressures. The increasing demands for housing continues to outstrip new supply and as a consequence accommodation is becoming less affordable notably in central city areas relative to the local wage rates. Housing shortages are particularly acute for low income families. Demand for affordable rented homes is growing with over 23,000 households currently on the Housing Register, c 1,800 households in temporary accommodation and rising homelessness. The private rented sector continues to expand at the expense of rates of owner occupation which are in long term decline. The continued growth of universities and other educational establishments has a significant impact on the housing market and existing residential communities in parts of the city, in terms of affordable rents for non-student households, local character and impact on neighbourhood amenity.

Potential Consequence(s)

1. The city is constrained in its capacity to accommodate economic growth, housing supply obligations and sustainable development objectives.
2. The city council is unable to meet its strategic housing and planning policy objectives to: meet City Plan requirements in terms housing numbers; improve overall housing supply and housing mix; deliver affordable lower cost homes.
3. The city council is unable to meet statutory homelessness obligations. In particular, corporate critical budget implications arising from Temporary Accommodation pressures owing to lack of suitable alternative accommodation.
4. The shortage of homes to meet the accommodation requirements of elderly and vulnerable people which can have an adverse impact on social care provision and cost pressures.
5. Impact on our ability to recruit and retain lower income working and younger households and employment in the city, in particular in social care, health and other lower wage sectors.

Existing Controls

First Line of Defence: Management Controls

The Council's Housing Strategy sets out objectives and action plan addressing identified housing needs in the City. This includes policy and investment prioritising: i) Improving Housing Supply; ii) Improving Housing Quality; iii) Improving Housing Support. This strategy has been agreed by Full Council. The City Plan also sets out housing targets across all tenures; policies on securing affordable housing through the planning system, residential development standards. Housing Revenue Account Asset Management Strategy is aligned to Housing Strategy in support of improving housing supply & housing quality. Greater Brighton Housing & Growth Working Group is aiming to accelerate delivery of new housing supply through freedoms and flexibilities sought as part of the wider GB Devolution proposals. The Student Housing Strategy is due for review in 2017, informed by our most recent analysis of student number assumptions and supply and demand for student accommodation in the City.

Key controls include:

1. Housing Allocation Policy framework ensuring best use of existing council and registered provider resources through nomination of affordable housing to priority households.
2. Procurement of Temporary Accommodation and long term private sector housing lettings with private landlords in the city and wider city region for those to whom we owe a housing duty.
3. Our 'New Homes for Neighbourhoods' estate regeneration programme to deliver new affordable homes in the city.
4. Development of additional Housing Delivery Options: Living Wage Joint Venture with Hyde proposal to deliver 1,000 new lower cost homes for rental and sale; and, Housing Market Intervention / direct delivery through council wholly owned Special Purpose Vehicle.
5. Enabling delivery of new affordable homes in partnership with Registered Provider partners and the Homes & Communities Agency.
6. Improving supply through best use of existing HRA assets including conversions / hidden homes programme.
7. Bringing long term empty private sector homes back into use through our Empty Property Strategy.
8. Tenancy sustainment initiatives particularly for more vulnerable people in order to prevent homelessness.
9. Forthcoming review of Student Housing Strategy.
10. Ongoing work of Greater Brighton Housing & Growth Working Group to accelerate delivery of new homes.
11. The establishment of the Greater Brighton Strategic Property Board; bringing national, regional and local partners together to make the best use of the combined public estate – including the release of surplus land and sites for economic growth (new jobs, employment floorspace and home)'.
Inaugural meeting of the Board taking place on 25 October 2016

Second Line of Defence: Corporate and Committee Oversight

Corporate Investment Board

Strategic Investment Board

Cross Party Estates Regeneration Board

Strategic Housing Partnership (cross sector)

Third Line of Defence: Independent Assurance

Homes & Communities Agency - monitor and assure processes relating to affordable housing

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Continue to track number of Right to Buy Purchases; student houses; HMOs, accepted as homeless under our statutory duty and the number of cases ASC & Children's accept a duty to house	Assistant Director Housing	50	31/03/17	01/04/15	31/03/17
<p>Comments: RTB completions are monitored and reported to housing leadership team; Qtrly meetings with the Strategic Housing Partnership including university reps and private landlords. Evidence for an Additional licencing scheme for HMOs currently being researched. Student housing strategy work underway.</p> <p>Private Sector Housing licence 3000 Houses in Multiple Occupation (HMOs). Proposals to consult on extending discretionary licensing of private rented homes to widen improvement of standards to be considered at November 2016 Housing & New Homes Committee (H&NHCTte). Government consultation on extending mandatory HMO licensing and related reforms commencing. Head of Housing Strategy Property & Investment. November 2016.</p> <p>Housing Allocation Policy framework ensuring best use of existing council and registered provider resources through nomination of affordable housing to priority households being reconsidered at H&NHCTte November 2016. Head of Temporary Accommodation & Allocations. November 2016.</p> <p>ELT considered draft student housing study and issues arising. Informed Leadership Board Workshop – HMOs and University Growth held on 10 October 2016. ELT level discussions with Vice-Chancellors of Universities. CEO /Executive Directors. Nov / Dec 2016. Development of Student Housing Strategy. Head of Housing Strategy, Property & Investment / Planning Policy, Projects and Heritage Manager / Strategic Housing Partnership. 2017 workplan.</p>					
SR 21 Risk Action: Affordable housing City Plan policy to be adopted	Executive Director Economy, Environment & Culture	100	31/03/16	01/04/15	31/03/16
<p>Comments: The Affordable Housing Policy is part of the City Plan which was Adopted by Full Council on 24th March 2016.</p>					
SR 21 Risk Action: Greater Brighton Economic Board, City Deal & regional working to find housing solutions.	Executive Director Economy, Environment & Culture	50	31/03/17	01/04/15	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Greater Brighton Housing & Growth Working Group continues to meet regularly to accelerate delivery of new housing supply through freedoms and flexibilities sought as part of the wider GB Devolution proposals. Includes Government, Homes & Communities Agency and GB Devolution partner authorities. Next Greater Brighton Housing & Growth Working Group, Nov / December 2016.</p> <p>In addition, following One Public Estate Bid we are launching the Greater Brighton Strategic Property Board, to provide direction, oversight and accountability for the One Public Estate Programme. The Board will bring together senior officer representatives from local, regional and national public sector partners as a local strategic assets forum. Members will work collaboratively to identify and take forward opportunities across the public estate to including to create economic growth (new homes, employment floorspace and jobs). The Board will meet quarterly, with its inaugural meeting on 25 October. CEO, Exec Director EEC.</p> <p>The Coastal West Sussex and GB Local Strategic Statement 2 was agreed by the 10 constituent authorities in March 2016 and a study has been commissioned to evaluate the Housing Market Areas and Functional Economic Areas for CWS and GB Area (to be completed in Jan 2017). Policy, Projects and Heritage Team Manager.</p>					
SR 21 Risk Action: Work through City Deal with regional partners & LEP to promote Economic development incl increased sub-regional working to meet housing need	Executive Director Economy, Environment & Culture	50	31/03/16	01/04/15	31/03/16
<p>Comments: Greater Brighton Housing & Growth Working Group is aiming to accelerate delivery of new housing supply through freedoms and flexibilities sought as part of the wider GB Devolution proposals. Group continues to meet regularly taking forward the following matters: Homes & Communities Agency funding options - Starter Homes Expressions Of Interests, Home Builders Fund, Estates Regeneration Prospectus; Housing & Planning Act impact /considerations; Updates on One Public Estate Submission; Housing Delivery Models Proposals; Private Sector Rented matters; Feedback from C2C LEP Housing Task Force; development and update on Large Sites Delivery Work. Next meeting Nov / Dec 2016. Head of Housing Strategy, Property & Investment.</p>					
SR21 Risk Action: Consider use of New Policy Article 4 a) allocates sites for purpose built housing; and b) manages properties to meet student housing needs	Executive Director Economy, Environment & Culture	50	31/03/17	01/04/15	31/03/17

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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: City plan approved and work is underway. The Student Housing Strategy is due for review in 2017, informed by our most recent analysis of student number assumptions and supply and demand for student accommodation in the City. Student Housing Study to inform both City Plan Part 2 and Student Housing Strategy refresh. Draft student housing study and issues arising informed Leadership Board Workshop – HMOs and University Growth held on 10 October 2016. ELT level discussions with Vice-Chancellors of Universities. CEO /Executive Directors. Nov / Dec 2016. Development of Student Housing Strategy. Head of Housing Strategy, Property & Investment / Planning Policy, Projects and Heritage Manager / Strategic Housing Partnership. 2017 workplan. Progress on preparing City Plan Part 2 (Scoping paper consultation) which will look at options for site allocations is ongoing. Policy, Projects and Heritage Team Manager.</p>					
<p>SR21 Risk Action: Exercise Duty to Co-operate with Neighbouring Authorities to address the shortfall in housing supply that is not deliverable in Brighton & Hove</p>	<p>Assistant Director Housing</p>	<p>100</p>	<p>16/03/16</p>	<p>01/04/14</p>	<p>16/03/16</p>
<p>Comments: Delivery of Temporary accommodation for homeless families through the temporary accommodation procurement (DPS) for the Greater Brighton area has been in place wef March 2016</p>					
<p>SR21 Risk Action: Explore options with universities to improve student accommodation provision to meet forecast growth in student numbers.</p>	<p>Assistant Director Housing</p>	<p>50</p>	<p>31/03/17</p>	<p>01/04/15</p>	<p>31/03/17</p>

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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Progress to date - student housing study: Student Housing Study to inform both City Plan Part 2 and Student Housing Strategy refresh commissioned by Planning working in conjunction with Housing from Dr Darren Smith following formal ITT process. Both universities offered opportunity to comment on full draft report (in strictest confidence) in terms of accuracy of evidence and student numbers. Meeting held and email exchanges with University of Sussex with regard to draft study. Amendments agreed and made by Dr Smith subject to ELT steer. ELT considered draft student housing study and issues arising. Informed Leadership Board Workshop – HMOs and University Growth held on 10 October 2016.</p> <p>Next steps - student housing study: Further briefings arising from Leadership Board Workshop – HMOs and University Growth held on 10 October 2016. Head of Housing Strategy, Property & Investment / Planning Policy, Projects and Heritage Manager. Nov / Dec 2016. ELT level discussions with Vice-Chancellors of Universities. CEO /Executive Directors. Nov / Dec 2016. Review release of study aligned to City Plan and Housing Strategy timelines and any further ELT steer - end Nov 2016. Head of Housing Strategy, Property & Investment / Planning Policy, Projects and Heritage Manager Development of Student Housing Strategy. Head of Housing Strategy, Property & Investment / Planning Policy, Projects and Heritage Manager / Strategic Housing Partnership. 2017 workplan.</p>					
SR21 Risk Action: HRA stock improvement & estate regeneration initiative (New Homes for Neighbourhoods) to increase affordable housing supply	Assistant Director Housing	60	31/03/17	01/04/15	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Housing Revenue Account Asset Management Strategy is aligned to Housing Strategy in support of improving housing supply & housing quality. Housing stock review is an ongoing process.</p> <p>HRA asset management strategy has been approved by Housing and New homes committee and P&R committee March 2016 for 2016-2020.</p> <p>HRA AMS supports increasing housing supply through:</p> <p>Our 'New Homes for Neighbourhoods' estate regeneration programme to deliver new affordable homes in the city. 262 new homes have been developed or are in the pipeline, including: new homes delivered at Robert lodge; further schemes on site at Findon Road, Wellsbourne, Selsfield Drive and Lynchet Close - Lead Regeneration Programme Manager;</p> <p>Improving supply through best use of existing HRA assets including conversions / hidden homes programme, improvements being carried out to senior housing units to convert bedsits into 1 bed flats - Head of Housing Strategy, Property & Investment.</p> <p>Future HRA investment risks arise through reaching the HRA borrowing cap. Mitigation includes:</p> <p>Development of additional Housing Delivery Options: Living Wage Joint Venture with Hyde proposal to deliver 1,000 new lower cost homes for rental and sale; and, Housing Market Intervention / direct delivery through council wholly owned Special Purpose Vehicle - Head of Housing Strategy, Property & Investment / Lead Regeneration Programme Manager.</p> <p>Greater Brighton Housing & Growth Working Group is aiming to accelerate delivery of new housing supply through freedoms and flexibilities sought as part of the wider GB Devolution proposals, including raising the HRA borrowing cap. Head of Housing Strategy Property & Investment.</p> <p>Regular Review through regular Estate Regeneration Programme Board officer and member meetings. Lead Regeneration Programme Manager, Head of Housing Strategy, Property & Investment.</p>					
SR21 Risk Action: Investigate options for council resources to develop finance expertise to increase council's ability to negotiate effectively with developers and local private agents re. schemes for housing and to provide affordable housing	Assistant Director Housing	50	31/03/17	01/04/15	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Funding approval agreed at Housing and New homes committee in March 2016 to evaluate and progress proposals for alternative models to deliver affordable homes including joint ventures.</p> <p>Following previous deferral, Housing & New Homes Committee on 16 November 2016 are to re-consider recommendations in relation to taking forward proposals for development of additional Housing Delivery Options: Living Wage Joint Venture with Hyde proposal to deliver 1,000 new lower cost homes for rental and sale; and, Housing Market Intervention / direct delivery through council wholly owned Special Purpose Vehicle. Head of Housing Strategy, Property & Investment / Lead Regeneration Programme Manager November 2016.</p> <p>Housing Strategy & Development team continue to work with Planning, developers, as well as Homes & Communities Agency and Registered Provider Partners on our Affordable Housing Delivery Partnership, to enable maximum delivery of new affordable homes on development sites in the city in line with our Affordable Housing Brief and City Plan requirements under CP 20 Affordable Housing. We await Housing & Planning Act regulations and the impact of Government investment and legislative approach in favour of low cost home ownership including through Starter Homes. Head of Housing Strategy, Property & Investment through regular meetings with HCA and of Affordable Housing Delivery Partnership. January 2017.</p>					
SR21 Risk Action: Investigate options to procure more housing for affordable rented and shared ownership use	Assistant Director Housing	50	31/03/17	01/04/14	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Funding approval agreed at Housing and New Homes Committee in March 2016 to evaluate and progress proposals for alternative models to deliver affordable homes including joint ventures. Development of additional Housing Delivery Options: Living Wage Joint Venture with Hyde proposal to deliver 1,000 new lower cost homes for rental and sale; and, Housing Market Intervention / direct delivery through council wholly owned Special Purpose Vehicle. Report to September 2016 Housing & New Homes Ctte. Decision be deferred to the next meeting of the Committee to ensure that members can feel fully supportive of the proposals. Further work is being undertaken on addressing key concerns through extension of comprehensive briefings offered to Housing spokes and their lead members / groups. Detailed list of FAQs and responses being prepared for member sign off. Further Housing Delivery Options report is on draft agenda for 16 November 2016 Committee. Project development continues, including detailed follow up on meeting between BHCC / Bevan Brittan & Hyde / Trowers, in particular regarding draft Heads of Terms & Counsel advice. Further briefings & updates for members arranged including: Estate Regen Members Board; Green Group; Labour Group; Conservative H&NH Committee Councillors & Group. Peer review - ongoing. Head of Housing Strategy, Property & Investment & Lead Regeneration Programme Manager. November 2016.</p>					
<p>SR21 Risk Action: Act on outcome of joint partners' bid for £59M for extra care housing to address social care residential needs as part of 2015-18 Affordable Housing Programme</p>	<p>Assistant Director Housing</p>	<p>50</p>	<p>31/03/17</p>	<p>01/04/15</p>	<p>31/03/17</p>
<p>Comments: Good progress on delivery of Brooke Mead extra care housing scheme. A 'Topping Out' Ceremony was held on Friday 17 June and speeches were given by Councillor Anne Meadows (Chair of Housing & New Homes) and David Issott (Managing Director of Willmott Partnership Homes) (WPH). Work continues on-site and the concrete frame is now complete and brickwork is up to 1-2 floor level. The windows are installed up to the fourth floor level and the first fix of mechanical and electrical is complete for ground and first floor. In addition the water tank and communal boilers have been installed in the plant room and except for the area occupied by the work crane, the screeding is virtually complete. Continue to commission new wheelchair adapted and lifetime homes through New Homes for Neighbourhoods programme, Affordable Housing Delivery Partnership and Affordable Housing Brief. Continue to enable vulnerable households with complex needs to live independently their own home through the work of the integrated (pan tenure) Housing Adaptations Service. Joint ASC/Housing working on successful bid to Homes and Communities Agency (HCA) for Homeless Change Fund investment delivering a supported housing scheme of 10-12 units for former homeless older adults with mobility and mental health issues.</p>					

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Next steps:

Meet with ASC to commence comprehensive needs profiling - Head of Housing Strategy Property & Investment / Housing Leadership Team – Nov/Dec 2016

Explore and develop the business case supporting the commissioning new supported housing - Head of Housing Strategy Property & Investment / Housing Leadership Team - Nov/Dec 2016

Continue to progress delivery of Homeless Change Fund project, including reviewing against other strategic priorities - working toward report to January 2017 Housing & New Homes Committee. Housing Stock Review Manager

Completion of Brooke Mead - by June 2017 - Estate Regeneration Team. Work with Social Care colleagues to identify nominees. Housing Team.

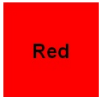

Continue to commission new wheelchair adapted and lifetime homes through New Homes for Neighbourhoods programme and Affordable Housing Delivery Partnership - ongoing - Head of Housing Strategy, Property & Investment.

Continue to enable vulnerable households with complex needs to live independently their own home through the work of the integrated (pan tenure) Housing Adaptations Service - ongoing -Operational Manager Housing Adaptations.

Continue to review options for any further HCA funding toward specialist homes for older, disabled and vulnerable people under 2016 – 21 Shared Ownership and Affordable Housing Programme - subject to overall business case. Via Monthly HCA meetings - Head of Housing Strategy, Property & Investment.

Measures of Success

- Progress the construction of the Brook Mead Extra Care Housing Scheme in July 2017 (March 2017)
- Increase in vulnerable households living independently (KPI)
- Increase in level of adaptations (KPI)
- New support contracts in place that contributes to the prevention of homelessness (KPI)

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR22	Modernising the Council	Chief Executive Head of Performance, Improvement & Programmes	BHCC Strategic Risk	16/11/16	Threat	Treat	 L4 x I4	 L3 x I3		Revised: Adequate

Causes

Modernisation is the council's portfolio of change management programmes and projects which will support delivery of corporate principles and priorities. This in turn will help evidence achievement of outcomes in relation to council's purpose as set out in the Corporate Plan. The Corporate Plan sets out, "our purpose to provide strong civic leadership for the well-being and aspiration of Brighton & Hove. We will be successful if we are judged to deliver:

- A good life: Ensuring a city for all ages, inclusive of everyone and protecting the most vulnerable.
- A well run city: Keeping the city safe, clean, moving and connected.
- A vibrant economy: Promoting a world class economy with a local workforce to match.
- A modern council: Providing open civic leadership and effective public services."

Modernisation themes include – Deliver Differently, Increase Income and Improve Efficiency, Manage Demand, Engagement/Co-production and Delivery with Communities, Improve Customer Contact.

The current corporate programmes include – Adult Social Care Value for Money, ASC Assessment Service Redesign, Children's Services Agency Placement Review, Joint Review of Special Education Needs and Disability (SEND) in Children's Services and Learning Disability in Adult Social Care, Affordable housing, Neighbourhood Working, Community Collaboration, City neighbourhoods, Enforcement & inspection, Royal Pavilion, Music & Arts, Libraries, Big Conversation – Future of Our City Parks, City Planning & Development Modernisation, Orbis programme, Digital First, Workstyles VfM, Income & debt management VfM, Procurement & Contract Management VfM, Good Governance & Leadership, Communications, Able and Willing, Supporting Businesses.

Potential Consequence(s)

If the programmes/projects are not successful in delivering intended benefits, it will impact on the achievement of these outcomes failing to deliver our Corporate Plan.

Modernisation drives the budget planning process and feeds into the Medium Term Finance Strategy. A number of cross-cutting programmes such as Income & Debt, Third Party Spend and Customer First in a Digital Age enable directorates to drive efficiency savings. If the modernisation project/programmes are not delivered successfully, it may impact on council's financial position.

Existing Controls

First line of defence - management control:

Performance Improvement & Programmes team to support, coordinate and challenge programmes and projects delivery.

Reporting to the Corporate Modernisation Delivery Board, Directorate Modernisation Boards are set up to drive the programmes and projects forward and deliver outcomes and benefits.

Reporting to the Directorate Modernisation Boards, there are Programme and Project Boards responsible for planning, set-up and management of programmes and projects.

Corporate Modernisation Network consisting of project/programme managers across the organisation work to map and manage project/programme dependencies and escalate any risks/issues to Corporate Modernisation Delivery Board.

Second line of defence - corporate oversight

Corporate Modernisation Delivery Board has been set up to initiate and lead programmes and projects that are intended to achieve the Corporate Plan priorities and principles including cross-cutting programmes and projects. The Board is chaired by the Chief Executive and consists of Executive Leadership Team and other key officers of the council. The Board regularly reviews risks escalated by individual programmes and projects and initiates mitigating actions. The Board ensures limited resources are effectively targeted.

A cross-party Member Oversight Group monitor progress and provide support and challenge as required.



The financial benefits are reported to the Policy, Resources & Growth Committee as part of TBM reports.

Third line of defence - independent assurance

Internal audit. Last reviewed May 2016 - 'reasonable assurance'

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
To drive and manage the modernisation programmes and projects to enable delivery of savings. This responsibility rests with the individual project/programme managers and accountability with the relevant Senior Responsible Owners (SROs). Progress updated provided on behalf of CMDDB by Head of PIP.	Head of Performance, Improvement & Programmes	70	31/03/17	01/04/16	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Update Oct 16: All the programmes/projects are RAG rated on a quarterly basis. Based on quarter two RAG rating update, 4 programmes were red, 14 were amber and 5 were green. The subjective judgement of the Corporate Modernisation Delivery Board is that the overall RAG rating of the modernisation portfolio is Amber. All modernisation project/programmes are designed to enable delivery of savings. Total savings package for 2016/17 = £20.344million, savings at risk £2.315million as per Target Budget Management month 5 forecast (11% at risk).</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR23	Developing an investment strategy to refurbish and develop the city's major asset of the seafront	Executive Director Economy, Environment & Culture Head of Sport & Leisure	BHCC Strategic Risk	16/11/16	Threat	Treat	 L5 x I4	 L3 x I3		Revised: Adequate

Causes

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

Potential Consequence(s)

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

Existing Controls

First Line of Defence: Management Controls

Seafront Investment Programme and Strategic Delivery Board have been established and are actively considering seafront redevelopment opportunities including the Black Rock and King Alfred sites

DfT funding secured for the redevelopment of the West Street / A259 Junction and Shelter Hall. Initial infrastructure work commenced late 2015

Coast Revival Funding secured to develop Madeira Drive Investment and Regeneration Plan

HLF Funding secured for improvements to Volks Railway

Seafront Arches and A259 infrastructure Phase 2 works completed June 2016

P&R approval to commence seafront landscaping around i360 and seafront arches. PR&G approval to enter into a conditional development agreement with Standard Life Investments for the Brighton Waterfront Project

Installation of anti-climb fencing at Madeira Terraces November-December 2015 and continued work to minimise risk from potential structural failure.

Second Line of Defence: Corporate Oversight

Investment plan to underpin the Seafront Strategy and long term viability of the seafront infrastructure. Report to Policy, Resources & Growth Committee in October 2016;

Corporate Investment Board;

Cross-party Strategic Delivery Board.

Third Line of Defence: Independent Assurance

Projects funded by Government departments are overseen by the Greater Brighton Economic Board (quarterly) and Coast to Capital LEP governance arrangements (quarterly) / and by relevant government department (according to their timetable). No funding has been withdrawn to date.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Develop stage 2 funding bid for Coastal Communities Funding for Madeira Terraces redevelopment	Major Projects & Regeneration Manager	10	31/03/17	10/10/16	31/03/17
Comments: Coastal Communities Fund (CCF) have recently invited the council to submit an application of Stage 2 funding c,£4m towards the Madeira Terraces Project					
Officers continue to respond to Seafront Scrutiny report recommendations.	Executive Director Economy, Environment & Culture	90	31/12/16	01/12/14	31/12/16

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Seafront Investment Programme governance arrangement agreed March 2015. Update October 16: Seafront Investment Programme Board meets monthly Seafront Investment Plan under development. Report to Policy & Resources Committee Jan-Feb 2016. Update Oct 16: Final Investment Plan approved by PRG Committee Oct 16. Funding secured for redevelopment of Shelter Hall. Planning application May 2016 Update Oct 16: Planning permission granted Sept 16 Seafront projects included in Greater Brighton Economic Board project pipeline for future rounds of Local Growth Fund Update Oct 16: Brighton Waterfront included in Local Growth Fund bid, outcome anticipated Nov 16</p>					
<p>The interim plans for Madeira Terraces are in development with identified budget; propping the structures, working with traders to create as good an environment for the short term as possible</p>	<p>Executive Director Economy, Environment & Culture</p>	<p>45</p>	<p>31/03/17</p>	<p>03/08/15</p>	<p>31/03/17</p>
<p>Comments: The Council is exploring practical solutions to secure investment to rebuild and regenerate the Terraces and secure the long-term future of Madeira Drive. Actions to date include:</p> <ul style="list-style-type: none"> • Planning permission secure for anti-climb fencing • £50,000 funding secured from CLG's Coastal Revival Fund for £50,000 to develop investment and regeneration options. Draft Madeira Drive Regeneration Framework anticipated November 2016. • The Greater Brighton Economic Board agreed at the meeting on the 13th of October 2015 to include Madeira Drive regeneration in the project pipeline for potential funding through Local Growth Fund Round 3. <p>Successful One Public Estate bid will provide c £70k for project development for stage 2 CCF bid.</p> <p>Next steps:</p> <ul style="list-style-type: none"> • Continue to explore potential solutions to secure investment to rebuild and regenerate the Terraces • Continue to liaise with affected tenants and relocate to alternative accommodation where possible • Continue to liaise with tenants on the on-going operation of Madeira Drive 					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Work to implement the HLF funded plans for Volks can continue with the success of stage 2 funding bid.	Seafront Development Manager	50	30/04/17	01/11/15	30/04/17
<p>Comments: Project Manager and Activity Plan Managers now appointed.</p> <p>Design Team are appointed and all Planning consents in place. Tender completed for train carriage restoration and contractor has now commenced work on 2 of the 3 trains. Tender completed and main building contractor appointed. Work started on site September 2016 and is due to be completed Spring 2017 for the railway to re-open.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR24	Welfare Reform	Executive Director of Finance & Resources Welfare Reform Programme Manager	BHCC Strategic Risk	16/11/16	Threat	Treat	Red L4 x I4	Amber L4 x I3		Revised: Uncertain

Causes

Introduction of Universal Credit during 2015/16 with extended roll out during 2016. Implications for staffing levels within services; TUPE issues to DWP; rent collection; council tax collection and pressures on social services and homeless services.

Additionally further to the July 2015 national budget a new programme of welfare reform is commencing from April 2016.

Potential Consequence(s)

Increased service pressures on housing and social services.

Decreased rent and Council Tax collection

Existing Controls

First Line of Defence: Management Actions

1. A welfare reform team is in place to monitor welfare changes and to coordinate a corporate response to them
2. Ongoing meetings have been held with DWP about change to Universal Credit and go live date for Universal Credit for a limited cohort is 14th December 2015. Budget and digital support has been commissioned from the third sector to support Universal Credit claimants. Timing for more advanced roll out in Brighton and Hove expected between Summer 2017 and September 2018.
3. Information is provided to inform housing and children's services colleagues re changes to benefit cap policy and impact on funding of temporary accommodation. Analysis of impact of the changes to the benefit cap in 2016 has been done and a joint strategy to minimise the impact of these changes is being planned across services.
4. Council Tax Reduction (CTR) policy options provided to members to give the option to partially mitigate impact of Tax Credit changes on local CTR costs as part of CTR yearly process. Consultation has been undertaken and reports authored for committee and council.
5. Provide caseworking support directly to customers most significantly affected by the changes (specifically the benefit cap)
6. Regular links maintained with advice and voluntary sector so impacts on citizens can be judged
7. Modelling of specific policies being undertaken to assess the impact on customers in terms of numbers and change.
8. Feeding into other relevant council work streams, for example actions around the CESP and the communities prospectus from 2017

Second Line of Defence Corporate Oversight:

Welfare Reform meetings at CMT level booked in to track these changes and enable a corporate response, this incorporates a detailed risk register with progress of actions reviewed at programme boards.

Third Line of Defence Independent Assurance:

None

Reason for Uncertainty of Effectiveness of Controls: It is not possible to project accurately the number of families who may require extra assistance from the council, either in terms of housing need or increased demand for other services. Previous experience suggests that some claimants find a way to close income gaps, but the position is not fully understood.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Benefit cap reducing to £20k - November 2016	Welfare Reform Programme Manager	66	30/10/17	01/06/15	30/10/17
Comments: Precise measures now known, £20k Implementation date only vague Autumn 2016 Probable caseload identified Action plan in development with Housing colleagues Discretionary Housing Payment (DHP) position not clear but some increase in funding expected					

Workshop held 15th October with colleagues from Housing, Children's Services, ASC, CVS, Advice services to develop cross services approach to benefit cap.

Initial meetings held with DWP to plan for practicalities of implementation

Feb 2016: Waiting for Welfare Reform and Work bill to complete passage through Parliament.

Work continues with Housing and Children's services to implement action plan

March 2016:

Exact timing of implementation of £20k cap still not known, meeting held with member of project team from DWP and still slotted for 'Autmn 2016'. As such this solution Risk Action title has been extended until December 2016

DWP allocation for 16/17 confirmed, £170k increase on 15/16. The full year impact of the new cap is estimated to be between £2m and £3m.

Specific project meeting to address the cap now formed

Specific HOS meeting with colleagues from Housing and Children's services in place

Specific action plan to address the impacts now in first draft

Risks for implementation and possible budget pressures being fed up through Welfare Reform Programme Board 10th March

July 2016 - Project approach in place to deal with increased caseload, resources identified to increase capacity of the team and report due to DMT to ask for permission to recruit.

Report on the expected risks from Ben Cap (and other reforms) gone to ELT and Leadership Group. Training for members on the changes to be rolled out.

Letter from DWP received 21st July confirming roll out of benefit cap would begin from 7th November 2016 and take place over a number of weeks.

October 2016

Further details of rollout received, all current claims - approx 100 - will have the new cap applied from 7th November, new cases - approx an additional 580 - are preliminarily due to have the cap applied w/c 19th December although according to DWP this date could slip depending on how the roll out in the rest of the country goes so we are not treating it as confirmed yet. The full year effect in terms of the amount Housing Benefit will be reduced by is now at £2.1million. The Discretionary Housing Payment budget has been re-profiled to take into account this new information. This information has been fed into budget planning across services.

New burdens funding has also been received from DWP to provide extra support for managing this change. A proposal to expand the ben cap team to deal with the larger numbers using the new burdens funding was submitted to F&R DMT in September and agreed. Recruitment has taken place with new members of the team starting 24th October. We are also in discussion with JCP about co-locating a member of JCP staff on the ben cap team.

Outreach is underway to customers affected following on from Job Centre Plus communications about the changes.

The end date for this item has been extended. It was previously set to 31st December 2016 to reflect that this is when the provision was due to be fully rolled out. It has now been extended until Oct 2017 which is the date we have confirmed funding in place to work with customers affected by this change.

Keep relevant staff and stakeholders up to date with information as it becomes available	Welfare Reform Programme Manager	75	05/12/16	01/06/15	05/12/16
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Comments: Programme governance in place (Senior level, operational level, City Wide Partners level) in place and meetings happening as planned. Members briefed as appropriate through various channels.
Key updates have included details and key impacts of July 2015 budget measures and CTR issues.

Information provided to relevant services (largely Housing and Children's services) about policy changes which are likely to have direct service impacts and create budget pressures.

Communications plan set out and put in place to deal with changes starting in 2016 and 2017. Newsletter for professionals produced and briefings being given to relevant services across the city.

Prepare for Universal Credit (UC)	Welfare Reform Programme Manager	60	01/03/17	04/05/15	01/03/17
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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Further meetings with DWP re rollout of Universal Credit (UC) in place. Council will commission some support services for people on UC (funded by DWP). Housing have own action plan re direct payments of rent. Revenues and Benefits are required to undertake some business process changes. Rollout of UC planned for 14th December 15, project underway to enable required business changes in revs and bens; and, project underway to commission budgeting and digital support for people on UC (funded by DWP, commissioned by council). Rollout of UC complete. Systems in place within the Revenues and Benefits service and Housing services to manage functionality change. Contract in place to commission Moneyworks to provide digital and budgeting support to claimants of UC.</p> <p>Contract with Moneyworks to be managed through until Mar 2017, impact on customers' ability to pay rent to be monitored and responded to over this time.</p> <p>July 2016 - Government have released a revised timescale which put back the completion of UC by a year to 2022. There is no information available about when Brighton & Hove may undergo full rollout other than it is expected that all new claims for working age people will be for Universal Credit by September 2018.</p> <p>The delayed rollout will have implications for other services and their medium term business planning including revs and bens and housing. This information has been shared with those services.</p>					
Provide policy options and author reports to give members options on policy issues Eg Council Tax Reduction	Welfare Reform Programme Manager	75	31/03/17	01/04/15	31/03/17

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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Council Tax Reduction Report due to P&R and Council in December - on track Welfare Reform Report due to NCE committee November - on track May have to review DHP policy later in the year which will require committee report CTR report on schedule; NCE report completed CTR governance completed, decision made by full Council Dec 16 DHP policy reviewed, no requirement to take report back to committee as current policy allows Universal Credit to be encompassed.</p> <p>The CTR scheme must be reviewed each year before 31st January even if no changes are proposed to be made to the scheme. July 2016 CTR review process for 2017/18 underway. Due to be completed by 31/03/17</p> <p>Oct 2016</p> <p>CTR process underway, consultation on possible changes opened in September and will close at the beginning on November.</p> <p>Report due to go to P,R&G on 8th December</p>					
Report data to programme board on the effectiveness of the caseworking support in place to help the most significantly affected by the Welfare Reforms. Eg trend analysis, financial impact	Welfare Reform Programme Manager	100	31/03/16	01/04/15	31/03/16

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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Previous programme board (PB) cancelled, next PB due in December where progress will be reported December PB was also cancelled due to a number of staff having left BHCC, however a meeting was held with the corporate owner of SR24 and the SRO of the welfare reform programme to review the analysis of the caseworking so far. The work is on track and the approach is showing considerable benefits in comparison with national trends. Feedback received and a full business case based on this evidence for the continuation of the programme will be presented by the end of March.</p> <p>PB did not go ahead due to staff changes within the organisation but a meeting was held with the owner of SR24 and the SRO for welfare reform to review the progress made. Feedback received which has been incorporated into a business case for 17/18</p>					
<p>The library service is leading digital inclusion for the council. We are working with this project around digital support for claimants of universal credit, this will include an analysis of current staff skills. There is also a need to identify specific support for UC claimants and fund this through DWP funding streams.</p>	Welfare Reform Programme Manager	100	14/12/15	01/04/15	14/12/15
<p>Comments: Project to commission digital support for people claiming UC underway</p> <p>Project to commission digital support completed, digital support for people on Universal Credit will be provided by Moneyworks</p>					
<p>The programme maintains a detailed risk register which is reviewed quarterly.</p>	Welfare Reform Programme Manager	66	31/03/17	01/04/15	31/03/17

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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Next meeting due September 2015; previous meeting due Sept cancelled, next meeting due December 2015 and will be reviewed there. PB in December also cancelled due to a number of staff having left bhcc. In its place a meeting was held with the corporate owner of SR24 and the SRO of the welfare reform programme to review the risk log.</p>					
<p>The welfare reform programme has been extended for a year, therefore this solution has been extended until 31st March 2017</p>					
<p>Risk log reviewed with SRO for WR August 2016.</p>					
<p>The Government have stated there will be no new welfare reforms outside those already announced under the current government.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR25	Organisational Capacity as a Result of Change	Executive Director of Finance & Resources Assistant Director HR & Organisational Development	BHCC Strategic Risk, Professional / Managerial	16/11/16	Threat	Treat	Amber L4 x I3	Amber L4 x I3		Revised: Uncertain

Causes

Resilience of organisation due to pace of change, reduction in staff, changing staff and loss of knowledge and history

Potential Consequence(s)

- * Capacity to undertake change work to design high quality services
- * Impact on fulfilment of statutory duties
- * Partnership working becomes more fragile as a result of personnel change
- * Staff resilience tested by increased workloads leading to potential stress and sickness
- * Difficulty of recruiting staff to key posts as a consequence of the rapidly increasing costs of living in the city

Existing Controls

First Line of Defence Management Control:

1. Compensation Panel (consisting of Head of Law, HR and Finance) formally signs off any severance/redundancy packages
2. Business Planning process including Directorate Plans applies delivery of Corporate Plan to each service area
3. Some statutory Performance Indicators (PIs) are Key PIs and are reported regularly to ELT, quarterly or annually
4. Other Management Information for example from the annual Staff Survey highlighting areas for focus
5. HR working with others to develop a people strategy taking into account organisational needs

Second Line of Defence Corporate Oversight:

ELT and City Management Board exchange details of working arrangements and changes to key personnel across organisations

Third Line of Defence Independent Assurance:

None

Reason for Uncertain Status of Effectiveness of Controls

Management to ascertain impact on services following outcome of 2017/18 budget round.

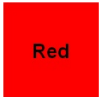

Where resources have been reduced, management to identify the validity and strength of key controls.

Formal assurances to be sought from these areas over the ability to maintain and operate the controls.

Material concerns to be reported by Internal Audit to Audit & Standards Committee.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Each DMT monitors staff absence and welfare and are supported by HR Business Partners to determine any necessary interventions	Head of Business Partnering	20	31/03/17	01/04/16	31/03/17
<p>Comments: HR Business Partners have flagged the need for DMT and other managers to hold regular 1 to 1s with staff and return to work interviews for all absences</p> <p>Staff reminded to update the Pier HR system for all 1 to 1 engagements so that compliance can be tracked</p> <p>Policies and arrangements in place to address concerns of both management and staff, eg Occupational Health referral, whistleblowing, etc.</p>					
Finance monitor contributions from and financial standing of Key Partners to key council policies and programmes as part of routine service	Assistant Director Finance & Procurement	25	31/03/17	01/04/16	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Comments: TBM (Targeted Budget Management) reports to PR&G Committee on a regular basis including issues and risks relating to Key Partners					
HR working with others to develop a people strategy taking into account organisational needs and informed by Corporate Plan refresh and Medium Term Financial Plan	Assistant Director HR & Organisational Development	25	31/03/17	01/04/16	31/03/17
Comments: Current work on People Strategy is ongoing and will be prepared for Policy & Resources and Growth (PR&G) Committee					
Through the Corporate Modernisation Programme Affordable Housing Development Programme support affordable housing for households working in the city	Assistant Director Housing	10	31/03/19	20/04/16	31/03/19
Comments: Recommendations in Housing & New Homes / Policy & Resources Committee reports for March 2016 Committee cycle were approved.					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR26	Council's relationship with citizens	Executive Director of Finance & Resources Head of Communications	BHCC Strategic Risk, Customer / Citizen	16/11/16	Threat	Treat	 Red L4 x I4	 Amber L3 x I3		Revised: Adequate

Causes

Potential reduced service offers by the council or its Key Partners may lead to poor perceptions from citizens
 Not enough use, promotion or development of service delivery through technology (linked to Digital First)
 Increased need to collaborate with other public agencies and third sector organisations to service citizens, including as a 'service of last resort'
 How staff across the council in key frontline directorates particularly NCH and EEC embrace and promote the new ways of service provision to service users and citizens and forge links with others in the organisation for corporate buy-in
 Adverse media coverage may impact on courage to make decisions; and change

Potential Consequence(s)

- * Council's offer falls behind public expectations of services access and delivery standards in comparison with other organised public services and private organisations
- * Council's offer is not well defined, practiced or understood by citizens and communities
- * Council loses relevance with its local communities
- * Less support from the council from its citizens
- * The council's leadership role may be compromised if other organisations are influenced by negative perceptions

Existing Controls

First Line of Defence Management Controls:

1. Customer Feedback, including complaints and survey methods monitor council reputation, e.g. City Tracker, Media Monitoring
2. Increased joint commissioning with other public sector organisations to demonstrate value for money
3. Corporate Plan 2015-2019 emphasises working with Communities
4. Front line services work to manage down demand, as detailed in the Directorate Plans for Adult Services and children's Services
5. Health & Adult Social Care work closely with CCG and Public Health England to ensure planning of delivery to our residents
6. Directorate Management Teams. particularly in NCH and EEC, monitor impacts on customer and services

Second Line of Defence Corporate Oversight:

1. Fairness Commission working with other public sector agencies and third sector organisations
2. 'Horizon scanning' by ELT and DMTs of legislative change affecting council service delivery
3. Officer Steering Group representing 5 biggest customer service functions meets regularly to analyse impact on citizens and plan improvements
4. CCG and council work on the Health & Wellbeing Board, including co-location at Hove Town Hall
5. Corporate Modernisation Board, chaired by Chief Executive, establishes and deploys resources to make changes most effectively in 6 workstreams related to NCH, including support from PIP on Programme Management, e.g. business cases, progress review, timetable
6. NCE Committee oversight of programmes relating to the 6 workstreams in NCH

Third Line of Defence Independent Assurance:

None

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Develop customer service standards and reporting against these standards	Head of Performance, Improvement & Programmes	75	31/07/17	20/04/16	31/07/17

Comments: Customer Promise has been developed by the Customer Experience Steering Group consisting of services representing top 20 transactions with the council which includes service standards. This has been shared with customers and Institute of Customer Service and was approved by the Executive Leadership Team in August 16. Next steps are - launch it across the organisation in the Customer Service week in October + communicate to customers via various channels + develop guidance for services to help them comply with the promise. Our performance against these standards gets reported in the Customer Insight Report.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Finance work with partner authorities on developing lobbying arrangements to push central government to clarify and maximising future income streams and government grants	Executive Director of Finance & Resources	50	23/02/17	20/04/16	23/02/17
<p>Comments: Finance working with central government (including DCLG / LGA Business Rates Steering Group) to explore direction of travel BHCC working with SE7 partners to assess potential impact of different Business Rate Retention policy designs</p>					
Redesign citizen communications and feedback arrangements to enable ELT to make arrangements for service design and ensure relevance to the community	Head of Communications	0	14/12/16	20/04/16	14/12/16
<p>Comments: The new Head of Communications is consulting with her team and stakeholders.</p>					
Volunteering Policy and delivery arrangements across council services and with CVS	Head of Communities, Equalities & Third Sector	10	30/06/19	01/06/15	30/06/19
<p>Comments: Volunteering Policy to be submitted for approval to the Neighbourhood, Communities and Equalities Committee in July 2016 after wide consultation. Development of delivery arrangements will continue - host training, specific service support, volunteering platform.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR27	Devolution	Executive Director Economy, Environment & Culture Project Manager Greater Brighton Economic Board Business Manager	BHCC Strategic Risk, Political	16/11/16	Threat	Treat	Amber L4 x I3	Amber L4 x I3		Revised: Adequate

Causes

Readiness of politicians and management teams to take up opportunity of Devolution could determine the city's profile in the Region.

Potential Consequence(s)

- *Council preparedness for devolution will be tested by increased regionalisation
- * Devolution settlements increasingly linked to new governance arrangements
- * Relationship with HM Government affected
- * Impact on council ability to drive economic growth and public service delivery

Existing Controls

First Line of Defence: Management Controls

Brighton & Hove City Council is part of Greater Brighton and the Greater Brighton Economic Board has been established

The City Council submitted a bid for devolution deal with government with Greater Brighton Economic Board partners in September 2015

Devolution Programme consisting of four streams submitted for approval to the Corporate Modernisation Board

Second Line of Defence: Corporate Oversight

Corporate oversight through the Modernisation Programme Governance

Third Line of Defence: Independent Assurance:

None

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Develop appropriate communications programme	Executive Director Economy, Environment & Culture	35	31/03/17	20/04/16	31/03/17
<p>Comments: The communications strategy for the Greater Brighton Devolution proposals is being led by Adur & Worthing Councils on behalf of the Greater Brighton Economic Board. Communications updates from the chair of Greater Brighton Economic Board following each meeting established.</p>					
Establish Devolution Programme governance arrangements	Executive Director Economy, Environment & Culture	100	15/06/16	20/04/16	15/06/16
<p>Comments: Governance arrangements for the Greater Brighton devolution proposals are as follows:</p> <ul style="list-style-type: none"> - Greater Brighton Economic Board, a joint committee that brings together the Leaders of Greater Brighton alongside business partners (Universities, South Downs National Park Authority, FE representatives, Coast to Capital LEP) - Greater Brighton Officer Programme Board - provides officer support and oversight - Internal corporate oversight of the devolution proposals established through the corporate modernisation governance structure. 					
Review of Governance arrangements	Executive Lead Officer Strategy, Governance and Law	10	31/03/17	20/04/16	31/03/17

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Proposals for establishing a sub-national transport body under consideration with South East Seven partners and Coast to Capital LEP. Wider review of governance proposals will commence once devolution proposals have been further developed</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR29	Contract Management	Executive Director of Finance & Resources Procurement Strategy Manager	BHCC Strategic Risk	16/11/16	Threat	Treat	Amber L3 x I4	Amber L3 x I4		Revised: Adequate

Causes

Historic sub-optimal contract specification (this doesn't happen now in general) due to:

- Initial failure to identify options for delivery, including reverting to 'what we've always done.'
- Lack of willingness to test existing suppliers against the market.
- Failure to prioritise contract management and lack of available resources to perform this task.
- Lack of commercial skills and failure by management to recognise their importance.
- Lack of willingness to hold 'difficult conversations' with suppliers.
- Low levels of senior engagement with suppliers.
- Poor understanding of markets and delivery models.
- Under-resourcing of the Procurement team.
- Lack of corporate oversight of contracting and commissioning

Potential Consequence(s)

- Poor VfM.
- Financial losses.
- Legal challenge from suppliers / service users.
- Reputational damage for the council - both the administration and officers.
- Poor outcomes or failure of services and associated impact on service users.
- Diversion of scarce resources to resolve issues.
- Loss of morale and stress for officers.

Existing Controls

First Line of Defence: Management Controls

Well-resourced procurement function to ensure that appropriate and legally robust commercial delivery options are chosen and robust contracts are in place.

Robust contract KPIs in place so that contract performance and risk are understood.

Second Line of Defence: Corporate Oversight

Well-resourced corporate contract management oversight function to train and challenge contract managers and commissioners.

Third Line of Defence: Independent Assurance

None

Subject:	Strategic Risk Focus: SR22 Modernising the Council		
Date of Meeting:	10 January 2017		
Report of:	Executive Lead Officer, Strategy, Governance & Law		
Contact Officer:	Name:	Jackie Algar	Tel: 01273 29-1273
	Email:	Jackie.algar@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The Audit & Standards Committee has a role to monitor and form an opinion on the effectiveness of risk management and internal control. As part of discharging this role it reviews the Strategic Risk Register (SRR), recently updated by the Executive Leadership Team (ELT) on 16 November 2016.
- 1.2 The Audit & Standards Committee have agreed to focus on at least two Strategic Risks at each of their meetings, these were planned for this meeting as SR22 Modernising the Council and SR28. However, SR28 Governance Assurance Framework was removed by ELT on 16 November 2016 as a result of the production of the Corporate Risk Assurance Framework which will be reported in full to this meeting and a new Strategic Risk SR29 Contract Management which will be formed and receive focus at a later date.
- 1.3 Officers available to answer Members' questions on this Strategic Risks will be Geoff Raw, Chief Executive; and Rima Desai, Head of Performance, Improvement & Programmes.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee notes the Strategic Risk Assessment Report for SR 22 which is contained in Appendix 1 to the Strategic Risk Register review November 2016 report and immediately proceeds this item on the agenda.
- 2.2 That, having considered the information in 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.
- 3.3 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: 13/12/2016

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: 05/12/2016

SUPPORTING DOCUMENTATION

Appendices:

1. See pages relates to SR22 Modernising the Council in Appendix 1 to the Strategic Risk Register review November 2016 report which immediately proceeds this item on the agenda

Documents in Members' Rooms

None.

Background Documents

1. Strategic Risk Register Review November 2016.

Subject:	Corporate Risk Assurance Framework (CRAF)		
Date of Meeting:	10 January 2017		
Report of:	Executive Lead Officer, Strategy, Governance & Law Executive Director, Finance & Resources		
Contact Officer:	Name:	Jackie Algar	Tel: 01273 29-1273
	Email:	Jackie.algar@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

1.1 This Corporate Risk Assurance Framework (CRAF) is designed to:

- help the council avoid costly mistakes, better protect our reputation and contribute to keeping the council safe
- support managers to obtain the assurance they need to plan and deliver their services
- replace the Risk Management Strategy
- inform Internal Audit work.

1.2 The council has followed the guidance provided by CIPFA/SOLACE, Delivering Good Governance in Local Government: Framework, and has used a well-known 'three lines of defence' model to map out assurance and assign accountability across the council's existing policies, procedures and risk management at strategic and directorate levels.

2. RECOMMENDATIONS:

That the Audit & Standards Committee:

2.1 Note the CRAF at Appendix 1.

2.2 Agree for a working group of the Committee to carry out a "deep dive" to review the CRAF to:

- enable members to consider whether the council has sufficient assurance over its governance arrangements and risks
- inform the Annual Governance Statement (AGS) and the Internal Audit plan for 2017/18.

2.3 Note that the CRAF will replace the Risk Management Strategy as outlined in paragraphs 6.2 to 6.4.

3. CONTEXT/ BACKGROUND INFORMATION

Reason for Governance and CRAF

- 3.1 Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and delivered.
- 3.2 The fundamental function of good governance in the public sector is to ensure that entities achieve their intended outcomes while acting in the public interest at all times.
- 3.3 The CRAF requires the council to be active and have arrangements in place through its senior officers for robust arrangements for managing its business and keeping the council safe. It has three elements: Governance, Risk Management and Assurance over its delivery of outcomes and processes, its values and organisational culture. All of these elements are inter-related and are crucial to the success of the council as they affect its reputation with stakeholders.
- 3.4 The CRAF has involved mapping of assurance across the organisation, the policies and procedures which lay the foundation of our activities, Strategic Risks identified by the Executive Leadership Team (ELT); and through the Directorate Risks which relate to planning and delivery of services to customers.
- 3.5 These arrangements need to be clearly explained and demonstrated and will be reported each year in the Annual Governance Statement which is published alongside the council's annual accounts and made publicly available.
- 3.6 The CRAF will also provide a stronger evidence base than before for the AGS.

Good Governance International Framework

- 3.7 This CRAF is based on the work undertaken by the Chartered Institute of Public Finance Accountancy (CIPFA) and the International Federation of Accountants (IFAC) on an 'International Framework: Good Governance in the Public Sector.
- 3.8 The document's foreword explains that the 'Framework is novel in a number of ways, in particular its positioning of the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures' ...and ...' the need for integration in both the reporting of and thinking about organisational performance'.
- 3.9 The Good Governance Framework is set out in the diagram below:



Assurance Mapping and the Three Lines of Defence Model

- 3.10 Assurance is the means by which an organisation gains confidence that it has robust arrangements in place and that it is managing its risks effectively. The council has a large number of sources of assurance including management controls, compliance focused teams, such as health and safety, internal and external audit and external regulators.
- 3.11 The Three Lines of Defence model has been practiced for a number of years, particularly within financial services, central government and the NHS. It identifies 3 levels of assurance within an organisation:

C.R.A.F.
Three lines of defence model



3.12 Assurance mapping benefits organisations by providing an overview of its sources of assurance and existing processes. It provides:

- A structure to ensure that proper controls are in place
- The confidence that checks are in place for all areas of control
- The knowledge that the organisation is making best use of the assurance process, i.e. all areas are checked by someone and duplication is avoided

How CRAF links to existing Risk Management practice

3.13 Risk Management helps an organisation to identify, prioritise and manage risks which affect achievement of its objectives, including the take up of opportunities. Risk Management is a 'mindset' and a process to 'think things through when planning, and to respond to challenges with more effective actions.

3.14 Risk Management is the second of 8 elements of the Council's Performance Management Framework.



3.15 The council has had a Risk Management 'Policy', later re-named as a 'Strategy', since its formation in 1997. However, it is considered that the CRAF, co-ordinated by the Risk Management Lead who is also the lead officer to co-ordinate production of the Annual Governance Statement (AGS), has enabled Risk Management to demonstrate more fully its contribution and fundamental inclusion in the planning and delivery of activity. For this reason, the three year Risk Management Strategy 2014-17 will not be renewed after the end of March 2017.

3.16 As the Risk Management Strategy 2014 -17 covered a three year period, the Audit & Standards Committee received a report from the Risk Management Lead on the progress made during the financial year. This will be the last year that this will be reported in this way as the more active CRAF, underpinned by the Risk Management Process, will replace the Risk Management Strategy. The CRAF will be reported annually to Audit & Standards Committee.

3.17 Work using the CRAF will need to remain proportionate to the resources available; however the benefits that this more holistic approach will bring to the wider risk management process are judged to be desirable given that the amount of risk that the council holds is increasing, as budgets become tighter.

3.18 The Risk Management Process remains in use and is understood across the organisation. It includes details of the methods to manage risks (risk categories,

risk scoring guidance, risk matrix, risk register etc.) and is supported by the annual Risk Reporting Timetable which details when the ELT (every six months) and Directorate Management Teams (every quarter) will review and update risk information with support from the Risk Management Lead. The Risk Management Process is regularly reviewed by the Risk Management Lead and any changes will be submitted to the Officers' Governance Board and if there are any significant changes those will be reported to the Audit & Standards Committee. The Risk Management Process has satisfied internal auditors.

4. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 4.1 The Corporate Risk Assurance Framework (CRAF) supports the council to deliver good governance and identify and mitigate against risks including financial risks. Appendix 1 sets out the mapping of Assurance and clearly identifies accountability. The CRAF replaces the Risk Management Strategy and is not anticipated to create additional costs for the council. The financial impact of any specific risks will be reported through the regular Targeted Budget Management and Budget reports to Policy Resources and Growth Committee and included within the Budget setting Reports to Budget Council where necessary.

Finance Officer Consulted: James Hengeveld

Date: 12/12/16

Legal Implications:

- 4.2 It is a core function of the Audit and Standards Committee to provide independent assurance of the adequacy and effectiveness of the council's governance, risk management and assurance arrangements. The proposal that annual reports will be submitted to this Committee on the CRAF as a key means of ensuring effective assurance is noted. Scrutiny of the Council's arrangements and examination of its progress against the CRAF is a legitimate exercise of the Committee's functions. So too is the making of recommendations to the Council, Policy, Resources and Growth Committee, officers or other relevant Council body following that scrutiny and examination.

Lawyer Consulted: Victoria Simpson

Date: 28/11/16

Equalities Implications:

- 4.3 Equalities process and any Strategic or Directorate Risks are included and will be reported as part of the CRAF and demonstrates that action to address equalities is an embedded element in the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and delivered.

SUPPORTING DOCUMENTATION

Appendices:

1. The Corporate Risk Assurance Framework 2016/17.

Documents in Members' Rooms

1. The Corporate Risk Assurance Framework 2016/17.

Background Documents

1. Delivering good governance in Local Government Framework 2016 Edition, CIPFA and SOLACE.
2. International Framework: Good Governance in the Public Sector, IFAC and CIPFA 2014.

	First Line of Defence	Second Line of Defence	Third Line of Defence	Risk	Risk Number & Description	Directorate (if a Directorate risk)	Lead
	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
A	A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law						
A1	A1. Behaving with integrity - Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the council - Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should building on the Seven Principles of Public Life (the Nolan Principles) - Leading by example and using the standard operating principles or values as a framework for decision making and other actions - Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively						
A1	The Seven Principles of Public Life (the Nolan Principles) are detailed in the Constitution to abide by	Constitution reported to ELT, Policy Resources & Growth Committee and then Full Council	Internal Audit; External Audit	Policy/Process			Executive Lead Officer Strategy, Governance & Law
A1	Code of Conduct for Members (reviewed at Audit & Standards Committee November 2016)	Cross Party Member Working Group including Independent Members review the Code of Conduct. Audit and Standards Committee agree changes, monitor actions and advise on complaints.	Local Government Ombudsman and the Courts would review if any challenge to the Code.	Policy/Process			Executive Lead Officer Strategy, Governance & Law
A1	Code of Conduct for Employees. Published on Wave and given to all new employees on joining. Policy/Process Head of Law	Revised Code presented to ELT and Audit & Standards Committee (last review April 2013)	Internal Audit	Policy/Process			Acting Head of Law
A1	Social Media Protocol for Members. Members notified of changes. Also referenced in Code of Conduct for Members. Social Networking Policy for Employees published on Wave and given to new employees on joining (last reviewed March 2016).	Audit & Standards Committee (last reviewed March 2016).	Internal Audit	Policy/Process			Acting Head of Law
A1	Audit & Standards Committee Terms of Reference and Annual Work Plan receives reports from the Monitoring Officer to review standards items relating to Members' behaviour	Full Council	Internal Audit External Audit	Policy/Process			Executive Lead Officer Strategy, Governance & Law

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	First Line of Defence	Second Line of Defence	Third Line of Defence	Risk	Risk Number & Description	Directorate (if a Directorate risk)	Lead
	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
A1	Whistleblowing Policy published on the Wave. Referenced in Code of Conduct for Employees and Staff Handbook which is given to new employees on joining. Also included as part of induction programme.	Audit & Standards Committee (last reviewed June 2015 when scope of Policy extended to include members of the Public).	Internal Audit	Policy/Process			Acting Head of Law
A1	Information Governance Strategy 2016-19 (P&R 11/12/15, A&S 12/1/16). Information Governance Policies (Various).	Information Governance Board (meets bi-monthly) and Senior Information Risk Owner ("SIRO") scrutiny (monthly meetings). *NB SIRO is Geoff Raw, Chief Executive.	We are subject to a number of compliance regimes which provide Independent Assurance in this area, the most important of these is the HSCIC IG Toolkit (March 2016). We are also audited (various).	Policy/Process			Senior Information Risk Owner and Executive Director Finance & Resources
A1	Financial Regulations and Procedures kept under review to reflect up to date position and published on Wave	Scheduled and reported to OGB, then, depending on significance of proposed changes, reported to ELT, Policy Resources & Growth Committee and then Full Council	Internal Audit programmes test all areas of control covered by Financial Regulations	Policy/Process			Assistant Director Finance
A1	Corporate Health & Safety Policy & Corporate Health & Safety Standards	Safety Management System of the corporate Health & Safety Committee is an element	Health & Safety Audits linked to Internal Audit; Health & Safety Executive (HSE); East Sussex Fire & Rescue Service (eg inspect compliance with CDM regulations)	Policy/Process			Head of Health & Safety
A1	Set of defined & embedded organisational values embedded in workforce policies and procedures as a framework for staff and reflected in council Constitution	Reported to ELT, Policy Resources & Growth Committee and then Full Council	Where applicable formal procedures would test and re-inforce expectations of behaviours	Policy/Process			Assistant Director Human Resources & Organisational Development
A2	A2. Demonstrating strong commitment to ethical values: - Seeking to establish, monitor and maintain the organisation's ethical standards and performance - Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the council's culture and operation - Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values - Ensuring that external providers or services on behalf of the council are required to act with integrity and in compliance with ethical standards expected by the organisation						
A2	Communities Equality and Third Sector team oversees and co-ordinates equality work across the council	Corporate Equality Steering Group (ESG) takes a strategic lead, comprising representatives of the Directorate Equality Groups (DEGs; Neighbourhoods, Communities and Equality (NCE) Committee from 2015 at the behest of the current Labour Administration.	Local Government Association review of Equality Framework for Local Government Brighton & Hove City Council (BHCC) Submission 2016	Policy/Process			Executive Director Neighbourhoods, Communities & Housing

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A2	Fairness Commission: Launched in September 2015, the commission explored issues that cause inequality and listened to the concerns of residents, community organisations and businesses across the city. The commission's findings will inform the council's budgets, so resources are used to tackle inequality	Neighbourhoods, Communities and Equalities (NCE) Committee July 2016; and October 2016	None	Policy/Process			Executive Director Neighbourhoods, Communities & Housing
A2	Workforce Equalities Report analyses recruitment and workforce data. Issues/adverse trends identified inform WEAP. Report presented to ELT (last report September 2016)	Workforce Equalities Report presented to PRG committee (last report October 2016)	Local Government Association review against the Equality Framework for Local Government. Last assessment in September 2016. Assessment against the Department for Work & Pensions Disability Confident Scheme (formerly Positive about Disabled People – Two Ticks) Employment Tribunals	Policy/Process			Assistant Director Human Resources & Organisational Development
A2	Workforce Equality Action Plan (WEAP) aims to develop a more diverse workforce and to address any disproportionate impact of recruitment and employment policies/ practices on individuals sharing a protected characteristic (particularly BME and disabled). Progress overseen and reviewed quarterly by Workforce Equalities Group.	Progress made against the WEAP is reported annually to ELT and Policy, Resources & Growth Committee (last report June 2016)	Local Government Association review against the Equality Framework for Local Government. Last assessment in September 2016. Assessment against the Department for Work & Pensions Disability Confident Scheme (formerly Positive about Disabled People – Two Ticks) Employment Tribunals	Policy/Process			Assistant Director Human Resources & Organisational Development
A2	Global HPO also carried out a separate review in schools and a separate Race Equality Action Plan for schools has been developed and work undertaken	Steering Group comprising of Ethnic Minority Achievement Service (EMAS), School Governors and HR have action plans for strands of work. Monitored through Directorate Equalities Group (DEG) and Workers Equality Group (WEG)	Ofsted Local Government Association review of Equality Framework for Local Government Brighton & Hove City Council (BHCC) Submission 2016	Policy/Process			Executive Director Neighbourhoods, Communities & Housing
A2	Annual Report of the Director of Public Health: identified the health of the population of Brighton & Hove and gaps in the health of the population. It is discussed and produced with partners and presented to ELT.	Health & Wellbeing Board	None	Policy/Process			Executive Director Health & Adult Social Care

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
A3	A3. Respecting the rule of law - Ensuring members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations - Creating the conditions to ensure that the statutory officers and other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements - Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders - Dealing with breaches of legal and regulatory provisions effectively - Ensuring corruption and misuse of power are dealt with effectively						
A3	Since 2011 the council has used a budget Equalities Impact Assessment (EIA) process to assess all proposals with a potential impact on service-users and (since 2014) on staff, define mitigating actions and assess cumulative impact across the council	Full budget council and PRG&G These documents form part of elected members' decision-making	All budget EIAs with impacts on service users are reviewed by community and voluntary sector group. Budget EIA with staff impacts are included in the staff consultation process	Policy/Process			Head of Communities & Equality
A3	Risk assessments through Team Safety System highlights where risk actions are required in accordance with the Corporate Health & Safety Policy	Oversight and scrutiny by corporate health & safety team including health & safety audit checks Directorate Consultation Groups (DCGs) Corporate Health & Safety Group	Health & Safety Audits; linked to Internal Audit	Policy/Process			Executive Director Finance & Resources
A3	CMDB commissioned PIP to develop business case to invest using available powers to set up a trading company with the intent to improve the council's financial position and generate income to be an efficient, modern council. Options appraisal and market potential to be established	F&R Modernisation Board - will receive outline business case in Dec 16 CMDB - will receive outline business case Jan 17; PR&G decision/Full Council	Internal Audit External Audit	Policy/Process			Chief Executive
A3	The Audit & Standards Committee meet at least five times a year and reviews governance arrangements, including risk management and internal control	Full Council	Internal Audit External Audit	Policy/Process			Executive Director, Finance & Resources

	First Line of Defence Management Control Note: reference made where possible to date last reported or reviewed	Second Line of Defence Corporate Oversight	Third Line of Defence Independent Assurance	Risk Strategic Directorate Policy/Process	Risk Number & Description	Directorate (if a Directorate risk)	Lead
A3	<p>1) A suite of Information Governance Policies has been approved;</p> <p>2) An Information Governance training package has been rolled out across the entire organisation;</p> <p>3) An Information Audit has been completed, including business impact assessments for the loss or compromise of Confidentiality, Integrity and Availability;</p> <p>4) Physical access controls have been improved as a result of the move to a new datacentre;</p> <p>5) Cyber security controls introduced to minimize security risks and adoption of ITHC principles for internal security scanning.</p>	<p>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;</p> <p>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;</p> <p>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;</p> <p>4) The Information Governance Team operates as an independent function to provide to provide advice, guidance and oversight in key areas.</p>	<p>1) Internal and external ICT audits provide an objective evaluation of the design and effectiveness of ICTs internal controls;</p> <p>2) IT Health Check (ITHC) performed by a ‘CHECK’/‘CREST’ approved external service provider – covering both applications and infrastructure assurance;</p> <p>3) Continued assurance from compliance regimes, including PSN CoCo, HSCIC IG Toolkit and PCI DSS Annual;</p> <p>4) Oversight of Audit and Standards Committee.</p>	Strategic	SR10 Information Governance Management		Senior Information Risk Owner and Executive Director Finance & Resources

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A3	<p>1. Care Act implemented and procedures updated, guidance continues to come out in relation to the Care Act and Safeguarding;</p> <p>2. Awareness through messages and training;</p> <p>3. Good multi-agency work: multi agency safeguarding procedures promote joint working</p> <p>4. Multi-agency audits of Safeguarding enquiries in place</p> <p>5. DOLs Governance Group</p> <p>6. Maintain the role and numbers of professional social workers through service redesign to ensure capacity;</p> <p>7. Multi-agency training in place for better awareness, safeguarding enquiry management;</p> <p>8. Highly motivated social workers;</p> <p>9. Assessment of need using agreed threshold policies and procedures;</p> <p>10. Staff provided with learning opportunities and undertake continuous professional development;</p> <p>11. Working with Care Providers to ensure requests for Best Interest Assessments are appropriate and provides best and least restrictive practice;</p>	<p>1. Safeguarding Board workplan arising from review of Board. Independent Chair appointed;</p> <p>2. Learning from Safeguarding Adult Reviews, coroners concerns and case review from national work;</p> <p>3. Working with ADASS (association of directors of adult social services) on the impact of ongoing legal judgement and advice on DoLs ;</p> <p>4. HASC Modernisation Board in place;</p> <p>5. Executive Director HASC meets with Chief Executive</p> <p>6. Reports on budget pressures to ELT;</p>	CQC Inspection of in-house registered care services	Strategic	SR13 Keeping Vulnerable Adults safe from harm and abuse		Executive Director Health & Adult Social Care

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
A3	Robust quality assurance processes embedded and reported on annually LSCB Work Plan established with strong leadership by the Independent Chair with aligned LSCB sub-group work plans Serious Case, Local Management and Child Death Reviews identify learning and action for improvement MASH launched in September 14 to provide robust risk assessments and information sharing between partner agencies SFSC programme targets support to the most vulnerable families Continuous professional development and training opportunities offered by the LSCB and good multi agency take up of training In line with the Government's Prevent Strategy, work with the Police, Statutory Partners, Third Sector Organisations and Communities to reduce radicalisation Threshold document, agreed by all agencies, signed off by Children and Young People Committee; and LSCB on 2 & 3rd June 2014 Continuous professional development and learning opportunities offered by the LSCB and good multi agency take up of training New model of practice (wef Oct 2015) for social work teams, with Pods in place to provide stability to service users Performance management across children's social work enables a more informed view on current activity and planning for future service	Early Help strategy in place and governance arrangements in place via LSCB and the MASH Board Quality Assurance within the city and also across key agencies monitored by the LSCB sub group The Child Review Board meetings quarterly and is an opportunity for Lead Members to receive information, provide challenge and comments on children's social care issues with Heads of Service, Assistant Director and Director for Children's Services Reports delivered to LSCB following robust auditing of multi-agency case files and safeguarding practice;	Ofsted inspected our social work arrangements in May 2015 and an action plan was developed to take forward recommendations. LGA Peer Review on Safeguarding recently completed in September 2016 which provided assurance (and helpful challenge) regarding progress against the Ofsted inspection report.	Strategic	SR15 Keeping children safe from harm and abuse		Executive Director Families, Children & Learning
A3	Risk assessments and method statements comply with best practice and corporate procedures Team Safety plans for each service Appropriate training for staff and Members Building User Groups Arrangement for fire wardens, fire evacuations with regular programme	Oversight and scrutiny by corporate health & safety team including health & safety audit checks Corporate Health & Safety Committee Corporate Health & Safety Group	External inspections by HSE, e.g. adhoc visit from HSE on 24th March 2016 to inspect waste collection service, 'went well with just verbal advice' received.	Directorate	DR 09 Ensuring best practice to meet Health & Safety standards	EEC	Assistant Director City Environmental Management

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
A3	Robust quality assurance processes embedded and reported on annually LSCB Work Plan established with strong leadership by the Independent Chair with aligned LSCB sub-group work plans Serious Case, Local Management and Child Death Reviews identify learning and action for improvement MASH launched in September 14 to provide robust risk assessments and information sharing between partner agencies SFSC programme targets support to the most vulnerable families Continuous professional development and training opportunities offered by the LSCB and good multi agency take up of training In line with the Government's Prevent Strategy, work with the Police, Statutory Partners, Third Sector Organisations and Communities to reduce radicalisation	Early Help strategy in place and governance arrangements in place via LSCB and the MASH Board Internal audit found substantial assurance in our risk management of safeguarding in July 2016	Ofsted inspected our social work arrangements in May 2015 and an action plan was developed to take forward recommendations. LGA Peer Review on Safeguarding recently completed in September 2016 which provided assurance (and helpful challenge) regarding progress against the Ofsted inspection report.	Directorate	DR 05 Our Child Protection and Safeguarding arrangements are not effective (recognised in the Strategic Risk Register as SR15 'Keeping children safe from harm and abuse').	FCL	Executive Director, Families, Children & Learning
A3	Greater focus on statutory responsibilities as implementation of Care Act and improved assurance for Deprivation of Liberty Safeguards DMT oversight Learning from others and legal judgements Key Performance Indicators (KPIs)	Escalate to ELT Performance monitoring reports to Members Safeguarding Board	Sector Led Improvement and Peer Review	Directorate	DR 05 Assurance of HASC statutory duties	HASC	Assistant Director Adult Social Care

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A3	<p>Additional resources identified</p> <p>Bid to ELT to increase numbers of Best Interest Assessors (BIA's), ELT in August approved 8 new BIAs (to take the total to 10)- replaces outsourced BIAs</p> <p>Programme of regular training of BIA's</p> <p>Increased authorised signatories</p> <p>Increased legal resources</p> <p>Work to improve DoL's assessment undertaken</p> <p>Practice development groups for DoLS pre and post qualified staff (as run in Feb 2016)</p> <p>System developed for DoLS Authorisation monitoring to be held within assessment teams, launched January and completed for all services</p> <p>Regular training programme, e.g. quarterly training of BIAs at University, BHCC input into training program and contributes to delivery</p> <p>Design of Practice development groups for DoLS pre and post qualified BIAs from February 2016</p> <p>Continual monitoring of demand for DoLS and performance against statutory timescales for referrals and renewals</p> <p>Some aspects of workflow now on Care First allowing audit and reports to be extracted</p>	<p>DoLS Authorisation monitoring system for SPFT launched to manage certain statutory tasks and overseen by Assessment Teams</p> <p>Quarterly performance monitoring meetings with Elected Members including scrutiny of performance and highlighting of risks</p>	None	Directorate	DR 02 Meeting requirements of Deprivation of Liberty Safeguards (DoLS)	HASC	Assistant Director Adult Social Care

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
A3	Housing Repairs: Regular Client/Contractor meetings between Council and Mears and other contractors Regular Fire and Health & Safety Board in partnership with East Sussex Fire & Rescue and Corporate Health & Safety team instigates process reviews around Asbestos; CDM Regs; Hoarders initiative Private Sector Housing licence 3000 Houses in Multiple Occupation (HMOs) and use triage system to check and health and safety and other arrangements Business Continuity Plans are submitted and receive overview from the Emergencies & Resilience Team who arrange table top testing DMT attended by Emergencies & Resilience Team on a quarterly based to provide progress updates after assessment of Directorate services' business continuity plans	Reports to Housing and New Homes Committee Corporate Health & Safety Committee receive reports on H&S Audits conducted by corporate Health & Safety team	Health & Safety Executive	Directorate	DR 03 Meeting Legislative duties in Service Delivery, whether direct or through Contractors	NCH	Head of Housing Strategy / Private Sector Housing
A3	Agreement at ELT that SGL will identify gaps in capacity and enable budget investment for recruitment and appointment SGL Resource Planning Briefings to Executive Leadership and Administration Orbis Public Law (OPL) arrangement OPL Executive Board includes ELO SGL	ELT and CMDB monitor SGL performance and provide support and challenge. OPL Joint committee	LEXCEL annual accreditation in July Law Society adhoc reviews Statutory KPIs for bereavement and registration services are reported annually to General Register Office, part of Identify & Passport Service. Last annual report submitted May 16 Elections Claim Unit verify efficiency of elections as and when. Last time Claim was submitted was Sept 16 for PCC election May 16	Directorate	DR 02 Skills & resources to lead and support the organisation	SGL	Executive Lead Officer Strategy, Governance & Law
B	B Ensuring openness and comprehensive stakeholder engagements						
B1	B1. Openness - Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness - Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for keeping a decision confidential should be justified - Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear - Using format and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action						

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B1	Information published under Local Government Transparency Code and to meet a requirement of the Localism Act, e.g. Workforce profile; Pay Policy Statement 2016/17. Code of Practice signed off by HR & Finance	Published on Council website Pay Policy approved by full Council (March 16)	None	Policy/Process			Assistant Director Human Resources & Organisational Development
B1	All Committees, Full Council have provisions on their agenda via petitions, questions and duptations. Some facilitated through the council website under 'Consultations - have your say'. Meetings of the full Council and the majority of committees are webcast live and recorded so that they can be viewed after they have taken place and enable anyone to find out what decisions have been made.	None	Benchmarking CIPFA performance data re. petitions.	Policy/Process			Head of Democratic Services
B1	Communications Protocol developed and reviewed after each Political Administration change	ELT Council Leaders Group	None	Policy/Process			Executive Lead Officer Strategy, Governance & Law
B1	1. Customer Feedback, including complaints and survey methods monitor council reputation, e.g. City Tracker, Media Monitoring 2. Increased joint commissioning with other public sector organisations to demonstrate value for money 3. Corporate Plan 2015-2019 emphasises working with Communities 4. Front line services work to manage down demand, as detailed in the Directorate Plans for Adult Services and children's Services 5. Organisational Restructure as agreed by P&R in May 2016 facilitates a new Executive Director, Health & Adult Social Care to work closely with CCG and Public Health England to ensure planning of delivery to our residents	1. Fairness Commission working with other public sector agencies and third sector organisations 2. 'Horizon scanning' by ELT and DMTs of legislative change affecting council service delivery, e.g. Academies White Paper 3. Officer Steering Group representing 5 biggest customer service functions meets regularly to analyse impact on citizens and plan improvements 4. CCG and council work on the Health & Wellbeing Board, including co-location at Hove Town Hall	None	Strategic	SR26 Council relationship with Citizens		Executive Director Finance & Resources

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
B1	Annual Governance Statement (Audit & Standards Committee June 2016)	Signed by CE/Leader and published alongside Accounts 2015-16	External Audit	Policy/Process			Executive Lead Officer Strategy, Governance & Law
B1	Annual HROD Report (A&S June 2016)	ELT Audit & Standards Committee June 2016	Internal Audit External Audit	Policy/Process			Executive Director Finance & Resources
B1	Brighton & Hove Connected is our Local Strategic Partnership.	City Management Board	None	Policy/Process			Executive Lead Officer Strategy, Governance & Law
B1	Communities Equality and Third Sector team oversees and co-ordinates equality work across the council	Equality & Inclusion Partnership (EquIP) from 2014. Its overarching purpose is to drive improvements in collaboration between public services and local communities to reduce inequality and foster community resilience and activity. The council's lead member for Neighbourhoods, Communities and Equality and a Third Sector representative. Members include the Third Sector, health, education, councillors, council, and others (including business).	None	Policy/Process			
B1	Community Safety Team have management oversight and liaise with council services	Partnerships in the city supported by the council, focused on specific characteristics, include: * One Voice; * Racial Harassment Forum. The Forum and the council will continue to work collaboratively with BME and faith communities to address racist and religiously motivated incidents; * LGBT Community Safety Forum: This forum was formed to give the community a voice on a wide range of safety issues; * Disability Hate Incident Steering Group: this multi-agency partnership provides a strategic city overview for the work on disability hate incidents.	None	Policy/Process			

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B1	Strategic Risk Register published bi-annually (A&S June 2016) and reviewed by ELT every 6 months	Audit & Standards Committee receive Strategic Risk Register at least twice a year (June 16 and due in Jan 17) Strategic Risk Focus Items at each meeting per A&S Workplan	Internal Audit External Audit	None			Executive Lead Officer, Strategy, Governance & Law

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B2	B2. Engaging stakeholders effectively, including individual citizens and service users effectively - Establishing a clear policy on the type of issues that the council will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievements of intended outcomes - Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement - Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs - Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account- - Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity - Taking account of the impact of decisions on future generations of tax payers and service users						
B2	Corporate Plan 2015-2019 (June 2016) and Integrated 4 year planning	Full Council	Internal Audit External Audit	Policy/Process			
B2	Individual services collating feedback from their customers	Customer Insight Report developed by the Customer Experience Team in consultation with services and Customer Experience Steering Group – reviewed by the Executive Leadership Team	None	Policy/Process			
B2	Social Media Guidelines for Members and Employees (A&S March 2016)	Audit & Standards Committee Full Council	Internal Audit External Audit	Policy/Process			Executive Lead Officer Strategy, Governance & Law
B3	B3. Engaging comprehensively with institutional stakeholders - Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes of each stakeholder relations are clear so that outcomes are achieved successfully and sustainably - Developing formal and informal partnerships to allow for resources to be used more effectively - Ensuring that partnerships are based on trust; a shared commitment to change; a culture that promotes and accepts challenge among partners; and - That the added value of partnership working is explicit						
B3	Better Brighton and Hove is being established as an independent charity. The organisation's Terms of Reference and Deed of Collaboration with the Council clearly set out the principles of good governance and that any work undertaken by Better will not directly influence the executive or democratic responsibilities of the council.	All reports produced by Better will be subject to BHCC CEO approval and any recommendations made will be subject to the normal governance and democratic decision making process of council.	None	Policy & Process			Chief Executive

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B3	Better Care Finance and Performance Group monitors spend and performance.	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.	NHS England sign off Better Care Plan, submitted in May 2016.	Policy & Process			Executive Director Health & Adult Social Care
B3	Greater Brighton: became a formally recognised City Region in March 2014, covering the city of Brighton & Hove and the districts and boroughs of Adur, Lewes, Mid Sussex and Worthing, some 689,000 people.	Member and ELT approval of City Deal Agreement	Legally constituted Economic Board, which aims to protect and grow the economy, by coordinating economic development activities and investment at City Region level	Policy/Process			Executive Director Economy, Environment and Culture
B3	The City Management Board (CMB)	ELT at Brighton & Hove City Council; and equivalent arrangements may exist at partners' organisations	None	Policy/Process			Chief Executive
B3	Health & Wellbeing Board (HWB) identifies Clinical Commissioning Group as an equal member with the Council and there is representation from NHS England; and Health Watch. It is a partnership to plan for health, public health and adult and children's social care services across the city. Meeting are public and documents are published.	Health & Overview Scrutiny Committee	None	Policy/Process			Executive Director Health & Adult Social Care

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
B3	1. Continued roll out of cluster working started in 3 of the 6 clusters. Social Care work aligned with GP clusters June 2016 and continue to be developed as part of the ongoing service redesign programme 2. 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; 3. Better Care Finance and Performance Group monitors spend and performance.	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.	NHS England sign off Better Care Plan, submitted in May 2016.	Strategic	SR20 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
B3	* A City Employment & Skills Plan has been developed with the Learning Partnership; and the City Employment and Skills Partnership * LSCB full participatory role on safeguarding audits and on relevant subgroups * Governance arrangement in place in key partnership areas eg CSE * Children's Services Partnership Forum operating well * Participation in Learning Partnership and City Employment and Skills Partnership * School Partnership Advisers encourage school to school working including sharing of data and training, eg peer review challenge open to all primary headteachers * Joint Children's Health & Wellbeing Strategy agreed with Public Health and the CCG * Post section 75 agreement with SCT on Memorandum of Understanding and an Information Sharing Agreement * Early Help and Community based services outlined in Community & 3rd Sector prospectus and initiatives delivered, eg with CCG GP referral pilot to Early Help Hub	*There are clear escalation routes available eg CMB / HWBB *Governance arrangements in place in key partnership areas, eg CSE *LSCB operating successfully overseeing a range of partnership arrangements *Children's HWB Strategy part of wider HWB monitoring arrangements	*Joint inspection with Health Partners on our SEND arrangements successfully completed May 2016	Directorate	DR 02 Changes in effective partnership working affects our service delivery	FCL	Executive Director Families, Children & Learning

	First Line of Defence	Second Line of Defence	Third Line of Defence	Risk	Risk Number & Description	Directorate (if a Directorate risk)	Lead
	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
B3	Working with CCG on a Care Home Programme and on the Better Care Fund to reduce hospital admissions and admissions into care homes and nursing homes. Commissioners worked with the care home market on a new fee structure., Members agreed to an increase in fees and this will help secure capacity. New contract with home care providers also includes an increase in fees. New home care contract commenced Sept 16, further refinements agreed with providers, and this will help secure market capacity. Represented on ADASS regional group incl. East and West Sussex and Surrey re. more strategic marking planning for all client group Market Plan approved April 2016	Adult Social Care Modernisation Board receive progress monitoring reports on Market Plan	CCG and regional ADASS oversee delivery of Market Plan	Directorate	DR 03 Market capacity of Adult Social Care providers	HASC	Head of Commissioning
167	C Defining Outcomes in terms of sustainable economic, social, and environmental benefits						
C1	C1. Defining outcomes - Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the council's overall strategy, planning and other decisions - Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer - Delivering defined outcomes on a sustainable basis within the resources that will be available - Identifying and managing risks to the achievement of outcomes - Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available						
C1	Joint Strategic Needs Assessment (JSNA): Ongoing process providing comprehensive analysis of current and future needs of local people to inform commissioning of services to improve outcomes and reduce inequalities. This work include Equality Impact Assessments (EIAs). Work done and planned by multi-agency steering group chaired by council officers.	Health & Wellbeing Board	None	Policy/Process			

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
C1	Corporate Plan Directorate Plans Service Plans KPIs - both corporate and directorate Directorate Modernisation Boards/ Directorate Modernisations Programmes and Projects	Directorate & Corporate Performance Improvement Boards Corporate Modernisation Delivery Board Performance Oversight by Policy, Resources & Growth Committee	Internal Audit (May 2015, Reasonable Assurance opinion)	Policy/Process			
C1	Project and programme management used to co-ordinate and deliver projects Engage with key partners on a project by project basis (eg Southern Water, UK Power Networks, Brighton & Hove Buses)	Corporate Investment Board meets monthly to oversee co-ordination and delivery of major projects. Cross-party Strategic Delivery Board meets monthly to oversee co-ordination and delivery of major projects	Projects funded by Government departments are overseen by the Greater Brighton Economic Board (quarterly) and Coast to Capital LEP governance arrangements (quarterly) / and by relevant government department (according to their timetable). No funding has been withdrawn to date.	Directorate	DR 07 Strategic Co-ordination & delivery of major regeneration and infrastructure projects	EEC	Executive Director Economy, Environment & Culture
C1	Planning Modernisation Board oversees the delivery of City Plan Stage 2 project Full consultation and engagement programme and partners and stakeholders	Corporate Modernisation Board oversees the Planning Modernisation Programme Public Sector Property Group (council lead - Angela Dymott) includes partners	Planning Advisory Service undertook a service peer review / audit April 2016. Draft City Plan Phase 2 will be submitted to the planning inspector for approval (due 2018)	Directorate	DR 10 Delivering the next stages of the City Plan	EEC	Executive Director Economy, Environment & Culture
C1	Policy or other officers analyse national policy and evaluate resource implications and impact on customers, service areas, department, council and the city (e.g. in relation to Housing & Planning Act, Food Safety Act 1990, Policing and Crime Act 2011) Established relationships with other local authorities to collaborate with and share learning and possibly resources Staff and management teams experienced in managing new policy areas, co-ordinating the necessary councillor approvals, and with the agility to implement change Liaison with corporate lead for significant change, e.g. Brexit	Business Planning and performance management reports to DMT to inform current position and likely impact of new policies Coordination with regional and national bodies and Central Government Departments eg Food Standards Agency Strategic and City Wide Risks reported through performance management framework New policy reported to and agreed at the relevant committees	Programme of annual audit inspections External ISO9000 accreditation inc external audits	Directorate	DR 06 Impact of Government Policy on Directorate contribution to delivery of Corporate Plan	NCH	Head of Income, Involvement and Improvement

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
C1	Policy team being proactive in horizon scanning and awareness re strategic external changes affecting the council 'Week ahead' meetings focus on strategic themes include Policy Team Briefings to Executive Leadership and Administration Chief Executive and ELO SGL proposal to Leaders and Administration for bespoke training programme for Leaders Brighton & Hove City Council Directorates working alongside Clinical Commissioning Group on Health & Wellbeing Strategy, i.e. Health & Adult Service; and Families, Children & Learning Legal leading on Devolution Governance workstream	Corporate Leadership Board (ELT and Members) Health & Wellbeing Board Health Overview and Social Care overview	NHS England oversight of Better Care Government Intervention (Best Value Act) Local Government Ombudsman	Directorate	DR 05 Managing Directorate activity to support the council through substantive changes to operating environment	SGL	Executive Lead Officer Strategy, Governance & Law
169 C2	C2. Sustainable economic, social, and environmental benefits -Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision - Taking a longer term view with regard to decision making, taking account of risk and acting transparently when there are potential conflicts between the council's intended outcomes and short term factors such as the political cycle or financial constraints - Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible in order to ensure appropriate trade-offs - Ensuring fair access to services						

	First Line of Defence Management Control Note: reference made where possible to date last reported or reviewed	Second Line of Defence Corporate Oversight	Third Line of Defence Independent Assurance	Risk Strategic Directorate Policy/Process	Risk Number & Description	Directorate (if a Directorate risk)	Lead
C2	<p>Seafront Investment Programme and Strategic Delivery Board have been established and are actively considering seafront redevelopment opportunities including the Black Rock and King Alfred sites</p> <p>DfT funding secured for the redevelopment of the West Street / A259 Junction and Shelter Hall. Initial infrastructure work commenced late 2015</p> <p>Coast Revival Funding secured to develop Madeira Drive Investment and Regeneration Plan</p> <p>HLF Funding secured for improvements to Volks Railway</p> <p>Seafront Arches and A259 infrastructure Phase 2 works completed June 2016</p> <p>P&R approval to commence seafront landscaping around i360 and seafront arches. PR&G approval to enter into a conditional development agreement with Standard Life Investments for the Brighton Waterfront Project</p> <p>Installation of anti-climb fencing at Madeira Terraces November-December 2015 and continued work to minimise risk from potential structural failure.</p>	<p>Investment plan to underpin the Seafront Strategy and long term viability of the seafront infrastructure. Report to Policy, Resources & Growth Committee in October 2016;</p> <p>Corporate Investment Board;</p> <p>Cross-party Strategic Delivery Board.</p>	<p>Projects funded by Government departments are overseen by the Greater Brighton Economic Board (quarterly) and Coast to Capital LEP governance arrangements (quarterly) / and by relevant government department (according to their timetable). No funding has been withdrawn to date.</p>	Strategic	SR23 Developing an investment strategy to refurbish and develop the city's major asset of the seafront		Executive Director Economy, Environment & Culture

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C2	<p>The Council's Housing Strategy sets out objectives and action plan addressing identified housing needs in the City. This includes policy and investment prioritising: i) Improving Housing Supply; ii) Improving Housing Quality; iii) Improving Housing Support. This strategy has been agreed by Full Council. The City Plan also sets out housing targets across all tenures; policies on securing affordable housing through the planning system, residential development standards. Housing Revenue Account Asset Management Strategy is aligned to Housing Strategy in support of improving housing supply & housing quality. Greater Brighton Housing & Growth Working Group is aiming to accelerate delivery of new housing supply through freedoms and flexibilities sought as part of the wider GB Devolution proposals. The Student Housing Strategy is due for review in 2017, informed by our most recent analysis of student number assumptions and supply and demand for student accommodation in the City.</p> <p>Key controls include:</p> <ol style="list-style-type: none"> 1. Housing Allocation Policy framework ensuring best use of existing council and registered provider resources through nomination of affordable housing to priority households. 2. Procurement of Temporary Accommodation and long term private sector housing lettings with private landlords in the city and wider city region for those to whom we owe a housing duty. 3. Our 'New Homes for Neighbourhoods' estate regeneration programme to deliver new affordable homes in the city. 4. Development of additional Housing Delivery Options: Living Wage Joint Venture with Hyde proposal to deliver 1,000 new lower cost homes for rental and sale; and, Housing Market Intervention / direct delivery through council wholly owned Special Purpose Vehicle. 5. Enabling delivery of new affordable homes in partnership with Registered Provider partners and the Homes & Communities Agency. 6. Improving supply through best use of existing HRA assets including conversions / hidden homes programme. 7. Bringing long term empty private sector homes back into use through our Empty Property Strategy. 8. Tenancy sustainment initiatives particularly for more 	<p>Corporate Investment Board Strategic Investment Board Cross Party Estates Regeneration Board Strategic Housing Partnership (cross sector)</p>	<p>Homes & Communities Agency - monitor and assure processes relating to affordable housing</p>	<p>Strategic</p>	<p>SR21 Housing Pressures</p>		<p>Executive Director Economy, Environment & Culture</p>
D	D Determining the interventions necessary to optimise the achievement of the intended outcome						
D1	<p>D1. Determining interventions</p> <ul style="list-style-type: none"> - Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risk. Therefore ensuring best value is achieved however services are provided - Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts 						

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D1	Directorate Modernisation Boards - directorate management teams (DMT) plus other key officers. Significant directorate specific projects and programmes are reported to the appropriate Directorate Board.	Corporate Modernisation Delivery Board: Executive Leadership Team plus other key officers. Assesses programmes or projects that are cross-cutting and/or require significant support, politically sensitive, high risk, or likely to have significant capital or revenue implications.	Internal Audit; External Audit	Policy/Process			
D1	Communities, Equalities and Third Sector team coordinate and quality assure Equality Impact Assessments (EIAs) on any service changes with potential impacts on people relating to their protected characteristics	Directorate equality groups have a role in ensuring completion of EIAs. Committee reports include an equality implication section which refers to the EIA where relevant.	None	Policy/Process			Head of Communities & Equality

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	<p>Management Control</p> <p>Note: reference made where possible to date last reported or reviewed</p>	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
D1	<ul style="list-style-type: none"> 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. Feedback and engagement from customers and partners is driving the development of services, including focus inside and outside of Digital First on mobile, digital and information sharing. Alignment and prioritisation of project resources to modernisation requirements. 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. Digital First programme has been reviewed. Experienced programmed team in place and growing. A clear timeline of work and savings up to April 17 has been established. Procurement of a new platform that will allow rapid development to take place will conclude by end of December 16. Increased profile and presence in the city's digital community to enable the work with City and City region partners including Wired Sussex, Digital Catapult, Brighton University and Sussex University. Establishing 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. 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. The close linking in of the partnership Digital Resilience project into the Digital First 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. 	<ul style="list-style-type: none"> Digital First 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. 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 Digital First programmes. Digital First Members Oversight Group - quarterly Digital First programme board 	<ul style="list-style-type: none"> Internal and External Audit assurance of programme management and Capital Investment strategies. 	Strategic	SR 18 Transition to modern, digital IT to improve service delivery		Executive Director Finance & Resources
D1	<p>Performance Management processes to deliver Services and the Directorate Plan</p> <p>Teams aligned to deliver External bidding</p> <p>Modernisation programmes and 4 yr integrated service plans</p> <p>Working in partnership and collaboration</p>	<p>Performance frameworks, KPIS</p> <p>Corporate Modernisation Delivery Board</p> <p>Strategic delivery board</p> <p>Reports made to Committees including ETS, EDC and PR&G.</p>	<p>Report to Arts Council on programmes which they fund</p> <p>Museums accreditation reviewed and achieved</p> <p>Benchmarking across organisation</p> <p>Economic Partnership and Transport Partnership, council land external parties</p> <p>Volks railway annually inspected by HM Railway Inspectorate (HMRI)</p> <p>Seafront reviewed for Blue Flag accreditation for water and beach quality</p>	Directorate	DR 02 Directorate's high profile impact on city	EEC	Executive Director Economy, Environment & Culture

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
D1	EEC Directorate represented on Digital First Programme Board Specific focus on digital strands in modernisation programmes for EEC (particularly planning, Property & Design, City Clean & City Parks, Transport, and Royal Pavilion & Museums) Upgrade work on Visit Brighton website and application Maintaining booking services for RPM Maintaining digital expertise and cascading digital skills through other staff	Digital First Programme Board and cross-party modernisation oversight group.	Internal audit	Directorate	DR 01 Digital capability to meet customer expectations	EEC	Executive Director Economy, Environment & Culture
D2	D2. Planning interventions <ul style="list-style-type: none"> - Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets - Engaging with internal and external stakeholders in determining how services and other courses of actions should be planned and delivered - Considering and monitoring risks facing each partner when working collaboratively, including sharing risks - Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances - Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured - Ensuring capacity exists to generate the information required to review service quality regularly - Preparing budgets in accordance with objectives, strategies and the medium term financial plan - Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy 						

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D2	Consultation Framework embedded in organisaitonal change policy	Directorate Consultation Groups (DCGs) chaired by Executive Directors	Corporate Staff Consultation Forum chaired by Council Leader includes cross-party Members and Trade Unions	Policy/ Process			Assistant Director Human Resources & Organisational Development
D2	School Organisation Plan routinely reviewed internally and pupil forecasting element received independent assurance in 2015 Work has been ongoing on securing site for new secondary school 465 new primary school places (15.5 classes) added in last five years Two new free schools opened in city Four class junior site opened on Hove Police Station site September 2014 One new permanent form of entry opened in September 2014 at West Hove Infant School (Connaught) Following a public consultation two permanent additional forms of entry opened in September 2015 in primary schools serving areas of highest demand, with funding identified in the capital programme Council officers are working with schools where there are spare places to assist them in developing and sustaining strong partnership relationships with the primary schools in their catchment area;	Strategic Risk 17 agreed by ELT and last reviewed six monthly Audit & Standards Committee focus on all strategic risks Cross Party Working Group (supported by a group consisting of all ten secondary schools, the three colleges and the two universities with the local authority)has been meeting to develop proposals around a new secondary admissions process with full engagement exercise conducted in first half of 2016, proposals will be formally consulted on next year, once new school location known Secondary Continuing Education meeting established to raise awareness including and involving all schools, colleges and two city universities. This has focused on school organisation	In case of dispute over admissions arrangements the Office of the Schools Adjudicator will adjudicate 80% of schools are currently assessed by Ofsted as good or outstanding and a new School Improvement Strategy has been adopted to support the target of all schools being good or outstanding	Strategic	SR17 School Places Planning		Executive Director Families, Children & Learning

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D2	System of highway safety maintenance inspections and repairs to roads, footways and structures and other parts of transport infrastructure Monthly meetings with transport partners ,eg rail,bus operators Transport partnership bi-monthly Emergency Planning scenario testing to improve response if required Good arrangements with contractors to respond to and deal with emergencies Out of hours team respond to incidents and events on transport network Twitter, Facebook and social media accounts to alert road users Control Centre for CCTV cameras to deal with events on network, links to bus company and police	Self assessment, signed off by S151 officer and checked and audited by DfT. Assessed as Level One out of Three Levels of Highways Asset Management Plan (HAMP)	DfT inspection of HAMP towards Level 3 which affects funding for BHCC. Last visit May 16 Internal Audits e.g. Shelter Hall	Directorate	DR 05 Failure of city's Transport Infrastructure	EEC	Assistant Director City Transport
176 D2	1. School Organisation Plan routinely reviewed internally 2. Work has been ongoing on securing site for new secondary school	1. Strategic Risk 17 agreed by ELT and last reviewed six monthly 2. Audit & Standards Committee focus on all strategic risks 3. Cross Party Working Group has been meeting to develop proposals around a new secondary admissions process 4. Independent report in Spring 16 gave assurance on pupil forecasting methodology	In case of dispute the Office of the Schools Adjudicator will adjudicate DfE monitoring of 'preference met' data	Directorate	DR 07 There are not sufficient or suitable school places across the city (included in Strategic Risk Register as SR17)	FCL	Assistant Director Education & Skills
D2	Directorate and Public Health involved in STP Programme Board for East Surrey and Sussex and the Public health workstream	Members and ELT kept up to date of progress and likely impacts	NHS England LGA Association of Directors of Adult Social Service	Directorate	DR 10 The Sustainable Transformation Plan (STP) in NHS impacts on arrangements for working with external partners	HASC	Executive Director Health & Adult Social Care

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D2	Brighton & Hove Caring Together programme / Keeping People Well Subgroup Needs assessment / JSNA to inform and target action Performance managed through KPIs process Prevention highlighted as priority within development of STP	Health & Wellbeing Board	NHS England tbc	Directorate	DR 08 Improving City wide health and well-being outcomes and the impact on HASC demand management	HASC	Executive Director Health & Adult Social Care
D3	1. Support and challenge for secondary schools offered by LA team 2. Ensuring that forecasts of educational achievement are more robust 3. Secondary School Partnership focused on achievement 4. Categorisation leads to effective action plans	There are several KPIs around KS3&4 achievement that are monitored by FCL Performance Board and then ELT, P, R&G Committee	As at Q1 16/17 86% of our schools are judged to be good or outstanding by Ofsted 2016/17 GCSE results saw a further rise, above national averages	Directorate	DR06 Children underachieve at Secondary and post 16 education within the City	FCL	Assistant Director Education & Skills
D3	D3. Optimising achievement of intended outcomes - Ensuring the medium term financial strategy integrates and balances service priorities, affordability and resource constraints - Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term - Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage - Ensuring the achievement of 'social value' through service planning and commissioning						

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D3	<p>Meetings arranged to manage community care spend on a weekly basis</p> <p>Major service redesign programmes in Assessment and Provider services are in place with the aim of delivering the services four year savings targets.</p> <p>Learning Disability Review is looking at opportunities across Children's and Adult services</p> <p>Continue to develop integrated teams through the Better Care programme to work both in a more integrated way to reduce duplication and to deliver services in a proactive way in order to reduce demand</p> <p>DoLs Governance Group monitors demand and reports to DMT</p> <p>Closely monitored at DMT as part of 4 year Plan developed for Directorate</p> <p>TBM reports monthly at DMT</p> <p>Reviewing all planned spend for Public Health for 2016/17, 2017/18 , 2018/19 and 2019/20 to take account of public health specialist budget reductions and council savings targets totalling £6m by 2020</p> <p>Public health internal priorities group to take a close look at spend against CIPFA and other benchmarking tools</p> <p>Spending plans reviewed to ensure they offer value for money</p>	<p>HASC Modernisation Board receive update reports on budget and programmes</p> <p>ELT budget discussions on TBM</p> <p>PR&G Committee TBM updates regularly and then for information to Audit & Standards Committee</p> <p>ED HASC reports to Chief Executive</p>	<p>Independent external benchmarking with comparator authorities in terms of unit cost and spend</p> <p>External Auditors Use of Resources Opinion</p> <p>Annual returns to DoH regarding public health spend against mandated and non-mandated services, confirming all ring fenced grant has been appropriately spent on public health activities. Last submitted September 2016.</p>	Directorate	DR01 Financial Pressures	HASC	Executive Director Health & Adult Social Care

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D3	<p>Management Control Note: reference made where possible to date last reported or reviewed</p> <p>HRA financial model and Business Plan sets out income generation levels from existing HRA assets & available financing to develop new assets to inform the future Investment Strategy Monthly monitoring of TBM at reported to ELT and Leadership Board Significant areas of demand and budget pressures in Temporary Accommodation have detailed recovery plans which are are monitored at DMT Ongoing 2016/17 budget pressures are included in the budget strategy for 2017/18 to ensure they are recognised going forward Cross cutting BPI programme on Temporary Accommodation includes adults, childrens services and housing and is supported by PIP Housing Management Asset Strategy approved for next 30 years by P&R Committee in March 2016 Regulatory Services redesign for Emergency Planning and Resilience and management realignment to deliver 120K saving. Deliver a modernisation programme that includes streamlining of Enforcement activities</p>	<p>Corporate Oversight</p> <p>DMT, ELT, Leadership Board and Policy Resources & Growth Committee oversee budget position Routine reporting and progress reported to Modernisation Board and City Neighbourhoods, Community Collaboration and Joint Enforcement Board Regular reports to Housing & New Homes Committee; and Area Panels In 16/17 financial year have presented to ELT and Members on significant areas of demand and budget pressure, e.g. Temporary Accommodation Corporate Modernisation Board oversee progress of BPI programme on Temporary Accommodation</p>	<p>Independent Assurance</p> <p>External Audit EY opinion on VfM s151 officer's interaction with government</p>	<p>Strategic Directorate Policy/Process</p> <p>Directorate</p>	<p>DR02 Financial Stability to enable Directorate service delivery</p>	<p>NCH</p>	<p>Assistant Director Housing</p>

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D3	*Effective TBM monitoring at DMT *Service redesign toolkit in use and any restructures agreed at DMT level	*Modernisation programme operating and scrutinised at Modernisation Board 6 weekly *Performance Board oversees the outcomes *Budgets discussed regularly at ELT and with Members at Leadership Board *Challenge provided at Budget Scrutiny Group *Annual budget setting process has full Member oversight and governance through committee system	* Internal Audit work on our Troubled Families submissions to ensure we are entitled to our Payments by Results funding. At the last audit (June 16) internal audit examined 10% of the claims going forward for payment from the Troubled Families Programme (TFP). All 10% were approved by audit and on that basis audit authorised 100% of all claims that went forward to the TFP. * Independent Report commissioned in late 2015 that provided assurance, examination and recommendations around FCL budget issues	Directorate	DR 03 Budget pressures are unmanageable	FCL	Executive Director Families, Children & Learning
D3	Budget mgt, Targeted Budget Management (TBM) process 4 year savings plan & Medium Term Financial Strategy Modernisation Programmes Review of fees and charges/ income generation	Corporate Modernisation Delivery Board PR&G Committee and Service Committees Budget Council Greater Brighton Economic Board Corporate Investment Board	Government depts. DCLG, Dft, CIPFA, DEFRA Environment Agency	Directorate	DR 03 Directorate income & budget	EEC	Executive Director Economy, Environment & Culture

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	E Developing the entity's capacity including the capacity of its leadership and with individuals within it						
E1	E1. Developing the entity's capacity <ul style="list-style-type: none"> - Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness - Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently - Recognising the benefits of partnership and collaborative working where added value can be achieved - Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources 						
E1	Performance Improvement & Programmes team to support, coordinate and challenge programmes and projects delivery. Reporting to the Corporate Modernisation Delivery Board, Directorate Modernisation Boards are set up to drive the programmes and projects forward and deliver outcomes and benefits. Reporting to the Directorate Modernisation Boards, there are Programme and Project Boards responsible for planning, set-up and management of programmes and projects. Corporate Modernisation Network consisting of project/programme managers across the organisation work to map and manage project/programme dependencies and escalate any risks/issues to Corporate Modernisation Delivery Board.	Corporate Modernisation Delivery Board has been set up to initiate and lead programmes and projects that are intended to achieve the Corporate Plan priorities and principles including cross-cutting programmes and projects. The Board is chaired by the Chief Executive and consists of Executive Leadership Team and other key officers of the council. The Board regularly reviews risks escalated by individual programmes and projects and initiates mitigating actions. The Board ensures limited resources are effectively targeted. A cross-party Member Oversight Group monitor progress and provide support and challenge as required. The financial benefits are reported to the Policy, Resources & Growth Committee as part of TBM reports.	Internal audit. Last reviewed May 2016 - 'reasonable assurance'	Strategic	SR22 Modernising the Council		Chief Executive
E1	Brighton & Hove City Council is part of Greater Brighton and the Greater Brighton Economic Board has been established The City Council submitted a bid for devolution deal with government with Greater Brighton Economic Board partners in September 2015 Devolution Programme consisting of four streams submitted for approval to the Corporate Modernisation Board	Corporate oversight through the Modernisation Programme Governance	None	Strategic	SR27 Devolution		Executive Director Economy, Environment & Culture

	First Line of Defence	Second Line of Defence	Third Line of Defence	Risk	Risk Number & Description	Directorate (if a Directorate risk)	Lead
	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
E1	Prioritisation to clear backlog Workstyles programme preparation including UNIFORM software Recruiting to vacant posts, planners Political briefings	Weekly performance updates to Planning Committee Chair	None	Directorate	DR 08 Planning Service Income & Service Delivery	EEC	Executive Director Economy, Environment & Culture
E1	Royal Pavilion & Museums (RPM) Trust established Service re-modelling ongoing to achieve efficiencies Increased effort to raise income in a climate of instability, e.g. rail network	EEC Committee oversight and PR&G Committee through TBM reports PR&G will receive an update report regarding future management of RPM	Museums Accreditation through Arts Council	Directorate	DR 11 Sustainable Funding Model for Royal Pavilion and Museums	EEC	Head of Royal Pavilion & Museums
E1	*Service redesign toolkit is in use *The new social work model of practice is continued to be reviewed with feedback from young people and families at the heart *Consultation processes are well planned and staff assured of hearing about changes direct first *Dedicated CPMO support on major change programmes e.g. review relating to Youth Service; Fostering;SEND review; and Children's Centres * DMT monitor success of service changes via customer feedback, budget compliance and staff survey results * Children Families & Learning input into Health & Wellbeing Strategy	*All restructures are signed off at DMT level *Where relevant service redesigns are reported to Corporate Modernisation Delivery Board (having been monitored via FCL Modernisation Board) * Some redesigns require committee sign off eg recommissioning a large service	*Ofsted inspect our social care arrangements and have praised the direction of our New Model of Delivery in social work in May 2015.	Directorate	DR 01 Service redesign doesn't lead to improved services	FCL	Executive Director Families, Children & Learning
E1	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.	Governance of Early Help Hub and pathway now monitored through LSCB Governance of MASH through Multi-Agency MASH Board Proportion of children living in poverty is one of the key indicators regularly monitored by ELT / P, R & G Committee	Ofsted inspected and were assured in our Early Help provision in May 2015	Directorate	DR 04 Without good and effective Early Help services there is increased need of costly statutory interventions for children and families	FCL	Executive Director Families, Children & Learning

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
E1	Strong links and partnerships working across Children's Services, Adult Social Care, Schools and health commissioner in Public Health and CCG Strong consultative approach across all stakeholders in designing new integrated provision Inclusion of parents, young people and senior officers from all agencies in the SEND review governance board	SEND review board includes rep from capital team, HR, legal and finance Reports are taking through CYPS Committee on progress of SEND Review and for key decisions	Ofsted and CQC conducted joint inspection on our SEND arrangements and future proposals in May 2016 and were fully assured	Directorate	DR 08 Special Educational Needs and Disability Review recommendations are not implemented	FCL	Assistant Director Health & Disability
E1	Orbis leadership team includes BHCC's Executive Director of Finance & Resources. There is sufficient representation on Orbis work streams to enable BHCC to act as a founding partner whilst moving to integrated working service by service. Orbis Project Board meets regularly to assess progress, provide challenge and ensure consistency of approach. Project Manager assigned from Corporate Project Management Office. Regular s151 officer meetings with Orbis on agenda.	Regular reports to BHCC PR & G Committee and Orbis Joint Committee to ensure congruency with Council decisions.	None at present; but Internal Audit review may be sanctioned during 2017.	Directorate	DR 01 Orbis Integration	F&R	Executive Director Finance & Resources
E1	F&R part of Corporate Modernisation governance arrangements in place to ensure change capacity is prioritised including effective use of modernisation funding. Directorate plan under regular review. Away Day priorities embedded in revised plan (not yet complete).	Regular reporting to ELT / Corporate Management Team.	Potential for Internal Audit review (not yet in place). External Audit (EY) opinion on adequacy of management arrangements and VFM.	Directorate	DR 02 Capacity of F&R to meet the Council's expectations given the level of savings required in 2017/18	F&R	Executive Director Finance & Resources

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
E1	Business Planning process and PDPS plans for all staff enable identification, prioritisation and management of workloads Stress Risk Assessments are available to team and services where specific problems or pressures are identified Bi-annual staff survey to monitor engagement and develop response plans and actions New report to document the work that each service is doing and resources being consumed - designed to inform customers and provide choice	Presentation of Workforce performance data to Corporate Management Team (CMT) level Exception Reporting of Data Insight Report to ELT Consideration of extra support and challenge to managers of those areas where problems exist	Internal Audit review subject to available resources and prioritisation.	Directorate	DR 03 Managing staff workload, improving team resilience and enabling staff flexibility	F&R	Assistant Director Human Resources & Organisational Development
E1	Regular programme meetings Regular liaison with service leads Communications strategy	Corporate Oversight by Members CFDA Board Regular ELT review	Internal Audit review	Directorate	DR 08 Delivery of Digital First objectives	F&R	Executive Director Finance & Resources
E1	Work on Better care integration, workforce, Care Act implementation, vfm programmes. Provider Review group oversees changes within provider services including IAH re-structure, CSTS changes, Learning Disabilities accommodation review, day service changes-continues into 2016/17 New contractual arrangements to increase rates paid to social care providers Ensuring use of the 2% precept that local authorities are able to collect to support capacity in the independent sector Social Work Health Check by Principal Social Worker - agreement to implement findings to retain and develop workforce Social Workers aligned with 6 GP Clusters. Multi-disciplinary working underway with positive feedback Learning Disabilities Provider Service review	HASC Modernisation Board meets regularly and oversees major changes Adults Assessment redesign board Health & Wellbeing Board and PR&G Committee oversight Workforce Development Board (HR)	Better Care Board and Integrated Provider Board oversee the integration around Place Based Care National monitoring of better care plans ASC Workforce Strategy Board now established	Directorate	DR 04 Major changes affecting Social Care	HASC	Executive Director Health & Adult Social Care

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
E1	Monthly review of complaints across Regulatory Services is done by each Service Manager at the end of each month Review of Customer Access and Complaints in Housing Service Monitoring of Mears contract & effectiveness of digital systems for housing repairs and maintenance In Libraries - new Libraries plan has actions and performance measures to monitor effectiveness of digital development	Housing ICT Board assessing issues arising on Housing systems, e.g. Locator, OHMS	BSI Accredited inspection of Regulatory Services inspection processes Housing Ombudsman	Directorate	DR 01 Improving Customer Services through efficient digital systems	NCH	Head of Libraries
E1	New weekly DMT with interim Director pending start of new Director in January 2017 Formulated business canvass models for each service and mapping resources, service delivery and changes for the future Routine review and stress testing of 3 year budget plans to ensure resources in place to deliver service and meet demand New Directorate Plan Service Delivery Plans	Budget management process and overview at DMT, ELT and Policy, Resources & Growth Committee	Internal Audit of Business Continuity, July 2016 resulted in audit opinion of limited assurance	Directorate	DR 04 Increased demands	NCH	Environmental Health Manager
E1	Head of Community Safety capacity increased to enable better focus on most serious/harmful crimes including stronger links with safeguarding responsibilities. Increased resources from Home Office for Prevent work enabling an increase in capacity. Potential increase in resources from Home Office for work to support DVSV, details in Autumn2016. Revised commissioning for DVSV support services with funding from prevention being used to fund front line service provision for high risk cases. Commissioned analysis from police of all violent crime to understand and make recommendations on how to manage increased reporting of incidents in relation to the night time economy.	The Safe in the City Partnership Board (Chaired by BHCC CEO) manages performance and holds stakeholders to account in relation to crime reduction and community safety. This is a statutory requirement.	Performance in relation to community safety and crime is monitored by the Home Office and reported to the NCE Committee.	Directorate	DR 05 Capacity to address Serious Crimes that cause the most harm is reducing	NCH	Head of Community Safety

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
E1	<p>Heads of service within SGL ensure PDP discussions take place as a minimum every 4 to 6 weeks to discuss workload, development needs and any concerns.</p> <p>Heads of service convey corporate messages and initiatives to staff to ensure common understanding of direction of SGL and how it supports the organisation</p> <p>Heads of service operate open door policy to provide timely support as necessary</p> <p>Heads of service and DMT collectively ensure that their staffing and other resources are appropriately deployed</p> <p>Chief Executive and ELO SGL agreed to recruit and protect budget for Policy and Scrutiny Team</p> <p>From July 2016 Policy Team contribute as part of the Advisory Support Group (ASG) on each Modernisation Programme</p> <p>Orbis Public Law (OPL) shared service arrangement operating, launched 4 April 2016</p>	<p>Executive Leadership Team and Corporate Modernisation Delivery Board monitor performance of SGL and provide support and challenge.</p> <p>Staff survey results of SGL</p>	<p>LEXCEL, annual accreditation around July 16 found that Legal Services were outstanding in 22 areas of practice.</p> <p>ISO accreditation for Democratic Services - September 16. Pass result (only pass/fail awarded)</p> <p>Law Society Regulatory Body - ongoing, adhoc review</p>	Directorate	DR 01 Change, Capacity & Support for Staff	SGL	Executive Lead Officer Strategy, Governance & Law
E2	<p>E2. Developing the capability of the entity's leadership and other individuals</p> <ul style="list-style-type: none"> - Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained - Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body - Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority 						
E2	Officer Delegations reviewed when there are proposals to change the officer structure	Scheduled and reported to OGB, then reported to ELT, Policy Resources & Growth Committee and then Full Council	Local Government Ombudsman and the Courts would review if any challenge to decision making under the Officer Scheme of Delegation.	Policy/Process			Acting Head of Law
E2	Constitution reviewed when there are proposals to change the officer structure	Scheduled and reported to OGB, then reported to ELT, Policy Resources & Growth Committee and then Full Council	Independent Members of Audit and Standards Committee involved in the review. Local Government Ombudsman and/or Courts would review if challenged.	Policy/Process			Executive Lead Officer Strategy, Governance & Law

	First Line of Defence Management Control Note: reference made where possible to date last reported or reviewed	Second Line of Defence Corporate Oversight	Third Line of Defence Independent Assurance	Risk Strategic Directorate Policy/Process	Risk Number & Description	Directorate (if a Directorate risk)	Lead
E3	E3. Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: * ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged * ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis * ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external - Ensuring that there are structures in place to encourage public participation - Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections - Holding staff to account through regular performance reviews which take account of training or development needs - Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing						
E3	HR & Organisational Development Programme for officers to meet operational needs and mandatory training requirements. E- Induction programme in place to bring together mandatory learning for new staff Performance Development Planning supported via and online tool kit resource for managers	Data insight reporting on key areas of performance including PDP completion to DMTS	None	Policy/Process			Assistant Director Human Resources & Organisational Development
E3	Bi-annual staff survey provides year-on-year comparable data on what it's like to work for the council and is used to support continuing improvements to people's working life and to modernise the services we provide to the city. Equality data is requested in the survey so trends by characteristic can be analysed	DMT review ELT review	Internal Audit	Policy/Process			Assistant Director Human Resources & Organisational Development
E3	Risk Management arrangements including Risk Reporting Timetable sets out dates and responsibilities to review, update progress & report: Directorate Risk Register(s); Strategic Risk Register; City Wide Risk Register.	*Escalation to ELT *Modernisation Programme performance reports & highlight reports at CMDDB	Internal Audit commissioned Assurance Review of Risk Management Arrangements, , concluded 'reasonable assurance' (Nov 16)	Policy/Process			Risk Management Lead

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
E3	1. Compensation Panel (consisting of Head of Law, HR and Finance) formally signs off any severance/redundancy packages 2. Business Planning process including Directorate Plans applies delivery of Corporate Plan to each service area 3. Some statutory Performance Indicators (PIs) are Key PIs and are reported regularly to ELT, quarterly or annually 4. Other Management Information for example from the annual Staff Survey highlighting areas for focus 5. HR working with others to develop a people strategy taking into account organisational needs	ELT and City Management Board exchange details of working arrangements and changes to key personnel across organisations	None	Strategic	SR25 Organisational Capacity as a Result of Change		Executive Director of Finance & Resources
E3	Communication to staff in a timely way to keep them informed of changes & formal staff consultation as appropriate Training options encouraged Living our Values training undertaken by Senior Managers Annual Workforce Plans defined for each service areas in conjunction with HR Staff sickness patterns and trends reviewed quarterly at DMT PDPS and 121s 2015 Staff survey conducted and corporate timetable defined. Individual services to circulated finds for their areas to staff and Actions Plans to be defined and implemented ASC Newsletter published bi-monthly	ELT reports to monitor staff wellbeing and staff absences and compliance with PDPS	None	Directorate	DR 07 Engaging Staff in Change	HASC	Executive Director Health & Adult Social Care
F	F Managing risks and performance through robust internal control and strong financial management						
F1	F1. Managing risk - Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making - Implementing robust and integrated risk management arrangements and ensuring that they are working effectively - Ensuring that responsibilities for managing individual risks are clearly allocated						

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
F1	<p>1. A welfare reform team is in place to monitor welfare changes and to coordinate a corporate response to them</p> <p>2. Ongoing meetings have been held with DWP about change to Universal Credit and go live date for Universal Credit for a limited cohort is 14th December 2015. Budget and digital support has been commissioned from the third sector to support Universal Credit claimants. Timing for more advanced roll out in Brighton and Hove expected between Summer 2017 and September 2018.</p> <p>3. Information is provided to inform housing and children's services colleagues re changes to benefit cap policy and impact on funding of temporary accommodation. Analysis of impact of the changes to the benefit cap in 2016 has been done and a joint strategy to minimise the impact of these changes is being planned across services.</p> <p>4. Council Tax Reduction (CTR) policy options provided to members to give the option to partially mitigate impact of Tax Credit changes on local CTR costs as part of CTR yearly process. Consultation has been undertaken and reports authored for committee and council.</p> <p>5. Provide caseworking support directly to customers most significantly affected by the changes (specifically the benefit cap)</p> <p>6. Regular links maintained with advice and voluntary sector so impacts on citizens can be judged</p> <p>7. Modelling of specific policies being undertaken to assess the impact on customers in terms of numbers and change.</p> <p>8. Feeding into other relevant council work streams, for example actions around the CESP and the communities</p>	Welfare Reform meetings at CMT level booked in to track these changes and enable a corporate response, this incorporates a detailed risk register with progress of actions reviewed at programme boards.	None	Strategic	SR24 Welfare Reform		Executive Director Finance & Resources
F1	Regular meetings with other Directorate Leads Joint meetings Engagement with colleagues at an early stage Business Partner leads from Support Services	Corporate Management Team (CMT) meetings Escalation to ELT Modernisation Programme performance reports & highlight reports at CMDB Corporate Management Team (CMT) meetings	None	Directorate	DR 09 Working well with other council services	HASC	Executive Director Health & Adult Social Care

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
F1	Project management being identified to research options for mobile solutions. Agreed priority for CFDA My Life site upgraded and launched 1 July 2016, involved redesign of graphics, improved search functionality and integrated with Council web site.	CFDA Board ELT oversight of Strategic Register SR18 Issue escalated to ELT due to cost and service implications	None	Directorate	DR 11 IT Systems to enable modern working and effective delivery	HASC	Assistant Director Adult Social Care
F2	F2. Managing performance - Monitoring service delivery effectively including planning, specification, execution and independent post implementation review - Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook - Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making - Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement - Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)						
F2	Business Continuity Plans and Emergency Plans (tactical plans) receive overview by Corporate Emergencies & Resilience Team Highways Winter Maintenance Plan Flood Risk Plans Safety Advisory Group for Event Planning Corporate Business Continuity Group and Building User Groups review tactical plans and resilience	EEC DMT review directorate business continuity plans Regular review of risk management actions and DRR per Risk Reporting Timetable Corporate Business Continuity Group review of incidents, and peer review of incidents EEC contributes to Major Incident Support Team (MIST) Sussex Resilience Forum consider National Risk Register and Sussex Risk Register (and Brighton & Hove risk register) and agree common process	Internal Audit	Directorate	DR 04 Emergency & Resilience Planning	EEC	Assistant Director City Environmental Management

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
F2	Credit check on suppliers at procurement stage to verify their financial health Procurement Exercise requires contractors and suppliers to supply policies and procedures Contract management monitoring arrangements Regular review of supply frameworks Directorate Modernisation Programme Board reviews ICT and all EEC business cases Property & Design input into all corporate business cases which relate to service re-designs Statutory select list of contractors and consultants	Corporate Modernisation Board Corporate Procurement help & advice Corporate Investment Board Strategic Delivery Board	Internal Audit	Directorate	DR 06 Complex supply chain and reliance on contractors	EEC	Assistant Director City Environmental Management
F2	Joint networking with CCG on the costs of care Profiling the cost of care to the council Transforming Care steering group Costs scrutinise costs Market testing to secure appropriate provision Work with Housing to secure accommodation From Jan 2016 BHCC provides fortnightly updates to NHS on people in Brighton & Hove in specialist placements	NHS/LGA : Joint work on a Regional Transforming Care Programme for Surrey and Sussex (Links to STP .) Transforming Care Partnership Board has a regional oversight and drives activity/ monitoring	CCG lead on local Transforming Care Action Plan for Surrey, Sussex and Brighton & Hove which reported to and is scrutinised by NHS England and the LGA	Directorate	DR 06 Commissioning of community placements for people with a learning disability who are currently living in long term hospitals - availability of placements and costs	HASC	Head of Commissioning
F3	F3.a Robust internal control - Aligning the risk management strategy and policies on internal control with achieving objectives - Evaluating and monitoring risk management and internal control on a regular basis - Ensuring effective counter fraud and anti-corruption arrangements are in place - Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor - Ensuring an audit committee, which is independent of the executive and accountable to the governing body: * provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment * that its recommendations are listened to and acted upon						

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	Management Control Note: reference made where possible to date last reported or reviewed	Corporate Oversight	Independent Assurance	Strategic Directorate Policy/Process			
F3	Corporate Risk Assurance Framework (CRAF)	ELT sign off and reported to Leadership Board, Leaders' Group and then to Audit & Standards Committee (January 2017)	Internal Audit External Audit	Policy/Process			Risk Management Lead
F3	Officers' Governance Board Terms of Reference incorporate oversight of risk management and internal control and action planning to monitor the delivery of AGS actions	ELT	External Audit	Policy/Process			Executive Director Finance & Resources
F3	Counter Fraud Strategy & Framework (Audit & Standards 21/6/16) . Develop action plan and implement Programme of work set out in the audit plan determined on an assessment of risks, including fraud risks. Risk of fraud considered as part of designing work for specific audit assignments	Management review of the Conflicts of Interest returns Specialist corporate fraud team identify and pursue specific instances of fraud focused on high priority areas	External Audit	Policy/Process			Head of Internal Audit
F3	Audit & Standards Actions List compiled to record Audit & Standards Committee recommendations and requested actions. This occurs after each meeting	Audit & Standards Committee receive summary of actions taken in response to their recommendations	Internal Audit External Audit	Policy/Process			Executive Director Finance & Resources

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F3	F3b. Managing data - Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data - Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies - Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring						
F3	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 as 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.	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.	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.	Strategic	SR10 Information Governance Management		SIRO and Executive Director Finance & Resources
F4	F4. Strong public financial management - Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance - Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls						

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F4	<p>* Ongoing review of the adequacy of risk provisions and reserves to support the budget strategy and to ensure financial resilience;</p> <p>* Financial recovery planning introduced in May 2016 for demand-led services to help mitigate an in-year forecast overspend in 2016/17.</p> <p>* Consultation and engagement for budget proposals continues to include staff, partners, businesses and Community & Voluntary Sector;</p>	<p>* Modernisation portfolio including VfM projects/programmes reviewed by cross-party Member Oversight group;</p> <p>* Close alignment of Corporate Plan and Medium Term Financial Strategy (MTFS) and service and financial planning;</p> <p>* Ongoing review of the MTFS assumptions, the impact of legislative changes; cost and demand pressures; savings programmes; and income and grant assumptions;</p> <p>* Adoption of 4-year service & financial planning approach which sets out what services propose to Stop, Retain and redesign, or commercialise;</p> <p>* Close monitoring of council tax, business rates and other income and regular updating of forecasts;</p> <p>* Continued review of the adequacy of savings programmes alongside other budget measures to support the budget strategy;</p> <p>* Ongoing review and challenge of value for money including Member review, benchmarking, and external audit review;</p> <p>* The cross-party budget review group reviews monthly TBM performance, including financial recovery plans.</p>	<p>* Annual review by Ernst Young (external auditors) of VfM arrangements leading to an opinion in the annual audit report.</p> <p>* Internal audit reviews of budget management arrangements.</p>	Strategic	SR2 Financial Outlook for the council		Executive Director Finance & Resources
G1	G Implementing good practice in transparency, reporting, and audit to deliver effective accountability						
G1	<p>G1. Implementing good practices in transparency</p> <ul style="list-style-type: none"> - Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate - Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand 						

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G1	Decision Records in respect of Policy Committees. Regulatory committees, eg Licensing and Planning decisions are issued direct from the involved directorate to the client. For Audit & Standards there is an action sheet which is regularly monitored	Implementation of decisions through budget and performance management processes; complaints process	Internal Audit External Audit Formal appeals to Magistrates Court for licensing and can overturn decisions Planning Inspector appeals and can overturn decisions Policy decisions subject to Judicial Review	Policy/Process			Executive Lead Officer Strategy, Governance & Law
G1	Audit & Standards Annual Work Plan details progress reports e.g. annual review of internal audit arrangements, Strategic risks & HR OD	None	External Audit	Policy/Process			Head of Internal Audit
G2	G2. Implementing good practices in reporting - Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way - Ensuring members and senior management own the results reported - Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement) - Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate - Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations						
G2	Cross council input into Contracts Register Council publishes all payments to suppliers over £250 from April 2013 Contracts Register available on council website to provide full details of contracts	Corporate Procurement Team oversee	Internal Audit	Policy/Process			Assistant Director Finance
G2	Publication Scheme records FOI requests and how BHCC classify and deal with responses. Work underway to update guidance and approach	Information Governance Board ELT	Information Commissioner's Office	Policy/Process			Executive Director Finance & Resources
G2	Relevant set of statistical Performance Indicators against peer Comparator Groups reported to Directorate Management Teams and ELT six monthly (June 16)	Policy, Resources & Growth Committee review and provide challenge relating to performance against corporate indicator set	Corporate indicator set support Corporate Plan and is reviewed at part of Statement of Accounts by EY	Policy/Process			Head of Performance, Improvement and Programmes

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G2	G3. Assurance and effectively accountability - Ensuring that recommendations for corrective action made by external audit are acted upon - Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon - Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations - Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement - Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met						
G3	Internal Audit (IA) plan and charter requires compliance with public sector internal audit standards	Head of IA self-assessment of effectiveness compared to public sector internal audit standards to reported to Audit & Standards Committee.	External audit places reliance on IA work for audit of the financial statements. External assessment of IA planned for 2017/18.	Policy/Process			Executive Director Finance & Resources
G3	Data breaches collated by Information Governance team on ad-hoc basis, plus a quarterly review	IGB and ELT	Information Commissioner's Office	Policy/Process			Executive Director Finance & Resources
197 G3	Terms of Reference for each Thematic Strategic Partnership Each representative on Thematic Strategic Partnership Group reports and seeks approval of any actions relevant to their organisation through their organisation's normal decision making process Stakeholders have access to Brighton & Hove Connected website where most documents are published; and meetings are held in public	City Management Board chaired by B&HCC Chief Executive receives performance reports and the city wide risk register for approval on a six monthly basis Brighton & Hove Connected includes partnership organisation's Chief Executives; all political party leaders at Brighton & Hove City Council; council officers represented on the Executive Leadership Team	Internal Audit	Policy/Process			Executive Lead Officer, Strategy, Governance & Law

Subject:	Treasury Management Policy Statement 2016/17 (Including Annual Investment Strategy 2016/17) – Mid Year Review - Extract from the proceedings of the Policy, Resources & Growth Committee Meeting held on the 8 December 2016		
Date of Meeting:	10 January 2017		
Report of:	Executive Lead for Strategy, Governance & Law		
Contact Officer:	Name:	Ross Keatley	Tel: 29-1064
	E-mail:	ross.keatley@brighton-hove.gov.uk	
Wards Affected:	All		

FOR GENERAL RELEASE***Action Required of the Audit & Standards Committee:***

To receive the item referred for information:

Recommendation:

That the Committee note the report.

BRIGHTON & HOVE CITY COUNCIL

POLICY, RESOURCES & GROWTH COMMITTEE

4.00pm 8 DECEMBER 2016

COUNCIL CHAMBER, HOVE TOWN HALL, NORTON ROAD, HOVE, BN3 3BQ

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**81 TREASURY MANAGEMENT POLICY STATEMENT 2016/17 (INCLUDING ANNUAL INVESTMENT STRATEGY 2016/17) –MID YEAR REVIEW**

- 81.1 The Committee considered a report of the Executive Director for Finance & Resources in relation to Treasury Management Policy Statement 2016/17 (including Annual Investment Strategy 2016/17) –Mid Year Review. The 2016/17 Treasury Management Policy Statement (TMPS), practices and schedules were approved by the Policy & Resources Committee on 17 March 2016. The TMPS set out the role of Treasury Management, whilst the practices and schedules set out the annual targets and methods by which these targets would be met. It was recommended good and proper practice that Members received half yearly reports and review and endorse treasury management actions during the year. The purpose of the report was to advise of the action taken in the first half of 2015/16.
- 81.2 In response to Councillor Wealls in was explained that, were the Council to have invested in property funds before the Brexit referendum, there would have likely been losses in the short-term, as well as potentially breaching the agreed level of exposure and the impact on the risk indicator; however, it was highlighted that the Council would always carefully consider this indicator before making any financial investment.
- 81.3 In response to Councillor Sykes it was explained that when the Council borrowed it relied heavily on market data; decisions on borrowing were based around cash flow, the funds required and interest rates.
- 81.4 In response to Councillor Janio's queries about under-borrowing, it was clarified that this related to instances where the Council borrowed from its own cash reserves. The Council had now moved away from this approach generally as it had a substantial amount of under-borrowing, but now also wanted to take advantage of low interest rates, and be prevented from having to borrow when interest rates were higher.

81.5 Councillor A. Norman formally thanked the Treasury Management Team, and highlighted the importance for the city of having a sound investment strategy.

81.6 The Chair then put the recommendations to the vote.

81.7 **RESOLVED:**

- 1) That the Committee endorses the key actions taken during the first half of 2016/17 to meet the treasury management policy statement and practices (including the investment strategy) as set out in this report.
- 2) That the Committee notes that the approved maximum indicator for investment risk of 0.05% has been adhered to and the authorised limit and operational boundary have not been exceeded in the first half of the year.

Subject:	Treasury Management Policy Statement 2016/17 (including Annual Investment Strategy 2016/17) – Mid Year Review		
Date of Meeting:	8 December 2016		
Report of:	Report of the Executive Director for Finance & Resources		
Contact Officer:	Name:	James Hengeveld	Tel: 29-1242
	Email:	james.hengeveld@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The 2016/17 Treasury Management Policy Statement (TMPS), practices and schedules were approved by Policy & Resources Committee on 17 March 2016. The TMPS sets out the role of Treasury Management, whilst the practices and schedules set out the annual targets and methods by which these targets will be met.
- 1.2 The TMPS includes the Annual Investment Strategy (AIS) which sets out the key parameters for investing council cash funds and was approved by Full Council on 24 March 2016.
- 1.3 It is recommended good and proper practice that Members receive half yearly reports and review and endorse treasury management actions during the year. The purpose of this report is to advise of the action taken in the first half of 2015/16.

2. RECOMMENDATIONS:

- 2.1 That Policy, Resources & Growth Committee endorses the key actions taken during the first half of 2016/17 to meet the treasury management policy statement and practices (including the investment strategy) as set out in this report.
- 2.2 That Policy, Resources & Growth Committee notes that the approved maximum indicator for investment risk of 0.05% has been adhered to and the authorised limit and operational boundary have not been exceeded in the first half of the year.

3. CONTEXT/ BACKGROUND INFORMATION

Overview of Markets

- 3.1 There has been considerable volatility in markets following the EU Referendum result. Initial market shocks led to the Monetary Policy Committee cutting interest

rates from 0.50% to 0.25% and implementing financial stimulus measures including an extension of quantitative easing. The Bank of England Governor, Mark Carney, highlighted that further support measures could be introduced to ease market sentiment. Since the measures introduced by the Bank of England in August 2016, surveys have shown a recovery in confidence, with growth expectations and confidence appearing to be stronger than originally forecast. However, fresh currency falls have driven up gilt yields and triggered concerns about rising inflation. As a result, markets are no longer pricing in further official rate cuts by the Bank of England.

- 3.2 The reduction in the Bank Rate has impacted on the investment rates that the council is able to access, particularly for short term investments. For example, Money Market Funds that the council uses have reduced from an average investment rate of 0.52% to around 0.32%. Officers had undertaken a number of longer term investments (up to one year) prior to the rate reduction which is protecting the average yield that will be achieved in 2016/17. However the overall rate of return of the council's investment portfolio will reduce as these investments mature. This will cause a pressure in 2017/18 which will be considered as part of the budget setting process. Officers are also closely monitoring cash flow forecasts to ensure funds are invested for an appropriate time horizon to ensure value is achieved.

Treasury Management Strategy

- 3.3 A summary of the action taken in the 6 months to September 2016 is provided in Appendix 1 to this report and further information on borrowing and investment performance is shown in the September 2016 Bulletin at Appendix 2. The main points are:

- The council entered into £19.322m of new borrowing arrangements during the period: £4.322m to support the construction of the i360, £5.000m to externalise borrowing where the General Fund was borrowing from it's own reserves (i.e. 'under-borrowing'), and £10.000m to support the HRA Capital Programme;
- The highest risk indicator during the period was 0.037% which is below the maximum set of 0.050%;
- The return on investments by the in-house treasury team and cash manager has exceeded the target rates.
- The two borrowing limits approved by full Council have not been exceeded.

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

	Amount invested 1 Apr 2016 to 30 Sep 2016			
	Fixed deposits	Money market funds & Call Accounts	Total	
Up to 1 week	-	£234.6m	£234.6m	87%
Between 1 week & 1 month	-	-	-	-
Between 1 month & 3 months	£10.5m	-	£10.5m	4%
Over 3 months	£20.7m	£4.5m	£25.2m	9%

	£33.2m	£239.1m	£270.3m	100%
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Summary of Treasury Activity April to September 2016

- 3.5 The following table summarises the treasury activity in the half year to September 2016 compared to the corresponding period in the previous year.

April to September	2015/16	2016/17
Long-term borrowing entered into	(£12.0m)	(£19.3m)
Long-term borrowing repaid	£0.2m	£3.4m
Short-term borrowing repaid	-	-
Investments made	£273.6m	£270.3m
Investments maturing	(£255.3m)	(£246.8m)

- 3.6 The Financing Costs budget reported a £0.100m saving at Month 5. This includes a £0.150m saving due to an increase in investment income resulting from an increase in both cash balances and average rates received, which was offset by a £0.050m pressure as a result of bringing forward future years' borrowing to take advantage of attractive long term rates.

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

April to September	2015/16	2016/17
Cash flow surplus – general	£8.0m	£7.2m
Net cashflow surplus	£8.0m	£7.2m
Represented by:		
Increase in long-term borrowing	£11.8m	£15.9m
Decrease in short-term borrowing	(£2.0m)	-
Increase in investments	(£18.3m)	(£23.5m)
(Increase)/decrease in bank balance	£0.5m	£0.4m

Security of Investments

- 3.8 A summary of investments made by the in-house treasury team and outstanding as at 30 September 2016 in the table below shows that investments continue to be held in good quality, short term instruments. The funds invested in BBB institutions included in the table below are invested in the part-nationalised banks which are backed by Government guarantees in line with the AIS.

'AAA' rated money market funds	£9.83m	13%
'AA' rated institutions	£3.00m	4%
'A' rated institutions	£62.27m	80%
'BBB' rated institutions	£2.50m	3%
Total	£77.60m	100%
Period – less than one week	£9.83m	13%
Period – between one week and one month	£6.00m	8%
Period – between one month and three months	£12.53m	16%
Period – between three months and 1 year	£49.24m	63%
Total	£77.60m	100%

Risk

- 3.9 As part of the investment strategy for 2016/17 the Council agreed a maximum risk benchmark of 0.050% i.e. there is a 99.95% probability that the council will get its investments back. The benchmark is a simple target that measures the risk based on the financial standing of counterparties and length of each investment based on historic default rates. The actual risk indicator has varied between 0.027% and 0.037% between April 2016 and September 2016. It should be remembered however that the benchmark is an average risk of default measure, and does not constitute an expectation of loss against a particular investment.
- 3.10 In January 2016, Internal Audit undertook an audit of the treasury management function. The audit concluded that “reasonable assurance” is provided on the effectiveness of the control framework operating and mitigating risks for treasury management. Action has been undertaken to address the recommendations of the audit.

Performance

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

(*) Annualised rates	In-house investments		Cash manager investments	
	Average balance	Average rate (*)	Average balance	Average rate (*)^
Budget 2016/17– full year*	£66.1m	0.60%	£25.7m	1.00%
Actual to end Sept 2016	£89.8m	0.80%	£25.8m	1.32%
Benchmark rate (i.e. 7 day LIBID Rate) to end Sept 2016	-	0.28%	-	0.32%

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

^The Cash Manager average rates are gross of fees. Fees are deducted at 0.15%

- 3.12 The return on the cash manager funds had been declining, which triggered a review and options appraisal by officers, supported by the council’s treasury advisors. Officers reported to Budget Review Group in September 2016 to outline intentions and the next step to the review. The options appraisal concluded that a formal selection process should be undertaken to ensure value for money and security is being obtained from the funds. Officers will be asking Capita Asset Services to undertake a selection process for Corporate Bond Funds and Enhanced Cash Funds. The council is able to provide the investment parameters for the selection process, including an “ethical overlay” to ensure potential funds meet the council’s ethical investment policy. The cost of this process will be approximately £2,500 which will be met by the Financing Costs budget.
- 3.13 The options review also concluded that direct investment into corporate bonds was an appropriate alternative to diversify the council’s portfolio. The 2017/18 Annual Investment Strategy will be amended to define the investment criteria and parameters for investment into corporate bonds.
- 3.14 Since the review was undertaken, the cash manager’s return has improved significantly, but this is likely to be a short term effect of the increase in value of

the assets of the portfolio as a result of a decrease in the yield arising from the fall in interest rates. Officers will closely monitor the trend of the return. The selection process will be delayed until officers are confident that the improvement is a short term issue.

- 3.15 The council is part of a regional benchmark club which shares investment strategies and performance on a confidential basis. The latest benchmarking data demonstrates that the council's investment portfolio is performing well in a challenging investment climate.

Borrowing Strategy

- 3.16 Over recent years the council has been following a strategy of repaying debt and funding its borrowing requirement through utilising cash balances which were supporting the council's reserves and balances. This is a prudent strategy which has allowed the council to minimise the cost of carry on its borrowing, and reduce its counterparty exposure risk. The approach changed in 2015/16, and the strategy included undertaking £20m of General Fund borrowing over the next 4 years to reduce the council's under-borrowing position. This was to take advantage of low interest rates at a time where interest rates were expected to rise in the medium term. Additionally, reserves forecasts demonstrated that certain reserves supporting the under-borrowing position are expected to be drawn down in the Medium Term Financial Plan.
- 3.17 To aid the decision as to whether or not to borrow, an analysis of interest rate projections was undertaken with the council's treasury advisers to determine 'trigger rates' that would be closely monitored. Following the trigger rates being activated in 2015/16, £15.0m of this borrowing requirement was undertaken. Further trigger rates were set and activated in 2016/17 for both the General Fund and the HRA and a further £5.0m of General Fund borrowing was undertaken to reduce the under borrowing as well as £10.0m HRA borrowing to fund the 2016/17 capital programme.
- 3.18 Bringing forward the General Fund borrowing requirement has allowed the council to undertake borrowing at attractive long term rates. There is a short term additional cost of bringing this borrowing forward which has been included in the Financing Costs budget projections. The General Fund's average cost of borrowing (excluding i360) has reduced from 4.82% to 4.46% which creates permanent revenue savings of £86,000.

Treasury Advisors

- 3.19 The council's current contract for treasury advisory services is with Capita Asset Services.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 This report sets out action taken in the 6 months to September 2016. Treasury management actions have been carried out within the parameters of the AIS, TMPS and Prudential Indicators. Therefore no alternative options have been considered.

5. COMMUNITY ENGAGEMENT & CONSULTATION

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

6. CONCLUSION

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

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Finance Officer Consulted: James Hengeveld

Date: 04/11/16

Legal Implications:

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

Lawyer Consulted: Elizabeth Culbert

Date: 14.11.16

Equalities, Sustainability and other significant implications:

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

SUPPORTING DOCUMENTATION

Appendices:

1. A summary of the action taken in the period April 2016 to September 2016
2. September 2016 Treasury Management Bulletin

Documents in Members' Rooms

None

Background Documents

1. Part I of the Local Government Act 2003 and associated regulations
2. The Treasury Management Policy Statement and associated schedules 2016/17 approved by Policy & Resources Committee on 17 March 2016
3. The Annual Investment Strategy 2016/17 approved by full Council on 24 March 2016
4. Treasury Management Policy Statement 2015/16 (including Annual Investment Strategy 2015/16) – End of year Review approved by Policy, Resources & Growth Committee on 14 July 2016
5. Papers held within Financial Services, Finance & Resources Directorate
6. The Prudential Code for Capital Finance in Local Authorities published by CIPFA 2011

Summary of action taken in the period April to September 2016

Treasury Management Strategy

New long term borrowing

£19.322 of new debt was undertaken during the first 6 months.

Debt maturity

£3.424m of long-term borrowing was repaid in the first 6 months.

Lender options where the lender has the exclusive option to request an increase in the loan interest rate and the council has the right to reject the higher rate and repay instead (LOBO), on 4 loans were due in the 6 month period but no option was exercised.

Three of the council's LOBO loans were converted to fixed rate loans during the period by the lender.

Debt restructuring

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

Weighted average maturity profile

The weighted average maturity period of the portfolio has increased slightly from 29.5 years to 30.2 years as a result of the changes in the debt portfolio over the last 6 months.

Capital financing requirement

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

Table 1 – Capital financing requirement compared to debt outstanding

	1 April 2016	30 Sept 2016	Movement in period
Capital financing requirement (CFR)	£346.7m		
Less PFI element	(£53.9m)		
Net CFR	£292.8m	^(*) £310.5m	£17.7m
Long-term debt	£245.1m	^(**) £261.0m	£15.9m
O/s debt to CFR (%)	83.7%	84.1%	0.4%

^(*) projected 31 March 2017

^(**) As at 30 Sept 2016

Traditionally, the level of borrowing outstanding is at or near the maximum permitted in order to reduce the risk that demand for capital investment (and hence resources) falls in years when long-term interest rates are high (i.e. interest rate risk). However given the continued volatility and uncertainty within the financial markets, the council has maintained the strategy of keeping borrowing at much lower levels (as investments are used to repay debt). Currently outstanding debt represents 84.1% of the projected

capital financing requirement.

Cash flow debt / investments

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

An analysis of the cash flows reveals a net surplus for the first 6 months of £7.2m. The surplus has been used to increase investments (Table 2).

Table 2 – Cash flow April to September 2016

	Payments	Receipts	Net cash
Total for period	£457.8m	£465.0m	+£7.2m
Represented by:			
Increase in long term borrowing			-£15.9m
Increase in investments			+£23.5m
Decrease in balance at bank			-£0.4m
			+£7.2m

Prudential indicators

Budget Council approved a series of prudential indicators for 2016/17 at its meeting on 25 February 2016. Taken together, the indicators demonstrate that the council’s capital investment plans are affordable, prudent and sustainable.

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

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

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

Table 3 – Comparison of outstanding debt with Authorised Limit and Operational Boundary 2016/17

	Authorised limit	Operational boundary
Indicator set	£404.0m	£392.0m
Less PFI element	-£54.0m	-£54.0m
Indicator less PFI element	£350.0m	£338.0m
Maximum amount o/s in first half of year	£264.0m	£264.0m
Variance	^(*) £86.0m	£74.0m

^(*) can not be less than zero

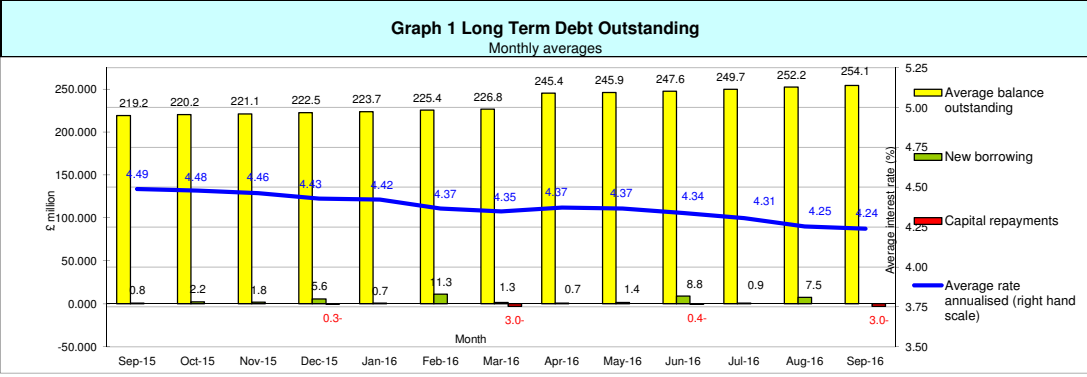
Performance

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

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

Graph 1
This graph shows the average monthly balance outstanding on long term debt, together with the average cost.

It also shows the amount of new long term debt raised and the repayment of long term borrowing.

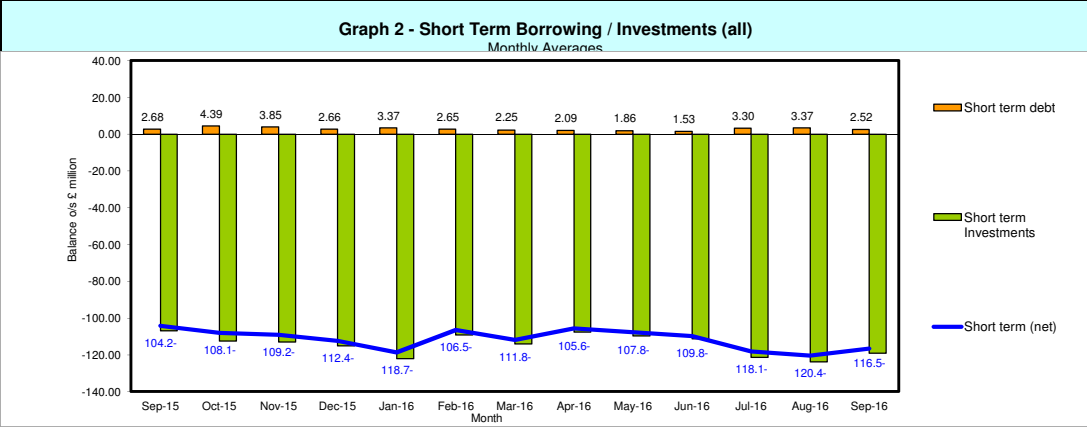


Graph 2
This graph shows the average monthly balance outstanding for:

- short term debt
- short term investments

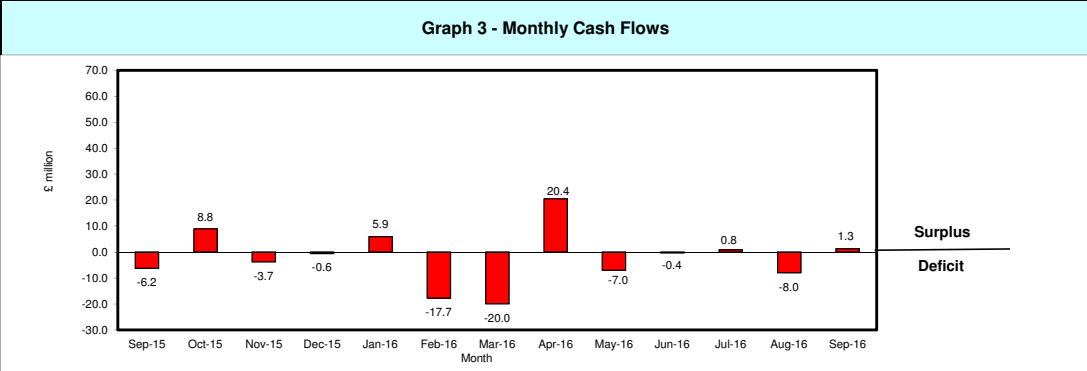
The graph also shows the net monthly cash position, excluding long term borrowing

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



Graph 3
This graph shows the net monthly cash flow position, excluding movement in borrowing and investments.

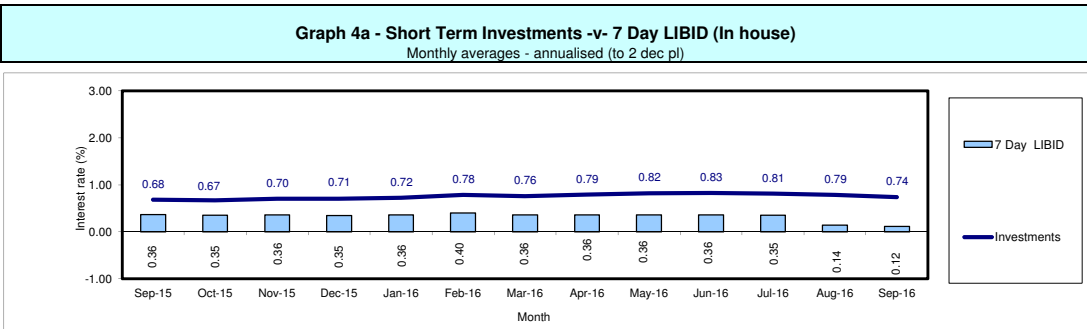
Cashflow movements have resulted in a surplus for the month.



Graph 4a
This graph compares the average return on short term investments with the average 7 Day LIBID rate.

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

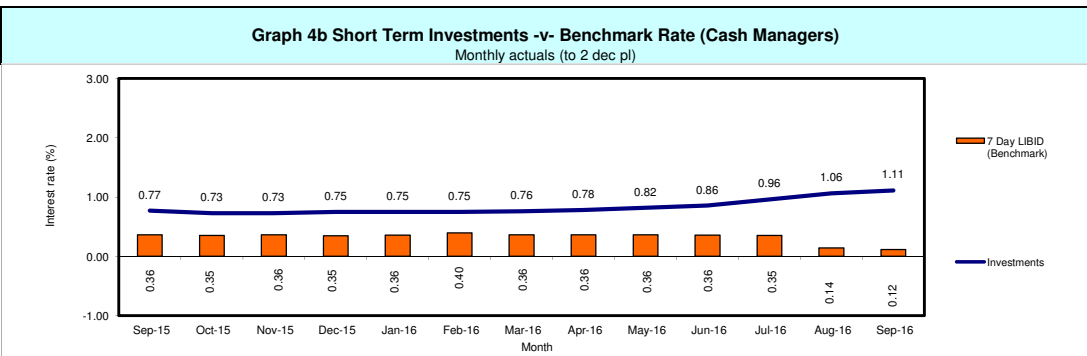
In house investments continue to meet the benchmark target rate of return.



Graph 4b
The cash manager performance fluctuates due to changes in the value of the investments. Performance has been above benchmark target levels in 12 of the past 12 months.

This graph compares the average return on the fund with a benchmark of 7 Day LIBID

The target is for the return on investment to achieve 115% of the benchmark rate within a 3 year rolling period

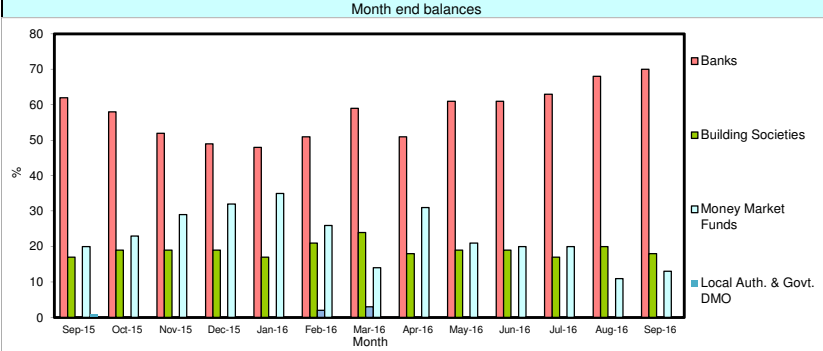


Investments by Sector

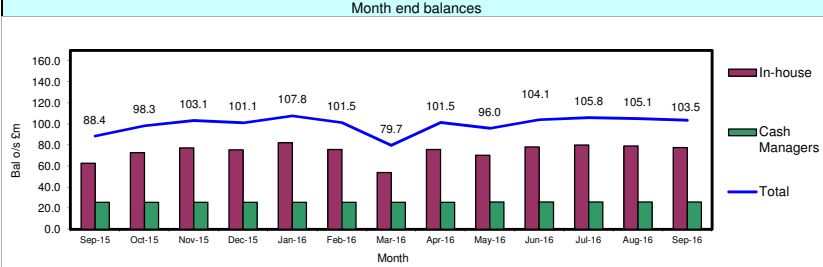
The 2016/17 Treasury Policy Statement states that with the exception of the banking sector and money market funds, no one sector shall have more than 75% of the investment portfolio at the time an investment is made. As at end of September 2016 investments were held as follows:-

	£m	
SWIP External Managers	25.87	
In-house Investments - Banks		
Barclays Bank plc	8.100	
Close Brothers	5.000	
Virgin Money PLC	2.500	
Lloyds Bank plc	20.000	
Toronto-Dominion Bank	3.000	
Santander UK Plc	14.465	
Standard Chartered Bank	1.000	
	54.065	69.7 %
Local Authority		
	0.000	0.0 %
Money Market Funds		
Aberdeen Global Liquidity Fund	0.316	
BNP PARIBAS INSTICASH STERLING Func	6.923	
CCLA - Public Sector Deposit Fund	0.201	
Goldman Sachs Funds Plc	0.010	
Standard Life Liquidity Fund	0.842	
Insight Liquidity Funds Plc	0.314	
Morgan Stanley Sterling Liquidity Fund	0.002	
Federated Investors	1.222	
	9.830	12.7 %
In-house Investments - Building Societies		
Nationwide Building Society	13.700	
	13.700	17.7 %
TOTAL - In-house Investments	77.595	100.0 %

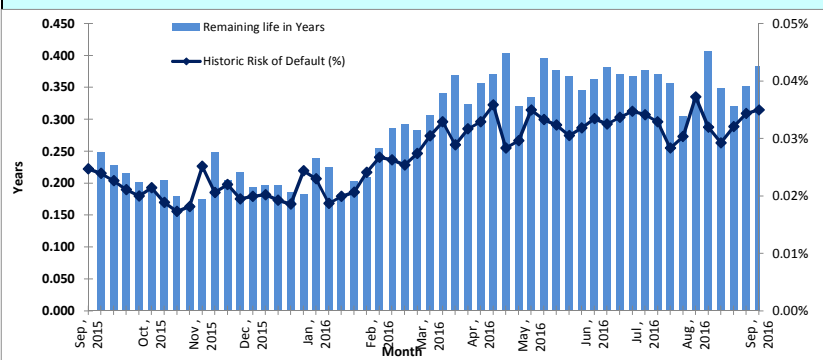
Graph 5a - Investments by Sector (In-house)



Graph 5b - Investments In-house -v- Cash Manager



Graph 6 - Security & Liquidity of Investments



Graph 6

Members agreed, as part of the 2016/17 Treasury Policy Statement, to set a maximum indicator for risk at 0.05%. Table 6 shows the risk factor to be well below the maximum set.

Prudential Indicators (Treasury Management)

The Council sets each year a number of prudential indicators for treasury management. The following tables show that these indicators have not been exceeded in the month of September 2016.

Gross Outstanding Debt (£millions)		
	Debt	PFI
Authorised limit	350	54
Operational boundary	338	54
Minimum o/s	261	-
Maximum o/s	264	-

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

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

Net Outstanding Debt (£millions)		
	Debt	PFI
Minimum capital financing requirement	278	54
Maximum net debt o/s	158	-

Debt Maturity Profile (%ages)					
	<12 mths	1-2 yrs	2-5 yrs	5-10 yrs	>10 yrs
Maximum limit	40.0	30.0	40.0	75.0	100.0
Minimum limit	0.0	0.0	0.0	0.0	50.0
Maximum o/s debt	1.3	0.8	2.8	18.5	77.7

Subject:	Standards Update		
Date of Meeting:	10th January 2017		
Report of:	Head of Law and Monitoring Officer		
Contact Officer:	Name:	Abraham Ghebre-Ghiorghis	Tel: 29-1500
	Email:	Abraham.ghebre-ghiorghis@brighton-hove.gov.uk	
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 Since the last report to the Committee in November 2016, the matter referred to as outstanding 'Complaint 3' in both this and the last report has been resolved. So too has the new complaint referred to as Complaint 1. The complaint referred to in both this and the last report as 'Complaint 2' is yet to be determined.

4. STANDARDS COMPLAINTS**4.1 Complaint 1**

4.2 **The allegation:** A complaint was received in alleging that a member had acted contrary to the Code of Conduct while participating as a member of one of the Council's decision-making Committees.

4.3 That complaint was made the subject of preliminary assessment and it was noted that there was no evidence of conduct capable of amounting to a potential breach of the Code of Conduct as the decision which was the subject of the complaint was not in fact made by Committee. As a result, a decision was taken by the Monitoring Officer, in consultation with the Independent Person, to take no further action, following which both parties were notified that the matter was at an end.

4.4 Complaint 2

4.5 **The allegation:** A complaint was made regarding a comment by a councillor on social media which was considered to potentially amount to a failure to behave in a way which a reasonable person would regard as respectful and/or to amount to

conduct which might reasonably be regarded as bringing their office or authority into disrepute.

4.6 Following consultation with one of the Independent Persons, that complaint was referred for formal investigation. That process is still underway and will be the subject of a further report to this Committee.

4.7 **Complaint 3**

4.8 **The allegation:** This related to a complaint from a member of the public that three ward members had failed to respond to an email communication. The complaint was considered to have potential to amount to a failure to behave in a way which a reasonable person would regard as respectful and/or to amount to conduct which might reasonably be regarded as bringing the member's office or authority into disrepute.

4.9 Preliminary assessment conducted at the request of the Monitoring Officer, acting in consultation with the Independent Person, revealed that the complaint concerned a single communication, acknowledgement of which had in fact been sent on the day the complaint was received although a technical issue had seemingly resulted in that email not being received. While no substantive response was subsequently provided, this was due to a miscommunication and steps were taken to remedy the situation.

4.10 On all of the facts, it was considered that if proven the complaint would not amount to a breach of the code of conduct for members. As a result, following consultation with the Independent Person, the complainant was notified that no further action would be taken in relation to their complaint and that the process was therefore at an end.

5. **OTHER MATTERS**

5.1 **Review of the Code of Conduct & Member Training**

5.2 The above topics were the subject of a report to this committee in November 2016. At time of writing, this committee's recommendations are awaiting full Council's consideration in mid-December.

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. The current arrangements and the proposals in this report reflect this and no alternative proposals are suggested.

7. **COMMUNITY ENGAGEMENT & CONSULTATION**

7.1 No need to consult with the local community has been identified.

8. **CONCLUSION**

- 8.1 Members are asked to note the contents of this Report, which aims to assist the Committee in discharging its responsibilities for overseeing that high standards of conduct which are compliant with local requirements are maintained.

9. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 9.1 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: James Hengeveld Date: 20th December 2016

Legal Implications:

- 9.2 These are covered in the body of the report

Lawyer Consulted: Victoria Simpson Date: 21st December 2016

Equalities Implications:

- 9.3 There are no equalities implications arising from this report

Sustainability Implications:

- 9.4 There are no sustainability implications arising from this report

Any Other Significant Implications:

- 9.5 None

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms:

1. None.

Background Documents:

1. None

