



Brighton & Hove
City Council

Audit & Standards Committee

Title:	Audit & Standards Committee
Date:	7 March 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
Officers

Councillor Cobb
Councillor Taylor
Councillor Druitt
Councillor Sykes
Officers
Officers
Officers

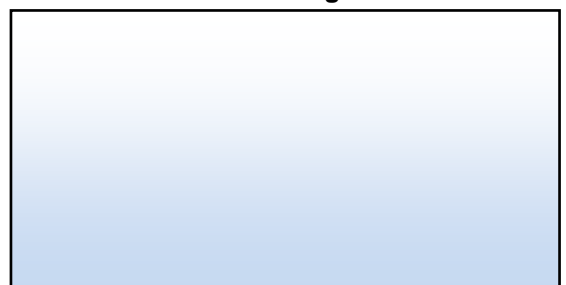
Public Speaker	Public Speaker
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Press

Public Seating



Public Seating



AGENDA

70 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.

71 MINUTES AND COMMITTEE ACTION LOG

1 - 12

To consider the minutes of the meeting held on 10 January 2017 (copy attached).

72 CHAIR'S COMMUNICATIONS

AUDIT & STANDARDS COMMITTEE

73 CALL OVER

- (a) Items (76-82) 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.

74 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 28 February 2017;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 28 February 2017.

75 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.

76 RISK MANAGEMENT STRATEGY ANNUAL PROGRESS REPORT 2016 -17 13 - 28

Report of the Executive Lead Officer, Strategy Governance & Law

Contact Officer: Jackie Algar Tel: 01273 291273
Ward Affected: All Wards

77 STRATEGIC RISK FOCUS: SR15 KEEPING CHILDREN SAFE FROM HARM AND ABUSE; SR17 SCHOOL PLACES PLANNING; AND SR24 WELFARE REFORM 29 - 50

Report of the Executive Lead Officer, Strategy Governance & Law

Contact Officer: Jackie Algar Tel: 01273 291273
Ward Affected: All Wards

AUDIT & STANDARDS COMMITTEE

- 78 ERNST & YOUNG: FEBRUARY 2017 EXTERNAL AUDIT PROGRESS REPORT** 51 - 62
- Report of Ernst & Young
Ward Affected: All Wards
- 79 INTERNAL AUDIT PLAN 2017/18** 63 - 80
- Report of the Executive Director, Finance & Resources
Contact Officer: Graham Liddell Tel: 01273 291323
Ward Affected: All Wards
- 80 INTERNAL AUDIT AND CORPORATE FRAUD PROGRESS REPORT** 81 - 90
- Report of the Executive Director, Finance & Resources
Contact Officer: Graham Liddell Tel: 01273 291323
Ward Affected: All Wards
- 81 COUNCIL POLICIES CONSIDERED BY THE AUDIT & STANDARDS COMMITTEE** 91 - 94
- Report of the Executive Director, Finance & Resources
Contact Officer: Graham Liddell Tel: 01273 291323
Ward Affected: All Wards
- 82 STANDARDS UPDATE** 95 - 102
- Report of the Head of Law & Monitoring Officer
Contact Officer: Victoria Simpson Tel: 01273 294687
Ward Affected: All Wards
- 83 ITEMS REFERRED FOR COUNCIL**
- To consider items to be submitted to the 6 April 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, 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.*
- 84 ITEMS FOR THE NEXT MEETING**

AUDIT & STANDARDS COMMITTEE

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

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

Date of Publication - Monday, 27 February 2017

BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 10 JANUARY 2017

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

MINUTES

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

Independent Members present: Diane Bushell, Dr David Horne

PART ONE

54 PROCEDURAL BUSINESS

54a Declarations of substitutes

54.1 There were none.

54b Declarations of interests

54.2 There were none

54c Exclusion of the press and public

54.3 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.

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

55 MINUTES AND COMMITTEE ACTION LOG

55.1 **RESOLVED** – That the minutes of the previous meeting held on 15 November 2016 be approved and signed as the correct record.

56 CHAIR'S COMMUNICATIONS

56.1 The Chair welcomed Councillor Robins to the meeting following recent ill health and congratulated Councillor Chapman on his recent appointment as Chair of the Children, Young People & Skills Committee.

57 CALL OVER

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

- Internal Audit and Corporate Fraud Progress report
- Ernst & Young Annual Certification report
- Ernst & Young Audit Plan 2016/17
- Decision to Opt In to the National Scheme for Auditor Appointments
- Strategic Risk Register Review November 2016
- Strategic Risk Focus Item: SR22 Modernising the Council
- Corporate Risk Assurance Framework (CRAF)

57.2 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:

- Treasury Management Policy Statement 2016/17 (Including Annual Investment Strategy 2016/17)- Mid Year Review
- Standards Update

58 PUBLIC INVOLVEMENT

(b) Written Questions

(i) Contract overpayments

58.1 David Croydon asked the following question:

*“In the documents relating to Item 59 “Internal audit and corporate fraud progress report” for this meeting it says, “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.”
Is this the last we are going to hear of the £513,000 overcharge?”*

58.2 The Chair provided the following reply:

*“Thank you for your question Mr Croydon that I understand relates to the sub-contractor overcharge on the Housing Repairs contract with Mears Ltd.
That issue was considered in detail at Audit & Standards committee on 12 January 2016 with further updates discussed at this Committee on 21 June 2016 and 15 November 2016.
It was also considered at Housing & New Homes Committee in January 2016 and the committee received a further update in September 2016. Housing & New Homes Committee have requested regular updates on this matter to review progress and a further report will be presented to the committee in Spring 2017.*

In addition to the specific actions identified and disclosed at those meetings, the council is continuing to work with Mears to strengthen processes and procedures and is commissioning an independent review to identify further improvements that would benefit the partnership, residents and stakeholders.

Furthermore, as agreed as part of the Internal Audit plan for 2016/17, Internal Audit is currently carrying out a follow up review of housing repairs to assess the progress being made in addressing the issues and actions identified and the results of this work will be reported to this committee at a future meeting”.

59 MEMBER INVOLVEMENT

59.1 There were none.

60 INTERNAL AUDIT AND CORPORATE FRAUD PROGRESS REPORT

60.1 The Committee considered a report of the Executive Director, Finance & Resources that summarised the progress made against the Internal Audit and Corporate Fraud Plan, the key issues identified and action being taken and progress made by management in implementing audit recommendations.

60.2 Councillor Sykes asked for further information on temporary accommodation voids including the percentage of voids and the associated cost, what actions were being taken to monitor contract standing orders and clarification on checks on the eligibility of Right to Buy cases.

60.3 The Head of Internal Audit stated that he did not have information in relation to temporary accommodation voids to hand and would provide an update to Councillor Sykes after the meeting. He confirmed that work was required to provide assurance and the Internal Audit team were providing training and monitoring activity to achieve that. Right to Buy eligibility related to an assessment of whether an individual had sufficient funds to purchase properties under the Right to Buy scheme and was used as a deterrent to reduce loan shark activity.

60.4 Councillor Taylor noted that administration of banking systems had been given limited assurance and requested re-assurance that Internal Audit were satisfied that alternative solutions had been put in place and not all recommendations had been implemented.

60.5 The Head of Internal Audit stated that it was the decision of the relevant manager whether to implement the recommendations or agree alternative solutions. Internal Audit monitored and follow-up instances of limited assurance to track progress.

60.6 Dr Horne stated that building and systems access control and IT waste disposal had for some time both had high priority recommendations that had not been implemented. Dr Horne stated that there was seemingly a lack of focus and insufficient progress perhaps because the actions were not robust enough. On this basis, Dr Horne recommended that a report be brought to the committee on these two areas.

60.7 The Executive Director, Finance & Resource welcomed the comments from Dr Horne and agreed that a report could be submitted to the Committee.

- 60.8 Councillor Druitt requested further information on Blue Badge enforcement, specifically the quantity recovered against the overall number issued and more detail on the actions being taken to reduce fraud.
- 60.9 The Head of Internal Audit stated that he did not have this information to hand and would provide a response after the Committee.
- 60.10 Councillor Morris stated that he welcomed the actions being taken on resident parking permits and temporary accommodation and asked when a report would be submitted detailing the results of the actions.
- 60.11 The Head of Internal Audit stated that this would be reported to committee in the usual schedule of Internal Audit progress reports.
- 60.12 **RESOLVED-** That the Audit & Standards Committee notes the report

61 ERNST & YOUNG: ANNUAL CERTIFICATION REPORT

- 61.1 The Committee considered a report of Ernst & Young that set out their findings relating to the certification of grant claims completed in 2015/16.
- 61.2 Councillor Sykes noted that the value of the failures found represented 0.1% of the overall housing benefit subsidy. Councillor Sykes asked whether it was possible that there was a net effect of zero as the testing only reported overpayments and not underpayments.
- 61.3 Paul King, External Audit Director, clarified that may be the case adding that the Department for Work & Pensions (DWP) requested reporting of overpayments only.
- 61.4 Councillor Druitt asked that when overpayments were found, whether the overpayment was returned to central government or the local authority. In addition, Councillor Druitt observed that the report highlighted a change in arrangements whereby only the certification of the housing benefits subsidy claim was required and asked what had been previously required.
- 61.5 Tom Wilkins, External Audit Manager clarified that where overpayments were found, Ernst & Young reported these to the DWP. Following that, there would be a separate communication between the DWP and Brighton & Hove City Council on how to resolve the matter. It was his understanding that there was no financial detriment to the council. Paul King, External Audit Director, explained that non-domestic rates and capital receipts had previously been part of the grant certification regime.
- 61.6 Councillor Druitt asked if any underpayments found were reported to the council.
- 61.7 Tom Wilkins, External Audit Manager, confirmed that underpayments found were reported to the council and it was in the authority's interest to pursue those.
- 61.8 Diane Bushell asked how the council compared and performed in relation to other authorities.

- 61.9 Paul King, External Audit Director, answered that the council were toward to the middle to low end in terms of errors made. Investment would reduce some errors but the key aspects in terms of auditing were the nature of the error and the amount of testing required.
- 61.10 The Assistant Director, Finance added that in terms of investment, there was a cost versus benefit assessment required. Increased investment could be made but that could equate to a higher cost than the errors found and needed to be considered in the context of a challenging financial environment. Extensive work was undertaken with Internal Audit about how performance in this area could be improved year on year.
- 61.11 **RESOLVED-** That the Audit & Standards Committee note the 2015/16 Certification Report.

62 ERNST & YOUNG: AUDIT PLAN 2016-17

- 62.1 The Committee considered a report of Ernst & Young that set out the 2016/17 Audit Plan detailing the work intended to be carried out in line with their responsibilities as the council's external auditor. The report summarised the progress to date, an assessment of the key risks which drive the development of an effective audit and outlined Ernst & Young's planned audit strategy in response to those.
- 62.2 Dr Horne asked if the Audit Plan could include an assessment of the Council's track record in delivering savings in 2016/17 and in the mid-term.
- 62.3 Paul King, External Audit Director, confirmed this would be part of the information gathered by Ernst & Young in their audit.
- 62.4 Councillor Morris asked for further clarification on the statement that the Property, Plant & Equipment (PPE) balance could be materially misstated in 2016/17.
- 62.5 Paul King, External Audit Director, answered that due to the high monetary values associated with PPE, it took little to lead to a large increase or decrease in valuation. The statement also related to the challenge made to the Council on the value of PPE in its draft financial statement and the fact there were a number of recommendations made by Ernst & Young to the Council in 2015/16 in relation to this issue.
- 62.6 Councillor Sykes asked if there could be an analysis of the Council's use of capital within the Plan.
- 62.7 Paul King, External Audit Director, clarified that Ernst & Young always reviewed the way transactions were accounted for and any associated risk and this would cover capital spend.
- 62.8 **RESOLVED-** That the Audit & Standards Committee note the 2016/17 Audit Plan

63 DECISION TO OPT IN TO THE NATIONAL SCHEME FOR AUDITOR APPOINTMENTS

- 63.1 The Committee considered a report of the Executive Director, Finance & Resources that set out the requirements to comply with legislation for the appointment of external auditors effective from the 2018/19 financial year and requested Members 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).
- 63.2 The Chair asked whether the Council was likely to appoint the same auditors as its Orbis partners under the process.
- 63.3 The Assistant Director, Finance stated that the position in relation to appointments was as yet unknown. Paul King, External Audit Director, stated that historically, the process enabled a degree of consultation with local authorities, specifically in relation to collaborative partners.
- 63.4 Councillor Taylor noted his uncertainty regarding the arrangement as typically, a procured contract would include in its terms, conditions that a specific local authority wanted to achieve. Councillor Taylor noted his concerns for accountability with hundreds of organisations already signed up to the arrangement. Furthermore, Councillor Taylor requested clarification on the length of contract proposed and whether the Council would be able to withdraw from the arrangement should it wish to.
- 63.5 The Assistant Director, Finance clarified that the PSAA's Procurement Strategy indicated the contracts would be awarded for a five year term. A key advantage of adopting PSAA as the appointing person for the Council was their expertise and experience in contract management of this type which was a resource not currently available within the Council.
- 63.6 Councillor Morris enquired as to whether Orbis partners could make a direct joint appointment as detailed as Option 1 of the report.
- 63.7 The Assistant Director, Finance clarified that one of the Orbis partners had already agreed to assign the PSAA as their appointing persons with the other partner likely to do the same in the very near future meaning that Option 1 and 2 were no longer a viable choice for the Council.
- 63.8 Dr Horne enquired whether Grant Certification work would be included in any new arrangement.
- 63.9 The Assistant Director, Finance stated that he was uncertain as to the arrangements for Grant Certification claims and would clarify and report back as soon as possible. Paul King advised that the arrangement would be likely to be similar to the current arrangements whereby grant certification work can be awarded to the same External Audit Firm if desired but would be a separate decision for the council. However, this would be subject to agreement of the government department responsible for each grant.
- 63.10 **RESOLVED-** That the Audit & Standards Committee:

- 1) Note the requirements relating to the appointment of an External Auditor to the Council for 2018/19.
- 2) Note the letter of invitation from PSAA for the Council to opt into the national scheme for auditor appointments (Appendix 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.
- 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.

64 STRATEGIC RISK REGISTER REVIEW NOVEMBER 2016

- 64.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law which informed Members that the Committee had a role to monitor the effectiveness of risk management and internal control. This included oversight of the Strategic Risk Register which was set by the Executive Leadership Team (ELT). The report included recent updates by ELT made on 16 November 2016.
- 64.2 Councillor Morris noted that the risk actions for SR18: Transition to modern, digital IT to improve service delivery had been ongoing for some time and were seemingly no nearer to completion.
- 64.3 The Executive Director, Finance & Resources stated that the actions had unfortunately not been progressed further over the past six months. Recruitment and retention of staff had been issue and it was hoped that the Orbis partnership would help bolster operations.
- 64.4 Dr Horne welcomed the new strategic risk SR29: Contract Management but noted that there were no actions currently associated with the risk.
- 64.5 The Executive Director, Finance & Resources responded that this was a relatively new risk and ELT would be discussing the item further including designating risk actions.
- 64.6 Councillor Druitt stated that he could not understand why the likelihood score for SR21: Housing Pressures had been revised from likely to possible when it was clear that the city was in the midst of a housing crisis.
- 64.7 The Chief Executive stated that there had been a lot of measures undertaken in relation to the council's statutory duties including the granting of planning permission for 300 new homes and the agreement for a joint venture with Hyde Housing that would deliver a further 1000 homes amongst other measures. The Council was also undertaking work with the private sector but there was a limit to its powers in this area.
- 64.8 **RESOLVED-** That the Audit & Standards Committee notes the SRR Report December 2016 at Appendix 1.

65 STRATEGIC RISK FOCUS ITEM: SR22 MODERNISING THE COUNCIL

- 65.1 The Chief Executive provided a verbal update and answered Members questions for SR22: Modernising the Council. The Chief Executive was accompanied by the Head of Performance, Improvement & Programmes.
- 65.2 Councillor Sykes stated that there were 23 large corporate programmes currently underway and he was concerned that the Head of Performance, Improvement & Programmes had too large a workload.
- 65.3 The Chief Executive explained that delivery of the programmes did not fall upon one person but was allocated to ELT and departmental management teams.
- 65.4 Councillor Cobb asked if contracts procured by the council would be focussed on small businesses or larger companies.
- 65.5 The Chief Executive stated that he believed the council could do more to get a better result from its contract management. New contracts would be price and quality balanced and other factors relating to the Social Value Act would be included.
- 65.6 Councillor Cobb asked for further information on the Able & Willing corporate programme.
- 65.7 The Chief Executive stated that the Council were working on programmes to address exclusion from the workforce of those with mental health issues and physical disabilities and part of that would be a re-imagining of the role of Able & Willing.
- 65.8 **RESOLVED-** That the Audit & Standards Committee notes the Strategic Risk Assessment Report at Appendix 1.

66 CORPORATE RISK ASSURANCE FRAMEWORK (CRAF)

- 66.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law and the Executive Director, Finance & Resources that was designed to better protect the council's 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 and inform Internal Audit work.
- 66.2 Diane Bushell asked if there would be corporate monitoring of the areas where no 3rd line of defence had been identified.
- 66.3 The Head of Internal Audit noted that that this was the first occasion that the CRAF had been prepared and reported and identifying a 3rd line of defence for every area was the desired outcome long-term.
- 66.4 Councillor Sykes stated that the CRAF was based upon an international framework that might be a level above the council. Councillor Sykes asked how the CRAF would be used in a practical sense.

66.5 The Risk Management Lead stated that the council was following guidance from CIPFA/SOLACE, Delivering Good Governance in Local Government Framework and the CRAF would allow the council to map itself against the framework and help assist the Annual Governance Statement. The Risk Management Lead added that she did believe the CRAF would apply to the council as it fitted how it ran its affairs.

66.6 Dr Horne welcomed the report stating that he hoped that any gaps in assurance could be targeted in the Internal Audit Plan and that the framework may also help identify any over engineered controls.

66.7 **RESOLVED-** That the Audit & Standards Committee:

- 1) Note the CRAF at Appendix 1.
- 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.
- 3) Note that the CRAF will replace the Risk Management Strategy as outlined in paragraphs 6.2 to 6.4.

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

67.1 **RESOLVED-** That the Committee note the report.

68 STANDARDS UPDATE

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

69 ITEMS REFERRED FOR COUNCIL

69.1 There were none.

70 ITEMS FOR THE NEXT MEETING

See minute item 60.6.

The meeting concluded at 6.30pm

Signed

Chair

Dated this

day of

Action Log: A&S Meeting 10 January 2017

Agenda Item		Owner	Actions	Status
	59: Internal Audit and Corporate Fraud Progress Report	Graham Liddell	Cllr Sykes asked for further information on temporary accommodation voids including the percentage of voids and the associated cost.	Complete
		Graham Liddell	Dr Horne requested and committee agreed to receive a report to its March meeting covering an update on the council's Access Controls and IT Waste disposal	Complete
		Graham Liddell	Cllr Druitt requested a briefing note on the current position on Blue Badge enforcement specifically on how the data in the report compared to previous years and current overall figures and what actions were being taken to reduce instances of Blue Badge fraud	Complete
	62: Decision to opt in to the national scheme for auditor appointments	Nigel Manvell	Dr Horne requested clarification on the position of Grant Certification Claim audits under any new potential arrangement	Complete

Subject:	Risk Management Strategy Annual Progress Report 2016 - 17		
Date of Meeting:	7 March 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 Risk Management Strategy 2014-2017 set out the Risk Management Programme by year to detail proposed actions over the three year period. This report details progress made on the Risk Management Programme 2016-17 against the identified measures as the Committee has a role to monitor the effectiveness of risk management.

2. RECOMMENDATIONS:

That the Committee:

- 2.1 Note Appendix 1 which provides a summary of progress made in 2016/17.
- 2.2 Having considered the appendix and any clarification comments from the Risk Owner, the Committee make any recommendations it considers appropriate to the relevant council body.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 As the Risk Management Strategy 2014-17 covered a three year period, the Audit & Standards Committee received a report on progress made during the financial years 2014-15 and 2015-16. This is the last year that it is reported. This is because the more active Corporate Risk Assurance Framework (CRAF), underpinned by the Risk Management Process, replaces the Risk Management Strategy as outlined in the CRAF report presented to the Audit & Standards Committee meeting on 10th January 2017. The CRAF will be reported annually to the Audit & Standards Committee.
- 3.2 The Risk Management Strategy 2014-2017 set out how risk management will seek to achieve objectives in the following key areas:
1. Modernising the Council by using risk management
 2. Enable a risk aware culture which manages risks and takes up opportunities

3. Continually improve and embed risk management into the existing processes of the council
4. Work to increase the capability of services to plan for unexpected events; meet services' expectations; and manage business activities.

3.3 Many aspects of the Risk Management Strategy 2014 – 17 have been achieved, as reported last year. Where there are further updates on already achieved aspects, a summary of further progress has been provided. For aspects which were partially achieved, the appendix provides details of further work planned by services to address these.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The Committee has a role to monitor the effectiveness of risk management

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 Not applicable.

6. CONCLUSION

6.1 That the report be noted.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

7.1 The Risk Management Strategy, now the CRAF, assists the authority in complying with Corporate Governance Standards and contributes to the authority's control and risk management arrangements for the Annual Governance Statement within the Financial Statements. There are no direct financial implications arising from the recommendations in this report.

Finance Officer Consulted: Jeff Coates

Date: 06/02/2017

Legal Implications:

7.2 It is a core function of the Committee to provide assurance on the adequacy and effectiveness of the council's Corporate Risk Assurance Framework and associated control environment. Scrutiny and examination of progress against the Risk Management Strategy Programme is a legitimate exercise of that function.

Lawyer Consulted: Victoria Simpson

Date: 24/01/2017

Equalities Implications:

7.3 None

Sustainability Implications:

7.4 None

Any Other Significant Implications:

7.5 None

SUPPORTING DOCUMENTATION

Appendices:

1. Annual Progress 2016-17 in delivery of the Risk Management Strategy.

Documents in Members' Rooms

1. None.

Background Documents

1. Risk Management Strategy 2014-17.

Strategic Objective & Aim 1. Modernising the council The council will use risk management to enable open and transparent decisions; prioritise resources; and improve performance management to achieve outcomes		
Action 15/16	Outcome measure(s)	Progress update at February 2016
1.1. Work with Performance Team to maximise the use of Interplan software to integrate links between risks into business plans at service delivery level	1.1 Relevant officers in services access risk register as part of their 2014/15 business plan via Interplan; and additionally all business plans with integrated risk registers are available for all officers via the intranet (the Wave)	<p>ACHIEVED</p> <p>Further update February 2017: The Risk Reporting Timetable 2016/17 with quarterly reviews by Directorate Management Teams, has been successfully delivered. Compliance with the timetable and the use of Interplan module (IRM) has enabled the Corporate Risk Assurance Framework (CRAF) to be formulated. Links between the Performance and Risk Management continue. The link between business plan objectives and risks has been reviewed and will be strengthened by May 2017 to coincide with new Directorate Plans being developed for 2017-20.</p> <p>Previous Year Progress - as reported March 2016</p> <p>ACHIEVED</p> <p>a) Risk Reporting Timetable 2015/16 has involved timetabled quarterly reviews at Directorate Management Teams, lead by the Director with support from the Risk Management Lead. All Directorate Risk Registers are updated and reported by Integrated Risk Manager (IRM), a module of Interplan.</p> <p>b) Directorate Risk Registers and the Strategic Risk Register inform the Directorate Plan. The Corporate Performance Team enable officers to record data on Interplan and produce performance reports for DMTS, ELT and politicians and partners.</p>

<p>1.2 Work with the Performance Team to deliver Interplan training programme for managers and nominated staff to introduce linking of risk management actions to performance reporting</p>	<p>1.2 Interplan performance reports are used to track actions and input from officers across all business plans including actions to manage risks</p>	<p>ACHIEVED Further update February 2017: The processes put in place as reported last year are working well. Work to reflect structural change, and change of personnel at the council has been reflected on Interplan and IRM, the risk management module, and training is provided as necessary.</p> <p>Previous Year Progress - as reported March 2016 ACHIEVED a) A change of approach has been agreed and implemented. The Executive Leadership Team decided in late 2014/15 that for 2015/16 there would be focus on Directorate Plans and Directorate Risk Registers, with optional Service Plans and accompanying risk registers where the directorate considered it appropriate. The method for storing and updating information is Interplan, and the accompanying IRM module. b) All Interplan and IRM users have been offered support and training by the Corporate Performance Team and the Risk Management Lead. Guidance has been produced and is kept up to date.</p>
<p>1.3. The council's Learning Development Programme currently offers risk management training which will be continued, but the offer will be extended by integrating risk management within Induction; and Being a</p>	<p>1.3 Number of sessions; attendees and feedback forms monitored as part of Learning & Development programme reports</p>	<p>WORK IN PROGRESS Further update February 2017: The Executive Leadership Team approved the new Behaviour Framework in November 2016. The Risk Management Lead was part of a working group which enabled risk management and opportunities to be recognised as integral behaviour required of all staff in all four categories, i.e. How we: manage ourselves/work together/shape our future/lead and empower. Work to develop the risk management aspect of the training content</p>

<p>Manager courses <i>Outcome measure: Number of sessions; attendees and feedback forms monitored as part of Learning & Development programme reports</i></p>		<p>for the behaviour framework will be taken forward by the Risk Management Lead working with Workforce Development Team.</p> <p>In addition, work to review how risk management is presented in courses delivered as part of the corporate training offer is in progress.</p> <p>Previous Year Progress - as reported March 2016 PARTIALLY ACHIEVED As for 2014/15 as a result of discussion with the Learning & Development team in HR, it was felt more appropriate to include risk management module in project and programme management training and with business improvement work as these are linked to the Modernisation Programme.</p> <p>There is a review underway of the Learning & Development Programme lead by HR. The Risk Management Lead and the Head of Performance & Improvement have provided input.</p>
<p>1.4. Provide an overview of Modernisation programme risk registers, regularly updated by responsible officers and quality checked by the Risk Manager, to receive consideration</p>	<p>1.4 Programme plan actions include those to address risk and opportunities and are performance managed</p>	<p>ACHIEVED Further update February 2017: This work continues and is working well. The risk section forms an important part of the modernisation Highlight Reports and is included on the Modernisation Dashboard which gets reported to the Corporate Modernisation Delivery Board and to the Modernisation Member Oversight Group.</p> <p>Previous Year Progress - as reported March 2016 ACHIEVED The Risk Management Lead is part of the Advisory & Support Group and provides a quality check of risk registers relating to corporate Modernisation programmes. Programmes and</p>

		projects reported to the Executive Leadership Team/Corporate Modernisation Board.
<p>Strategic Objective & Aim 2. Enable a risk aware culture which manages risks and takes up opportunities. The council, and in its work with partners, uses risk management to be better at anticipating and/or responding to changes affecting our operating environment.</p>		
Action 15/16	Outcome measure(s)	Progress update at February 2016
2.1. Promote method to enable accountability, escalation methods and understanding of risk reporting; and where there are unexpected outcomes or failures from taking risks and opportunities, be accountable and learn and improve	2.1 Track communications and report number of escalated risks and actions agreed by the Officers' Governance Board ¹	<p>ACHIEVED</p> <p>Further update February 2017: This work and communications channels continues and is working well.</p> <p>See activity under 1.3 to support risk and opportunities as part of the Behaviour Framework rollout.</p> <p>Previous Year Progress - as reported March 2016</p> <p>ACHIEVED</p> <p>The Risk Reporting Timetable and quarterly Directorate Management Team (DMT) agreement of risk ownership and risk actions which are detailed on IRM have greatly assisted accountability.</p> <p>The Risk Escalation from DMTs to ELT occurs through ELT considering all Directorate Risk Registers and existing and new Strategic Risks at the six monthly Strategic Risk Register Reviews.</p> <p>The Risk Management Steering Group (RMSG) meets quarterly and is chaired by the Risk Management Lead. The group consists of Health & Safety, Emergency Planning, Business Continuity, Internal Audit, Public Health Resilience,</p>

¹ Officers' Governance Board is a group of council officers meeting at least 4 times a year. It is chaired by the interim Executive Director, Finance & Resources includes representation from the Strategic Lead Officer, Strategy & Governance, ; the Head of Internal Audit and the Risk Management Lead.

		<p>Insurance and Community Engagement. Risks & Opportunities from RMSG are reported by the Risk Management Lead to the Officers' Governance Board. Apart from risk escalation through the ELT review process; DMT risk register reviews; facilitated risk sessions at service level, direct reports to the Chief Executive from Health & Safety, Emergency Planning, and the Head of Performance, Improvement & Programme (PIP) to the Chief Executive and the Officers' Governance Board, there are opportunities for any officer to access advice from the Risk Management Lead</p>
<p>2.2 Continue with partnership working to identify and develop the city wide risk approach; and also seek further commitment across organisations and sectors to reflect risk and opportunity in the governance and management arrangements that support major change across organisations</p>	<p>2.2.1 City Management Board receive and consider regular updates on risk management action plans and city wide risks within City Performance Plan reports</p> <p>2.2.2 Major Change projects across organisations are informed by a shared risk management process and</p>	<p>2.2.1 2016/7 ACHIEVED Further update February 2017: The City Management Board reviewed and approved the City Wide Risk Register via e-mail in September 2016. Further scheduling of review is to be set for 2017/18.</p> <p>2.2.1 Previous Year Progress - as reported March 2016 2.2.1 PARTIALLY ACHIEVED In 2015/16 there has been no refresh of the City Wide Risk Register, the next date for the City Management Board is set for September 2016. It will be reported as a dual item with City Performance Plan reports within the same timescale and item at the City Management Board.</p> <p>However, there is ongoing Strategic Partnership work based on the existing city wide risks.</p> <p>2016/7 2.2.2. ACHIEVED Further update February 2017: This work and communications channels continues and is working well.</p>

	<p>risk register</p>	<p>Previous Year Progress - as reported March 2016 2.2.2 ACHIEVED Major Change projects, some of which include partners, are part of the Corporate Modernisation Programme supported by the Performance, Improvement & Programmes (PIP) Service which includes the Risk Management Lead which ensures that both sides of risk, downside (negative) risks and upside (positive) opportunities are considered in accordance with the risk management process. The Strategic Risk 22, Modernising the Council, is regularly reviewed at the Strategy, Governance and Law DMT and by the Chief Executive who is the Risk Owner.</p>
<p>2.3 Review the risk management process and incorporate improvements from practice and initiatives in other sectors to enable a risk process and culture that reflects the council's activities and partners across the sectors with which it relates to; and assist work to enable better 'collaboration between communities, the Third Sector and the council to improve the design and delivery of public services, and maximise the impact of public investment'</p>	<p>2.3. Revisions to Risk Management process to improve cross-organisational focus reported at year end</p>	<p>ACHIEVED Further update February 2017: The Risk Management Process itself has not altered this year as it works well as tested by an Internal Audit. Review of other organisations' risk management practice and process is undertaken at least every six months. There has been regular work between the Risk Management Leads of Brighton & Hove City Council and the Clinical Commissioning Group which has enabled check of risk management processes. The Risk Management Lead is in regular contact with comparable Local Authorities to ensure learning from best practice.</p> <p>Previous Year Progress - as reported March 2016 ACHIEVED a) Risk Management Process is updated throughout the year. The Executive Director of Finance & Resources has delegated authority from Policy & Resources Committee to approve changes made. b)The Risk Management Lead was a judge (Oct. 15) for two</p>

		<p>categories of the Institute of Risk Management’s Global Risk Management Awards 2016, Cyber Risk; and Building Risk Management Capability which afforded insight into risk management practices and different perspectives from other organisations across sectors and countries. This enables her to compare the council’s risk management arrangements to best practice.</p> <p>c) Improvements made to the risk management process, for instance further expanded risk management to reflect RAID (Risk, Assumption, Issues and Dependencies) project management methods.</p>
<p>2.4 Reinstate the Opportunity Management Training offer in the Learning & Development Programme</p>	<p>2.4 Number of training sessions and attendees, and record of risk management actions</p>	<p>WORK IN PROGRESS Further update February 2017:</p> <ul style="list-style-type: none"> a) See activity under 1.3 to support risk and opportunities as part of the Behaviour Framework rollout. b) The Neighbourhoods, Communities & Equalities Committee agenda has superceded and improved on the initial work done by the Risk Management Steering Group. Also, in 2016 the Risk Management Steering Group has two officers closely connected with this work represented and contributing. Future work will be undertaken to reflect the changing needs of the organisation and partners. <p>Previous Year Progress - as reported March 2016 <u>PARTIALLY ACHIEVED</u></p> <ul style="list-style-type: none"> a) There is a review underway of the Learning & Development Programme lead by HR. The Risk Management Lead and the Head of Performance & Improvement have provided input.

		b) Work is underway to develop risk management guidelines to assist council officers and enable community collaboration. Initially this is being led by the Risk Management Steering Group.
<p>Strategic Objective & Aim 3. Continually improving and embedding risk management into the existing processes of the council.</p> <p>The council is a learning organisation and will combine its resources and effort to meet challenges and succeed from a risk aware position which is continually reviewed, to enable services to be delivered and manage uncertainty as best it can.</p>		
Action 15/16	Outcome measure(s)	Progress update at February 2016
<p>3.1. Work with Human Resources & Organisational Development to incorporate risk management further into the Learning & Development Programme to develop capability around performance including responsibilities for risk management so that we are all equipped with knowledge and awareness of how we are all risk managers each with:</p> <ul style="list-style-type: none"> • courage to take informed risks; • improved ability to recognise where, when and how to take up opportunities and also minimise negative risk impacts; <p>confidence to demonstrate the</p>	<p>3.1 Risk Management awareness better recognised as a skill required of employees</p>	<p>WORK IN PROGRESS</p> <p>Further update February 2017:</p> <p>a) and b) See activity under 1.3 to support risk and opportunities as part of the Behaviour Framework rollout.</p> <p>Previous Year Progress - as reported March 2016</p> <p>PARTIALLY ACHIEVED</p> <p>a) Consultancy and support from the Risk Management Lead is provided to all services through risk workshops, input on programme and project boards and via e-learning and Wave documents. An internal audit report in 2015 gave an opinion of substantial assurance on service based risk management arrangements.</p> <p>b) There is a review underway of the Learning & Development Programme lead by HR. The Risk Management Lead and the Head of Performance & Improvement have provided input.</p>

risks and opportunities have been managed		
3.2. Work with the Performance Team to 'roll out' Interplan to services to enable 'real time' updates and reminders to update progress	3.2 Relevant performance reports include risk management actions from start date of implementation	<p>ACHIEVED</p> <p>Further update February 2017: This work continues and is working well.</p> <p>Previous Year Progress - as reported March 2016: ACHIEVED</p> <p>The Risk and Corporate Performance Teams are co-located and managed as part of Performance, Improvement & Programmes Service. Work is co-ordinated across council services and is contained and in the PIP Service Workplan.</p>
<p>Strategic Objective & Aim 4. Work to increase the capability of services to plan for unexpected events; meet service expectations; and manage business activities</p> <p>Council services are resilient to unexpected event(s) and able to provide assurance on its business continuity readiness.</p>		
Action 15/16	Outcome measure(s)	Progress update at February 2016
4.1. Provide risk management advice to assist work between ICT and the Civil Contingencies Team to re-assess the links between service business continuity plans and IT Disaster Recovery arrangements. This will reflect ICT Governance requirements and the scale of organisational change as the council works towards achievement of Corporate	<p>4.1.1 ICT Disaster Recovery arrangements are made clear to services, and business plans and contingency arrangements are revised as necessary</p> <p>4.1.2 Revised business continuity plans are tested, in key areas to be determined by ELT on the advice of the Civil Contingencies Team</p>	<p>WORK IN PROGRESS</p> <p>Further update February 2017:</p> <p>4.1.1 ICT Disaster Recovery Arrangements and links between the Civil Contingencies Team, now called Emergencies & Resilience Team, are more strong but affected by change of personnel. This is a priority which is recognised by the Executive Director, Finance & Resources who leads for the Executive Leadership Team.</p> <p>4.1.2 Introduced in 2016: The Emergencies & Resilience Team now attend Directorate Management Teams on a quarterly basis to provide an overview of the preparedness of services for emergencies based on their business continuity plans. Scheduling of business continuity plan tests is done.</p>

<p>Plan Objective 4, Modernising the Council</p>	<p>4.1.3. Directorates and services undertake business continuity planning as part of their usual business and risk management planning activities. Information is 'real time' and accessible to all users of the system</p>	<p>Previous Year Progress - as reported March 2016 PARTIALLY ACHIEVED</p> <ul style="list-style-type: none"> a) Risk Management Lead assisted the work to set up the Corporate Business continuity group, the review of the business continuity template format, development of e-learning and identified resource to facilitate review of risks and priority areas. b) The Emergencies and Resilience Manager provided a report which was approved by the Executive Leadership Team in January 2016 a new Business Continuity Policy. c) ELT agreed that Directorate Management Teams will review their Business Continuity Policies on a quarterly basis with support from the Emergencies & Resilience Team. d) ICT have developed a risk management process to sit alongside and complement the corporate risk management arrangements. The Risk Management Lead is invited to the Information Governance Board. e) Emergencies & Resilience team sample and test Business Continuity Plans on an ongoing basis and as incidents occur. f) Corporate Modernisation Programmes; Directorate modernisation programmes and large projects are informed by a risk register. Appropriate contacts between Corporate Programme Management Office and the emergencies & resilience team continue to be developed.
<p>4.2. Provide risk management advice to assist work between the Civil Contingencies Team and the Performance Team to include actions from</p>	<p>4.2 Directorates and services undertake business continuity planning (BCP) as part of their usual business and risk management planning</p>	<p>WORK IN PROGRESS Further update February 2017: The Emergencies & Resilience Team have a robust process in place to monitor BCPs are in place and are up to date. These get discussed at DMTs quarterly to ensure regular monitoring. It is believed it would create duplication to monitor</p>

<p>business continuity plans in the council's regular performance and risk management reporting using Interplan software system.</p>	<p>activities. Information is 'real time' and accessible to all users of the system</p>	<p>every single BCP using Interplan. However, as part of Directorate Plan development process for 2017-20, views will be sought from Executive Leadership Team whether an additional high level Directorate Plan action is required in relation to BCPs. If this is agreed, these will be monitored through Interplan.</p> <p>Previous Year Progress - as reported March 2016 ACHIEVED Other arrangements as detailed above under 4.1 are in place.</p>
<p>4.3. Ensure that main programmes and projects delivering change are informed by a risk register; business continuity plan and project management arrangements and the impact of major changes on existing service arrangements are communicated and understood as part of the project management arrangements.</p>	<p>4.3 Business Continuity is considered at all stages and at appropriate times in programme and project review.</p>	<p>ACHIEVED Further update February 2017: This continues and is working well.</p> <p>Previous Year Progress - as reported March 2016 ACHIEVED a) The governance arrangements to report to the Corporate Modernisation Delivery Board requires regular assessment of risks and mitigating actions are planned. All relevant initiatives are reported to the Directorate Modernisation Boards to ensure services are aware of the potential impact. Programme Management Office Business Partners are assigned to Directorates to ensure relevant information is communicated to services as required. b) Quarterly review of business continuity plans at DMTS and opinion provided by the Emergency Planning & Resilience Manager will inform Directorate Modernisation Boards and link to directorate programmes and projects</p>

Subject:	Strategic Risk Focus: SR15 Keeping Children safe from harm and abuse; SR17 School Places Planning; and SR24 Welfare Reform		
Date of Meeting:	7 March 2017		
Report of:	Executive Lead Officer, Strategy, Governance and 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), most recently updated by the Executive Leadership Team (ELT) on 8 February 2017.
- 1.2 The Audit & Standards Committee have agreed to focus on at least two Strategic Risks at each of their meetings.
- 1.3 The Strategic Risk Assessment Report (Appendix 1) provides further detail on the actions taken (existing controls) and future actions to manage each strategic risk.
- 1.4 The officers available to answer Members' questions on the Strategic Risks will be Pinaki Ghoshal, Executive Director, Families, Children and Learning for SR15 and SR17; and John Francis, Welfare Reform Programme Manager, for SR24.

2. RECOMMENDATIONS:

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

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Strategic Risk Register details the current prioritised risks which may affect achievement of the council's Corporate Plan purpose, including in relation to its work with other organisations across the city. It is reviewed and agreed by ELT

quarterly, and influences service activity within Directorates and Directorates' individual Directorate Risk Registers.

- 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:

Financial 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: 06/02/2017

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: 25/01/2017

SUPPORTING DOCUMENTATION

Appendices:

1. Strategic Risk Assessment Report SR15 and SR17.

Documents in Members' Rooms

1. None.

Background Documents

1. Strategic Risk Register Review, February 2017 as published on Wave in March 2017.

Brighton & Hove City Council

Strategic Risk Assessment Report SR15;
SR17; and SR24

As at 20 February 2017

Initial Rating

Revised Rating

LIKELIHOOD	IMPACT				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	0	0	0	0	0
Likely (4)	0	0	1	1	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	1	0	0
Possible (3)	0	0	0	2	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 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	08/02/17	Threat	Treat	Red L4 x I4	Amber L3 x I4		Revised: Adequate

Causes

Link to Corporate Plan: Priority Children & Young People: Safeguard children and young people and reduce the rate of re-referral
 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

35

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

The directorate has full engagement with the LSCB

There is a strong focus on working with CYP at risk of being missing from care, home and education

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
Ensure there are effective pathways, information sharing and risk management between MASH and Early Help Hub as part of a wider Early Help review	Assistant Director - Children's Health, Safeguarding & Care	75	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 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. A review of Early Help is starting, with an engagement phase starting with staff in December 2016. Additionally the detailed findings from the Safeguarding Peer Review will be considered when received (final report due January 2017).</p>					
High quality social work is provided to ensure that CYP are effectively safeguarded	Assistant Director - Children's Health, Safeguarding & Care	75	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. In quarter 2 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 quarter 2 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 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	08/02/2017	Threat	Treat	Amber L4 x I3	Amber L3 x I4		Revised: Adequate

Causes

Link to Corporate Plan: Priority Children & Young People: Deliver sufficient school places

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, 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	75	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. The SOP has been finalised and shared with the CPSOWG on 16 November for further feedback, confirming the schedule of meetings with school partnerships over autumn/spring term to discuss school organisation. School admissions arrangements for 2018/19 have been agreed by January 2017 CYPS Committee and 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>					
<p>To secure agreement on the location of a new six form entry secondary school in Brighton (to ensure there are sufficient school places to meet growing numbers of students) to open September 2018</p>	<p>Assistant Director Education & Skills</p>	<p>75</p>	<p>31/03/17</p>	<p>01/04/16</p>	<p>31/03/17</p>
<p>Comments: A further site search has been undertaken by the Council in consultation with the EFA which has not identified any further sites as possible locations for the new school. The 2 known sites remain under active consideration but progress is dependent upon the work of the individual institutions, however dialogue is maintained. The council continues to be represented at the University of Brighton's steering group and working parties considering the new build and curriculum. The Cross Party School Organisation Working Group will be receiving a presentation from the University of Brighton at its next meeting in February 2017 where the progress made towards the school's opening will be considered further. A further update of future pupil numbers based on updated data from GP registrations will be generated for the meeting in February which will also be able to review the pattern of applications and likely allocation of secondary school places in September 2017. This data will help stakeholders consider the necessary steps to take to ensure sufficient school places in the city.</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	08/02/17	Threat	Treat	Amber L3 x I4	Amber L4 x I3		Revised: Uncertain

Causes
Link to Corporate Plan: Outcome ' A modern council: Providing open civic leadership and effective public services'
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	70	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.

January 2017

A Job Centre Plus work coach has been embedded with the Benefit Cap team for a period of six months.

Existing benefit cap cases had the new amount of cap applied from 7th November, new cases were notified to the council in January and the deductions are being applied to their Housing Benefit claim. So far approximately 450 cases have the cap applied which is lower than the DWP estimate of 680 cases however the value of the cap per cases is greater. The DWP have indicated they are still checking the details of some cases which may be potentially capped so we may be notified of more capped cases over time. The benefit cap team are working with the customers affected by the cap as expected.

Keep relevant staff and stakeholders up to date with information as it becomes available	Welfare Reform Programme Manager	70	01/12/17	01/06/15	01/12/17
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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
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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.

January 2017

Internal operations group and city wide are now focussed on issues surrounding the full roll out of universal credit. A separate meeting will be organised with Registered Social Landlords who operate in the city. Briefings are being held with relevant services and organisations across the city to brief them of the changes, for example children's centres, health visiting teams and private landlords groups.

This action has now been extended until December 2017 to reflect the fact that the full roll out of Universal Credit is due to start in the city in October and November 2017.

Prepare for Universal Credit (UC)	Welfare Reform Programme Manager	70	01/12/17	04/05/15	01/12/17
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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.

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.

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.

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.

January 2017

The Government have now published a detailed timetable for the roll out of Universal Credit. From October and November 2017 all new claims for working age people in Brighton and Hove will be made for Universal Credit. This will include families, people with young children, and people with issues relating to health and disability.

Work is required to prepare services for this change and the scoping phase of this project is underway which largely involves gathering information from services about the impact of this. There will also be a need to recommission budgeting and online support for Universal Credit claimants. This will be funded by the DWP but commissioned by the Council. A report is due to go to ELT setting out the main risks around the introduction of UC and the organisations readiness to deal with it.

The end date of this action has been extended to 01/12/17 to reflect full roll out dates of Universal Credit.

February 2017

Scoping has been undertaken with different service areas including Rev and Bens, Housing, Children's Safeguarding and Care, Adult Social Care. Meetings of operational managers are underway to plan mitigations for the identified risks.

Additionally information has been requested of colleagues and stakeholders in the city who are not part of the Council. This has been done via the welfare reform city wide meeting which contains representatives of social and private landlords, the advice sector and CVS.

Indicative but not final figures have been provided by DWP for funding of local budgeting and online support requirements.

A report is due to ELT on 8th March setting out the main risk areas and the proposed approach to mitigations. Further to this a meeting will be held with senior colleagues from relevant services on 25th April. Meetings with operational managers will continue and form the core delivery group for the actions attached to this work.

Last Updated: 20/02/2017

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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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.

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

Oct 2016

CTR process underway, consultation on possible changes opened in September and will close at the beginning on November.

Report due to go to P,R&G on 8th December

January 2017

Report has gone through P,R&G and Full Council and changed agreed for the scheme from April 2017. Systems testing on year end software is underway. Letters are scheduled to be sent to customer affected giving them advance notice of the changes and inviting them to apply for discretionary funds in Mid-Feb. Technical changes to scheme documents will be made before the end of the financial year.

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	75	31/03/17	01/04/15	31/03/17

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> <p>January 2016</p> <p>Risk registered to be reviewed with SRO for welfare reform January 2017</p>					

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

Internal Audit

Subject:	Ernst & Young February 2017 Progress Report		
Date of Meeting:	7 March 2017		
Report of:	Ernst & Young		
Contact Officer:	Name:	Paul King	Tel: 0118 928 1556 (Ext 41556)
	Email:	pking1@uk.ey.com	
Ward(s) affected:	All		

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

- 1.1 The purpose of the Progress Report is to provide an update regarding the status of the 2016/17 audit and update Members of any recent developments or changes to accounting requirements.

2. RECOMMENDATIONS:

- 2.1 That the Committee note the report.

Brighton & Hove City Council

Audit & Standards Committee Progress Report

February 2017





Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB
Tel: + 44 2380 382000
Fax: + 44 2380 382001
ey.com

Audit & Standards Committee
Brighton & Hove City Council
Hove Town Hall
Norton Road
Hove
BN3 3BQ

February 2017

Dear Members,

Audit Progress Report

We are pleased to attach our Audit Progress Report.

This progress report summarises the work we have undertaken since the last meeting of the Audit & Standards Committee in January 2017. The purpose of this report is to provide the Committee with an update of our plans for the 2016/17 audit, to ensure they continue to be aligned with your service expectations.

Our audit is undertaken 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) Ltd, auditing standards and other professional requirements.

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

Yours faithfully

Paul King
Executive Director
For and on 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 2015-16’. It is available from the Chief Executive of each audited body and via the [PSAA website](http://www.psa.co.uk) (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 Annual Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit 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.

2016/17 audit

Financial statements audit

We issued our audit plan in January 2017 where we outlined how we intend to carry out our responsibilities as auditor, including our proposed audit approach.

We have completed a number of additional interim procedures since the Audit Plan was issued and are pleased to confirm we remain satisfied that those risks identified in the audit plan remain appropriate. These included:

- Risk of management Override.
- Risk in respect of the Valuation of Land and Buildings
- A Value for Money risk regarding the Councils ability to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Second Interim Visit

We started our second interim visit on 27 February, to undertake outstanding documentation and walkthroughs of material systems, complete controls testing (including reliance on the work of Internal Audit) and undertake early substantive testing.

We will report to the next Committee should any additional risks be identified from this work.

Post Statements Audit

Anticipating the move to faster closing, whereby the Council will have to publish its audited statement of accounts by 31 July 2018 for the 2017/18 financial year, we are looking to start our post statements work on the 2016/17 statement of accounts at the beginning of June 2017.

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

We will also review and report to the National Audit Office, to the extent and in the form required by them, on your whole of government accounts return.

We plan to present our audit results report, setting out the findings of our work and overall conclusions, to the Audit & Standards Committee on 25 July 2017.

Value for Money Assessment

We have completed our planning work and expect to carry out our detailed work during our post statements audit visit. We plan to report the results of this work to the Audit & Standards Committee on 25 July 2017.

LOBO Objection

In our 2015/16 Audit Results Report we noted that an objection had been received from a member of the public. The objection stated that the Lender Option Borrower Option (LOBO) loans that the Authority entered into are unlawful, on the grounds that the decision to take out the loans was unreasonable and irrational. We have accepted this objection as it met the criteria for consideration.

Our consideration of this objection remains ongoing. We have received additional information from the Council and are in the process of reviewing it. We anticipate sharing our preliminary views with the Council and the objector shortly.

Looking Ahead

Financial Statements Presentation – Expenditure and Funding Analysis and Comprehensive Income and Expenditure Statement

Amendments have been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the code) this year changing the way the financial statements are presented.

The new reporting requirements impact the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MiRS), and include the introduction of the new 'Expenditure and Funding Analysis' note as a result of the 'Telling the Story' review of the presentation of local authority financial statements.

The Code no longer requires statements or notes to be prepared in accordance with SeRCOP. Instead the Code requires that the service analysis is based on the organisational structure under which the authority operates. We expect this to show the Council's segmental analysis.

This change in the code will require a new structure for the primary statements, new notes and a full retrospective restatement of impacted primary statements. The restatement of the 2015/16 comparatives will require audit review, which could potentially incur additional costs, depending on the complexity and manner in which the changes are made.

Our Approach will focus on:

- Review of the expenditure and funding analysis, CIES and new notes to ensure disclosures are in line with the code
- Review of the analysis of how these figures are derived, how the ledger system has been re-mapped to reflect the Council's organisational structure and how overheads are apportioned across the service areas reported.
- Agreement of restated comparative figures back to the Council's segmental analysis and supporting working papers.

Highways Network Assets

At its meeting on 9 November, the CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) decided to postpone the full implementation of the move to measuring the Highways Network Asset at Depreciated Replacement Cost in local authority financial statements.

Amendments have therefore been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 to defer the introduction of Highways Network Assets. CIPFA/LASAAC will review this position at its meeting in March 2017 with a view to implementation in 2017/18.

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

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Subject:	Internal Audit plan 2017/18		
Date of Meeting:	7 March 2017		
Report of:	Executive Director, Finance & Resources		
Contact Officer:	Name:	Graham Liddell	Tel: 01273 291323
	Email:	Graham.Liddell@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

1.1 The Audit & Standards Committee is asked to approve the Internal Audit plan. This includes:

- the proposed programme of internal audit and counter-fraud work for 2017/18
- the Internal Audit Charter which sets out the purpose, authority and responsibilities of the Internal Audit function
- the Quality Assurance Improvement Programme (including performance targets) which is designed to provide reasonable assurance to its key stakeholders that Internal Audit:
 - performs its work in accordance with its charter
 - operates in an effective and efficient manner
 - is adding value and continually improving the service that it provides.

2. RECOMMENDATIONS:

2.1 That the Committee approves the Internal Audit Plan including the Internal Audit Charter and Quality Assurance Improvement Programme.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 Regulation 5 of The Accounts and Audit Regulations 2015 requires the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes.

3.2 Public Sector Internal Audit Standards (PSIAS) require "senior management" and "the board" to approve:

- internal audit activity's plans and resource requirements
- the Internal Audit Charter

- the Quality Assurance Improvement Programme including performance targets to be agreed with and reported to senior management and the board

3.3 For Brighton & Hove “senior management” is the Executive Leadership Team (ELT) and the board is the Audit & Standards Committee.

3.4 The Executive Leadership Team (ELT) approved the draft plan on Wednesday 8 February 2017, subject to further updates to be made by the Head of Internal Audit in consultation with the Executive Director of Finance and Resources. The updated version of the plan is set out in appendix 1.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The 2017/18 audit plan will be delivered in partnership with our colleagues from East Sussex County Council and Surrey County Council as part of Orbis IA. However, most of the work will be delivered by staff employed by Brighton & Hove City Council.

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 The process of compiling the Internal Audit Plan has involved substantial consultations including with:

- members of ELT
- other heads of service and senior management
- staff within both Internal Audit and Corporate Fraud.

6. CONCLUSION

6.1 The Internal Audit plan, attached at appendix 1, sets out proposals for maintaining an adequate and effective system of internal audit for 2017/18. The Committee is recommended to approve it.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

7.1 It is expected that the 2017/18 Internal Audit plan will be delivered within the proposed budgetary resources.

7.2 The strategy and plan and action taken in line with recommendations from audits support the robustness and resilience of the councils practices and procedures and support the councils overall financial position.

Finance Officer Consulted: James Hengeveld

Date: 10/02/17

Legal Implications:

7.3 This report sets out the council’s plan for conforming with Regulation 5 of the Accounts and Audit Regulations 2015 which requires the Council to ‘undertake an effective internal audit to evaluate the effectiveness of its risk management,

control and governance processes.' It is within the delegated authority of the Audit and Standards Committee to approve the Plan.

Finance Officer Consulted: Victoria Simpson

Date: 13.2.17

Equalities Implications:

7.3 Not applicable.

Sustainability Implications:

7.4 Not applicable

Any Other Significant Implications:

7.5 None.

SUPPORTING DOCUMENTATION

Appendices:

1. Internal Audit plan 2017/18

Documents in Members' Rooms

1. None

Background Documents

1. None

Internal Audit

Annual plan

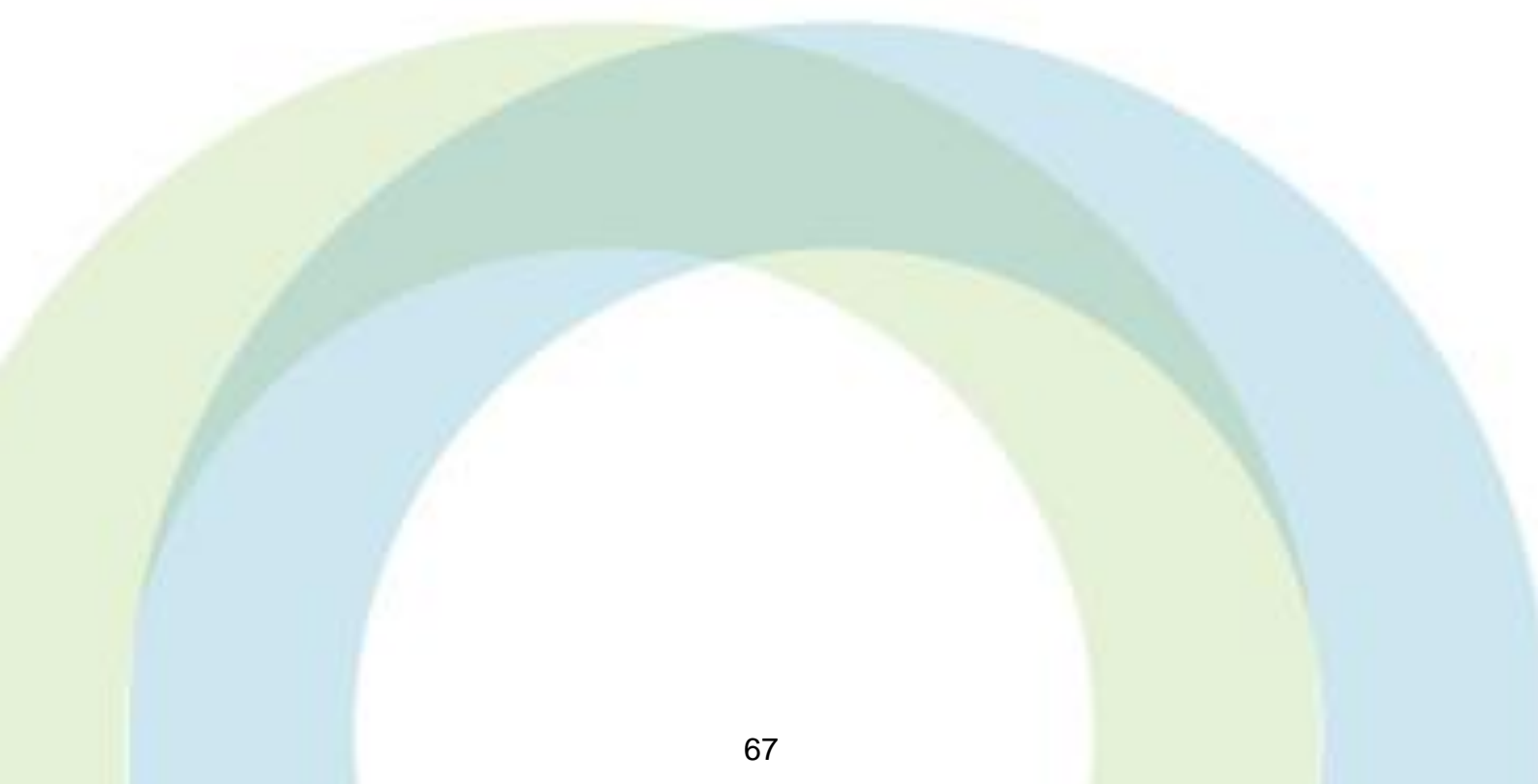
2017/18

Graham Liddell

Head of Internal Audit

Prepared for Brighton & Hove City Council

February 2017



1. Introduction

1.1 The Accounts and Audit Regulations 2015 require every local authority to maintain an effective internal audit. This paper sets out:

- the internal audit planned work for 2017/18
- the Internal Audit Charter which describes for the Council the purpose, authority and responsibilities of the Internal Audit function
- the Internal Audit Quality Assurance Improvement Programme which is designed to provide reasonable assurance to its key stakeholders that Internal Audit:
 - performs its work in accordance with its charter
 - operates in an effective and efficient manner
 - is adding value and continually improving the service that it provides.

2. Planned audit and counter fraud work

2.1 We have 1038 days available for direct audit work. This compares to 1085 days for 2016/17. Most of this will be provided by staff employed by Brighton & Hove City Council and will also include staff from:

- our Orbis partners, East Sussex County Council and Surrey County Council
- TIAA, our private sector partners

2.2 Our planned audit activity is informed by our assessment of risk and in consultation with senior officers and members of the Audit & Standards Committee. The audit plan is set out in appendix 1 and summarised below.

Area	Expected days	Focus of audit work
Strategic risks	105	Review of strategic risks and common themes arising from the Corporate Risk Assurance Framework
Key financial audits	174	Core financial systems including data matching and analysis to identify and investigate unusual transactions
Governance	50	Specific governance audits such as: officer conduct and public consultations
Grant claims	32	Review and sign off of applications for funding
ICT	70	Reviews of information governance arrangements and ICT specific systems
Procurement and contract management	82	Reviews of: corporate arrangements and specific contracts.
Service reviews	245	Review of key risks and controls within individual services
Schools	80	Review of specific schools and Identification and sharing of advice and alerts
Contingency	200	To provide flexibility for new and emerging issues during the course of the year
Total	1038	

- 2.3 We have 500 days available to support our work on counter-fraud (475 in 2016/17). Most of this will be delivered by Brighton & Hove's specialist fraud team led by the council's corporate fraud manager and will focus on:
- fraud awareness throughout the organisation and beyond
 - proactively identifying frauds through data matching and other initiatives
 - preventing, detecting and pursuing fraud with a particular focus on housing tenancy and right to buy.
- 2.4 In addition to the specific audit and corporate fraud activities above the service has 254 days (280 days in 2016/17) for support to the Audit & Standards Committee, liaison with senior management, advice and information, recommendation tracking and management of the internal audit and corporate fraud teams.
- 2.5 Further information and a breakdown of audit and corporate fraud activities is provided in Appendix 1.
- 3.1 Public Sector Internal Audit Standards (PSIAS) require an Internal Audit Charter to be reviewed periodically and presented to "senior management" and "the board" for approval. For Brighton & Hove "senior management" is the Executive Leadership Team (ELT) and the board is the Audit & Standards Committee. The Charter sets out for the Council the purpose, authority and responsibilities of the Internal Audit function and is attached at appendix 2.

The Charter also refers to the requirement for Internal Audit to put in place a Quality Assurance Improvement Programme (QAIP). The QAIP is attached at appendix 3. It is designed to provide reasonable assurance to its key stakeholders that Internal Audit:

- performs its work in accordance with its charter
 - operates in an effective and efficient manner
 - is adding value and continually improving the service that it provides.
- 4.1 The QAIP is attached at appendix 3. It includes:
- performance targets to be agreed with and reported to senior management and the board
 - the requirement for five yearly external assessments. This is now due and is planned for 2017/18.

Appendix 1 – Detailed Internal Audit and Corporate Fraud Plan

Internal Audit Areas	Planned audits for 2017/18	Planned days	
		2016/17	2017/18
Strategic Risk	School Places Planning Health and Social Care Integration Organisational Capacity (including demand management) Financial Pressures Welfare reform	30	105
Key Financial	Business Rates Care Payments Cash Collection & Banking Council Tax Creditors Debtors Housing and Council Tax Benefits Main Accounting System Payroll Treasury Management	228	174
Governance	Conduct of Officers Public Consultations Employee Vetting and Recruitment	27	50
Grant	Disabled Facilities Grant EU Interreg Grant - SCAPE EU Interreg Grant- PACE EU Interreg Grant- SHINE Transport Capital Grants Troubled Families - Grant Claim	4	32
IT Audit	CareFirst Application IG Toolkit Firewall Management Mobile & Portable Devices Active Directory - User Management Digital First	73	70
Procurement	Gas Servicing Contract Housing Repairs Procurement Cards Strategic construction Contract (New) Lift Maintenance Contracts (Housing) Contract Waivers (Follow-up)	110	82
Schools	Schools Audits	60	80

Service Review	Direct Payments and Personal Budgets Early Help Hub Housing Allocations Housing Temporary Accommodation On-Street and Off-Street Car Parking Transport Management Highways Asset Valuation Major Capital Projects (Brighton Centre/ Black Rock) Major Capital Projects (Housing development initiatives) Brighton and Hove Inclusion Support Service Youth Employability Service Learning Disabilities Service (Adults) Residential Care for the Elderly City Clean Expenditure (external contracts and commercial activities) Business continuity (follow up)	353	245
Total planned audits		885	838
Contingency	Contingency for Unplanned Work and Emerging Risks	200	200
Total		1085	1038

Counter Fraud work	Focus	Planned days	
		2016/17*	2017/18
Fraud awareness and publicity	Continuing to raise awareness of fraud issues and how to report suspicions (both internally and externally)	50	40
Data matching	Co-ordinating review of National Fraud Initiative matches Developing other data matching reports	80	60
Housing tenancy and Right to Buy	Investigating suspected cases of housing tenancy fraud Reviewing right to buy applications Other initiatives, such as repeating the 2016/17 tenancy amnesty	270	270
Investigating and pursuing fraud in other high priority areas	Includes but not limited to: <ul style="list-style-type: none"> • Procurement • Car parking income • Council Tax • Business rates • Direct Payments • No recourse to public funds • Abuse of position • Cyber fraud 	75	130
Total days		475	500

* Adjusted to reflect transfer of responsibilities for liaison with the Single Fraud Investigation Service on housing benefit issues

Other audit work	Focus	Planned days	
		2016/17	2017/18
Audit support corporate support and management	Includes planning and reporting, advice and information, support to the Audit & Standards Committee, management liaison, recommendation tracking.	280	254

Appendix 2 – Internal Audit Charter

1. Introduction

This Charter describes for the Council the purpose, authority and responsibilities of the Internal Audit function in accordance with the UK Public Sector Internal Audit Standards (PSIAS).

The PSIAS require that the Charter must be reviewed periodically and presented to “senior management” and “the board” for approval. For the purposes of this charter “senior management” will be the Executive Leadership Team (ELT) and the board will be the Audit & Standards Committee (described generically in this Charter as the Audit Committee).

The Charter shall be reviewed annually and approved by ELT and the Audit Committee. The Head of Internal Audit is responsible for applying this Charter and keeping it up to date.

2. Internal Audit Purpose

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Internal Audit is defined in the PSIAS as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Internal Audit supports the whole Council to deliver economic, efficient and effective services and achieve the Council’s vision, priorities and values.

3. Statutory Requirement

Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2015, which require every local authority to maintain an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance.

These regulations require any officer or Member of the Council to

- make available such documents and records; and
- supply such information and explanations;

as are considered necessary by those conducting the audit.

This statutory role is recognised and endorsed within the Council’s Financial Regulations.

In addition, the Council's S151 Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To

perform that duty the Section 151 Officer relies, amongst other things, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management.

4. Internal Audit Responsibilities and Scope

Annually the Head of Internal Audit is required to provide to the Audit Committee an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

Internal Audit is not responsible for control systems. Responsibility for effective internal control and risk management rests with the management of the Council.

Internal Audit activity must be free from interference in determining the scope of activity, performing work and communicating results.

The scope of Internal Audit includes the entire control environment and therefore all of the Council's operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of Internal Audit and management risk assessment (as set out within Council risk registers). Extensive consultation also takes place with key stakeholders and horizon scanning is undertaken to ensure audit activity is proactive and future focussed.

Internal audit activity will include an evaluation of the effectiveness of the organisation's risk management arrangements and risk exposures relating to:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Efficiency and effectiveness of operations and activities;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts

5. Independence

Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations. Internal auditors should have no operational responsibilities.

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Head of Internal Audit has direct access to, and freedom to report in their own name and without fear of favour to, all officers and Members and particularly those charged with governance. This independence is further safeguarded by ensuring that the Head of Internal Audit's formal appraisal/performance review is not inappropriately influenced by those subject to audit. This is achieved by ensuring that both the Chief Executive and the Chairman of the Audit Committee have the opportunity to contribute to this performance review.

All Internal Audit staff are required to make an annual declaration of interest to ensure that objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

6. Reporting Lines

Regardless of line management arrangements, the Head of Internal Audit has free and unfettered access to report to the S151 Officer; the Monitoring Officer; the Chief Executive; the Audit Committee Chair; the Leader of the Council and the Council's External Auditor.

The Audit Committee will receive reports on a periodic basis – as agreed with the Chair of the Audit Committee – on the results of audit activity and details of Internal Audit performance including progress on delivering the audit plan.

7. Fraud & Corruption

Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will however be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Council's Anti Fraud and Corruption Strategy.

The Head of Internal Audit should be informed of all suspected or detected fraud, corruption or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

Internal Audit will promote an anti-fraud and corruption culture within the Council to aid the prevention and detection of fraud.

8. Consultancy Work

Internal Audit may also provide consultancy services, generally advisory in nature, at the request of the organisation. In such circumstances, appropriate arrangements will be put in place to safeguard the independence of Internal Audit and, where this work is not already included within the approved audit plan and may affect the level of assurance work undertaken; this will be reported to the Audit Committee.

In order to help services to develop greater understanding of audit work and have a point of contact in relation to any support they may need, Internal Audit has put in place a set of service liaison arrangements that provide a specific named contact for each service; and, regular liaison meetings. The arrangements also enable Internal Audit to keep in touch with key developments within services that may impact on its work.

9. Resources

The work of Internal Audit is driven by the annual Internal Audit Plan, which is approved each year by the Audit Committee. The Head of Internal Audit is responsible for ensuring that Internal Audit resources are sufficient to meet its responsibilities and achieve its objectives.

Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its objectives and to professional standards. Internal Auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme.

The Head of Internal Audit is responsible for appointing Internal Audit staff and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Head of Internal Audit may engage the use of external resources where it is considered appropriate, including the use of specialist providers.

10. Due Professional Care

The work of Internal Audit will be performed with due professional care and in accordance with the UK Public Sector Internal Audit Standards (PSIAS), the Accounts and Audit Regulations (2015) and with any other relevant statutory obligations and regulations.

In carrying out their work, Internal Auditors must exercise due professional care by considering:

- (i) The extent of work needed to achieve the required objectives;
- (ii) The relative complexity, materiality or significance of matters to which assurance procedures should be applied; and
- (iii) The adequacy and effectiveness of governance, risk management and control processes;
- (iv) The probability of significant errors, fraud or non-compliance; and
- (v) The cost of assurance in proportion to the potential benefits.

Internal Auditors will also have due regard to the Seven Principles of Public Life – Selflessness; Integrity, Objectivity; Accountability; Openness; Honesty; and Leadership.

11. Quality Assurance

The Head of Internal Audit will control the work of Internal Audit at each level of operation to ensure that a continuously effective level of performance – compliant with the PSIAS is maintained.

A Quality Assurance Improvement Programme (QAIP) is in place which is designed to provide reasonable assurance to its key stakeholders that Internal Audit:

- Performs its work in accordance with its charter
- Operates in an effective and efficient manner; and,
- Is adding value and continually improving the service that it provides

The QAIP requires an annual review of the effectiveness of the system of Internal Audit to be conducted. Instances of non-conformance with the PSIAS, including the impact of any such non-conformance, must be disclosed to the Audit Committee. Any significant deviations must be considered for inclusion in the council's Annual Governance Statement.

March 2017

Appendix 3 – Quality Assurance Improvement Programme

PURPOSE:

1. The OrbisIA Quality Assurance Improvement Programme (QAIP) is designed to provide reasonable assurance to its key stakeholders within Orbis Partner Authorities that Internal Audit:
 - Performs its work in accordance with its charter
 - Operates in an effective and efficient manner
 - Is adding value and continually improving the service that it provides
2. The Head of Internal Audit is responsible maintaining this QAIP which covers all aspects of Internal Audit activity. This QAIP seeks to conform with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as such includes both internal and external assessments.

INTERNAL ASSESSMENTS

3. Internal Assessment includes both ongoing and periodic reviews.

Ongoing Reviews

4. Ongoing assessments are conducted through:
 - Supervision of individual audit assignments
 - Applying relevant audit policies and procedures, including those set out on the OrbisIA Sharepoint Site, to ensure applicable audit planning, fieldwork and reporting quality standards are met
 - Review of all audit reports proportionate to the level of sensitivity (as determined by the Head of Internal Audit) prior to formal circulation
 - Feedback from auditees on individual audit assignments
5. The Audit Manager will assign audit work to the Assignment Lead and Assignment Manager giving due regard to their level of skills, experience and competence. The Assignment Manager will have the following responsibilities:
 - Review and contribute to the Terms of Reference
 - Support to, and liaison with, the Assignment Lead throughout the audit
 - Monitoring assignment progress and budget
 - Review working papers and draft reports
 - Review final report
6. Feedback from auditees and reviews of working papers and audit reports will form part of the discussion during monthly 1-2-1 meetings and periodic team review sessions in line with the Orbis approach to

Performance and Development; and will help inform formal appraisal discussions as required by the sovereign Authority.

7. OrbisIA team objectives and priorities will be agreed annually and comprehensive performance targets will be agreed with senior management and the board. For Brighton & Hove City Council “senior management” is the Executive Leadership Team (ELT) and the “board” is the Audit & Standards Committee. The Head of Internal Audit will measure, monitor and report on progress against these targets to ELT and the Audit & Standards Committee at least twice yearly. The key performance measures for 2017/18 are set out at Annex A.

Periodic Reviews

8. Periodic assessments are conducted to evaluate conformance with the Definition of Internal Auditing; the Code of Ethics; and, Standards as set out in the PSIAS. These may be conducted through self-assessment or by other persons with sufficient knowledge of Internal Audit practices. The PSIAS Local Government Application Note and Checklist will be used as part of this evaluation.
9. An annual review of the effectiveness of the system of Internal Audit will also be conducted. This review is sponsored by the Audit Committee Chair who will also agree the specific terms of reference for that review. In drafting the Terms of Reference for this annual review the Head of Internal Audit will seek the views of the Section 151 Officer.

EXTERNAL ASSESSMENTS

10. An external assessment will be conducted at least once every five years as required by the PSIAS which came into effect on 1 April 2013 (and revised in April 2016).
11. The Head of Internal Audit will consider what form of external assessment is most appropriate eg a “full” external assessment or a self-assessment with independent validation. The scope of any external assessment will be discussed with the Section 151 Officer and agreed with the Chair of the Audit Committee and with the appointed external assessor.
12. Before appointing an external assessor, the Head of Internal Audit will have confirmed with the Chair of the Audit Committee that the assessor is competent in the area of professional internal auditing practices and the external assessment process. In determining competence the Head of Internal Audit will consider the level of experience gained in organisations of similar size and if in doubt will seek advice from CIPFA.
13. For an external assessment to provide a truly independent view, it is important that the appointed assessor has no real or apparent conflict of interest with the Council in general or the Internal Audit team in particular. The Head of Internal Audit will be alert to this risk when appointing the external assessor.

REPORTING

14. The outcome of any external assessment or periodic internal assessment (notably the annual review of the effectiveness of the system of Internal Auditor) will be reported to Senior Management and to the Audit and Committee on completion. The Head of Internal Audit will not state that the Internal Audit service conforms with the Internal Standards for the Professional Practice of Internal Auditing (ie the PSIAS in the UK Public sector) unless the results of the QAIP (including a completed external assessment) confirm this.
15. The Head of Internal Audit will take appropriate action to ensure that recommendations for improvement identified as a result of periodic internal or external assessments exercises are implemented as appropriate.
16. Progress in implementing agreed improvement plans will be included as part of the Head of Internal Audit's annual report to the Audit Committee.

Any significant deviations from the PSIAS will be brought to the attention of the Senior Management and considered for inclusion in the Annual Governance Statement.

Annex 1 – performance indicators

Aspect of Service	OrbisIA Performance Indicators	Target
Quality	<ul style="list-style-type: none"> • Annual Audit Plan agreed by Audit Committee • Annual Audit Report and Opinion • Satisfaction levels 	<ul style="list-style-type: none"> • By end April • To inform Annual Governance Statement • 90% satisfied
Productivity and Process Efficiency	<ul style="list-style-type: none"> • Audit Plan – completion to draft report stage 	<ul style="list-style-type: none"> • 90% delivered
Compliance with Professional Standards	<ul style="list-style-type: none"> • Public Sector Internal Audit Standards • Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act 	<ul style="list-style-type: none"> • Conforms • Conforms
Outcomes and degree of influence	<ul style="list-style-type: none"> • Implementation of management actions agreed in response to audit findings 	<ul style="list-style-type: none"> • 95% for high priority (for BHCC we will also report progress against medium priority recommendations)
Our Staff	<ul style="list-style-type: none"> • Professionally Qualified/Accredited 	<ul style="list-style-type: none"> • 80%

Subject:	Internal Audit and Corporate Fraud Progress Report		
Date of Meeting:	7 March 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:
- 1,100 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 remains on target to deliver 90 to 95% of the revised audit plan. Key findings since the January Audit & Standards Committee are set out in table 1.

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

Audit report	Assurance rating	Key issues	Agreed management action
Bank reconciliations	Substantial	Significant improvement since previous report which assessed bank reconciliations as “limited assurance” due to delays in resolving unreconciled items.	n/a
Purchasing cards	Limited	Key controls to identify inappropriate use of purchasing cards were not working effectively. Whilst the audit did not identify any inappropriate use and the total expenditure is relatively low (less than £500k in 2015/16) the absence of effective controls could expose the council to both financial and reputational loss.	All recommendations agreed on or before 31 March 2017.
Schools audits	Substantial (1) Reasonable (3) Limited (2)	Reports issued to each school audited. Key themes communicated as part of termly schools bulletin issued direct to governors.	Recommendations agreed with individual schools.

Progress against the counter fraud plan

4.2 The Corporate Fraud Team is on target to deliver its plan for 2016/17. Developments since the January Committee meeting are set out below.

Area of fraud	Developments since January Audit & Standards Committee
Counter-fraud framework	No further developments. This is in place and being used.
Fraud awareness and publicity	<p>The council's first tenancy amnesty ended on 31 January:</p> <ul style="list-style-type: none"> • six council properties were returned to the council • the Corporate Fraud Team has also received an increase in referrals from members of the public who were concerned that specific council dwellings might be subject to fraud. <p>We are currently evaluating the lessons from the amnesty including considering whether to run further amnesties in 2017/18 onwards.</p>
Data matching	<p>In January 2017, following submission of data to the National Fraud Initiative (NFI), we have received data match reports which set out more than 21,000 potential matches of which 2,300 have been recommended for investigation.</p> <p>The Corporate Fraud Team has reviewed the reports for quality and is co-ordinating the review by service managers.</p>
Investigating and pursuing fraud focused on high priority areas	<p>Council dwellings</p> <ul style="list-style-type: none"> • 20 properties returned to stock • 21 potentially right to buy applications prevented after checks carried out <p>Blue badges (for 2016 calendar year)</p> <ul style="list-style-type: none"> • Warning letters: 160 • Community resolutions: 173 • Prosecutions:44

Progress made in implementing recommendations

- 4.3 We have received confirmation that 86% of recommendations due to be implemented by 31 December 2016 had been implemented (see table 2).

Table 2 – implementation of audit recommendations (as at 31 December 2016)

Period to:	Audit Recs due	Database not updated by managers	Not implemented (or less than 50% implemented)	Implemented (includes part implemented > 50%)	Implemented (%)
31 Dec 2016	350	42	7	301	86%

- 4.4 This is better than the rate reported at a similar time last year (82%) but is slightly lower than the final implementation rate of 88% for 2015/16.
- 4.5 We have not been provided with progress for 12% of recommendations and have treated these as not implemented. We are currently reminding managers to provide updates and we expect performance to improve as a result.
- 4.6 The high priority recommendations that have not been yet implemented are set out in table 3.

Table 3 – high priority recommendations due by 31 December 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 	Economy, Environment and Culture	30 Jun 2016	<p>The delay against the original due date reflects that a decision was made to procure a new integrated software solution which required a detailed procurement process and contract variation.</p> <p>We are currently carrying out a data matching exercise to identify ineligible permit holders and a follow up audit. We will report back to the July 2017 Audit & Standards Committee.</p>

<p>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.</p> <ul style="list-style-type: none"> • 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>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>This area is now subject to a follow up audit and will be reported to the July 2017 Audit & Standards Committee.</p>
<p>Access controls (follow up)</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. • Process to pass info on suspensions of school staff to schools service desk should be developed 	<p>Finance and Resources</p>	<p>31 Dec 2016</p>	<p>Developing a permanent solution to these issues is a long-term project and is further discussed in appendix one which will be presented by the Chief Technology Officer.</p> <p>In respect of these specific actions, interim measures have been put in place:</p> <ul style="list-style-type: none"> • responsibility for informing ICT of staff who no longer working at the authority rests primarily with the relevant service manager. • HR notifies ICT of suspended staff.

<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. Undertake a formal risk assessment of the ICT waste disposal process and policy to identify risks to information security. This also includes risk of reputational damage as well as those arising from any punitive fine levied by the Information Commissioners Office 	<p>Finance and Resources</p>	<p>31 Oct 2016</p>	<p>The “ICT Equipment Disposal Policy” has been written, reviewed by the Information Governance Board and will be released as part of the Information Governance Policy suite before the end of March 2017</p> <p>This has delayed the undertaking of the formal risk assessment, which needed to be carried out in the context of the new policy. This will now be carried out over the next month.</p> <p>Further information has been provided as appendix one to this agenda item which will be presented by the Chief Technology Officer.</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 Apr 2016</p>	<p>The Procurement Team monitors compliance to Contract Standing Orders for procurements more than £75,000.</p> <p>Subject approval of the 2017/18 budget by council, the service will be investing £200k in Contract Management support from April 2017 for 3 years.</p>

4.7 We continue to work with ELT and other senior managers to ensure that all audit recommendations are given sufficient attention, particularly those judged as high priority .

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: 10/02/17

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: Victoria Simpson

Date: 13/2/17

Equalities Implications:

- 7.3 There are no direct equalities implications.

Sustainability Implications:

- 7.4 There are no direct sustainability implications.

SUPPORTING DOCUMENTATION

Appendices:

1. Progress on information governance issues and implementing related audit recommendations

Documents in Members' Rooms

1. None

Background Documents

1. None

Appendix 1 - Progress on information governance issues and implementing related audit recommendations

Introduction

Officers have been working to implement the agreed Information Governance Strategy 2016-19 to improve the maturity of the organisation and better understand and manage risk. The Strategy was reviewed by Audit and Standards Committee on 12 January 2016 and approved by Policy and Resources Committee on 11 February 2016.

The Strategy sets out that we will implement a risk-based approach and make use of the independent review of internal audit to identify areas requiring improvement. We are working with our third party internal auditors to that end and looking at areas of risk in an iterative way. This works by assessing a theme area from which we can then identify areas for a deeper dive (examples of this are included in the 2017/18 audit plan).

We are also making use of our third line of defence assessments to identify our strengths and weaknesses through independent and accredited penetration testing which drives improvement plans for existing and emerging threats. This contributes to our assurance for both the Public Service Network Code of Connection (PSN CoCo) for which we have recently passed our annual accreditation, as does the NHS Information Governance Toolkit assessment which is due at the end of March.

Implementing audit recommendations

The Committee has requested further update on the two areas below, which were identified by the Information Governance team requiring investigation and action, which have had Internal Audit assessment and agreed actions.

Buildings and Systems Access Controls –

The audit and its follow up have identified a significant spread of issues across this area of risk, focussed on:

- the controls over our buildings
- some systems access processes for starters, leavers, suspended workers and transfers of staff, schools staff, contractors and volunteers.

The follow up audit acknowledged that significant progress has been made against many of the issues identified. However, as noted in the main body of this agenda item, some of the solutions are interim measures and the long-term nature of some of the concerns requires systemic change. This has been acknowledged as a key organisational priority and a Modernisation Project is underway to tackle the underlying causes.

A Business Process Improvement (BPI) report commissioned by the Project is being finalised which looks at the opportunities to deliver these processes in a different way. Key remaining priorities include ensuring assurance of the removal of access to external web hosted systems and for the removal of IT systems access for suspended schools staff. Meanwhile the Project is working through the systemic changes required across this complex and demanding area.

Appendix 1 - Progress on information governance issues and implementing related audit recommendations

IT Waste Disposal –

The IT Waste Disposal Policy has now been reviewed and rewritten to ensure it is in line with good practice and industry standards and covers all forms of ICT Equipment. The previous policy did not cover disposal of all device types. However, this needed to happen in line with the review of a whole suite of Information Governance policies. The “ICT Equipment Disposal Policy” as it now is, has been written, reviewed by the Information Governance Board and will be released as part of the Information Governance Policy suite before the end of March 2017.

This has delayed the undertaking of the formal risk assessment, which needed to be carried out in the context of the new policy. This will now be carried out over the next month. Follow-on actions concerning the compliance of the existing contract will be carried out in the context of the new policy and risk assessment.

Subject:	Review of polices		
Date of Meeting:	7 March 2017		
Report of:	Executive Director, Finance & Resources		
Contact Officer:	Name:	Graham Liddell	Tel: 01273 291323
	Email:	Graham.Liddell@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 As part of its role to carry out independent scrutiny and examination of the Council's financial and non-financial processes, procedures and practices, the Audit & Standards Committee:
- approves certain policies
 - is responsible for gaining assurance that other relevant council policies are kept up to date and are fit for purpose.
- 1.2 This paper sets out how the Committee is able to discharge these responsibilities.

2. RECOMMENDATIONS

- 2.1 That the Committee notes that there are no proposed amendments to the council's:
- whistleblowing policy
 - policy and guidance in relation to the Regulation of Investigatory Powers Act 2000
 - counter fraud strategy and framework
- 2.2 That the Committee notes that changes to the council's accounting policies for presenting financial information will be considered by the Audit & Standards Committee as part of the approval of the statement of accounts.
- 2.3 That the Committee notes the progress being made to assess the completeness and effectiveness of policies that inform the council's Corporate Risk Assurance Framework.

3 CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Committee terms of reference require the Committee to approve the Council's:
- whistleblowing policy
 - policy and guidance in relation to the Regulation of Investigatory Powers Act 2000.

3.2 In addition, the council's constitution states that the Committee is responsible for approving the council's:

- statements of accounts (which include a full suite of accounting policies)
- counter fraud strategy.

3.3 The Committee also has a role to ensure that the council's Corporate Risk Assurance Framework (CRAF) is complete and that the arrangements set out in the CRAF are working effectively. This includes consideration of codes, policies and procedures such as the local code of corporate governance, member and officer codes of conduct and the council's information governance policies.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 Table 1 sets out the policies and procedures for which the Committee is directly responsible under its terms of reference and the council's constitution.

4.2 There are no proposed amendments to the council's:

- whistleblowing policy
- policy and guidance in relation to the Regulation of Investigatory Powers Act 2000

4.3 Changes to the council's accounting policies for presenting financial information will be considered by the Committee as part of the approval of the statement of accounts.

Table 1 – Policies approved by Audit & Standards Committee

Policy	Date approved	Changes required?	Further consideration by the Committee
Whistleblowing Policy	June 2015	No	A summary of whistleblowing issues will be reported to the Committee in July 2017 as part of considering the Annual Governance Statement. This will provide an opportunity to consider the effectiveness of the current policy.
Policy and guidance in relation to the Regulation of Investigatory Powers Act 2000	Nov 2017.	No	Annual Surveillance Report (including a review of the relevant policy and Guidance) to be considered by Committee during 2017/18.
Counter fraud strategy and framework	June 2016	No	A summary of counter fraud work for 2016/17 will be reported to the Committee in July 2017 as part of considering the Annual Governance Statement. This will provide an opportunity to consider the effectiveness of the current policy.
Accounting policies included within statements of account	Sep 2016	Yes	CIPFA's Code of Accounting Practice for 2016/17 sets out the accounting requirements for local authority statement of accounts. These includes changes to presentation of:

			<ul style="list-style-type: none"> • expenditure (service costs are now reported based on the council's internal reporting structure rather than CIPFA's standard headings) • reserve movements (the Movement in Reserves Statement is simplified and a new Expenditure and Funding Analysis is to be introduced) <p>Officers will provide training for members before the Committee is required to approve the accounting policies as part of the approval of the statement of accounts in July 2017.</p>
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4.4 The Corporate Risk Assurance Framework was reviewed in January 2017. This is currently being used by officers to strengthen further the council's governance arrangements. As part of this review, officers are considering whether all relevant policies have been included and the effectiveness of arrangements for ensuring that policies are up to date and fit for purpose. The results of this work will inform:

- actions in response to specific risks
- the Annual Governance Statement
- the next iteration of the Corporate Risk Assurance Framework

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 There are no direct financial implications arising from the recommendations of this report.

Finance Officer Consulted: James Hengeveld Date: 10/02/17

Legal Implications:

7.2 Under the terms of the Council's Constitution, this Committee is responsible for reviewing the Council's arrangements for the discharge of its powers and duties in connection with financial governance and stewardship, risk management and audit. Its remit specifically includes responsibility for the policies listed in the recommendations of this report, as well as its function of providing independent scrutiny of the Council's corporate risk assurance arrangements.

Lawyer Consulted: Victoria Simpson

Date: 14/02/17

Equalities Implications:

7.3 There are no direct equalities implications.

Sustainability Implications:

7.4 There are no direct sustainability implications.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms

1. None

Background Documents

1. None

Subject:	Standards Update		
Date of Meeting:	7th March 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. CONTEXT/ BACKGROUND INFORMATION**MEMBER-RELATED COMPLAINTS**

3.1 Since the last report to the Committee in January 2017, the matters referred to as Complaints 1 and 2 have been resolved. Meanwhile two new standards complaints – referred to here as Complaints 3 & 4 respectively - have been received in.

STANDARDS COMPLAINTS**Complaint 1**

3.2 **The allegation:** A complaint was received in alleging that a member had breached the Code of Conduct while participating on one of the Council's decision-making Committees.

3.3 That complaint was the subject of preliminary assessment by the Monitoring Officer, acting in consultation with the Independent Person. After due consideration, and having reviewed the evidence of the proceedings, it was not considered that the complaint would if proven amount to a breach of the Code of Conduct. It was moreover not considered that further action was in the public interest. On this basis, the parties were notified of the decision to take no further action and of the reasons for it.

Complaint 2

- 3.4 **The allegation:** A complaint was made regarding a comment made 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.
- 3.5 Following consultation with one of the Independent Persons, that complaint was referred for formal investigation. It has now been determined by a Standards Panel made up of members of this Committee.
- 3.6 On 6th February 2017, the Standards Panel made a determination that paragraphs 1.1 and 1.2 of the Code of Conduct had been breached in relation to the conduct which was the subject of the complaint. The Panel made no finding in relation to the councillor's conduct during the investigation. The relevant Decision Record has been published in accordance with the Council's procedures and is attached as Appendix 1.

Complaints 3 & 4

- 3.7 Two new complaints were made in January 2017. Complaint 3 alleged failures by two elected members to behave in a way which a reasonable person would regard as respectful at meetings of the Council. The conduct was allegedly such as might reasonably be regarded as bringing their office or authority into disrepute.
- 3.8 Complaint 4 alleged that a comment made on social media by a member amounted to conduct which might reasonably be regarded as bringing their office or authority into disrepute.
- 3.9 At time of writing, both complaints are the subject of preliminary assessment by the Monitoring Officer, acting in consultation with the Independent Person. The outcome of those processes will be notified to a future meeting of this Committee.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 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.

5. COMMUNITY ENGAGEMENT & CONSULTATION

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

6. CONCLUSION

- 6.1 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.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 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: 15th February 2017

Legal Implications:

- 7.2 These are covered in the body of the report

Lawyer Consulted: Victoria Simpson

Date: 31.1.17

Equalities Implications:

- 7.3 There are no equalities implications arising from this report

Sustainability Implications:

- 7.4 There are no sustainability implications arising from this report

Any Other Significant Implications:

- 7.5 None

SUPPORTING DOCUMENTATION

Appendices:

1. Appendix 1 – Decision of the Standards Panel dated 6.2.17.

Documents in Members' Rooms:

None.

Background Documents:

None

BRIGHTON & HOVE CITY COUNCIL

STANDARDS PANEL

2.00pm 6 FEBRUARY 2017

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

DECISION RECORD

Part One

HEARING OF AN ALLEGATION THAT A COUNCILLOR HAS FAILED TO COMPLY WITH THE CODE OF CONDUCT FOR MEMBERS

Panel Membership: Councillors Druitt, Robins and A. Norman

Independent Person: Diane Bushell

Legal Advisor: Elizabeth Culbert

Independent Investigator: Victoria Simpson appointed on behalf of the Monitoring Officer, Abraham Ghebre-Ghiorghis

RESOLVED – The decision of the Panel, together with the reasons and the imposed sanctions on the Subject Member, is as follows:

Decision

In relation to the allegations, the Panel determined that:

Through his comment on Twitter on 19.7.16, Councillor Nemeth–

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

In relation to Cllr Nemeth's conduct during the investigation, the Panel made no findings.

Reasons

1) The Post on Twitter on 19 September 2016

The Panel considered the allegations that Cllr Nemeth had failed to comply with the council's Code of Conduct for Members, specifically paragraphs 1.1 'you must treat others with respect' and paragraph 1.2 'you must not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute'.

The Panel noted that the facts of case were not in question insofar as the tweet was in the public domain and Councillor Nemeth did not dispute being responsible for posting it. The Panel was satisfied that it was reasonable for members of the public to assume that by issuing his tweet under the name of 'Cllr Robert Nemeth', Councillor Nemeth was not acting solely as a member of the public but as a councillor, and therefore that the Code applied.

The Panel noted the complaint which the tweet had generated from Councillor Morgan, and the grounds on which he considered it breach the Code of Conduct.

The Panel considered the post made on twitter by Councillor Nemeth. The Panel noted that tweets are published comments capable of a wide circulation and that – as is noted in the Social Media Protocol – they are capable of amounting to a breach of the Code.

The understanding to be applied to the reference to 'lying' was also explored in detail by the Panel. It agreed that the term is commonly understood to describe conduct involving untruthful conduct which is necessarily carried out with intent to mislead or deceive.

While the context of the complaint was noted, the Panel wished to be clear that they were interested in the context of the post only insofar as it was relevant to the complaint. The Council's decision-making regarding future library provision was a separate matter, which was outside the Panel's remit.

Having heard from Councillor Nemeth and his witnesses, the Panel concluded that Cllr Nemeth had not substantiated the claims he made in his tweet of 19th July 2016. In addition the Panel considered that the use the language of 'liar' or 'lying' is disrespectful and of itself is a breach of the Code. The Panel also considered that if Cllr Nemeth believed Cllr Morgan had lied, that was a matter that could have been brought through the Council's Code of Conduct as a Standards complaint to be formally investigated.

2) Conduct During the Investigation

The Panel considered the allegations that Cllr Nemeth had failed to

comply with the council's Code of Conduct for Members, specifically paragraphs 1.1 'you must treat others with respect' and paragraph 1.2 'you must not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute'.

The Panel made no findings in regard to these allegations as the Panel's view was that any such complaint would need to be brought as a separate complaint under the Code.

Sanctions

Having made its findings, the Panel offered the opportunity to Councillor Nemeth to make representations in relation to any sanctions that the Panel may wish to make. Councillor Nemeth made no representations.

The Panel considered the range of sanctions available to it and determined the following in respect of both breaches of the Code of Conduct.

- i) That Councillor Nemeth deletes the post of 19 July 2016;
- ii) That Councillor Nemeth be offered the opportunity for training in relation to the Code of Conduct for Members and Social Media Protocol for Members.
- iii) The Panel recommends that the Social Media Protocol for members be reviewed to include the importance of enabling a right to reply, for example through tagging.

