Audit Committee
Agenda

Date: Monday, 20 November 2023
Time: 2.00 pm
Venue: The Council Chamber - City Hall, College Green, Bristol, BS1 5TR

Distribution:

Councillors: Andrew Brown (Chair), David Wilcox (Vice-Chair), Fabian Breckels, John Geater, Zoe Goodman, Jonathan Hucker, Guy Poultney, Amirah Cole, Vacancy

Independent Members - Adebola Adebayo, Simon Cookson

Copies to: Simba Muzarurwi (Chief Internal Auditor), Denise Murray (Director - Finance & Section 151 Officer), Nancy Rollason (Head of Legal Services), Husinara Jones (Solicitor), Alison Mullis, Tony Whitlock and Lucy Fleming (Head of Democratic Engagement)

Agenda

1.   Welcome, Introductions and Safety Information

2.   Apologies for absence.

3.   Declarations of Interest

To note any declarations of interest from the Councillors. They are asked to indicate the relevant agenda item, the nature of the interest and in particular whether it is a **disclosable pecuniary interest**.

Any declarations of interest made at the meeting which is not on the register of interests should be notified to the Monitoring Officer for inclusion.

4.   Minutes of Previous Meeting

To agree the minutes of the previous meeting as a correct record.

5.   Action sheet

6.   Public Forum

Up to 30 minutes is allowed for this item

Any member of the public or Councillor may participate in Public Forum. The detailed arrangements for so doing are set out in the Public Information Sheet at

the back of this agenda. Public Forum items should be emailed to
democratic.services@bristol.gov.uk and please note that the following deadlines
will apply in relation to this meeting:-

Questions - Written questions must be received 3 clear working days prior to the
meeting. For this meeting, this means that your question(s) must be received in
this office at the latest by 5 pm on **14 November 2023.**

Petitions and Statements - Petitions and statements must be received on the
working day prior to the meeting. For this meeting this means that your
submission must be received in this office at the latest by 12.00 noon on **17
November 2023.**

7.   Work Programme

To note the work programme.   **(Pages 17 - 19)**

8.   21/22 External Audit - Grant Thornton verbal update.

9.   Treasury Management Mid-Year Report

                                                                                       (Pages 20 - 32)

10.   Q2 Corporate Risk Report

                                                                                       (Pages 33 - 83)

11.   Internal Audit Half Year Report 23/24

                                                                                       (Pages 84 - 96)

12.   Counter Fraud Update

                                                                                       (Pages 97 - 110)

**13.   Audit Committee's Half Year Report to Full Council 23/24
         (Draft)**

                                                                                       (Pages 111 - 118)

14.   Internal Audit Quality Assurance Improvement Programme

                                                                                       (Pages 119 - 149)

15.   Internal Audit Plan 23/24 Q 4 Priorities

                                                                                       (Pages 150 - 156)

16.   Procurement Compliance Update

(Pages 157 - 161)

17. 10 Minute Comfort Break

18. DSG Deficit Reduction Programme

(Pages 162 - 179)

19. Exclusion of Press and Public

That under s.100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item(s) of business on the grounds that it (they) involve(s) the likely disclosure of exempt information as defined in paragraph(s) 3 (respectively) of Part 1 of schedule 12A of the Act.

20. DSG Defecit Reduction Programme - Exempt Information

(Page 180)

Public Information Sheet

Inspection of Papers - Local Government (Access to Information) Act 1985

You can find papers for all our meetings on our website at www.bristol.gov.uk.

Public meetings

Public meetings including Cabinet, Full Council, regulatory meetings (where planning and licensing decisions are made) and scrutiny will now be held at City Hall.

Members of the press and public who plan to attend City Hall are advised that you may be asked to watch the meeting on a screen in another room should the numbers attending exceed the maximum occupancy of the meeting venue.

COVID-19 Prevention Measures at City Hall (June 2022)

When attending a meeting at City Hall, the following COVID-19 prevention guidance is advised:
- promotion of good hand hygiene: washing and disinfecting hands frequently
- while face coverings are no longer mandatory, we will continue to recommend their use in venues and workplaces with limited ventilation or large groups of people.
- although legal restrictions have been removed, we should continue to be mindful of others as we navigate this next phase of the pandemic.

COVID-19 Safety Measures for Attendance at Council Meetings (June 2022)

We request that no one attends a Council Meeting if they:
- are required to self-isolate from another country
- are suffering from symptoms of COVID-19 or
- have tested positive for COVID-19

Other formats and languages and assistance for those with hearing impairment

You can get committee papers in other formats (e.g. large print, audio tape, braille etc) or in community languages by contacting the Democratic Services Officer. Please give as much notice as possible. We cannot guarantee re-formatting or translation of papers before the date of a particular meeting.

Committee rooms are fitted with induction loops to assist people with hearing impairment. If you require any assistance with this please speak to the Democratic Services Officer.

Public Forum

Members of the public may make a written statement ask a question or present a petition to most meetings. Your statement or question will be sent to the Committee Members and will be published on the Council's website before the meeting. Please send it to democratic.services@bristol.gov.uk.

The following requirements apply:

- The statement is received no later than **12.00 noon on the working day before the meeting** and is about a matter which is the responsibility of the committee concerned.
- The question is received no later than **5pm three clear working days before the meeting**.

Any statement submitted should be no longer than one side of A4 paper. If the statement is longer than this, then for reasons of cost, it may be that only the first sheet will be copied and made available at the meeting. For copyright reasons, we are unable to reproduce or publish newspaper or magazine articles that may be attached to statements.

By participating in public forum business, we will assume that you have consented to your name and the details of your submission being recorded and circulated to the Committee and published within the minutes. Your statement or question will also be made available to the public via publication on the Council's website and may be provided upon request in response to Freedom of Information Act requests in the future.

We will try to remove personal and identifiable information. However, because of time constraints we cannot guarantee this, and you may therefore wish to consider if your statement contains information that you would prefer not to be in the public domain. Other committee papers may be placed on the council's website and information within them may be searchable on the internet.

During the meeting:

- Public Forum is normally one of the first items on the agenda, although statements and petitions that relate to specific items on the agenda may be taken just before the item concerned.
- There will be no debate on statements or petitions.
- The Chair will call each submission in turn. When you are invited to speak, please make sure that your presentation focuses on the key issues that you would like Members to consider. This will have the greatest impact.
- Your time allocation may have to be strictly limited if there are a lot of submissions. **This may be as short as one minute.**
- If there are a large number of submissions on one matter a representative may be requested to speak on the groups behalf.
- If you do not attend or speak at the meeting at which your public forum submission is being taken your statement will be noted by Members.
- Under our security arrangements, please note that members of the public (and bags) may be searched. This may apply in the interests of helping to ensure a safe meeting environment for all attending.

- As part of the drive to reduce single-use plastics in council-owned buildings, please bring your own water bottle in order to fill up from the water dispenser.

For further information about procedure rules please refer to our Constitution
https://www.bristol.gov.uk/how-council-decisions-are-made/constitution

Webcasting/ Recording of meetings

Members of the public attending meetings or taking part in Public forum are advised that all Full Council and Cabinet meetings and some other committee meetings are now filmed for live or subsequent broadcast via the council's webcasting pages. The whole of the meeting is filmed (except where there are confidential or exempt items). If you ask a question or make a representation, then you are likely to be filmed and will be deemed to have given your consent to this. If you do not wish to be filmed you need to make yourself known to the webcasting staff. However, the Openness of Local Government Bodies Regulations 2014 now means that persons attending meetings may take photographs, film and audio record the proceedings and report on the meeting (Oral commentary is not permitted during the meeting as it would be disruptive). Members of the public should therefore be aware that they may be filmed by others attending and that is not within the council's control.

The privacy notice for Democratic Services can be viewed at www.bristol.gov.uk/about-our-website/privacy-and-processing-notices-for-resource-services

**Bristol City Council
Minutes of the Audit Committee**

25 September 2023 at 2pm

Members Present:-
Councillors: Tony Dyer (Vice-Chair), Fabian Breckels, John Geater, Zoe Goodman, Jonathan Hucker, Guy Poultney, David Wilcox and Tim Kent (Substitute for Andrew Brown)

Independent Members of the Committee: Adebola Adebayo and Simon Cookson

Officers in Attendance:-
Denise Murray – Director of Finance, Simba Muzarurwi – Chief Internal Auditor (CIA), Alison Mullis – Deputy Chief Internal Auditor, Sarah Chodkiewicz – Head of Financial Management, Richard Young – Head of Strategic Finance, Tony Whitlock – Business Partner, Allison Taylor – Democratic Services

Also attending:-
Beth Bowers – Grant Thornton, Phil Eames – Audit Manager, Steph Griffin - Director Workforce and Change, James Brereton – Head of HR, Kevin Smith – Operations Manager Revenue, Joachim Adenusi – Risk & Insurance Officer, Paul Day - Interim Head of IT Operations, Doug Clarke - DTP Programme Manager, Chris Smith - Group Finance Director - Bristol Holding Ltd, Andrew Martyn-Johns - Chair, Goram Homes Audit and Risk Assurance Committee, Chris Arnold - Chief Finance Officer, Goram Homes Limited, Stephen Baker – Managing Director Goram Homes Limited, Chris Holme - Finance and Strategy Director, Bristol Waste Company Limited.

1. **Welcome, Introductions and Safety Information**

The Chair welcomed all parties to the meeting. The Committee noted the emergency evacuation procedure for the Council Chamber if required.

2. **Apologies for absence.**

Apologies received from Councillor Brown with Councillor Kent substituting.

3. **Declarations of Interest.**

There were none.

4. **Minutes of Previous Meeting.**

Mins query re page 10 – £128m defecit

RESOLVED – that the minutes of 24 July 2023 be approved as a correct record and signed by the Chair.

5. **Action Sheet**

Action 4 – Corporate Risk Register – A Councillor stated that the Officer response did not reflect what was suggested.

6. **Public Forum**

It was noted that Public Forum Statements and Questions would be considered at the beginning of the respective item to which they related. However, there were no Submitters in attendance.

7. **Work Programme**

The Committee noted the Work Programme for future meetings.

The Chair informed the Committee that item 16 would be considered at this point in the agenda and that Item 14 had been removed from the agenda as the report had not been available in time for the Committee to review it.

The CIA reported that Item 14 would be considered by Cabinet on 3 October and would be circulated to this Committee upon publication for deep-dive consideration at Audit Committee's November meeting.

8. **Annual Report of Local Government and Social Care Ombudsman Decisions**

The report was summarised for the benefit of the Committee and the following points arose from discussion:-

1. The Chair reported that he, in his capacity as the Chair of OSMB, and the Head of Paid Service had received a copy of the letter;
2. The CIA reported that the SEN Service was on the IA Plan for Q3.

Resolved – That the report be noted and referred to Full Council for consideration.

9. **Grant Thornton ISA 260 report.**

The report was summarised for the benefit of the Committee and the following points arose from discussion:-

1. This reports confirms the valuation of BCC assets and this figure was included in the accounts. The Value for Money report assessed the use of the assets;

2. The time spent on investigating Individual objections was kept to a minimum and on this occasion it had been possible to liaise with BCC's legal team in order to avoid duplication of work. There was an option to not accept objections if they were vexatious. The fees were set out in Appendix D;

3. It was noted there was no Management Response in respect of *'Lack of process for proactively reviewing IT service provider assurance reports.'* And it was agreed to provide this in the Action Sheet;

4. Page 42 –Cash reconciliation. It was agreed to provide information on the numbers of items and the monetary value for the Action Sheet;

5. It was agreed to report back in the Action Sheet regarding what the WECA grant was for;

6. A Councillor provided feedback regarding the format of the GT report which might be considered for future reports. This included the type font being too small, the colour assessment code, the use of dark/light purple being at either end of the spectrum, and the blue/grey being unusual shades to use;

7. The conclusion only related to 21/22 financial year.

Resolved - That Grant Thornton's Audit Report for 2021/22 and the action plan agreed by management be noted.

10. Statement of Accounts Year Ended 31 March 2022.

The report was summarised for the benefit of the Committee and the following points arose from discussion:-

1. The Chair noted that the Committee was asked to approve the accounts and delegate to him the signing of the letter of representation;

2. It was confirmed that the small number of changes still to be made were not significant;

3. Regarding the DSG the Director Finance confirmed that all LA's were in the same position. She stated that there were several caveats before the statutory override needed to be extended as a result of a worst case scenario. BCC would work with GT on BCC's own financial position and type of programmes of mitigation as well as reviewing the historic default offset. General funding would not be used. The actual deficit had been funded out of spend;

4. The discrepancy regarding senior officers remuneration in the HR Pay Statement and the accounts might be down to oncosts. The figures in the accounts had been fully audited and were accurate.

Resolved –
1. That the Statement of Accounts for the year ended 31 March 2022 be approved.
2. That the signing of the Letter of Representation be delegated to the Chair as soon as the audit has been satisfactorily concluded.

10. Internal Audit Activity Report.

The report was summarised for the benefit of the Committee and the following points arose from discussion:-

1. There was no discussion regarding Appendix 1 and it was noted;

2. Appendix 2 – There were more agency staff within Business Support and Social Workers within Health and Social Care. Non-compliance was across the board and not in any particular area of the Council;

3. Interim staff were included in the agency staff figures;
4. It was agreed to share with the Committee further information regarding Guidant (BCC's agency worker supplier), particularly around ethics and modern slavery;
5. Managers did have discretion to recruit additional agency staff for peaks of work subject to an appropriate business case;
6. Appendix 3 – The 14.75m debt BCC had accrued over 2 years was for accounts receivable only and all debt over 3 years was fully provided for;
7. There had been significant progress in allocating unmatched payments;
8. There had been a significant reduction in the use of enforcement agencies to collect debt. Negotiation with debtors was a priority and the use of enforcement agencies was a last resort.

Resolved –
1. That the Internal Audit Activity Report for the period 1 April 2023 up to 10 September 2023 be noted and the Committee be assured on actions being taken to complete the agreed priorities for the first half year of this financial year;

2. That the internal audit summary reports be noted and the Committee be assured from Management regarding the issues highlighted in the reports.

11. Internal Audit 2023/24 Q3 Priorities.

The report was summarised for the benefit of the Committee and the following points arose from discussion:-

1. The Education Other Than at School audit was currently being scoped and would be finalised for Q3;
2. In respect to Appendix 1 it was suggested that a column number be included so that it could easily be referenced;
3. The report addressed assurance needs but without the Q2 risk report it was important to know if the CIA was content that it identified a significant audit for Q3. The CIA stated that the Q3 priorities were developed following consideration of both the Q2 risk report and service risk registers. The CIA was satisfied that all significant risks have been identified and Q4 offers another opportunity to ensure that sufficient coverage is achieved.

Resolved – That the proposed Quarter (Q) 3 priorities for 2023/24 be approved.

12. Treasury Management Annual Report 2022/23.

The report was summarised for the benefit of the Committee and the following points arose from discussion:-

1. BCC's level of debt was not as high as some LA's and compared well to BCC's budget;
2. LOBO (Lender Option Borrower Option) was a type of debt which allowed LA's to repay the debt should interest rates rise;
3. With reference to Cabinet approval for Bristol Beacon in January 2023 it was noted that BCC only borrowed cash externally when it needed to. The level of borrowing had been very minimal for Bristol Beacon as BCC's own cash reserves had been utilised to finance the position and this was articulated in the report;

4. BCC's investment portfolios were actively managed. Corporate accounts did not change when rates changed;

5. The Treasury Management Strategy allowed up to £100M borrowing dependent on how well the Capital Programme progressed. Borrowing had not yet taken place but when it did it would not be to the same extent as in the Strategy. £65M related to 22/23 financial year;

6. There was a formal options appraisal process for any long term borrowing which had to be signed off by the S151 Officer;

7. The planned borrowing profile is built into the MTFP and a large element of this relates to the HRA and this increase debt forms part of the HRA 30 year business plan.

Resolved – That the Annual Treasury Management Report for 2022/23, as detailed in Appendix A and A1, be noted.

13. Risk Management Annual Report 2022/23.

The report was summarised for the benefit of the Committee and the following points arose from discussion:-

1. With reference to Table 1 it was noted that a major restructuring was to take place in order to provide the additional resources need to undertake the IA management actions;

2. There were no further points.

Resolved - That the report, and actions taken in 2022/23 and those proposed for 2023/24 to improve the effectiveness of risk management across the organisation be noted.

14. Deep Dive: CRR13 Possible Financial Framework and Medium-Term Financial Plan (MTFP) Failure.

The report was summarised for the benefit of the Committee and the following points arose from discussion and there were no points of discussion.

Resolved – That the report be noted.

15. Digital Transformation Programme and Digital Transformation Governance updates.

The report was summarised for the benefit of the Committee and the following points arose from discussion:-

1. Phase 2 was not completed but there were a range of activities taking place. The migration of the S & H drives was at its final stages and it was intended to move records to Sharepoint and if this was not possible to a cloud service;

2. There were no further points of discussion.

Resolved – That the report and the continuing progress on the Digital Transformation Programme (DTP) and its benefits tracking be noted.

16. Update regarding governance changes relating to the Council's wholly owned companies - September 23.

The report was summarised for the benefit of the Committee and the following points arose from discussion and there were no points of discussion.

Resolved –

1. **That the summary of Governance changes being led by the Shareholder to the way Bristol City Council manages its interests in its wholly owned companies be noted;**
2. **That two reports from the separate Bristol Waste Company, and Goram Homes 'Audit and Risk Assurance Committee's now that the Bristol Holding Ltd Group 'Audit and Risk Committee' has been disbanded be noted.**

17. Bristol City Council Trading Companies Annual Comprehensive Assurance statements.

The report was summarised for the benefit of the Committee and the following points arose from discussion:-

1. It was suggested that Goram Homes (GH) ARC might consider the appointment of a 3rd member so that it could provide vigorous challenge to the two Directors. In response the Committee heard that this was commensurate with the current workload of GH and there was a need to manage overhead costs also, although the matter would be kept under review as the business grew;
2. Bristol Waste would be assessing the potential impact on deposit return schemes in relation to the longer term planning for the business.

Resolved – That the annual assurance reports (Comprehensive Assurance Statements) of the Bristol Holding Group Trading companies, comprising Goram Homes Ltd. (GHL), Bristol Waste Company Ltd. (BWC) in addition to a summary report from the Bristol Holding Group Audit and Risk Committee be noted.

18. Exclusion of Press and Public (containing exempt information under Paragraph 3)

RESOLVED – that under Section 11A(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the ground that involve the likely disclosure of exempt information as defined in Part 1of Schedule 12A to the Act, as amended.

The Exempt Appendix relating to BWC was discussed and noted.

19 Date of Next Meeting

The next meeting is scheduled to be held on 20 November at 2pm.

The meeting ended at 4.50pm.

CHAIR _____

Audit Committee Action Sheet – 25 September 2023

Action number	Item/report	Action	Responsible officer(s)	Action taken / progress
1	5 – Action Sheet	The Officer response '*The next report will now reflect presenting the CRR risks in ascending order of the reference number as suggested*' did not reflect the Action request of '*To review the suggestion that the Corporate Risk Register would be easier to analyse if the risk was shown always decreasing*'	Joachim Adenusi	The next report will now reflect presenting the CRR risks in descending order of the reference number as suggested.
2	8 – ISA260 GT report	Page 38 – IT Risks – No Management response on '*Lack of process for proactively reviewing IT service provider assurance reports.* '	Tony Whitlock	Response from our IT Support Manager: This audit action has been brought to the attention of Head of IT Operations and Head of Information Assurance. All the relevant assurance information has been collated from the suppliers of our hosted solutions and these have been passed to Info Sec to ask them to review and feedback supplying them a copy of the findings from Grant Thornton. Info Sec have already reviewed and approved the assurance reports supplied by MRI for the HR/Payroll system.
3	8 – ISA260 GT report	Page 42 – cash reconciliation – to provide the numbers of items and monetary value	Tony Whitlock	The cash reconciliation works on a matching concept, matching items in the cash book to the bank statement. Items recorded in the cashbook on 1 April will be shown on the bank statement for 31 March, hence a significant number of unmatched items at 31 March. As at the end of March there were 1281 unmatched items in the cashbook, value £23.9m and 1601 items, value £16.8m on the statement. By the end of April there were 25 items dated 1 April remaining, value £710k.

4	8 – ISA260 GT report	What is the WECA grant for?	Tony Whitlock	This relates to the 20/21 accounts and was a central government grant passported via WECA. The grant was for the Go Ultralow City Scheme which was to promote electric and other ultralow energy emission vehicles.
5	10 – Appendix 2	To provide the Committee with further information regarding Guidant (our agency worker supplier), particularly around ethics and modern slavery, etc	James Brereton	Information below circulated to the Committee 28/9 EDI statement – links to Guidant's parent company master version https://www.impellam.com/edi-statement Modern slavery – the newest version is being updated, however, please see the current Impellam version: https://www.impellam.com/modern-slavery-act

AUDIT COMMITTEE
WORK PROGRAMME 2023/24

Meeting Date	Assurance Source	Report Details	Routine Work Programme/ Other?	ToR Ref	Officer Providing Report
30-May-23 2:00PM	External Audit	Auditors' Annual Report for 2021/22 and 2022/23	Routine	1.8/1.9	Grant Thornton
	Internal Audit	Internal Audit Annual Report 2022/23	Routine	1.4	Chief Internal Auditor
		Annual Fraud Report 2022/23	Routine	2.4/2.10	Chief Internal Auditor
		Draft Annual Governance Statement 2022/23	Routine	2.5/4.4	Chief Internal Auditor and Director - Finance
		Internal Audit Plan - Quarter 2 2023/24	Routine	1.2	Chief Internal Auditor
	Finance:	Draft Statement of Accounts 2022/22	Routine	3.1	Director - Finance
		Update on 2021/22 Annual Governance Statement Issues	Routine	3.1	Director - Finance
	Risk & Insurance	Corporate Risk Report (Q4)	Routine	4.1/4.3	Risk & Insurance Manager
		SIRO Assurance Report	Routine	4.1/4.3	Director of Legal and Democratic Services (SIRO)
	Other	Audit Committee Terms of Reference	Routine	-	Director of Legal and Democratic Services
Jul-23	External Audit	Auditors' Annual Report for 2021/22 and 2022/23	Routine	1.8/1.9	Grant Thornton
	Internal Audit	Internal Audit Activity Report	Routine	1.5/1.6/1.7	Chief Internal Auditor
		Audit Committee Annual Report to Full Council (Draft)	Routine	5.1	Chief Internal Auditor
	Finance	Debt Write Off Report	New - Routine		Director - Finance
Sep-23 2:00 PM	External Audit:	External Audit Progress Report	Routine	1.8/1.9	Grant Thornton
	Finance:	Treasury Management - Annual Report	Routine	3.3	Director - Finance
		Final Statement of Accounts and AGS	Routine	3.1/2.5	
	Internal Audit	Internal Audit Activity Report	Routine	1.5/1.6/1.7	Chief Internal Auditor
		Internal Audit Plan - Quarter 3 2023/24	Routine	1.2	Chief Internal Auditor
	Risk Management:	Risk Management Annual Report	Routine	4.1/4.3	Risk and Insurance Manager.
		Review of Specific Corporate Risk - CRR13	Routine	4.1/4.3	Director of Finane
		Corporate Risk Report (Q2)	Routine	4.1/4.3	Risk and Insurance Manager
	Customer Relations	Annual Report of Local Government and Social Care Ombudsman Decisions	Routine	1.12	Customer Relations Manager

Meeting Date	Assurance Source	Report Details	Routine Work Programme/ Other?	ToR Ref	Officer Providing Report
	Other	Governance of Council Companies	Routine	2.5/4.4	Shareholder Liaison Manager
		Bristol Waste Limited - Audit and Risk Committee Assurance	Routine	4.4	Bristol Waste Limited
		Goram Homes - Audit and Risk Committee Assurance	Routine	4.4	Goram Homes
		Digital Transformation Programme Update	Routine	4.1/4.3	Director: Policy, Strategy and Digital
20 November 2023 2:00 PM	External Audit:	External Audit Findings Report for 2022/23	Routine	1.8/1.9/3.2	Grant Thornton
	Finance:	Treasury Management Mid-Year Report	Routine	3.3	Director - Finance
		Procurement Breaches Report	Routine		Director - Finance
	Risk Management	Corporate Risk Report (Q2)	Routine	4.1/4.3	Risk and Insurance Manager
	Internal Audit:	Internal Audit Half Year Update	Routine	1.5/1.6/1.7	Chief Internal Auditor
		Counter Fraud Half Year Update Report	Routine	2.4./2.10	Chief Internal Auditor
		Audit Committee Half Year Report to Full Council (Draft)	Routine	5.1	Chief Internal Auditor
		Internal Audit Quality Assurance and Improvement Plan, Charter and Strategy	Routine	1.1/1.6	Chief Internal Auditor
		Internal Audit Plan - Quarter 4 2023/24	Routine	1.2	Chief Internal Auditor
	Other	Update of SEND and DSG Improvement Plans	Routine	4.1/4.3	Executive Director Children and Education
29-Jan-24	External Audit:	External Audit Plan for 2023/24	Routine	1.8/1.9/3.2	Grant Thornton
	Finance	Procurement Breaches Report	Routine		Director - Finance
		Debt and Arrears Report	Routine		Director - Finance
	Internal Audit:	Internal Audit Update Report	Routine	1.5/1.6/1.7	Chief Internal Auditor
	Risk Management:	Corporate Risk Report (Q3)	Routine	4.1/4.3	Risk and Insurance Manager
		Review of Specific Corporate Risk	Routine	4.1/4.3	Risk Manager / Risk Owner
	Other	Property Management Programme Update			Director: Property Assets & Infrastructure
		Temporary Accommodation Programme Update			Director Housing and Landlord Services
		Children and Families Transformation Programme Update			Executive Director Children and Education
Mar-23 3:00 PM	External Audit:	External Audit Plan for 2023/24	Routine	1.8/1.9/3.2	Grant Thornton
	Finance	Procurement Breaches Report	Routine		Director - Finance
	Internal Audit:	Draft Internal Audit Annual Plan 2024/25	Routine	1.2	Chief Internal Auditor
		Annual Whistleblowing Update	Routine	2.4	Chief Internal Auditor
	Legal:	Code of Corporate Governance	Routine	2.6	Director: Legal& Democratic Services

Meeting Date	Assurance Source	Report Details	Routine Work Programme/ Other?	ToR Ref	Officer Providing Report
	Other	Adult Social Care Transformation Programme Update			Executve Director: Adults and Communities
	Corporate:	AGS 2022/23 - Actions Tracking Update	Routine	2.5/4.4/1.7	Director: Finance
		External Inspections Update	Routine	4.4	Head of Executive Office

Audit Committee

20th November 2023

Report of: Service Director: Finance

Title: Treasury Management Mid-Year Report 2023/24

Ward: City Wide

Officer Presenting Report: Richard Young, Head of Strategic Finance

Recommendation

That the Mid-Year Treasury Management report for 2023/24 is noted.

Summary

This report meets the treasury management regulatory requirement that the Council receive a Mid-Year Treasury review report. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans.

The significant issues in the report are:

There are no policy changes to the Treasury Management Strategy Statement; the details in this report update the position in light of the updated economic position and budgetary changes. The authority has a net borrowing requirement of £641m over the next five years and is planning on undertaking £60m of new borrowing during the financial year to support the financing of the capital programme and to ensure there are adequate treasury resources to meet the liquidity requirements of the Council.

However, the Council will undertake further borrowing should market opportunities arise to borrow at fixed rates lower than forecasts to reduce the interest rate risk exposure to the authority due to the significant borrowing needed over the medium term to support the financing of the Council's current capital programme.

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Policy

1.	There are no policy implications as a direct result of this report.

Consultation
	Internal
2.	Strategic & Service Directors.
	External
3.	The Council's Treasury Management advisers

Purpose / Context of the report:

4.	This report meets the treasury management regulatory requirement that the Council receive a mid-year treasury review report. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs).

5.	That the mid-year report is structured to highlight:

	•	The economic outlook;

	•	The actual and proposed treasury management activity (borrowing and investment);

	•	The key changes to the Council's capital activity (the prudential indicators {PIs}).

Background

6.	Treasury management is defined as:

	"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

7.	The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Treasury management operations aim to ensure that cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

8.	The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. The management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Introduction

9.	The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised in 2021) has been adopted by this Council. The primary requirements of the Code are:

	•	Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;

	•	Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives;

- Receipt by the Full Council of an annual Treasury Management Strategy Statement (TMSS) - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year;

- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions;

- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For Bristol City Council the delegated body is Audit Committee.

10. This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the 2023/24 financial year to 30 September 2023;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- A review of the Council's investment portfolio for 2023/24;
- A review of the Council's borrowing strategy for 2023/24;
- A review of any debt rescheduling undertaken or planned during 2023/24;
- The Council's capital expenditure and prudential indicators;
- A review of compliance with Treasury and Prudential Limits for 2023/24.

Key Changes and updates to the Treasury and Capital Strategies

11. There are no policy changes to the TMSS; the details in this report update the position in light of the latest economic position and budgetary changes.

The 2023–2028 Treasury Strategy (approved 21st February 2023) identified a medium term net borrowing requirement of £641m to support the existing and future Capital Programme with the debt servicing costs met from revenue savings from capital investment and the economic development fund. The approved Strategy indicated a net borrowing need of £100m for 2023/24 though the Council's policy is to defer borrowing while adequate levels of treasury resources are available to support the liquidity requirements of the Council. The Council has not borrowed any external funds to date as the Council held treasury cash balances of £88m at the end of September 2023. The Council is planning to borrow £60m on a short term basis during the remainder of the year as treasury balances fall to support the financing of the capital programme while maintaining adequate liquidity to meet the Councils ongoing obligations. It is estimated that the Council will hold circa £50m in Treasury resources as at the end of March 2024.

Analysis of Debt and Investments

12. A summary of the of the Council's debt and Investment position as at 30th September 2023 (including forecast at 31st March 2024) compared with 31st March 2023 is shown in the table below:

Debt & Investments	31st March 2023		31st September 2023		31st March 2024	
	Actual		**Actual**		**Forecast**	
	£m	Rate%[*b]	£m	Rate%[*b]	£m	Rate%[*b]
Long Term Debt – PWLB Fixed	326	4.63	326	4.59	326	4.59
Long Term Debt – Market LOBO[*a]	70	4.09	70	4.09	70	4.09
Long Term Debt – Market Fixed	50	4.04	50	4.04	50	4.04
Estimated "New" Short Term Borrowing	-	-	-	-	60	5.50
Total Debt	**446**	**4.45**	**446**	**4.45**	**526**	**4.49**
Investment	116	1.90	88		50	5.25
Net Borrowing Position	**330**	**-**	**358**	**-**	**476**	

*a Lender option Borrower option, *b reflects the average rate for the year taking account of new loans and repayments.

We are currently achieving a return of 4.72% on our investments for the period to 30 September 2023. The return for the year is expected to rise to, circa 5.25% with base rate not anticipated to rise any further.

The authority's advisors are forecasting the base rate to remain at 5.25% until June 2024 before falling back in gradual rate cuts to 3.00% over the medium term. Long term interest rates (PWLB) are expected to fall from their levels in September of 5.5% to circa 3.50% over the medium term.

Economic Update

13. The first half of 2023/24 saw:

- Interest rates rise by a further 100 basis points, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.

- Short, medium and long-dated gilts remain elevated as inflation continues.

- A 0.5% m/m decline in real GDP in July, mainly due to more strikes.

- CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.

- Core CPI inflation declining to 6.2% in August from 7.1% in April and May.

- A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).

14. The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of weakness.

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The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.

As the drag from higher interest rates intensifies over the next six months, it is believed that the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. With CPI inflation past its peak and expected to decline further, the economy is passing the cost-of- living crisis without recession. With the worst of the falls in real household disposable incomes behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon be felt too. It is expected that the Bank of England will keep interest rates at the probable peak of 5.25% until the second half of 2024 with mortgage rates being likely to stay above 5.0% for around a year.

The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. The job vacancy rate has fallen from 3.0% in July, to circa 2.9% in August and moving closer to 2.5%, which would be consistent with slower wage growth.

The cooling in labour market conditions has not yet fed through to an easing in wage growth. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.

CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022.

In the latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have indicated to the Bank of England that it has raised rates sufficiently. The minutes show the decision was "finely balanced". Five MPC members voted for no change and the other four voted for a 25bps hike.

Similar to the US, the Bank of England want markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required".

The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations.

The pound weakened from its cycle high of $1.30 in the middle of July to $1.21 in late

September. In the first half of the year this driven by the upward shift in UK interest rate expectations, however, over the past couple of months interest rate expectations have dropped as inflation started to come down, growth faltered, and the Bank of England paused its increases to base rate.

The FTSE 100 gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound was primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914

Interest rate forecasts

15.   The Council's treasury advisor, Link Asset Services, has provided the following forecast:

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

PWLB rates are certainty rates, gilt yields plus 180bps

The latest forecast on 25th September sets out a view that short, medium and long-dated interest rates will be elevated for some time as the Bank of England seeks to reduce inflation.

Investment Portfolio 2023/24

16.   In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in the "Economic Update" interest rates are anticipated to rise and peak at 5.25% at which point will fall back over the medium term to 2.75%.

Given this environment and the likelihood that Bank Rate will fall gradually over the medium term the Council will keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit quality financial institutions

17.   The Council held £88m of Treasury investments as at 30th September 2023 (£116m at 31 March 2023) with an average maturity of 30 days. These investments are predominately with local authorities, money market funds and UK banks. The investment portfolio yield for the first six months of the year was 4.72%. The standard comparator for investment performance is the benchmark SONIA[1], which for the period was 4.73%.
1SONIA – Sterling Over Night Index Average rate is a recognised reference rate to benchmark short-term investment interest rates.

18.   The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2023/24.

19.   The current investment counterparty criteria selection approved in the TMSS is the method by which treasury management investment are chosen.

Borrowing

20. The Capital Financing Requirement (CFR) denotes the Council's underlying need to borrow for capital purposes. The Council's CFR at 31 March 2024 is estimated to be £940m. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing).

21. The balance of borrowing between external and internal is generally driven by market conditions and forecasts of future cash flows and interest rates. At the 31st March 2023 the Council had external borrowings of £564m and has utilised £412m of internal cash in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate but will require on-going monitoring in the event that upside risk to gilt yields prevails.

22. However, internal borrowing is a temporary measure that takes advantage of lower interest rates and will ultimately be replaced by more expensive external borrowing as the cash used is required elsewhere. The timing and amount of new external borrowing is therefore dependent on capital spending decisions, future cash flows and forecasts of interest rates.

23. The Council does have an underlying need to borrow for capital expenditure requirements, along with the council utilising treasury balances to support services. The Council is therefore planning on taking £60m of external borrowing during the remainder of the year that will increase the net financing costs of the authority that will be contained within the current Capital Financing budget.

    However, should there be a risk that borrowing costs will rise quicker and remain elevated for longer than expected then the Council will consider borrowing to reduce the Council's internal borrowing position and reduce its interest rate risk exposure.

24. PWLB rates were on a generally rising trend throughout the year.

    In July short-dated rates peaked at their most expensive, the 1-year rate was 6.36% and the 5-year rate was 5.93%. Short dated rates then fell, though medium dates rose higher through August and the 10-year rate increased to 5.51% and the 25-year rate to 5.73%. The 50-year rate was 4.27% on 5th April but rose to 5.45% on 28th September.

    Rates are forecast to fall over the next two to three years as inflation subsides. The CPI measure of inflation is expected to fall below 2% in the second half of 2024, and 50-year rates are forecast to be circa 3.90% by the end of September 2025. However, there is considerable gilt issuance over the next couple of years, so there is a high degree of uncertainty as to whether rates will fall that far.

    The graph and table below show the movement in PWLB certainty rates for the first six months of the year.

PWLB Rates 3.4.23 - 29.9.23
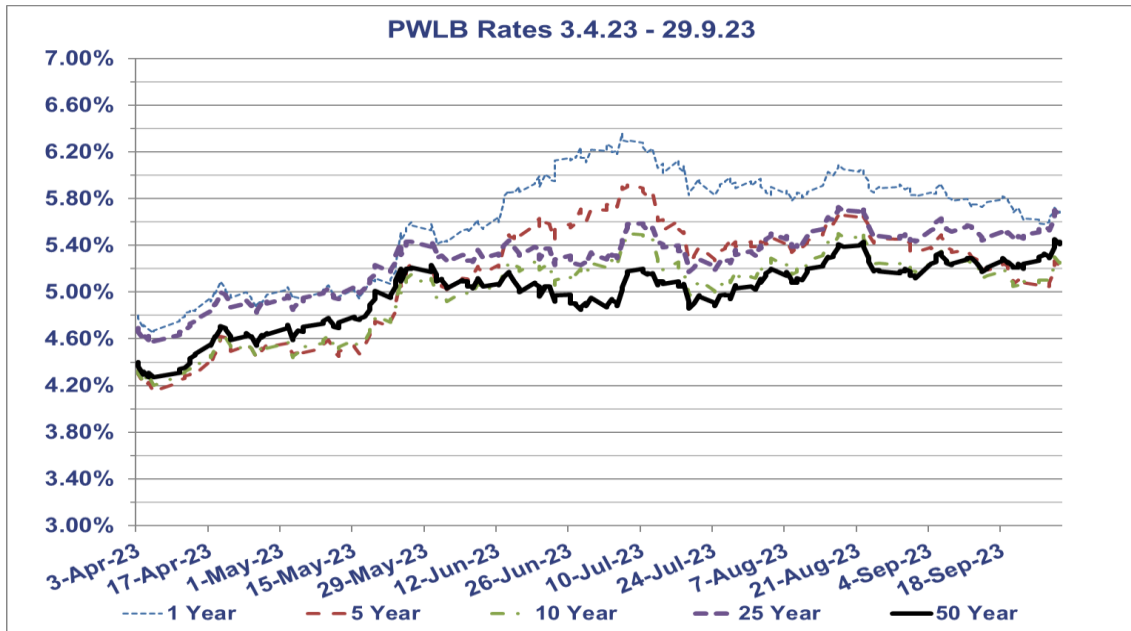
	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

Debt Rescheduling

25. Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings.

26. No debt rescheduling has been undertaken during the first six months of the year, however, now that the whole of the yield curve has shifted higher there may be better opportunities in the future, although only prudent and affordable debt rescheduling will be considered.

Ethical Equitable Investment Policy

27. An Ethical Investment Policy is incorporated within the Treasury Management Practice Statements (TMPS). The City Council currently invest surplus funds with Banks and Building Societies either directly or via the Money Markets in the form of instant access cash deposit accounts, money market funds or on fixed term deposit and with other local authorities. The City Council's ethical equitable investment policy is based on the premise that the City Council's choice of where to invest should reflect the ethical values it supports in public life. The City Council will not knowingly invest in organisations whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the City Council.

The Council's Capital Position (Prudential Indicators)

28. This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

Prudential Indicator for Capital Expenditure

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

29. This table shows the latest estimates for capital expenditure:

Capital Expenditure by Service	2023/24 Approved Programme £m	2023/24 Period 6 Forecast £m
Non-HRA	165	164
HRA	133	120
Total	**298**	**284**

30. The latest capital monitoring report for the end of September 2023 sets out a capital forecast of £284m detailed within the period 6 monitoring report presented to Cabinet on 7th November 2023.

Financing of the Capital Programme

31. The table below draws together the capital expenditure plan and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2023/24 Approved Programme £m	2023/24 Period 6 Forecast £m
Total spend	**298**	**284**
Financed by:		
Capital receipts	50	35
Capital grants	118	126
Revenue / Reserves	48	43
HRA – Self Financing	30	31
Prudential Borrowing – Increase in Capital Financing Requirement	52	49
Total financing	**298**	**284**

Capital Financing Requirement (CFR) & Operational Boundary

32. The table below shows the CFR, which is the underlying external need to incur borrowing for a

capital purpose and it also shows the expected debt position over the period. This is termed the Operational Boundary.

Capital Financing Requirement	2023/24 Original Estimate £m	2023/24 Latest Estimate £m
CFR – non housing	732	722
CFR – housing	245	245
Total CFR	**977**	**967**

External Debt (Operational Boundary)	2023/24 Approved Indicator £m
Borrowing	546
Other long term liabilities*	116
Total debt 31 March	**662**

* On balance sheet PFI schemes and finance leases etc.

33. The revised Capital Financing Requirement is based on the actual CFR as at 31 March 2023 (£940m) increased by in-year capital expenditure financed by borrowing (£49m) and reduced by the minimum revenue provision (MRP) for repayment of debt and the repayment of the debt facilities within other long term liabilities (£22m).

Limits to Borrowing Activity

34. The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2023/24 Original Estimate £m	2023/24 Latest Estimate £m
Gross borrowing	546	506
Plus other long term liabilities*	116	119
Gross borrowing & long term Liabilities	**662**	**625**
CFR* (year-end position)	977	967

* Includes on balance sheet PFI schemes and finance leases etc.

35. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

36. A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and

revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

Authorised limit for external debt	2023/24 Approved Indicator £m
Total Borrowing	1,000

Proposal

37. That the Mid-Year Treasury Management report for 2023/24 is noted.

Other Options Considered

38. None

Risk Assessment

39. Borrowing and lending activity is reported to the Mayor.
     The principal risks associated with treasury management are:

Risk	Mitigation
Loss of investments as a result of failure of counterparties	Limiting the types of investment instruments used, setting lending criteria for counterparties, investing in only high quality low risk counterparties and limiting the extent of exposure to individual counterparties
Increase in the net financing costs of the authority due to borrowing at high rates of interest / lending at low rates of interest	Planning and undertaking borrowing and lending in light of assessments of future interest rate movements, and by undertaking most long term borrowing at fixed rates of interest (to reduce the volatility of capital financing costs)

Public Sector Equality Duties

40. a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

   i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.

   ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to;

       o   remove or minimise disadvantage suffered by persons who share a relevant protected

characteristic;

- o take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);

- o encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –

- o - tackle prejudice; and

- o - promote understanding.

b) There are no proposals in this report, which require either a statement as to the relevance of public sector equality duties or an Equalities Impact Assessment.

Legal and Resource Implications

Legal

The Council is under a duty to manage its resources prudently and therefore due consideration must always be given to its borrowing and lending strategy. A wide range of local authority financial activities, including borrowing, lending, financial management, and the approval of types of investment vehicle are governed by legislation and various regulations. The Council is obliged to comply with these.

(Legal advice provided by Tim O'Gara - Service Director - Legal and Democratic Services)

Financial

(a) Revenue

The financing costs arising from planned borrowing are provided for in the revenue budget and medium-term financial plan. Any additional operating costs will have to be contained within the revenue budget of the relevant department.

(Financial advice provided by Jon Clayton - Capital and Investments Manager)

(b) Capital

The latest economic forecasts and implementation of the Treasury management strategy indicate that sufficient funds will be available to fund capital expenditure over the medium term while adhering to prudential indicators.

Land

Not applicable

Personnel

Not applicable

Appendices:

None

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers:
None

Audit Committee

20th November 2023

Report of: Director Finance, S151

Title: **Q2 2023/24 Corporate Risk Report Update.**

Ward: Citywide

Officer Presenting Report: Denise Murray – Director of Finance, S151

Contact Telephone Number: 0117 3576255

Recommendation

▪ The Audit Committee review and comment the Q2 2023/24 Corporate Risk Report (CRR)

Summary

This report presents the Corporate Risk Report (Appendix A) as at Sept 2023.

The significant issues in the report are:

• The CRR is an important tool in managing risk. It aims to provide an overview of the significant risks facing the council and how they are being managed. The CRR attached to this report at Appendix A and is the latest formal iteration following a review by members of the council's Corporate Leadership Board (CLB) and Cabinet. The Q2 2023/24 risk review included managers from across the Council. Appendix B - Annual Risk Management Plan for 2023/24

1   Policy

1.1. The Accounts and Audit Regulations 2015 require the council to have in place effective arrangements for the management of risk. These arrangements are reviewed each year and reported as part of the Annual Governance Statement (AGS). The Council is required to comment on the effectiveness of its arrangements in this regard. The statement must also identify any significant governance issues that may have resulted from failures in governance and risk management.

1.2. Risk Management is an integral part of good governance to which the Council is committed. Risk Management provides the framework and processes that enables the Council to manage uncertainty in a systematic way. As part of the Risk Management arrangements the Council reviews the Risk Management Assurance Policy on an annual basis.

1.3. It is considered good practice to regularly review and update the Risk Management Assurance Policy to ensure it strengthens the Council's approach to its risk management and assurance arrangements.

1.4. Ensuring that the Corporate Risk Report (CRR) is soundly based will help the council to ensure it is anticipating and managing key risks to optimise the achievement of the council's objectives and prioritise actions for managing those risks.

1.5. The CRR provides assurance to management and Members that Bristol City Council's significant risks have been identified and arrangements are in place to manage those risks within the tolerance levels agreed.

1.6. The CRR is a management tool and needs regular review to ensure that the occurrence of obstacles or events that may put individual's safety at harm, impact upon service delivery and the council's reputation are minimised, opportunities are maximised and when risks happen, they are managed and communicated to minimise the impact.

1.7. The CRR has been prepared and presented in line with the Risk Management Assurance Policy that was approved by Cabinet in January 2019.

2   Consultation

Internal - First to fourth tier managers, Extended Leadership Team, Corporate Leadership Team, Cabinet Member, City Economy, Finance and Performance.

External - None

3   Context

Corporate Risk Register (CRR)

3.1.   The Accounts and Audit Regulations 2015 require the council to have in place effective arrangements for the management of risk. These arrangements are reviewed each year and reported as part of the Annual Governance Statement (AGS).

3.2.   Ensuring that the Service Risk Registers (SRR), Directorate Risk Reports (DRR) and the Corporate Risk Reports (CRR) are soundly based will help the council to ensure it is anticipating and managing key risks to optimise the achievement of the council's objectives and prioritise actions for managing those risks.

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3.3. The registers and reports are a management tool. They need regular review to ensure that the occurrence of obstacles or events that may put individual's safety at harm, impact upon service delivery and the council's reputation are minimised, opportunities are maximised and when risks happen, they are managed and communicated to minimise the impact.

3.4. The Q2 23-24 Corporate Risk Report (CRR) as at September 2023 contained:

Threat Risks	Opportunity Risks	External / Contingency Risks
1 Critical 23 High 4 Medium 5 Improving Risks 3 Deteriorating 2 Escalated Risks	1 High	1 High 2 Medium 1 Deteriorating

Please Note – There are 17 other risks scoring between 20 and 28 that have not been escalated to the Corporate Risk Register (CRR). These risks are currently being assessed for assurance, to moderate the scores below 20 or to include in the CRR. The results will be presented during the Q3 review.

3.5. A summary of risks (Threat and Opportunities) for this reporting period are set out below:

Critical Threat Risks

3.6. There is only one critical Threat risks:

- CRR55 - Risk of children placed in unregistered provision which is unlawful: Escalated threat risk from Children Services in Q1. The risk rating is still 4*7 = 28 Critical threat risk. The numbers have not reduced due to high needs of the children that have required placements and lack of placements.

Improving Risks

3.7. There are five improving Threat risks within the report:
- CRR5 Business Continuity and Operational Resilience May Not Be Effective: This risk score has reduced from 7*3 = 21 High to 5*2 = 10 High due to business continuity being in service plans and by working on the quality and adherence across BCC organisation.
- CRR13 - Possible Financial Framework and Medium-Term Financial Plan (MTFP) Failure: The risk rating has improved from 4*7 = 28 Critical to 3*7 = 21 High due to processes and controls in place to enable the MTFP and budget to be developed and approved are robust.
- CRR41 Capital Portfolio Delivery May Fail: The risk score has reduced from 5*4 = 20 High to 5*3 = 15 High as the construction sector, while still challenging, has become less volatile.
- CRR49 – Potential Impact of Weak Workforce Resilience: The risk rating improved 5*4 = 20 High to 3*3 = 9 Medium as the internal controls in place are effective; and targeted work is in place to support services at a higher risk around workforce resilience.
- CRR54 Potential Threat of Financial Sustainability of Nursery Schools: The risk score improved from 7*3 = 21 High to 3*2 = 6 Medium as Nursery Schools with a deficit have submitted deficit recovery plans that have either been approved by the Section 151 officer or have been rejected requiring further work.

Deteriorating Risks

3.8. There are two deteriorating Threat risks within the report:
- CRR4 – Possible failure to Deliver an effective Corporate Health, Safety and Wellbeing Framework: The risk rating increased from 5*2 = 10 Medium to 5*3 = 15 High following a review of the current approach to managing some key areas of health and safety risks, including those in Property and the new Building Safety Act.
- CRR12 Emergency planning measures & resources may be overwhelmed by scope / scale of an emergency or incident faced by the council: This risk score has increased from 7*2 = High 14 to 5*3 = High 15 as working on additional resource / budget is required to be able respond as a cat 1 responder under the civil contingencies act.

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3.9.   There is one deteriorating External Threat risks within the report:
▪   BCCC4 - Possible Increase in Winter diseases including COVID-19 and Flu (formerly COVID-19 Population Health): This risk score has reduced from 1*3 = Low 3 to 3*3 = Medium 9 as we have seen a new variant emerge internationally in August 2023.

Escalating Risks

3.10.   There are 2 Threat risks recommended for escalation to Corporate Risk Register from Directorate Risk Registers:
▪   CRR56 – DRR Potential threat to the ASC Care Quality Commissions (CQC) Assurance Preparedness and Rating. The current risk score is 7*3 = High 21
▪   CRR57 – DRR18 - Possible failure to improve compliance with procurement rules which results in procurement breaches. The current risk score is 5*4 = High 20

Emerging (In Progress) Risks:

3.11.   There is one risk that are currently emerging, and workshops will be held in Q3 to draft these for consideration for inclusion on the corporate risk report:
▪   Reinforced Autoclaved Aerated Concrete (RAAC)- this an emerging strategic threat risk to the council which we are currently investigating.

Static Risks

3.12.   16 risks have scores that have remained static over the last 3 reporting cycle as at Q2 2023. Risk owners are advised to ensure that controls and mitigations are effective, confirm why it has remained the same and if anything could be done.

Mitigation Actions Update

3.13.   There were 45 new mitigation actions created during the reporting period which, when completed, will result in improved risk assurance and improvement towards our tolerances level. Over 70 risk mitigation actions were successfully completed.

Additional Information:
▪   For more detail on individual risks and their management, please see the attached Appendix A.
▪   The closed risks are now reflected within individual risks across the Council's Service Risk Registers.
▪   All risks on the CRR have management actions in place.
▪   It is not possible to eliminate the potential of failure entirely without significant financial and social costs. The challenge is to make every reasonable effort to mitigate and manage risks effectively, and where failure occurs, to learn and improve.
▪   Risks are escalated to the Corporate Risk Report (CRR) if the risk scores higher than a 20 or if a risk is determined by CLB to remain on the corporate risk report due to monitoring its significance to the councils aims and objective.

4   Proposal

4.1. The Audit Committee are requested to receive and note the Risk Management update.

4.2. The Audit Committee review and comment upon the Corporate Risk Report (CRR) as a source of assurance that risk management arrangements are in place.

5   Other Options Considered

None necessary. Having robust risk management processes in place is a requirement of the City Council. The CRR has been developed in line with the Risk Management Assurance Policy.

6   Risk Assessment

The Risk Management Assurance Policy and the CRR will further develop risk management assessment within the City Council and help the management of risk arrangements embed.

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7   Public Sector Equality Duties

7.1. Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

    i)   Eliminate discrimination, harassment, victimisation, and any other conduct prohibited under the Equality Act 2010.

    ii)   Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --

        -   remove or minimise disadvantage suffered by persons who share a relevant protected characteristic.

        -   take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);

        -   encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

    iii)   Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
        - tackle prejudice; and
        - promote understanding.

7.2. No equalities assessment necessary for this report.

8   Legal and Resource Implications

    Legal - N/A

    Financial - N/A

    Land - N/A

    Personnel - N/A

Threat Risk Performance Summary

Risk	Page Number	Q3 Rating (22/23)	Q3 Matrix (22/23)	Q4 Rating (22/23)	Q4 Matrix (22/23)	Q1 Rating (23/24)	Q1 Matrix (23/24)	Q2 Rating (23/24)	Q2 Matrix (23/24)
CRR4 – Possible failure to Deliver an effective Corporate Health, Safety and Wellbeing Framework		10		10		10		15	
CRR5 - Business Continuity and Operational Resilience may not be effective		15		10		14		10	
CRR6 - Potential threat of Fraud and Corruption		15		15		15		15	
CRR7 - Potential Cyber Security Issues		20		20		20		20	
CRR9 - Possible Failure of Safeguarding Vulnerable Children		21		21		21		21	
CRR10 - Safeguarding Adults may be at Risk with Care and support needs.		15		15		21		21	
CRR12 - Emergency planning measures and resources may be overwhelmed by scope and scale of an emergency or incident faced by the council.		21		14		14		15	
CRR13 - Possible Financial Framework and Medium-Term Financial Plan (MTFP) Failure		28		28		28		21	

Risk	Page Number	Q3 Rating (22/23)	Q3 Matrix (22/23)	Q4 Rating (22/23)	Q4 Matrix (22/23)	Q1 Rating (23/24)	Q1 Matrix (23/24)	Q2 Rating (23/24)	Q2 Matrix (23/24)
CRR15 – Possible In-Year Financial Deficit		21		28		21		21	
CRR18 - Possible failure to deliver enough new homes to meet Mayoral and Annual Business Plan targets.		10		10		15		15	
CRR25 - Possible Suitability of Line of Business (LOB) Systems Issues		20		20		20		20	
CRR26 - ICT Resilience May Not Be Effective		14		14		14		14	
CRR27 – We may fail to Deliver the Capital Transport Programme		15		15		15		15	
CRR29 - Information Security Management System (ISMS) May Not Be Effective		10		10		10		10	
CRR37 – Homelessness and the subsequent cost of providing suitable affordable accommodation may affect long-term outcomes		20		20		20		20	
CRR39 - Adult and Social Care major provider/supplier may fail to deliver as expected		20		15		15		15	
CRR40 - Potential Threat of Unplanned Investment in Subsidiary Companies		20		20		20		20	

Risk	Page Number	Q3 Rating (22/23)	Q3 Matrix (22/23)	Q4 Rating (22/23)	Q4 Matrix (22/23)	Q1 Rating (23/24)	Q1 Matrix (23/24)	Q2 Rating (23/24)	Q2 Matrix (23/24)
CRR41 – Capital Portfolio Delivery May Fail		20		20		20		15	
CRR43 - Lack of progress for Mass Transit may have on Impact on the city		20		20		20		20	
CRR45 - Potential failure to deliver statutory duty in respect of Children		15		20		20		20	
CRR48 - We may not be able to meet the affordable housing needs of the City by failing to meet the Project 1000 Delivery targets. (Replaced CRR32)		21		21		21		21	
CRR49 – Potential Impact of Weak Workforce Resilience		20		20		20		9	
CRR51 - ASC may be financial unsustainable due to national and local pressures leads to a failure to deliver statutory duties and budgetary control.		21 NEW RISK		21		21		21	
CRR52 - Possible failure to ensure high rise properties meet safety regulations and building safety act (amended to include compliance with Building Safety Act)		21 Escalated from service risk registers		21		21		21	
CRR53 - Increased social worker and occupational therapists vacancies and sickness rates may result in vulnerable adults care being comprised.		20 NEW RISK		20		20		20	

Risk	Page Number	Q3 Rating (22/23)	Q3 Matrix (22/23)	Q4 Rating (22/23)	Q4 Matrix (22/23)	Q1 Rating (23/24)	Q1 Matrix (23/24)	Q2 Rating (23/24)	Q2 Matrix (23/24)
CRR54 - Potential Threat of Financial Sustainability of Nursery Schools		15		21 Escalated		21		6	
CRR55 - Children placed in unregistered provision may be at risk		N/A	N/A	N/A	N/A	28		28	

Threat Risks Escalated

Risk	Page Number	Q3 Rating (22/23)	Q3 Matrix (22/23)	Q4 Rating (22/23)	Q4 Matrix (22/23)	Q1 Rating (23/24)	Q1 Matrix (23/24)	Q2 Rating (23/24)	Q2 Matrix (23/24)
CRR56 – Potential threat to the ASC Care Quality Commission (CQC) Assurance Preparedness and Rating (DRR Escalated)		15		15		15		21	
CRR57 –- Possible procurement breaches and compliance with procurement rules & legislation (DRR18 Escalated)		15		15		20		20	

Appendix A – Corporate Risk Register Q2 2023-2024 as at September 2023

Opportunity Risk Performance Summary

Risk	Page Number	Q3 Rating (22/23)	Q3 Matrix (22/23)	Q4 Rating (22/23)	Q4 Matrix (22/23)	Q1 Rating (23/24)	Q1 Matrix (23/24)	Q2 Rating (23/24)	Q2 Matrix (23/24)
OPP01 - Possible Impact of One City Approach		21		21		14		14	

External and Civil Contingency Risk Summary

Risk	Page Number	Q3 Rating (22/23)	Q3 Matrix (22/23)	Q4 Rating (22/23)	Q4 Matrix (22/23)	Q1 Rating (23/24)	Q1 Matrix (23/24)	Q2 Rating (23/24)	Q2 Matrix (23/24)
BCCC1 – Flooding May Impact Public Safety		15		15		15		15	
BCCC4 - Possible Increase In Winter Diseases including COVID-19 and Flu (formerly COVID-19 Population Health)		9		9		3		9	
BCCC5 - Cost of Living Crisis may have major impact on Citizens and Communities		28		28		12		12	

Risk Trend Key

Arrow	Description
⬆ (green)	The risk rating has improved from the previous quarter, having reduced in its severity.
⬇ (red)	The risk rating has deteriorated from the previous quarter, having increased in its severity.
▬ (blue)	The risk rating has not changed from the previous quarter.

Threat Risks

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR4 – Possible failure to Deliver an effective Corporate Health, Safety and Wellbeing Framework.	**Deteriorating**	**15** Likelihood = 3 Impact = 5		**10** Likelihood = 2 Impact = 5	
Description: To deliver an effective management framework in place to ensure that the workplace and work environment is free from health and safety hazards. The framework the Council will use to achieve this is based on the Health and Safety Executives guidance Managing for Health and Safety (HSG65) 'Plan, Do Check Act' approach. The framework will apply to all employees who work at the Council whether on a permanent of temporary basis, Schools, contractor's agency staff visitors and other parties who have a business relationship with BCC.					

	Existing Controls		Mitigating Actions		
Risk Causes: If services do not have sufficient staff numbers to carry out work plans in a safe way. If services are not able to order appropriate equipment required for staff safety. Lack of appropriate equipment. Lack of appropriate training. Lack of oversight and control by local management. Lack of information on the potential or known risks. Inadequate contract management arrangements. Lack of effective processes and systems consistently being applied Policies are not kept up to date.	**Control**		**Action Title**	**Due Date**	**Progress**
	1. Governance Arrangements 2. Health Safety and Wellbeing Strategy		Review Health and Safety Procedures	March 2024	20%
Risk Consequences: Risk of injury Staff, visitors, contractors, citizens.; Risk of injury to our tenants. Staff put under undue pressure leading to staff taking sick leave or leaving the organisation. Risk of legal action/penalties against the Council and individual managers, including possibility of Corporate Manslaughter. Impact on the reputation of the City Council. Lack of compliance with Health and Safety policies and safe practices, due to pressures of work or lack of training. Reputational damage					
Risk Owner(s): Chief Executive and Corporate Leadership Board (CLB), Director of Workforce Change.					
Portfolio Flag: Finance, Governance and Performance	**Summary of Progress:** The current approach to managing some key areas of health and safety risks including those in Property and the new Building Safety Act has increased the level of likelihood from unlikely to likely. This is a combination of fines for non-compliance by the regulator (HSE) and personal injury to our employees. The new governance arrangements will provide better scrutiny, decision making and assurance at CLB to where responsibilities and accountabilities in key areas are currently unclear.				
Strategic Theme: Our Organisation					

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Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR5 - Business Continuity and Operational Resilience may not be effective **Description:** If the council has a Business Continuity disruption and is unable to ensure the resilience of key BCC operations and business activities, then the impact of the event maybe increased with a greater impact on people and council Services.	**Improving** ⬆	**10** Impact 5 = Critical Likelihood 2 = Likely		**9** Likelihood = 3 Impact = 3	

Risk Causes:	Existing Controls		Mitigating Actions		
-Strikes (People, Fuel); Loss of key staff (communicable diseases (Covid - illness and self-isolation) and influenza.; Loss of suppliers / supply chain disruption.; Loss of accommodation to deliver key services.; Loss of equipment / infrastructure, including utilities.; Any event which may cause major disruption - e.g., severe weather; Unavailability of IT and/or Telecoms.; Knowledge loss.; Reduced chances of preventing/ responding to incidents due to a lack of forward planning or investment.; Climate change	**Control**		**Action Title**	**Due Date**	**Progress**

Existing Controls (Control)	Mitigating Actions		
1. A number of Policies, procedures and arrangements are in place including duty rotas for key service areas and the Duty Director rota.	Assessment on adherence and implementation	March 2024	20%
2. Corporate Business Continuity Framework, including BC escalation process - Framework presented at CRG on 11th July 2022.	BC Resource to support pan BCC (New)	April 2024	40%
3. Corporate Business Continuity Group, bringing owners of 'cross cutting business support services' together (IT, FM, Procurement, HR) to horizon scan and risk manage - BC Group has met several times since March 2022 - Formalise reporting arrangements and governance required.	BCC utilisation of escalation framework (New)	February 2024	10%
	Business Continuity 2023 workshops pan BCC (New)	March 2024	70%
4. Corporate Resilience Group overseeing, corporate preparedness, including BC capability - CRG hosted power outage exercise on 22nd March, allowing key services to test business continuity arrangements. Learning from this exercise will shape a corporate power outage plan.	Embed Corporate Resilience Group and Business Continuity Group into corporate governance framework, including alignment with corporate risk group	May 2024	80%
	IT Resilience (BC) (New)	February 2025	80%
5. The CRG will seek assurances from key service areas regarding the robustness of continuity arrangements against local risk.	Lead IT Resilience / Business Continuity project, including developing battle boxes, an IT Resilience Plan, understanding DR arrangements across BCC delivered IT services and SAAS, improving service-level BC plans for managing IT outages.	January 2024	80%
6. Service Level Business Continuity Planning - Services will be developing their BC plans in Q3, aligned to service planning.	Workshops to support services to complete Business Continuity templates	December 2023	50%
	BCC wider BC Plan Quality and Adherence (New)	March 2024	0%

Risk Consequences:
-Inability to deliver/support front line services.; Service Disruption.
-Loss of service.; Transportation disruption.
-Additional demand on services.; Stress.; Potential risk to staff and public safety.
-Increased financial cost in terms of damage control and insurance costs.
-Legal compliance and financial penalty; Reputational damage.

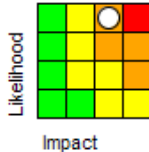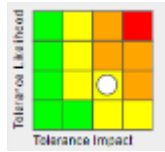|	
Risk Owner(s): Executive Director Growth and Regeneration Chief Executive, Director Management of Place. **Portfolio Flag:** City Economy, Finance & Performance **Strategic Theme:** Our Organisation, Wellbeing.	**Summary of Progress:** Risk score improved as business continuity is now part of service plans, we are also working on the quality and adherence across BCC, which should help to improve the risk over time.

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR6 - Potential threat of Fraud and Corruption **Description:** Failure to prevent or detect acts of significant fraud or corruption against the council from either internal or external sources.	**Constant**	**15** Likelihood = 3 Impact = 5		**6** Likelihood = 2 Impact = 3	

Risk Causes:	Existing Controls		Mitigating Actions		

Risk Causes: Heightened levels of fraud, including cyber fraud, as criminals attempt to exploit the COVID-19 pandemic and current cost of living increases. Relaxation of controls in current emergency environment (Covid 19) as payments and support are being dispersed quickly in line with government requirement. Failure of management to implement a sound system of internal control and/or to demonstrate commitment to it at all times.; Not keeping up to date with developments, in new areas of fraud. Insufficient risk assessment of new emerging fraud issues.; Lack of clear management control of responsibility, authorities and / or delegation; Lack of resources to undertake the depth of work required to minimise the risks of fraud avoidance. This potential cause is highlighted at this time given the potential impact of the current pandemic situation and with staff redeployed to support the emergency response. Under investment in fraud prevention and detection technology and resource.	**Control**		**Action Title**	**Due Date**	**Progress**
	1. A dedicated Counter Fraud and Investigation team - BCC has a dedicated Counter Fraud and Investigation team with varied skills. 2. Audits - Internal Audit reviews will sometimes include an assessment of fraud controls. 3. Continued use of analytic and additional resources to perform payment checks. Pre-payment checking of Covid support grants continue, including bank account validation, Company House checks, duplicate claim checks and IP address checks. 4. National Fraud Initiative (NFI) fraud hub App - The NFI/Cabinet Office Fraud Hub is in use, with a limited number of datasets uploaded. 5. On-going improvement plan for Whistle-blowing - 6. Participation in anti-fraud exercises - BCC takes part in the biennial Cabinet Office National Fraud Initiative exercise, the annual Council Tax Single Persons discount exercise and have been involved in pilot exercises of data matching with HMRC/Covid grants. 7. Planned programme of proactive fraud detection and prevention work - BCC Counter Fraud team develop an annual programme of planned work based on known and increasing fraud risks. 8. Whistleblowing procedure - New internal procedure developed. HR advisor assigned to each Whistle-blow. 9. Increased the use of technology and data analytics - Increased use of tools, data analytics and other sources of data to prevent and detect fraud.		Fraud Risk Assessments	Nov 2023	30%
			Fraud Reviews (New)	March 2024	0%
			Fraud Prevention Strategy (New)	Nov 23	40%
Risk Consequences: Losses to fraud under emergency measures is inevitable. Potential increase in financial losses due to increase in scams. Failure to prevent or detect acts of significant fraud or corruption could result in financial loss for the Council. Reputational damage could be suffered if fraud occurs.			Working with other Councils (New)	March 2024	30%
Risk Owner(s): Chief Executive and Director of Finance (S151 Officer).			Partnership Working (New)	March 2024	0%
Portfolio Flag: Finance, Governance and Performance **Strategic Theme:** Our Organisation	**Summary of Progress:** - The likelihood of fraud against Local Authorities is inherently high and whilst prevention of fraud is key, there will always be a risk of fraud occurring. Whilst the current score remains the same, we have secured additional resources to prioritise fraud prevention initiatives that will see the risk score go down once these are completed. As a result, the risk tolerance has been reduced to reflect the council's low appetite of risk. Current key initiatives are focused on: developing a fraud prevention strategy; developing a process to ensure fraud risk is considered in service planning; working with services to ensure full fraud risk assessments are developed and maintained for key fraud risk areas; promoting the fraud hub with a view to expansion across other Local Authorities in the Southwest and other possible partners. In addition, improving confidence and support of Whistle-blowers by a revision of the policy and other improvements.				

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Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR7 – Potential Cyber Security Issues **Description:** The Council's risk level in regard to Cyber-security is higher than should be expected.	**Constant**	**20** Likelihood = 4 Impact = 5		**10** Likelihood = 2 Impact = 5	

Risk Causes: • Lack of investment in appropriate technologies. • Reliance on in-house expertise, and self-assessments (PSN). • Lack of formal approach to risk management (ISO27001). • Historic lack of focus. **Risk Consequences:** a. Information security incidents resulting in loss of personal data or breach of privacy / confidentiality. b. Safeguarding data breach impacting on safety of vulnerable child or adult. c. Risk of breaching the regulations and being subject to penalties/fines - Regulations Fines increasing from up to £500,000 to 10-20m Euros of 4% of global turnover, enforced by the Information Commissioners Office on behalf of the European Union. d. Increased litigation. e. Reputational damage.	Existing Controls		Mitigating Actions			
	Control		**Action Title**	**Due Date**	**Progress**
	1. Phishing attack exercises - As well as technical controls, the Council continues to carry out regular Phishing attack exercises where we are sending emails to staff to see how users react to this type of Cyber Attack. Anyone clicking on links is directed towards targeted training.		1. Work with ICT colleagues continues and discussions around cementing roles and responsibilities is being undertaken	Dec 023	90%
	2. Targeted Training of employees – The Information Governance and ICT team will continue to work together to support the SIRO to develop appropriate targeted training for all Council staff relating to cyber security. developed by IG and ICT Teams				
	3. Technical controls		2. Implement audit actions with oversight by IG Board	Dec 2023	90%
	4. Security team training				

Risk Owner(s): Chief Executive, Senior Information Risk Owner (SIRO).					

Portfolio Flag: Finance, Governance and Performance **Strategic Theme:** Our Organisation	**Summary of Progress**. Work on technical controls is going, and SIEM implementation continues. External SMEs are supporting Information Governance and IT colleagues. Full review of cyber position due towards the end of this year alongside further audit work to gain assurance on progress.

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR9 - Possible Failure of Safeguarding Vulnerable Children **Description:** The council fails to prevent increased risk of harm to children, resulting in harm or death to a vulnerable child.	**Constant** [blue arrow]	**21** Likelihood = 3 Impact = 7	[risk matrix]	**7** Likelihood = 1 Impact = 7	[risk matrix]

Risk Causes:	Existing Controls		Mitigating Actions		
	Control		**Action Title**	**Due Date**	**Progress**
-Demand for services exceeds service capacity and capability.; Inadequate controls result in harm. -Increase in child protection, complex safeguarding risks, criminal exploitation, serious youth violence and gang affiliation.; Hidden harm resulting from periods of lockdown, increased stress in families and service disruption during COVID -Placement failure due to COVID infection across children's home or fostering households. -An increase in demand of 6% evident across care population - specific pressures are clear for teenagers and unaccompanied children requiring our care	DCS quarterly assurance report to Corporate Leadership Board Inspections and Peer Reviews Quality assurance and performance framework in place. Strategic Risk Assurance The Keeping Bristol Safe Board provides independent scrutiny of children's safeguarding and safer communities' arrangements in the city and holds BCC and partner agencies to account.		Procure a strategic partner to undertake work regarding extra familial harm and with our children who go missing from home or care.	October 23	85%
			Our Families Transformation Programme (New)	March 2025	20%
			Working with other Councils (New)	March 2024	30%
Risk Owner(s): Executive Director People, Director Children's, and Families Services.					

Portfolio Flag: Children's Services, Education & Equalities **Strategic Theme:** Our Organisation, Empowering and Caring, Wellbeing.	**Summary of Progress**: Quality Assurance and performance framework in place and reported on at regular intervals through to cabinet members and Scrutiny. DCS quarterly assurance report to Corporate Leadership Board and action taken to address areas for improvement. The Keeping Bristol Safe Board provides independent scrutiny of children's safeguarding and safer communities' arrangements in the city and holds BCC and partner agencies to account. Services and structure aimed at ensuring delivery of a safe system of work for safeguarding children and communities. Reviewing areas of specific vulnerability and implementing improvements: reviewing resource and performance for missing children by appointing a strategic partner; reviewing quality assurance practice to ensure consistent quality of audits and enough. Support provided by Islington through PiP; appointing a strategic partner to review and redesign extrafamilial harm pathway and services; reviewing child sexual abuse pathway with partners; revised (as part of KBSP).

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR10 **-** Safeguarding Adults may be at Risk with Care and support needs. **Description:** The council fails to ensure adequate safeguarding measures are in place for adults at risk.	**Constant**	**21** Likelihood = 3 Impact = 7		**7** Likelihood = 1 Impact = 7	

Risk Causes:	Existing Controls		Mitigating Actions		
	Control		**Action Title**	**Due Date**	**Progress**
Adequacy of controls.; Management and operational practices. Demand for services exceeds capacity and capability. Poor information sharing. Lack of capacity or resources to deliver safe practice. Reduction in or lack of supply of commissioned care. Failure to commission safe care for adults at risk. Failure to meet the requirements of the 'Prevent Duty' placed on Local Authorities. Increased destitution in families, impacting on mental ill health, managing increased infection within the population. (COVID19); Increase identification of self-neglect and complexity. Carer strain / resilience.	• Annual report shared with Elected Members to allow for scrutiny of progress of the Keep Bristol Safe Partnership (KBSP). • Training for all key staff in the essentials of safeguarding. • Twice weekly business continuity meeting around supply of commissioned care and active management of waiting list. • Improved Data through PowerBI – capturing safeguarding concerns feeding into monthly management operational meetings • Safeguarding Discussion Forum – multi-agency held monthly – sharing information on high risk/complex cases		Demand Management Review (New)	March 24	0 %
			Workforce - maximising staffing resources within budget (New)	Dec 2023	0%
Risk Consequences: Financial damage Legal liability Death/Injury Reputational damage					
Risk Owner(s): Executive Director People, Director Adult Social Care.					

Portfolio Flag: Adult Social Care & Integrated Care System	**Summary of Progress:** Risk remains high due to capacity within the adult social care workforce to response to current demand due to staffing levels.
Strategic Theme: Strategy Theme: Our Organisation, Empowering others and Caring, Fair and Inclusive, Well connected, Wellbeing.	

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR12 - Emergency planning measures and resources may be overwhelmed by scope and scale of an emergency or incident faced by the council.	**Deteriorating**	**15** Impact 5 = Major Likelihood 3 = Likely		**9** Likelihood = 3 Impact = 3	
Description: A Major Incident or emergency which exceeds the response capacity of the council and partner responding organisations leading to mass fatalities, excess deaths, damage to property and infrastructure and an ability to deliver key service to the community. In addition, further consequences could be litigation and reputational damage to the council.					

Risk Causes: -Emergency risks not identified and prepared for. -Lack of trained and available responding staff. -Emergency roles and responsibilities not embedded.	**Existing Controls**		**Mitigating Actions**		
	Control		**Action Title**	**Due Date**	**Progress**
	1.24/7 Operations Centre provides effective monitoring for the city and a co-ordinary role in response and recovery.		Development and roll out of the Emergency Planning e-learning package	October 2023	60%
	2.Corporate Resilience Group, overseeing mitigations of contingencies risks identified on the National Security Risk Assessment and delivery of Category 1 Responder duties		Community Resilience Mapping development	October 2023	75%
	3.Active participation in the Avon and Somerset Local Resilience Forum and close working with multi-agency partners, including training and exercising.		Emergency training – rest centres, humanitarian assistance and training for Marshals currently running	May 2024	70%
	4.Emergency Plans		Plan and Deliver Corporate exercise	March 2024	50%
Risk Consequences: Increased risk of: - Disruption of public services; Disruption of transport networks; Death/injury - Displacement of people	5.Duty Director rota in place		ERPT Resource Growth bid (New)	March 2024	50%
	6.Duty Civil Protection Officer and other duty rotas in place (Highways, Dangerous Structures, Public Health, Social Care, etc)		Volunteer Reduction. Need increase. (New)	March 2024	10%
	7.BCC emergency plan training and exercising in place		Horizon scanning for emerging risks annually (Via CRG, BC Group and LRF)	March 2024	50%
	8.Monitoring of severe weather events		Public Health demand v standard (New)	March 2024	50%
	9.Close working with Safety Advisory Group for Events				
Risk Owner(s): Executive Director Growth and Regeneration, Director Management of Place.	10.Horizon scanning for emerging risks, including Ukraine war (through CRG, BC Group and LRF)				
Portfolio Flag: City Economy, Finance & Performance	**Summary of Progress** Updated risk assessment. The lack of resource in EPRT increased the risk profile, however currently reviewing not only risk action detail but also growth case for resource.				
Strategic Theme: Our Organisation, Wellbeing					

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR13 - Possible Financial Framework and Medium-Term Financial Plan (MTFP) Failure **Description:** Failure to be able to reasonably estimate and agree the financial 'envelope' available, both annually and in the medium-term and the council is unable to set a balanced budget.	**Improving** ⬆	**21** Likelihood = 3 Impact = 7	(risk matrix)	**14** Likelihood = 2 Impact = 7	(risk matrix)

Risk Causes:	Existing Controls		Mitigating Actions		
Risk Causes: Failure to achieve Business Rates income- appeals/general economic growth/loss of major sites. Economic uncertainty impact on locally generated revenues - business rates and housing growth, impacting on council tax, new homes bonus and business rate income. The general economic uncertainty affecting the financial markets, levels of trade & investment Local Government finance settlement from spending review. Continued Impact of Covid-19 on key income sources. Inadequate budgeting & budgetary control/Financial Settlements & wider fiscal policy changes:-The potential for new funding formulas such as fair funding, business rates retention to significantly reduce the government funding available to the council alongside possible increase in demand for council services. Embedding of the new national funding formula for schools and High Needs. Political failure to facilitate the setting of a lawful budget. Unable to agree a deliverable programme of propositions that enable the required savings to be achieved. Insufficient reserves to mitigate risks and liabilities and provide resilience. Rising inflation could lead to increased cost. Impact of Adult Social Care reform and sufficient funding available to meet increased cost	**Control**		**Action Title**	**Due Date**	**Progress**
	1. Budget Preparation, Setting and Budget Accountability Framework - BCC manages its financial risks through a range of controls including budget preparation, budget setting and a Budget Accountability Framework. Clear roles and responsibilities for managing, monitoring and forecasting income and expenditure against approved budgets are in place. 2. Medium Term Financial Plan – Twice yearly update including sensitivity and scenario based financial modelling on all assumptions including inflation and demand growth		Making representation to government departments in relation to: - the likely costs at a local level for the proposed Adult Social Care reforms	March 2024	0%
			Appropriate Finance Resourcing Improvement (New)	March 2024	50%
			Robustness of Monitoring and Delivery of Savings (New)	March 2024	50%
Risk Consequences: Potential failure to set a legal budget and council tax by the due date, would have a significant adverse impact on the council's ability to provides services and the council's reputation locally and nationally in terms of investor confidence. That the budget is unlikely to reflect council priorities and objectives. That the budget may not adequately resource pressures and increases in demand. That the budget includes savings which are not deliverable. That the council reserves are used for mitigating the medium-term financial plan; running down reserves, avoiding decision and reducing the Council's resilience. Negative impact on front line services. A negative opinion from external audit. Secretary of State intervention.					
Risk Owner(s): Chief Executive and Director of Finance (S151 Officer).					
Portfolio Flag: Finance, Governance and Performance	**Summary of Progress:** There has been further discussion on the likelihood during the preparation of the deep dive exercise for Audit Committee and given the ongoing uncertainties nationally and globally this is felt to remain likely, rather than unlikely. Please refer to deep dive report to Audit Committee September 2023.				
Strategic Theme: Our Organisation					

Threat Risk	Trend	Current Risk Assessment	Risk Tolerance Level	
Risk Title: CRR15 – Possible In-Year Financial Deficit **Description:** The council's financial position goes into significant deficit in the current year resulting in reserves (actual or projected) being less than the minimum specified by the council's reserves policy.	**Constant**	**21** Likelihood = 3 Impact = 7		**6** Likelihood = 2 Impact = 3

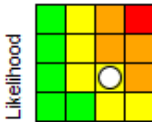| Risk Causes:	Existing Controls		Mitigating Actions		
A failure to appropriately plan and deliver savings. Unscheduled loss of material income streams. Increase in demography, demand and costs for key council services. The inability to generate the minimum anticipated level of capital receipts. Insufficient reserves to facilitate short term mitigations, risks and liabilities. Interest rate volatility impacting on the council's debt costs. Impairments in our commercial Investments are realised. Response to inadequate SEND inspection in 2019, Increased demand for EHCPs, Lack of specialist provision in Bristol, increased compliance to statutory requirements in relation to SEND. **Risk Consequences:** The council's financial position goes into significant deficit in the current year resulting in reserves (actual or projected) being less than the minimum specified by the council's reserves policy.	**Control**		**Action Title**	**Due Date**	**Progress**
	1. BCC Financial Framework - BCC's Financial framework ensures that we have in place sound arrangements for financial planning, management, monitoring and reporting through to Corporate Leadership Team and Cabinet. 2. Deep Dives on non-containable pressure areas - We have continual oversight and ongoing management of the council's financial risks and deep dives in areas reported of non-containable pressures. 3. Ensuring engagement at local, regional and national level - in round table and working groups to keep abreast the spending review, Business Rates retention and new funding formulas for Local Government. To ensure funding for Bristol is maximised and impact of changes are fed into our long-term financial planning and strategic planning. Policy and Budget Framework - 4. Re-assessment of service delivery risks and opportunities and risk and other reserves - We will carry out frequent re-assessment of service delivery risks and opportunities and risk and other reserves. 5. DSG - Detailed Management Plan Based on DfE Framework - A detailed Management Plan is in development, using the DfE's recommended framework - The deficit and development of the plan was discussed with the DfE in Spring 21. The DfE were not requesting a formal submission at this time. 6. DSG - Early Years Block Task and Finish Group; Vacancy Freeze to manage budget overspend		DfE Deliver Better Programme	Dec 2023	60%
			Appropriate Finance Resourcing Improvement (New)	March 2024	50%
			Robustness of Monitoring and Delivery of Savings (New)	March 2024	50%
Risk Owner: Director Finance (CFO S151)					
Portfolio Flag: Finance, Governance and Performance _____ _____ **Strategic Theme:** Our Organisation	**Summary of Progress:** At P5 there are significant items being highlighted on the risk and operations log and there are some deep dive actions now required to assure actions around these. Therefore, subsequent to P4 where recovery actions were in place there is now increased likelihood once more around this risk.				

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR18 - Possible failure to deliver enough new homes to meet Mayoral and Annual Business Plan targets. **Description:** Failure of the City to deliver to the Mayoral Target of 2000 new homes per year by 2024. Strategies and delivery models designed to further stimulate growth in the housing market and deliver diversity of the housing offer across the city prove to be ineffective and do not attract and retain economically active residents.	**Constant**	**15** Likelihood = 3 Impact = 5		**9** Likelihood = 3 Impact = 3	

Risk Causes:	Existing Controls		Mitigating Actions		
-Not enough planning applications submitted -Not enough planning permissions granted -Insufficient housing land identified in strategic planning documents -Inability of the housebuilding industry to deliver at this level -Increased uncertainty in the market due to Brexit and Covid-19.	**Control**		**Action Title**	**Due Date**	**Progress**
	1.Created a single multi-disciplinary Housing Delivery Team		Secure Homes England Affordable Housing Programme Funding	March 2026	60%
	2.Established a Local Housing Company (Goram Homes). Introduced the Affordable Housing Practice Note.				
Risk Consequences: -Reputational damage -Fail to deliver inclusive growth - Increased housing need / homelessness -Increased cost of housing -Failure to retain economically active residents. -Widening gap on demand -Growth of student accommodation retracting	3.Issued grants to Registered Providers (RPs).				
	4.Manage a targeted grant funding programme to subsidise the delivery of affordable homes.				
	5.Required a minimum of 30% affordable housing on land released by the Council.				
	6.Secured additional grant funding for infrastructure. Secured funding from Homes England				
	7.Service Review of Housing Delivery Team				
	8.Worked collaboratively with Homes England				
Risk Owner(s): Executive Director Growth and Regeneration, Director Development of Place.	9. Strategic City Planning monitor housing completions and future pipeline of consents				

Portfolio Flag: Housing Delivery and Homes	**Summary of Progress:** Collection of the housing completions figures for 22/23 has now concluded with the final figure confirmed as 1,599.
Strategic Theme: Fair and Inclusive	

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR25 – Suitability of Line of Business (LOB) Systems	**Constant**	**20** Likelihood = 4 Impact = 5		**10** Likelihood = 2 Impact = 5	
Description: The Council has reliance on legacy software systems which cause a number of risks due to; 1. Supportability from internal IT resource 2. The supportability of the hardware utilised 3. Lack of alignment to strategy and therefore a blocker to Digital Transformation 4. Within an appropriate support contract 5. Legacy data used for current work (GDPR) 6. Lack of Information (Cyber) Security controls 7. High cost where alternative core Council solutions exist					

Risk Causes:	Existing Controls		Mitigating Actions		
Risk Causes: Sovereignty within service areas, and a lack of motivation to change. Cost of transition. Lack of knowledge of which systems are problematic and the impacts of these. Lack of understanding of impact. Lack of ownership from Information Asset Owners. Lack of documentation pertaining to software systems and ownership of strategy. Cost avoidance of replacing systems. This is seen as an IT problem, not one for the software system owners.	**Control**		**Action Title**	**Due Date**	**Progress**
	1. Auditing of all councils Line of Business (LOB systems)		Channel Shift Project - Review legacy line of business systems with the view to rationalising and replacing either by building on existing internal platforms such as dynamics or via procurement of new products and better utilisation of functionality.	February 2028	0%
	2. IT Services highlight risks and shortcomings with systems (in an informal manner) to Heads of Service and Senior Leadership				
Risk Consequences: Lack of resilience and continuity in event of an incident/failure High-cost applications without appropriate support. Inability to improve service delivery through digital transformation. May feed into Information (Cyber) Security risks.	3. Work with Information Governance perpetuate a Cyber Security or Information Management risk are identified and service areas understand the risks to their services.				
Risk Owner(s): Director, Digital Transformation, Senior Information Risk Owner (SIRO) for Cyber Security. Service Areas for BCP/DR.					

Portfolio Flag:	Summary of Progress:
Portfolio Flag: Finance, Governance and Performance	**Summary of Progress:** Extensive mapping of LOB contracts undertaken and plans underway to commission updated cyber-sec review incl. risks/vulnerabilities in LOB systems. LOBS-specific risks should be identified and assessed individually on a case-by-case basis by the service areas in the council which own and use them.
Strategic Theme: Our Organisation	

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR26 – ICT Resilience May Not Be Effective **Description:** The Councils ability to deliver critical and key services in the event of ICT outages and be able to recover in the event of system and/or data loss.	**Constant**	**14** Likelihood = 2 Impact = 7		**10** Likelihood = 2 Impact = 5	

Risk Causes / Consequences	Existing Controls		Mitigating Actions		
Risk Causes: Poor Business Continuity (BCP) planning and understanding of key system architecture. Untested Disaster Recovery (DR) arrangements including data recovery. Untested network reconfiguration to alleviate key location outage. Untested recovery schedules in terms of order and instructions. Lack of resilience available for legacy systems (single points of failure - people and technology). Services undertaking their own IT arrangements outside of the corporate approach. **Risk Consequences:** Inability to deliver services	**Control**		**Action Title**	**Due Date**	**Progress**
	1. Connection to BCC systems protections - With the majority of staff working from home, connection to our systems is vital and the main route is via VPN. We have tested alternative access which can be used. 2 factor authentication was tested as a back door which allows non-BCC pcs to login to Microsoft office 365. 2. Highlight to service areas vulnerable applications - Highlighting to service areas where applications may be vulnerable and advising on likely timescales for disruption to enable appropriate BC planning. 3. Moved critical systems to the cloud with more effective DR. 1. Resilience workshops for most critical systems - Workshops are in progress to review and improve resilience for our most critical systems including Adult and children's social care, Revs and Bens and Housing 2. Supplier run order in the event of multiple system outage - our disaster recovery supplier has a run order in the event of a major outage involving multiple systems. 3. Weekly testing of individual systems restore - The restore of individual systems is tested weekly on a rotational basis		1. Project to move Shared Drives to Cloud	November 2023	55%
			2. Removal of legacy hardware from estate	November 2025	50%
Risk Owner(s): Chief Executive, Director, Digital Transformation, Service Area Leads.					

Portfolio / Theme	Summary of Progress
Portfolio Flag: Finance, Governance and Performance **Strategic Theme:** Our Organisation	**Summary of Progress:** Risk level remains unchanged, but work is progressing on key areas, including projects within the Digital Transformation Programme to increase resilience by moving more of our estate to Cloud-based services. However, gaps including failover testing and the need for a wider organisational project on BC/DR are still present.

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Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR27 – We may fail to Deliver the Capital Transport Programme **Description:** Management of the overall transport capital programme is key to ensuring we deliver against mayoral priorities in the most cost and time efficient way possible. Failure to do so negatively impacts the council's reputation and finances and makes the council less likely to reduce congestion, air pollution and inequality.	**Constant**	**15** Likelihood = 3 Impact = 5	Likelihood / Impact matrix	**9** Likelihood = 3 Impact = 3	Tolerance Likelihood / Tolerance Impact matrix

Risk Causes:	Existing Controls		Mitigating Actions		
	Control		**Action Title**	**Due Date**	**Progress**
- Overspend on individual schemes leading to uncontainable cost pressures - Underspend on annual profile - Lack of coordination and programme management across divisions - COVID - 19 - Loss of resource and inability to recruit	Biweekly Capital Programme Review Board - Capital Programme review board reviewing timescales and status of the relevant projects.		Client Function Review alongside CA proposal - Review client function and how it is delivered to mitigate potential loss of resource and expertise to central PMO	September 2023	0%
	PMO Capital Programme Process Review - Reviewing City Transport capital programme processes to align better with corporate PMO and develop management of the capital programme - led by Arcadis/PMO. Reporting April. Likely to replace 6 month review				
	Regular briefings and reporting to senior management and cabinet members.				
	Biweekly capital programme review board - reviewing timescales and status of the relevant projects.				

Risk Consequences:	
- Financial impact - Failure to progress schemes or delays to schemes impact on productivity of city and aims to reduce congestion, air pollution and inequality - Reputation Impact	
Risk Owner(s): Executive Director Growth and Regeneration, Director Economy of Place.	

Portfolio Flag: Transport (Cllr Alexander)	**Summary of Progress:** While the action to recruit Agency Staff has been completed which has reduced risk, further staff have left the service and limited recruitment is permitted which increases risk, overall, this is assumed to be a net zero change to risk level
Strategic Theme: Our Organisation, Wellbeing	

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR29 - Information Security Management System (ISMS) May Not Be Effective **Description:** There is a risk that if the council does not have an Information Security Management System then it will not be able to effectively manage Information Security risks.	**Constant**	**10** Likelihood = 2 Impact = 5		**5** Likelihood = 1 Impact = 5	

Risk Causes: Ineffective Information Security Management System, inadequate resources to create and maintain an ISMS, management buy in and support to operate an ISMS.	**Control**		**Mitigating Actions**		
			Action Title	**Due Date**	**Progress**
	1. Guidance and awareness campaigns supported by regular phishing campaigns. Comms and awareness being delivered to raise awareness to colleagues around the risk of Cyber incidents and how good Information Security practices (including adherence to policies) will help minimise the likelihood of these occurring 2. Security Team Training 3. Meta Compliance tool online to track compliance/engagement of policies		1. Continue roll out of Policies with oversight from ICGB Information Governance Tool	December 2023	90%
Risk Consequences: Information security incidents resulting in loss of personal data or breach of privacy / confidentiality. Safeguarding data breach impacting on safety of vulnerable child or adult. Risk of breaching the regulations, and being subject to penalties/fines - Regulations Fines increasing from up to £500,000 to 10-20m Euros of 4% of global turnover. Increased litigation. Reputational damage. **Risk Owner(s):** Senior Information Risk Owner (SIRO).			2. Implement Audit Actions with oversight by IG Board	December 2023	90%

Portfolio Flag: Finance, Governance and Performance	**Summary of Progress:** No change to current score. Policy work complete, just working through approval and publishing. This is being aligned with both the new corporate policy work, and internal collaboration with IT policies that overlap. Staff awareness is the focus next, alongside the continuous improvement needed to be fully aligned to ISO27001. Work is still ongoing, limited number remaining. Lack or resources within both InfoSec and ICT is causing delays
Strategic Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing	

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR37 - Homelessness and the subsequent cost of providing suitable affordable accommodation may affect long-term outcomes **Description:** The risk that homelessness and the subsequent cost of providing suitable affordable accommodation to meet needs and achieve effective long-term outcomes increases.	**Constant** [blue arrow]	**20** Likelihood = 4 Impact = 5	[risk matrix likelihood/impact]	**9** Likelihood = 3 Impact = 3	[risk matrix likelihood/impact]

Risk Causes:			Mitigating Actions		

Risk Causes:
- The ending of the eviction ban
- Unemployment and cost of living rising leading to an increase in evictions.; A recent sharp increase in the number of households partly or wholly reliant on welfare benefits [UC claimant households in Bristol have risen from 17,000 in number in April 2020 to 38,000+ in Feb. 2022]. For most welfare benefits recipients, particularly those living in the private rented sector, housing and essential household costs are not met by their benefits entitlements'.Impact of the pandemic leading to an increase in mental health issues, family relationship breakdown and domestic violence & abuse. Supply of affordable rented housing reducing Increasing popularity of Bristol as a city to move to, and associated increased pressure on demand and cost of private rented accommodation

Risk Consequences: Increase in homelessness and the number of households in Temporary Accommodation. Expenditure on Temporary Accommodation does not return to pre-pandemic levels and could continue to increase.

Risk Owner(s): Executive Director Growth and Regeneration, Director Housing

Portfolio Flag: Housing Delivery and Homes

Strategic Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing.

Existing Controls		Mitigating Actions		
Control		**Action Title**	**Due Date**	**Progress**
▪ Joint commissioning of services - Focus on more joint commissioning of services for those homeless households who also face multiple disadvantages - to create a more holistic approach and to improve outcomes. Proposals for commissioning a new framework for supported TA is going to cabinet in October 2022. ▪ Effective Commissioning - Recommission our short-term supported housing (Pathways) accommodation & support contracts - to maximise effectiveness of these resources / funding stream and minimise repeat homelessness. ▪ Effective cost - New supplier contracts - successfully introduced new block contracts for some Temporary Accommodation, reducing the cost of TA to the Council. Planning to bring more block contracts on-line this financial year		Changing Futures Programme	March 2024	40%
		Increase the supply of move on accommodation - RSAP round 5 bid deadline 13th April 2022	March 2024	60%
		Cost Effective Accommodation - Initiated a project with the aim of reducing the net unit cost of Temporary Accommodation. Opportunities being explored and prioritised.	December 2023	50%
		Homelessness prevention - review client access - Review how the service and the wider homelessness sector works with clients to identify opportunities for more early intervention and prevention of homelessness	September 2023	10%
		Submit a bid to Single Homelessness Accommodation Programme (SHAP) to bring on-line additional supported housing	September 2023	50%

Summary of Progress:

One of BCC's top priorities is the Temporary Accommodation project and good progress has bene made in implementing the plan. The goal of the project is to reduce the Housing Benefit subsidy loss which is the main cost to the council from Temporary Accommodation, by providing more Council-owned Temporary Accommodation, and increasing the amount of supported exempt accommodation available.

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR39 – Adult and Social Care major provider/supplier may fail to deliver as expected failure **Description:** Failure or potential degradation of ASC service provision linked to a complex set of internal / external risks causing service interruption or cessation. Failures or closures in the supply chain mean insufficient supply to source adequate appropriate support and meet Care Act needs.	**Constant** ▭	**15** Likelihood = 3 Impact = 5	Likelihood / Impact matrix (marker top)	**14** Likelihood = 2 Impact = 7	Likelihood / Impact matrix (marker middle)

Risk Causes:	Existing Controls	Mitigating Actions		

		Action Title	**Due Date**	**Progress**

Risk Causes: - Provider goes into liquidation or ceases operations
- Provider unable to meet demand due to recruitment / workforce/ or organisational issues.
- Factors influencing provider/supplier failure: Increased demand and increased complexity of need of individuals putting further pressure on social care sector. Chronic workforce recruitment and retention problems heightened by pandemic. The social care sector facing a number of other issues – highly competitive job market, covid 'exhaustion', rising energy costs, changes to National Living Wage, inflation/ raising costs of supplies, high cost of living in Bristol, significant pressures from two large acute hospitals.

Risk Consequences:
Citizens (many of whom are very vulnerable) may have services ended or reduced without much notice putting them at risk and causing distress
Lack of suitable local provision may mean people moving away from community, support networks
Lack of alternative provision should mean not meeting statutory duties under Care Act
Pressures on ASC workforce (social work, contracts, brokerage commissioning etc) to review and find alternative provision in timely manner
Financial pressures as demand may drive prices up
Lack of suitable provision resulting people moving to inappropriate more costly provision (e.g. care home instead of home care)

Risk Owner(s): Executive Director People, Director Adult Social Care.

Existing Controls
- Daily review of supply and sustainability issues and x3 week business continuity meetings across operations
- Twice weekly Operational Business continuity meetings
- Weekly ASC Business continuity meeting – DMT level
- Weekly produced Sit Rep with information on Covid Outbreak Management, supply, demand, provider quality
- Regular information received from D&B Credit ratings to help assess financial risk
- Each major contract (Home Care, Care Homes, Community Support Services, ECH) has a multi-disciplinary Business Relations team which assess risks to those provisions and plan response whether QA or Commissioning
- Provider Sustainability Panel is a forum where ASC can assess the financial issues facing individual provider and consider support options
- Regular meetings with a) key Strategic Providers in the city b) all provider forums and regular dialogue with Care and Support West Care Association
- Daily assessment of supply - via Brokerage team, Business relationship team and Contracts
- Strategic Planning and information sharing with CCG, other LAs and other key stakeholders - Great integration across BNSSG and joint problem solving, sharing of information and resources.
- Provider Failure/Service Interruption Process

Mitigating Actions

Action Title	Due Date	Progress
Provider RAG rating to identify essential / difficult to replace services (New)	October 2023	10%

Portfolio Flag: Adult Social Care & Integrated Care System
Strategic Theme: Our Organisation, Empowering others and Caring, Fair and Inclusive, Well connected, Wellbeing.

Summary of Progress:
There continues to be evidence that provider failure is likely for some small to medium size organisations which will impact on some vulnerable people.

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR40 – Potential Threat of Unplanned Investment in Subsidiary Companies **Description:** There is a risk that BCC'S investments in subsidiaries may require greater than anticipated capital investment.	**Constant**	**20** Likelihood = 4 Impact = 5	Likelihood / Impact grid	**6** Likelihood = 2 Impact = 3	Likelihood / Impact grid

Risk Causes / Consequences / Owner	Existing Controls		Mitigating Actions		
	Control		**Action Title**	**Due Date**	**Progress**
Risk Causes: Failure to have effective corporate governance arrangements in place in one or more of the companies. Failure to ensure the right leadership with the right skills across the Companies. Business Failure due to severe economic downturn caused by external factors (incl. Pandemic & Brexit). Service delivery failure as a result of specific market changes (e.g., recyclate market, housing market, volatility in gas and electric market prices, delays in timing of income from customer heat network connections), failure to secure planning etc. Delivery of BE2020 wind up within financial envelope. Legislation changes. Cyber Security - risk that key systems are compromised and that sensitive data is stolen Failure to develop and grow commercial trading activities	1. Audit and Risk Committee - Supports on issues of risk, control and governance 2. Board Effectiveness Reviews to be annual workforce planning 3. Continued monitoring of the impact of External issues such as COVID on the business and adaptive approach being proposed for optimising emerging opportunities and mitigating pressures 4. Effective engagement with BHL re reserved matter decisions and wider engagement with BCC Client teams to review performance, quality and set clear KPIs 5. Shareholding Group 6. Weekly progress review provided and regular review of assumptions, cash flow and risks		No actions		
Risk Consequences: - Financial Loss - Reputational damage to the council - Impact to service provision provided by subsidiary companies					
Risk Owner(s): Chief Executive and S151 Officer.					
Portfolio Flag: Finance, Governance and Performance **Strategic Theme:** Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing	**Summary of Progress:** Assessment remains the same. Potential Financial loss/ need to fund BWC likelihood of this remains high indicated from forecasts received from BWC driven by increased costs from pay negotiations with the unions and other inflationary pressures.				

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR41 – Capital Portfolio Delivery May Fail **Description:** Capital portfolio is not delivered on time, within budget and does not deliver One City Plan and Corporate Strategy objectives.	**Improving** ⬆	**15** Likelihood = 3 Impact = 5		**6** Likelihood = 2 Impact = 3	

Risk Causes:	Existing Controls		Mitigating Actions		
Strategic, geographic, social, financial and economic conditions changing over time	**Control**		**Action Title**	**Due Date**	**Progress**
Oversight of Project Interdependencies not well managed Insufficient in-house resources to progress major projects lead to missed opportunities to leverage third party investment Failure to anticipate and secure investment and resources to deliver enabling works and infrastructure	Introduction of enhanced highlight and exception reporting at the G&R Board - Change Services PMO have regular Highlight reports submitted to G&R Board from key and/or large capital programmes and projects. This is now ongoing		Capital transformation project to develop best practice governance, structure and assurance across whole capital programme.	June 2024	6%
Risk Consequences: The cost is higher than expected The capital portfolio is delivered later than planned The operating and maintenance cost of assets exceeds expectations Benefits not delivered resulting in failure to deliver outcomes to secure strategic objectives	Internal/External comms factored in into all resource requests to reduce reputational risks				
	Additional headroom in MTFP assumptions to manage inflationary and supply chain issues - Change Services PMO have regular Highlight reports submitted to G&R Board from key and/or large capital programmes and projects. This is now ongoing.				
Risk Owner(s): Executive Director Growth and Regeneration.					

Portfolio Flag: Mayoral Portfolio and City Economy, Finance & Performance **Strategic Theme:** Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing	**Summary of Progress:** The construction sector while still challenging has become less volatile. The capital portfolio has successfully navigated the challenges of inflation and labour and supply shortages to date at a portfolio level. Returning levels of confidence in capital project & programme cost estimates allow the Council to commit capital confidently. A capital transformation programme has been formally initiated to implement improvements across the capital portfolio to mitigate the risks identified in this item and target better speed, quality and value in delivery.

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Threat Risk	Trend	Current Risk Assessment	Risk Tolerance Level
Risk Title: CRR43 - Lack of progress for Mass Transit may have on Impact on the city **Description:** Failure of regional authorities to agree way forward for development of a Mass Transit system. No sign up to results of feasibility study.	**Constant**	**20** Likelihood = 4 Impact = 5	**10** Likelihood = 2 Impact = 5

Risk Causes:	Existing Controls		Mitigating Actions		
1. Resourcing Business Case development 2. Lack of political consensus 3. Viability of Business Case 4. Lack of DfT support	**Control**		**Action Title**	**Due Date**	**Progress**
	Mass Transit Directors Board - Monthly board in place at regional level to ensure appropriate senior officer engagement with project				
	Regular internal briefings - Regular briefings with senior managers and administration				
Risk Consequences: -Reputational impact. -Long term congestion and air pollution increase. -Regional productivity reduced. -Threat to investment across the city.					
Risk Owner(s): Executive Director Growth and Regeneration, Director Economy of Place.					

Portfolio Flag: Transport (Cllr Alexander)	Summary of Progress:
	No change, SOC still due to go to committee in October, no changes to risk level since last assessment.
Strategic Theme: Our Organisation, Wellbeing.	

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR45 - Potential failure to deliver statutory duty in respect of Children **Description:** Failure to deliver statutory duty in respect of the safeguarding of children resulting in harm or death to a child or other unmitigated risk to the local authority	**Constant** [blue button]	**20** Likelihood = 4 Impact = 5		**6** Likelihood = 2 Impact = 3	

Risk Causes:	Existing Controls		Mitigating Actions		
Staffing failure: recruitment and retention COVID failure: business continuity plans fail due to higher infection/isolation Management failure: failure to oversee and respond in a timely way to child protection concerns, leaving children at risk	**Control**		**Action Title**	**Due Date**	**Progress**
	1. Benchmarking salaries with regional levels		Implement transformation programme of Children's service	October 2024	20%
	2. Investing in training and development				
	3. Over-recruiting where required				
	4. Reviewing system pressures and taking action on a weekly basis				
Risk Consequences: Harm or death of a child Inspection failure and regulatory action Litigation and reputational damage Other unpredicted costs to the LA	5. Systemic unit model and integrated locality arrangements				
	6. Skilled and stable workforce with low use of agency workers - Continued low use of agency workers but turnover and vacancies have risen.				
	7. Strong multiagency children's safeguarding partnership under Keeping Bristol Safe arrangements				
	8. Scrutiny of statutory safeguarding partners				
Risk Owner(s): Executive Director People, Director Children's and Families Services.					

Portfolio Flag: Children's Services, Education & Equalities	**Summary of Progress:** The Our Families Transformation Programme has identified strands to: - Improve recruitment and retention of social workers - Address demand management by focussed work to prevent children coming into care and improve placement sufficiency. - Respond to the findings within our Ofsted improvement plan. - Work is being planned across Adults and Children to improve Transitions for our children and timeliness of Care Act assessments. - DfE Grant to improve outcomes for children and linked to Our Families Transformation Programme has been approved and plan is in place to deliver against this over next 2 years. - The progress against the DfE grant and Our Families Transformation programme is monitored through Our Families Board and CLB. The Directorate Improvement Plan encompasses actions against the risks.
Strategic Theme: Our Organisation, Empowering and Caring, Wellbeing.	
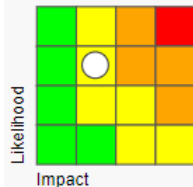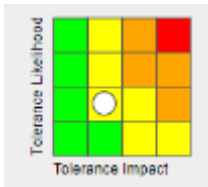
Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR48 - We may not be able to meet the affordable housing needs of the city by failing to meet the Project 1000 Delivery targets.	**Constant**	**21** Likelihood = 3 Impact = 7		**14** Likelihood = 2 Impact = 7	
Description: Failure of the City to deliver to the Mayoral Target of 1000 affordable homes per year by 2024. Strategies and delivery models designed to further stimulate growth in the housing market and deliver diversity of the housing in the City prove to be ineffective.					

Risk Causes:	Existing Controls		Mitigating Actions		
- Availability of public subsidy from homes England and challenges in meeting their funding viability and value for money assumptions -reduction in the levels of Capital funding the Council has to support affordable housing delivery by third party providers - the complexity and costs associated with the development of brownfield sites, leading to viability challenges for both direct and 3rd party delivery. - Insufficient land available - continued impact of Covid 19 on the delivery programme of developments in the City - Not enough planning applications submitted - Not enough planning permissions granted and delays within the planning process - Inability of the housebuilding industry to deliver at this level to meet need through the planning system - Increased uncertainty in the market due to Brexit - Lack of capacity within the council's delivery system and the local market - Insufficient housing land identified in strategic planning documents	**Control**		**Action Title**	**Due Date**	**Progress**
	1. Improved our monitoring of affordable housing delivery and pipeline including identification of where HDT can unblock barriers to delivery. 2. Requiring a minimum of 30% affordable housing on land released by the Council. 3. Working collaboratively with Homes England to maximise subsidy in schemes - This provides as much affordable housing as possible. New framework for regular collaboration and review in place, focussing on both BCC direct delivery and RP delivery. 4. Project 1000 and Housing Delivery Boards - Scrutiny and active decision making / support at a senior and political level to influence and unblock barriers to delivery. Project 1000 leads in place. 5. KPI Targets for affordable housing delivery - quarterly reporting of KPI targets through spar.net providing corporate scrutiny on annual delivery against targets 6. Revised Affordable Housing Practice Note		1. Secure Homes England Affordable Housing Programme Funding	March 2026	60%
			2. Maximise capital funding from Homes England, WECA and DLUHC to address the complexities and additional costs of delivering an affordable housing programme on brownfield sites, including looking at ways of developing a strategic approach with key funding partners to meet infrastructure and abnormal costs.	March 2025	75%
Risk Consequences: 1. Reputational damage; 2. Increased levels of homelessness 3. Increased demand from the private rented sector, (non-affordable), by those in highest need 4. Residualisation of lower value areas of the city; 5. Economic deprivation, poorer health and lower educational attainment of households living in poverty in poor housing conditions with limited tenancy sustainability; 6. Balance between addressing need for family homes V increased viability of delivering smaller units					
Risk Owner(s): Executive Director Growth and Regeneration, Director Development.					
Portfolio Flag: Housing Delivery and Homes	**Summary of Progress**				
	Very little change from previous quarter in what is currently a difficult time for the construction and development sector. A national slow down of market delivery, following the mortgage interest rate rises is not yet being felt significantly in Bristol, where the market remains stable and new delivery continues at the same pace. But this is being constantly monitored, particularly in relation to the HRA acquisitions of new homes at Romney House with Goram and Countryside, our largest current market-led acquisition programme. Its is the longer term, future pipeline of affordable homes that is potentially at risk for the City as costs rise and capacity within the construction sector diminishes.				
Strategic Theme: Fair and Inclusive					

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Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR49 - Potential Impact of Weak Workforce Resilience **Description**: A lack of workforce resilience or capacity to provide statutory services and achieve strategic aims and objectives	**Improving** ⬆	**9** Impact 3 = Likelihood= 3	*(Likelihood/Impact matrix)*	**6** Impact=3 Likelihood = 2	*(Tolerance Likelihood/Impact matrix)*

Risk Causes:	Existing Controls		Mitigating Actions		
Failure to recruit – particularly in specialist areas where the market is highly competitive COVID-19 impact in labour market and workforce sickness High levels of staff turnover High staff sickness levels Ineffective prioritisation of workloads	**Control**		**Action Title**	**Due Date**	**Progress**
Risk Consequences: Key services fail – inability to meet service demands Statutory and/ or regulatory obligations are not delivered Strategic priorities and aims are not delivered. The council becomes unfocused, and demand led. Increasing levels of sickness absence Higher staff turnover and loss of talent HSE/Legal action Reputational damage Poor customer satisfaction leading to complaints and requests for compensation	• Agreements in place with employment businesses for the supply of contingent workforce; agency and statement of works • Promotion of apprenticeships and internal progression opportunities • Regular and close review of management information (through HR Dashboards and leavers survey) to monitor turnover, staff starters/exits to enable targeted actions to be taken • Stress risk assessments, supporting attendance policy, occupational health advice and Employee Assistance Programme are in place to minimise the incidence and length of sickness absence. A refreshed stress risk assessment has been developed through consultation with trade unions and staff led groups and is due for launch in December 22. • Support for managers with future workforce planning and succession planning, with bespoke action plans to target diversity and skills gaps • Consideration of impact of cost of living and winter pressures, encouraging take up of booster and flu jabs and review the facilities available in the workplace		Workforce Strategy is currently being refreshed and will have workforce resilience and wellbeing as a primary theme	March 2024	75%

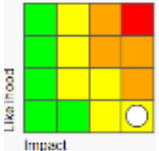| **Risk Owner(s):** Chief Executive, Director of Workforce and Change	**Summary of Progress:** The likelihood has been re-assed to Likely, and the impact re-assessed to Moderate. This is because the internal controls in place are effective and targeted work is in place to support services at a higher risk around workforce resilience.
Portfolio Flag: City Economy, Finance & Performance	
Strategic Theme: Our Organisation	

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR51 - ASC may be financial unsustainable due to national and local pressures leads to a failure to deliver statutory duties and budgetary control **Description:** There is a risk that ASC financial unsustainability due to a number of national and local pressures compromises the ability to deliver statutory duties and the independence of people that draw on care and support.	**Constant**	**21** Likelihood = 3 Impact = 7		**10** Likelihood = 2 Impact = 5	

Risk Causes:	Existing Controls		Mitigating Actions		
	Control		**Action Title**	**Due Date**	**Progress**
-Rising demand in Adult Social Care which must be met under the Care Act. Particularly from complex needs and higher cost requirements in people under 65. These needs are more likely to be met outside of area, be subject to lower personal contributions, and be needed for longer. -Increase of needs due to more health services being delivered in the community without appropriate funding following the patient. -Increased complex needs across our demographics that must be met under the Care Act. -Lack of funds available within budget to meet statutory duties. -Lack of systems in order to ensure effective governance and control of all spend. -Pressure from wider system pressures - for example, delays in hospitals which lead to increased long term cost provision for care. -Non-recurrent funding which limits opportunity for long term investment.	• Established Care Cubed to improve pricing controls - enabling the service to maximise value for money • Improved Business Intelligence - Developing advanced tools for analysing and reporting business intelligence and performance information • Improved governance process on all spend - Improved case discussion where all spend is approved through tighter governance. • Leading integration opportunities with Health - Through establishment of the Integrated Care Board (ICB) BCC are leading implementation of integration opportunities which will maximise vfm e.g. joint commissioning of learning disability and autism team • Realignment of ASC Operations - Using new locality teams to work with local providers, community and voluntary sector to maximises care and support provision outside of Council statutory provision. This builds resilience in communities and individuals, and ensure statutory services are focused on the right interventions. • Reset the ASC Transformation Programme - Reset the programme to address market provision, workforce challenges, price control, practice and integration		Strategic Partner (People Too) transformation work (New)	March 2024	15%
			Develop Single Framework	February 2024	50%
			Increase the take up and opportunity around the use of technology enabled care	Sept 2023	90%
			Review of in-house service provision to deliver efficiencies and savings	Sept 2023	60%
Risk Consequences: - Overspending on the budget which may impact the wider council. -The consequence of this risk are that appropriate and effective care and support as required under the Care Act may not be possible for all those who require it. The consequence could be felt in the quality or quantity of care and support, or in both.					

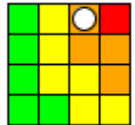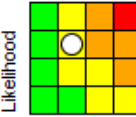| **Portfolio Flag:** Children's Services, Education & Equalities **Portfolio Flag:** Adult Social Care & Integrated Care System **Strategic Theme:** Our Organisation, Empowering and Caring, Wellbeing.	Summary of Progress: The scale of the savings required against the ASC purchasing budget in the timeframe means that we need to keep this risk in front of CLB as one of the 4 key savings areas for this financial year. That said there is a lot of activity including the newly commissioned strategic partnership with People too. Initial work from them is good, but they have only completed the diagnostic and subject to contracts being signed this month will now progress to the delivery packages. So at this stage we felt it right that the risk rating remains above 20 so that it gets shown at CLB. I would anticipate this risk staying high throughout 23/24 but hopefully dropping down next year as ASC transformation programme savings impact

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Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR52 Possible failure to ensure high rise properties meet safety regulations and Building Safety Act (amended to include compliance with Building Safety Act)	**Constant**	**21** Likelihood = 3 Impact = 7		**7** Likelihood = 1 Impact = 7	
Description: Risk of failing to ensure high rise properties meet safety requirements					

Risk Causes / Owners	Existing Controls		Mitigating Actions		
	Control		**Action Title**	**Due Date**	**Progress**
Risk Causes: Findings from new PAS9980 inspection regime, learning from fires and new regulatory requirements. Difficulty recruiting to new posts and use of interim arrangements due to sector wide capacity issues with recruitment.	• Building safety – Building safety team implemented (interim post, see actions)				
	• Building safety – Governance structure through H&LS DMT, EDM and CLB		Complete a review of fire safety policies and processes	Sept 2023	50%
	• Building safety – High Rise Blocks' registered		Recruitment of interim and Perm HoS to service area	Oct 23	100%
Risk Consequences: Risks to personal safety, reputational and legal (financial and criminal), increased insurance costs.	• Building safety – Key Building Information in high rise blocks submitted		Building safety – Address interim posts in key positions of building safety team (New)	March 24	25%
Risk Owner(s): Executive Director Growth and Regeneration, Director Homes and Landlord Service	• Fire Safety – Delivery teams in place (not fully resourced, see actions)		Building Safety – Develop strategy and programme following building safety case review from regulator. (New)	Oct 23	90%
	• Fire Safety – Implementation of FRA contract/ contractor		Building safety – Finalise and implement overarching resident engagement strategy (New)	March 24	50%
	• Fire Safety – Implemented safe escape routes policy (secondary policy which supports the fire safety policy which is under development, see actions)		Building safety – Finalise and implement per block resident engagement strategy (New)	March 24	45%
			Building Safety – Review performance reporting framework (New)	Dec 23	0%
	• Fire Safety – Informed residents of fire safety strategy for their block (evacuation policy)		Building safety –Review current governance structure through H&LS DMT, EDM and CLB (New)	Dec 23	100%
	• Fire Safety – interim fire safety manager in post (interim post, see actions)		Building safety, Fire Safety – Comprehensive strategy for both building safety and fire safety for >11-18m stock due to very limited knowledge of 200+ mid-rise buildings (New)	May 24	30%
	• Fire Safety – Tendered FRAEW programme		Building Safety- start building safety cases for HRB'S (New)	March 24	100%
			Building/Fire Safety- develop plan for data, mandatory occurrence reporting, golden thread of information- strategy, data ownership, data storage and reporting software/systems under BSA (New)	March 24	25%

Portfolio Flag: Housing Delivery and Homes	**Summary of Progress:** Significant progress has been made in recent months. Ahead of the deadline, all eligible high-rise buildings were registered with the Building Safety Regulator in September 2023. This included also providing the required key building information. Internal governance has been enhanced at all levels of the council to ensure building safety is a focus throughout the organisation, including at Corporate Leadership Board. Work is also moving forward on a resident engagement strategy for building safety, which will involve extensive communication with residents to review what has gone well with engagement so far and what residents would like to see going forward.
Strategic Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing	

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR53 - Increased social worker and occupational therapists' vacancies and sickness rates may result in vulnerable adults' care being comprised.	**Constant**	**20** Impact = 5 Major Likelihood= 4 Almost Certain		**9** Likelihood = 3 Impact = 3	
Description: Limited staff capacity within operational teams will result in increased waiting times for assessment and review potentially putting vulnerable adults at risk of going without sufficient care and support.					

Risk Causes:	Existing Controls		Mitigating Actions		
-Difficulties recruiting and retain experienced social workers and OTs. This is in line with national picture of increasing vacancy rates in statutory adult care social care departments across the country. -These vacancies are not distributed equally with some operational teams having nearly 50% vacant posts. -Sickness absence in operational teams have also increased during this period which is further compounding operational teams' ability to respond to those in most urgent need. -Cost of living crisis is also likely to impact on retention rates of social work staff	**Control**		**Action Title**	**Due Date**	**Progress**
	• Increase Social Work and OT Apprentice capacity - ASC have doubled the amount of SW and OT apprentices this year increasing to 6 SW Apprentices per year and 2 OT apprentices. • Operational Business Continuity plans duty - All operational teams have internal prioritisation process for workflow and demand. Additionally, they have robust duty systems in place with duty workers present to respond to urgent demands or cases to mitigate against highest risk of harm to citizens and respond in a timely way to those at greatest need. • Recruitment Strategy - Developed new recruitment strategy and implemented rolling recruitment advert. • Developing enhanced Wellbeing offer for operational staff - dedicated additional resource within Adult Workforce L&D to enhance our wellbeing and support offer.		Commission Workforce Strategy	November 2023	50%
Risk Consequences: -As a result of this decreased operational capacity this has seen an increase in numbers of people waiting for assessment and reviews (insert data) -The percentage of individuals who have had an annual review of their care and support needs has also decreased in the last year with less than 50% of individual in receipt of care and support having had a formal review.					
Risk Owner(s): Executive Director People, Director Adult Social Care.					
Portfolio Flag: Adult Social Care & Integrated Care System					
Strategic Theme: Our Organisation, Empowering others and Caring, Fair and Inclusive, Well connected, Wellbeing.	**Summary of Progress:** Workforce capacity remains a significant concern. Two major workstreams in response include: (1) Immediate recruitment and retention activities including Refer a Friend pilot, agency search for permanent social workers, converting establishment from registered social workers to non-registered Social Care Practitioner where feasible. (2) Work with People too and BCC HR on Target Operating Model and Vision for ASC, which will lead to Workforce Strategy.				

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR54 - Potential Threat of Financial Sustainability of Nursery Schools **Description:** The impact of Covid and union action on maintained nursery schools and classes will significantly reduce the funding provided to the LA and schools and could impact on sustainability and sufficiency (sufficiency being a statutory responsibility of the service) Ongoing underfunding of nursery schools continue to raise questions about their future.	**Improving**	**6** Likelihood = 3 Impact = 2	Likelihood / Impact grid	**6** Likelihood = 3 Impact = 2	Likelihood / Impact grid

Risk Causes:	Existing Controls		Mitigating Actions		
	Control		**Action Title**	**Due Date**	**Progress**
• Availability of staff to service early years learning • Census data weakened to inform on EY sector funding. • Government process change.	• Identification of potential financial impact • Review of progress with agreed actions with targeted nursery schools. • Published a council position on the strategic need for nursery schools and key areas where action is required to support sustainability. • Individual finance visits to four targeted nursery schools with the largest in-year deficits to create action plans to tackle identified issues. • Communication with nursery schools to establish Covid impact and impact on pupil numbers • Development of a nursery transformation programme in collaboration with LA maintained nursery school headteachers and governors. • Context conversations to capture the strengths and strategic importance of nursery schools as well as the financial and operational challenges.		Continuing with the nursery transformation programme and working with nursery schools to implement action plans that will reduce in-year deficits and move towards sustainable models for the future.	September 2023	45%
			Bringing groups of nursery schools together the develop collaborative and federation models that share resources, leadership, skills and expertise.	September 2023	50%
			Modelling management of change and collaborate and federation models to inform discussions.	September 2023	50%
			Engaging with elected members to review strategic position of nursery schools and how the council can support remodelling and securing future sustainability.	September 2023	45%
Risk Consequences: 1. Increased financial deficits in maintained nursery schools leading to impact on the DSG and long-term sustainability. 2. Reduction in places across the maintained sector on a permanent basis as schools close unsustainable nursery provision that impacts on the city's sufficiency plan.					
Risk Owner(s): Executive Director People, Service Director Education and Skills					

Portfolio Flag: Children's Services, Education & Equalities Strategic Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing	**Summary of Progress:** Nursery Schools with a deficit have submitted deficit recovery plans that have either been approved by the Section 151 officer or have been rejected requiring further work. Intervention meetings have been held with the Service leader, finance manager, Director of Education and Skills and Leaders from Nursery Settings to update deficit recovery plans to ensure that they are demonstrating an in-year surplus over a period of time. Leaders have been supported to identify and implement ambitious plans of deficit recovery. This information has been shared with Bristol Schools Forum.

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR55 - Children placed in unregistered provision may be at risk **Description:** There is a possible high threat risk for the council regarding children placed in unregistered provision which is unlawful.	**Constant**	**28** Likelihood = 4 Impact = 7	Likelihood / Impact	**14** Likelihood = 2 Impact = 7	Likelihood / Impact

Risk Causes:	Existing Controls		Mitigating Actions		
▪ The causes are placement sufficiency and increased numbers of children coming into care.	**Control**		**Action Title**	**Due Date**	**Progress**
	• TBC		Improve placement sufficiency (New)	March 2025	50%
			Explore with Ofsted more creative solutions	Sept 2023	75%
			Implementation of BCC Families Transformation Programme.	Sept 2023	50%
Risk Consequences: Unlawful placements Negative Legal Impact Negative Ofsted Impact					
Risk Owner(s): Executive Director People, Service Director Education and Skills					
Portfolio Flag: Children's Services, Education & Equalities	**Summary of Progress:** The number of children placed in unregistered placements has remained 5-8 throughout the period. The numbers have not reduced due to high needs of the children that have required placements and lack of placements.				
Strategic Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing					

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Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR56 - Potential threat to the ASC Care Quality Commission (CQC) Assurance Preparedness and Rating (DRR Escalated) **Description:**	**Deteriorating** ↓	**21** Likelihood =3 Impact = 7		**2** Likelihood = 2 Impact = 1	

Risk Causes	Existing Controls		Mitigating Actions		
New line of work - learning whilst doing with little evidence base or benchmarking to refer to. Programme of work in preparation for inspection hitherto managed within BAU resource which has proved insufficient. Current workforce and operating model pressures are leading to risks to compliance in carrying out statutory duties, e.g. safeguarding, timely Care Act Assessments. Data and performance reporting (e.g. locality dashboard) delayed/unfinished.	**Control**		**Action Title**	**Due Date**	**Progress**
	This is a new area of work, and so current control requirements are emerging as we learn from pilots.		LGA Peer Review (New)	January 2024	0%
			Reframed Approach to Self-Assessment (New)	December 2023	67%
			Resourcing Self-Assessment (New)	October 2023	30%
Risk Consequences: People are families are waiting too long to be seen as teams are having to operate waiting lists, including in areas where there should be none, e.g. Safeguarding and First Response. Line of sight of risk is compromised. Individuals may come to harm.					
Risk Owner(s): Director - Adult Social Care					
Portfolio Flag: Adult and Communities – Adult Social Care	**Summary of Progress:** Risk rating has been increased since the last assessment in view of the fact our self-assessment has not progressed at the pace anticipated due to being competed within existing resources.				
Strategic Theme: Empowering and Caring, Wellbeing Our Organisation					

Threat Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: CRR57 Possible procurement breaches and compliance with procurement rules & legislation (DRR18 Escalated)	**Constant**	**20** Likelihood =4 Impact = 5		**9** Likelihood = 3 Impact = 3	
Description: Lack of compliance with procurement rules with regards to purchasing and contract management may result in breaches or BCC Procurement Rules and at risk of breaching PCR2015.					

Risk Causes	Existing Controls		Mitigating Actions		
Poor contract management Lack strategic planning and pipeline awareness.; Supplier preference, unwillingness to tender; Lack capacity withing Procurement & Contract Management Service; Rise of inflation and savings targets	**Control**		**Action Title**	**Due Date**	**Progress**
	All procurement breaches to be approved by Executive Directors		Monthly reporting to Director of Finance on breach activity (New)	March 2024	50%
	Breach Dashboard		Quarterly Members Briefing on Procurement Breaches	March 2024	0%
	Data Reporting Training		Monitoring reports on breach activity to all Directors and Executive Directors on breach numbers, compliance and mitigations.	March 2024	0%
Risk Consequences: Successful Legal challenge and financial penalty against BCC. Reputational damage due to internal audit scrutiny and external audit publishing.					
Risk Owner(s): Director: Finance (CFO S151)					
Portfolio Flag: Finance, Governance and Performance	**Summary of Progress:** In most directorates there has been a reduction in the number of breaches in Q1 FY23/24 compared to Q1 FY22/23, however there have still been 74 breaches (total value £34.8m) in FY23/24 Q1. Numbers were particularly high in Adult Social Care (18) and Children, Families and Safer Communities (26). For context there have been a total of 642 procurement decisions made this quarter (total value £203.0m). CLB have agreed to bring Director led 'deep dive' reports back to CLB to set out how procurement breaches will be reduced.				
Strategic Theme: Our Organisation					

Opportunity Risks

Opportunity Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: OPP01 - Possible Impact of One City Approach	**Constant**	**14** Likelihood = 2 Impact = 7		**28** Likelihood = 4 Impact = 7	
Description: The One City Approach will offer a new way to plan strategically with partners as part of a wider city system.					

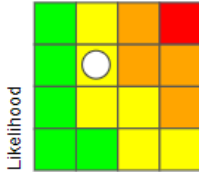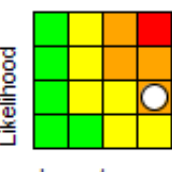| Risk Causes: 1. Mayoral aspiration and widespread partner sign-up to principles	Existing Controls		Mitigating Actions		
	Control		**Action Title**	**Due Date**	**Progress**
2. Work to date has produced outline plan and engaged partners in the long-term vision and necessary work to complete the plan	1. V3 One City Plan Produced - We have produced v3 of the One City Plan and produced our second annual report available on the One City Website from 12 June 2021.		Set up Partnership Board	September 2023	80%
Risk Consequences: 1. The council can plan as part of a wider city system, making stronger plans based on agreed city priorities which already have partner buy-in 2. Potential to make financial and efficiency savings and/ or deliver better services and/or reduced demand for service, reducing costs whilst improving citizen outcomes. Update April 2020: 3. Relationships already built can accelerate communication, collaboration and effective delivery of a coherent plan for the city's recovery from Covid-19					
Risk Owner(s): Director Policy, Strategy and Partnerships.					
Portfolio Flag: Finance, Governance and Performance	**Summary of Progress:** Good engagement with Committee Member Working Group about One City but awaiting future session to confirm the group's view about the model, which will be influential.				
Strategic Theme: Our Organisation					

External and Civil Contingency Risks

External and Civil Contingency Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: BCCC1 - Flooding May Impact Public Safety **Description:** There could be a risk of damage to properties and infrastructure as well as risk to public safety from flooding which may be caused by a tidal surge, heavy rainfall and river flood events.	**Constant**	**15** Likelihood = 3 Impact = 5		**9** Likelihood = 3 Impact = 3	

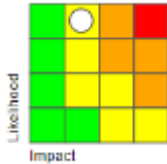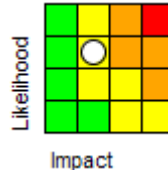| Risk Causes:	Existing Controls		Mitigating Actions		
	Control		**Action Title**	**Due Date**	**Progress**
-Tidal surge, heavy rainfall, and river flood events -Impact of climate change -Lack of effective flood defences and preparedness for major incidents -Failure of existing flood defences	1. Avon and Somerset Local Resilience Forum - The Avon and Somerset Local Resilience Forum (LRF) is a partnership of all the organisations needed to prepare for an emergency in the LRF area. It includes the emergency services, health services, Maritime and Coastal Agency, Environment Agency, volunteer agencies, utility companies, transport providers and the five councils of Bath and North East Somerset, Bristol, North Somerset, Somerset, and South Gloucestershire.		Avonmouth Village Flood Scheme	June 2027	20%
			Deliver Bristol Avon Flood Strategy	December 2023	25%
			Deliver Local Flood Risk Management Actions	February 2030	25%
	2. Engagement with external partners to develop flood response plans and procedures - Working with emergency services, local authorities, and other agencies to develop flood response plans and procedures, investigating instances of flooding, training specialist staff in swift water rescue techniques, communicating with housing and business developers to incorporate flood protection into new developments. It provides guidance to members of the public about flooding, including flood warnings and what people can do to help themselves.		Frome Catchment Innovation Programme - Development of a number of measures to mitigate flood risk from the river Frome	March 2027	20%
Risk Consequences: -Economic Impacts incl loss of Property -Loss of Life/injury -Reputational Damage					
Risk Owner(s): Executive Director Growth and Regeneration, Director Economy of Place.	3. Local Flood Risk Management Strategy - Bristol has in place a local Flood Risk Management Strategy which comprises of 5 key themes and 43 separate actions in line with Environment Agency's national strategy. The Strategy has used outputs from a number of key studies (which identify the risk of flooding to the city) to structure our response to flood risk management, from emergency management to flood mitigation schemes 4. Regular and Emergency Maintenance and Clearing of Gullies and Culverts – especially in advance of storm warnings 5. Ongoing engagement with Civil Protection unit				
Portfolio Flag: Climate, Ecology, Energy & Waste and Strategic Planning, Resilience and Flood Strategy	**Summary of Progress:** Overall risk level remains the same. Principal Officer appointed to lead Frome Resilience project which will ease pressure on the team. Work ongoing to revise overall structure and recruit to manager role.				
Strategic Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing.					

External and Civil Contingency Risk	Trend	Current Risk Assessment	Risk Tolerance Level
Risk Title: BCCC4 – Possible Increase in Winter diseases including COVID-19 and Flu (formerly COVID-19 Population Health) **Description:** Covid 19 poses multiple risks to population health. Directly from infection; indirectly through social and economic impacts; and through pressures on the health and care system. On 21ST Feb 2022 the Gov announced Living with Covid Strategy which includes withdrawal of population testing and contact tracing. Isolation and other compliance is voluntary	**Deteriorating** ⬇	**9** Likelihood = 3 Impact = 3	**9** Likelihood = 3 Impact = 3

	Existing Controls		Mitigating Actions		
	Control		**Action Title**	**Due Date**	**Progress**
Risk Causes: Covid 19 poses multiple risks to population health. Directly from infection; indirectly through social and economic impacts; and through pressures on the health and care system. Removal of Covid controls reduces ability to contain infection.	1. Daily Situation Reports – weekly from April 2022 and will be produced in current format until 31 March 2023				
	2. Investment in Infection Prevention and Control - Additional recurrent investment has been made in Community Infection Prevention and control. Regional and Health system IPC oversight established				
Risk Consequences: Infection from Covid, proportion of severe illness, long Covid and deaths. Disruption to work, school, university. Emotional and mental health impacts, for all ages including loneliness. Food poverty.	3. Local Outbreak Management and Response Plan - LOMP has been replaced by living with Covid Plan -developed with partners. Weekly Outbreak Management Group replaced by weekly Living With Covid Group. Monthly reports to CLB Gold and regular updates to ELM. Regular staff and public bulletins				
	4. Ongoing Community Engagement and Mental Health Work - Additional investment in MH work through Thrive				
	5. Priority Programmes focussed on Mental Health, Well-Being and Food Poverty				
	6. Protecting Health Function - Enhanced protecting health function - completed / Green. Weekly reports published – will remain in place but frequency may change - Green				
	7. Weekly Death Management and Vaccine Reports				
Risk Owner(s): Executive Directors & Director of Public Health					
Portfolio Flag: Mayor	**Summary of Progress:**				
Strategic Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing	We have seen a new variant emerge internationally (in August 23). National risk assessment undertaken and decision to bring forward covid-19 vaccination from mid-October to 11th of September, as a precautionary approach. Flu vaccination programme has commenced from the beginning of September with focus on 2–3-year-olds initially. Co administration of Covid-19 and flu imms is being recommended where possible. comms is in place to promote immunisations to the public, targeted comms in being shared across our health and SC sector. winter planning for health and care is also in progress. Surveillance at a national / regional level (UKHSA) plus local is established and we have weekly an internal report which will give prompt alert of cases rises to enable targeted support / action where appropriate				

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External and Civil Contingency Risk	Trend	Current Risk Assessment		Risk Tolerance Level	
Risk Title: BCCC5 - Cost of Living Crisis may have major impact on Citizens and Communities **Description:** Failure of the council and its one-city partners to mitigate against, and provide adequate services to, citizens experiencing increases in living costs including fuel and food leading to increased poverty, inequity and worsening health & wellbeing as a result of the ongoing cost of living crisis.	**Constant**	**12** Likelihood = 4 Impact = 3		**9** Likelihood = 3 Impact = 3	

Risk Causes:	Existing Controls		Mitigating Actions		
	Control		**Action Title**	**Due Date**	**Progress**

Risk Causes:
-Supply chains disruption
-Global COVID-19 Pandemic
-Brexit
-War in Ukraine
-Leading to rapid inflation

Risk Consequences:
-Destitution - homelessness
-Inability for citizens to pay general services and utilities
-Increased debt for citizens and the council
-Health and well-being deterioration
-Inequity deepening
-Increased demand on services across the council leading to failure to meet this demand
-Community cohesion deteriorates

Risk Owner(s): Executive Director People, Director Public Health

Portfolio Flag: Public Health and Communities

Strategic Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing

Existing Controls / Control:
1. Baseline / impact assessment to understand potential impact on Bristolians
2. Creation of monitoring framework with 'red flag' indicators
3. Development of civic & community asset map
4. Development of framework for targeted action
5. Data monitoring of key 'red flag' indicators - monitored by the One City and One Council Group
6. Established One Council Group to monitor impact and coordinate action (meeting appx every 3 weeks)
7. Established One City Coordination Group
8. Communication plan in place led by BCC External Communications
9. Bi-weekly meetings of Community Exchange - Meetings with community partners delivering response

Mitigating Actions:

Action Title	Due Date	Progress
Review and update comms plan for winter 23/24 (New)	31 October 223	0%
Update Impact Assessment (New)	30 Sept 2023	0%
Work with Quartet to award Social Action Grants (New)	31 December 2023	0%

Summary of Progress:
The cost of living continues to impact on citizens. The threat is assessed as moderate because of the controls we have in place, learning from winter and the benefit of warmer temperatures and lighter evenings. In September we will assess the likely impact for winter 24/25, review risks and mitigations.

Risk Scoring Matrix

Threat Likelihood		Threat Impact (Negative risks)				Opportunity Impact (Positive Risk)						Opportunity Likelihood
Almost certain	4	4 (Low)	12 (Medium)	20 (High)	28 (Critical)	28 (Significant)	20 (High)	12 (Medium)	4 (Low)	4	Almost certain	
Likely	3	3 (Low)	9 (Medium)	15 (High)	21 (High)	21 (High)	15 (High)	9 (Medium)	3 (Low)	3	Likely	
Unlikely	2	2 (Low)	6 (Medium)	10 (Medium)	14 (High)	14 (High)	10 (Medium)	6 (Medium)	2 (Low)	2	Unlikely	
Rare	1	1 (Low)	3 (Low)	5 (Medium)	7 (Medium)	7 (Medium)	5 (Medium)	3 (Low)	1 (Low)	1	Rare	
		1	3	5	7	7	5	3	1			
		Minor	Moderate	Major	Critical	Exceptional	Significant	Modest	Slight			

Threat Level	Opportunity Level	Level of Risk	Actions Required
1-4	1-4	Low	May not need any further action / monitor at the Service level.
5-12	5-12	Medium	Action required, manage and monitor at the Directorate level.
14-21	14-21	High	Must be addressed - if Directorate level consider escalating to the Corporate Risk Report, if Corporate consider escalating to the Cabinet Lead.
28	28	Critical / Significant	Action required - escalate if a Directorate level risk, escalate to the Corporate Level, if Corporate bring to the attention of the Cabinet Lead to confirm action to be taken.

LIKELIHOOD AND IMPACT RISK RATING SCORING
Likelihood Guidance

Likelihood	Likelihood Ratings 1 to 4			
	1	2	3	4
Description	Might happen on rare occasions.	Will possibly happen, possibly on several occasions.	Will probably happen, possibly at regular intervals.	Likely to happen, possibly frequently.
Numerical Likelihood	Less than 10%	Less than 50%	50% or more	75% or more

Severity of Impact Guidance (Risk to be assessed against all of the Categories, and the highest score used in the matrix).

Impact Category	Impact Levels 1 to 7			
	1	3	5	7
Service provision	Very limited effect (positive or negative) on service provision. Impact can be managed within normal working arrangements.	Noticeable and significant effect (positive or negative) on service provision. Effect may require some additional resource, but manageable in a reasonable time frame.	Severe effect on service provision or a Corporate Strategic Plan priority area. Effect may require considerable /additional resource but will not require a major strategy change.	Extremely severe service disruption. Significant customer opposition. Legal action. Effect could not be managed within a reasonable time frame or by a short-term allocation of resources and may require major strategy changes. The Council risks 'special measures'. Officer / Member forced to resign.
Communities	Minimal impact on community.	Noticeable (positive or negative) impact on the community or a more manageable impact on a smaller number of vulnerable groups / individuals which is not likely to last more than six months.	A more severe but manageable impact (positive or negative) on a significant number of vulnerable groups / individuals which is not likely to last more than twelve months.	A lasting and noticeable impact on a significant number of vulnerable groups / individuals.
Environmental	No effect (positive or negative) on the natural and built environment.	Short term effect (positive or negative) on the natural and or built environment.	Serious local discharge of pollutant or source of community annoyance that requires remedial action.	Lasting effect on the natural and or built environment.
Financial Loss / Gain	**Under £0.5m**	**Between £0.5m - £3m**	**Between £3m - £5m**	**More than £5m**
Fraud & Corruption Loss	Under £50k	Between £50k - £100k	Between £100k - £1m	More than £1m
Legal	No significant legal implications or action is anticipated.	Tribunal / BCC legal team involvement required (potential for claim).	Criminal prosecution anticipated and / or civil litigation.	Criminal prosecution anticipated and or civil litigation (> 1 person).
Personal Safety	Minor injury to citizens or colleagues.	Significant injury or ill health of citizens or colleagues causing short-term disability / absence from work.	Major injury or ill health of citizens or colleagues may result in. long term disability / absence from work.	Death of citizen(s) or colleague(s). Significant long-term disability / absence from work.
Programme / Project Management *(Including developing commercial enterprises)*	Minor delays and/or budget overspend but can be brought back on schedule with this project stage. No threat to delivery of the project on time and to budget and no threat to identified benefits / outcomes.	Slippage causes significant delay to delivery of key project milestones, and/or budget overspends. No threat to overall delivery of the project and the identified benefits / outcomes.	Slippage causes significant delay to delivery of key project milestones; and/or major budget overspends. Major threat to delivery of the project on time and to budget, and achievement of one or more benefits / outcomes.	Significant issues threaten delivery of the entire project. Could lead to project being cancelled or put on hold.
Reputation	Minimal and transient loss of public or partner trust. Contained within the individual service.	Significant public or partner interest although limited potential for enhancement of, or damage to, reputation. Dissatisfaction reported through council complaints procedure but contained within the council. Local MP involvement. Some local media/social media interest.	Serious potential for enhancement of, or damage to, reputation and the willingness of other parties to collaborate or do business with the council. Dissatisfaction regularly reported through council complaints procedure. Higher levels of local or national interest. Higher levels of local media / social media interest.	Highly significant potential for enhancement of, or damage to, reputation and the willingness of other parties to collaborate or do business with the council. Intense local, national and potentially international media attention. Viral social media or online pick-up. Public enquiry or poor external assessor report.

Audit Committee
25th September 2023

Report of: Director of Finance

Title: Risk Management Annual Report 2022/23

Ward: Citywide

Officer Presenting Report: Joachim Adenusi

Recommendation

The Audit Committee note the report, and actions taken in 2022/23 and those proposed for 2023/24 to improve the effectiveness of risk management across the organisation.

Summary

This report presents a summary of risk management activities during 2022/23. It covers the background to the Council's approach to risk management and progress being made against improving the risk management maturity of the organisation.

The significant issues in the report are:

Embedding and improving Risk Management practices across an organisation takes time to implement. The 2022/23 annual internal audit of risk management gave reasonable assurance being an improvement from 2021/22 limited assurance of risk management practice across the Council. This report provides detail on actions taken and plans delivered in 2022/23 that helped to improve the effectiveness of risk management across the Council. The Council's Risk Management Assurance Policy is refreshed periodically including recently in 2021 and will be again in 2023.

1. Policy

   1.1. The Council's risk management assurance policy was approved in 2018 and sets out the Council's commitment to effective risk management to support delivery of the aims of the organisation and in delivery of critical services. The figure below sets out the key aspects of the Risk Management Framework.

2. Consultation

- **Internal -** Executive & Service Directors, and Deputy Mayor – Finance, Governance & Performance

  External – None

3. Context

   3.1. Risk management is the planned and systematic identification, analysis, evaluation prioritisation and control of opportunities and risks that challenge the resources, reputation, and objectives of an organisation. It enables the Council to effectively manage strategic decision making, service planning and delivery to safeguard the well-being of its stakeholders and increases the likelihood of achieving its outcomes.

   3.2. The Accounts and Audit Regulations 2015, specifically requires the Council to have in place effective arrangements for the management of risk. Effective risk management is an essential element of good management and a sound internal control system, and a key contributor to good governance and the Annual Governance Statement (AGS).

   3.3. The Audit Committee has responsibility for providing independent assurance for Members over the adequacy of the risk management framework and the associated control environment. They have a critical role in establishing the environment that will allow the effective management of risk to flourish.

   3.4. The Committee is responsible for overseeing the risk management policy, anti-fraud and anti-corruption arrangements, the effective development and operation of risk management in the Council, progress in addressing risk-related issues reported to the committee, and to be satisfied that the Council's assurance framework properly reflects the risk environment.

   3.5. This report summarises the risk management activity undertaken during 2022-23 and supports the Audit Committee in discharging its responsibilities.

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Risk Management During 2022-23

3.6.   During the financial year 2022-23 the Council managed 27 threat risks within the corporate risk register of which 5 deteriorated, 7 improved, while 12 remained the same during the year and all risks remained above the current set tolerance levels. During the year 6 new threat risks were added to the corporate risk register and 3 were de-escalated to Directorate Risk Registers.

3.7.   There were also 2 opportunities reported of which 1 of was completed. In addition 3 external and civil contingency threat risks were added to the corporate risk register.

3.8.   Activities during 2022/23 continued to develop the Council's approach to risk management moving the Council towards managing risk in a planned informed way.

3.9.   Reviews of risk management information are undertaken by the Risk and Insurance Team, the team lead operational risk management approaches for the Council, throughout the year the team has supported risk assurance through a range of planned activities.

3.10.   The following activities were undertaken:

   ▪ Quarterly reporting on key strategic risks
   ▪ Continued to manage, maintain and communicate Risk Management on the Source and SharePoint.
   ▪ Provided risk management guidance and support to staff and Members.
   ▪ Pentana risk system was further embedded by running bespoke awareness sessions for colleagues.
   ▪ Conducted risk refresh Maturity Workshops with DMTs and at senior level with EDM's.
   ▪ Implementing 2021/22 audit recommendations

Risk Management Audit 2022/23

3.11.   As part of the annual governance review process Internal Audit conduct a review of risk management processes. In the audit conducted in early 2022, internal audit has provided a 'Reasonable Assurance' which is an improvement from the 2020/21 'Limited Assurance' opinion regarding progress in the embedding of risk management processes and the current adequacy and effectiveness of the Council's risk management system. The report outlines some recommended actions which have been taken forward in 2023/24 (see the table below).

3.12.   Whilst Audit noted that good progress and sound risk management is being made and implemented, internal control and governance processes can still improve further. The team will therefore build on the strong foundations already laid. This allows for ever more effective management of risk. In some areas it is still felt that there are some weaknesses which may put service objectives at risk but which mitigation can be planned for.

3.13.   An action plan which considers the progress being made on the residual findings of the 2022/23 audit and seeks to improve the risk maturity of the organisation is detailed below for the committee's consideration. The plan to address 2022/23 findings was agreed for 2023/24 and is set out below

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Table 1 below - includes both the internal audit management actions and risk management activities for the year 2023/24

Area	Action	Deadline
Refresh of BCC Risk Strategy and Framework	To review and refresh the current risk strategy and framework that was last reviewed in 2021	Q4 23/24
Annual risk re-baseline thresholds and assessment	Review of all current corporate risks, validating the mitigation actions and setting new tolerances where necessary	Q1 23/24 (Completed)
Timeliness of risk update and escalation.	Carry out updated risk handling awareness sessions across all DMTs.	Q1 23/24 (Completed)
*Timeliness of risk update and escalation.	Incorporate risk handing within Induction and new staff (onboarding) process and ensure mandatory training is completed prior to system access.	Q1 23/24 (Change to Q3)
Timeliness of risk update and escalation.	Within the monthly HOS dashboards and subsequent EDM reports, capture action slippage and stagnant risks scores (above tolerance level) for action and or greater consideration. (In progress)	Q1 23/24 (Change to Q3)
	Timely reports to be obtained from HR to update the system for leavers and reassign upwards until risks delegation / reassignment occurs. (80% completed)	Q1 23/24 (Change to Q3)
Monitoring of extension to action due dates	Raise awareness with stakeholders via the Q1 workshops and training on the need to justify the basis of moving risk actions dates with appropriate note in the system and equally approved by the line manager. (Completed)	Q1 23/23 (Completed)
	Explore a system reconfiguration which will ensure an explanation is provided where date changes are proposed and workflow arrangements for approvals. (50% - in progress)	Q2 23/24 (Change to Q3)
Maintenance of risks and actions in Pentana*	Hire additional resources to be committed to support the Risk function and system. (Completed)	Q1 23/23 (Completed)
	Ensure effective system configuration for greater automation and validation prior to accepting input, where data has been omitted. (30% - in progress)	Q2 23/24 (Change to Q3)

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Clarity over operational risk management	Carry our updated risk handling awareness sessions across all DMTs. Proving clarity regarding what is expected and ensuring that risk treatment actions are SMART and effective with line managers' approval	On going
*Risk interconnectivity	Explore the system abilities for risk connectivity and seek to expand functionalities. Providing alignment and clarity regarding risk interconnectivity within the Council.	Q2 23/24 (Change to Q4)
	Strengthen the Council's risk collaborations on common risks across companies where the Council is the majority shareholder.	Q2 23/24 (Change to Q4)
	Carry our updated risk handling awareness sessions and communications across all DMTs.	Q2 23/24 (Change to Q3)
*Integrating Risk Management KPIs	Collaborate with various stakeholders Integrating Risk Management Reporting into Organisational Scorecard	Q4 23/24
Annual Risk Management Report	2023/24 Annual Report to Audit Committee	Q1 24/25
*Risk Communication – Further Learning and Development	Roll out of e-learning across organisation	Q3/4 23/24
*Monthly service risk update and review	Service workshops with managers to review key risks areas	Ongoing

*Review is on underway but will require extra resources to implement this action

Risk Management Annual Plan 2023/24

1.1. The planned activities for the forthcoming year are the continuation of the journey of embedding risk management practices in line with best practice and considering the finding of the internal audit report.

1.2. A key target area includes providing training for managers with responsibilities for managing risk alongside clear guidance and processes on better use of the Risk management system.

1.3. Work will be undertaken to keep ensuring that service planning and risk management are closer aligned to ensure actions are taken to reduce risk where risks exceed current risk tolerance.

2. Proposal

- The Audit Committee are requested to receive and note the Risk Management update.
- The Audit Committee review and comment upon the Corporate Risk Report (CRR) as a

source of assurance that risk management arrangements are in place.

3.   Other Options Considered

n/a

4.   Risk Assessment

4.1.   The Risk Management Assurance Policy and the CRR will further develop risk management assessment within the City Council and help the management of risk arrangements embed.

5.   Summary of Equalities Impact of the Proposed Decision

5.1.   No Equality Impact anticipated from this report.

6.   Legal and Resource Implications

Legal

Not Applicable

Financial

Not Applicable

Land

Not Applicable

Personnel

Not Applicable

Appendices:

None

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers:

Risk Management Assurance Policy.

Audit Committee
20th November 2023

Report of: Chief Internal Auditor

Title: Internal Audit Half Year Report 2023/24

Ward: Citywide

Officer Presenting Report: Chief Internal Auditor

Recommendations

The Audit Committee considers the work of the Internal Audit Service during the first half of the 2023/24 financial year and receives assurance on actions being taken to complete the agreed priorities for the rest of the year.

The Audit Committee notes the Transition from Children to Adults internal audit summary report and takes assurance from management regarding the issues highlighted in the report.

Summary

This report provides the Committee with an accumulative summary view of the work undertaken by Internal Audit during the period under review together with the resulting conclusions, where appropriate. Additionally, the report provides the Committee with oversight of grant certification work completed, update on the implementation of agreed management actions during the period under review and individual summaries for the audit reviews that have concluded with a 'Limited' level of assurance.

The significant issues in the report are:
- Audit work brought forward from 2022/23 is now fully complete.
- Completion of agreed quarterly plans is progressing well and there is sufficient contingency in the plans to ensure that all planned activities are completed by the end of Quarter 4.
- A significant amount of audit time continues to be spent on certifying grants.
- Supporting management in ensuring that there are adequate arrangements for monitoring and reporting the implementation of agreed management actions. Satisfactory progress is being made in that regard although more needs to be done to embed those arrangements as part of service performance management frameworks.
- Satisfactory progress in tackling fraud and enhancing whistleblowing arrangements. These issues are covered in a separate Fraud Half Year Report as part of this meeting.
- The internal audit summary report with a limited assurance opinion is attached to this report as Appendix 2.

Policy

1.   Audit Committee Terms of Reference

Consultation

2.   **Internal**

Corporate Leadership Board including S151 Officer, Cabinet Member for Governance, Resources and Finance.

3.   **External**

Not applicable

Context

4.   The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk, and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within the Council that are most at risk of impacting on the Council's ability to achieve its objectives. In addition, the team provides a counter fraud service to the Council to enhance arrangements for the prevention, detection, and investigation of fraud.

5.   This half year report is designed to provide the Committee with a summary view of the work completed by the Service throughout the year to date and the results of that work. The report therefore:

- Provides an overview of the work of Internal Audit to date.
- Presents the assurance work completed by the Internal Audit team during the period, together with the conclusions drawn from that work.
- Updates the Committee on the progress in the implementation of agreed management actions.
- Spotlights audit review outcomes, both positive and negative, to management and the Audit Committee for their consideration and action, where appropriate.

Internal Audit Delivery

6.   Internal Audit is making reasonable progress in completing the agreed audit priorities for 2023/24. At this point, all the audit work that was carried forward from 2022/23 has been completed and the Audit Committee will be requested to approve Q4 priorities in this meeting. Appendix 1 provides an update on all audits planned for Q1 and Q2 that have been completed or are in progress as of 31 October 2023. Based on the available resources and additional support from KPMG, our internal audit strategic partner there is confidence that the planned audit priorities for the rest of the financial year will be delivered by 31st March 2024.

7.   At every meeting the Committee receives an internal audit activity update report that summarises the work that has been completed and being planned. Such a report was last received in September 2023.

The following paragraphs provides a summary of some of the key outcomes or activities delivered during the period under review.

Preparedness for Committee Governance

8.   One of the key audits completed during the first half of year was the review of the council's preparedness for committee governance. The principal objective of this review was to assess the council's preparedness for the implementation of a committee system of governance from May 2024 and reasonable assurance was provided. Evidence was obtained that showed that reasonable progress was being made but the opinion did not include whether the council will successfully implement the new governance system.

Grant Certification

9.   A significant amount of audit time was spent on grant certification work where 36 grants with a total value of £31m were certified. A list of all grants certified during the period under review is in Appendix 1. While there were no compliance issues noted, improvements are needed in the way management prepare for these audits as well as ensuring that the audits are scheduled in advance thereby giving Internal Audit sufficient notice to resource this activity.

Schools Audits

10.   Follow up work has been completed at 10 schools. As at the time of writing six had been completed and four are at the finalisation stage. In addition, a risk assessment has been completed which has enabled the identification of 11 schools that will be audited in 2023/24. Planning for this activity is at an advanced stage and five schools will be audited in Q3 while the rest will be completed in Q4.

Continuous auditing and continuous monitoring

11.   One of the key priorities within our Audit Strategy is to implement a continuous monitoring and auditing methodology that a) enables management to continually review business processes for adherence to and deviations from intended levels of performance and b) enables internal audit to continually gather data that supports auditing activities. Slow progress has been made and we have now sought support from our strategic partner to help us speed up the development.

Embedded Assurance

12.   Consistent with the agreed priorities, Internal Audit is supporting the key projects and programmes through embedded assurance which sees the team working with programme and project teams to provide real time assurances as the programmes progress. This means governance and programme assurances are timely to enable necessary corrective actions as the project progresses. This should better support delivery of outcomes. As this engagement is largely advisory no assurance opinion is given but formal reports may be issued to highlight

significant issues impacting the programme. Given the level of transformation activity in the council, training is being arranged to ensure that the auditors have sufficient skills to undertake this important role.

Procurement of a new strategic partner

13.   The internal audit strategic partnership agreement with KPMG will come to an end on 31 January 2024. As a result, we are in process of tendering for a new strategic partner. The strategic partnership arrangement provides subject matter expertise in specific/complex audits and helps to build resilience and capacity in cases of delivering reach back to support peaks in the internal audit activity. Given the challenging operating environment and the emergence of complex information technology risks, the support from a reputable strategic partner is seen as an imperative in maintaining an effective internal audit service. It is hoped that the new arrangements would be in place by the start of the next financial year.

Review of Internal Audit Priorities

14.   Consistent with the rolling plan methodology, internal audit priorities are agreed with the Committee on a quarterly basis. A separate report on Q4 priorities will be discussed as part of this meeting.

Companies and External Clients

15.   The assurance work undertaken for council companies and external clients is reported to those organisations through the agreed governance arrangements.

Implementation of Agreed Management Actions

16.   The Council uses the Pentana Audit Management Module as the tool for monitoring and reporting the implementation of agreed management actions. In this respect, management is responsible for implementing agreed actions whilst Internal Audit is responsible for regularly reviewing the entries by management and seeking additional evidence if required before closing the actions as completed. There is a target that 90% of agreed actions should be implemented by the due date.

17.   Based on the Pentana report there were 352 agreed management actions that were due for implementation by 31 October 2023. Out of these actions, 92% were either implemented or partially implemented. Overall, this performance is slightly above the 90% target. However, two out of the four directorates were below target as shown in the table below.

Name of Directorate	Total Agreed Actions	% Implemented and Partially Implemented
Adults and Communities	63	92%
Children and Education	27	85%
Growth and Regeneration	85	84%
Resources	177	97%

18.   The table and pie chart below reflect the overall performance for the whole council.

All BCC Actions with a due date on or before 31-10-23

Action Status	High	Medium	Grand Total
Implemented – Audit Assurance	36	77	113
Implemented – Management Assurance	48	125	173
Partially Implemented	13	25	38
Not yet implemented – overdue	8	20	28
Grand Total	105	247	352

ALL BCC ACTIONS WITH A DUE DATE ON OR BEFORE 31-10-23

Not yet implemented – overdue 8%

Partially Implemented 11%

Implemented – Audit Assurance 32%

Implemented – Management Assurance 49%
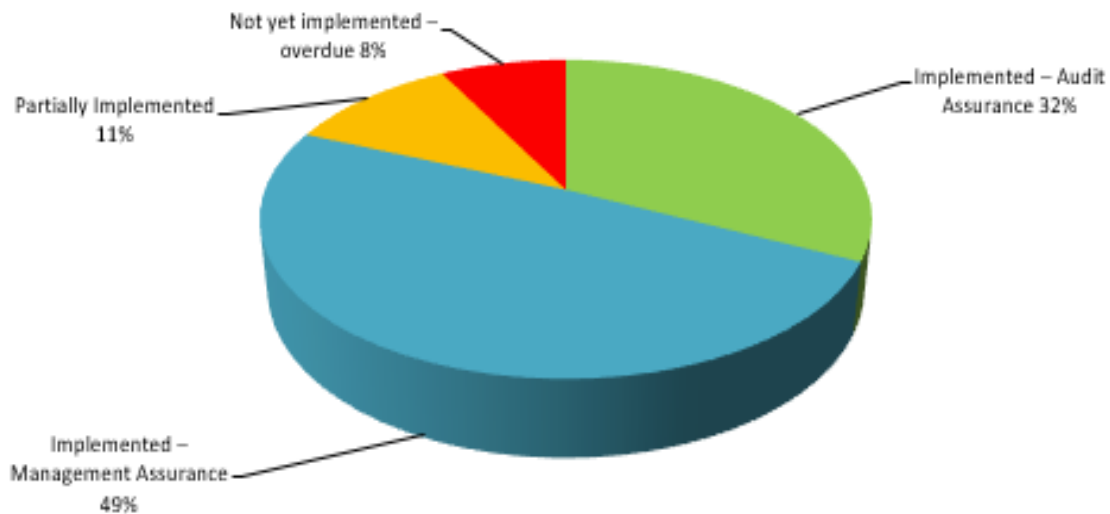
19. This performance is better than the previous reporting period and this reflects the significant effort that has been made to improve performance in this area. In the last quarter, Internal Audit has supported management in undertaking wholesale reviews of long outstanding actions especially those originating from previous years. While this approach has helped to get to this satisfactory position there is over reliance on Internal Audit and this is not sustainable over a longer period. More needs to be done to embed the monitoring and reporting of agreed actions into the performance management cycle. Most importantly, management should proactively utilise the Pentana Audit functionality to review their performance in this area. The oversight by senior management particularly at CLB has helped in ensuring that long outstanding actions have ben cleared and this should be sustained.

Fraud

20. The Committee will receive the Fraud Half Year Report 2023/24 in this meeting.

Internal Audit Exception Reporting

21. Under the agreed escalation procedure, the summaries of every audit with a no or limited assurance opinion are presented to the Audit Committee for consideration. The Committee may seek additional assurances on the actions being taken to address the issues identified. Consistent with this procedure the Transition from Children to Adults audit summary is presented at

Appendix 2 for consideration and the relevant senior responsible officers will be in attendance to answer any questions the Committee may have.

22.   It is recognised that the Council continues to face significant risks arising from the pandemic and the cost-of-living crisis. Internal audit will continue to engage with management regularly to ensure that assurance activities align with the Council's priorities and risks.

Staffing

23.   One of the Group Auditors has resigned and left the council in October 2023. The resultant vacancy is expected to be filled by 31 March 2024 and this has been factored in the development of the Q4 plan. A Fraud Investigator Apprentice has been recruited and joined the council in September 2023. This means the team is now supporting 4 Apprenticeships to support longer term resilience.

Proposal

24.   The Audit Committee note the Internal Audit Half Year Report 2023/24 and takes assurance from management regarding the issues highlighted in the Transition from Children to Adults internal audit summary report.

Other Options Considered

25.   Not applicable

Risk Assessment

26.   The work of Internal Audit minimises the risk of failures in the Council's internal control, risk management and governance arrangements, reduces fraud and other losses and increases the potential for prevention and detection of such issues. Areas of significant risk are detailed in the report.

Summary of Equalities Impact of the Proposed Decision

No Equality Impact anticipated from this report.

Legal and Resource Implications

Legal - Not Applicable

Financial - Not Applicable

Land - Not Applicable

Personnel - Not Applicable

Appendices:

Appendix 1 – Schedule of Completed and Work in Progress 2023/24 Plan

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Appendix 2 – Transition from Children to Adults Audit Review Summary

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers:

Public Sector Internal Audit Standards
Various Audit Files

Schedule of Completed 2023/24 Audit Plan

<div align="right">**Appendix 1**</div>

Item No	Directorate	Area of Review	Status	Opinion
1	Adult and Communities	Food Equality Strategy	Complete	Reasonable
2	Adult and Communities	Adult Social Care Provider Failure	Complete	Reasonable
3	Children and Education	SEND Plan	Complete	Reasonable
4	Children and Education	Dedicated Schools Grant Improvement Plan	Complete	Reasonable
5	Corporate	Supply Chain and Third Party Risk	Complete	Reasonable
6	Corporate	Sickness Absence Management	Complete	Reasonable
7	Growth and Regeneration	Climate Change	Complete	Reasonable
8	Growth and Regeneration	Temporary Accommodation - Financial Controls	Complete	Reasonable
9	Resources	NNDR Collection	Complete	Reasonable
10	Resources	Digital Strategic Partnership	Complete	Reasonable
11	Resources	Preparedness for Committee Governance	Complete	Reasonable
12	Children and Education	Transition from Children in Care to Adults	Complete	Limited
13	Corporate	Procurement Compliance	Complete	Limited
14	Corporate	Health and Safety Processes Follow Up.	Complete	Limited
15	Resources	Debt Management	Complete	Limited
16	Resources	Agency Staff	Complete	Limited
17	Adult and Communities	Care Quality Commission Assurance Framework Preparedness	Complete	N/A
18	Children and Education	Schools Audit - 2022/23 Overarching Report	Complete	N/A
19	Children and Education	Schools Financial Value Standard	Complete	N/A
20	Corporate	Annual Governance Statement 2022/23	Complete	N/A
21	Corporate	Grant and Other Certifications - see below	Complete	N/A
22	Corporate	Management Actions Verification	Complete	N/A
23	Growth and Regeneration	Client Team re Companies	Complete	N/A
24	Growth and Regeneration	Capital Programme Risk Assessment	Complete	N/A
25	Children and Education	Schools Follow Up	6 Complete 4 Finalising	N/A
26	Adult and Communities	Refugees Settlement Service	Draft Report	
27	Corporate	City Leap Governance	Draft Report	
28	Adult and Communities	Adult Social Care Transformation	Draft Report	
29	Corporate	Cyber Security Positon Statement	Draft Report	
30	Growth and Regeneration	Planned Repairs	In Progress	
31	Growth and Regeneration	Licensing Income	In Progress	
32	Children and Education	Education Other Than at School	In Progress	
33	Resources	Records Management	In Progress	
34	Growth and Regeneration	Housing Debt Management	In Progress	
35	Growth and Regeneration	Capital Projects Audit (Sample)	Planning	
36	Adult and Communities	Embedded Assurance - Adult Social Care Programme	Scheduled	
37	Corporate	Continuous Auditing and Monitoring	Ongoing	
38	Children and Education	Embedded Assurance - Children and Education Programme	Ongoing	
39	Growth and Regeneration	Embedded Assurance - Temporary Accommodation Programme	Ongoing	
40	Growth and Regeneration	Embedded Assurance -Property Programme	Ongoing	
41	Growth and Regeneration	Embedded Assurance - Capital Transformation Programme	Ongoing	
42	Growth and Regeneration	Embedded Assurance - ASEA Flood Programme	Ongoing	
43	Resources	Embedded Assurance - Digital Transformation Programme	Ongoing	
44	Growth and Regeneration	Embedded Assurance - Housing IT Transformation Programme	Ongoing	
45	Resources	Information Governance Board - Embedded Assurance	Ongoing	

Quarter 1 and 2 - 2023/24 Grant Certifications Completed.

Item No	Directorate	Audit Name	Certified Value
46	Growth and Regeneration	A4018 Corridor Improvements Grant	£522,237.59
47	Growth and Regeneration	Active Social Prescribing Pilot	£50,143.15
48	Growth and Regeneration	Active Travel Fund Tranche 3: Cotham Hill	£112,968.18
49	Growth and Regeneration	Active Travel Fund Tranche 3: Old Market Gap 31/6014	£280,314.35
50	Growth and Regeneration	Active Travel Fund Tranche 3: Park Row/Upper Maudlin	£149,437.43
51	Growth and Regeneration	Bristol City Centre and High Streets Recover and Renewal Grant	£638,083.16
52	Growth and Regeneration	Biodiversity Net Gain Grant	£43,467.00
53	Growth and Regeneration	City Centre Economic Development and Markets	£18,698.74
54	Growth and Regeneration	City Centre DDP ad Frome Gateway 2022/23	£235,000.00
55	Growth and Regeneration	City Region Sustainable Transport Settlement	£2,371,217.00
56	Growth and Regeneration	Concorde Way/Dover Court Depot	£238,928.81
57	Growth and Regeneration	CTSI Funding for Lettings Agency 2022/23	£214,922.05
58	Growth and Regeneration	Digging For Delft	£47,946.58
59	Growth and Regeneration	Disabled Facilities Grant	£3,517,977.00
60	Growth and Regeneration	ELENA programme for European Investment Bank (EIB)	£1,461,157.53
61	Growth and Regeneration	Frome Gateway Framework & Infrastructure Delivery Plan	£494,000.00

62	Growth and Regeneration	Future Bright	£520,337.94
63	Growth and Regeneration	Hawkfield Business Park	£3,109,750.70
64	Growth and Regeneration	Highways and Transport Capital Grant	£8,165,657.73
65	Growth and Regeneration	High Street Renewal Catalyst Fund Grant	£59,451.00
66	Growth and Regeneration	Home Upgrade Grant Works (HUG'S 1)	£1,533,969.58
67	Growth and Regeneration	Home Upgrade Grant Works (HUG'S 2)	£108,152.17
68	Growth and Regeneration	Maintenance Challenge Fund - New Cut Bridges	£722,668.51
69	Growth and Regeneration	North and East Bristol – Universal Business Support Grant	£449,817.02
70	Growth and Regeneration	Old City And King Street 2 – Feasibility And Development Application Grant	£93,000.00
71	Growth and Regeneration	Old City and King Street Grant	£516,242.03
72	Growth and Regeneration	Portway Park & Ride Extension	£575,325.29
73	Growth and Regeneration	Reboot West	£296,868.26
74	Growth and Regeneration	Scambuster and NTS Funding for Regional Intelligence Functions	£309,000.00
75	Growth and Regeneration	Regional Intelligence Functions Sub -Grant	£89,221.00
76	Growth and Regeneration	South Bristol Enterprise Support	£170,496.32
77	Growth and Regeneration	South Bristol Light Industrial Workspace Grant	£2,841,886.34
78	Growth and Regeneration	Transforming Cities Bristol Bridge Signals Junction and Car Park VMS project	£273,121
79	Growth and Regeneration	Western Harbour Feasibility	£142,830.00
80	Children & Education	Youth Justice Grant 2023/24	£726,557.00
81	Growth and Regeneration	Zero Emissions Transport City Grant.	£48,308.00
		Total	**£31,149,158.46**

Audit Summary – Transition from Children to Adults

Background and Context

1.1 The Council is required to support young people to enable them to live successful independent lives. Young people in care on or after their 16th birthday are entitled to support up to the age of 21, and in some instances up to 25. The responsibility for care moves between the Children and Families and Adult Social Care Services at the age of 18 and therefore a timely needs assessment is imperative.

Scope and Objectives

1.2 The objective of the audit was to review and assess the effectiveness of the systems for the transition, to ensure completeness, timeliness and appropriate consideration of the needs of the young person. The scope of the assignment included the following areas:

- Timely forecasting of young people for transition and supporting plans to deliver transition
- Care assessments and packages
- Review of processes and responsibilities
- Data and reporting
- Care costs and budget monitoring.

The scope of the assignment excluded appropriateness of care provided.

Audit Opinion

1.3 Overall, Internal Audit provided "**Limited Assurance**" on the effectiveness of the systems for the transition from children in care to adults, to ensure completeness, timeliness, and appropriate consideration of the needs of the young person.

Key Messages and Findings:

1.4 Issues with transition had been acknowledged by senior management and a project had already been initiated to review and improve upon the existing transition arrangements. The findings of the audit will inform the development of the project.

1.5 Internal Audit raised four high priority (H) and five medium (M) findings in respect of the following key weaknesses:

- Internal Audit were unable to confirm that all young people requiring transition support had been identified and were preparing for transition
- There was no documented process or criteria to affirm when young people should be referred for transition
- There were delays in assessments for young people referred for transition; in March 2023 there were waiting lists of 46 Transition Assessments and 99 Care Act Assessments for the Young Adult Transition Service (YATS) (under 18) and YATS (18-25) respectively
- There was no common understanding of the transition process between Children, Families and Safer Communities (CFS), or Adult Social Care (ASC); there was little evidence of supervision in the sample of cases Internal Audit reviewed
- The YATS (under 18s) standard operating procedure (SOP) was not being followed
- There was no common understanding of the roles which CFS and ASC teams should play in the transition process
- Three different systems from the Liquidlogic suite were used to manage cases; these were not integrated.

- There was no reconciliation between systems and between CFS and ASC Services to confirm the number of young people that need to transition, are transitioning or have transitioned in a given time period; there was no forecasting of future demand
- Delays in assessments made it difficult to demonstrate that young people's needs are being met and that value for money is being achieved.

Management Response:

1.6   The findings of the report have been accepted by management who have agreed management actions to address them. These include:

1.7.1   The BCC Corporate Transitions Project (see overview at 1.8 to 1.10 below) is to undertake a diagnostic exercise to provide a clear set of recommendations and deliverables. The diagnostic will incorporate the issues highlighted in this report. This is to include analysis to understand the consolidated figure of young people transitioning over a period or at a point of time.
Progress Report: *The project has consolidated data sets from several sources (Liquid Logic Adults System (LAS), Liquid Logic Children's System (LCS), Early Help Module (EHM), Finance spreadsheets from Children's Services and full list of children with Education and Health Care Plans (EHCP's). Work to confirm 16 and 17 year olds from this list, who may require an assessment of need as they approach adulthood, is in progress. In excess of 70% records checked and validated by operational teams. The remaining records continue to be worked on.*

1.7.2   A new process is to be implemented that will support early consideration of eligible needs, through a Safeguarding lens, under the Care Act framework from age 14, in a way that protects the integrity of the Education Health and Care Plan (EHCP) and process.
Progress Report: *Research and benchmarking with other Local Authorities to identify a suitable model for Bristol has been completed. Process work to establish potential changes has started. Options for system changes in advance of a new model are being proposed and will be considered at the conclusion at the project at the end of March.*

1.7.3   A service development plan was agreed in November 2022, which provides a number of areas for improvement in the transitions service. A focus is on waiting list throughput for work coming in and out of the service.
Progress Report: *As part of the development, the Young Adults Transitions Service (YATS) combined to make a new service in April 2023. This has created some increased capacity and as of August 2023 the waiting list has been reduced by 50%. The waiting list has been prioritised and all those who required allocations to support timely education placements have been assessed.*
The Service Manager is working closely with the YATS team leadership in regular sessions and away days to develop a consistent approach to supervision and application of policy related to support of staff and performance management.
To support the focus on service/team level improvements, an additional fixed term (12 months) Team Manager is now in post and has started as the lead manager for YATS in October 2023. This role will be responsible for supporting the meeting of the KPI's linked to service improvements.

1.7.4   The development plan for changes to the YATS service include Learning and development plans targeted at team level to improve staff support, wellbeing, and secure practice improvements. These are now being scheduled and the first bespoke session is running on 14th November 2023 on Trauma Informed Practice.
Progress Report: *There is already a new Supervision Policy, launched in early 2023, that the YATS leadership team have accessed, and significant improvements to standards have been noted. This supports a new training offer specifically for Supervision that the team managers of YATS must undertake within 12 months, where appropriate. YATS managers are all either scheduled for this training or have completed.*

1.7.5   Forecasting will be part of the BCC Transitions Project and pipeline work in commissioning.
Progress Report: *The existing Qlik (Data recording tool) report requires development to ensure all young people are visible on the management reporting tool; the revised specification for reporting will be developed*

in conjunction with the confirmation of cohort to enable future reporting to proactively provide the lists and potential costs for pipeline work to support commissioning, finance and operational colleagues in future transition work. A move to Power BI reporting will be included in the Business Case to align with other reporting frameworks.

1.7.6   The Pathways/young person's journey is in the process of being mapped as part of the Corporate Transitions Project. This mapping will feed into the future operating model and process redesign across Adults, Children and Education including transitions.
Progress Report*: Mapping work will be used to highlight the pathways for transitions either through the Transitions Service to Adults Social Care Services or for Transition through other pathways to universal services.*

1.7.7   Tracking the progress of the development plan will be subject to regular review via the quality improvement and performance (QUIP) reporting and governance process. The KPI's and deliverables in the plan have been the focus for YATS leaders as part of the new annual performance reviews in July 2023. October 2023 QUIP board received an update on the YATS development plan.
Progress Report*: This is ongoing and last reported to QUIP on 28th September 2023.*

1.7.8   A review of the YATS Standard Operating Procedure (SOP) is underway, there will be collaboration across partnerships and departments to ensure new pathways are considered jointly.
Progress Report*: Review with other OFSTED graded Outstanding local authorities was completed by 31st October to ensure that we have understood the delivery options more widely and will bring any learning into Bristol's model before the evaluation and update to the SOP.*

1.7.9   The Transitions project will enable the delivery of a process redesign and new transitions pathway, to include a Transitional Safeguarding Pathway, with a focus on through care services.
Progress Report*: Childrens recording systems will be aligned to ensure visibility and development of new pathways will enable better transition journey for children/young people. Information can be obtained from the dashboard if filtered or requested from the Performance team. The issue is that reports are not set up to show the identified gaps.   Analysis of the dashboard is being included in the early diagnostic stages and work with the Performance Team to understand the resource requirements for the required development are in progress.*

Overview of the Transitions Project

1.8   The Transitions Project has been established to support the development of the Transition Service in Bristol to support improved pathways for young people. Work with the Adults Social Care, Children's Social Care and Education services to build strong pathways, support adoption of new processes, and deliver a pathway designed to support the young person at the heart of the activity. The project has the following objectives:

1. Improve the experience of children and young people who transition between Children and/or Education Services to Adults Services;
2. Agree to a future model that results in a smoother transition process and;
3. Run the agreed pathway with a small group of early adopters to evaluate the chosen model against the following criteria:

a)   That this results in a smoother transition for the young people and their families
b)   That the information available to all parties is appropriate and timely through the pathway design
c)   That the model is appropriate for all internal stakeholders and supports quality management and use of information regarding the young person
d)   That the model is scalable across all pathways
e)   That all internal stakeholders have understood the change that the model will bring to their processes and engagement from each area to support the change
f)   To understand the benefits that good case management will deliver in terms of efficiencies to process and value for money.

1.9   The transitions project diagnostic will include a review of data/insight, technology appraisal (integration) and future performance monitoring (single view). The analysis of the early adopter and review will feed into the wider full business case. This information is reported on via the monitoring through Joint Adult Social Care and Children's and Families Service Executive Directors Meeting.

1.10   As part of the transitions project, reporting will be improved to inform activity levels and provide positive confirmation that all young people have been identified to enable the targeting for improvements. The project will align with the ASC Transformation programme to enable work across commissioning to develop the market to deliver choice at best value.

Audit Committee
20th November 2023

Report of:	Chief Internal Auditor
Title:	Counter Fraud Update
Ward:	Citywide
Officer Presenting Report:	Simba Muzarurwi – Chief Internal Auditor

Recommendation

The Audit Committee note the Half Year Fraud Report for the 2023/24 financial year.

Summary

This Report provides the Committee with summary of the work undertaken by the Internal Audit – Counter Fraud team from April 2023 to October 2023.

Significant Matters Arising:

The key messages arising from this report are;
- Counter-fraud work in key fraud risk areas continues to contribute significant benefits across the Council in the fight against fraud. Annexure A of this report details these benefits and advises how key fraud risks to the council are being tackled.

- The National Fraud Initiative (NFI) fraud hub has now been implemented enhancing the Council's arrangements for detecting and investigating fraud.

- High level details of outcomes from internal and whistleblowing investigations completed during the period under review are covered in Appendices 1 and 2.

1. **Policy**
Audit Committee Terms of Reference

2. **Consultation**

Internal – Corporate Leadership Board including S151 Officer, Cabinet Member for Governance, Resources and Finance.
External – N/A

3. **Context**

3.1   This is the half yearly update report outlining the counter fraud work that has taken place in Bristol City Council. The report is provided to:

- give an overview of the work and results of the Counter Fraud and Investigation team during the period 1st April 2023 to 31st October 2023;

- demonstrate how the Council is dealing with some of the fraud risks it is subject to;

3.2   The full report can be found at Annexure A.

3.3   Key points arising from the Fraud Update Report:

- The team has delivered 34 positive housing outcomes (*for example a property recovered for re-let or false housing application cancelled*)
- Through the tenancy fraud work the team has achieved notional savings of £4 million and recoverable savings of over £560,000.00
- Bespoke fraud training has been delivered to various teams across the Housing and Landlord Services.
- A total of 124 fraud referrals were received during the period covering tenancy fraud, blue badges, social care, council tax reduction and employees.
- A total of 10 whistleblowing cases have been closed during the period under review while four are currently in progress.
- Outcomes from internal investigations are summarised in Appendix 1.
- Outcomes from Whistleblowing investigations are summarised in Appendix 2.

4. **Proposal**

4.1   The Audit Committee notes the work of the Internal Audit – Counter Fraud and Investigations team during the period of covered by the report and the results there of.

5. **Other Options Considered – N/A**

6. **Risk Assessment**

The work of Internal Audit Counter Fraud team reduces fraud losses and increases the potential for prevention and detection of such issues.

Public Sector Equality Duties

7a)   Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

    i)   Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.

    ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --

       -   remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;

       -   take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);

       -   encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

    iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
       - tackle prejudice; and
       - promote understanding.

7b)   No Equality Impact anticipated from this report.

Legal and Resource Implications

    Legal – N/A
    Financial – N/A
    Land – N/A
    Personnel – N/A

Appendices:
Annexure A - Counter Fraud Update Report
Appendix 1 – Outcomes from Internal Investigations
Appendix 2 – Outcomes from Whistleblowing Investigations

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers:

BRISTOL
INTERNAL AUDIT

Counter Fraud & Investigation Half Year Report 2023-2024

Simba Muzarurwi
Chief Internal Auditor

1. Key Messages

1.1 Work is continuing which will focus on fraud prevention including the completion and maintenance of fraud risk assessments and implementation of further elements of the fraud prevention strategy.

1.2 Counter fraud and investigation work has identified recoverable overpayments of £560K and notional savings of £4 million (please see 6.1 note 1 for explanation).

1.3 Weekly payments relating to a mixture of Housing Benefits, Council Tax reduction and Council Tax have totalling £1095 have been stopped, where there was no entitlement.

1.4 At the half year stage, the team have achieved 34 outcomes from tenancy fraud work which is either a property recovered, or some other positive outcome such as an application for a tenancy cancelled. This is against an annual target of 40 positive outcomes. See section 4.4 for further information.

2. Proactive fraud detection work

2.1 **Blue Badge Enforcement Exercise** - Investigations Officers, accompanied by Avon and Somerset Police and the Council's Civil Enforcement Officers, were out in the Broadmead area of Bristol in September. The day involved speaking to drivers to educate them about blue badge misuse. Three cases where potential criminal offences were identified are currently being investigated. Bristol City Council (BCC) officers who were involved in the exercise received praise from citizens for the work being done and the visual deterrent provided.

2.2 **National Fraud Initiative (NFI) 2022/23** - A total of 14353 matched data records were received in January 2023 for possible further investigation. To date, a total of 2789 records have been reviewed leading to 30 errors/frauds being identified. Recoverable savings of £221,138 have also been identified. The review of matches is prioritised based on following factors:

- usefulness of the match report
- likelihood of being able to prove fraud
- risk ratings in the report

2.4 There are many false positives in the report and a 100% review of all reports is not feasible. This work continues over the two-year period until the data is refreshed at the next mandatory exercise.

2.5 The majority of recoverable savings from the NFI exercise were attributed to three significant duplicate creditor payments. A root cause analysis investigation was undertaken in respect of the largest of these and the report produced included recommendations to improve the internal control environment.

2.6 In addition, 916 matches from the NFI pilot tenancy fraud matches have been cleared. There has been one investigation from this data which has resulted in a property being recovered. We have given feedback to the Cabinet Office on this work which will enable future exercises to be improved upon and refined.

2.7 **Guardianship work** - We have worked with the 'Children in Care' team to support their on-going review of guardians who are in receipt of financial support for their charges. The work has included development of review documentation with clear fraud prevention declarations and statements. We have also investigated a small number of 'non responders' from the exercise. This has resulted in one guardianship payment ceasing. This work is on-going. A data matching exercise is also planned.

3. Fraud Prevention

3.1 The prevention of fraud and error is key to protecting council funds and services and avoiding possible unrecoverable debts. Several initiatives to prevent fraud have taken place over the half year and these are summarised below:

3.2 **A fraud prevention plan and strategy** has been produced which covers the following areas and identifies some areas requiring improvement:

- Reporting mechanisms
- Identifying and managing fraud risk
- Awareness, Training and Publicity
- Effective Controls
- Fraud will happen – how we will detect and respond to it.

3.3 **Fraud Risk Assessments** are a key aspect of the fraud prevention strategy and we have worked with service areas to develop these.

3.4 Service planning guidance now includes a prompt to consider fraud risk as well as other risks when service planning.

3.5 Risk assessments covering high fraud risk areas are being produced with relevant service teams. This includes Council Tax, Business Rates, Social Housing, Procurement, Social Care benefits amongst others.

3.6 An intranet page has been set up for service managers to support them in considering and developing fraud risk assessments.

3.7 In addition, a similar intranet resource has been developed to encourage consideration of fraud risks by BCC maintained schools.

3.8 **The Council's Fraud hub** is a key resource in preventing fraud by ensuring services are cancelled promptly when changes occur. Datasets relating to Tenants, Council Tax Reduction, Blue Badge, Housing waiting list and Concessionary travel passes are uploaded to the hub periodically and access to prompt death information has been particularly beneficial in preventing misuse of benefits.

3.9 Positive results from the fraud hub since 1st April 2023 include:

Fraud Hub results	No
Blue badges cancelled	36
Housing properties recovered	10
Housing waiting list entries removed	128
Formal succession of tenancy approved, and record updated	2
Concessionary travel passes cancelled	1488

3.10 To maximise the benefits from the fraud hub further developments are being pursued including regular upload of Single Persons Discount records for matching, encouraging other Local Authorities in the West of England region to join the BCC a hub and bringing our regional registered housing providers into the hub.

3.11 **Bespoke fraud awareness training** has been given to various teams across Housing and Landlord Services involving:
- Caretakers.
- New Housing Officers.
- Lettings Team.

3.12 Tenancy fraud messages to remind citizens of the costs of fraud and how to report it were highlighted in a press release in May 2023.

3.13 Fraud awareness messages were promoted in a news bulletin to all schools in April 2023.

3.14 On-going fraud awareness sessions are planned for school heads and business managers.

3.15 **A bank mandate** fraudulent attempt relating to a genuine supplier was thwarted by validation processes carried out by the Applications Support Team. Had the attempt been successful, the sum of £56,832 would have been lost to fraud.

3.16 **Right to Buy** applications are reviewed using a software package called IDIS and further manual checks for the high-risk cases are undertaken. During the period under review 119 applications were checked but there we no property regains or application cancellations as a result of these checks.

3.17 The mandatory NFI exercise identified 415 tenancy/right to buy matches which have all been reviewed and cleared.

4. Investigations and Prosecutions

4.1 Referrals of possible fraud for investigation have been received across a variety of areas. The number of referrals by type are detailed in the table below:

Blue badge/parking permits/CAZ	8
Internal (employee)	15
Social care/funding	2
Benefits (CTR – BCC Investigation)	14
Tenancy fraud	85

4.2 Outcomes of referrals relating to employees are provided at Appendix 1.

4.3 **Blue Badge/Parking** - This work involves a planned one-day exercise to identify misuse and personally speaking to blue badge users and reminding them of conditions of use. The team has issued two advisory warnings to:

- A person selling parking tickets contrary to the terms and conditions.
- A blue badge holder in respect of conditions of use.

4.4 **Tenancy Fraud** - The Fraud Team undertakes the investigation of social housing fraud and abuse including:

- Non-occupation cases, where evidence is required.
- Subletting in whole or in part.
- False succession.
- False applications.
- Fraudulent Right to Buy applications.
- Supporting Estate Management with suspected abandonment cases.

4.5 The team have achieved 34 property regains or housing positive outcomes. A housing positive outcome could be a cancelled housing application, denied succession claim or cancelled right to buy application. This performance at half year is significantly higher than in previous years and is attributed to the 10 cases that were identified through the Fraud Hub where the tenant had died but the relevant service was unaware. In addition, a revised Estates Management policy on empty properties has led to quicker recovery of properties we have investigated for possible abandonment.

4.6   When appropriate to do so the team will liaise with other registered housing providers to provide support and advice, or to investigate on their behalf.

4.7   Civil recovery proceedings are instigated when required to take possession of a property. Criminal proceedings are also pursued where there are aggravating factors such as the tenant making profit from sub-tenants and/or knowingly failing to disclose relevant information. There are currently three cases pending prosecution.

4.8   **Free School Meals** - A primary school was the victim of fraud when an email account was hacked. Free school meals vouchers totalling £1020 were stolen. A quick response and collaborative effort between the investigator, the school and the company administering the vouchers meant that losses were minimised to £52. The matter was reported to the Police and the team collaborated with all relevant parties to ensure further controls minimised the risk of further loss.

5. Liaison with other organisations

5.1   **DWP Benefits** - The Fraud Team provides the liaison role between the Council's Benefits Service and the Department for Works and Pensions (DWP) who investigate housing benefit fraud. The DWP have made 101 requests for information. The DWP have also provided two reports from their Data Strategy Team for review and appropriate action.

5.2   There are several ongoing complex investigations where fraud has been sustained over a prolonged period of time. The team are working jointly with the DWP to interview under caution and prepare cases for criminal prosecution.

5.3   **Police and other enforcement agencies** - The team provides a liaison role with the Police and other enforcement agencies and has responded to 43 lawful requests for information.

5.4   The team liaises with the Education Welfare team and have dealt with 163 pupil tracking requests.

5.5   **West of England Fraud Group** - The BCC Fraud Team is a member of the West of England Fraud Group. This forum is used to share best practice, discuss changes in legislation and emerging fraud risks as well as fraud initiatives across Local Authorities in the West of England. A recent meeting covered topics such as Fraud E-learning and training, Fraud Risk Assessments, NFI Fraud Hub and tenancy fraud and Airbnb.

5.6   **Fighting Fraud and Corruption Locally** - We have contributed to discussion with the Fighting Fraud and Corruption Locally (governments strategy

6. Savings outcomes and recovery

6.1   Savings for period 010/4/23 to 30/09/23

	Recoverable overpayments £	Weekly payment stopped £	Estimated savings/prevention measure £ (Note 1)	Payments prevented. £
DWP	115,535	362		
Council Tax Reduction	43,707	581		
Tenancy Fraud Investigations		152	2,523,960	
FSM				968
Bank Mandate Fraud				56,832

	Recoverable overpayments £	Weekly payment stopped £	Estimated savings/prevention measure £ (Note 1)	Payments prevented. £
NFI Single Persons Discount (Note 2i)	180,017			
NFI (22/23 output)	221,138		13,631	
NFI Tenancy Fraud Pilot			93,000	
NFI Hub – tenancy			930,000	
NFI Hub – Blue Badge			18,850	
NFI Hub – Concessionary Travel			46,128	
NFI Hub – Waiting List			548,000	
TOTAL	**560,397**	**1095**	**4,173,569**	**57,800**

Note 1:

Values used to measure fraud prevented are those devised by the Cabinet Office. Estimates are based on the % of frauds that occur, the average length of known frauds and the various costs associated with the type of fraud and have been devised by a panel of experts.

Note 2:

Output reviewed by Local Taxation team.

6.2 In addition, a longstanding and complex debt relating to a historic benefit fraud case has been realised, bringing £45,600 back to the organisation of which £4152 related to audit investigator costs. This figure has not been included in the above figures as it will have been reported previously.

7. Whistleblowing

7.1 Whistleblowing case statistics for 2023/24 to date are shown below, with outcomes from closed cases shown at Appendix 2.

Brought forward from 2022/2023	Received in 2023/2024	Closed in 2023/2024	In Progress
8	6	10	4

7.2 As part of continuous improvement the council's whistleblowing procedure is currently under review and will require consultation with HR and the Unions.

8. Resources

8.1 A Fraud Investigator Apprentice joined us in September this year and will be undertaking an accredited Counter Fraud Investigator qualification funded by the apprenticeship levy. In addition, one team member has completed the Counter Fraud Technician qualification.

8.2 With the addition of the apprentice and some reductions in hours by other team members, we currently have 10.6 FTEs in the Fraud Team.

6

9. 2023/2024 Q 3 and Q4 Priorities

9.1 Priorities for the third and fourth quarters of 2023/24 include:

- Completion of fraud risk assessment work including establishing a regular review process
- Enhancing and implementing the fraud prevention strategy.
- Implementing the fraud hub development plan to increase datasets uploaded and ideally matching with other neighbouring Local Authorities.
- Promotion of fraud awareness messages during International Fraud Awareness Week.
- Training in schools to promote 'fraud awareness'.
- A review of school admissions
- Procurement analysis - 'red flags'
- Fraud Prevention review – Childrens Direct Payments

Appendix 1

Internal cases closed 1st April 2023 to 30th September 2023.

Growth and Regeneration

Service Area	Allegation	Outcome
Traffic and Highways Maintenance	Employee abusing their position by voiding parking tickets for a friend.	Report issued. No evidence of fraud or breach of the code of conduct.
Property, Assets and Infrastructure	Tenancy fraud and breaches of the Code of Conduct	Employee dismissed. Prosecution for tenancy fraud ongoing
Housing and Landlord Services	Employee abusing their position to assist a housing application.	No evidence of fraud. Allegation unsubstantiated.

Adults and Communities

Service Area	Allegation	Outcome
Adult Social Care	Undeclared conflict of interest and 2nd job.	No evidence of fraud. Report issued with various recommendations to improve management controls.
Adult Social Care	Council Tax Reduction fraud	Final written warning given.
Adult Social Care	Test and Trace payment fraud.	Recovery of sum obtained. Employee concerned resigned.

Resources

Service Area	Allegation	Outcome
Finance	Fraudulent attempt to change supplier bank details.	Payment prevented.

Schools

Service Area	Allegation	Outcome
Free School Meals Vouchers	School email account hacked	Vouchers promptly stopped to prevent significant loss. New controls in place. Reported to Action Fraud. Alert issued in a news bulletin to all schools.

Appendix 2

Whistleblowing cases closed 1st April 2023 to 27th October 2023

Growth & Regeneration

Service Area	Allegation	Outcome
Housing and Landlord Services	Anonymous allegation of a senior manager influencing the report of an external consultant.	No evidence to support the allegation.
Housing and Landlord Services	Concerns around the quality of aids and adaptions work undertaken by framework contractor under the management of the accessible homes team.	Concerns raised with the relevant managers and improvements were made to strengthen the process and communication between Occupational Therapists and the Accessible Homes Team.
Housing and Landlord Services	Allegation that an employee working for a BCC contractor was working longer hours than permitted on student visa.	The allegation was raised with the supplier who denied the allegation. The relevant contract manager in BCC agreed to monitor this as part of their contract management arrangements.
Housing and Landlord Services	Breakdown in relationship between staff and management increasing the risk of service failure.	This allegation was linked to an ongoing employee dispute with the Unions. No investigation was undertaken but matter raised with management for awareness.
Housing and Landlord Services	Anonymous allegation that work was being given to named contractors outside of any contractual arrangement.	The allegation was not proven.
Housing and Landlord Services	Anonymous allegation that contractor being paid at rates inflated above agreed schedule of rate.	Sample testing undertaken and allegation not proven.

Adults & Communities

Service Area	Allegation	Outcome
Adult Social Care	Concern that Adult Social care staff are making calls about clients in a non-restricted area in Temple Street breaching data protection and ethics.	Affected Team moved to a designated area in City Hall. Staff reminded of need for confidentiality by management.
Adult Social Care	Anonymous allegation of discrimination of employee in respect of disability and race, linked also to a grievance.	No evidence found of wider issues of discrimination in the area. The specific case was dealt with through the grievance process. Attempts to engage with the Whistleblower to explore the possible discrimination claims were unsuccessful.

Children & Education

Service Area	Allegation	Outcome
Childrens Services	Safeguarding issue regarding an alarm that was not set in a children's home enabling a young person to abscond.	Established that the purpose of the alarm was detect intrusion and not to restrict movement of young persons in the home. However, the alarm has subsequently been activated as a further safeguard.

Audit Committee
20th November 2023

Report of: Chair of Audit Committee

Title: **Audit Committee's Half Yearly Report to Full Council 2023/24 - DRAFT**

Ward: N/A

Officer Presenting Report: Simba Muzarurwi, Chief Internal Auditor

Recommendations

The Committee consider and approve the Audit Committee Half Year Report to Full Council.

Summary

The report provides a summary of key matters arising from the work of the Audit Committee this year to date which should be highlighted to Full Council. The report is due to be considered by Full Council at their meeting on 12th December 2023.

The significant issues in the report are:

- Key areas to highlight to Full Council from the work of the Committee are reflected in Section 2 of the attached report.

Policy

1.   Audit Committee Terms of Reference.

Consultation

2.   **Internal**
        Audit Committee Members
3.   **External**
        None

Context

Audit Committee Half Year Report to Full Council:

4.   In line with the requirements of their Terms of Reference, the Audit Committee provides both an Annual Report and Half Year Report to Full Council. The purpose of these reports is to highlight to Full Council key issues arising from the Committee's work in relation to the control, risk and governance arrangements at the Council. A Half Year Report to Full Council has been drafted and is attached at Appendix A.

Proposal

5.   Committee to review the Draft Half Year Report to Full Council to ensure it reflects the issues they feel should be brought to Full Council attention at this time. The Committee approve the report for submission subject to any amendments required.

Other Options Considered

6.   None

Risk Assessment

7.   The assurances provided by an effective Audit Committee to Full Council are a key part of the Council's governance framework. This report highlights potential areas where assurances require further monitoring by Audit Committee and improvement actions that will enhance the effectiveness of the Audit Committee.

Public Sector Equality Duties

8a)   Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

        i)   Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.

ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --

- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;

- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);

- encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
- tackle prejudice; and
- promote understanding.

8b) No equality impact anticipated from this report

Legal and Resource Implications

Legal
N/A

Financial
(a) Revenue – N/A
(b) Capital – N/A

Land/Property N/A

Human Resources N/A

Appendices:

Appendix A – Draft Audit Committee Half Year Report to Full Council.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers:

Audit Committee Papers.

BRISTOL CITY COUNCIL

AUDIT COMMITTEE

Half Year Update to Full Council
2023-24

1

1.   Introduction and Context:

1.1   The purpose of the Audit Committee is to provide independent assurance on the adequacy of the risk management framework, internal control environment and the integrity of the financial reporting and annual governance processes. It is the primary means by which Full Council obtains assurance that governance, risk management and control systems are in place and effective. The Audit Committee's responsibilities are additional and supportive to those of the Section 151 Officer.

1.2   The Value and Ethics Committee is a sub-committee of the Audit Committee set up to deal with matters relating to the ethical framework affecting Members of the council, their behaviour and compliance with the Member Code of Conduct.

1.3   This report provides details of the Committee's and sub-committee's work this year to date and provides early highlights to Full Council of key issues that require monitoring by or support from the Committee to engender improvements to the internal control, governance and risk management arrangements across the Council.

2.   Key Issues

2.1   Details of the reports considered to date by the Committee are provided in Appendix 1. Key messages to bring to Full Council's attention from this work to date are included below:

Governance:

2.2   The Committee contributed to the review of the 2022/23 Annual Governance Statement to ensure it was reflective of the Council's governance, risk management and internal control arrangements and identifies actions to improve where appropriate. The statement concluded that governance arrangements are generally working as expected. However, three significant governance issues from 2021/22 remain open and a further significant issue was identified from the 2022/23 review. Progress against improvement in these areas will continue to be monitored by the Committee. In summary the issues are:

Open issues from 2021/22:

- **Dedicated Schools Grant (DSG).** The in-year forecast deficit on the DSG is significant which when added to the brought forward balance means that the DSG was carrying a year end deficit of £39.7m at the end of March 2023. The main financial challenge continued to be the High Needs block where Bristol had been unable to deliver local need within the budget available.

- **Procurement Breaches.** The high number of breaches of the Council's procurement rules remained a concern. The majority of non-compliance related to extending or entering into new contracts without first seeking the required sign offs or direct awarding when the Council's internal procurement rules require competition. When the procurement rules are breached, there is an increased risk of failure to achieve best value and to meet key service objectives.

- **Savings.** The Council continues to face challenges in delivering required savings. Out of the £24.2m of savings planned for delivery within the 2022/23 budget only 66% was achieved on a recurrent basis. In part, the savings shortfall was mitigated by utilising £4.1m of the savings/optimism bias contingency.

2

New issue emerging from 2022/23 review:

- **Childrens Services**. An ILACS (Inspecting Local Authority Childrens Services) inspection during 2022/23 identified the need for essential improvements to move the service from 'Requiring Improvement' to 'Good'. The services operate in a complex environment with increased demand, insufficient supported housing supply, recruitment and retention challenges and savings not delivered. This resulted in a significant overspend by the service in 2022/23.

2.3 Internal Audit has completed an early review of the organisation's readiness for the adoption of the committee system in May 2024. A reasonable assurance opinion was provided. Evidence was obtained that showed reasonable progress is being made to implement the new arrangements. This will be discussed at the Committee's November 2023 and meeting the Chair will also share this outcome with the Chair and Vice-chair of the Committee Model Working Group.

2.4 The Values and Ethics Committee was presented with a report outlining a revised complaints process. Members expressed a number of concerns and it was agreed that a workshop is held to review the proposals and make recommendations as appropriate.

2.5 Following a recommendation from the External Auditor, an independent review into the management of the redevelopment of Bristol Beacon is underway and this will be considered by the Committee in the New Year.

Control Environment:

2.6 The Chief Internal Auditor has reported 'Reasonable Assurance' that in 2022/23 the Council's systems of internal control, governance and risk management were adequate and operating effectively. In giving this opinion, the Chief Internal Auditor acknowledged a number of areas, noted below (where not included elsewhere in this report) as requiring improvement. A core part of the Committee's work will include monitoring improvements in these areas:

- Maintained Nursery Schools Deficit
- Contract Management
- Information technology (due to slow progress in implementing agreed improvements)
- Core Systems Access Controls
- Adult Social Care Transformation and Budget Management
- Corporate Property Disposals
- Grant Management
- Health and Safety
- Business Continuity.

2.7 In addition, in 2023/24 to date, the Committee has received details of limited assurance reports by Internal Audit in respect of Agency Staff, Transition from Children to Adults, Debt Management and Health and Safety processes. Where the Chief Internal Auditor provides limited or no assurance in areas, the Committee receives detailed updates from management about actions to improve control arrangements. Actions implementation is monitored by the Committee to ensure the priority remains to implement the improvement actions and maximise the use of audit management software to embed monitoring of this.

2.8 Counter fraud work continues to generate significant savings and other benefits for the Council including recovery of housing properties for relet to people with a genuine need. Fraud risks are understood and mitigated by a programme of fraud prevention activities.

3

Where fraud occurs, it is investigated with appropriate action taken against offenders. The team prioritise whistleblowing referrals and improving arrangements to encourage people to report concerns.

Risk Management:

2.9 The Committee continues to monitor the development and maturity of the Council's risk management arrangements and has been provided with a detailed action plan of improvements being made during the current year.

2.10 In addition to having oversight of the Quarterly Risk Report in line with existing practice, officers are facilitating more detailed examination of particular risks chosen by committee members. At its September 2023 meeting:

- the Committee received a detailed update from the Director: Policy, Strategy and Digital regarding the progress around ICT improvements being made and this included an update on progress with plans to address the root causes of previous limited assurance reports relating to IT and digital matters.

- the Committee conducted a "deep-dive" on Corporate Risk CRR13 - CRR13 - Financial Framework and Medium-Term Financial Plan (MTFP) in order to gain a fuller understanding of the risk and the mitigation measures being adopted.

Value for Money:

2.11 The Committee received an Interim Report from the External Auditors. Their work reflected the matter in relation to procurement breaches (referenced above) as a significant weakness. Other improvement recommendations were made relating to a number of areas.   The Committee will monitor actions taken in response to their recommended improvements.

Financial Statements:

2.12 Following finalisation of audit work by the External Auditor, the Committee has now been able to approve the Council's Financial Statements for 2020/21.

3. Looking Forward

3.1 Going forward, the Committee's work programme has been extended to include updates in relation to the Council's priority transformation programmes to gain assurance that the governance, internal control and risk management arrangements will support delivery of these objectives.

3.2 Before the end of the financial year, the Committee will hold a workshop to review the Committee's effectiveness. This will identify areas of good operational practice as well as provide an opportunity for Committee members to reflect on areas that may need improvement going forward. This will inform the learning and development plan for Committee members in 2024/25

4. Acknowledgements

4.1 The Audit Committee would like to extend its continued thanks and appreciation to all the officers who have contributed reports and responded to questions from committee members. This enables the Committee to carry out its vital role in ensuring governance, risk management and internal control are in place and continually improving.

4

Reports Considered by Audit Committee During 2023/24 to date:

Audit Committee	
Meeting Date	**Papers Considered**
30th May 2023	• Grant Thornton 2020/21 Audit Opinion Report • Internal Audit Annual Report 2022/23 • Fraud Annual Report 2022/23 • Draft Annual Governance Statement 2022/23 • Internal Audit 2023/24 Q2 Priorities • Statement of Accounts Year Ended 31 March 2021 • Draft Statement of Accounts 2022/23 • Q4 2022/23 Corporate Risk Report Update • Senior Information Risk Owner Update
24th July 2023	• Interim Auditors Annual Report on Bristol City Council 2021/22 & 22/23 • Q1 2023/24 Corporate Risk Report Update • Internal Audit Update Report • Internal Audit Exceptions Report • Audit Committee Annual Report to Full Council – Draft Report • Update on the Council's Debt and Arrears Position
25th September 2023	• Grant Thornton ISA 260 Report 2021/22 • Statement of Accounts Year Ended 31 March 2022 • Internal Audit Activity Report • Internal Audit Q3 Priorities • Treasury Management Annual Report 2022/23 • Risk Management Annual Report 2022/23 • Q2 2023/24 Corporate Risk Report • Audit Committee Corporate Risk Deep dive - CRR13 (MTFP) • Annual Report of the Local Government and Social Care Ombudsman • Digital Transformation Programme Update • Update regarding Governance changes relating to the councils wholly owned companies. - September 2023 • Bristol City Council Trading Companies Annual Comprehensive Assurance statements
Values and Ethics (Sub) Committee	
25th September 2023	• Summary of complaints against Councillors and revised Complaints Procedure • Member Code of Conduct • Member Officer Protocol.

5

Audit Committee

20th November 2023

Report of:	Chief Internal Auditor
Title:	Internal Audit Quality Assurance Improvement Programme
Ward:	N/A
Officer Presenting Report:	Simba Muzarurwi – Chief Internal Auditor
Contact Telephone Number:	07768476966

Recommendation

The Audit Committee to approve:
(i) the Internal Audit Quality Assurance and Improvement Programme (QAIP) – Appendix 1;
(ii) the Internal Audit Charter – Appendix 2; and
(iii) the Internal Audit Strategy – Appendix 3.

Summary

In accordance with the Public Sector Internal Audit Standards (PSIAS), Internal Audit is required to maintain a QAIP and report against it in its Annual Report to the Committee. The QAIP must cover all aspects of the internal audit activity which must include both internal and external assessments. The QAIP is underpinned by the Internal Audit Charter which sets out how the Service will comply with the PSIAS and its place within the organisation and the Internal Audit Strategy that sets out the framework for internal audit activities at the Council.

This QAIP, Internal Audit Charter and Internal Audit Strategy are presented to the Audit Committee for consideration and approval, as required by the PSIAS.

Significant Matters Arising:
- The QAIP includes the update on the implementation of recommendations arising from the previous report and identifies new improvement actions.

- The Internal Audit Charter and Internal Audit Strategy were last reviewed and approved by the Committee in November 2022.

1.   Policy

The PSIAS require the Internal Audit service within the organisation to set out its quality assurance arrangements in the form of a QAIP and to define its role, responsibilities and authority in the form of a Charter, which includes an explanation of the way in which the internal audit function will comply with the PSIAS. The monitoring of performance against the QAIP and adherence to the Charter must be assessed and reported to the Audit Committee on an annual basis.

2.   Consultation

Internal – CLB including S151 Officer, Cabinet Member for Governance, Resources and Finance.

External – N/A

3.   Context

3.1   The PSIAS sets out the requirement for a QAIP:

"The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit activity which must include both internal and external assessments."

3.2   The QAIP sets out how this process will work. Reporting against the QAIP will be included in the Annual Internal Audit report.

3.3   The Charter defines the purpose, authority, scope and responsibility of the Internal Audit service and is consistent with the mandatory requirements of the Public Sector Internal Audit Standards (PSIAS) and the supporting Local Authority Guidance Note (LGAN) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA). It also meets the PSIAS requirement for Internal Audit's risk-based plan to incorporate or link to a strategic or high-level statement.

3.4   It is the responsibility of the Chief Internal Auditor to ensure that the Internal Audit Charter is reviewed each year in order to confirm the Service's compliance with the requirement as detailed in the Charter, as well as to maintain the Charter's relevance to both the Internal Audit Service and the organisation as a whole. The single amendment made relates to the Chief Internal Auditor periodically receiving assurance on the Internal Audit Strategic Partner's conformance to the Internal Auditing Code of Ethics and the PSIAS.

3.5   The Internal Audit Strategy outlines how internal audit activities will be undertaken within the Council and defines the key principles and approach to be used. It further enhances the processes that form the basis for the annual opinion which informs the Council's Annual Governance Statement and seeks to maximise collaborative working opportunities with other assurance providers such as external auditors, external assessment teams and regulatory compliance teams.

The Strategy has been informed by various guidance from the CIIA and CIPFA. The Strategy is underpinned by the following principles:

- Continuous use of an internal audit strategic partner
- Increased use of analytics
- Agile auditing and reporting
- Succession planning and building resilience in the team
- Increased reliance on continuous auditing and continuous monitoring methodologies
- Increased use of other assurances – more investment in assurance mapping and reporting

4. Proposal

4.1 Consistent with the PSIAS, the Committee consider and approve the updated QAIP, Internal Charter and Internal Audit Strategy. This also gives the Committee the opportunity to understand how the internal audit service is governed and delivered within the Council.

5. Other Options Considered – N/A

6. Risk Assessment

The work of Internal Audit minimises the risk of failures in the Council's internal control, risk management and governance arrangements, reduces fraud and other losses and increases the potential for prevention and detection of such issues. The PSIAS provide for an effective independent and objective Internal Audit Service, ensuring a good standard of service to the organisation, whilst at the same time providing the Internal Audit Service with wider support in terms of maintaining its independence and freedom from influence.

Public Sector Equality Duties

No Equality Impact anticipated from this report.

Legal and Resource Implications

Legal – N/A
Financial – N/A
Land – N/A
Personnel – N/A

Appendices:
Appendix 1 – Internal Audit Quality Assurance and Improvement Programme

Appendix 2 – Internal Audit Charter

Appendix 3 – Internal Audit Strategy

Potential Publication

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Public Sector Internal Audit Standards.

Internal Audit
Quality Assurance and
Improvement Programme
(QAIP)

Internal Audit Services

1   Introduction

1.1   The Standards for proper practices in relation to internal audit are laid down in the Public Sector Internal Audit Standards (PSIAS). The PSAIS set out the ethical, attribute and performance standards for an effective Internal Audit service. Compliance with the standards should be assessed internally and subject to periodic, independent external quality assessment. The PSIAS requires that Internal Audit sets out its quality assurance arrangements in the form of a Quality Assurance Improvement Plan (QAIP).

1.2   The PSIAS sets out the requirement for a QAIP:

"*The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit activity which must include both internal and external assessments.*"

1.3   The QAIP is designed to provide reasonable assurance to the various stakeholders of the service that Internal Audit:

▪ Performs its work in accordance with its Charter, which is consistent with the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Statement on the role of the Head of Internal Audit;

▪ Operates in an effective and efficient manner; and

▪ Is perceived by stakeholders as adding value and continually improving its operations.

1.4   Internal Audit's QAIP covers all aspects of Internal Audit activity in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:

▪ Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner (1300);

▪ Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics (1300);

▪ Helping the Internal Audit activity add value and improve organisational operations (1300);

▪ Undertaking both periodic and on-going internal assessments (1311); and

▪ Commissioning an external assessment to the Audit Committee at least once every five years, the results of which are communicated to the Audit Committee (1312 and 1320).

1.5   The Chief Internal Auditor is ultimately responsible for the QAIP, which covers all types of Internal Audit activities, including consulting.

2   Internal Assessments

2.1   In accordance with the PSIAS Standard, internal assessments are undertaken through both on-going and periodic reviews.

On-going Reviews

2.2   Continual assessments of quality are undertaken via:

- Effective planning, allocation of audit resources and reporting of activities;

- Management supervision of all engagements;

- Structured documented review of working papers and draft reports by Internal Audit Management;

- Feedback from audit clients obtained through regular audit engagement using the Audit Client Engagement model;

- Monitoring of key performance targets and annual reporting to the Audit Committee;

- Monitoring and reporting the implementation of agreed management actions;

- Regular training for the team;

- Use of data analytics and audit management software; and

- Review and approval of complex, and high risk outputs including all limited and no assurance opinions by the Chief Internal Auditor.

Periodic Reviews

2.3   The Internal Audit Service operates to a Charter that mandates compliance with relevant professional standards and specifically the definition of Internal Auditing, the Code of Ethics and the PSIAS which is regularly reviewed.

2.4   Periodic assessments are designed to evaluate conformance with these standards and are conducted via:

- Quarterly Progress Reports to the Audit Committee which includes progress against the annual plan, reports issued during the period including details of the opinion and summaries of key issues and

outcomes from the work undertaken in the period;

- Annual self-assessment of conformance with PSIAS;

- Annual review of compliance against the requirements of the QAIP, the results of which are reported to senior management and the Audit Committee;

- Feedback from the Section 151 Officer and Chair of the Audit Committee to inform the annual appraisal of the Chief Internal Auditor in accordance with Standard 1100;

- At least annual performance reviews for each Internal Auditor; and

- Regular review of individual auditors' compliance with their continuous professional development requirements.

2.5   Significant areas of non-compliance with PSIAS identified through internal assessment will be reported in the Internal Audit Annual Report and used to inform the Annual Governance Statement.

2.6   Results of internal assessments will be reported to the Audit Committee at least annually. The Chief Internal Auditor will implement appropriate follow-up to any identified actions to ensure continual improvement of the service.

2.7   The Chief Internal Auditor will also periodically identify improvement requirements, for example in respect of audit planning, assurance mapping, audit processes, counter fraud, skills development for the team, audit profile and performance.

3   External Assessments

3.1   Consistent with the PSIAS, an external assessment occurs at least once every five years to ensure continued application of professional standards. The appointment of the External Assessor and scope of the External Assessment for the external assessment is approved by the Audit Committee.

3.2   A Peer Review was undertaken in 2017 by Sheffield City Council which produced 28 recommendations. All these recommendations have now been fully implemented and closed.

3.3   In February 2023, another Peer Review was conducted by Nottingham City Council which concluded that Bristol City Council's Internal Audit Service **conforms** to the requirements of the Public Sector Internal Audit Standards. A single recommendation was made which has now been fully implemented.

3.4   The outcomes from the last Peer Review were presented to the Audit Committee in March 2023.

Internal Audit Services

4   Review of the Quality Assurance and Improvement Programme (QAIP)

4.1   The QAIP is reviewed at least annually. Appendix A provides an update on the implementation of agreed recommendations from the last Peer Review and any new actions arising from the 2023/24 self-review.

APPENDIX A

Quality Assurance and Improvement Programme Action Plan

Implementation of Peer Review Recommendations		
Peer Review Date	**Recommendation**	**November 2023 Update**
February 2023	Update the Internal Audit Charter to reflect the resourcing approach used by Bristol City Council Internal Audit in delivering assurance activities including the use of a strategic partner and other applicable resourcing arrangements.	Complete. Charter updated to reflect the recommended addition.
QAIP Improvement Actions		
QAIP Element	**Action**	**November 2023 Update**
Processes	Implement continuous monitoring and continuous auditing methodologies.	**Ongoing**
Processes	Introduce agile auditing methodologies.	**Ongoing**
Processes	Enhancing expertise in computer assisted audit techniques and data analytics.	**New**
Processes	Reintroduce annual feedback survey on internal audit performance	**New**
Process	Formalising the arrangements for obtaining feedback from the Chair of the Audit Committee and Chief Executive on the Chief Internal Auditor's performance	**New**

BRISTOL
INTERNAL AUDIT

INTERNAL AUDIT CHARTER

| **1.** | ***Introduction:*** |

1.1 The Chief Executive as the Head of Paid Service and the Section 151 Officer are responsible for maintaining an effective and appropriately resourced internal audit function, in line with the Accounts and Audit Regulations (2018). The regulations specifically require that "*A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and taking into account public sector internal auditing standards or guidance*".

1.2 This Internal Audit Charter defines the purpose, authority, scope and responsibility of the Internal Audit service and is consistent with the mandatory requirements of the Public Sector Internal Audit Standards (PSIAS) and the supporting Local Authority Guidance Note (LGAN) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA).

| **2.** | ***Purpose and mission:*** |

2.1 The purpose of the Bristol City Council Internal Audit Service is to provide independent, objective assurance and consulting services designed to add value and improve Bristol City Council's operations.

2.2 The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit Service helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes consistent with the Bristol City Council Internal Audit Strategy.

2.3 The Internal Audit Service will govern itself by adherence to the Public Sector Internal Audit Standards (PSIAS) including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, the Definition of Internal Auditing and the CIPFA Statement on the role of the head of internal audit.

2.4 The Chief Internal Auditor will report periodically to senior management and the Audit Committee regarding the Internal Audit Service's conformance to the Code of Ethics and the PSIAS.

2.5 The internal audit activity will be delivered by the in-house team with capacity and resilience support from a Strategic Partner. The Chief Internal Auditor will periodically receive assurance from the Strategic Partner on the Strategic Partner's conformance to the Internal Auditing Code of Ethics and the PSIAS.

3. *Authority:*

3.1 The Chief Internal Auditor will report functionally to the Audit Committee and administratively (i.e., day-to-day operations) to the Director of Finance (Section 151 Officer). The Director of Finance is a Corporate Leadership Board (CLB) member in their own right and these management arrangements meet the PSIAS requirements. To establish, maintain, and assure that the Internal Audit Service has sufficient authority to fulfil its duties, the Audit Committee will:

- Approve the Internal Audit Charter.

- Approve the risk-based internal audit plans.

- Receive communications from the Chief Internal Auditor on the Internal Audit Service's performance relative to its plan and other matters.

- Approve decisions regarding the appointment and removal of the Chief Internal Auditor.

- Make appropriate inquiries of management and the Chief Internal Auditor to determine whether there is inappropriate scope or resource limitations.

3.2 The Chief Internal Auditor will have unrestricted access to, and communicate and interact directly with, the Audit Committee including in private meetings without management present.

3.3 In accordance with the PSIAS internal audit shall have right of access to all:

- records, documents, correspondence, data or information systems, including those of third parties,

- assets including those held on behalf of others,

- personnel,

- premises or land

- information, explanations or assistance as it considers necessary to fulfil its responsibilities from any employee, contractor, supplier, customer, partner

- Senior Management and Statutory Officers, the Mayor, Cabinet and Audit Committee

These rights also apply to organisations which have links with or provide services on behalf of the Council, its group companies and associated partnerships where the Council has a statutory or contractual entitlement to exercise such right. These rights shall be included in all contractual arrangements entered into with such organisations.

3.4 Consistent with the Internal Audit Strategy, the remit of Internal Audit covers the whole of the Council, its companies and other joint working arrangements where the Council

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is the Accountable Body as well as contract arrangements where the right of audit is included within the contract.

4. *Independence and objectivity:*

4.1 The Chief Internal Auditor will ensure that the Internal Audit Service remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content.

4.2 Internal Audit is independent of the activities that it audits to ensure the unbiased judgements essential to its proper conduct and impartial advice to management. The Chief Internal Auditor reports to the Audit Committee, on a regular basis, on the organisational independence of the Internal Audit service.

4.3 Internal Audit operates within a framework that allows unrestricted access to senior management and Council, particularly the Mayor, the Chair of the Audit Committee, the Chief Executive and the CLB. The Chief Internal Auditor reports in his/her own name to the CLB and the Audit Committee.

4.4 Should the independence or objectivity of the Internal Audit service be impaired in fact or appearance, the Chief Internal Auditor will disclose details of the impairment to the S.151 Officer and / or Chair of the Audit Committee depending upon the nature of the impairment.

4.5 When requested to undertake any additional roles / responsibilities outside of Internal Auditing, the Chief Internal Auditor must highlight to the Audit Committee any potential or perceived impairment to independence and objectivity having regard to the principles contained within the Code of Ethics. The Audit Committee must approve and periodically review any safeguards put in place to limit impairments to independence and objectivity.

4.6 As far as practicable, Internal Audit does not participate in the day to day operation of any systems without agreement of the Audit Committee. However, in strict emergency situations only, Internal Audit staff may be called upon to conduct operational work. In those instances, those seconded to operational areas will not be assigned to provide audit services to those parts of the organisation for a period of one year from the date they finish the secondment.

4.7 Where non-audit work, or consultancy work, is requested or required, the Chief Internal Auditor ensures that there are no conflicts of interest arising from undertaking the non-audit work, or consultancy work and if necessary makes alternative arrangements for internal audit review of any area where such a conflict exists.

4.8 Where new colleagues join Internal Audit from a different part of the Council, they do not complete audit work in their previous area of responsibility for a period of at least 1 year.

4.9 Internal Audit has responsibility for collating assurances in support of the Council's Annual Governance Statement; for drafting the Statement and for facilitating management review. The Chief Internal Auditor does not have line management

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responsibility for those staff involved in governance processes and does not consider that the responsibilities in respect of the Annual Governance Statement restrict the ability to report objectively on governance.

4.10   Internal Audit manages the Council's whistle-blowing arrangements, including provision of a helpline and, where appropriate investigates instances of suspected or actual fraud, corruption or impropriety. To manage the self-review risk, an independent audit is commissioned every two years with outcomes being reported to the Audit Committee and Corporate Leadership Board.

5.   Definitions and Responsibilities of Officers and the Council in Relation to Internal Audit:

For the purpose of this Charter the following definitions apply:

- *The Board* is the Audit Committee - those charged with independent assurance on the adequacy of the Council's risk management framework, the internal control environment and the integrity of financial reporting arrangements. This includes oversight of the internal audit function and its activity

- *Chief Executive and Head of Paid Service* is also the Executive Director: Resources - who has responsibility for ensuring good governance, risk management and internal control arrangements exist and operate

- *Senior Management is the Corporate Leadership Board (CLB)* - those responsible for the leadership and the direction of the Council. Senior Management are also responsible for ensuring that internal control, risk management, and governance arrangements are sufficient to address the risks facing their Directorates and Services including the risk of fraud and corruption

- *Section 151 Officer* - is the Director of Finance - the Section 151 Officer is responsible for: ensuring lawfulness and financial prudence of decision making; providing financial advice; internal control; risk management; setting financial standards; and ensuring key financial controls are in place to secure sound financial management; ensuring there is adequate and effective internal audit service

- *Monitoring Officer* - is the Director of Legal and Democratic Services – responsible for maintaining the Constitution; ensuring lawfulness and fairness of decision making; providing legal advice; and conducting member investigations. As such the Monitoring officer works closely with internal audit on governance matters.

6.   Scope of internal audit activities

6.1   The scope of internal audit activities which is aligned with the Internal Audit Strategy encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for Bristol City Council. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.

- The actions of the Council's members, officers, directors, employees, and contractors are in compliance with the Council's policies, procedures, and applicable laws, regulations, and governance standards.

- The results of operations or programs are consistent with established goals and objectives.

- Operations or programs are being conducted effectively and efficiently.

- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Bristol City Council.

- Information and the means used to identify, measure, analyse, classify, and report such information are dependable and have integrity.

- Resources and assets are acquired economically, used efficiently, and protected adequately.

7. *Internal Audit Activities:*

7.1 *Internal Audit Plans*

7.1.1 The primary task of Internal Audit is to review the systems of governance, risk management and internal control operating throughout the Council and in this a predominantly risk based approach to assessing controls is adopted.

7.1.2 Risk based plans of internal audit work are prepared quarterly. The plans are derived from a risk assessment which is informed by the views of management, the Council's risk registers, performance management reports and the assurance framework.

7.1.3 The audit plans are discussed with the CLB and the Section 151 Officer before review and approval by the Audit Committee. The CLB is provided with details of the annual plan for information. The audit plans are reviewed quarterly to ensure that it reflects current risks. Any significant changes to the agreed plan are reported to the Audit Committee through the periodic activity reporting process.

7.2 *Audit and Assurance Reviews*

7.2.1 For each audit assignment within the quarterly audit plans, a 'Terms of Reference' is drawn up and shared with the relevant managers. The Terms of Reference identifies the key risks to the achievement of Council objectives and identifies the scope of the work being conducted.

7.2.2 During the course of the audit, key issues are brought to the attention of the relevant manager to enable them to take corrective action. On completion of the audit, Internal Auditors communicate the results of the audit to the relevant Chief Executive / Director / Executive Director.

7.2.3   The completion of each planned assignment leads to individual reports to Heads of Service and /or Directors of Service and Executive Directors and these may include an opinion on the control framework in place to manage the risks in the area reviewed. These opinions, together with other knowledge of issues identified in other audit work, assist the Chief Internal Auditor in providing an overall opinion on the control environment to management for the Annual Governance Statement.

7.3   Fraud and Irregularity work

7.3.1   The PSIAS recognise that Internal Audit may go beyond the work needed to meet its assurance responsibilities and provide services to support management, including consultancy services or assistance with the investigation of suspected fraud or corruption. Such services apply the professional skills of internal audit and contribute to the overall assurance opinion.

7.3.2   Internal Auditors plan and evaluate their work to have a reasonable chance of detecting fraud. However, Internal Audit is not responsible for the prevention or detection of fraud and corruption. Managing the risk of fraud and corruption is the responsibility of management.

7.3.3   The Council's Anti-Fraud, Bribery and Corruption Policy requires the Chief Internal Auditor to be informed of all suspected or detected fraud. A fraud risk assessment is performed on all suspected or detected fraud which determines whether the irregularity is investigated by Internal Audit or by the relevant directorate with support from Internal Audit where required.

7.3.4   Investigation of fraud and corruption is conducted in compliance with statutory requirements and the fraud investigation protocol, by staff with the necessary skills to do so.

7.3.5   In addition to determining the extent of the fraud, attention is given to correction of any control failures to prevent recurrence of the fraud.

7.3.6   Internal Audit facilitates participation in the National Fraud Initiative, which matches data from Council information systems with information held by other bodies to identify potentially fraudulent activity.

7.3.7   As well as responding to incidents of fraud and corruption, Internal Audit staff maintains and deliver a programme of pro-active fraud prevention and detection work including national initiatives to prevent and detect fraud and testing of priority fraud risk areas.

7.4   Consultancy Reviews as Requested/Required

7.4.1   Internal Audit provides both statutory and discretionary services. Discretionary services provided by Audit are a form of consultancy. These services may be on request by management or the Council, or recommended by Internal Audit. Each of these reviews has a clearly defined and agreed Terms of Reference with agreed timescales for completion of the work and agreed reporting format.

7.4.2   In addition to planned audit reviews, Internal Audit offer advice on the internal control implications of new systems being implemented across the Council, as well as guidance and advice with regard to transformation projects within the Council.

7.4.3   The Chief Internal Auditor ensures that no conflicts of interest arise from undertaking any consultancy work by reviewing the scope of the work to be undertaken and maintaining Internal Audit's independence from management functions.

7.4.4   Where significant consultancy reviews are commissioned in year, outside of the approved plan, then Audit Committee approval is sought in advance.

7.5   *External Clients*

7.5.1   Internal Audit provides internal audit services and assurances to a number of public sector / quasi-public sector clients including Bristol City Council wholly owned companies, WECA (grant certifications) and Academies.

7.6   *Reporting to the Audit Committee*

7.6.1   The Chief Internal Auditor will report periodically to senior management and the Audit Committee regarding:

- The Internal Audit Service's purpose, authority, and responsibility.

- The Internal Audit Service's plan and performance relative to its plan.

- The Internal Audit Service's conformance with The IIA's Code of Ethics and *Standards,* and action plans to address any significant conformance issues.

- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee.

- Results of audit engagements or other activities.

- Resource requirements.

- Any response to risk by management that may be unacceptable to the Council.

7.7   *Assurance Mapping*

7.7.1   The Chief Internal Auditor also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Audit Service may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit Service does not assume management responsibility.

7.7.2   Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

7.8   *Reporting; Follow Up and Escalation Procedures:*

7.8.1 Following the completion of all audit assignments a draft internal audit report is issued containing an opinion on the level of assurance that can be deemed from the control environment. The report outlines the findings or weaknesses, their causes and the associated risks and implications to the Council. Internal Audit will then engage with the relevant Senior Responsible Officers to agree the appropriate management actions required to address the weaknesses identified.

7.8.2 It is the full responsibility of the relevant Senior Responsible Officers to implement the agreed management actions and senior management are responsible for ensuring that there are appropriate arrangements for monitoring and reporting the progress in the implementation of agreed management actions

7.8.3 Under the escalation element of this procedure, some audits with a no or limited assurance opinion will be subject to re-performance in the following year.

7.8.4 Internal Audit uses the Pentana Audit Management System to monitor and report the implementation of agreed management actions. The progress in the implementation of agreed management actions is reported to the Audit Committee as part of its regular activity reports. Repeated failure to implement the agreed management actions will be reported to CLB and the Audit Committee, who may call the appropriate Senior Responsible Officer to account for the failure to correct the control environment.

7.8.5 The Chief Internal Auditor routinely reports to the Audit Committee providing Activity Reports to every meeting, together with an annual report incorporating details of significant control issues identified by audit work. The annual report provided by the Chief Internal Auditor includes the required opinion on the risk management and control arrangements in place and as such is an essential assurance to management in making their Annual Governance Statement.

7.9   Collaboration and Liaison with Other Auditors

7.9.1 The External Auditor has a statutory duty to express an opinion on the Council's financial statements and a Value for Money opinion on its arrangements for securing economy, efficiency and effectiveness. In doing so, there is potential for duplication of work completed by Internal Audit, particularly now that International Standards for Auditing (which apply to External Auditors) require a more detailed understanding of systems. Wherever possible, the Chief Internal Auditor seeks to co-ordinate the work of Internal Audit with that of the External Auditor through sharing of plans and quarterly liaison meetings, where appropriate.

7.9.2 The Chief Internal Auditor also consults with equivalents in neighbouring local authorities where services are shared or delivered jointly. Liaison is also ongoing with equivalents in Core City Local Authorities and the Local Authority Chief Auditors' Network.

8.   Responsibility

8.1   *Internal Audit responsibilities:*

The responsibilities incumbent on the Internal Audit Service are summarised below:

- Formulation and delivery of quarterly audit plans which will enable the Chief Internal Auditor to provide management and the Audit Committee with the required objective opinion on the internal control, governance and risk management arrangements in place across the Council to inform the Annual Governance Statement

- Support of the Section 151 officer in discharging their statutory duties

- Reporting significant risk exposures and control issues identified to management and the Audit Committee, including fraud risks, governance issues, and other matters and making recommendations for improvement

- Ensuring the Council has a robust and proactive approach to fraud identification and investigation, investigating alleged frauds and other irregularities

- The review and certification of grant/funding claims as required

- Providing reports to the Audit Committee to enable it to discharge its duties

- Communicating risk and control information to the appropriate officers across the Council, whilst providing expertise and guidance in the matter of risk management

- Facilitating the establishment of assurances in support of the Annual Governance Statement

- Raising awareness of internal control, risk management and governance across the Council

- Undertake ad-hoc audit reviews, as required by senior management.

8.2   Chief Internal Auditor responsibilities

Specifically, the Chief Internal Auditor has the responsibility to:

- Submit to senior management and the Audit Committee risk-based quarterly plans for review and approval.

- Communicate to senior management and the Audit Committee the impact of resource limitations on internal audit plans.

- Review and adjust internal audit plans, as necessary, in response to changes in Bristol City Council's business, risks, operations, programmes, systems, and controls.

- Communicate to senior management and the Audit Committee any significant changes to internal audit plans.

- Ensure each engagement of the internal audit plans is executed, including the establishment of objectives and scope, the assignment of appropriate and

adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.

- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Audit Committee any corrective actions not effectively implemented.

- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.

- Ensure the Internal Audit Service collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.

- Ensure trends and emerging issues that could impact Bristol City Council are considered and communicated to senior management and the Audit Committee as appropriate.

- Ensure emerging trends and successful practices in internal auditing are considered.

- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit Service.

- Ensure adherence to Bristol City Council's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Audit Committee.

- Ensure conformance of the Internal Audit Service with the *Standards*.

8.3 Responsibilities for senior management:

- Engagement in the Internal Audit planning process – providing insight into high risk areas within the respective directorates

- Nomination of responsible officers for all planned and ad-hoc internal audit reviews

- Timely engagement and clearance of relevant Terms of Reference, Audit queries, Draft and Final reports. Timely being defined as within a two week timeframe unless otherwise defined and/or agreed

- Engagement with the Internal Audit follow-up process, providing evidence of agreed management action implementation as and when implementation is achieved, should this be before a planned follow-up has commenced or after the follow-up has been completed.

9.   Code of Ethics

9.1   To enhance the environment of trust between Internal Audit and management, all staff involved in the delivery of Internal Audit services must comply with the Code of Ethics

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laid down in the PSIAS. Staff induction and training ensures all staff are aware of this requirement. Additionally, many Internal Audit staff are bound by the ethical codes of the professional bodies they have qualified with and all are bound by the Council's own Code of Conduct for employees Fundamentally, the following ethical principles are observed:

Integrity Principle

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement. Internal auditors:

- Shall perform their work with honesty, diligence and responsibility;
- Shall observe the law and make disclosures expected by the law and the profession;
- Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation; and
- Shall respect and contribute to the legitimate and ethical objectives of the organisation.

Objectivity Principle

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements. Internal auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation;
- Shall not accept anything that may impair or be presumed to impair their professional judgement; and
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

Confidentiality Principle

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so. Internal auditors:

- Shall be prudent in the use and protection of information acquired in the course of their duties; and
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

Competency Principle

Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services. Internal auditors:

- Shall engage only in those services for which they have the necessary knowledge, skills and experience;
- Shall perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing; and
- Shall continually improve their proficiency and effectiveness and quality of their services

9.2 Internal auditors must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life. These are

Principle	Description
Selflessness	Holders of public office should act solely in terms of the public interest.
Integrity	Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationship.
Objectivity	Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
Openness	Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
Honesty	Holders of public office should be truthful.
Leadership	Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

9.3 Internal Auditors are required to complete a Declaration of Interest every two years consistent with the Council's policy to ensure that any interests are known by management and safeguards can be put in place as required. Additionally, they are required to consider any potential conflicts of interest at the start of every audit assignment.

10. Quality assurance and improvement programme

10.1 The Internal Audit Service will maintain a quality assurance and improvement programme that covers all aspects of the Internal Audit Service. The program will include an evaluation of the Internal Audit Service's conformance with the *Standards* and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Audit Service's and identify opportunities for improvement.

10.2 The Chief Internal Auditor will communicate to senior management and the Audit Committee on the Internal Audit Service's quality assurance and improvement programme, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside Bristol City Council.

11. *Review of the Internal Audit Charter*

11.1 In accordance with the PSIAS, the Internal Audit Charter is reviewed annually and presented to the Audit Committee for reconsideration and approval, as appropriate.

BRISTOL
INTERNAL AUDIT

INTERNAL AUDIT STRATEGY

2023 - 2025

1.	*Introduction:*

1.1 The purpose of the Internal Audit Strategy is to enable the Internal Audit function (Internal Audit) to effectively prioritise its resources and focus its priorities on meeting the expectations of its stakeholders enhancing and protecting the Council's values by providing risk-based and objective assurance, advice and insight.

1.2 This Strategy contains some improvements and initiatives that will enable Internal Audit to provide value-added services and proactive strategic advice to the organisation in addition to the effective and efficient delivery of the annual audit plan.

1.3 This Strategy does not include fraud and corruption as there is a separate Counter Fraud and Anti-Corruption Strategy being developed.

2.	*Context:*

2.1 The Internal Audit Charter sets out the purpose, authority and responsibilities of the Council's Internal Audit team. This enables us to work independently ensuring that work is aligned to Council priorities and upholds and promotes the Council's values. As the demands on the Council continue to increase despite the reduction in central government funding we will support the organisation in effectively managing these challenges by working proactively with the Members, Corporate Leadership Board, Service Directors and Business Partners across the organisation, sharing data, knowledge and expertise to help improve outcomes for our residents.

2.2 The strategy applies to Bristol City Council and its group of companies and any other partnership or commercial arrangements where the Council has control. The assumption is that the Council and its group of companies will continue to utilise the Bristol City Council Internal Audit Service. In other commercial arrangements, where the Council does not have full control, the Council and its partners will need to agree on the acceptable level of internal audit activity and the level of assurance required.

2.3 The requirements for an Internal Audit Service in local government are detailed in the Accounts and Audit Regulations 2018, which states that a relevant body must 'undertake an adequate and effective internal audit of its accounting records and of its systems of internal control in accordance with the proper practices in relation to internal control'. The standards for proper practices in relation to internal audit are laid down in the Public Sector Internal Audit Standards (PSIAS). The PSAIS set out the ethical, attribute and performance standards for an effective Internal Audit service.

2.4 The work of Internal Audit forms an essential part of the assurance framework in place which informs management when considering and compiling the Annual Governance

Statement. The existence of Internal Audit, however, does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

3. Background:

3.1 This Strategy aligns with the Public Sector Internal Audit Standards (PSIAS) which define Internal Audit 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."

3.2 The Chief Audit Executive (Chief Internal Auditor) must deliver an annual internal audit opinion and report that can be used by the Council to inform its Annual Governance Statement (AGS). This opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

PSIASs require that Internal Audit must:

   o evaluate the design, implementation and effectiveness of the organisation's objectives, programmes and activities;

   o evaluate the effectiveness and contribute to the improvement of risk management processes; and

   o assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

3.3 The PSIAS also require the Chief Internal Auditor to develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit activity which must include both internal and external assessments.

3.4 A key driver for this Strategy is the acknowledgement that the Council's control environment continues to change as the Council seeks to create more alternative service delivery models and leveraging technology to improve public service delivery. The use of alternative service delivery models including Council owned companies has resulted in the Council delivering key services through contracts including operating systems, procedures and processes outside the Council's direct control. It is therefore critical that the Council has a robust Internal Audit Strategy in place that demonstrates how Internal Audit can support the Council and its group of companies in achieving the Council's key priorities by maintaining effective risk management, internal control and governance arrangements.

3.5 This Strategy will help Internal Audit to deliver a focussed assurance programme ensuring it remains proactive and forward looking. On implementation, the Strategy should help deliver a value adding assurance service to the Council by enhancing the

arrangements for providing assurance to those charged with governance, the Audit Committee and management.

4.   Our Strategic Approach*:*

4.1   Our Deliverables

We will:

- o Be 'fit for purpose' now and for the future with appropriate capacity and skills to provide services that will effectively support the successful delivery of the Council's Corporate Strategy.
- o Deliver a value adding service that is aligned with the Council's strategic priorities and the highest risks to help increase public confidence and trust in Bristol City Council and its partners including wholly owned companies and schools. The key audit areas are:

Governance	Risk Management
Operational Processes	Performance and Delivery
Financial Systems	Programmes and Change Management
Grants	Council Companies
Information Technology	Maintained Schools
Consultancy	Partnerships
Environmental, Social and Governance	Information Governance including Cyber Security

- o Work with senior management to put in place management assurance arrangements that enable them to proactively review, assess and design optimal control frameworks to manage operational and transactional controls.
- o Support the Council in delivering a balanced budget by ensuring that new operating structures are resilient, sustainable and support good decision-making, risk management and communication.
- o Maximise the use of the Pentana Audit Management System modules to improve our efficiency and effectiveness in audit planning, testing, and reporting activities thereby enhancing the credibility, quality and consistency of internal audit processes.
- o Fully integrate the process for following up and reporting the implementation of Agreed Management Actions into performance management system.
- o Continuously implement a continuous monitoring and auditing methodology to enable management to continually review business processes for adherence to and deviations from intended levels of performance and effectiveness and internal audit to continually gather from processes data that supports auditing activities.
- o Maximise the opportunities brought by technology advancement through exploring the use of technologies such as Robotic Process Automation, Machine Learning, Artificial Intelligence and data analytics tools. This will help Internal Audit to work more quickly, accurately and efficiently.
- o Continuously deliver assurance maps for the Council and its companies.

- o Embed the use of agile methodologies across all activities to provide more rapid responses to changing business assurance needs.
- o Maintain a Quality Assurance and Improvement Programme that provides assurance to stakeholders that Internal Audit complies with the PSIAS.

4.2   Our Reporting

We will:

- o Provide impactful reporting on audit findings and the implementation of Agreed Management Actions to the Audit Committee, Corporate Leadership Board (CLB) and management, consistent with agreed reporting protocols.
- o Improve agile reporting across all areas of activity.
- o Provide an annual opinion and report to the Audit Committee and CLB based on the agreed programme of audit work and other sources of assurance to support the preparation of the statutory AGS.
- o Report on our performance and expected deliverables to CLB and Audit Committee as part of performance management arrangements.
- o Obtain feedback through an annual survey with key stakeholders on our performance and report results and any action taken to the Audit Committee and CLB.

4.3   Our Resourcing

We will:

- o Collectively possess the knowledge, skills, experience and other competencies that are required to deliver the audit mandate and promote agile working and living the Council's values.
- o Continue to work with a strategic partner in supporting our core delivery arrangements and facilitate the transfer of knowledge through joint audit projects as well as providing training to enhance our commercial and specialist skills;
- o Through the Council's staff performance management arrangement, develop, nurture and sustain talent by supporting our staff's continuing professional development and professional qualification training.
- o Continue to build resilience within our Service by developing and implementing succession plans at all professional levels underpinned by the principle of growing our own through the apprenticeship and graduate trainee route.
- o Formally engage with senior management to explore opportunities for seconding staff in and out of Internal Audit.
- o Explore and develop opportunities for wider and more flexible resourcing and intelligence sharing with other assurance providers.
- o Continue the co-sourcing arrangements for the delivery of IT audits and foster arrangements for knowledge sharing and transfer with the in-house internal audit team.

- o Strengthen our collaborative working arrangements with our External Auditors and other review bodies working with the Council and its group of companies, across the three lines of defence.
- o Participate in initiatives by professional bodies and other Audit Network Groups to share best practice across our teams.
- o Recognising the budget challenges faced by councils, explore opportunities for collaboration and partnership working with other neighbouring councils to build resilience within our teams.

4.5 Profile

We will:

- o Embody the expected Bristol City Council behaviours and values – ensuring we are dedicated, we are curious, we show respect, we take ownership, we are collaborative and we act in the best interests of Bristol, setting an example for others.
- o Ensure our work adds value by contributing to the vision and priorities of Bristol and focussing on areas of highest risk.
- o Be responsive to the needs of our stakeholders ensuring that outcomes from our work are shared promptly using the most appropriate channel.
- o Conform to the PSIAS Code of Ethics – Integrity, Objectivity, Confidentiality and Competency
- o Have flexibility to reprioritise and undertake work considered to be high risk at short notice
- o Use the Audit Client Engagement model to effectively engage with all our key stakeholders and obtain annual feedback on performance and engagement.
- o Be proactive in suggesting meaningful improvements and risk assurance.
- o Work as a critical friend and business partner in key programmes and projects.

5. Getting our message across

At the draft report stage of an audit, it is the responsibility of the Senior Audit Client to promptly identify Agreed Management Actions, with a Responsible Officer and defined time for delivery. It will be the responsibility of management to ensure that all agreed actions arising from an audit report are implemented in accordance with the timetable they have given. Internal Audit will seek evidence on the progress of actions relating to key findings from the Audit Client against this timetable and report this to the CLB and Audit Committee. Where information is not provided within agreed times reports will be issued without that information and the relevant senior managers will attend CLB and Audit Committee to provide further assurance.

6. Facilitating our work

To enable us to deliver a value add service we will foster collaborative working arrangements with our audit clients underpinned by our new client engagement model. The engagement with the responsible senior managers is crucial at all stages of the audit cycle particularly around:

- o rolling audit planning,

- o agreeing scope and terms of reference,
- o cooperation and availability throughout the audit fieldwork,
- o collaboration over the reporting and agreeing the necessary management actions,
- o implementing the agreed actions in line with the agreed time scales,
- o providing feedback on internal audit performance following completion of audits, and
- o prioritising audit engagement to enable timely completion of audit activities.

8. Managing our performance

We will manage our performance consistent with the Council's performance management framework. The following Key Performance Indicators will be monitored and reported on.

Performance Indicator	Performance Target
Effectiveness % of the audit plan achieved	95% of the annual audit plan completed
Efficiency % of draft reports issued within of 10 days from end of fieldwork	95% of all draft reports issued.
Efficiency % of final reports issued within 5 days following receipt of management responses	95% of all final reports issued.
Improvement % of agreed management actions implemented timely	90% of all agreed management actions implemented within the agreed timeline.
Value addition % of stakeholders satisfied with audit outcomes and value (Annual survey)	90% of surveyed stakeholder satisfied with audit performance and outcomes.

9. Our risks

We have identified the following risks that may impact on the delivery of this Strategy which we will manage effectively consistent with the Councils' risk management framework.

No.	Risk Description	Risk Owner
1.	Failure to deliver the agreed audit priorities	Deputy Chief internal Auditor
2.	Failure to attract, recruit and retain top talent	Chief internal Auditor
3.	Failure to detect material weaknesses and problems	Deputy Chief internal Auditor
4.	Non-compliance with professional standards	Chief internal Auditor

No.	Risk Description	Risk Owner
5.	Expectations Gap	Chief Internal Auditor

10. Assurance Levels

The system of internal control will be assessed and given a level of assurance. The four levels of assurance will be as follows:

Assurance Level	Generic Description
Substantial	There are sound risk management, internal control and governance processes which are designed to achieve the service objectives, with key controls being consistently applied.
Reasonable	Whilst there is basically sound risk management, internal control and governance processes, there are some weaknesses which may put service objectives at risk.
Limited	There are weaknesses in the risk management, internal control and governance processes; putting service objectives at risk.
No	The risk management, internal control and governance processes are generally poor and as such service objectives are at significant risk.

Audit Committee
20th November 2023

Report of:	**Chief Internal Auditor**
Title:	**Internal Audit 2023/24 Q4 Priorities**
Ward:	N/A
Officer Presenting Report:	Simba Muzarurwi – Chief Internal Auditor

Recommendation

The Audit Committee review and approve the proposed Quarter (Q) 4 priorities for 2023/24. In doing so, the Committee should consider:
- whether the priorities address the Committee's assurance needs;
- whether the Plan captures key areas that would be expected in Q4; and
- whether there are any significant gaps in the Plan for Q4.

To support consideration of Q4 priorities, high level areas for potential review in future quarters are also provided. Consistent with the agreed quarterly planning approach, areas for audit review in future quarters will be agreed before the start of each quarter. This will ensure audit resource is effectively targeted and coverage remains relevant and timely to the risk environment in which the council is operating.

Summary

This report provides the Committee with the proposed assurance priorities for Q4.

The significant issues in the report are:

- The Q4 proposals have been developed following consultation with senior management
- Continued audit time on providing embedded assurance in the top four corporate programmes
- Prioritisation of verification of implementation of agreed management actions
- Q1 priorities will be agreed in the March 2024 meeting.
- The proposed Q4 priorities are Appendix 1 of this report

Policy

1.   Audit Committee Terms of Reference.

Consultation

2.   Internal

- The Corporate Leadership Board
- Executive Member
- Executive Directorate Management Teams
- Monitoring Officer
- S.151 Officer
- Other Management

3.   External – n/a

Context

4.   The Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end, it should seek assurance that the key areas that contribute to this framework are operating properly.

5.   The Council's Internal Audit service is a key component of the assurance framework and the Committee's Terms of Reference includes a requirement to provide independent assurance to the Council in relation to internal audit activity. The Committee need to consider if the planned Internal Audit work is appropriate and sufficient to provide the Committee with the assurance it requires. Public Sector Internal Audit Standards 2013 include guidance that the Committee should review and approve the Internal Audit work plan.

6.   The Q4 planning process has been informed by a number of factors such as the council's risk registers, relevant national issues, professional outlook, and our wider audit knowledge, including the results of recent audit work and consultation with senior management.

7.   The proposed Q4 priorities are at Appendix 1. Areas of key audit activities include embedded assurance in key programmes, continuous auditing and monitoring, implementation of agreed management actions, grant certifications, schools' financial control and governance, capital project management and fraud prevention.

8.   The proposed Q4 priorities reflect the council's needs for assurance at all levels of the business and the need to provide embedded assurance in key programmes and projects. Internal audit activities should also support the council's compliance and performance improvement agenda. Table 1 below provides a summary reflecting the split of audit time in Q4.

Table 1: Audit Plan Q4 – Audit Days Allocation:

Area of Work	Internal Audit Days	Counter-Fraud Days
Bristol City Council Work Programme		
Governance	90	
Risk Management	85	
Financial Control	85	
Procurement	15	
HR and Asset Management	10	
Information Governance and ICT	10	
Projects and Programmes	60	
Contingency	100	25
Strategic Counter Fraud		27
Fraud Prevention Programme		120
Fraud Detection Programme		100
Responsive Fraud Investigations		120
External (BCC companies and WECA)	26	
Total Allocated Days	**481**	**392**
Total Available Days	**481**	**392**

9. Resource allocations include 100 assurance days contingency which has not been directly allocated to specific audit work. This has been included to ensure the team has time to finalise 2023/24 work and also recognises the competing priorities faced by managers across the Council which has the potential to impact timely completion of audit work. The contingency will also be used for unplanned work that may arise in the quarter.

10. Appendix 2 provides an extensive list of areas that may require assurance in future quarters subject to ongoing risk assessments and agreement with the Committee.

11. In undertaking this work, Internal Audit comply with the Public Sector Internal Audit Standards.

Proposal

12. The Committee review and approve the proposed audit priorities for Quarter 4 in 2023/24. In doing so, the Committee should ensure that the proposal reflects the areas for which they will require assurance from Internal.

Other Options Considered

13. None necessary.

Risk Assessment

14. An adequate and effective internal audit service, as well as a statutory requirement, is an integral part of good governance. A sound Internal Audit planning process minimises the risk of non-compliance with statute and good practice, and at the same time maximises the value that Internal Audit adds to the Council's governance arrangements and internal control environment.

Public Sector Equality Duties

8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

  i) Eliminate discrimination, harassment, victimisation, and any other conduct prohibited under the Equality Act 2010.

  ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --

   -   remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;

   -   take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);

   -   encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

  iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
     - tackle prejudice; and
     - promote understanding.

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8b)   No equalities assessment necessary for this report.

Legal and Resource Implications

     Legal – Not applicable

     Financial
     (a) Revenue – Not applicable
     (b) Capital – Not applicable

     Land/Property - Not applicable

     Human Resources - Not applicable

Appendices:

- **Appendix 1 –** Internal Audit 2023/24 Q4 Priorities

- **Appendix 2 –** Internal Audit 2024/25 Potential Areas of Review

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers:

Audit Planning Files, Corporate Strategy, Corporate and Directorate Risk Registers, Public Sector Internal Audit Standards.

Internal Audit - 2023/24 Q4 Draft Plan   **Appendix 1**

Item No:	Directorate	Area of Review	Reason for Inclusion in Q4 Plan
Governance			
1	Children and Education	Schools Audit Programme - 5 Schools	Material spend and relevant corporate risk - CRR 54. Assurance over financial management and governance in schools.
2	Corporate	Management Actions Verification	Assurance required over the implementation of agreed management actions
3	Corporate	Annual Governance Review Process 2023/24	Mandatory annual review and statement required.
4	Corporate	Assurance Mapping	Maximising understanding of all sources of assurance for annual opinion and future audit planning
5	Corporate	Companies Governance	Changing governance arrangements and relevant corporate risk - CRR40
Risk Management			
6	Adult and Communities	Adult Social Care Workforce Management	Relevant and high corporate risk - CRR 53.
7	Children and Education	Childrens Direct Payments	Whistleblowing suggests controls review is required in this area.
8	Children and Education	Designated Schools Grant Improvement Plan	Area of significant financial pressure and previous AGS issue.
9	Children and Education	Children Placed in Unregistered Provisions	Relevant and high corporate risks - CRR55 and CRR 45.
10	Growth and Regeneration	Responsive Repairs	Material spend and previous audit knowledge
11	Growth and Regeneration	Community Infrastructure Levy and Section 106	Emerging risk and area not audited for some time.
12	Corporate	Emergency planning	Relevant corporate risk CRR 12 shows increasing risk.
Internal Control			
Financial Control			
13	Adults and Communities	Public Health Curriculum.	Requested by management.
14	Corporate	Grant Certification	Required by conditions of grant.
15	Resources	Data Analytics and Continuous Audit	Audit strategy includes maximising assurance by exploiting the use of data and technology.
16	Resources	Local Taxation	Material income source and potential impact of economic climate (ref CRR 13)
Procurement			
17	Resources	Compliance with Procurement Rules (Q4)	Relevant corporate risk (CRR 57) and previous audit knowledge.
HR and Asset Management			
18	Resources	Health and Safety	Follow up of 2022/23 audit to assess progress made.
Information Governance			
19	Resources	Disclosures Team (including Subject Access Request processes)	New arrangements introduced. Underperformance noted.
Projects and Programmes			
20	Children and Education	Embedded Assurance - Children and Education Programme	Continued embedded assurance for each of the Council's top four priority programmes
21	Growth and Regeneration	Embedded Assurance - Temporary Accommodation Programme	Continued embedded assurance for each of the Council's top four priority programmes
22	Growth and Regeneration	Embedded Assurance - Property Programme	Continued embedded assurance for each of the Council's top four priority programmes
23	Adults and Communities	Embedded Assurance - Adult Social Care Programme	Continued embedded assurance for each of the Council's top four priority programmes
24	Growth and Regeneration	Embedded Assurance - Capital Transformation Programme	Embedded assurance as new arrangements develop for capital programme governance
25	Growth and Regeneration	Embedded Assurance - ASEA Flood Programme	Significant and material capital programme
26	Resources	Embedded Assurance - Digital Transformation Programme	Significant transformation programme
27	Growth and Regeneration	Embedded Assurance - Housing IT Transformation Programme	Significant transformation programme
28	Children and Education	Embedded Assurance - Transition of Children to Adult Project	Significant transformation programme and previous audit knowledge
29	Resources	Information Governance Board - Embedded Assurance	Relevant corporate risks (CRR7,25,29)
30	G&R	Capital Programme Audits x3	Capital programme is a significant area of spend.
Counter Fraud Programme			
Strategic Counter Fraud Arrangements			
31	Corporate	Whistleblowing Management and Development	Organisational responsibility and ethical requirement.
32	Corporate	Networking groups	Sharing Best Practice
Fraud Prevention Programme			
33	Corporate	Fraud Hub Operation and Development	Maximising the use of technology in the fight against fraud
35	Corporate	Fraud Risk Assessment	Key fraud management control
36	Corporate	Fraud Prevention Strategy	Key fraud prevention
37	Growth and Regeneration	Filwood Levelling Up - Fraud Risk Assessment. Follow up of action plan	Requirement of Memorandum of Understanding
38	Corporate	Fraud Awareness Training and Publicity	Fraud Prevention by raising awareness
39	Children and Education	Schools Fraud Risk Management and Whistleblowing	Enhancing counterfraud arrangements at schools
40	Adult and Communities	Supported Living	Key fraud risk area
41	Corporate	Spotlight rollout	Enhancing counterfraud arrangements
Fraud Detection Programme			
42	Children and Education	Schools Admissions - Primary	Supporting Education Services
43	Resources	National Fraud Initiative - on-going output review	Mandatory Exercise
44	Resources	Accounts Payable Forensics	Fraud testing in key financial area.
45	Resources	Procurement Testing - Red Flags	Key fraud risk area
46	Growth and Regeneration	Tenancy Fraud Proactive Exercise	Key fraud risk area
47	Children and Education	Guardianships	Key fraud risk area
Responsive Fraud Investigations			
48	Corporate	Responsive Fraud Investigation	Organisational responsibility and ethical requirement.
49	Corporate	Whistleblowing investigations	Organisational responsibility and ethical requirement.
50	Resources	CTR Case Work	Organisational responsibility and ethical requirement.
51	Resources	Benefits Case work and DWP Single Point of Contact Role	Organisational responsibility and ethical requirement.
52	Children & Education	Pupil Tracking Requests	Organisational responsibility and ethical requirement.
53	Corporate	GAIN Requests	Organisational responsibility. Supporting the wider community and police in tackling crime. and ethical requirement.
54	Corporate	Hotline Maintenance	Organisational responsibility and ethical requirement.

List of Potential Assignments Not included in Q4 Plan   <u>**Appendix 2**</u>

Item No:	Directorate	Area of Review
Governance		
1	Adult & Communities	Home First Programme
2	Corporate	ESG (Sustainability Accounting)
3	Corporate	Scheme of Delegation - Follow Up of 2022/23
4	Corporate	Modern Slavery
5	Resources	IT Governance
Risk Management		
6	Adult and Communities	Cost of Living Crisis
7	Adult and Communities	Adult Direct Payments
8	Adult and Communities	Transition from Children in Care to Adults - Follow Up of 2022/23
9	Growth and Regeneration	Flood Risk Management - Follow Up of 2022/23
10	Growth and Regeneration	Stock Control - Housing Repairs
11	Growth and Regeneration	Affordable Housing Delivery
12	Growth and Regeneration	Harbour Review Follow up
13	Resources	Cloud Review
14	Resources	Decentralised IT
Internal Control		
Financial Control		
15	Resources	Debt Management - Follow Up of 2022/23
16	Corporate	AI in audit work (Continuous monitoring and AI?)
17	Resources	Financial Schemes of Delegation
Procurement		
18	Adult & Communities	Technology Enabled Care
19	Resources	IT Procurement
HR and Asset Management		
20	Corporate	Data Quality
21	Growth and Regeneration	Corporate Estate - Planned and Responsive Repairs
22	Resources	Agency Staff - Follow Up of 2022/23
Information Governance		
23	Resources	Cloud Resilience - Follow Up of 2022/23
24	Resources	Information Security
25	Resources	ICO Accountability Tracker (Request)
26	Corporate	Core Systems Access Controls
Projects and Programmes		
27	Corporate	Capital and Non-capital Project Audits

Audit Committee
20 November 2023

Report of: Director - Finance

Title: Procurement Compliance update

Ward: n/a

Member Presenting Report: n/a

Recommendation
The Committee is asked to note the data on procurement breaches and the actions underway to improve procurement compliance.

Summary

This report provides an update on non-compliance with the Council's own procurement rules, as well as assurance regarding actions being taken by the Council to improve compliance levels.

The significant issues in the report are:

This report provides an update on non-compliance with the Council's own procurement rules, as well as assurance regarding actions being taken by the Council to improve compliance levels.

Policy

1. Not applicable

Consultation

2. **Internal**
Not applicable

3. **External**
Not applicable

Context

4. When procuring a new contract or amending an existing contract, the Council's own internal Procurement Rules set out:

   4.1. What procurement processes can be used in that scenario (procurement route)

   4.2. Who needs to give prior authorisation (authorisation)

5. A procurement Breach is when one, or both, of these elements has not been followed.

6. The role of the P&CMS (Procurement & Contract Management Service) is to support and govern procurement and contract management activity undertaken by Officers across the Council. P&CMS's role includes keeping the relevant Cabinet Member informed, as well as reporting on rule breaches to Directors who are ultimately accountable for non-compliance in their Division. P&CMS also liaise with Internal Audit and our external auditors (Grant Thornton) regarding assurance work and investigations regarding procurement compliance.

7. Breaches are defined by the specific procurement rules the Council has chosen to adopt – and are also dependent on the effectiveness of controls, identification and reporting – so it is not possible or meaningful to compare breach numbers between Councils.

The council has incorporated within their Procurement Rules a range of good practice principles which enhance spend controls, financial management and transparency principles which in turn enhance public reporting.

An example: Emergency placements

Most significant financial pressures are being experienced in Adults and Childrens Social Care. In compliance with best practice we recognise that placements need to be made before internal spend approval can be completed. The Procurement rules rightfully make allowances for this by means of the Social Care and Education Placements Procedural Note. However where the beach occurs is if the service wish to extend a provision but fail to engage with P&CMS and enter into and extended contract without enabling the proper justification and contractual decisions being made without taking into account the need to evidence value for money, which inturn results in non-compliance with the Council's procurement rules.

Whilst it maybe considered that these rules we have adopted by the administration they demonstrate good practice, compliance and transparency. If they are not followed each procurement breach means the Council's internal governance controls have not been followed in some way, so the Council's target must ultimately be for there to be zero breaches.

8. The number of procurement breaches has been identified as a significant weakness and has

been part of audit findings for the last 3 years, most recently including the Grant Thornton Annual Report on Bristol City (14 July 2023) which recommended that *"The Council should consider what further action is required to reduce the number and value of contract breaches"*.

9.   CLB has made procurement compliance a priority, and actions have been agreed to reduce breach numbers. The tables 1 and 2 below summarise the actions agreed and their current status.

10.   Table 1 relates to the management actions summarised in the Annual Governance Statement and Value For Money Review for implementation 2023/24.

Table 1

Action	Status
Compliance will be part of the mandatory performance objectives for all Heads of Service in 2023/24.	**In place**
Quarterly Director Management Team (DMT) (by request) & Executive Director Meetings (EDM) will have regular attendance by procurement business partners	**In place**
Additional specific quarterly reports on procurement compliance to EDMs, Corporate Leadership Board (CLB) and Cabinet	**In place**
Overview of future procurement activity will be part of induction for new officers with commissioning responsibilities	**In progress**
Greater Executive Director accountability for compliance	**In place**
Explore system development and Power BI reporting to increase visibility of contract end dates and spend monitoring	**In progress**
• Oversight in 2023/24 will be through CLB (weekly updates) • Ongoing review by Internal Auditors • Further updates to be provided to Audit Committee	**In place** **In place** **In place**

In addition to the actions listed above, Table 2 gives details of additional actions which have been agreed:

Table 2

Action	Status
Organisational annual performance objective to 'Comply with Management Requirements - procurement rules and regulations'.	**In place**
Action plans for breaches presented to CLB by each Exec Director CLB 24 Oct 2023	**In place**
Procurement compliance e-learning developed and officers enrolled	**In place**
Live breach dashboard made available to Directors, including detailed data on circumstances, root causes and risk factors	**In place**
Weekly reports on breaches being sent to CLB	**In place**
Decision-making process and system for children's social care placements redesigned to embed procurement engagement and sign-off and thereby avoid breaches	**In place**
Work underway to redesign decision-making processes in the following areas, to embed procurement authorisation and thereby avoid breaches: • Adult Social Care • Children's (in place Oct 2023) • Education • Construction contracts	**In progress**
Giving Heads of Service greater visibility of contract register and procurement pipeline	**In progress**

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Contract management framework, system and training available, including redesigned training to support adoption of the Contract Management system	**In place**
HR support for Exec Directors regarding taking disciplinary action when necessary	**In progress**

11. There were a total 342 breaches in FY22/23 and 125 in Q2 2023/24.

    Reported breach numbers have been affected by work by the P&CMS over that period to tighten controls and improve breach identification. The level of overall procurement activity also has an impact on the absolute numbers of breaches.

12. For context, there were a total of 2133 procurement decisions made in FY22/23 of which 342 were breaches (around 16%).

13. We have had significantly lower breach numbers than last year but that numbers are still high. Predominantly in Childrens Social Care – due to Education clearing of the backlog of Educational Health & Care Plans which are beyond 20 weeks which require retrospective actions, and Children Social Care significant increase in the need for emergency changes to placements.

14. Exec Directors have put action plans in place to reduce breach numbers in their area. Breaches are being actively monitored on a weekly basis at CLB. Several of the actions require working practices, culture and systems to be redesigned. Periodic reports to Audit Committee. Internal Audit follow up review. This work is underway but may take some time to take effect particularly in needs led operational areas, such as Procurement frameworks, changes in processes and systems and a lack of resources and capacity within agencies outside of the Council.

    Good Progress has been made to reduce the number of breaches but focus remains on reducing further, this is supported by good engagement and full ownership by the Senior Leadership Team and Members and Service areas.

15. Full numbers of breaches will be provided at an end of year report for the Committee and External Audit.

Proposal

Note the report being presented

Other Options Considered

Not applicable

Risk Assessment

Not applicable – no decision being taken

Summary of Equalities Impact of the Proposed Decision

16. Not applicable. No EQIA undertaken, as this report is not requiring a decision to be made.

Legal and Resource Implications

    Legal
Not applicable – no decision being taken

    (Legal advice provided by n/a)

    Financial
    (a) Revenue
Not applicable – no decision being taken

    (b) Capital
Not applicable – no decision being taken

    (Financial advice provided by n/a)

    Land
Not applicable

    Personnel
Not applicable

    (Personnel advice provided by n/a)

Appendices:
none

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers:

Audit Committee
20 November 2023

Report of: Director Education and Skills

Title: DSG Deficit Reduction Programme

Ward: Citywide

Member Presenting Report: Reena Bhogal-Welsh, Director Education and Skills

Recommendation

That the Audit Committee note the progress made on the DSG Deficit Reduction Programme.

Summary

This report seeks to provide the Audit Committee with a high-level update on the DSG Deficit Reduction Programme.

The significant issues in the report are:

- Governance arrangements for DSG Deficit Reduction Programme.
- Progress to date of the Programme.
- Update to High Needs Block Recovery Plan.
- Impact of Delivering Better Value in SEND.

Policy

This programme is well aligned to priorities for our Children and Young People set out within the Corporate Strategy, CYP3: Equity in education.

Consultation

1. **Internal**

   Not applicable.

2. **External**

   Not applicable.

Context

3.1 Over recent years, rising demand and other pressures have contributed to many local authorities (LA) in England accruing deficits on their Dedicated Schools Grant (DSG). The Covid pandemic has exacerbated these issues. In Bristol, the overspend on the DSG High Needs Block (HNB) budget (i.e., the funding that supports provision for pupils and students with Special Education Needs and Disabilities (SEND)) has been increasing year-on-year to the point at which it has become unsustainable. The cumulative deficit is forecast to reach approximately £58m without mitigations at the end of the 2023/24 financial year, as outlined in the most recent School's Forum Report.

3.2 Any LA that has an overall deficit on its DSG account, or whose DSG surplus has substantially reduced during the year, must co-operate with the Department for Education to address this situation by developing a DSG Deficit Management Plan (the Plan). The Plan is intended to help Local Authorities to develop evidence-based and strategic plans covering the provision available for children and young people with SEND. Completion of the Plan enables Local Authorities to comply with the DfE requirement in Paragraph 5.2 of the Condition of the DSG Grant.

3.3 The Plan details 14 separate cost efficiency/enabling schemes. Four of these schemes are being taken forward with funding awarded via the DfE's Delivering Better Value (DBV) in SEND programme.

3.4 In early 2024, Bristol City Council's (BCC) Cabinet will be presented with recommendations to inform a key decision on proposed changes to how HNB funding is allocated. This represents a significant milestone in the advancement of these four schemes, known as DBV Workstream 2.

- DBV Workstream 1, strengthening relationships between families and schools is due for completion 30/07/2024.
- The Belonging with SEND programme (C4) is expected to be completed on 30/09/2024.
- SEND Sufficiency schemes (A1, A2, A3) are targeted to be completed by 30/10/2024.
- Some schemes are now business as usual. These include improvements to commissioning frameworks (D2, D3) and workforce development (C5, C6). Work in this space will be ongoing.

- The implementation of a Needs Matrix for Top Up funding (B2) is on hold pending the outcome of DBV Workstream 2 Review 08/02/2024.
- Reduction in the Use of ALP (G1) - Review to be completed November 2023.

3.5 In early 2023 Bristol City Council (BCC) was awarded £1m of funding from the DfE's Delivering Better Value (DBV) in SEND programme. The grant is ringfenced to deliver two workstreams focused on school-based inclusion and HNB funding allocation. Funding for Workstream 2, is to be used to advance the following four schemes outlined in the HNB recovery plan. A full 6-week public consultation on changes to the following schemes began in early November 2023.

- Review HNB Element 3 non-statutory top up funding
- Specialist place funding
- Review of 18 – 25 EHCP top up funding
- Review of Post-16 Out of Authority

Executive summary

4.1 Through the stated mitigations below, the DSG Deficit Reduction Programme is forecast to reduce the DSG deficit by £2m in the current financial year. The Programme will ensure children are supported in the right provision at the right time through measures such as Belonging with SEND, SEND Workforce Development and SEND School Improvement.

4.2 The DSG Deficit Programme now forms part of the wider Our Families Transformation Programme. The governance of the DSG Deficit Programme aligns with the existing SEND Governance structure in Bristol. In addition to this the DSG Deficit Programme will report into the Our Families Transformation Board, Schools Forum and directly to the DfE regarding the DBV programme.

Proposal

5.1 The deficit on the DSG High Needs Block (i.e., the funding that supports provision for pupils and students with SEND) has been increasing year-on-year to the point at which it has become unsustainable.

5.2 The overview of the DSG Management Plan position that was presented to Schools Forum in September 2023 showed a cumulative forecasted unmitigated deficit as at the end of 2027/28 to be approx. £127.4m as of August 2023. The Chart below illustrates the do-nothing unmitigated position, indicative mitigations forecast and the forecasted DSG income as at Period 5. Please note that DSG Management Plan is an iterative document, mitigation figures shown are indicative only and subject to extensive consultation and iterative equality impact assessment.

High Needs Block Estimate Income & Expenditure as at Period 5 Forecast 2023-24
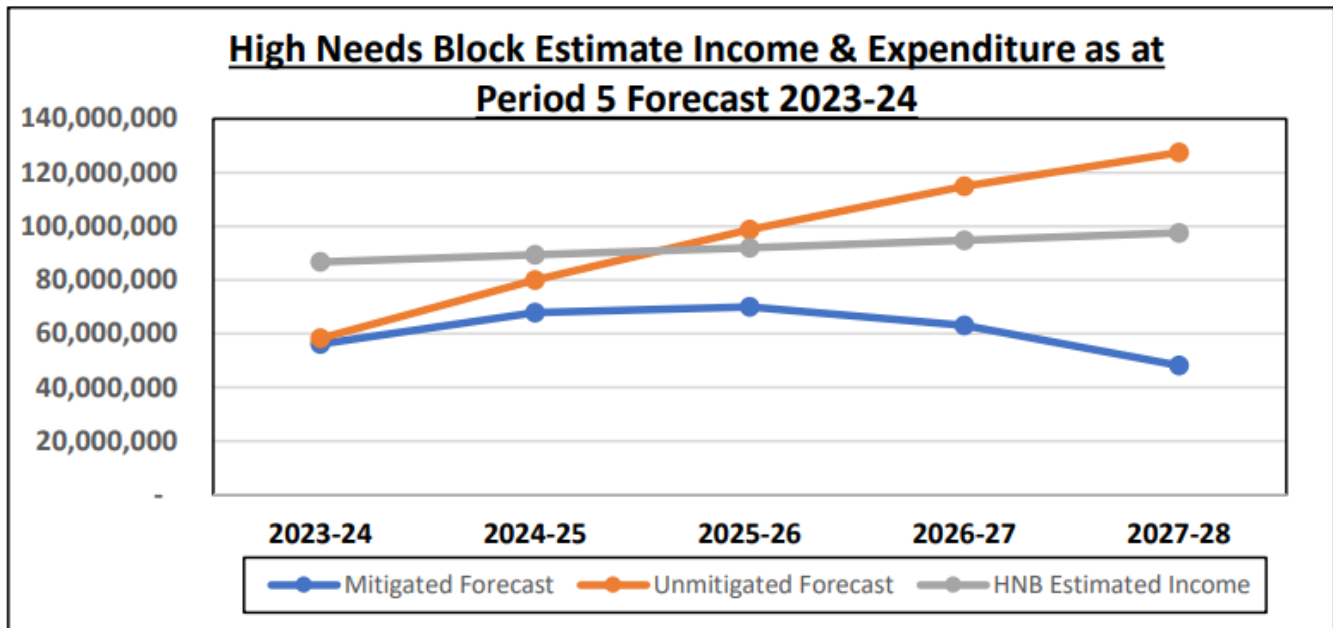
5.3 The mitigations move us to a position to where we are better able to support children and young people with the right provision at the right time. The Plan includes measures such as Belonging with SEND, SEND Workforce Development and SEND School Improvement. Details of which are included in Appendix B.
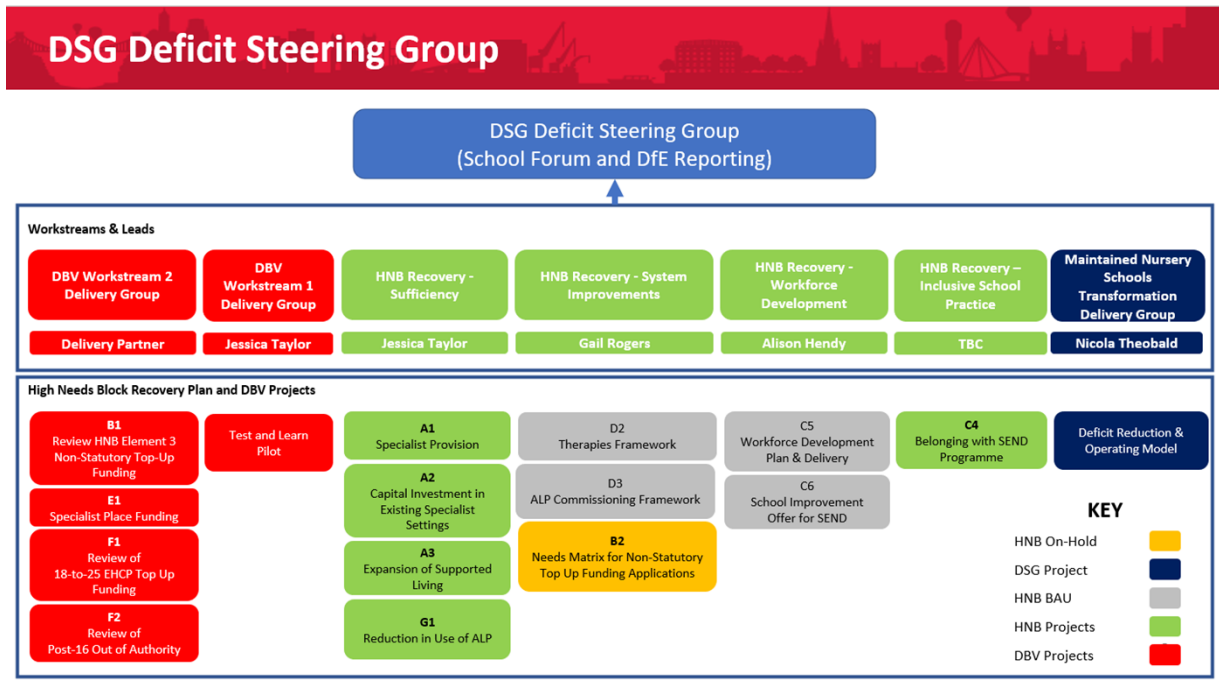
5.4 Any local authority that has an overall deficit on its DSG account at the end of the 2021 to 2022 financial year, or whose DSG surplus has substantially reduced during the year, must co-operate with the DfE in handling that situation through the DSG Deficit Management Plan. Bristol City Council continues to have regular meetings with DfE to address the overall deficit.

5.5 Mitigation proposals published at Schools Forum in September 2023 are outlined in the table below. Please note schemes are subject to change due to further due diligence and communication with DfE.

Key Mitigations/Savings	Mitigations/ Savings forecast 2023-24	Mitigations/ Savings forecast 2024-25	Mitigations/ Savings forecast 2025-26	Mitigations/ Savings forecast 2026-27	Mitigations/ Savings forecast 2027-28	Mitigations/ Savings forecast 2028-29	Mitigations/ Savings forecast 2029-30
SCHEME A1, A2 & A3 Reduce the reliance and placements in independent non maintained schools, including out of authority, by increasing the availability and suitability of local provision.	£0	£3,549,873	£4,954,640	£4,954,640	£4,954,640	£4,954,640	£4,954,640
SCHEME B1 Review the effectiveness of notional SEND Budget in schools and settings and ensure non statutory top up funding to mainstream schools is robust appropriate, time limited and impactful	£1,700,000	£1,625,282	£1,896,163	£2,167,043	£2,167,043	£2,167,043	£2,167,043
SCHEME C5 & C6 Support and drive mainstream schools to meet a higher level of need, in a more cost effective way whilst maintaining the quality of provision.	£0	£490,242	£492,264	£492,264	£492,264	£492,264	£492,264
SCHEME D2 Therapies Framework. Ensure that therapies that are mainly associated with EHCP are appropriate	£240,000	£240,000	£240,000	£240,000	£240,000	£240,000	£240,000
SCHEME E1 Review the methodology of top up and funding uplifts to ensure best value is delivered	£0	£1,691,158	£2,282,078	£2,872,999	£2,872,999	£2,872,999	£2,872,999
SCHEME F1 Review post 16 offer to ensure full alignment to DFE/ESFA guidance	£0	£1,196,446	£1,435,735	£1,675,025	£1,675,025	£1,675,025	£1,675,025
SCHEME G2 Review and reform of the Alternative Learning Provision model and funding to improve outcomes and ensure best value provision	£172,000	£172,000	£172,000	£172,000	£172,000	£172,000	£172,000
DBV DBV stretched confidence benefits - annual (Please see DBV Proposals Table 1 for further information)	£0	£1,034,999	£5,227,120	£10,526,030	£14,826,030	£14,826,030	£14,826,030
PLEASE NOTE: The mitigated savings for financial years 2028-29 & 2029-30 are left as 2027-28 and require further due diligence							
Total savings	£2,112,000	£10,000,000	£16,700,000	£23,100,000	£27,400,000	£27,400,000	£27,400,000

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5.6 The Plan is intended to help LAs to develop evidence-based and strategic plans covering the provision available for children and young people with special educational needs and disabilities. Completion of the Plan will enable us to comply with the DFE requirement in Paragraph 5.2 of the Condition of the DSG Grant.

5.7 An overview of the DSG Programme which includes HNB recovery plan schemes, DBV in SEND and the Maintained Nursery Transformation Programme is as follows:

DSG Deficit Steering Group

DSG Deficit Steering Group
(School Forum and DfE Reporting)

Workstreams & Leads

DBV Workstream 2 Delivery Group	DBV Workstream 1 Delivery Group	HNB Recovery - Sufficiency	HNB Recovery - System Improvements	HNB Recovery - Workforce Development	HNB Recovery – Inclusive School Practice	Maintained Nursery Schools Transformation Delivery Group
Delivery Partner	Jessica Taylor	Jessica Taylor	Gail Rogers	Alison Hendy	TBC	Nicola Theobald

High Needs Block Recovery Plan and DBV Projects

B1 Review HNB Element 3 Non-Statutory Top-Up Funding	Test and Learn Pilot	A1 Specialist Provision	D2 Therapies Framework	C5 Workforce Development Plan & Delivery	C4 Belonging with SEND Programme	Deficit Reduction & Operating Model
E1 Specialist Place Funding		A2 Capital Investment in Existing Specialist Settings	D3 ALP Commissioning Framework	C6 School Improvement Offer for SEND		
F1 Review of 18-to-25 EHCP Top Up Funding		A3 Expansion of Supported Living	B2 Needs Matrix for Non-Statutory Top Up Funding Applications			
F2 Review of Post-16 Out of Authority		G1 Reduction in Use of ALP				

KEY

HNB On-Hold	(orange)
DSG Project	(navy)
HNB BAU	(grey)
HNB Projects	(green)
DBV Projects	(red)

5.8 Oversight of delivery is managed at the operational level through the DSG Deficit Programme Team which meets weekly. This will escalate issues and report routinely into the SEND Partnership Group and the Our Families Programme Board on a 6-weekly basis (system-wide programme of service improvement and delivery in the Children & Education Directorate). To increase accountability and oversight in this area a SEND Assurance Board is in development.

5.9 The Programme reports to the Our Families Board through a regular standing item. This board has multi-officer attendance and external representation through ICB. Additional areas of oversight are Schools Forum, including attendance of S151 Officer, SEND Improvement Board and Corporate Leadership Board.

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5.10   Programme governance is outlined in the below slide.
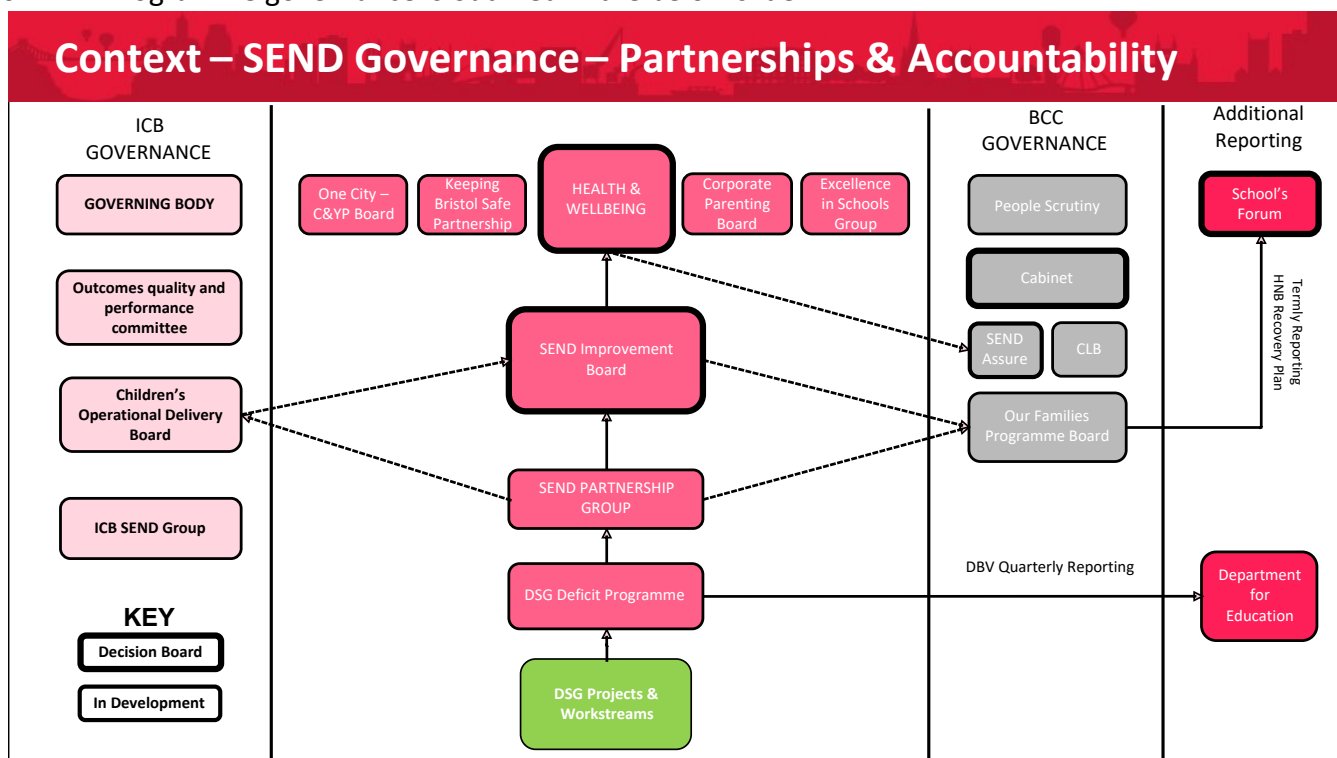
5.11   An overview of projects is available in appendix B. It provides and overview of each workstream and summarises progress to date.

Other Options Considered

5.   Not applicable.

Risk Assessment

6.   Not applicable.

Summary of Equalities Impact of the Proposed Decision

7.   Equalities impact assessments will be produced at a project level.

Legal and Resource Implications

Legal

There are no specific legal implications arising from this report as it provides Audit Committee with an update on the DSG Deficit Reduction Programme.
Section 11 of the Children Act 2004 requires the Council to ensure that when taking decisions affecting children they have regard to the need to safeguard and protect them and promote their welfare.
In relation to the planned consultation, section 27(3) Children and Families Act 2014 imposes a duty to keep provision for young people with SEND under review, to consider the sufficiency of

the provision and, when doing so, to consult including with SEN children and parents. The responses to the consultation must be taken into when taking the decision and the decision maker should be satisfied that proper consultation has taken place in that (i) proposals were consulted on are at a formative stage (ii) sufficient reasons have been given for the proposals and (iii) adequate time has been allowed for consideration and response.

(Legal advice provided by Husinara Jones, Team Manager/Solicitor 10 November 2023)

Financial
(a) Revenue

The overview of the DSG Management Plan position that was presented to the Schools Forum in July 2023 showed a cumulative forecasted unmitigated deficit as at the end of 2027/28 to be approx. £128.2million which is broadly in with the forecast position demonstrated in the table where cumulative unmitigated deficit position will reach £127.4m in do nothing position as at August 2023.

The summary table for the DSG Management Plan shows the income, expenditure, mitigated & unmitigated position as at Period 5. Please note that DSG Management Plan is an iterative document, mitigation figures shown are indicative only and subject to extensive consultation and iterative equality impact assessment.

The £800k decrease is primarily driven by the reduction in population between 4-to 14-year-olds within Bristol. Based on the population data used from the ONS website for our forecasting the average reduction within this age demographic between 2024 to 2028 is (0.80%). When looking at the population within Bristol aged 0 to 25 in 2023 the analysis shows approximately 8.1% of the total are CYP's within the High Needs Block. This is estimated to reduce to 7.5% by 2028.

The Plan has been updated to reflect further guidance from the DfE concerning the rate of growth within complexity of needs to build into the financial model for future years. The assumption is that the HNB income will increase by 3% from 2024-25 to subsequent years thereafter.

It is worth noting that forecast for 2023-24 and onwards are based on demand forecast (number of children in the system) and including national trend plus contingency circa 15% taking into consideration of increased complexity, backlog and 10% growth based on Service advice.

As part of the Education Transformation program and delivering better value (DBV) programme a range of mitigation proposals are being developed and could potentially bring the HNB to a sustainable footing pending on further due diligence & formal consultation.

Subject to validation and final consultation, the latest forecast mitigation proposals could improve the forecasted financial position by £2.1million in 2023/24 and up to a cumulative of £12.6million by 2027/28 if fully supported by the public. Please note there is a reduction of £1m mitigation in 2023/24 due to further due diligence work and delay in appointment of delivery partner to deliver workstream two proposals.

Whilst we continue to work with the DfE to drive the improvements required in outcomes for children with additional and special educational needs and achieve a balance in year position, that can be sustained and demonstrable reduces the deficit, we will need to consider all potential funding sources. The Council has made significant investment in the General fund

budget of circa £4m per year since 2022-23 to improve SEN service and fund Home to School Transport (HTST) and similarly have significant pressures in year of the same magnitude which will be recurrent in 2024/25 and beyond. We recognise the collaborative approach adopted to date and the significant contribution that schools have and continue to make in investing in the Education Transformation programme. In considering future budgets, we have provisionally included the 0.5% transfer in our latest forecast understanding this will require approval from Bristol Schools Forum.

The forecast presented above contains some risks and challenges, examples of which are outlined below:
- Ofsted re-inspection may highlight new areas to address (as inspection framework is tightened and strengthened)
- The risk is that some of the proposed mitigations may not deliver a financial benefit and extensive growth within this area may outweigh the financial benefit of the mitigations that are implemented.
- Higher than expected increase in Education Health and Care plans.
- Cost of living crisis
- High level of inflation

(b) Capital
Not applicable.

Land
Not applicable.

Personnel
Not applicable.

Appendices:
Appendix A
Appendix B – Exempt.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers:

None.

Appendix A

Delivering Better Value in SEND – Workstream 1 - Strengthening Relationships – Test & Learn Pilot

Department for Education Grant Funding
This new programme aims to support local authorities to improve delivery of SEND services for children and young people while ensuring services are sustainable.

Why – Increasing number of children leaving mainstream education and going into specialist placements, improve communication and ensure information is inclusive and accessible for schools, families and children.

How – Working in collaboration and with the University of Bristol, develop a series of Test and Learn Projects focused on supporting schools identified through data analysis. Visits to schools to evaluate performance metrics and track progress, using the framework developed by the University of Bristol.

What – Coproduced pilots focusing on inclusion and communication. 4 schools have been confirmed in the scope of Pilot1 Phase 1. Schools in future phases are TBC following evaluation and lessons learnt from Phase 1.

Who – Lead SME's from LA/Finance/Members/Governors/Headteachers/Communities/Student Forums – Supported by Local Authority Project Management. University of Bristol have been commissioned to produce an Evaluation Framework to measure outcomes.

When – Workshop with key SME's scheduled 24/08/2023. **Evaluation Framework** due from University of Bristol Sept23. **School Visits** – Autumn Term 23. **Pilot 1 Phase 1** – June23-Dec23. **Pilot 1 Phase 2** – Jan24-Mar24. **Pilot 2 Phase 1** - Sept23-Mar24. **Delivery Ends** - July 24. **Dissemination** - July24-Sept24.

9

Top Up Funding Review - Delivering Better Value in SEND – Workstream 2

Department for Education Grant Funding
Strengthen relationships between schools and the wider system by creating fair, transparent, consistent and financially sustainable processes underpinned by robust monitoring and accountability frameworks

Why – Significant overspend in the High Needs Block – financially unsustainable.

How – Deep dive analysis and review of existing practice - engage schools, families and SEND partners.

What – Develop options paper - Consult SEND stakeholders - Obtain Cabinet decision.

Who – Delivered by external partner – supported by LA project management.

When – Review July – Options Paper Sept – Consultation Oct – Cabinet Approval Feb 2024. Once approved the project will move into implementation.

10

High Needs Block Recovery Plan – Belonging with SEND

The Belonging with SEND (BwS)

Funded by a top slice of the Dedicated School Grant (DSG), ringfenced to support schools to turn creative ideas into innovative inclusion programmes.

Why – School evaluation feedback confirmed funding is a barrier to school inclusion.

How – Grants are broken down into 3 elements 1) Evidence based 2) Evidence informed 3) Evidence gathering. School Forum approved funding for voluntary and community organisations to work in and with schools and authorised the Council to develop projects, offering schools the option to take part.

What – 3 rounds of evidence-based grant funding, 29 grants awarded. LA will ensure funding is utilised in line with grant agreements and identify impact of the funding on inclusion markers through effective evaluation.

Who – SME's from LA Education/Finance/Members/Governors/Headteachers/Communities/Schools Forum/Multi-Agency Grant Panel Lead – Supported by Local Authority Project Management.

When – Start Jun 2022 – Round 1 ends Jul 2023 – Round 2 ends Jan 2024 – Round 3 end Jul 2024. Projects funded in round 1 will be evaluated in the Autumn Term Sept – Dec 2023.

13

High Needs Block Recovery Plan – EHCP Assessment System and Process Review - PwC

The project focuses on the documentation of the EHCP process, identification and categorisation of process pain points and implementation of a number of process improvements to contribute to reducing the pressure and manual effort across the EHCP process.

Why – Increased demand on the SEND Service has lead to longer completion times for EHCPs and a reduce capacity to follow up on and complete Annual reviews. In order to get closer to the 20 week statutory deadline for providing plans and ensure annual reviews are completed on time a review of way to improve and enhance processes to produce extra capacity within the service.

How – The project will deliver impact through the development of 6 solutions, 4 solutions utilising Robotic process automation, 2 non-automation solutions. All of this has the aim to address highly manual and cumbersome tasks which take away officers abilities to carry out their day to day work and help to create capacity to meet statutory deadlines.

What – The project is working with stakeholders from across the EHCP process, building out a detailed process maps and challenge lists. Through analysis of challenges and processes key opportunities for improvement will be identified and detailed plans developed for automation. All solutions will then be implemented through a number of build cycles ensuring they integrate with existing council systems and processes.

Who – The work will be carried out by a team from PwC consisting of SMEs with experience in operational and technology based transformations within local public services. The team will also utilise experts in robotic process automation to ensure all solutions are can effectively integrate with existing systems and produce the largest impact for Bristol City Council.

When – The project will be carried out over 6 months running between June and December with all solutions being targeted for full implementation by the 19th December.

14

High Needs Block Recovery Plan – Sufficiency

Specialist Provision, Capital Investment in Existing Specialist Settings, Expansion of Supported Living, Reduction in Use of ALP.
To deliver the Mayoral pledge to create an additional 450 specialist provision places by 2024.

Why – An increase in the amount of specialist placements in Bristol will mean more pupils can access the right provision, at the right time without having to travel out of county. It will also allow BCC to use fewer Independent Non-Maintained Placements.

How – The development and delivery of Education Capital Projects.

What – Working collaboratively with key stakeholders such as school heads and SENCOs to deliver agreed projects.

Who – Lead SME's from LA SEND Placements Manager/SENCO/Education Capital Team/Property/Finance/Members/Governors/Headteachers – Supported by Local Authority Project Management.

When – Further 288 placements targeted for between Sep 23 and Sep 24. Cabinet approval in September 2022 and September 2023.

15

Maintained Nursery Transformation

Deficit Reduction and Operating Model
The Maintained Nursery School (MNS) transformation programme aims to identify a strategy and operating model to ensure the financial sustainability of Bristol's 12 MNS

Why – A requirement for the MNS to address their historical deficits and become financially sustainable, to ensure continued delivery of high-quality Education and Care improving outcomes for all Early Years Children and Families.

How – Development of deliverable and agreed Deficit Recovery Plans from MNS, working in partnership and collaboratively with MNS and key stakeholders to develop and agree sustainable options based on informed data.

What – Working collaboratively with MNS continue discussion to agree whether their Recovery Plans are achievable. LA intervention where required, to propose sustainable solutions linked to the BCC 'One City Plan'.

Who – Lead SME's from LA/Finance/Members/Governors/Headteachers/Communities – Supported by Local Authority Project Management.

When – Step 1: Establish Steering Group and Governance by Sept 23. Step 2: Engage with Stakeholders to develop a Strategy by Oct 23. Step 3: Develop Options Appraisal by Dec 23.

16

The following table outlines the current status of projects within the programme:

| Ref:	Name of Scheme	Status	Narrative	Links to Published Documents (Cabinet Papers, consultation etc.)
A1	Specialist Provision	Delivery	So far capital projects have delivered 233 additional specialist education places in Bristol. Work continues with a further 104 places forecast by September 2024 and a further 56 by September 2025. In addition to this, conversations are ongoing about additional projects being added into the programme.	[(Public Pack) Agenda Document for Cabinet, 06/09/2022 16:00 (bristol.gov.uk)](#)
A2	Capital Investment in Existing Specialist Settings	Delivery	The Council has received £14.874m High Needs Grant Funding from the Department for Education for 2022/23 and 2023/24. Cabinet has taken the decision to use this funding to deliver the additional specialist places noted in A1 and A3 with some capital held for future specialist provision opportunities. It is hoped the DfE will announce new High Needs Grant Funding for 2024/25 & 2025/26 to enable the delivery of the next wave of strategic priorities to continue to reduce the reliance on INM provision and support the recovery plan. In addition, the Council has targeted appropriate Free School windows to encourage investment in new Specialist schools in the city. This has resulted in the approval of a DfE investment in a new Specialist Free School located in the North of the City. Future bid opportunities will be reviewed on their ability to deliver key strategic priorities for the city including supporting the HNB recovery plan.	[(Public Pack) Agenda Document for Cabinet, 06/09/2022 16:00 (bristol.gov.uk)](#)

Ref:	Name of Scheme	Status	Narrative	Links to Published Documents (Cabinet Papers, consultation etc.)
A3	Expansion of Support Living (Project Rainbow)	Delivery	The 12-bedroom property is currently under construction at the City of Bristol College Ashley Down site with expected completion for the start of term 1, September 2023. The college anticipate that all 12 rooms will be fully occupied within the autumn term. The property is for young people aged 18-24 with an Education, Health and Care Plan (EHCP) who are enrolled on a full-time course with City of Bristol College. Students living at the centre will develop independent living skills, employability skills, gain work experience and have opportunities to socialise with others. Bristol City Council have been working together with students currently living at the City of Bristol College Brislington Centre site and young people from the Listening Partnership (our SEND participation group) to co-produce plans for the site, including interior design and artwork, signage, and accessibility.	(Public Pack) Agenda Document for Cabinet, 18/01/2022 16:00 (bristol.gov.uk) page 675 (Public Pack) Agenda Document for Cabinet, 06/09/2022 16:00 (bristol.gov.uk) page 11
B1	Review of HNB Element 3 Non-Statutory 'top-up' Funding	Planning	This mitigation is being pursued as part of the DfE's Delivering Better Value in SEND Programme which Bristol has secured funding for. A procurement process has been undertaken to identify a delivery partner to work with the council to develop a suite of options for public consultation. This work collectively comprises 4 schemes within the HNB Recovery Plan (and is also known as Workstream 2)	Delivering Better Value in SEND Programme Grant Allocation (Cabinet Report) 07/02/2023 (pages 294 to 298)

Ref:	Name of Scheme	Status	Narrative	Links to Published Documents (Cabinet Papers, consultation etc.)
B2	Needs Matrix for Non-Statutory Top-Up Funding Applications	On Hold	Pending outcome of DBV Workstream 2	DCLU Local Digital Fund Round 5 Award
C4	Belonging with SEND Programme	Delivery	The Belonging with SEND programme was delivered as a grant funding programme to support schools turn creative ideas into innovative school inclusion practice. To date 29 schools have received funding totalling £485k. Round 1 funded projects were completed in July – September 2023. Round 2 projects will complete in January 2024 and Round 3 projects will complete in July/September 2024. Further funding rounds will be developed in the new academic year 2023/24.	Bristol Schools Forum Report January 2023
C5	Workforce Development Plan and Delivery	Delivery	This work is currently focusing on maintenance and continued development of the online SEND workforce development offer, planning delivery of in-school training following a reduction in attendance due to workload challenges and completion of guidance on working with families of CYP with SEND from Black and Minoritised Communities following engagement with parent carers and educational settings.	Bristol SEND Workforce Development Offer
C6	School Improvement Offer for SEND	Delivery	Supporting schools with developing their SEND provision by providing school-based reviews; mapping Ordinarily Available Provision (OAP) through using a whole school OAP template; managing School SEND Coordinator clusters; member/vice-Chair of Inclusion in Education Group; workforce development through SEND Peer reviews; Belonging with SEND reviewing and monitoring projects.	Ordinarily Available Provision; Support for SENDCos;

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| Ref:	Name of Scheme	Status	Narrative	Links to Published Documents (Cabinet Papers, consultation etc.)
D2	Therapists, Mentors and Tutors Framework	Delivery	The framework contract is live with three tender rounds having been run. There are 17 providers on the framework, and a block contract has been called off under the framework for SALT and OT with health provider Sirona.	Additional Provision Framework Contract - Therapists Mentors Tutors Approved Providers List Fina.pdf (bristol.gov.uk)
D3	ALP Framework	Delivery	The framework contract is live, tender round 5 closed Friday 16th June. 16 providers are on the framework, with a further 29 bids submitted and ready for evaluation.	Alternative Learning Provision (bristol.gov.uk) Alternative Learning Provision Framework - Decision Pathway Report.pdf (bristol.gov.uk)
E1	Specialist Place Funding	Planning	This mitigation is being pursued as part of the DfE's Delivering Better Value in SEND Programme which Bristol has secured funding for. A procurement process has been undertaken to identify a delivery partner to work with the council to develop a suite of options for public consultation. This work collectively comprises 4 schemes within the HNB Recovery Plan (and is also known as Workstream 2)	Delivering Better Value in SEND Programme Grant Allocation (Cabinet Report) 07/02/2023 (pages 294 to 298)
F1	Review of 18 to 25 EHCP top up Funding	Planning	This mitigation is being pursued as part of the DfE's Delivering Better Value in SEND Programme which Bristol has secured funding for. A procurement process has been undertaken to identify a delivery partner to work with the council to develop a suite of options for public consultation. This work collectively comprises 4 schemes within the HNB Recovery Plan (and is also known as Workstream 2)	Delivering Better Value in SEND Programme Grant Allocation (Cabinet Report) 07/02/2023 (pages 294 to 298)

Ref:	Name of Scheme	Status	Narrative	Links to Published Documents (Cabinet Papers, consultation etc.)
F2	Review of Post-16 Out of Authority	Planning	This mitigation is being pursued as part of the DfE's Delivering Better Value in SEND Programme which Bristol has secured funding for. A procurement process has been undertaken to identify a delivery partner to work with the council to develop a suite of options for public consultation. This work collectively comprises 4 schemes within the HNB Recovery Plan (and is also known as Workstream 2)	[Delivering Better Value in SEND Programme Grant Allocation (Cabinet Report) 07/02/2023](#) (pages 294 to 298)
G2	Alternative Learning Provision	Planning	High quality properly commissioned and monitored ALP will form an essential part of meeting Bristol's sufficiency requirements going forward. There is currently a local deficit in local SEMH provision. Effective ALP can offer an excellent local alternative to high cost out-of-authority ISP's meeting lower levels of SEMH Primary need and will form part of the sufficiency strategy. A plan will be developed to support the development and improvement of existing ALP provision and the development of needs led new provision.	

Timeline

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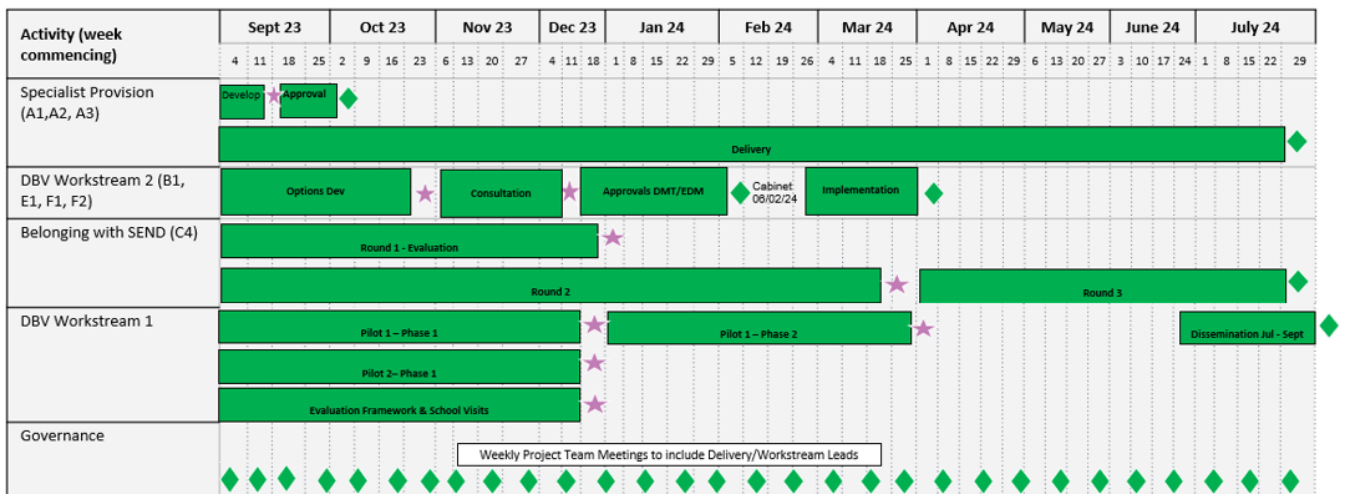
Delivering Better Value in SEND (DBV) workstreams have recently started following procurement of an external contractor. The activities outlined in section 4.11 above will provide clarity of the potential impact of DBV and will be published in a Cabinet paper in early 2024. This will include the financial impact.

The Review of EHCP Assessment System and Processes is also being delivered by an external contractor. The work underway will establish the financial impact of this initiative. The detailed plan for this is below.

Page 179
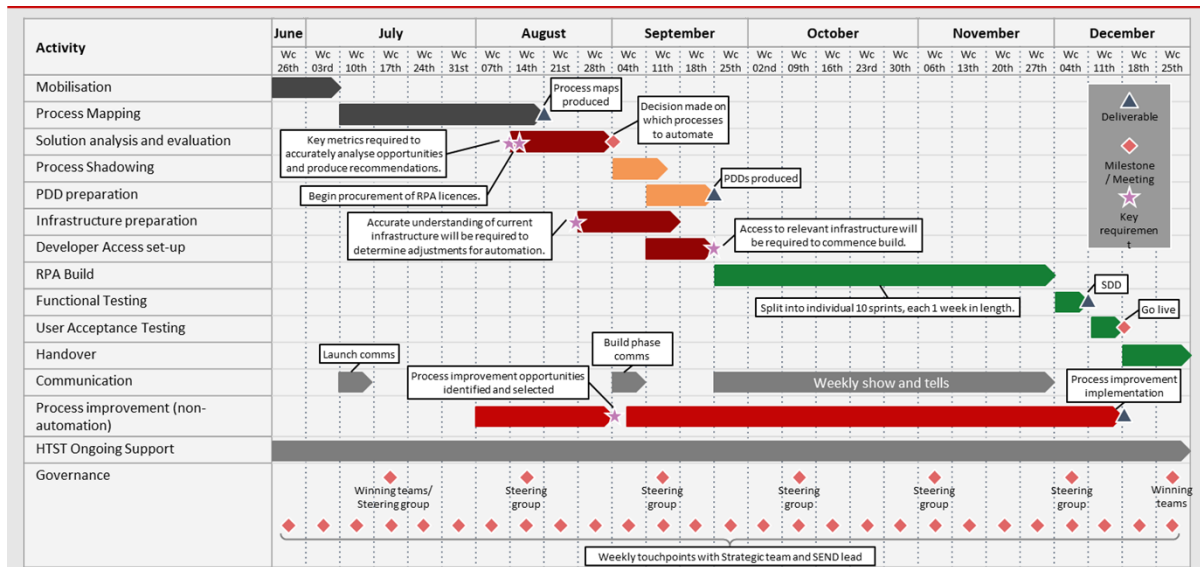
By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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