

Audit & Standards Committee

Date: **10 March 2020**

Time: **4.00pm**

Venue **Council Chamber, Hove Town Hall**

Members: **Councillors:** Littman (Chair), Appich (Group Spokesperson), Hamilton, Henry, Hugh-Jones, Nemeth, Peltzer Dunn and West

Co-optees

Dr David Horne and Helen Aston

Contact: **John Peel**
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AGENDA

46 PROCEDURAL BUSINESS

- (a) **Declarations 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 press and public. A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls and on-line in the Constitution at part 7.1.

47 MINUTES

7 - 18

To consider the minutes of the meeting held on 14 January 2020

Contact Officer: John Peel

Tel: 01273 291058

48 CHAIR'S COMMUNICATIONS

49 CALL OVER

- (a) Items 52 - 57 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.

50 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 4 March 2020;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 4 March 2020.

51 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.

52 STRATEGIC RISK FOCUS: SR15, SR24, SR29, SR21 AND SR26 19 - 60

Report of the Executive Lead Officer, Strategy, Governance & Law

Contact Officer: Jackie Algar

Tel: 01273 291273

Ward Affected: All Wards

53 EXTRA CARE HOUSING – UPDATE ON INTERNAL AUDIT ACTIONS 61 - 70

Report of the Acting Chief Finance Officer

Contact Officer: Mark Dallen

Tel: 01273 291314

Ward Affected: All Wards

54 INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2020/21 71 - 94

Report of the Acting Chief Finance Officer

Contact Officer: Mark Dallen

Tel: 01273 291314

Ward Affected: All Wards

- 55 INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT - QUARTER 3 (1 OCTOBER TO 31 DECEMBER 2019)** **95 - 112**
- Report of the Acting Chief Finance Officer
- Contact Officer: Mark Dallen Tel: 01273 291314
Ward Affected: All Wards
- 56 COUNTER FRAUD STRATEGY** **113 - 136**
- Report of the Acting Chief Finance Officer
- Contact Officer: Mark Dallen Tel: 01273 291314
Ward Affected: All Wards
- 57 STANDARDS UPDATE** **137 - 140**
- Report of the Executive Lead Officer, Strategy, Governance & Law
- Contact Officer: Victoria Simpson Tel: 01273 294687
Ward Affected: All Wards
- 58 ITEMS REFERRED FOR COUNCIL**
- To consider items to be submitted to the 2 April 2020 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*
- 59 ITEMS FOR THE NEXT MEETING**

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FURTHER INFORMATION

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

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BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 14 JANUARY 2020

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Littman (Chair) Appich (Group Spokesperson), Hamilton, Hugh-Jones, Moonan, Nemeth, Peltzer Dunn and Shanks

Independent Members present: Dr David Horne and Helen Aston

PART ONE

33 PROCEDURAL BUSINESS

33a Declarations of substitutes

33.1 Councillor Moonan was present as substitute for Councillor Henry.

33.2 Councillor Shanks was present as substitute for Councillor West.

33b Declarations of interests

33.2 There were none.

33.3 Councillor Nemeth stated that he would leave the Chamber during consideration of Items 43 and 44 due to his objection to the Standards Complaints process.

33c Exclusion of the press and public

33.3 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.

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

34 MINUTES

34.1 Following requests for terminology corrections to the minutes from Councillor Peltzer Dunn and Councillor Hugh-Jones, the following amendments were made:

23.3 Councillor Garry Peltzer-Dunn stated his preference for an external audit, independent from the Council. The honesty of appendix 1 was noted.

24.6 Councillor Siriol Hugh-Jones was informed by Robert Persey that fewer precautions were in place for adults than for children as adult support is usually based care in the home or in a Care home. It was noted that due diligence would be carried out for whoever was being transported and any neglect would be reviewed with the provider. It was also noted that vulnerable adults require services to the same level as children. The committee were informed that workshops are to be set up for Members regarding safeguarding.

34.2 **RESOLVED** –That the minutes of the previous meeting held on 17 September 2019 be approved and signed as the correct record subject to the above amendments.

35 CHAIR'S COMMUNICATIONS

35.1 The Chair relayed that at the pre-meet held by the committee, it was noted that two items had received partial assurance in the Internal Audit and Counter Fraud progress report and it was agreed to receive an officer report on these matters to a future meeting.

36 CALL OVER

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

- Item 39: Strategic Risk Focus SR35, SR36, SR23 and SR30
- Item 40: Valley Gardens Project Phase 3
- Item 41: Internal Audit and Counter Fraud Progress Report- Quarter 2
- Item 44: Standards Update

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

- Item 42: Annual Surveillance Report
- Item 43: Review of the Code of Conduct for Members

37 PUBLIC INVOLVEMENT

(B) WRITTEN QUESTIONS

(i) Procedural and Financial Governance Failures on Valley Gardens Project

37.1 Rob Shepherd put the following question:

“Given the issues on Page 65, agenda item 40, we're sure the committee will welcome this timely contribution.

Valley Gardens Phase 3 falls far short of the Benefits-to-Costs-Ratio threshold needed to secure public funds, but by erroneously inflating benefits more than 100%, secured substantial funds.

Two pertinent errors were communicated to Council Leader, CEO and CFO in November. No doubt you're investigating how council procedures permitted this gross failure in Financial Governance and the steps being taken to correct the problem quickly and manage reputational risk.

Given lack of feedback, we wonder what else we should do to expedite matters?"

37.2 The Chair provided the following reply:

"Thank you for your question, Mr. Shepherd. You have written numerous emails to Members and Officers, stating your various technical concerns about the content of the Valley Gardens Phase 3 Business Case. This has led to you alleging that the said business case is seriously flawed.

You have, in the past, received responses to these concerns and this allegation, which have, in turn, prompted you to suggest that the matter has not been managed appropriately or diligently by officers.

In my role as Chair of the Council's Audit and Standards Committee, may I assure you, other members of the general public, my fellow Committee members, and all other Brighton & Hove City Councillors, that each and every one of your concerns and accusations have been rigorously examined.

The result of those examinations is that officers advise me that there are no technical errors within the Business Case, affecting the calculations which informed the assessment of the scheme.

There are thus no associated implications for the Local Enterprise Partnership's decisions to provide the £6 million pounds of funding, allocated in principle to the council.

This is perhaps of no surprise given that the Business Case document was: -

- produced by expert consultants with significant experience in this field;
- prepared in accordance with the Local Enterprise Partnership's requirements; and
- independently audited for the Local Enterprise Partnership and its advisors.

I hope you agree that, on this basis, your concerns have been allayed.

I can appreciate your concerns regarding the time that it has taken to reach these conclusions. However, given their seriousness, it was essential that all the points you raised were comprehensively reviewed, in order for a conclusion to be reached.

In addition to my assurances here and now, you will receive a full written response to all your technical queries from officers later this week."

37.3 Rob Shepherd asked the following supplementary question:

"Were you aware of the fact that the consultant was advised that the business case counted items within the scheme, things in support when actually, they should be against. Will you please expose all documentation relating to this matter as it is clearly incorrect?"

37.4 The Chair provided the following reply:

“As I have said, you will receive further information from officers. Whilst I cannot say that all documents can be provided, greater detail can possibly be given, and I will ask officers to provide that”.

(ii) Valley Gardens Audit

37.5 Daniel Nathan put the following question:

"The audit report attached to Agenda item 40 is disappointing in the way it lacks the forensic rigour with which one can assess the validity of the numerous assertions it makes. Given that this document has taken six months to produce, I'm puzzled that there is so little supporting data. Would the Chair confirm that this committee will require the internal audit team to remedy this situation - by producing an appendix containing the evidence they used to make each assertion?"

37.6 The Chair provided the following reply:

“Thank you for your letter, Mr. Nathan. It’s good to see you again. I am sorry you found the report to be disappointing. In answer to your question, ‘no’, I shall not issue any such confirmation. The Internal Audit report has met the requirements of the desktop review commissioned by the Audit & Standards Committee. The report was written in accordance with professional standards and was properly reviewed before being published. It is not normal practice for Internal Audit to make its working papers available. Ultimately such a policy might constrain their ability to deliver an effective and efficient service. Where such detailed working papers have been put into the public domain, this has been in response to a Freedom of Information request. Such a process allows for proper consideration of whether there is any personal or commercial information that needs to be redacted in accordance with the Data Protection Act.”

38 MEMBER INVOLVEMENT**(C) LETTERS****(i) Valley Gardens Project**

38.1 The Committee considered a Letter from Councillor Wares that set out his disappointment with the Valley Gardens project audit in that it did not address a number of the concerns he had originally raised. On that basis, Councillor Wares requested that the committee requested the committee commission an external audit investigation of the matter.

38.2 The Chair provided the following response:

“Thank you for your letter, Councillor Wares. You state that you have concerns with the report content, which you suspect emanate from the constraints imposed on the team by Audit and Standards and are concerned that the scope of the investigation was limited by those constraints, resulting in a narrow review of some documents and interviews with officers.

Fortunately, I can allay those concerns. The limits you refer to are the limits imposed by the Council's constitution. Audit and Standards officers carry out their work within the constitutional rules which apply to Audit and Standards as well as the rules of professional practice for auditors. I am sure you'll agree that it can be no other way. Their remit is limited to propriety, risk of fraud or corruption, best value, or of a conflict of interest. Within that remit, The Audit found that the Council's decision-making procedures had been followed and there had been no failure of governance. Further, there was no failure in achieving value for money.

The fact that, as a Member, you may not agree with the merits of the project or the policy choices, is not a matter for this committee. That is for the policy committee to decide.

Having received the report of Internal Audit, and in the absence of anything questioning the integrity or independence of the investigation, the Committee must take its conclusions at face value.

I am glad you state you do not question the professionalism of the audit investigation team involved. However, some might see some of the content of your letter as undermining that position.

My view is that they have carried out the investigation properly and within the scope set for them by this committee, and that commissioning an external investigation would be both unnecessary and inappropriate.

As a result of all this, I propose that the Committee simply note your letter".

38.3 Councillor Nemeth moved a motion to request an officer report on the request made in Councillor Wares letter.

38.4 Councillor Peltzer Dunn formally seconded the motion.

38.5 The Chair put the motion to the vote that failed.

38.6 The Chair proposed noting the Letter that was agreed.

38.7 **RESOLVED-** That the Committee note the Letter.

39 STRATEGIC RISK FOCUS: SR35, SR36, SR23 AND SR30

39.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that provided detail on the actions taken and future actions to manage each strategic risk.

39.2 In relation to SR35, Councillor Shanks asked if there was monitoring of the number of council staff that were EU residents and how many had left in recent years.

39.3 The Executive Director, Finance & Resources explained that this was not something formally monitored however, the council had advertised the support available to EU nationals and senior staff had provided assurance. Feedback would be provided to the Home Office on the issues raised by staff.

39.4 Councillor Hugh-Jones asked if was possible to reduce the risk impact when there were so many contingencies in the Brexit process.

- 39.5 The Executive Lead Officer, Strategy, Governance & Law explained that it was a fluid process and whilst there were differing views on the outcome and those were respected, the recent General Election had provided a degree of clarity although there remained many uncertainties.
- 39.6 Councillor Appich stated that as a EU national, she was thankful for the work of the officer and Member Group thus far and explained that she would be happy to help with the settled status scheme publication. In relation to the risk actions detailed on page 25 of the agenda, Councillor Appich asked if progress on the action was more advanced than the report suggested.
- 39.7 The Executive Lead Officer, Strategy, Governance & Law confirmed that was the case.
- 39.8 In relation to SR36, Councillor Shanks asked what would be required to reduce the risk level.
- 39.9 The Executive Director, Economy, Environment & Culture explained that any transformational programme required resource and a key challenge would be how to spend budgets and how to work differently and the scale of specialist work. The Executive Director, Economy, Environment & Culture noted that there had been some improvement to the budget position through the one-off funding allocated from the 2019/20 budget process and the Carbon Reduction Investment Fund.
- 39.10 Councillor Moonan stated that there was a lot residents could do to assist with carbon reduction alongside the actions the council was taking and asked how this was being communicated.
- 39.11 The Executive Director, Economy, Environment & Culture explained that the officer Member working Group was currently developing a communication strategy.
- 39.12 Councillor Hugh-Jones noted that the Local Cycling & Walking Infrastructure Plan (LCWIP) was due for completion at the end of 2020 and asked whether there was a need to complete that work more quickly. Councillor Hugh-Jones enquired as to the expertise of the council's managing agents for the Downland Estate.
- 39.13 The Executive Director, Economy, Environment & Culture explained that the managing agents had presented to both the council's Asset Management Board and the South Downs National Park Authority and both had been encouraged by the proposals therein. The Executive Director, Economy, Environment & Culture highlighted that there would be significant changes to the agricultural subsidy in the near future and central government were considering a different model of subsidy, one that promoted biodiversity and the council's current managing agents were experts in this field. In relation to the LCWIP, the Executive Director, Economy, Environment & Culture stated that for each workstream of the plan, there was a requirement for a clear pipeline of business cases for projects that was tangible and could be used to obtain funding. Of the initial programme, some actions were complete, some were in progress and it was important to remember that the Carbon Neutrality programme was a 10-year programme.

- 39.14 Councillor Nemeth thanked the Executive Director, Economy, Environment & Culture for the presentation. Referring to the consequences listed on page 28, Councillor Nemeth noted that many related to international efforts to address climate change and asked if there could be distinguishment on actions that could be taken on a local level.
- 39.15 The Executive Director, Economy, Environment & Culture explained that the risk was relatively new and as it developed, and the programme progressed, it would be important to explain to residents what it meant to them and set out local actions.
- 39.16 Councillor Peltzer Dunn asked if any cooperation had been undertaken with major power suppliers on energy consumption as many neighbouring authorities had done.
- 39.17 The Executive Director, Economy, Environment & Culture explained that the Greater Brighton Economic Board was in the process of developing an Energy & Water Plan and the Greater Brighton Infrastructure Panel was attended by major energy providers. The Executive Director, Economy, Environment & Culture stated that the real challenge would be on heating in homes and how that could be de-carbonised and a whilst a good deal of work had been undertaken on the council's housing stock, more focus on the private and commercial sector was required.
- 39.18 In relation to flood defence, Councillor Appich noted that the western seafront was not referenced and residents of both Wish and Central Hove wards had enquired as to the plan for this area.
- 39.19 The Executive Director, Economy, Environment & Culture replied that this section of seafront was important and whilst he was aware of ongoing discussion, the risk register detailed actions and current ideas for that section of the seafront had not yet been progressed to projects.
- 39.20 In relation to SR30, Dr Horne noted that the first risk on communication was an ambitious programme with a deadline for completion within ten weeks and sought assurance that progress was on track. There were also actions that needed assurances from bodies on a national and global scale and asked how that representation was or would be made.
- 39.21 The Chief Executive explained that the meeting of Budget Council in February would also be agreeing a new Corporate Strategy that encompassed a number of actions within that specific risk. Furthermore, there would be a partner document developed that would set out how the council intended to deliver those priorities and that would be produced by the end of the financial year. The Chief Executive explained that the council were looking outwards with established structures such as the City Management Board, Brighton & Hove Connected, Greater Brighton Economic Board and the Local Enterprise Partnership. The Greater Brighton Economic Board had recently agreed its inward investment strategy.
- 39.22 Councillor Shanks noted that there had recently been a high turnover of staff at senior level and asked how it was planned to mitigate this.
- 39.23 The Chief Executive replied that a good deal of work had been put into ensuring the correct governance structures were in place. There was a current review of the

management structure considering how the existing structure could be strengthened. Furthermore, the Leadership Network that comprised of the top 100 managers met once a quarter on performance training and development.

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

- 1) Note in paragraphs 3.3 the changes to the council's SRR as agreed at ELT on 20 November 2019.
- 2) Note Appendix 1 for details of SR35, SR30, SR36 and SR23.
- 3) Note Appendix 2 'Information on the council's risk management process relative to Strategic Risks (SRs); and Suggested questions for Members to ask Risk Owners and officers on Strategic Risks'.

40 VALLEY GARDENS PROJECT (PHASE 3)

- 40.1 The Committee considered a report of the Executive Director, Finance & Resources that set out the results of the Internal Audit desktop review into a number of aspects of the Valley Gardens project as requested by the committee at its meeting on 23 July 2019.
- 40.2 Councillor Peltzer Dunn praised the standard of the report. However, there were some aspects that Councillor Wares believed had not been addressed, as set out in his letter to the committee. Councillor Peltzer Dunn asked for officer observations on those comments, specifically those detailed on page 6 and page 7 of the addendum containing the letter from Councillor Wares.
- 40.3 The Audit Manager stated that he would need to consult with the auditor who undertook the work and provide a written reply to Councillor Peltzer Dunn.
- 40.4 Councillor Nemeth noted that he had concern with the process. Similar to Councillor Wares, he had requested an audit into rough sleeping figures and had found the process had not specifically addressed the concerns raised. Councillor Nemeth asked for the reasons why the audit report was not shared with Councillor Wares before being published.
- 40.5 The Chair stated that he had made that decision based upon the requirements of the Constitution. The Chair noted that the committee's remit was much more constrained than understood and there were increasing occasions where letters had been submitted that should instead be considered by the parent committee.
- 40.6 Helen Aston noted that there appeared a contradiction in paragraphs 4.2 and 4.5 and asked if the work had been undertaken.
- 40.7 The Audit Manager replied that the wording was inconsistent, and an update briefing would be sent to members of the committee.
- 40.8 **RESOLVED-** That the Committee note the report.

41 INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT - QUARTER 2 (1 JULY TO 30 SEPTEMBER 2019)

- 41.1 The Committee considered a report of the Executive Director, Finance & Resources that provided Members with an update on all internal audit and counter fraud activity completed during the quarter, including a summary of all key audit findings. The report also includes details of progress on delivery of the annual audit plan along with an update on the performance of the internal audit service during the period.
- 41.2 Councillor Hugh-Jones noted that further assurance work was required on bringing the repairs service in-house and asked when this would be reported to the committee.
- 41.3 The Audit Manager explained that there would be a specific piece of work on the matter in next years audit plan. It was explained that two audit team members attended the relevant project board and there was a great deal of corporate support. On that basis, it was no currently intended to report the matter to committee, but Members would be updated if the situation changed.
- 41.4 In reference to page 83 of the agenda, Councillor Hamilton noted most but not all actions relating to the audit of the Care Leavers service had been completed. Given the audit was undertaken a year ago, Councillor Hamilton stated that he hoped the actions would have all been completed.
- 41.5 The Audit Manager explained that this issue was a follow-up to a partial assurance assigned in a previous review and the actions were not a core performance issue.
- 41.6 Councillor Hugh-Jones asked if there could be systems that add up hours for those staff on two contracts in order to comply with the Working Time Directive. In addition, Councillor Hugh-Jones noted that no timeframe was given in relation to the actions on temporary accommodation.
- 41.7 The Audit Manager explained that virtually all actions on the Working Time Directive systems were completed and there would be a system by which alerts were generated on hours completed. In relation to the actions on Temporary Accommodation, the Audit Manager clarified that these would be in the audit reports and that information could be checked and provided to Members.
- 41.8 Councillor Appich expressed concern that there was a large amount of arrears relating to temporary accommodation and asked how much of that figure was collectable.
- 41.9 The Audit Manager replied that rent arrears were difficult to collect, particularly with former tenants although every effort was made.
- 41.10 **RESOLVED-**
- 1) That the Committee note the report.
 - 2) That the Executive Director, Health & Adult Social Care reports back to the next Audit and Standards Committee on progress on the actions within the follow-up Internal Audit report on Extra Care Housing.

42 ANNUAL SURVEILLANCE REPORT**42.1 RESOLVED-**

- 1) That the continued use of covert surveillance be approved as an enforcement tool to prevent and detect crime and disorder investigated by its officers, providing the activity is in line with the Council's Policy and Guidance and the necessity and proportionality rules are stringently applied.
- 2) That the surveillance activity undertaken by the authority since the report to Committee in March 2019 as set out in paragraph 3.3 is noted.
- 3) That the continued use of the amended Policy and Guidance document as set out in Appendix 1 be approved.

43 REVIEW OF THE CODE OF CONDUCT FOR MEMBERS**43.1 RESOLVED-**

- 1) That this Committee recommend to Full Council that it approve the changes proposed in para 3.4 and reflected in Appendix 2.
- 2) That the proposed changes to the Procedure for Dealing with Allegations of Breaches of the Code of Conduct recommended at para 3.5 below and reflected in Appendix 3 be agreed.

44 STANDARDS UPDATE

- 44.1 The Committee considered a report of the Head of Law & Monitoring Officer that provided an update on Member related complaints.
- 44.2 Councillor Hugh-Jones asked what efforts were made to ensure diversity amongst Standards Panel members.
- 44.3 The Executive Lead Officer, Strategy, Governance & Law explained that there was no specific rule on diversity, but it was good practice and was incorporated whenever possible.
- 44.4 Councillor Hamilton noted that two standard panel dates had recently been cancelled and stated that this was not entirely fair to Members and staff.
- 44.5 The Senior Lawyer replied that the logistics for arranging standard panels were very complex and this could cause delay however, there was a responsibility to contain the exercise.
- 44.6 Helen Aston asked how many people had attended the recent standards training and asked if officers were satisfied that the number of those trained was sufficient.

- 44.7 The Executive Lead Officer, Strategy, Governance & Law explained that the sessions were low in terms of attendance and whilst they were not mandatory to attend, participation was encouraged through a number of forums.
- 44.8 The Chair asked if each of the Leaders could be contacted to raise the issue with their Groups.
- 44.9 Councillor Moonan noted that the sessions were held in the run up to the recent General Election that may explain low attendance figures. Councillor Moonan hoped the training could be held again as she was aware that a number of the Labour Group councillors wished to attend.
- 44.10 **RESOLVED-** That the Committee note the information provided in this Report on Member complaints and on standards-related matters.

45 ITEMS REFERRED FOR COUNCIL

- 45.1 No items were referred to Full Council for information.

46 ITEMS FOR THE NEXT MEETING

- 46.1 Dr Horne stated that he hoped the External Audit Plan would be received by the next committee meeting.

The meeting concluded at 6.35pm

Signed

Chair

Dated this

day of

Subject:	Strategic Risk Focus: SR15 Not keeping Children Safe; SR24 The impact of Welfare Reform increases demand and need for services; SR29 Ineffective contract management leads to sub-optimal service outcomes, financial losses, and reputational damage; SR21 Unable to manage housing pressures and deliver new housing supply; and SR26 Not strengthening the council's relationship with citizens.
Date of Meeting:	10 March 2020
Report of:	Executive Lead Officer Strategy, Governance & Law
Contact Officer:	Name: Jackie Algar Tel: 01273 291273
	Email: Jackie.algar@brighton-hove.gov.uk
Ward(s) affected:	All

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The Audit & Standards Committee has a role to monitor and form an opinion on the effectiveness of risk management and internal control. As part of discharging this role the Committee focuses on at least two Strategic Risks at each of their meetings.
- 1.2 This report also provides the Committee with details of the changes to the city council's Strategic Risk Register (SRR) reviewed by the Executive Leadership Team (ELT) on 12 February 2020.
- 1.3 The Strategic Risk Focus is based on detail provided in Appendix 1 of this report which records the actions taken (existing controls) and future actions to manage these strategic risks.
- 1.4 The officers available to answer Members' questions will be for:

SR15 – The Acting Executive Director, Families, Children & Learning, Deb Austin; and

SR24 and SR29 – The Acting Deputy Chief Finance Officer BHCC, James Hengeveld with support on SR24 from Paul Ross-Dale, Welfare Reform Programme Manager and for SR29 Clifford Youngman, Head of Procurement; and

SR21 and SR26 - The Interim Executive Director, Housing, Neighbourhoods and

Communities, Pinaki Ghoshal for SR21 with support from Martin Reid, the Assistant Director, Housing. For SR26 Pinaki Ghoshal will answer questions himself.

2. RECOMMENDATIONS:

That the Audit & Standards Committee:

- 2.1 Note the changes to the council's SRR agreed by ELT on 12 February 2020 as outlined in section 3.3.
- 2.2 Note Appendix 1 for details as at 19 February 2020 of SR15, SR24, SR29, SR21 and SR26.
- 2.3 Note Appendix 2 Information on the council's risk management process relative to Strategic Risks (SRs); and Suggested questions for Members to ask Risk Owners and officers on Strategic Risks.
- 2.4 Having considered Appendix 1 and any clarification and/or comments from the officers, the Committee makes any recommendations it considers appropriate to the relevant council body.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The SRR details the current prioritised risks which may affect the 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 the ELT quarterly after Directorate Management Team (DMT) reviews which include discussions of their individual Directorate Risk Lists which influence Directorate service activity through delivery of Directorate Plans.
- 3.2 Appendix 2 is intended to provide information on the council's risk management process relative to Strategic Risks (SRs) and is attached as a separate appendix in order to provide background reference and enable Members to focus on the changes to the SRR and any changes to the risk management process by the ELT.
- 3.3 The SRR was reviewed by the ELT on 12 February 2020. It is a public document which is supported by data collected on CAMMS Risk, a module of CAMMS Strategy software.

Summary of changes to the SRR as a result of the ELT review on 12 February 2020.











A detailed report is provided at Appendix1. There are 18 Strategic Risks.















As a result of ELT's review note that:











- i. There were two risks where both the initial and revised risk scores were increased. They are:
 - SR20 ‘Failure of achieve Health and Social Care outcomes...’
 - SR25 ‘The lack of organisational capacity leads to sub-optimal service outcomes...’ ;
- ii. Risk Management Lead will work with the risk owners of SR26 and SR30 to combine them into one risk as there are similarities (SR26 to be included in SR30).
- iii. There were no changes to risk titles.



Table 1 Strategic Risks

This table below shows the current 18 Strategic Risks in the highest Revised Risk order which takes account of future actions to reduce or mitigate the risks.

Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & DOT	Committee & Chair	Risk Owner
SR2	The Council is not financially sustainable	5 x 4 ◀▶  RED	4 x 4 ◀▶  RED	Policy & Resources Committee - Cllr. Platts	Acting Chief Finance Officer
SR36	Not taking all actions required to address climate and ecological change, and making our city carbon neutral by 2030	5 x 4 ◀▶  RED	4 x 4 ◀▶  RED	Environment, Transport & Sustainability Committee – Cllr. Pissaridou	Executive Director, Economy, Environment & Culture
SR32	Sub-standard health & safety measures lead to personal injury, prosecution, financial losses and reputational damage	5 x 4 ◀▶  RED	4 x 4 ◀▶  RED	Policy & Resources Committee – Cllr. Platts	Head of Human Resources & Organisational Development
SR20	Failure to achieve Health and Social Care outcomes due to organisational and resource pressures on the Clinical Commissioning Group (CCG) and Brighton & Hove City Council (BHCC)	5 x 4 ▲  RED	4 x 4 ▲  RED	Health & Wellbeing Board – Cllr. Moonan	Executive Director, Health & Adult Social Care
SR33	Not providing adequate housing and support for people with significant and complex needs	4 x 4 ◀▶  RED	3 x 4 ◀▶  AMBER	Health & Wellbeing Board – Cllr. Moonan and	Executive Director, Health & Adult Social Care

Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & DOT	Committee & Chair	Risk Owner
				Housing Committee – Cllr. Williams	
SR18	The organisation is unable to deliver its functions in a modern, efficient way due to the lack of appropriate technology	4 x 4 ◀▶  RED	3 x 4 ◀▶  AMBER	Policy & Resources Committee – Cllr. Platts	Chief Executive
SR25	The lack of organisational capacity leads to sub-optimal service outcomes, failure to meet statutory obligations, and reputational damage	4 x 4 ▲  RED	3 x 4 ▲  AMBER	Policy & Resources Committee – Cllr. Platts	Head of Human Resources and Organisational Development
SR10	Corporate Information Assets are inadequately controlled and vulnerable to cyber attack	4 x 4 ◀▶  RED	4 x 3 ◀▶  AMBER	Policy & Resources Committee - Cllr. Platts	Chief Executive
SR24	The impact of Welfare Reform increases need and demand for services	4 x 3 ◀▶  AMBER	3 x 3 ◀▶  AMBER	Policy & Resources Committee – Cllr. Platts	Acting Chief Finance Officer
SR35	Unable to manage serious risks and opportunities resulting from the impact of Brexit on the local and regional society and economy	4 x 4 ◀▶  RED	4 x 3 ◀▶  AMBER	Policy & Resources Committee - Cllr. Platts	Executive Lead Officer, Strategy, Governance & Law
SR13	Not keeping Vulnerable Adults Safe from harm and abuse	3 x 4 ◀▶  AMBER	3 x 3 ◀▶  AMBER	Health & Wellbeing Board – Cllr. Moonan	Executive Director, Health & Adult Social Care
SR21	Unable to manage housing pressures and deliver new housing supply	3 x 4 ◀▶  AMBER	3 x 3 ◀▶  AMBER	Housing Committee – Cllr. Williams	Interim Executive Director, Housing, Neighbourhoods & Communities

Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & DOT	Committee & Chair	Risk Owner
SR23	Unable to develop and deliver an effective Regeneration and Investment Strategy for the Seafront and ensure effective maintenance of the seafront infrastructure	3 x 4 ◀▶  AMBER	3 x 3 ◀▶  AMBER	Environment, Transport & Sustainability Committee – Cllr. Pissaridou; and Tourism, Equalities, Communities & Culture Committee – Cllr. Robins	Executive Director, Economy, Environment & Culture
SR26	Not strengthening the council's relationship with citizens	3 x 4 ◀▶  AMBER	3 x 3 ◀▶  AMBER	Tourism, Equalities, Communities & Culture Committee – Cllr. Robins	Interim Executive Director, Housing, Neighbourhoods & Communities
SR29	Ineffective contract performance management leads to sub-optimal service outcomes, financial irregularity and losses, and reputational damage	3 x 4 ◀▶  AMBER	3 x 3 ◀▶  AMBER	Policy & Resources Committee - Cllr. Platts	Acting Chief Finance Officer
SR30	Not fulfilling the expectations of residents, businesses, government and the wider community that Brighton & Hove City Council will lead the city well and be stronger in an uncertain environment	3 x 4 ◀▶  AMBER	2 x 4 ◀▶  AMBER	Policy & , Resources Committee - Cllr. Platts	Chief Executive
SR15	Not keeping Children Safe from harm and abuse	3 x 4 ◀▶  AMBER	2 x 4 ◀▶  AMBER	Children, Young People & Skills Committee – Cllr. Allcock	Acting Executive Director Families, Children & Learning

Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I) & Direction of Travel (DOT)	Revised Risk Score Likelihood (L) x Impact (I) & DOT	Committee & Chair	Risk Owner
SR34	Ambitions to improve offer for staff which have been stated in Our People Promise may not be realised	3 x 4 ◀▶  AMBER	2 x 3 ◀▶  YELLOW	Policy & Resources Committee - Cllr. Platts	Head of Human Resources and Organisational Development

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: 18 /02/2020

Legal Implications

- 4.2 Members of this Committee are entitled to any information, data and other evidence which enables them to reach an informed view regarding to whether the council's Strategic Risks are being adequately managed. The Committee may make recommendations based on its conclusions.
- 4.3 The individual Strategic Risks which are focused on in this Report may potentially have legal implications. Where those implications are of a direct nature, they are noted in the Report or in the appendices to it.

Lawyer Consulted: Victoria Simpson

Date: 05/02/2020

SUPPORTING DOCUMENTATION

Appendices:

- Appendix 1 - Strategic Risk Focus report: SR15, SR24, SR29, SR21 and SR26.

2. Appendix 2 - Information on the council's risk management process relative to Strategic Risks (SRs) and Suggested questions for Members to ask Risk Owners and officers on Strategic Risks.

Background Documents

1. None.

Brighton & Hove City Council

Strategic Risk Focus report for

Audit & Standards Committee 10 March 2020

SR15, SR21, SR26, SR24 and SR29

Print Date: 19-Feb-2020

Initial Rating

		IMPACT				
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
LIKELIHOOD	Almost Certain (5)	0	0	0	40	0
	Likely (4)	0	0	1	0	0
	Possible (3)	0	0	0	4	0
	Unlikely (2)	0	0	0	0	0
	Almost Impossible (1)	0	0	0	0	0

Revised Rating

		IMPACT				
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
LIKELIHOOD	Almost Certain (5)	0	0	0	0	0
	Likely (4)	0	0	0	0	0
	Possible (3)	0	0	4	0	0
	Unlikely (2)	0	0	0	1	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	Not keeping children safe from harm and abuse	Acting Executive Families, Children & Learning	BHCC Strategic Risk, Legislative	12/02/20	Threat	Treat	Amber L3 x 14	Amber L2 x 14		Revised: Uncertain

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 partnership, from Sept. 19 it is now the Brighton & Hove Safeguarding Children Partnership (BHSCP), which oversees work locally and in partnership with Police, Health and social care providers. Despite a 20% reduction since 2015 the numbers of children in care and those on Child Protection Plans remain higher than in similar authorities. Relecting the national picture the number of children and young people (CYP) who are vulnerable to exploitation is also of concern.

Potential Consequence(s)

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

Existing Controls

First Line of Defence: Management Controls

1. Robust quality assurance processes embedded and reported quarterly to Directorate Performance Board and onto the Corporate Safeguarding Board twice a year
2. Single access point ('Front Door for Families') for support and safeguarding issues relating to children operated from May 2017. The service is a multi-agency and has responsibility for and oversight of both the Multi-Agency Safeguarding Hub (MASH) and early help referrals to provide robust risk

assessments and information sharing between partner agencies

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

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

5. The directorate has full engagement with the BHSCP

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

7. The local Troubled Families programme targets support to the most vulnerable families

8. Continuous professional development (CPD) and training opportunities offered by the BHSCP and good multi agency take up of training; and in house CPD offer

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

10. Threshold document, agreed by all agencies and reviewed regularly (last reviewed in 2018)

11. Relationship based model of practice operates for social work teams, with Pods (social work teams) in place to provide stability to service users

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

14. Adolescent Vulnerability Risk Meetings held fortnightly to consider individual cases where it is considered there is a higher risk of exploitation

15. Robust performance framework in place with quarterly Performance Boards, chaired by the Acting Executive Director to ensure robust service delivery.

Second Line of Defence: Corporate Oversight

1. Early Help system redesigned in 2017 and new structure in place

2. Safeguarding Quality Assurance within the city and also across key agencies monitored by the BHSCP Monitoring & Evaluation Subcommittee, meets quarterly

3. Corporate Parenting Board meets quarterly with opportunity for cross-party members, including Heads of Service, Assistant Directors and the ED FCL, to receive information on children in care and children leaving care

4. Reports delivered to BHSCP. following robust auditing of multi-agency case files and safeguarding practice

5. Cross directorate Annual Practice Week developed where senior leaders meet with front line staff to discuss individual cases, picking up best practice examples of positive impact plus discussing any barriers faced by both workers and families

6. Council appointed VVE co-ordinator who reports regularly to the Community Partnership

Third Line of Defence: Independent Assurance

1. Ofsted inspected our social work arrangements in July 2018, the overall judgement was 'Good' and an action plan has developed to take forward recommendations, most recently reported to CYP Committee in November 2019

2. The audit of Front Door for Families in August 2018 gave us Reasonable Assurance

3. Yearly discussion between the Ofsted Regional Director (RD) and each local authority (LA) Director of Children's Services (DCS) in the region through an 'annual conversation'. This was held on 1/4/19 it covered both social care and education, including Early Years and Further Education & Skills

4. From January 2020 the Local Government Association (LGA) will review Early Help processes and join with Safeguarding, and Front Door provision for Families.

Reason for Uncertainty in Effectiveness of Controls: The city council has arrangements in place to manage this potential risk which are regularly reviewed; however, despite efforts there are no guarantees that there will not be incidents.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Continue to provide the family coaching offer from the Integrated Team Around the Family & Young People (ITFYP) to the most vulnerable families.	Integrated Team for Families Manager	50	31/03/21	01/04/19	31/03/21
<p>Comments: “The existing family coaches are continuing to focus on working with vulnerable families just below the social work level. Cases are referred from the Front Door for Families to the ITF and Parenting Manager who triages all cases. In July 2019 there was a waiting list of 22 cases. Most cases are not eligible for the Troubled Families Programme as they have been worked with in the past. An audit of cases for 2018/19 has been completed and published. There are also two Family Coaches who support Young Carers. From April a new team of Primary Family Coaches was established using the Earned Autonomy funding to pilot preventative work with families at a lower level of need. There is a waiting list of 12 families for these cases.</p>					

High quality social work is provided to ensure that Children & Young People (CYP) are effectively safeguarded	Assistant Director - Children's Safeguarding and Care	75	31/03/21	01/04/16	31/03/21
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Comments:

Progress to date:

The Ofsted Inspection of Local Authority Children’s Services (ILACS) in July 2018 provided an overall judgement of Good social work provision being provided for children and families. Quality assurance activity in Q3 19/20 indicates that compliance against standards for key practice areas is mostly good overall - 100% of cases audited meet the standard around risks, needs and strengths and in 100% of cases there is evidence of management oversight at an appropriate level for the case. In 55% of the cases further work is required to achieve good outcomes for children, this includes cases that have recently been opened and it is too soon to judge outcome, while in 45% outcomes for children overall are good and for looked after children they are stable. Partners in Change Hub has been developed with partners and launched in Q3. This will support the delivery of social work across the city and incorporate multi agency staff . The social work workforce remains stable with a low vacancy rate, and we have not had any agency social workers in post since September 2017. This has provided continuity and consistency for children and their families and further supported relationship based social work.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>The Brighton & Hove Safeguarding Children Partnership (BHSCP) will continue to monitor safeguarding delivery across all agencies in the city to ensure effective safeguarding is in place.</p>	<p>Acting Executive Families, Children & Learning</p>	<p>50</p>	<p>31/03/21</p>	<p>01/04/19</p>	<p>31/03/21</p>
<p>Comments: The Brighton & Hove Safeguarding Children Partnership (formerly the LSCB) launched its new safeguarding arrangements on 29/9/19. A Steering Group comprising of the below meets quarterly.</p>					
<ul style="list-style-type: none"> • The nominated officers for the three lead safeguarding partners • The independent scrutineer • The designated professionals for the 3 lead safeguarding partners • The chairs of the BHSCP subgroups • A representative from the Community Safety Partnership (CSP) • A professional to represent schools and early years • People with expertise (including members of the Youth Reference Group) if required to discuss specific issues. 					
<p>This group will be responsible for the following:</p> <ul style="list-style-type: none"> • Analysis of multi-agency statistics, performance measures and outcomes • Scrutiny of reports • Section 11 self-assessments and challenge events • Practitioner and partnership challenge events • Oversight of Child Safeguarding Practice Reviews (CSPRs) • Developing & overseeing the overarching strategic aims of the BHSCP 					
<p>The Steering Group are current developing the overarching strategic aims of the BHSCP. An annual programme of multi-agency thematic auditing to test the effectiveness of local safeguarding arrangements is already in place and will remain in place. Learning audit activity fed will continue to feed into the BHSCP learning and development offer and cascaded across the safeguarding partnership. A multi-agency audit looking at recognition and responses to child exploitation is underway and due for completion in October 2019. This is supported by the (Quality Assurance Programme Manager, BHSCP).</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR24	The impact of Welfare Reform increases need and demand for services	Acting Chief Finance Officer, Revenues & Benefits Manager	BHCC Strategic Risk	12/02/20	Threat	Treat	Amber L4 x I3	Amber L3 x I3		Revised: Uncertain

Causes
Introduction of Universal Credit during 2015/16 with extended roll out during 2016 and thereafter. Implications for staffing levels within services; rent collection; council tax collection, and pressures on social services and homeless services.
In Brighton and Hove, Housing Benefit claimants are gradually moving across to Universal Credit (UC), where there is a new claim or a change of circumstances. A migration of remaining cases will occur between 2019 and 2023.

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. Our Welfare Rights, Welfare Reform and Discretionary Help and Advice teams monitor welfare changes and coordinate a corporate response to them
2. Ongoing meetings are held with Department for Works Pensions (DWP) about change to Universal Credit (UC) and how we respond to vulnerability
3. Council Tax Reduction (CTR) rules can be set and changed by the council. They have been reviewed for the 2020/21 year, but there will be no changes to the scheme in that year. However, the budget for additional discretionary help with Council Tax Reduction has increased by 33% from £0.15m to £0.2m. The budget for 2019-20 is projected to be fully spent before the end of the year
4. Our other discretionary funds have already exceeded their budget allocations in 2019-20, as at January 2020 (Discretionary Housing Payments and Local Discretionary Social Fund)
5. We are considering new Council Tax Reduction schemes for future years, aimed at further simplification
6. Provide caseworking support directly to customers most significantly affected by the changes, eg benefit capped, or contesting a DWP benefit decision, or being given benefit advice and support
7. Regular links maintained with advice and voluntary sector so impacts on citizens can be judged eg through the Advisory Services Network.

Second Line of Defence Corporate Oversight:

We are in the process of setting up a new Welfare Board, to develop a joined up response across all relevant services. It will be chaired by the Interim Executive Director of Housing, Neighbourhoods and Communities Executive Leadership Team (ELT) Full Council, P&R are all focused on this risk.

Third Line of Defence Independent Assurance:

Internal Audit - Audit took place over the end of 2017/beginning of 2018. Final report issued Feb 2018 Substantial Assurance. 2018/19 . Welfare Reform (Substantial Assurance).

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 - casework support programme to support people affected by the benefit cap	Revenues & Benefits Manager	70	31/03/21	01/06/15	31/03/21

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: 1. Team helps people who have been Benefit capped to find work/access training and support / claim relevant benefits and assistance in order to come off the Benefit Cap</p> <p>2. Work is ongoing, because new people are capped all the time. However, before Universal Credit, we had advance warning of who would be capped because it would require their Housing Benefit to be cut. Now, the Benefit Cap is applied directly by the DWP to Universal Credit, and we only find out if individuals present to us.</p> <p>3. JobcentrePlus work coach embedded within Bencap team - joint working to resolve cases</p> <p>4. Discretionary Payment scheme supports people to pay their rent in the short term, while we support them to come off the benefit cap or find work</p> <p>5. Team is building links with local Jobcentres so that Universal Credit cases can be referred over to the council for support, if they are benefit capped.</p> <p>6. Discretionary Housing Payment expenditure for 2019-20 Benefit Cap cases is projected to be £300k</p> <p>7. Funding for the team has historically been confirmed only on a year-to-year basis, although part of the function is now mainstreamed into the Revenues and Benefits structure. The team is funded for 2020-21.</p> <p>8. Work will continue throughout 20-21, so the risk end date has been extended to 31/03/21. The risk percentage remains the same because we have less control in the Local Authority (LA) over our caseload than we used to. The DWP does not provide us with lists of people on UC who have been benefit capped, so it is harder for us to identify them.</p>					
Keep relevant staff and stakeholders up to date with information as it becomes available	Revenues & Benefits Manager	75	31/03/21	01/06/15	31/03/21

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: The new Welfare Board will set out structure and strengthen links. We have established working relationships on an operational level, linking key teams in Revs and Bens with others involved with supporting vulnerable people in maximising their finances, and maintaining their tenancies, for example Housing Income management, Housing options, Trailblazer, Adult Social Care, FIS. We also have strong links with the local Jobcentre Plus via our DWP partnership manager, Jobcentre managers and work coaches.</p> <p>Our Welfare Rights Team reaches out via the Advisory Services Network into the voluntary advice sector and provides training for council teams and external advisors.</p> <p>Risk end date extended, because the government timetable for welfare reform (specifically UC) has extended. Work will continue throughout 2020-21 and beyond.</p>					
Prepare for Universal Credit (UC)	Revenues & Benefits Manager	70	31/03/21	04/05/15	31/03/21

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Universal Credit is now rolled out in Brighton and Hove for new claims for working age people, but this is not the full picture. Existing Housing Benefit claims are gradually being ended, as and when a person makes a new claim for UC, or has a change of circumstances. As at December 2019 12,499 claimants are on UC across Brighton and Hove. This is a gradual climb from 11,300 in August 19. Housing Benefit caseload continues to reduce, but there is high demand for support with challenging DWP decisions.</p>					
<ul style="list-style-type: none"> • The government intends to migrate remaining cases in bulk, between 2019 and 2023. They have not set a timetable, so we do not know when Brighton and Hove will migrate, but we do know that the DWP is adopting a very cautious approach at first. They have been piloting managed migration in Harrogate since July 2019, but as at mid January 2020, they had only moved 13 cases onto Universal Credit. There is currently no feedback from the DWP or Harrogate about what they have learnt or how it will scale up. • Ultimately, some cases are to remain on Housing Benefit, such as pension age, temporary accommodation and supported accommodation. A further migration may happen at a later date after 2023 but we do not have information about that. • The UC project in Brighton and Hove maintains a monitoring brief, and links up services strategically inside the council, in the Community and Voluntary Sector and with other interested parties in the city (for example landlords in the private sector and Registered Social Housing). • We have advanced DWP joint working embedded in our Benefit Cap / Welfare Reform team, and as an ongoing outcome of the Housing Trailblazer project. And at a strategic level we co-ordinate with our DWP partnership manager, alongside the CVS to monitor our response to UC, and to identify issues of local or national significance. • We are part of a Complex Needs Stakeholder forum hosted by the DWP to identify ways of assisting people who have difficulty accessing UC. 					
<p>Risk end date extended to 31/03/21, because the government timetable has slipped and managed migration of UC is unlikely to happen in 2020.</p>					
Provide policy options and author reports to give members options on policy issues e.g. Council Tax Reduction	Revenues & Benefits Manager	70	31/03/21	01/04/15	31/03/21

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: We are in the process of setting up a cross-service Welfare Board, which will require as part of its inception a plan for governance and reporting. The board is expected to be set up by March 2020. We are also part of a new project with the Local Government Association (LGA) working alongside five other Local Authorities to develop our response to providing financial support.</p>					
<p>Whereas in previous years, members have been involved with proposals to change Council Tax Reduction, this year, there will be no changes to the scheme, except that the discretionary fund for extra assistance will be increased from £0.150m to £0.200m. A report was taken to P&R in December outlining our broader plans for developing our financial support offer, incorporating the welfare reform agenda. A progress report will be taken to P&R in the coming months. We are continuing to explore some different models of CTR support more thoroughly, including banding schemes with set percentage amounts of discounts. Development is expected to continue through the year. Options will be prepared for April 2020, with a view to consultation in late summer 2020, and progression through committee and full council in time for implementation in April 2021. Our response to welfare support will also be reviewed and mapped as part of the work of the board, and new models of providing financial support will be explored, with assistance from the LGA.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR29	Ineffective contract performance management leads to sub-optimal service outcomes, financial irregularity and losses, and reputational damage.	Acting Chief Finance Officer, Procurement Strategy Manager	BHCC Strategic Risk, Contractual / Competitive	12/02/20	Threat	Treat	Amber L3 x I4	Amber L3 x I3		Revised: Adequate

Causes

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

The City Council has recognised weaknesses and sometimes serious failures in contract performance management; there are over 200 contract managers throughout the council, of which less than 20% could be considered as 'professional'. Many of those identified manage contracts only as an 'add on' to their regular job, often they are not budget holders. To address this additional funding has been provided to maintain the core Corporate Procurement Team expertise, deliver a risk based and spend analysis approach which focuses on key contract areas (HASC and FCL). Savings achieved by Contract Performance team are as follows;-

2017-18 £600K

2018-19 £0.95M

2019-20 £1.2M (Identified not all secured)

This represents a 5 to 1 return on the £1.1M investment (pro-rata) 2017-2020. In order to deliver sustainable culture change and improve efficiency we must continue to address:

- Historical sub-optimal contract specification.
- Initial failure to identify options for delivery, including reverting to 'what we've always done.'
- Lack of willingness to test existing suppliers against the market.
- Significant reduction in resources in 'back office' functions and services reducing capability to effectively manage.
- Lack of commercial skills and contract management skills / expertise throughout the authority combined with treating Contract Management as an 'add-on' to normal duties.
- Failure by management to recognise the importance of an effective contract Management team.
- Lack of willingness to hold 'difficult conversations' with suppliers.
- Low levels of senior engagement with suppliers.
- Poor understanding of markets and delivery models.
- Lack of corporate oversight of contracting and commissioning.
- Ongoing resource pressures in Procurement means this risk still exists. As demand increases, the reducing ability of the Procurement and Contract teams.

Performance to plan rather than react may mean that contracts 'fall through the net'.

Potential Consequence(s)

1. Investigations in to current contracts (62 completed, 64 in progress) have identified up to 80% are potentially delivering poor Value for Money (VfM), inefficiencies, inconsistent levels of management and failure to . Major concerns remain in the following areas:

a) Health & Adult Social Care: this has been the main focus of the Contract Performance Team in the last financial year.

b) City Clean / City Services (incorporating Highways, Transport, Environment etc): a large number of contracts have been identified as lacking in effective Contract Management.

c) Housing Maintenance: as the contract is winding down it is anticipated that the service will attract less investment from the existing provider. This will need to be managed to ensure we maintain value for money. Additional investigations are necessary in to other contracts, such as, Lift Maintenance, Gas maintenance and other services.

2. Legal challenge from suppliers / service users.

3. Reputational damage for the council - both the administration and officers.

4. Poor outcomes or failure of services and associated impact on service users.

5. Diversion of scarce resources to resolve issues, currently resolution is only being performed by a small number of Contract Managers and through intervention of the Contract Performance Team.

Existing Controls

First Line of Defence: Management Controls

1. Utilise procurement function to ensure that appropriate and legally robust commercial delivery options are chosen and robust contracts are in place.

2. Robust contract Key Performance Indicators (KPIs) in place so that contract performance and risks are understood.

3. Contract Standing Orders and other procurement guidance and training.

4. Declaration of Interest Processes.

5. Relevant paragraphs of the Employee Code of Conduct.

6. Fraud Awareness Training/ e-learning.

Second Line of Defence: Corporate Oversight

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

2. Progress reviewed by Corporate Modernisation Delivery Board (CMDDB), Members Oversight Group and Members Procurement Advisory Board (PAB)

3. Audit & Standards Committee Strategic Risk Focus Item reviewed this risk in March 2018 and in March 2019

Third Line of Defence - Independent Assurance

1. Internal audits of contract management during 2017/18 were Strategic Construction Contract (Substantial Assurance), Contract Waivers (Substantial Assurance) and Lift

Maintenance Contract (Substantial Assurance).

2016/17 audits were Waivers (Limited Assurance), Housing Electrical Works (Limited Assurance).

2015/16 audits were Corporate Procurement (Reasonable Assurance), Gas Servicing (Reasonable Assurance), Housing Repairs & Maintenance (No Assurance), Financial Appraisals (Limited Assurance).

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Continue to identify changes in staff structures to ensure that contract managers are identified, understand their role and deliver to the standards expected by the Council	Executive Director of Finance & Resources	60	31/03/20	14/03/19	31/03/20
<p>Comments: Procurement has a database of contract managers which is periodically updated every six months against contracts owned by budget holders.</p> <p>Reports from finance system is available re budget holders and CP Team ask them for verification that the contract managers are still in place or any changes in staff.</p>					
Full Council approval for £1.2m investment in Contract Management resources approved on 23 Feb 2017 at Budget Council. This has provided 9.5 fte resources including legal support to ensure the set up of a Contract Management 'Centre of Expertise'.	Executive Director of Finance & Resources	65	31/03/20	07/04/17	31/03/20

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: - Recruited extra staff.</p> <ul style="list-style-type: none"> - Created a pipeline for all material contracts that allows us to plan procurement activity at the right times to take the cashable savings. - Worked with Orbis colleagues to identify risks around weak markets. - Risk-rated all material contracts to identify where there are problems, including with contract management. - Worked through material Adult Social Care contracts. <p>Ongoing activity now includes:</p> <ul style="list-style-type: none"> - Using a pipeline and RAG ratings to deliver: - Regular management information to Procurement Advisory Board (PAB) and ELT on how contracts are performing. (start date Sept 2019) - Specific interventions where extra support is required (e.g. CityClean, care homes, Mears). - Training for contract managers who need support. To date training has been provided to Housing, IT&D, Leisure Services and Health and Adult Social Care. This remains an ongoing action - Create a network of contract managers to ensure that best practice and even an element of competitiveness to do well emerges. Orbis have created an online contract management community, all relevant B&HCC staff have been invited to join. - Split further our savings plans between cashable and cost containment – social care markets in particular are very fragile and costs are rising, so we are doing well to stand still. - Review of how to take function forwards in lught of limited funding from pril 2020 - Head of Procurement will work with individual Exec Directors. 					
Initiate mandatory contract management training linked to contract management e-learning	Executive Director of Finance & Resources	10	31/03/21	14/03/19	31/03/21
<p>Comments: The e-learning modules have been introduced in April 19 which is targeted at all contract managers. A report has been prepared for ELT but the submission date is tbc. The report will propose a) mandatory contract management training, including groups sessions by service area b) contract officers will be required to have to completed the e-learning before attending which will be monitored c) the Procurement Team will report attendance to ELT.</p>					
Publicise importance of contracts being well managed and the development of contract management where performance has not met expectations	Executive Director of Finance & Resources	50	31/03/21	14/03/19	31/03/21

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: From October 2019 the CP Team will contact management information to ELT with the aim of cascading to service areas. This will identify areas for improvement and successful practice. Pilot document being reviewed.</p>					

Risk Details

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR21	Unable to manage housing pressures and deliver new housing supply	Interim Executive Director Housing, Neighbourhoods & Communities, Head of Planning, Assistant Director Housing	BHCC Strategic Risk, Environmental / Sustainability	12/02/20	Threat	Treat	 L3 x 14	 L3 x 13		Revised: Adequate

Causes

Link to Corporate Plan: Priority Economy, Jobs and Homes: Deliver better business space and affordable homes/accommodation
 Brighton & Hove is a growing city with high house prices, low incomes, an ageing population and a significant proportion of households with a support need. Scope for development within the city is affected by significant geographical constraints and competing land pressures. The increasing demand for housing continues to outstrip new supply and as a consequence accommodation is becoming less affordable. Housing shortages are particularly acute for low income households affecting our ability to retain essential workers in the city. Demand for affordable rented homes is growing with a significant number of households in temporary accommodation. The private rented sector continues to expand at the expense of rates of owner occupation which are in long term decline.

Potential Consequence(s)

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

Existing Controls

First Line of Defence: Management Controls

1. Housing Work Plan 2019-2023 agreed at Housing Committee on 18 September 2019 with reports on progress to be taken to every other committee. Progress is also subject to regular review against delivery within business plans e.g. HNC Directorate Plan and Service Plans;
2. The City Plan also sets out housing targets across all tenures; policies on securing affordable housing through the planning system, residential development standards;
3. Housing Revenue Account (HRA) Asset Management Strategy is aligned to Housing Strategy in support of improving housing supply & housing quality which is in alignment with the Housing Committee Work Plan;

Key controls include:

1. Housing Allocation Policy framework ensuring best use of existing council and registered provider resources through nomination of affordable housing to priority households.
2. Deliver 800 additional council homes - 2019-23. Includes:
 - a) New build council homes under our New Homes for Neighbourhoods programme;
 - b) Homes purchased under our Home Purchase Policy;
 - c) Improving supply through best use of existing HRA assets including conversions and extensions and the hidden homes programme;
 - d) Work in partnership with Community Land Trust to support community housing initiatives.
3. Deliver 700 other affordable homes - 2019-23. Includes:
 - i) Enabling delivery of new affordable homes in partnership with Registered Provider partners and Homes England;
 - ii) Development of additional Housing Delivery Options. The Living Wage Joint Venture 'Homes for Brighton & Hove' with Hyde to deliver 1,000 new lower cost homes for rental and sale. Future possibilities for housing market intervention / direct delivery through a council wholly owned housing company.
4. Increase the supply of council owned Temporary Accommodation (TA) in addition to procurement of TA and long term private sector housing lettings with private landlords for those to whom we owe a housing duty;
5. Bringing long term empty private sector homes back into use through our Empty Property Service;
6. Tenancy sustainment initiatives particularly for more vulnerable people in order to prevent homelessness;

7. Ongoing work of Greater Brighton Housing & Growth initiatives to share good practice and accelerate delivery of new homes;
8. On-going work of the Greater Brighton Strategic Property Board; bringing national, regional and local partners together to make the best use of the combined public estate – including the release of surplus land and sites for economic growth (new jobs, employment floorspace and home);
9. Early intervention through the homelessness trailblazer programme and funding to support households into the private rented sector.

Second Line of Defence: Corporate and Committee Oversight

1. The Housing Committee Work Plan 2019-2023 focuses on key shared priorities around providing Additional Affordable Homes including consultation with stakeholders, resource planning and a timescale for reports to come to Committee. Performance reports to be brought to alternate Housing Committees to monitor how officers are progressing with delivery against the Work Plan.
2. Corporate Investment Board.
3. Strategic Investment Board.
4. Cross Party Housing Supply Members Board (formerly Estates Regeneration Members Board, cross party).
5. Strategic Housing Partnership (cross sector).
6. Strategic Accommodation Board (reviewing accommodation needs of vulnerable households across Housing, CS & ASC). Progress is reported in HNC Directorate Plan.
7. The risk was reviewed at A&S Committee in January 2019.

Third Line of Defence: Independent Assurance

1. Internal Audit - current activity. Ensure all Audit requirements have been actioned. Most recently 2018/19 Audit actions concern Temporary Accommodation – Partial Assurance. Actions, including reduce the budget overspend by increasing homeless prevention work and moving current tenants into private sector rented accommodation, have been agreed with management and will be followed up by Internal Audit as part of the 2020/21 audit plan.
2. Internal Audit - previous activity. June - Oct 2018 Supported & Semi-Independent Accommodation – Reasonable Assurance. No specific Internal Audit work in 2017/18. In 2016/17 on Housing New Builds concluded Substantial Assurance.
3. Ministry of Housing, Communities & Local Government information returns. Submitted annually.
4. Homes England information returns where we have HE grant allocations. Homes England grant for homeless move on accommodation – regular updates to HE on scheme progress and draw down on grant.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Deliver Housing Work Plan	Assistant Director Housing	25	31/03/23	01/10/19	31/03/23

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: The Housing Committee Work Plan 2019-23 is incorporated in the Housing, Neighbourhoods & Communities Work Directorate Plan and appropriate business plans. Regular reports on progress are made to Housing Committee and Performance reporting six monthly to P&R Committee. Links to reports are available on the council's website</p>					
Effective implementation of affordable housing policy in the City Plan	Head of Planning	85	31/03/20	01/04/15	31/03/20

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Oct 19 - Housing Delivery Action Plan put in place in August 2019. This is an action plan required by central government to address the under delivery of housing. The action plan includes measures to ensure timely decisions by the Development Management Service and close working with colleagues in the Housing Strategy Team and Estates to support delivery of affordable housing (and housing in general). Work is underway to review how independent viability advice is provided to planning application officers. A report will go to TECC Committee in January 20 and making recommendations to take this forward with a view to securing robust and timely advice and ensure the appropriate levels of affordable housing are secured.. Good progress has been made on City Plan Part Two including a policy on Build to Rent Housing. This will go forward to Council in late 19/early 20 for submission to the Secretary of State. Annual report on s106 contributions (Sept 19) confirmed that in 2018/19 that £2.8 million contribution was received towards delivery of affordable housing. Affordable Housing and Viability Training provided to Councillors in Oct 19.</p> <p>June 19 - Policy in City Plan part 1 being implemented and viability evidence submitted with planning applications is being assessed on a case by case basis. Work on introducing a range of independent viability assessors has been delayed and will be started in Summer 19. This will enable a more effective and efficient evaluation of viability work. Policy is being implemented as effectively as possible in the context of viability challenges for development on brownfield sites and changes to funding of affordable housing - this is, in most cases, delivering less than the 40 per cent affordable housing target in the policy. A review mechanism is being used in s106 Agreements to ensure that future uplift in values are being shared with the city council and go towards delivering affordable housing. In terms of direct delivery of affordable housing by the city council - the local planning authority recognises this is a priority for consideration and determination. Work is underway on securing an additional resource (planner) to leading on planning work on Estates Regeneration pre-application advice and planning applications.</p> <p>Context</p> <p>The Affordable Housing Policy is part of the City Plan which was Adopted by Full Council on 24th March 2016. The affordable housing policy sets a target for securing affordable housing as part of new housing developments (e.g. 40% affordable housing of 15 or more dwellings). There is flexibility built into the policy to allow for a lower amount where a developer can demonstrate that the target would render the scheme unviable - they are required to provide evidence to demonstrate this (a viability assessment).</p> <p>Guidance on affordable commuted sums agreed at EDC Committee in June 2016 and further guidance on when commuted sums for larger sites (15 plus dwellings) added to the Developer Contributions Technical Guidance in January 2017. Using commuted sums will enable flexibility in terms of delivering genuinely affordable housing. This is regularly monitored by the S106 Officer in the Major Applications Team and annually reported to Policy & Resources Committee.</p> <p>'Open Book ' approach to viability evidence was agreed in January 18 this was introduced in Feb. 2018. This provides more open and transparent information on why specific levels of affordable housing are being secured through the planning application process.</p>					

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Work through City Deal with regional partners & LEP to promote Economic development incl increased sub-regional working to meet housing need</p> <p>Comments: Dec 19 - Recruitment of a project lead is still underway and this will be reviewed in the new year. Work is underway to procure the background evidence to support Local Strategic Statement 3 from consultants. The tender brief will be agreed at the Planning Officer Group in January and a CEOs Meeting and Strategic Planning Board Meeting are being set up in February to consider and agree the work. No progress made and work underway at Planning Officer Group level to accelerate work.</p> <p>Oct 19 - It has been agreed that Governance of the work by the West Sussex and Greater Brighton Strategic Planning Board will be via a quarterly meeting of Chief Executives. It was also agreed that a Local Strategic Statement 3 should be prepared and that this would cover the period from 2030-2050. It was also agreed that it would address the shortfall in housing delivery, give priority to infrastructure to meet spatial priorities, develop a long term strategy to deliver sustainable growth to meet needs. In the meantime work will be undertaken to progress background evidence studies including - understanding the shortfall in housing, employment and infrastructure and developing a common methodology to seek development sites. It was agreed that a statement of common ground would be prepared across the authority. Governance arrangements to be set up - The WSCC Chief Executives (CEs) are to consider a paper on Governance at its meeting in April and this would include a discussion on aligning future Board meetings with CE/Leaders meetings (where emerging LSS3 work requires a strategic overview). The Group is working on assisting the draw down of funding from Housing Infrastructure Fund to help with housing delivery.</p> <p>Previous Updates: Following work by the Greater Brighton Housing & Growth (GBH&G) Working Group to accelerate delivery of new housing supply a Local Strategic Statement 2016 was developed with the sub-regional planning group to consider the wide Greater Brighton area including Surrey.</p>	Head of Planning	40	31/03/20	01/04/15	31/03/20
Work with partners to address student housing needs	Head of Planning	85	31/03/21	01/04/15	31/03/21

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Dec 19 - Report to TECC Committee in January 2020 confirming progress on the city wide Article 4 Direction following consultation and, if agreed by councillors, that it will come into effect in June 2020. The submission City Plan Part 2 with it's supporting policies, will now be going to Council in April 20. Collaborative working continues with close working between Private Sector Housing, Planning and other relevant Council Services at the 6-weekly PRS meetings.</p> <p>Oct 19 - Extension of Article 4 Direction to citywide on track for introduction in June 2020. City Plan Part 2 due to go to Council in January for submission to the Secretary of State in the Spring 2020 and examination in the autumn 20. This includes further policies to manage purpose built student accommodation, allocate three sites and introduce a further policy to manage planning applications for new HMOs. There will be ongoing work with the Housing Strategy Team to develop a future Student Housing Strategy.</p> <p>June 19 - Consultation underway on the introduction of a citywide Article 4 Direction following agreement to proceed at TDC Committee in January 19. Seeking direction to be confirmed in May/June 20. Development work underway on a number of purpose built student housing schemes including Preston Barracks, Circus Street, Hollingdean Road and the Lectern Site. Consent granted for new schemes that comply with planning policy and a number of schemes in pipeline. Ongoing support provided to councillors and colleagues at the regular Private Rented Sector Housing meetings and to support the Student Housing Strategy update. There remains a strong focus on enforcing against unauthorised HMOs by the Planning Enforcement Team.</p> <p>Student Housing Study technical background paper completed July 18. City Plan Part 2 draft agreed at Committee for consultation for 10 weeks from July to September. The Plan includes two proposed policies that will relate to management of student housing and allocates two further sites for potential purpose built student housing. Local Strategic Statement 3 will be prepared, starting autumn 2018, and this will explore strategic issues such as student housing. Continued working with the Strategic Housing Partnership in relation to student housing issues. Student Housing technical background paper completed and to be used to inform the Student Housing Strategy.</p> <p>In terms of managing concentration of Houses in Multiple Occupation (HMO) - City Plan policy is being implemented and where appropriate enforcement action taken against unauthorised HMOs. Proposed City Plan Part 2 policy will be proposed that will address issue of localised concentrations of HMOs. Additional resources have been given to the Planning Enforcement Team to support this work.</p> <p>Supporting purpose built student housing (PBSH) - Consent was given to Preston Barracks redevelopment in Sept 17 which will deliver 1200 purpose built student rooms. Work underway on Circus Street. Additional speculative schemes for PBSH reaching completion or underway on Lewes Road.</p>					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR26	Not strengthening the council's relationship with citizens	Interim Executive Director Housing, Neighbourhoods & Communities Head of Communications Head of Communities, Equalities & Third Sector	BHCC Strategic Risk, Customer / Citizen	12/02/20	Threat	Treat	Amber L3 x I4	Amber L3 x I3		Revised: Adequate

Causes

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

Potential reduced service offers by the council or its Key Partners may lead to poor perceptions from citizens

Not enough use, promotion or development of service delivery through technology (linked to Digital First)

Increased need to collaborate with other public agencies and third sector organisations to service citizens, including as a 'service of last resort'

How staff across the council in key frontline directorates embrace and promote the new ways of service provision to service users and citizens and forge links with others in the organisation for corporate buy-in

Adverse media coverage may impact on courage to make decisions; and change

Potential Consequence(s)

1. Council's offer falls behind public expectations of services access and delivery standards in comparison with other organised public services and private organisations

2. Council's offer is not well defined, practiced or understood by citizens and communities

3. Council loses relevance with its local communities

4. Less support for the council from its citizens

5. The council's leadership role may be compromised if other organisations are influenced by negative perceptions

Existing Controls

First Line of Defence Management Controls:

1. Customer Feedback, including complaints and survey methods monitor council reputation e.g. City Tracker, Media Monitoring
2. Corporate Plan 2015-2019 emphasises working with Communities
3. Front line services work to manage down demand, as detailed in the Directorate Plans for Adult Services and Children's Services
4. Health & Adult Social Care work closely with the Clinical Commissioning Group (CCG) and Public Health England to ensure planning of delivery to our residents
5. Directorate Management Teams monitor impacts on customer and services

Second Line of Defence Corporate Oversight:

1. 'Horizon scanning' by the Executive Leadership Team (ELT) and Directorate Management Teams (DMTs) of legislative change affecting council service delivery
2. Officer Steering Group (Customer Insight Group) representing 5 biggest customer service functions meets regularly to analyse impact on citizens and plan improvements
3. CCG and council work on the Health & Wellbeing (HWB) Board, including co-location at Hove Town Hall
4. Corporate Modernisation Board, chaired by Chief Executive, establishes and deploys resources to make changes most effectively in 6 workstreams related to HCN, including support from PIP on Programme Management, e.g. business cases, progress review, timetable
5. Tourism, Equalities, Communities and Culture (TECC) Committee oversight of programmes relating to the 6 workstreams in HNC.

Third Line of Defence Independent Assurance:

Internal Audit - The 2017/18 Internal Audit Plan included an audit of Public Consultations which concluded Reasonable Assurance
In 2015/16 the audit on Organisational Ethics concluded Substantial Assurance.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Develop customer service standards and reporting against these standards	Head of Performance, Improvement & Programmes	75	30/03/20	20/04/16	30/03/20

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: Customer Promise has been developed by the Customer Experience Steering Group consisting of services representing high transactions with the council and other key services. This has been developed in consultation with customers and Institute of Customer Service. The Promise has been launched across the organisation along with the guidance. A Vision document has been developed to clarify what a 'fully ready' state would look like in terms of delivering excellent customer service.</p> <p>Our performance against these standards gets reported in the annual Customer Insight Report and Monthly Customer Insight Dashboards are being prepared to strengthen management information. Learning from Feedback section in the dashboard gets shared across the organisation. Barriers to delivering good customer service - capacity issues within services, pace of modernisation including IT modernisation, pressing demands reducing focus on addressing customer queries/complaints. Customer Experience Ambassadors have been appointed across the council to embed key learning. Customer Strategy has been approved by the Policy & Resources meeting at the 5/12/19 meeting which emphasises commitment to One Council. Customer satisfaction with BHCC as per 2018 data is at 54% against the national average of 60%. Based on Quarter 2 2019-20 data, complaints are reducing, compliments increasing and escalation of complaints reducing.</p>					
<p>Ensure through its communications and public relations activities that the council is concise about its ambitions and visions for the city, demonstrating at all times collaboration and openness with the city about how change will happen</p>	<p>Head of Communications</p>	<p>50</p>	<p>30/03/20</p>	<p>20/04/16</p>	<p>30/03/20</p>
<p>Comments: This is a significant time for this risk.</p> <p>Work is now taking place:</p> <ul style="list-style-type: none"> • with the new administration and Executive Leadership Team on a meaningful new Corporate Strategy which will need to convey that the council has a clear corporate narrative and which is clear on tangible deliverables for the city. • with the new administration and Executive Leadership Team to finalise the definition of, planning schedule, agreement and sign off processes on annual corporate campaign. <p>Once this work is completed the Communications Team will run a series of year-long holistic communications and PR campaigns and activities with specific objectives and audiences, clear and consistent messaging and means of evaluation.</p>					

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An important piece of work the Communications Team is working closely with IT&D on is the 'switch off' the council's old website with more user focused content and structure on the new website. A key piece of work will be draft a Website Strategy 2020-21 and get this signed off in order to continue the development and resourcing of the website post April 2020.

Run a resident media / information survey to better understand not only how our residents consume information, but also how they would like to, especially targeting traditionally hard to reach audiences, older people, religious communities, rough sleepers, new arrivals to the city, young people.

A holistic performance tracking system across all digital and social media channels is being designed to monitor and evaluate engagement with news and information on the council's online Newsroom and social media channels to be developed.

Work is also continuing in partnership with IT&D on the phase 2 business case for CMDB on final options recommendations, and commence design and built of staff and cllr internal communications platform.

Work has started on the 2019-20 Internal Communications and Engagement strategy and programme for senior managers, Members and staff focusing on but not limited to:

- Working with with HR&OD and the Equalities Team to develop an equalities and inclusion strategy for 2019-20
- Communicating the Corporate Strategy

Work continues to develop and increase the readership, relevance and frequency of Your Brighton & Hove a weekly resident's e-bulletin emailed directly to subscribers email accounts.

A public affairs / networking strategy has been written which aims to improve:

- The style and success of funding bids
- Relationships with key stakeholders
- The council's reputation as an innovator
- Winning awards for excellence
- Lobbying activities
- Responses to national and regional consultations

Work continues on the training offer to more councillors and an internal e-newsletter / briefing bulletin for all cllrs will be rolled out imminently.

The Communications Team will be talking with the Member Development Working Group to further capture what communications and engagement tools / resources would be useful to new councillors

Work also continues on better identifying proactive positive editorial media opportunities and making connections with the right influencers.

Oversight and delivery of the Collaboration Framework Action Plan	Head of Communities, Equalities & Third Sector	75	30/04/20	02/10/17	30/04/20
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Comments: Collaboration Framework Action Plan signed off by city's Equality and Inclusion Partnership July 2018 and is a standing item at each meeting monitor progress and manages risks. At the April 2019 Partnership meeting it was agreed that during the second year of the Framework there would be six workshops every two months on each of the 6 principles to ensure the practice was embedded, creating buy-in and for organisations to pledge actions rather than carrying out 12 month review leading to a set of recommended actions. However, due to a change in priorities for the lead officer for the Collaboration Framework these workshops have been postponed and an alternative approach agreed with the Chair of the Equality and Inclusion Partnership to run a collaboration workshop at the partnership's January 2019 meeting considering how the principles of the Collaboration Framework can be used to improve the accessibility of the city.

Volunteering Policy and delivery arrangements across council services and with Community & Voluntary Sector (CVS)	Head of Communities, Equalities & Third Sector	70	31/03/20	01/06/15	31/03/20
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Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: A new cross sector volunteering action group was convened end of November 2017 - City Volunteering Partnership. This brings together the volunteer leads in the key public sector organisations with volunteer leads in the CVS to work collectively on delivering the city's Power of Volunteering pledges. The group has met three times in 2018 and once so far in 2019 and identified the key strategic issue for the city on volunteering is the increasing complexity of volunteers versus the capacity available within organisations to support the volunteers as well as continuing to promote volunteering to all communities in the city. A range of actions will be developed to address the issue however limited capacity in the council and the community and voluntary sector has slowed developing a response. Community Works is leading on the development of a peer support project in the community and voluntary sector to help organisations host increasingly complex volunteers. Others actions that have completed include toolkit on the Volunteer Centre's website for supporting volunteers from overseas. The group has also analysed the data from City Tracker on demographics of those least likely to volunteer to inform any targeted work and the city held its first volunteering fair specifically targeted at BME communities. The second year of 'working with communities and volunteers' training started in April 2018 and progressed well with a high number of participants from wide range of services and organisations. This cross sector action learning training was targeted at the four community hub areas and has been redesigned to maximize attendance by front line staff: East Brighton, Mouslecoomb and Bevendean, Hangleton and Knoll, Hanover and Elm Grove. A further round of sessions have been delivered monthly across the four hubs areas throughout 2019 and will continue monthly until the end of the financial year.</p>					

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Appendix 2: Information on the council’s risk management process relative to Strategic Risks (SRs); and Suggested questions for Members to ask Risk Owners and officers on Strategic Risks.

1.0 Across the council there are a number of risk registers which prioritise risks consistently by assigning risk scores 1-5 to the likelihood (denoted by ‘L’) of the risk occurring, 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).

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

2.0 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.

3.0 The Strategic Risk Register (SRR) records Red and Amber risks. Each strategic risk has a unique identifying number and is prefixed by ‘SR’ representing that it is a strategic risk.

4.0 Each risk is scored twice with an Initial (‘Now’) level of risk and a Revised (Future) risk score:

- a) Initial Risk Score reflects the Existing Controls under the ‘Three Lines of Defence’ methodology which is good practice and helps to establish the First Line – Management Controls; Second Line – Corporate Oversight; and Third Line – Independent Assurance and the currency and value of each control in managing the risk. Therefore the Initial Risk Score represents the ‘as is’/ ‘now’ position for the risk, taking account of existing controls.
- b) The Revised Risk Score focuses on the application of time and expenditure to future reduce the likelihood or impact of each risk and is based on the assumption that any future Risk Actions, as detailed in risk registers, will have been delivered to timescale and will have the desired impact.
- c) Where initial and revised scores are the same – the Risk Owners were asked to consider the 4Ts of Risk Treatments (Treat/Tolerate/Terminate/Transfer) and change the scoring or remove all future risk actions/move them to existing control. This is on the understanding that the risk action should either reduce the likelihood and/or reduce the impact – if none of this is true, there will not be any reason to undertake the action.

Suggested questions for Members to ask Risk Owners and officers on Strategic Risks

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 the Committee focuses on at least two Strategic Risks at each of their meetings.

The Committee invite the Risk Owners of Strategic Risks to attend Committee and answer their questions based on a CAMMS Risk report appended to each report. In the CAMMS Risk report, the Risk Owner:

1. Describes the risks, the cause and potential consequences, the officers involved and provides an **Initial Risk Score** which takes account of the existing controls in place to mitigate the risk.
2. Existing Controls are set out using the Three Lines of Defence model:
 - 1st line: management controls
 - 2nd line: corporate oversight
 - 3rd line: independent assurance

in order that Members can identify where the assurance comes from, and how frequently it is reviewed and in the case of the 3rd line if audits or inspections have happened, when did it happen, what the results were. Risk Owners ensure that existing controls continue to operate effectively.

3. (Future) Risk Actions then are detailed and allocated to individuals with percentage achieved against target dates, with commentary on the current position. This provides the **Revised Risk Score** which is based on the assumption that all the risks actions have been successfully delivered.

The Risk Owners of Strategic Risks will always be an Executive Leadership Team (ELT) officer, and they may bring other officers who are more closely connected to the mitigating work.

Three questions are suggested to be explored by the A&S Committee:

1. Is the Risk Description appropriately defined? Does the Committee understand the cause and potential consequences?
2. Is the Committee reassured that each (future) Risk Action either reduces the impact or likelihood of the risk? Are members reassured that risk actions are actually being delivered?
3. In respect of the Revised Risk Score does the Committee feel comfortable with Risk Owner's assessment? This represents the risk level that the organisation is prepared to accept.

Subject:	Extra Care Housing – Update on Internal Audit Actions		
Date of Meeting:	10 March 2020		
Report of:	Acting Chief Finance Officer		
Contact Officer:	Name:	Mark Dallen	Tel: 29-1314
	Email:	Mark.Dallen@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 At the Audit and Standards Committee on the 14 January 2020 the Committee approved a recommendation that the “Executive Director, Health & Adult Social Care reports back to the next Audit and Standards Committee on progress on the actions within the follow-up Internal Audit report on Extra Care Housing”.
- 1.2 The purpose of this report is to provide Members with that update. The last report on Extra Care Housing was finalised in September 2019 and was a follow-up of a previous Internal Audit Report on Extra Care Housing (January 2019). The report identified that some of the actions from the previous audit had not been implemented by the deadlines previously agreed.
- 1.3 The update provided by the Executive Director, Health & Adult Social Care is attached as Appendix 1 to this report.

2. RECOMMENDATIONS

- 2.1 That the Committee note the report.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Internal Audit progress report presented to the Audit and Standards Committee on the 14 January 2020 included the following summary of findings and actions from September 2019 Internal Audit report on Adult Social Care:

“Extra Care Housing Follow-up – Partial Assurance

1.41 Extra Care Housing schemes are designed for older people (over 55) who are still able to live independently but require care for low to moderate needs. The units are purpose built self-contained flats, designed to encourage independent living for as long as possible.

1.42 This audit was a follow-up to a 2018/19 audit that gave a Partial Assurance opinion. The purpose of the audit was to provide assurance that the objectives

and rationale of the service model are clear and Extra Care Housing performance measures are aligned. Also that:

- Contracts are in place with third parties that detail service level expectations and performance is monitored;
- Budget monitoring processes are robust and arrangements are in place to evaluate the cost effectiveness of the service model.

1.43 The audit again concluded Partial Assurance and that further action is still required to improve the control environment over this service. Specifically:

- Action is taken to avoid extra care units being left empty or individuals being accepted with lower care or social housing needs than would be expected;
- There is additional review to ensure that this type of accommodation provides value for money, including that all relevant costs are taken into consideration;
- To identify why the care provider's linked to Extra Care Schemes are not always being used by residents;
- To introduce an operational protocol between the Council and one of the Extra Care providers;
- That key performance information is captured by service providers and reviewed by the Council.

1.44 The deadline for implementing these actions is April 2020 and this will be subject to a further follow up by Internal Audit to confirm that sufficient improvement is made”.

- 3.2 This report provides an update on progress in implementing the agreed actions as requested by this Committee.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 This report was requested by the Audit and Standards Committee on the 14 January 2020.

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 subject to any further actions the committee agrees in response to the issues raised.

- 7.2 Implementing the recommended actions of audit reports support strong financial governance and the effective application of council resources.

Finance Officer Consulted: James Hengeveld

Date: 18/2/20

Legal Implications:

- 7.2 There are no direct legal implications arising from the recommendations of this report.

Lawyer Consulted: Victoria Simpson

Date: 19/2/20

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 Actions in the Extra Care Internal Audit Reports

Background Documents

1. Internal Audit and Corporate Fraud Strategic Plan 2019/20.

Progress on Actions in the Extra Care Internal Audit Reports

This report provides an update on progress against the actions identified in the Extra Care Audit Reports dated January and September 2019.

The audits proposed a series of actions and these are detailed below with progress against each recorded.

Since the conclusion of the audits and subsequent reports a number of associated developments have taken place.

This includes the production of the Older Peoples Housing Needs Assessment completed by Housing LIN (an action identified in the audit report) and the beginning of Health and Adult Social Care Transformation Programme (Better Lives Stronger Communities).

Housing LIN Report

Housing LIN were commissioned to carry out an Older Persons Housing Needs Assessment to look a broad range of older persons accommodation options within the City.

The report covers the following

- A demographic analysis of the ageing population in Brighton & Hove, and the scale and pace of the increase in the short (to 2023) medium (to 2028) to longer term (to 2035).
- The current circumstances relevant to the accommodation and support needs of older people including: age, housing circumstances like tenure, housing conditions and household type, health and disability; and deprivation.
- Local policy context and considerations.
- The existing supply of specialist housing and housing support in Brighton & Hove for older people and its suitability in relation to older people's needs.
- Local consultation about older people's preferences for housing and care.
- Estimated demand for specialist housing/accommodation for older people.
- A review of national and local evidence and good practice in relation to older people's preferences for housing and care.
- High level considerations for action.

In relation to Extra Care the report has stated that extra care housing for rent, Brighton & Hove is below the average supply amongst its comparator authorities but slightly higher compared to the all England average. However, as many authorities are either planning to or are already delivering additional extra care housing capacity, a 'stand still' position in Brighton & Hove could see average supply fall compared with all England as well as comparator authority average supply.

The report then went on to make a number of recommendations in relation to Extra Care.

Increase the delivery of housing with care options including **extra care housing, for rent and for sale**; however, it needs to remain a vibrant community and the benefits need to be effectively marketed to older people. The evidence also indicates that extra care housing needs to be able to support older people with mental health as well as physical health needs.

Extra care housing can be a cost effective housing and care option compared with other care pathways, including residential care. Consider undertaking a local evaluation of extra care housing to ensure its local cost effectiveness and draw on the work of other local authorities¹ that have already undertaken financial benefits analysis in relation to extra care housing.

Based on the Brighton & Hove City Council's Seniors housing review and work with other social landlords, identify existing sheltered housing schemes that can be improved, remodelled or adapted to better support ageing in place for an anticipated older population with increasing care and support needs.

Health and Adult Social Care (HASC) Transformation Programme (Better Lives Stronger Communities)

The HASC Directorate is embarking on a period of transformation to change the way in which we work. Through some initial diagnostics that have taken place to support this work it has been identified that in relation to our comparators we place a greater number of people into long term residential care.

In the majority of cases this is due to a lack of alternative provision which could include for example include supported Living services or Extra Care type facilities. This alternative provision is often more cost effective and in the majority of cases will deliver better outcomes for people

Next Steps

With Extra Care being highlighted in both the Housing LIN and HASC transformation programme and with the audit report actions in mind it is planned to take a more holistic view of the current and future needs of Extra Care that supports both the actions from the Housing LIN report but also the HASC Transformation programme.

This work will need to be carried out in collaboration with our Housing Colleagues as there a number of interdependencies in relation to pathways and administration of referrals etc.

The initial phase of this work will take place over the next year 6-9months to ensure that existing supply of Extra Care is working effectively, and this will pick up many of the actions within the Audit.

Original Agreed Action (from January 2019 audit)	Original Risk Rating	Implementation Status (as at December 2019 audit)	Revised Risk Rating
<p>Objective and rationale for Extra Care Housing</p> <p>Commission an older people’s needs assessment to inform the future development of schemes in the city.</p>	High	Action Implemented	N/A
<p>Applications and Referrals</p> <p>Review the barriers for Extra Care Housing applications, aiming to simplify pathways for those suitable for this type of scheme.</p>	High	Action Repeated	Medium
<p>Application Process</p> <p>Monitor and review the application process to ensure that all Extra Care Housing voids are processed in accordance with Council policy.</p>	Medium	Action Implemented	N/A
<p>Scheme Contracted Care Supplier</p> <p>Review the reasons why residents do not choose the care provider provided in the Extra Care Housing scheme and develop an action plan to address any cost implications.</p>	Medium	Action Repeated	Medium
<p>Operations Protocol</p> <p>An operations protocol is agreed between the Council the care provider and the Guinness Trust for Vernon Gardens Extra Care Housing scheme.</p>	Medium	Action Repeated	Medium
<p>Contract Monitoring</p> <p>Key performance indicators are reviewed for Extra Care Housing to ensure they are appropriate and are monitored.</p>	Medium	Action Repeated	Medium

Original Agreed Action (from January 2019 audit)	Original Risk Rating	Implementation Status (as at December 2019 audit)	Revised Risk Rating
<p>Cost Allocations</p> <p>Obtain a fuller understanding of all the associated costs for extra care Housing and how they are allocated to budgets.</p>	Medium	Action Repeated	Medium
<p>Financial Analysis of Extra Care Housing</p> <p>The actual cost of Extra Care Housing is calculated and compared with alternative care arrangements.</p>	High	Action Repeated	High

Subject:	Internal Audit Strategy and Annual Audit Plan 2020/21		
Date of Meeting:	10 March 2020		
Report of:	Acting Chief Finance Officer		
Contact Officer:	Mark Dallen, Audit Manager		
	Name:	Russell Banks, Orbis Chief Internal Auditor	Tel: 01273 291314
	Email:	Russell.banks@eastsussex.gov.uk , Mark.dallen@brighton-hove.gov.uk ,	
Ward(s) affected:	All		

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

- 1.1 Members are asked to review the attached draft of the Internal Audit Strategy and Annual Audit Plan for 2020/21.

This includes:

- the proposed programme of internal audit and counter-fraud work for the coming year
- the Internal Audit Charter which sets out the purpose, authority and responsibilities of the Internal Audit function.

2. RECOMMENDATIONS:

- 2.1 That the Internal Audit Strategy and Annual Audit Plan for 2020/21 is approved subject to the identification of any areas for further consultation, or the potential addition or deletion of reviews currently included in the plan.

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'. In addition the Public Sector Internal Audit Standards (PSIAS) require "senior management" and "the board" to approve internal audit activity's plans and resource requirements and the Internal Audit Charter.

- 3.2 For Brighton & Hove, "senior management" is the Executive Leadership Team (ELT) and the "board" is the Audit & Standards Committee.

- 3.3 A copy of the Internal Audit Strategy and Annual Audit Plan for 2020/21 is included as Annex A.
- 3.4 The development of the annual plan involves extensive consultation with key stakeholders and horizon scanning is undertaken to ensure audit activity is proactive and future focussed. For 2020/21, the plan composes 1,540 days, no change from the previous year.
- 3.5 The strategy, which accompanies the schedule of audits, details the priorities for delivering an effective internal audit and counter fraud service together with details of the quality assurance and performance management arrangements for the coming year.
- 3.6 The Internal Audit Charter describes the purpose, authority and responsibilities on internal audit, its statutory basis and the standards which underpin best practice.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The 2020/21 audit plan will be again be delivered in partnership with our colleagues from East Sussex County Council and Surrey County Council as part of Orbis Internal Audit. The service will be delivered predominantly by a sovereign team of staff based at Brighton & Hove City Council supplemented by two specialist teams (ICT and Corporate Fraud) who will undertake audit work across the Orbis partnership. There are also resources in place to allow the delivery external IT and other specialist audits if required.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The process of compiling the Internal Audit plan has involved substantial consultations, including with members of ELT, heads of service and other senior management staff.

6. CONCLUSION

- 6.1 The Internal Audit Strategy and Annual Audit Plan, attached at Annex A, sets out proposals for maintaining an adequate and effective system of internal audit for 2020/21.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 It is expected that the 2020/21 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 council's practices and procedures and support the council's overall financial position.

Finance Officer Consulted: James Hengeveld

Date: 09/02/20

Legal Implications:

7.3 This report sets out the Council's Plan for meeting the requirement in Regulation 5 of the Accounts and Audit Regulations 2015 (referred to in para 3.1 above) that it 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.

Lawyer Consulted: Victoria Simpson

Date: 19/02/20

Equalities Implications:

7.4 Not applicable.

Sustainability Implications:

7.5 Not applicable

Any Other Significant Implications:

7.6 None.

SUPPORTING DOCUMENTATION

Annexes:

1. Internal Audit Strategy and Annual Audit Plan 2020/21.

Background Documents

None

Internal Audit Strategy and Annual Audit Plan 2020-2021

1. Role of Internal Audit

1.1 The full role and scope of the Council’s Internal Audit Service is set out within the Internal Audit Charter and Terms of Reference, the latest version of which is attached to this Strategy as Appendix B.

1.2 The mission of Internal Audit, as defined by the Chartered Institute of Internal Auditors (CIIA), is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit is defined 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.”*

1.3 The organisation’s response to internal audit activity should lead to a strengthening of the control environment, thus contributing to the overall achievement of organisational objectives.

2. Risk Assessment and Audit Planning

2.1 The City County Council’s Internal Audit Strategy and Annual Audit Plan is updated annually and is based on a number of factors, especially management’s assessment of risk (including that set out within the strategic and departmental risk registers) and our own risk assessment of the Council’s major systems and other auditable areas. This allows us to prioritise those areas to be included within the audit plan on the basis of risk.

2.2 The update of the annual plan for 2020/21 has involved consultation with a range of stakeholders, to ensure that their views on risks and current issues, within individual directorates and corporately, are identified and considered. In order to ensure that the most effective use is made of available resources, to avoid duplication and to minimise service disruption, efforts continue to be made to identify, and where possible, rely upon, other sources of assurance available. The following diagram sets out the various sources of information used to inform our 2020/21 audit planning process:



2.3 In order to ensure audit and assurance activity is properly focussed on supporting the delivery of the Council's priorities, the audit plan has taken into account the outcomes that have been agreed in the Council Plan to make Brighton & Hove, a fairer city with a sustainable future. These are a:

- City to call home;
- City working for all;
- Stronger city;
- Growing and learning city;
- Sustainable city;
- Healthy and caring city.

2.4 In producing the audit plan (which is set out in Appendix A to this report) the following key principles continue to be applied:

- All key financial systems are subject to a cyclical programme of audits covering, as a minimum, compliance against key controls;
- Previous reviews which resulted in 'minimal assurance' audit opinions will be subject to a specific follow-up review to assess the effective implementation by management of agreed actions. This will also include a number of previous reviews with a 'partial assurance' opinion where deemed necessary or where the area under review is considered to be of a higher risk nature.

2.5 In addition, formal action tracking arrangements are in place to monitor the implementation by management of all individual high-risk recommendations, with the results of this work reported to the Audit and Standards Committee on a quarterly basis.

2.6 During the last three years, Brighton and Hove City Council, Surrey County Council and East Sussex County Council and have been working together to develop and form the Orbis Partnership, covering a range of business services, including internal audit. This work has resulted in the formation of a single, integrated internal audit service from April 2018, involving three locality-based teams supported by two specialist teams in the areas of ICT audit and counter fraud. It is our ambition that this will provide greater resilience and capacity for our partner councils whilst also building on existing high-quality services.

3. Key Issues

3.1 In times of significant transformation, organisations must both manage change effectively and ensure that core controls remain in place. In order to respond to the continued reduction in financial resources and the increased demand for services, the Council needs to consider some radical changes to its service offer in many areas.

3.2 Internal Audit must therefore be in a position to give an opinion and assurance that covers the control environment in relation to both existing systems and these new developments. It is also essential that this work is undertaken in a flexible and supportive manner, in conjunction with management, to ensure that both risks and opportunities are properly considered. During 2020/21, a number of major organisational initiatives are featured within the audit plan, with the

intention that Internal Audit is able to provide proactive advice, support and assurance as these programmes progress. These include:

- The implementation of the new insourced housing repairs service and related computer system;
- Review of the new care system implementation (ECLIPSE).

3.3 In recognition that in some cases, sufficient information regarding the full extent of future changes and associated risks may not yet be known, the 2020/21 audit plan includes a proportion of time classified as 'Emerging Risks'. This approach has been adopted to enable Internal Audit to react appropriately throughout the year as new risks materialise and to ensure that expertise in governance, risk and internal control can be utilised early in the change process.

3.4 In view of the above, Internal Audit will continue to work closely with senior management and Members throughout the year to identify any new risks and to agree how and where audit resources can be utilised to best effect.

3.5 Other priority areas identified for inclusion within the audit plan include:

- Follow-up on audits where we have previously provided a critical audit opinion (Temporary Accommodation, Housing Local Delivery Vehicle, Working Time Directive and Home Care);
- City Clean – ongoing work to help strengthen the control environment within the service, building on the work undertaken during 2019/20;
- Schools – continuing the delivery of a targeted programme of individual school audits and themed reviews in line with our schools audit strategy;
- Housing – continuing our work on the identification and investigation of housing tenancy fraud;
- Key IT and Information governance processes.

3.6 The results of all audit work undertaken will be summarised within quarterly update reports to the Audit & Standards Committee, along with any common themes and findings arising from our work.

4. Counter Fraud

4.1 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.

4.2 The Chief Internal Auditor 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.

4.3 In addition, Internal Audit will promote an anti-fraud and corruption culture within the Council to aid the prevention and detection of fraud. Through the work of the Counter Fraud Team, Internal Audit will maintain a fraud risk assessment and deliver a programme of proactive and reactive counter fraud services to help ensure that the Council continues to protect its

services from fraud loss. This will include leading on the National Fraud Initiative data matching exercise on behalf of the Council.

5. Matching Audit Needs to Resources

5.1 The overall aim of the Internal Audit Strategy is to allocate available internal audit resources so as to focus on the highest risk areas and to enable an annual opinion to be given on the adequacy and effectiveness of the Council’s governance, risk and control framework.

5.2 In addition to this, resources have been allocated to the external bodies for whom Orbis Internal Audit also provide internal audit services, at an appropriate charge. These include the South Downs National Park Authority, Horsham District Council, Elmbridge District Council and East Sussex Fire Authority.

5.3 Internal audit activities will be delivered by a range of staff from across the Orbis Internal Audit Service, maximising the value from a wide range of skills and experience available. In the small number of instances where sufficient expertise is not available from within the team, mainly in highly technical areas, externally provided specialist resources will continue to be utilised.

5.4 The following table summarises the level of audit resources expected to be available for the City Council in 2020/21 (expressed in days), compared to the equivalent number of planned days in previous years. The overall level of resource remains consistent with that of the previous year and is considered to be sufficient to allow Internal Audit to deliver its risk based plan in accordance with professional standards¹ and to enable the Chief Internal Auditor to provide his annual audit opinion.

Table 1: Annual Internal Audit Plan – Plan Days

	2016/17	2017/18	2018/19	2019/20	2020/21
Plan Days	2,020	1,792	1,564	1,540	1,540

6. Audit Approach

6.1 The approach of Internal Audit is to use risk based reviews, supplemented in some areas by the use of compliance audits and themed reviews. All audits have regard to management’s arrangements for:

- Achievement of the organisation’s objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

6.2 In addition to these audits, and the advice on controls given on specific development areas which are separately identified within the plan, there are a number of generic areas where there

¹ Public Sector Internal Audit Standards (PSIAS)
Brighton & Hove City Council

are increasing demands upon Internal Audit, some of which cannot be planned in advance. For this reason, time is built into the plan to cover the following:

- Contingency – an allowance of days to provide capacity for unplanned work, including special audits and management investigations. This contingency also allows for the completion of work in progress from the 2019/20 plan;
- Advice, Management, Liaison and Planning - an allowance to cover provision of ad hoc advice on risk, audit and control issues, audit planning and annual reporting, ongoing liaison with service management and Members, and audit management time in support of the delivery of all audit work, planned and unplanned.

6.3 In delivering this strategy and plan, we will ensure that liaison has taken place with the Council's external auditors, Grant Thornton, to ensure that the use of audit resources is maximised, duplication of work is avoided, and statutory requirements are met.

7. Training and Development

7.1 The effectiveness of the Internal Audit Service depends significantly on the quality, training and experience of its staff. Training needs of individual staff members are identified through a formal performance and development process and are delivered and monitored through on-going management supervision.

7.2 The team is also committed to coaching and mentoring its staff, and to providing opportunities for appropriate professional development. This is reflected in the high proportion of staff holding a professional internal audit or accountancy qualification as well as several members of the team continuing on new apprenticeship training during 2020/21.

8. Quality and Performance

8.1 With effect from 1 April 2013, all of the relevant internal audit standard setting bodies, including CIPFA, adopted a common set of Public Sector Internal Audit Standards (PSIAS). These are based on the Institute of Internal Auditors International Professional Practices Framework and replace the previous Code of Practice for Internal Audit in Local Government.

8.2 Included within the new Standards is the requirement for the organisation to define the terms 'Board' and 'senior management' in the context of audit activity. This has been set out within the Internal Audit Charter, which confirms the Audit and Standards Committee's role as the Board.

8.3 The PSIAS require each internal audit service to maintain an ongoing quality assurance and improvement programme based on an annual self-assessment against the Standards, supplemented at least every five years by a full independent external assessment. The outcomes from these assessments, including any improvement actions arising, will be reported to the Audit and Standards Committee, usually as part of the annual internal audit report. For clarity, the Standards specify that the following core principles underpin an effective internal audit service:

- Demonstrates integrity;
- Demonstrates competence and due professional care;

- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused;
- Promotes organisational improvement.

8.4 In addition, the performance of Orbis Internal Audit continues to be measured against key service targets focussing on service quality, productivity and efficiency, compliance with professional standards, influence and our staff. These are all underpinned by appropriate key performance indicators as set out in Table 2 below.

8.5 At a detailed level each audit assignment is monitored, and customer feedback sought. There is also ongoing performance appraisals and supervision for all Internal Audit staff during the year to support them in achieving their personal targets.

8.6 In addition to the individual reports to management for each audit assignment, reports on key audit findings and the delivery of the audit plan are made to the Audit and Standards Committee on a quarterly basis. An Annual Internal Audit Opinion is also produced each year.

8.7 Whilst Orbis Internal Audit liaises closely with other internal audit services through the Sussex and Surrey audit and counter fraud groups, the Home Counties Chief Internal Auditors' Group and the Local Authority Chief Auditors' Network, we are continuing to develop joint working arrangements with other local authority audit teams to help improve resilience and make better use of our collective resources.

Table 2: Performance Indicators

Aspect of Service	Orbis IA Performance Indicators	Target
Quality	<ul style="list-style-type: none"> • Annual Audit Plan agreed by Audit & Standards Committee • Annual Audit Report and Opinion • Satisfaction levels 	By end April To inform AGS 90% satisfied
Productivity and Process Efficiency	<ul style="list-style-type: none"> • Audit Plan – completion to draft report stage by 31 March 20120 	90%
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 	Conforms Conforms
Outcomes and degree of influence	<ul style="list-style-type: none"> • Implementation of management actions agreed in response to audit findings 	95% for high priority

Our Staff

- Professionally Qualified/Accredited

80%

Russell Banks
Orbis Chief Internal Auditor

DRAFT INTERNAL AUDIT PLAN 2020/21



Planned Audit Reviews

Review Name	Outline Objective
Finance and Resources	
Working Time Directive (Follow-up)	A follow-up on a partial assurance 2019/20 report, including providing assurance that effective monitoring arrangements are in place, opt-out agreements are being signed and that managers and staff are aware of their statutory obligations
Recruitment	An audit of the Council's recruitment arrangements. To provide assurance that all recruitments comply with approved procedures and that controls mean that appropriate evidence of identity and competency is obtained to support all decisions made.
Payroll	To review controls in relation to the staff payment system, including those relating to starters, leavers, temporary and permanent payments, variations of pay, and pre-employment checks.
Housing and Council Tax Benefits	Review of Housing Benefit and Council Tax Reduction controls to ensure that benefits are accurately and promptly paid to those with a legitimate entitlement.
Debtors	To review the processes and key controls relating to the accounts receivable system, including those in place for ensuring the accuracy of customer details, completeness, accuracy and timeliness of invoicing, recording and matching payments to invoices, and debt recovery.
Creditors	To review the processes and key controls relating to the accounts payable system, including those in place for ensuring the accuracy of vendor details, the processing of invoices, goods receipting and promptness of payments.
Council Tax	To provide assurance that controls over council tax collection are effective, including billing, collection, recovery and the award of discounts.
Capital Programme	To review processes and key financial controls across the Council in relation to capital expenditure monitoring, funding, receipts, borrowing and capital accounting.
Business Rates	That controls over business rate collection are effective including billing, collection, recovery and reliefs.
Budget Management	A review of the Council's budget management arrangements, to include an assessment of the extent to which planned savings are being delivered.

DRAFT INTERNAL AUDIT PLAN 2020/21



Review Name	Outline Objective
Families, Children and Learning	
Special Educational Needs	To review the processes in schools to control and monitor the use of their SEND budgets.
Schools Audits	Allocation to include a sample of individual schools, general advice and the communication of guidance and best practice to schools.
EU Grant- Providing Access to Childcare and Employment (PACE)	To provide financial scrutiny and certification of the grant in accordance with the EU First Level Controller requirements.
Apprenticeship Levy	To ensure that the controls over the use of apprentice levy funds are effective, are value for money and deliver the intended training and development outcomes for Council staff.

Review Name	Outline Objective
Health and Adult Social Care	
Hospital Discharge Arrangements	An audit to review governance and accountability arrangements between organisations and teams for discharge planning.
Payments to GPs and Pharmacies	A proactive assurance exercise using data analytics to ensure controls are in place to manage payments to GPs and pharmacies in relation to services commissioned by Public Health.
Residential Care for the Elderly	A review of the financial controls over the provision of residential care for elderly persons. To include the contract and budget management processes.
Home Care Follow-up	A follow-up on the 2019/20 Minimal Assurance report on this service. To provide assurance that actions relating to the recording of visits and payments to service providers have been implemented.

Review Name	Outline Objective
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DRAFT INTERNAL AUDIT PLAN 2020/21



Environment, Economy and Culture	
City Clean (Follow-up)	To follow-up on actions arising from Internal Audit work and investigations within this service in 2019/20.
EU Grant - Shaping Climate change Adaptive PlacEs (SCAPE)	To provide financial scrutiny and certification of the grant in accordance with the EU First Level Controller requirements.
EU Interreg Grant- Brighton Cultural Heritage Tourism	To provide financial scrutiny and certification of the grant in accordance with the EU First Level Controller requirements.
Parking Enforcement	An audit to review the Council's parking enforcement contract and financial management arrangements. To ensure that the service complies with statutory requirements and that there are effective budget and debt management processes in place.
Section 106	To examine the Council's arrangements for the management of Section 106 monies.
Transport Capital Grants	To check and certify the grant in accordance with the requirements of the Department for Transport.

Review Name	Outline Objective
Housing, Neighbourhoods and Communities	
Housing Temporary Accommodation	A follow-up on the 2019/20 audit of Housing Temporary Accommodation. To focus on budget management and debt collection.
Housing Repairs Contract	An allocation of time set aside to provide advice and assurance over the arrangements to bring the housing repairs service in house. Specific focus areas will be agreed with management during the year.
EU Grant - Solar Adoption Rise in the Two Seas (Solarise)	To provide financial scrutiny and certification of the grant in accordance with the EU First Level Controller requirements.
EU Grant - Sustainable Housing Initiatives in Excluded Neighbourhoods (SHINE)	To provide financial scrutiny and certification of the grant in accordance with the EU First Level Controller requirements.
Housing Local Delivery Vehicle (Follow-up)	A follow-up audit on the actions detailed in the 2018 internal audit of the housing Local Delivery Vehicle (Brighton & Hove

DRAFT INTERNAL AUDIT PLAN 2020/21



Review Name	Outline Objective
	Seaside Community Homes).
Housing and Right to Buy	The investigation and prevention of HRA housing fraud, including illegal subletting and the prevention of Right to Buy irregularities.

Review Name	Outline Objective
IT and Information Governance Audits	
Care System Implementation - ECLIPSE	An audit of the controls over the implementation of the ECLIPSE care system.
MCM Housing Repairs Application	To enable a smooth transition to an in-house Housing repairs service the Council is opting to use the Mears MCM works management system for a period of two years. This audit will review all major input, processing and output controls and will review the controls in place to interface with the payment system and general ledger.
Data Sharing Arrangements (with other Authorities and Health Partners)	The audit will review adequacy of the control environment in place to ensure resident and patient information shared between councils and health partners is done so securely and in accordance with the Data Protection Act. This audit will consider the adequacy of the control environment in place to support the formal, system to system integration and informal practitioner to practitioner ways of working.
End-user and Senior Stakeholder Behaviour	Explore end-user and senior stakeholder behaviour e.g. perception of cyber risk, adherence to IT guidance and policies provided and evidence of either good or bad practices e.g. sending council information to private email addresses, teams not returning devices following staff departures.
Departmental IT Teams	A review of one of the departmental IT teams operating at the Council, including an assessment of how support is provided, basic security, information assurance and risk management controls, change management and governance /visibility over decision making relating to the use of new or extended technologies.

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Review Name	Outline Objective
GCSX Replacement	The audit will seek to provide assurance over the effectiveness of the arrangements for replacing the Government Connect Secure Extranet (GCSX) to ensure that where personal and sensitive data is shared it is done so securely.
IT&D Major Projects	This audit will review the effectiveness of the control environment to ensure the overall delivery of a major IT&D project meets the expectations and specification. The audit will consider specifically the controls in place to engage with IT&D to ensure the system meets digital architecture design principles and to ensure cyber and Information Governance considerations are effectively understood and managed.
Orbis ICT Cross-authority Working Arrangements	A review of governance arrangements in place for supporting the Orbis partnership, specifically concentrating on the arrangements in place to allow access to partners and client networks, removal of access and will seek to identify any local workarounds and the risks associated with these.
GDPR Follow-up	This audit will follow-up the previous GDPR audit to ensure actions have been implemented as agreed and to identify any further work required to comply with the requirements of the GDPR.
Children's Safeguarding Data Handling	Social workers/safeguarding teams often use video to record interviews and other interactions with children. This audit will seek to ensure there is an appropriate Data Protection Impact Assessment (DPIA) in place and being complied with, appropriate permissions are sought, and data is encrypted in transit and deleted as appropriate.

Review Name	Outline Objective
Internal Audit Service Management and Delivery	
Action Tracking	Ongoing action tracking and reporting of agreed, high risk actions.
Annual Internal Audit Report and Opinion	Creation of Annual Report and Opinion.
Audit and Fraud Management	Overall management of all audit and counter fraud activity, including work allocation, work scheduling and Orbis Audit Manager meetings.
Audit and Fraud Reporting	Production of periodic reports to management and Audit Committee covering results of all audit and anti-fraud activity.
Audit Committee and other Member Support	Ongoing liaison with Members on internal audit matters and attending Audit Committee meetings and associated pre-

DRAFT INTERNAL AUDIT PLAN 2020/21



Review Name	Outline Objective
	meetings.
Client Service Liaison	Liaison with clients and departmental management teams throughout the year.
Client Support and Advice	Ad hoc advice, guidance and support on risk, internal control and governance matters provided to clients and services throughout the year.
Orbis IA Developments	Audit and corporate fraud service developments, including quality improvement and ensuring compliance with Public Sector Internal Audit Standards.
Organisational Management Support	Attendance and ongoing support to organisational management meetings, e.g. Orbis Customer Board, Information Governance Board, Orbis Customer Board, Corporate Health and Safety meetings.
Strategy and Annual Audit Planning	Development and production of the Internal Audit Strategy and Annual Audit Plan, including consultation with management and Members.
System Development and Administration	Development and administration of Audit and Fraud Management systems.

Contingencies	
Anti-Fraud and Anti-Corruption	To deliver the 2019/20 Fraud Response Plan for BHCC which includes work on fraud awareness, data analytics, cyber fraud, conflicts of interest, excessive personal use of council IT equipment and ad hoc investigations.
Emerging Risks	A contingency budget to allow work to be undertaken on new risks and issues identified by Orbis IA and/or referred by management during the year.
General Contingency	A contingency budget to allow for effective management of the annual programme of work as the year progresses.

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 CMT and the Audit & Standards Committee. The Chief Internal Auditor 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 Chief Internal Auditor 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 Chief Internal Auditor 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 Chief Internal Auditor'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. Appointment and Removal of the Chief Internal Auditor

The role of Chief Internal Auditor is a shared appointment across the 3 Orbis partner authorities (East Sussex County Council, Surrey County Council and Brighton & Hove City Council).

In order to ensure organisational independence is achieved, all decisions regarding the appointment and removal of the Chief Internal Auditor will be made following appropriate consultation with Member representatives from each of the authorities' audit committees.

7. Reporting Lines

Regardless of line management arrangements, the Chief Internal Auditor 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.

8. 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 Chief Internal Auditor 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.

9. 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.

10. Resources

The work of Internal Audit is driven by the annual Internal Audit Plan, which is approved each year by the Audit Committee. The Chief Internal Auditor 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 Chief Internal Auditor 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 Chief Internal Auditor may engage the use of external resources where it is considered appropriate, including the use of specialist providers.

11. 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:

- The extent of work needed to achieve the required objectives;
- The relative complexity, materiality or significance of matters to which assurance procedures should be applied; and
- The adequacy and effectiveness of governance, risk management and control processes;
- The probability of significant errors, fraud or non-compliance; and

- 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.

12. Quality Assurance

The Chief Internal Auditor 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.

January 2020

Subject:	Internal Audit Progress Report – Quarter 3 (1 September to 31 December 2019)		
Date of Meeting:	10 March 2020		
Report of:	Executive Director, Finance & Resources		
Contact Officer:	Executive Director, Finance & Resources		
	Name:	Mark Dallen, Audit Manager	Tel: 29-1314
		Russell Banks, Orbis Chief Internal Auditor	
	Email:	Mark.Dallen@brighton-hove.gov.uk	
		Russell.Banks@eastsussex.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The purpose of this report is to provide Members with an update on all internal audit and counter fraud activity completed during the quarter, including a summary of all key audit findings. The report also includes details of progress on delivery of the annual audit plan along with an update on the performance of the Internal Audit service during the period.

2. RECOMMENDATIONS

- 2.1 That the Committee note the report.
- 2.2 That the Executive Director, Health & Adult Social Care reports back to the next Audit and Standards Committee on the actions being taken by management in response to the follow-up Internal Audit report on Home Care.

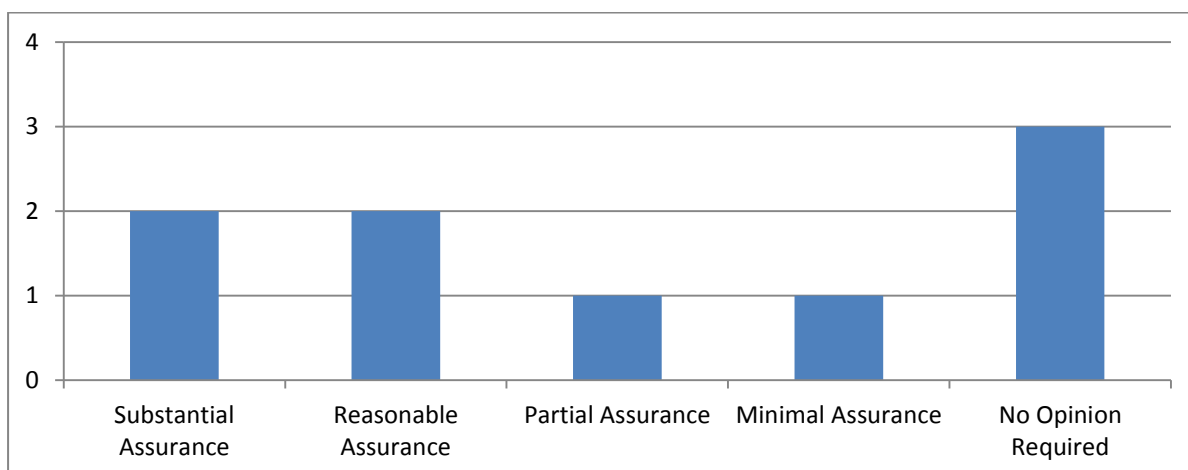
CONTEXT/ BACKGROUND INFORMATION

- 3.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2019/20 which was approved by the Audit and Standards Committee on 12 March 2019.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Internal Audit is on target to deliver 90% of the approved audit plan as per the key performance indicator.
- 4.2 Key audit findings from final reports issued during Quarter 3 are detailed in Appendix A and the opinions given are summarised in the chart below. These

include one minimal assurance report (Home Care) and one partial assurance report (Surveillance Cameras). In addition, there were three pieces of audit work which did not require an assurance opinion.



4.3 Formal follow up reviews continue to be carried out for all audits where ‘minimal assurance’ opinions have been given and for higher risk areas receiving ‘partial assurance’.

4.4 Appendix A also provides details of counter fraud activities, information on the tracking of high priority actions and progress against our performance targets.

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 2019/20 will be delivered within existing budgetary resources. Progress against the plan and action taken in line with actions 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: 09/02/20

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: 19.2.20

Equalities Implications:

7.3 There are no direct equalities implications.

Sustainability Implications:

7.4 There are no direct sustainability implications.

SUPPORTING DOCUMENTATION

Appendices:

1. Internal Audit and Counter Fraud Quarter 3 Progress Report 2019/20

Background Documents

1. Internal Audit Strategy and Annual Audit Plan 2019/20.

Internal Audit and Counter Fraud Quarter 3 Progress Report 2019/20

CONTENTS

1. Summary of Completed Audits
2. Counter Fraud and Investigation Activities
3. Action Tracking
4. Amendments to the Audit Plan
5. Internal Audit Performance

1. Summary of Completed Audits

Home Care (Follow-up) – Minimal Assurance

- 1.1 The purpose of this audit was to follow-up on the previous review of this service, in October 2018, which gave a Partial Assurance opinion. The audit followed up on the actions agreed from that audit and sought to provide assurance that key financial controls were in place and operating effectively for payments to third party providers.
- 1.2 The audit concluded Minimal Assurance over the controls operating within this service, a deterioration from our previous review. The main reason for this opinion was that controls are not in place to ensure payments to care providers are correct. Evidence of overpayment has been identified and there is insufficient information to allow the effective monitoring of the care hours provided.
- 1.3 Four high priority and one medium priority action have been agreed with management to address these shortfalls. These were that:
- All providers will now be required to submit data direct to the Council’s Home Care System on the basis of actual care hours. Exceptions will no longer be allowed. Legal advice is being sought on the recovery of amounts overpaid to suppliers;
 - Additional checks and validation is to be undertaken on home care provider claims;
 - Additional data is to be provided by care providers to allow the full validation of claims and the calculation of key performance indicators on provider performance;
 - There will be improved management and administration of the council’s home care system;
 - Measures to ensure that all care provider claims are submitted within an acceptable timescale from the service being provided will be implemented.
- 1.4 We have now given critical assurance opinions on the last two Home Care audits (Partial followed by Minimal Assurance). In accordance with the protocol agreed with Members at the January 2020 Audit and Standards Committee, officers from Health and Adult Social Care will now be asked to present a report to the next Audit and Standards Committee detailing the actions being taken to improve the control environment.

Surveillance Cameras – Partial Assurance

- 1.5 Local authorities are required to pay due regard to the Surveillance Camera Code of Practice (SC Code) where they operate surveillance cameras overtly in a public space (e.g. in town centres, municipal buildings, libraries, leisure centres, body worn videos worn by enforcement officers etc.).
- 1.6 The SC code sets out 12 principles for the operation of surveillance camera systems. The Surveillance Camera Commissioner will be writing to all Senior Responsible Officer (SROs) to conduct a survey of compliance with the Protection of Freedoms Act (PoFA), with the results of the survey to be included in the Commissioner's annual report to Parliament. In anticipation of this exercise, this audit was undertaken to provide an opinion on the Authority's arrangements for managing the Surveillance Camera Systems and complying with the SC Code.
- 1.7 We were only able to provide Partial Assurance over this area because the Council is only partly compliant with the 12 principles of the surveillance camera code of practice. Our testing found that:
- The purpose of all the CCTV schemes in our sample was for crime prevention and public safety which is considered legitimate use;
 - We found no evidence that the systems are being used for any purpose other than those specified.;
 - Key roles and responsibility and accountability for surveillance camera system activities including images and information collected, held and used have been clearly documented in the Council's CCTV policy;
 - Access to retained images and information is restricted and the Council has clearly defined its rules on sharing or disclosing of images and information to any third party in its CCTV policy.
- 1.8 However, the following actions were agreed with management in order to ensure the necessary strengthening of the control environment:
- Policies and procedures are extended to cover the use of other surveillance camera systems such as ANPR, or Body Worn Cameras;
 - Data protection impact assessments (DPIA) for surveillance camera systems are put in operation;
 - Improvements to signage to inform the public of the use of surveillance camera systems at the Council's housing estates;

- Devices are procured that capture images that are of evidential value but with software that can protect the identity of any unconnected persons that is recognisable in the images released to a third party;
- Staff consult the Council's data protection team before sharing images and information with law enforcement;
- Measures are in place to protect against cyber security risks because of the increasing use of cloud storage solutions.

ICT Compliance Framework – Reasonable Assurance

- 1.9 Organisations face an ever-increasing list of statutory, regulatory, contractual and legal compliance obligations. While these areas of compliance concern the whole council, they often require significant input from IT&D.
- 1.10 Areas of compliance that have varying impact on IT&D within Brighton & Hove City Council include:
- Government Public Sector Network (PSN) Code of Connection (CoCo);
 - Data Security & Protection (DSP) Toolkit; and
 - Payment Card Industry Data Security Standard (PCI (DSS)).
- 1.11 While not considered areas of compliance, there is an expectation that the Senior Information Risk Owner (SIRO) would also look to take assurance from IT standards such as Cyber Essentials & Cyber Essentials Plus.
- 1.12 The primary objective of this audit was to provide assurance that effective controls are in place for the overall governance arrangements within IT&D, that help to ensure that suitable assurances are provided to the SIRO and the Council.
- 1.13 As a result of our work, we have been able to provide Reasonable Assurance over the controls operating to support the accurate completion of the compliance frameworks.
- 1.14 Our testing found that effective governance processes are in place. While there are statutory requirements for compliance in place for some frameworks, e.g. Data Security & Protection (DSP) Toolkit, Council policies also specify the compliance frameworks that the organisation will seek to achieve. Despite the Council currently not being compliant with the Government Public Sector Network (PSN) Code of Connection (CoCo), management are taking positive steps in order to obtain this certification.

- 1.15 Appropriate review and sign-off of frameworks and standards is taking place, with these being discussed with the SIRO prior to submission.
- 1.16 Arrangements are in place to provide assurance that continued compliance with frameworks and standards is maintained. This is achieved through robust policies, as well as training and support for members of staff.
- 1.17 We agreed actions with management in relation to clearly defining roles and responsibilities for ensuring compliance with the Payment Card Industry Data Security Standard (PCI (DSS)).

Main Accounting System – Substantial Assurance

- 1.18 Internal Audit carry out a regular review of the Council’s main corporate computer accounting system (Civica Financials) as part of our work on key financial systems. The system provides a platform for both the Council’s budget monitoring processes as well as the production of year end accounts and meeting statutory reporting requirements.
- 1.19 The purpose of the audit was to provide assurance that all transactions from feeder systems are accurately and completely recorded in the Main Accounting System and that accounting journals, suspense and holding accounts are effectively controlled.
- 1.20 The audit concluded substantial assurance and that there are appropriate controls in place over the functions above. Three low priority actions were agreed.

Care Payments – Substantial Assurance

- 1.21 The objective of this audit review was to obtain assurance on the operation of key controls in care payments systems. This audit covered Fostering (in-house and independent placements) and Residential Care but excluded Home Care, which has been audited and reported on separately (see separate commentary above).
- 1.22 The purpose of the audit was to provide assurance that keys controls are in place, including approved care plans or care service agreements are in place and payments are subject to effective review and reconciliation before payment is made.
- 1.23 The audit concluded substantial assurance. Controls were operating to demonstrate that In-House Fostering arrangements include that an approved care plan is on file and that the rates paid are in accordance with the approved care allowances payment schedule. The process demonstrated an adequate separation of duties. This ensures both the approval of the care package, setting it up on the system and authorising the payments run is the responsibility of different teams.

- 1.24 We are also satisfied that the process for Independent Fostering payments has effective controls in place and these are working correctly. However, our sample testing identified one placement that did not have a signed independent placement agreement. The amount being paid had also been reported to panel, in January 2018, as being too high. Although this situation is being addressed by the service, no further action has been reported back to panel in over 21 months.
- 1.25 For Residential Home care payments (adults) our sample testing confirmed that controls are operating as expected to ensure payments are being made in accordance with an authorised care plan. The process demonstrated an appropriate separation of responsibilities was in place to mitigate the risk of incorrect payments being made.

EU Interreg Grant- PACE (Claim 6)

- 1.26 This is one of six EU Interreg projects that require grant certification at least once a year. The full title of the project is Providing Access to Childcare and Employment. The total value of the project between 2017 to 2020 is approximately £625,000 (Grant expected £375,000).
- 1.27 No significant issues were identified in the grant certification.

EU Interreg Grant – SCAPE (Claim 6)

- 1.28 This is one of six EU Interreg projects that require grant certification at least once a year. The full title of the project is Shaping Climate Change Adaptive Places. The total value of the project between 2017 to 2020 is approximately £488,000 (Grant expected £293,000).
- 1.29 No significant issues were identified in the grant certification.

EU Interreg Grant- SHINE (Claim 8)

- 1.30 This is an EU Interreg project that requires grant certification at least once a year. The full title of the project is Sustainable Housing Initiatives in Excluded Neighbourhoods. The total value of the project between 2016 and 2020 is approximately £367,000 (Grant expected £220,000).
- 1.31 No significant issues were identified in the grant certification.

School Audits

- 1.32 Our work in schools has continued in order to assess the adequacy of financial governance and to gauge the effectiveness of training to governors, headteachers and school business managers. In quarter 3, the following individual school review was completed:

School	Type	Budget	Opinion
Woodingdean	Primary	£1.8m	Reasonable Assurance

2. Proactive Counter Fraud Work

2.1 Internal Audit deliver both reactive and proactive counter fraud services across the Orbis partnership. Work to date has focussed on the following areas:

National Fraud Initiative Exercise

2.2 The results from this exercise were received on 31 January 2019 and have been prioritised for review during the year. Any savings generated from the exercise will be summarised in our annual report.

Counter Fraud Policies

2.3 Each Orbis partner has in place a Counter Fraud Strategy that sets out their commitment to preventing, detecting and deterring fraud. Internal Audit have reviewed the sovereign strategies to align with best practice and to ensure a robust and consistent approach to tackling fraud. This is included as a separate item on the agenda for today's meeting.

Fraud Risk Assessments

2.4 Fraud risk assessments have been consolidated and are regularly reviewed to ensure that the current fraud threat for the Council has been considered and appropriate mitigating actions identified.

Fraud Response Plans

2.5 The Fraud Response Plans take into consideration the results of the fraud risk assessments and emerging trends across the public sector in order to provide a proactive counter fraud programme. These include an increased emphasis on data analytics. The Fraud Response Plans will be refreshed for 2020/21 and set out the proactive work plan for Internal Audit.

Fraud Awareness

2.6 The team has launched refreshed eLearning content to provide engaging and current material available to the whole organisation. This is now available through the Council's eLearning portal and is available in conjunction with fraud awareness workshops to help specific, targeted services identify the risk of fraud and vulnerabilities in their processes and procedures. An

awareness campaign was run in November 2019 to coincide with Internal Fraud Awareness Week in November and promote the fraud eLearning.

Reactive Counter Fraud Work - Summary of Completed Investigations

Payment Card Industry Compliance

2.7 Following receipt of concerns over card security expressed by a member of public, Internal Audit reviewed the processing and storage of card details at the City Clean Depot. The review did not identify any issues with the processing of card payments but did identify areas to improve compliance with payment card industry (PCI) standards. Appropriate remedial action has been agreed with management.

Adult Social Care

2.8 Internal Audit have provided advice and support to Adult Social Care on individual cases where concerns have been expressed over the potential deprivation of capital. This has also included recommendations to strengthen the assessment process.

Employee Misconduct

2.9 Internal Audit provided support to an HR investigation following concerns that an employee had been convicted of benefit fraud whilst being employed by the Council to provide welfare advice and assistance to those submitting benefit claims. Following a disciplinary hearing the individual was dismissed from their role with the Council.

Housing Tenancy & Local Taxation

2.10 In addition to the above, a key focus area remains housing tenancy fraud and Local Taxation, and the team has made good progress with work to date, including:

- 10 properties returned so far this year;
- 4 people removed from the Housing Waiting List following investigation;
- £15,400 in Housing Benefit overpayment has been identified as a result of investigation;
- £800 in Council Tax Reduction overpayment identified;

- SPD to the value of £3,200 has been removed from council tax account following investigation;
- An individual has been charged £28,000 in Business Rates following an investigation that found the individual had been renting a property out as holiday lets when the property had been listed as residential.

3. Action Tracking

- 3.1 All high priority actions agreed with management as part of individual audit reviews are subject to action tracking. As at the end of quarter 3, 94% of high priority actions due had been implemented.
- 3.2 As at the end of December 2019, there were three high priority actions which are overdue. Details of these are provided below, together with a revised deadline for implementation (the information for these three actions was previously reported to this Committee in January 2020).

Details of Audit, Risk and Action	Dir.	Due date	Revised date	Progress and comments
<p><u>Residential and Nursing Care</u></p> <p><u>Contract Rates and Fees.</u> A shortage of residential nursing care vacancies in the city meant prices were significantly higher than the set rates the Council pays. To secure appropriate care for individual nursing care clients, rates were agreed above the BHCC set fee, following the approval of a waiver.</p> <p>There were insufficient resources in the Care Matching Team to effectively manage this issue.</p> <p>An action was agreed that the function and process of the Care Matching Team will be reviewed to include negotiation (brokerage) and waivers. Residential and</p>	HASC	31/7/19	To be reviewed during the 2020/21 audit.	<p>Over the past year to 18 months HASC has identified that to continue meeting its statutory responsibilities and ensuring vulnerable adults are supported with high quality services required significant changes to the way they worked. This has impacted on the implementation of this action (and the two other ASC actions below).</p> <p>A new Operating Model for the directorate has been adopted and Residential and Nursing Care is incorporated into this programme of work.</p> <p>If this issue is not addressed there is an ongoing budget risk. Residential and Nursing Care will be included in</p>

Details of Audit, Risk and Action	Dir.	Due date	Revised date	Progress and comments
Nursing Care				the Internal Audit Plan for 2020/21.
<p><u>Residential and Nursing Care</u></p> <p><u>Resident Care Needs Assessments.</u> It is a requirement for care plans to be regularly reviewed. The audit found that this is not always happening.</p> <p>There is a risk client's care needs are not being met and/or that the Council may be paying for nursing care that is no longer required by the client.</p> <p>The service agreed an action to improve performance with a revised target set of 60% per annum but which prioritises clients in nursing care settings.</p>	HASC	31/7/19	To be reviewed during the 2020/21 audit.	<p>The service has stated that historically performance regarding reviews has not always been to the standard that would be wanted (in terms of numbers completed) but there is still a desire to improve this performance in line with the requirement of the Care Act and the quality/ impact of these reviews.</p> <p>In 2019/20 efforts 'targeting' review activity were focussed on the most vulnerable and those presenting as benefiting most from a review. The 'Better Lives, Stronger Communities' (BLSC) programme, we will focus on continued improvement.</p>
<p>Housing Local Delivery Vehicle (Follow-up)</p> <p><u>Funding Gap.</u> The terms of the original funding agreement with Seaside Homes included a guaranteed rent payment which is no longer affordable over the last five years the Local Housing Allowance rate (which is the maximum rent the council can charge its tenants to match the housing benefit) has remained static.</p> <p>This has meant a growing and</p>	NCH	30/9/19	Not yet agreed.	<p>This is a complex issue which has not yet been resolved. The Executive Director (F&R) and the former and Acting Director (NCH) have held meetings during 2019 and options are being considered to manage the financial gap.</p> <p>If this issue is not addressed, it will result in a substantial cumulative deficit which cannot be funded from future rents.</p>

Details of Audit, Risk and Action	Dir.	Due date	Revised date	Progress and comments
<p>significant financial gap between what the council receives in rent and what it pays to Seaside Homes.</p> <p>The Executive Director agreed to work with Seaside Homes to discuss and agree a constructive way forward.</p>				<p>A follow-up audit will be scheduled for 2020/21.</p>

4. Amendments to the Audit Plan

4.1 In accordance with proper professional practice, the internal audit plan for the year remains under regular review to ensure that the service continues to focus its resources in the highest priority areas based on an assessment of risk. The following additions to the audit plan have been made since the last meeting of the Audit and Standards Committee:

- Internal Control Report – City Clean;
- Waivers to Contract Standing Orders;
- Adult Social Care Income (Follow-up);
- Surveillance Cameras.

4.2 Through the same process, audits could either be removed or deferred from the audit plan and, where appropriate, considered for inclusion in the 2020/21 plan as part of the overall risk assessment completed during the annual audit planning process. No audits have been removed or deferred in quarter 3.

5 Internal Audit Performance

5.1 In addition to the annual assessment of internal audit effectiveness against Public Sector Internal Audit Standards (PSIAS), the performance of the service is monitored on an ongoing basis against a set up agreed key performance indicators as set out in the following table:

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	G	Approved by Audit Committee on 12 March 2019
	Annual Audit Report and Opinion	By end July	G	2019/20 Annual Report and Opinion approved by Audit Committee on 23 July 2019
	Customer Satisfaction Levels	90% satisfied	G	100% as at the end of quarter 1
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	90%	G	On target. 84% of the plan complete as at the end of quarter 3.
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	January 2018 – External assessment by the South West Audit Partnership gave an opinion of ‘Generally Conforms’ – the highest of three possible rankings
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-compliance identified
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high priority agreed actions	A	94% at end of quarter 3.
Our staff	Professionally Qualified/Accredited	80%	G	85%

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

Subject:	Counter Fraud Strategy		
Date of Meeting:	10 March 2020		
Report of:	Executive Director, Finance & Resources		
Contact Officer:	Name:	Simon White	Tel: 020 8541 9191
	Email:	simon.white@surreycc.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The purpose of this report is to provide details of the main changes and rationale for updating and amending the Council's Counter Fraud Strategy (attached to this report as Appendix A).

2. RECOMMENDATIONS

- 2.1 That the Committee approve the Counter Fraud Strategy.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The current Counter Fraud Strategy was approved by the Audit and Standards Committee on June 2016.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 As with other organisations the Council is at risk of losses through fraud, bribery and corruption. The Council recognises that as well as causing financial loss such activities are also detrimental to the provision of services and damaging to the reputation of the Council and residents confidence in the Council. To safeguard itself the Council is committed to making sure that the opportunity for fraud, bribery and corruption is reduced to the lowest possible risk within existing resources.
- 4.2 This strategy outlines the Council's commitment and approach to tackling fraud, bribery and corruption and applies to all those who work for, or interact with the Council including employees, Members, contractors, suppliers and service users. It aims to help embed an anti-fraud culture within the Council and provides clear guidance on the roles and responsibilities of individuals.
- 4.3 In line with good practice the Council regularly assesses its exposure to fraud risk and ensures that its counter fraud arrangements and the resources allocated to managing the risks, are effective and aligned to best practice. As a result the Strategy has been updated to ensure that it is current and reflects sector guidance.

4.4 The amendments made include the following:

- Post titles and contact details of senior management have been updated;
- Increased emphasis of the role of culture in protecting public interest;
- References to the Money Laundering Regulations 2007 have been replaced by the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017; and
- In line with new money laundering regulations, guidance on the 'Identification of clients' has been replaced with a risk based approach to 'Customer due diligence' within the Anti-Money Laundering Policy.

5. **COMMUNITY ENGAGEMENT & CONSULTATION**

5.1 None.

6. **CONCLUSION**

6.1 The Committee is asked to endorse the Counter Fraud Strategy.

7. **FINANCIAL & OTHER IMPLICATIONS:**

Financial Implications:

7.1 There are no direct financial implications arising from this report. The Counter Fraud Strategy contributes to strong financial governance, protecting the council's overall financial position. The counter fraud strategy is expected to be delivered within the existing resources of the Internal Audit and Counter Fraud team.

Finance Officer Consulted: James Hengeveld

Date: 18/02/20

Legal Implications:

7.2 'Fighting Fraud Locally: The Local Government Fraud Strategy' emphasises the importance of clear and robust anti-fraud arrangements, just as the Local Government Transparency Code 2015 emphasises the key role of counter fraud controls (and transparency in relation to those controls) in safeguarding the public purse. The Council is required to report on its counter fraud work, and this report is a key part of its financial governance arrangements.

Lawyer Consulted: Victoria Simpson

Date: 19/02/20

Equalities Implications:

7.3 There are no direct equalities implications.

Sustainability Implications:

7.4 There are no direct sustainability implications.

SUPPORTING DOCUMENTATION

Appendices:

1. BHCC Counter Fraud Strategy

Documents in Members' Rooms

1. None

Background Documents

1. BHCC Counter Fraud Strategy

BHCC Anti-Fraud and Corruption Strategy and Framework

Key points

- This strategy and framework set out the Council's commitment to preventing, detecting and deterring fraud and corruption to ensure public funds are used for their intended purposes.
- The Council expects the highest ethical and legal standards from its members, officers, contractors and agents carrying out business on its behalf.
- The framework includes guidance on types of fraud and corruption, how to report concerns and the investigation process.
- All cases of suspected fraud, financial irregularity or corruption must be reported to the Chief Internal Auditor or the Audit Manager (Counter Fraud).
- The strategy sets out the main objectives for tackling the risk from fraud and corruption and applies equally to Members and staff.
- It is an expectation that where employees have work place concerns, or suspect wrongdoing, that this is raised through appropriate channels.
- A Whistleblowing Policy has been produced to support staff in raising workplace concerns.

Introduction

The public is entitled to expect the Council to conduct its business with integrity, honesty and openness and demand the highest standards of ethical conduct from those working for and with it.

The Council takes its statutory duty to protect the public funds it administers seriously. It is essential that it protects the public purse and ensures that Council funds are used only for their intended purpose: to support and deliver services to our community. As such the Council maintains a zero tolerance approach to fraud and corruption whether it is attempted from outside the Council or within.

This strategy forms part of the Council's counter fraud framework, a collection of interrelated policies and procedures including the Code of Conduct, Financial Regulations and Whistle Blowing Policy. It also includes policies and procedures that are specifically targeted at countering fraud and corruption.

Aims

This strategy sets out the Council's commitment to preventing, detecting and deterring fraud and corruption.

This strategy aims to:

- Embed an anti-fraud culture where people are empowered to challenge dishonest behaviour;
- Actively prevent, deter and promote detection of fraudulent and corrupt acts;
- Maintain the Council's awareness of emerging fraud risks such as those associated with digital and cyber security;
- Provide clear guidance on the roles and responsibilities of members and officers; and
- Identify a clear pathway for investigative and remedial action.

Definitions

Fraud - can be broadly described as, someone acting dishonestly with the intention of making a gain for themselves or another, or inflicting a loss (or a risk of loss) on another; including:

- Dishonestly making a false statement or representation;
- Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose;
- Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

Theft - is the dishonest taking of property belonging to another person with the intention of permanently depriving the owner of its possession.

Obtaining Services Dishonestly – is broadly where services which were to be paid for were obtained knowing or intending that no payment would be made.

Bribery – is the inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages, whether monetary or otherwise.

Corruption – is the abuse of entrusted power for private gain. It affects everyone who depends on the integrity of people in a position of authority. The Bribery Act 2010 repealed all Corruption Acts in whole and therefore, whilst corruption exists as a term, any offences committed would fall under the Bribery Act.

This strategy also covers other irregularities or wrongdoing, for example failure to comply with Financial Regulations, Standing Orders, National and Local Codes of Conduct, Health and Safety Regulations and all other relevant laws and legislation that result in an avoidable loss to the Council.

Culture

The Council is committed to the highest ethical standards as set out in the Code of Conduct. The Council believes the 'seven principles of public life' are the foundation of a strong anti-fraud culture and expects all members, officers and contractors to follow these principles, as well as all legal rules, policies and procedures.

The seven principles of public life and a brief explanation are listed below:

Principle	You should...
Selflessness	Act solely in terms of the public interest and not for the purpose of gain for yourself, family or friends.
Integrity	Avoid placing yourself under any obligation to people or organisations that might seek to influence you in your work.
Objectivity	Act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability	Be accountable to the public for your decisions and actions and submit yourself to scrutiny as appropriate.
Openness	Act and take decisions in an open and transparent manner. Information should only be withheld from the public if there are clear and lawful reasons for doing so.
Honesty	Be truthful. This includes declaring any conflicts of interest and taking steps to resolve such conflicts.
Leadership	Actively promote and support these principles by applying them to your own behaviour and challenging poor behaviour.

In essence, we expect everyone carrying out Council business to protect the public interest and also to challenge instances of dishonest behaviour. The promotion of a strong anti-fraud culture is therefore vital, as not only will it deter potential fraudsters but it will also encourage a safe environment in which individuals can raise concerns.

Allegations relating to potential fraud, financial maladministration, conflicts of interest, breach of confidentiality, improper use of resources, ICT misuse or any other forms of financial irregularity will be reported to Orbis Internal Audit, who will take appropriate action.

The Council's Whistleblowing Policy can also be used for raising concerns that relate to other serious concerns such as general maladministration, possible abuse of clients, health and safety risks and damage to the environment.

Members of the public are also encouraged to report concerns through any of the above routes or, if appropriate, through the Council's Complaints Procedure.

The Council's Whistleblowing Policy also makes it clear that whilst it hopes that concerns will be raised internally within the Council, if the employee still feels unable to raise their concerns internally they can be raised with relevant outside bodies listed in the policy.

The Council takes the threat of fraud and bribery seriously and has allocated specific resource, to focus on coordinating its approach to protecting its assets and finances from fraud, bribery and wrongdoing.

Strategic approach

Fraud by its very nature is secretive and conducted in such a manner that fraudulent actions are actively concealed. It is therefore vital that the Council has a strong anti-fraud culture and a robust anti-fraud programme.

What we will do:	
Acknowledge	<ul style="list-style-type: none"> • Acknowledge and understand fraud and misconduct risks; • Conduct and maintain a fraud risk assessment for the Council; • Develop and maintain a strong framework of internal controls; • Commit support and resources to tackling fraud; and • Maintain a robust counter fraud response.
Prevent	<ul style="list-style-type: none"> • Develop and maintain an effective and strong anti-fraud culture; • Implement a robust anti-fraud and misconduct programme; • Ensure that the standards in public life adopted are set out clearly in the Councils policies and effectively communicated; • Conduct employee and third-party due diligence; and • Regularly communicate with staff on countering fraud and provide fraud awareness training.
Detect	<ul style="list-style-type: none"> • Maintain and promote our confidential reporting hotline; • Make better use of data and technology to prevent and detect fraud and wrongdoing; • Enhance fraud controls and processes; • Benchmark where possible, with other authorities; • Promote Whistleblowing; and • Regularly liaise with others to share knowledge and data of known fraud and to learn and share best practice on fraud risk and prevention.

Respond	<ul style="list-style-type: none"> • Develop and maintain internal investigation protocols and disclosure protocols; • Provide a consistent and effective response for dealing with fraud cases; • Develop capability and capacity to pursue fraud and wrongdoing; • Collaborate across local authorities and with law enforcement; and • Ensure we have both the capability and capacity to investigate and prosecute fraud.
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Acknowledge

The Council accepts that no authority is immune from the risk of fraud, bribery and wrongdoing. It seeks to use all available recourse to help to reduce the opportunity, motivation and justification for fraud, bribery and wrongdoing and to act robustly when it is identified.

A fraud and misconduct risk assessment will be conducted and maintained to help the Council understand the risks it faces from fraud, bribery and wrongdoing. The Council will also document the controls in place to mitigate these risks, identify gaps or weaknesses in the control mechanisms and develop a bespoke work programme to target and reduce the risks.

The Council will develop and maintain a strong framework of internal controls designed to prevent and detect irregularity, misconduct and fraud. The framework includes the following key elements:

- Code of Conduct
- Whistleblowing Policy;
- Anti-money Laundering Policy;
- Financial Regulations;
- Contract Standing Orders.

Support and resources will be allocated to counter the risk from fraud, bribery and wrongdoing.

In maintaining a robust counter fraud response the Council will provide corporate and targeted anti-fraud and bribery training and awareness for all employees to assist them in identifying instances of possible fraud, bribery and wrongdoing and provide mechanisms to enable staff to report their concerns in a timely manner.

The Council will regularly review its approach to tackling fraud, keeping abreast of emerging risks and current trends which occur across the Council and nationally.

Prevent

The Council faces a variety of risks and threats and acknowledges that prevention is the best and most efficient way to tackle fraud, bribery and wrongdoing and to prevent / minimise losses.

The best defence against fraud, corruption, bribery and wrongdoing is to create and maintain a strong and robust anti-fraud culture within the Council. The Council will promote the standards of business conduct it expects and requires from all its employees (including contractors and Councillors) as documented in the Council's Code of Conduct.

The Council will develop, maintain and communicate to its employees an anti-fraud programme, which ensures that they are aware of the key part they play in countering fraud and risk and are sufficiently trained.

Practical counter fraud and risk guidance will be developed and disseminated to staff which details risk identifiers and is based on lessons learned elsewhere and recognisable risk scenarios.

The Council also recognises that a key preventative measure to combat fraud and misconduct is to ensure that the appropriate due diligence is exercised in the hiring, retention and promotion of employees and relevant third parties. This applies to all staff whether, permanent, temporary, contracted or voluntary. Procedures will be followed in accordance with the Council's recruitment and selection toolkit. We will always undertake the appropriate pre-employment checks (for example: qualification verification and obtaining references) before any employment offer is confirmed.

Any system weakness identified as part of the work carried out by Orbis Internal Audit will be recorded, with controls recommended to minimise any system weaknesses and these will be agreed and monitored to ensure compliance as part of the audit process.

Detect

The array of preventative systems, particularly internal control systems within the Council, has been designed to prevent and deter fraud and provide indicators of any fraudulent activity.

Employees are the first line of defence against most acts of attempted fraud, corruption and bribery. The Council expects and requires staff to be alert to the risks and possibilities of fraudulent attempts and to raise any such concerns at the earliest opportunity. Concerns can be raised with the Internal Audit and Counter Fraud Team as follows:

- Confidential Reporting Hotline: 01273 291847
- E-mail: Anti-Fraud@brighton-hove.gov.uk

Employees also have a duty to protect the assets of the Council, including information, as well as property. When they have a concern of this nature, they are expected and required to report it, as soon as possible in accordance with the Council's Whistleblowing Policy.

The Council's Whistleblowing Policy has also been developed to provide a clear framework for reporting such concerns. The whistleblowing policy can be viewed [here](#).

The Council does not tolerate the victimisation or harassment of anyone raising a genuine concern. Employees are expected to report concerns and are afforded protection from any harassment or discrimination by the Public Interest Disclosure Act. Any harassment or victimisation of a 'whistle-blower' will be treated as a serious disciplinary offence, which will be dealt with under the Council's Disciplinary Policy and Procedures.

Both locally and nationally, arrangements are in place and continue to be developed, to encourage the lawful exchange of information and collaborative working between the Council and other agencies, to assist in countering fraud, corruption, bribery and wrongdoing.

The Council will pro-actively seek to prevent, deter and detect fraud using all available resources and technology and will actively take part in joint exercises such as data matching to minimise the fraud risk and loss to public funds.

The Council will, where appropriate, seek to make the best use of publicity to prevent, deter and detect instances of fraud, corruption and bribery.

Respond

Fraud, corruption and malpractice will not be tolerated and where it is identified the Council will deal with proven wrongdoings in the strongest possible terms, including:

- Disciplinary action;
- Reporting to the Police;
- Seek maximum financial recovery of any losses on behalf of the tax payer, including use of civil legal action through the courts.

Where information relating to a potential or actual offence or wrongdoing is uncovered, a comprehensive and objective investigation will be conducted. Any investigation will take account of relevant policies and legislation.

The purpose of any investigation is to gather all available facts to enable an objective and credible assessment of the suspected violation and to enable a decision to be made as to a sound course of action.

In such instances, Orbis Internal Audit will work closely with management and where appropriate, other agencies such as the Police, to ensure that all allegations and evidence are properly investigated and reported upon.

Referral to the Police on matters of alleged fraud or other financial irregularity is a matter for the Orbis Chief Internal Auditor, in consultation with the Chief Finance Officer and the relevant senior managers. Any referral made to the Police, will not prohibit action under the Council's disciplinary procedure.

In cases of alleged theft, fraud, corruption or other irregularity involving staff, the Council may pursue the case through its disciplinary processes, even if the member of staff has resigned.

Brighton & Hove City Council Policies

[Whistleblowing Policy](#)

[Code of Conduct](#)

[Code of Conduct for Members](#)

The following policies are attached as Annexes:

- 1.1 Anti-Money Laundering
- 1.2 Sanctions Policy

1.1 Anti-money laundering policy

Policy statement

Brighton & Hove City Council will do all it can to:

- Prevent any attempts to use the Council and its staff to launder money;
- Identify potential areas where money laundering may occur; and
- Comply with all legal and statutory requirements, especially with regard to the reporting of actual or suspected cases of money laundering.

1. Introduction

- 1.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Proceeds of Crime Act 2002 and the Terrorism Act 2000 (and all relevant amending legislation) place obligations on the Council, including its members and employees, with respect to suspected money laundering.
- 1.2 While most money laundering activity in the UK occurs outside of the public sector, vigilance by Council employees and members can help identify those who are, or may be, perpetrating crimes relating to the financing of terrorism and money laundering.
- 1.3 This policy forms part of the Council's counter fraud framework and sets out:
 - Definitions and legal background in respect of money laundering;
 - The Council's approach to money laundering including the responsibility of members and officers to report suspicions promptly; and
 - Guidance and procedures for members and officers.

2. Scope of the policy

- 2.1 This policy applies to all members and officers of the Council and aims to maintain the high standards of conduct that the public is entitled to expect from the Council.
- 2.2 It is vital that all members and officers are aware of their responsibilities and remain vigilant; criminal sanctions may be imposed for breaches of legislation.
- 2.3 Failure to comply with the procedures set out in this policy will result in action being considered under the Sanctions Policy. This may include disciplinary action in line with the Officer, or Member, Code of Conduct.

3. Definitions and legal background

- 3.1 Money laundering is the process of converting illegally obtained money or assets into 'clean' money or assets with no obvious link to their criminal origin.
- 3.2 There are three primary money laundering offences set out in legislation:
 - Concealing, disguising, converting, transferring, or removing from the UK any criminal property (Section 327 of the Proceeds of Crime Act 2002);
 - Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (Section 328); and

- Acquiring, using or possessing criminal property (Section 329).

3.3 There are also two secondary offences:

- Failure to disclose any of the three primary offences; and
- Tipping off (the act of informing a person suspected of money laundering in such a way as to prejudice an investigation).

3.4 Any member or employee of the Council may potentially be implicated in money laundering if they suspect money laundering and either become involved with it in some way and/or do nothing about it. The key requirement is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer.

4. The Money Laundering Reporting Officer (MLRO)

4.1 The officer nominated to receive disclosures about money laundering activities within the Council is the Auditor Manager (Counter Fraud):

Simon White
Audit Manager (Counter Fraud)

Telephone: 0208 541 9191 / 07779 455501
Email: simon.white@surreycc.gov.uk

Surrey County Council
Room 318, County Hall
Penrhyn Road
Kingston upon Thames
Surrey, KT1 2DN

4.2 In the absence of the MLRO, the Principal Auditor (Counter Fraud) is authorised to deputise:

Alex McLaren
Principal Auditor

Telephone: 01273 292573 / 07592 103574
Email: Alex.Mclaren@brighton-hove.gov.uk

Brighton Town Hall
Bartholomew Square
Brighton
BN1 1JP

5. Procedures

Cash

- 5.1 The Council will not accept any cash payment in excess of £5,000 irrespective of whether this is through a single payment or series of linked payments. 'Cash' includes notes, coins, banker's drafts and travellers cheques.
- 5.2 This does not necessarily mean that cash transactions below this value are legitimate and legal. Professional scepticism is encouraged at all times and any suspicions must be reported to the MLRO or their deputy.

Responsibilities of members and officers

- 5.3 Any member or officer who suspects money laundering activity must report their suspicion promptly (as soon as practicable) to the MLRO or their deputy if appropriate. If you prefer, you can discuss your suspicions with your line manager first.
- 5.4 Your disclosure must be made at the earliest opportunity following the information coming to your attention, not weeks or months later, and should be made to the MLRO or deputy using the form attached at the end of this policy.
- 5.5 You must follow any subsequent directions from the MLRO or deputy. You must not:

- Make any further enquiries into the matter;
- Take any further steps in any related transaction without authorisation from the MLRO or deputy;
- Disclose or otherwise indicate your suspicions to the person suspected of money laundering; or
- Discuss the matter with others or make a note on file that a report to the MLRO or deputy has been made, as this may alert the suspected perpetrator.

Responsibilities of the MLRO

- 5.6 The MLRO or deputy must promptly evaluate any disclosure to determine whether it should be reported to the National Crime Agency (NCA). Any decision not to submit a report to the NCA must be recorded.
- 5.7 If they so determine, the MLRO or deputy must promptly submit an online Suspicious Activity Report (SAR) to the NCA. Alternatively, a SAR may be manually reported to the NCA. Both online and up to date manual reporting forms are available on the NCA's website.
- 5.8 If a disclosure provides the MLRO or deputy with knowledge or reasonable grounds to suspect that a person is engaged in money laundering, and they do not disclose this to the NCA as soon as practicable, the MLRO or deputy will have committed a criminal offence.

Risk based approach, customer due diligence and record retention

- 5.9 Under MLR 2017, the Council is obliged to adopt a risk-based approach towards anti-money laundering regulations and how they approach due diligence.
- 5.10 MLR 2017 stipulate risk mitigation policies must be in writing and be proportionate to the risks identified. They must include internal controls over money-laundering and terrorist financing risks. They must also include revised customer due diligence procedures as well as reporting, record keeping and monitoring requirements.
- 5.11 Regulation 18 of MLR 2017 requires a written risk assessment to identify and assess the risk of money laundering and terrorist financing that the Council faces. This will:
 - Assist in developing policies, procedures and controls to mitigate the risk of money laundering and terrorist financing;
 - Help in applying a risk-based approach to detecting and preventing money laundering terrorist financing Inform an assessment of the level of risk associated with particular business relationships and transactions and enable appropriate risk-based decisions about clients and retainers;
 - Inform an assessment of the level of risk associated with particular business relationships and transactions and enable appropriate risk-based decisions about clients and retainers.
- 5.12 In carrying out risk assessments we will take into account information on money-laundering and terrorist financing risks made available by the Law Society and/or SRA, and risk factors relating to:
 - Customers;

- Geographic areas where the Council operates;
- Products and services;
- Transactions;
- Delivery Channels.

5.13 Under MLR 2017, there ceases to be "automatic" simplified due diligence requirements for any transactions. Instead, a relevant person needs to consider both customer and geographical risk factors in deciding whether simplified due diligence is appropriate. There are various levels of due diligence as follows:

- Simplified due diligence is only permitted where it is determined that the business relationship or transaction presents a low risk of money laundering or terrorist funding, taking into account the risk assessment;
- Enhanced due diligence' (Regulation 33) for those with a high-risk status, for example remote transactions where the customer is not physically present to be identified would require additional appropriate documents to be requested;
- The 'beneficial owner', the individual that ultimately owns or controls the customer or on whose behalf a transaction or activity is being conducted, should be identified;
- The business relationship should be scrutinised throughout its existence and not just at the beginning.

5.14 In all cases, the evidence of the customer identification and record of the relationship/transaction should be retained for at least five years from the end of the business relationship of transaction(s). The records that must be kept are:

- A copy of, or references to, the evidence of the identity obtained under the customer due diligence requirements in the Regulations;
- The supporting evidence and records in respect of the business relationships and occasional transactions which are the subject of customer due diligence measures or ongoing monitoring;
- A copy of the identification documents accepted and verification evidence obtained;
- References to the evidence of identity.

5.15 If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot proceed any further.

5.16 The customer identification procedure must be carried out when the Council is carrying out 'relevant business' and:

- Forms a business partnership with a customer;
- Undertakes a one-off transaction (including a property transaction or payment of a debt) involving payment by or to a customer of £5,000 or more;
- Undertakes a series of linked one-off transactions involving total payment by or to the customer(s) of £5,000 or more;
- It is known or suspected that a one-off transaction, or a series of them, involves money laundering;
- This must be completed before any business is undertaken for that customer in relation to accountancy, procurement, asset management, audit and legal services with a financial or real estate transaction.

5.15 In the above circumstances, employees must:

- Identify the person seeking to form the business relationship or conduct the transaction (an individual or company);
- Verify their identity using reliable, independent sources of information, Identify who benefits from the transaction;
- Monitor transactions to make sure they are consistent with what you understand about that person or country;
- Understand the source of their funds;
- Ensure there is a logical reason why they would want to do business with the Council.

5.17 Transaction and business relationship records should be maintained in a form from which a satisfactory audit trail may be compiled, and which may establish a financial profile of any suspect account or customer.

5.18 The steps that will be followed to continuously mitigate the risks associated with money laundering are:

- Applying customer due diligence measures to verify the identity of customers and any beneficial owners obtaining additional information on customers;
- Conducting ongoing monitoring of the transactions and activity of customers with whom there is a business relationship;
- Having systems to identify and scrutinise unusual transactions and activity to determine whether there are reasonable grounds for knowing or suspecting that money laundering or terrorist financing may be taking place.

5.19 Risks will be reviewed continuously as part of the annual review of the Council Risk Register.

6. Guidance and training

6.1 The Council will:

- Make members and officers aware of the requirements and obligations placed on the Council, and on themselves as individuals, by anti-money laundering legislation; and
- Give targeted training to those considered to be the most likely to encounter money laundering.

6.2 Further information can be obtained from the MLRO and the following sources:

- Anti-money laundering responsibilities from gov.uk: <https://www.gov.uk/guidance/money-laundering-regulations-your-responsibilities>
- Anti-money laundering guidance from the Law Society: <http://www.lawsociety.org.uk/support-services/advice/articles/quick-guide-to-the-money-laundering-regulations-2017/>
- CIPFA: www.cipfa.org/members/members-in-practice/anti-money-laundering
- The National Crime Agency: www.nationalcrimeagency.gov.uk

[OFFICIAL – SENSITIVE]

Confidential report to the Money Laundering Reporting Officer

To: Money Laundering Reporting Officer

From: _____ [insert your name]

Title/Service: _____ [insert your post title and service]

Telephone: _____

Date of report: _____

Response needed by: _____ [e.g. transaction due date]

Name(s) and address(es) of person(s) involved:

[If a company/public body please include details of nature of business]

Nature, value and timing of activity involved:

[Please give full details e.g. what, when, where, how. Continue on a separate sheet if necessary]

	Yes	No	
Has any investigation been undertaken?	<input type="checkbox"/>	<input type="checkbox"/>	If 'yes' please provide details below
Have you discussed your suspicions with anyone else?	<input type="checkbox"/>	<input type="checkbox"/>	

Details of investigation undertaken and/or discussions held:

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS

[OFFICIAL – SENSITIVE]

To be completed by the Money Laundering Reporting Officer

Date report received:

Date acknowledged:

Evaluation	
What action is to be taken?	
Are there reasonable grounds to suspect money laundering activity? If so, please provide details	
Reporting	
If there are reasonable grounds for suspicion, will a report be made to the NCA?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If 'no', reasons for non-disclosure	
If 'yes', date of report to NCA	Online / Manual [delete as appropriate]
Consent	
Is NCA consent required for any ongoing or imminent transactions?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If 'yes', please confirm details	
Date consent received from NCA	
Date consent passed on to officer	
Other relevant information	

Signed _____

Date: _____

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS

1.2 Sanctions Policy

1 Introduction

- 1.1 The purpose of this policy is to ensure that Brighton and Hove City Council has a set of guidelines in place that will assist in the decision making process when appropriate sanction action is necessary as a result of an investigation.
- 1.2 This policy does not intend to be prescriptive as a number of factors will need to be considered on a 'case-by-case' basis before appropriate sanction action can be decided upon. Specifically, consideration will be given to the circumstances of each case, the seriousness of the offence and the person involved in the matter.
- 1.3 All overpayments or monetary losses that result from proven fraud will be pursued rigorously and, where necessary, legal action will be taken to effect recovery.
- 1.4 In the event of a successful prosecution the decision to publicise the outcome will take into account the following criteria:
- Interest of Brighton and Hove City Council
 - Deterrent value to others
- 1.5 This policy will be continually reviewed and updated as a result of new case decisions, legislation and case law.

2 Sanction/Prosecution Options

- 2.1 A person involved in perpetrating fraud may commit an offence which could relate to any of the following Acts (this is not an exhaustive list):
- Fraud Act 2006
 - Local Council Tax Reduction Scheme (Fraud and Enforcement) Regulations 2013
 - Prevention of Social Housing Fraud Act 2013
 - Housing Act 1996
 - Proceeds of Crime Act 2002
 - Theft Act 1968 & 1978
 - Forgery & Counterfeiting Act 1987
 - Criminal Justice Act 1987
 - Data Protection Act 1998 & Computer Misuse Act 1990
 - Identity Card Act 2006 & Identity Document Act 2010
- 2.2 The Counter Fraud Team will investigate all types of fraud or criminal activity committed against Brighton and Hove City Council and in relevant cases will take appropriate sanction action.
- 2.3 The following options will be considered when there is evidence of an offence:
- Take no further action;
 - Disciplinary Action for internal cases;
 - Civil Action to recover money, interest, costs or property;
 - Prosecution.

3 Sanction Guidelines

3.1 Each case will be considered on individual circumstances, however guidelines have been developed to assist in the decision making process. These guidelines relate to all cases of fraud including but not limited to tenancy fraud and/or employee fraud for example.

3.2 Consideration when deciding on an appropriate course of action will be given to:

- The Public Interest Test;
- Circumstances of the offence;
- Factors relating to the offender;
- Other relevant factors and mitigating circumstances.

3.3 Where the decision is made that a matter is not in the public interest to prosecute the following factors will be considered:

- The court is likely to impose a very small or nominal penalty;
- The loss or harm caused was minor and resulted in a single incident resulting from a misjudgement;
- If the offender is considered vulnerable;
- The value of the loss;
- The offender has not previously offended;
- The act was calculated or premeditated;
- There was no other persons involved.

3.4 The following factors will be considered where prosecution is the most likely course of action:

- The deterrent value of a prosecution;
- The length of time the fraud has continued;
- Whether the offence was calculated and premeditated;
- Sufficient evidence leading to a reasonable prospect of conviction and there are no serious errors in benefit assessment or the investigation;
- Evidence of collusion (with landlord, employer or family member etc);
- Offender holds a position of trust;
- Previous history relating to fraud.

If any of the following factors exist, it may be unlikely that prosecution will be pursued:

- Serious errors in investigation or assessment of loss;
- Unacceptable delay in investigation or the case is 'out of time' for prosecution under certain time limited legislation;
- Poor publicity may be attracted, or low deterrent factors exist;
- Vulnerable person may be put at risk;
- Evidence is insufficient to gain conviction;
- Voluntary disclosure of the offence by the offender before the fraud was uncovered, and true remorse is shown;
- Evidence that the person has committed the offence under duress.

3.5 Some factors relating to the offender may exist that could influence Brighton and Hove City Council's decision on whether to prosecute or impose another type of sanction. Examples of these factors are as follows:

- Poor health, either mental or physical, of the offender likely to be considerably and permanently worsened by prosecution;
- Young, elderly or vulnerable persons;
- Families;
- Whether the offender has reasonable understanding of the offence committed.

4 Other relevant policies

- Counter Fraud Strategy
- Whistleblowing Policy
- Anti- Money Laundering Policy
- Staff Code of Conduct
- Code of Conduct for Members

Subject:	Standards Update		
Date of Meeting:	10 March 2020		
Report of:	Executive Lead Officer, Strategy, Governance & Law (Monitoring Officer)		
Contact Officer:	Name:	Victoria Simpson	Tel: 01273 294687
	Email:	Victoria.Simpson@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

1.1 This report seeks to update Members on Standards-related matters.

2. RECOMMENDATIONS

2.1 That the Committee note the information provided in this Report on Member complaints and on standards-related matters.

3. MEMBER COMPLAINTS, including PROPOSAL FOR AN ANNUAL UPDATE REPORT**MEMBER COMPLAINTS**

3.1 Information was provided in [the last update to this Committee](#) regarding the resolution of a number of complaints. At the time of that last update, only complaints designated E and H remained outstanding.

3.2 A rescheduled date has been set aside toward the end of March for a dedicated Standards Panel to be convened to determine **Complaint E**.

3.3 **Complaint H** has been the subject of ongoing communications in recent months. The complaint was initially framed as being against two current councillors in different party Groups. While it alleged amongst other things complicity by those councillors in an alleged fraud perpetrated by council officers, the complainant subsequently made an additional wide-ranging complaint about the conduct of all council departments. When it was not possible to clarify the specifics of the complaint despite a face to face meeting with the complainant, no further action was taken at preliminary assessment stage.

3.4 One new complaint has been received at the time of writing, and has been designated **Complaint K**. That complaint relates to one elected member, and alleges that – when purporting to act in an entirely separate capacity – that councillor acted in such a way as to bring their office into disrepute. This complaint remains at preliminary assessment stage, and will be the subject of future report(s) to this Committee.

PROPOSAL FOR AN ANNUAL UPDATE REPORT

- 3.5 It has been proposed that this Committee receive an annual report on member complaints which both provides statistical information and also identifies any recurrent themes or issues. It is considered that this will ensure greater transparency in this area of the Committee's responsibilities and will thereby ensure a more effective and visible discharge of this Committee's duty to promote high standards of conduct amongst members.

4. INDEPENDENT PERSON RECRUITMENT

- 4.1 This Committee will be aware that Section 28(7) of the Localism Act 2011 requires the council to appoint at least one Independent Person whose views are to be sought in relation to member conduct issues. This Council has chosen to co-opt two Independent Persons, whose (non-voting) role on the council's Audit and Standards Committee is key both to meeting statutory requirements in relation to standards are met and also to ensuring that effective audit and governance arrangements are maintained.
- 4.2 While the most recently appointed Independent Person was appointed by full Council in March 2019, the longest serving appointee's tenure will come to a close on 24th October 2020. Dr Horne's contribution in this key role has been significant and will be noted in a future report to this Committee. For the time being, this Committee is asked to note that a recruitment process to appoint a new (second) Independent Person will begin in early summer 2020. That process will be member-led and will involve the external advertisement of this key role. While advertising externally is a legal requirement, it is moreover considered to be essential in order to attract public-minded candidates who both have the requisite skills and experience and are (crucially) independent of the council.
- 4.3 Updates will be provided to this Committee on the recruitment when available.

5. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 5.1 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. No alternative proposals are suggested.

6. COMMUNITY ENGAGEMENT & CONSULTATION

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

7. CONCLUSION

- 7.1 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 are maintained in a way which is compliant with local requirements.

8. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 8.1 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: 24/02/20

Legal Implications:

- 8.2 These are covered in the body of the Report.

Lawyer Consulted: Victoria Simpson

Date: 5/02/20

Equalities Implications:

- 8.3 There are no equalities implications arising from this Report

Sustainability Implications:

- 8.4 There are no sustainability implications arising from this Report

Any Other Significant Implications:

- 8.5 None

SUPPORTING DOCUMENTATION

Appendices:

None

Background Documents:

None

