

Audit Committee Agenda



Date: Friday, 25 November 2016

Time: 10 am

Venue: City Hall

Distribution:

Councillors: Nicola Beech, Nicola Bowden-Jones, Helen Godwin, Gary Hopkins, Olly Mead, Liz Radford, Clive Stevens and Ken Guy

Copies to: Anna Klonowski (Interim Strategic Director - Business Change), Melanie Henchy-McCarthy, Alison Mullis, Janet Ditte (Service Manager Finance), Shahzia Daya (Interim Service Director - Legal and Democratic Services), Annabel Scholes (Interim Service Director Finance), Shana Johnson (Democratic Services Manager), Nancy Rollason (Service Manager Legal), Jane Johnson Solicitor, Tony Whitlock Principal Accountant, Steve Gregory (Democratic Services Officer), BDO External Auditor

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Date: 17 November 2016



Agenda

1. Welcome, Introductions and Safety Information

2. 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.

3. Minutes of previous meeting

(Pages 4 - 11)

4. Action sheet

(Page 12)

5. 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 21 November 2016.

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 24 November 2016.

6. Work Programme

To note the work programme.

(Pages 13 - 14)

7. Treasury Management - Mid-year Report 2016/17

(Pages 15 - 31)

8. BDO's Annual Audit Letter 2015/16

(Pages 32 - 45)

9. Internal Audit Half-Year Report 2016/17

(Pages 46 - 65)

10. Process for Appointment of External Auditor for 2018/19

(Pages 66 - 78)

11. Honorary Aldermen nominations

(Pages 79 - 84)

12. Information Items: Directorate Risk Registers - Neighbourhoods & People

(Pages 85 - 124)



Bristol City Council Minutes of the Audit Committee



23rd September 2016 at 9.30 am

DISCLAIMER

The attached Minutes are DRAFT. Whilst every effort has been made to ensure the accuracy of the information and statements and decisions recorded in them, their status will remain that of a draft until such time as they are confirmed as a correct record at the subsequent meeting

Committee Membership:-

Councillor Nicola Beech; Councillor Nicola Bowden-Jones; Councillor Helen Godwin; Councillor Gary Hopkins; Councillor Olly Mead; Councillor Liz Radford; Councillor Clive Stevens.
Independent Members: Brenda McLennan, Ken Guy.

Members Present:-

Councillor Nicola Beech; Councillor Nicola Bowden-Jones; Councillor Donald Alexander; Councillor Gary Hopkins; Councillor Olly Mead; Councillor Liz Radford; Councillor Stephen Clarke.
Independent Members: Brenda McLennan.

Officers in Attendance:-

Alison Mullis/Melanie Henchy-McCarthy - Chief Internal Auditor, Annabel Scholes Interim Service Director (Finance), Tony Whitlock Principal Accountant Corporate Finance, Greg Rubins - BDO External Auditor.

1. Welcome, introductions, apologies and safety information

Apologies were received from Councillors Helen Godwin and Clive Stevens substituted by Councillor Donald Alexander and Councillor Stephen Clarke respectively. Apologies received from Ken Guy Independent Member.

2. Declarations of Interest

Councillor Radford declared a non-pecuniary interest as her husband worked for the Bristol Port Company.

3. Minutes of 22 July 2016

The Minutes of the 22 July 2016 were agreed as an accurate record.

3a. Action sheet of 22 July 2016

Actions were noted. Noted that item 2 should refer to Public sector internal audit standards.



4. Public Forum

A statement was received from Councillor Clive Stevens which the Committee noted and made the following comments on the four points listed in the statement –

Point 1 Bristol Port Authority – Councillor Donald Alexander supported the view of Councillor Stevens in respect of the Non - Executive Director role being held by a local ward Councillor and longer for one year to provide greater continuity. Councillor Gary Hopkins fundamentally disagreed that it should be a local councillor as the person's role was to represent the whole council. Councillor Alexander asked that his disagreement with Councillor Hopkins on this point be recorded in the Minutes. In the meantime discussions to take place with the Chair and Councillor Stevens and their feedback be brought to the Audit Committee as appropriate;

Point 2 Revenue reserves – noted that reserves were currently under review and it was anticipated that a report would be brought to the November Audit Committee;

Point 3 Icelandic Banks - £8m had been invested in total and all but £150,000 had been recovered so a positive outcome. Provision had been set aside to the value of £150,000 so that the issue was now concluded;

Point 4 Governance – the Metro Bus Project had been taken off the Risk Register but had now been reinstated for a different issue. A question regarding how this helped public transport users could not be answered as there was not a Transport Officer present. Noted that the Metro Bus Project was on the Work Programme for the November Audit Committee and a report would be presented at that meeting. Request for public to be informed as much as possible perhaps using social media as an option.

Capital Projects would be considered under the Annual Governance Statement report being considered at agenda item 8 on the agenda.

5. Work Programme

The draft Work Programme was considered. The Chair asked that 'Warm Up Bristol' be added to the Work Programme. This was agreed subject to the Chief Internal Auditor checking to see if further scrutiny had taken place on this issue in which case the information would be circulated to members, if not this would be added to the Work Programme.

Corporate Complaints to be brought forward from January to November.

Partnership Governance be included.

Resolved: that, subject to the above, the Work Programme be noted.

6. Bank Reconciliation - Verbal Update

The Committee received a verbal update from the Interim Service Director Finance in respect of bank reconciliations citing this had been reviewed and that from March to end of August 2016, of the 2,288



unmatched transactions there were now only 127 still outstanding. The 736 relating to the cash book was now 93. The Committee was informed that keeping on top of Bank Reconciliations was now a team priority and many of the outstanding issues had been addressed thanks to the hard work and positive approach of the Corporate Finance team.

7. BDO - 2015/16 Audit report

The Committee received a report from the External Auditor which highlighted the key Issues arising from the audit of the Council's financial statements for the year ended 31 March 2016. This enabled BDO to discharge their responsibilities in accordance with International Standards of Auditing (ISA) 260. It also reported their conclusion on whether the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Overall the auditors anticipated issuing an unqualified audit opinion on the Council's financial statements and an unqualified VFM conclusion. A number of recommendations had been made to management with regard to improvements required. Management responses to the recommendations were set out in the Action Plan.

Points arising from discussion were –

1. Formal sign off of the Accounts was expected to be by 21 October 2016;
2. General progress was good and assistance from the Finance team was of high quality;
3. The External Auditor advised that, with regard to Lender Option Borrower Option loans (LOBO's) that had been taken out, a number of local authorities, including Bristol City Council, had received objections from local electors as to the lawfulness of local authorities obtaining borrowings through LOBO loans. Whilst the LOBO loans held by the Council had not currently been found to be unlawful, there was ongoing analysis of LOBO's generally by councils affected, their auditor and specialist lawyers. The law in relation to this matter was complex and there was uncertainty as to what the consequences could be should a local authority had obtained borrowing through a LOBO that was found to be unlawful. In the event of a LOBO loan being found to be unlawful, restitutionary remedies might result in the outstanding balances on these loans having to be repaid in full to the lender and might result in additional costs resulting from losses incurred by the lender. It was necessary therefore that the Council include a contingent liability to acknowledge this risk;
4. It was noted that the LOBO issue was a national issue and was being overseen by the National Audit Office;
5. A further report would be brought to the Committee in respect of the LOBO issue when records had been accessed and analysed;
6. The Bristol Port Company value had increased significantly, the External Auditor advised that a professional valuation should be done in the future;
7. The 'gap' between target for budget savings and actual savings was significant and although acceptable from a purely audit perspective, due to contingency balances, the next few years would present real challenges for the Council;
8. Budget information was a key concern and scrutiny of budgets would be overseen by the OSMB. The Committee was assured that in future clear financial information would be available in parallel with appropriate training for members;
9. Energy company borrowing would be looked at in more detail next year;



10. Housing benefit overpayment levels were not directly an audit concern as the accounting processes were found to be acceptable;
11. Partnerships had not been looked at in depth but the overall situation was considered to be acceptable.

Resolved: that, subject to the comments made by the Committee, the report be noted.

8. Final Draft Annual Governance Statement 2015/16 and updated Action Plan

The Committee received a report from the Interim Chief Executive in respect of the draft Final Annual Governance Statement prior to it being finalised and signed by the Mayor and the Interim Chief Executive.

The Committee was informed that the City Council was required by the Accounts and Audit Regulations 2015 to prepare an Annual Governance Statement to accompany its published financial statements. A review of the governance and internal control arrangements had taken place and the resulting draft Statement and Action Plan was appended to the report.

Points arising from discussion were –

1. A review of Interim Officer and Consultant appointments was currently taking place the outcome of which would be shared with Audit Committee members to decide if the matter should be considered formally at a future Audit Committee;
2. The high number of interim appointments in IT work was being reviewed and addressed with internal officer skill now being used more widely. Consultants/Interims only to be used if considered to be essential;
3. A permanent appointment had now been made in respect of the Service Director Finance/Section 151 officer role;
4. Corporate Complaints system report to be brought forward on the Work Programme from January to November;
5. Corporate Plan work was ongoing and a joint consultation on the Corporate Strategy and the budget would be completed by week ending 14 October 2016;
6. Partnership governance to be included on the Work Programme, particularly to include PFI arrangements.

Resolved: that the draft Final Annual Governance Statement be recommended for approval, as a fair reflection of the internal control and governance environment during 2015/16 and to date, for subsequent finalisation and signing by the Mayor and the Interim Chief Executive.

9. Statement of Accounts year ended 31 March 2016

The Committee received a report from the Interim Service Director Finance regarding the approval of the Statement of Accounts for the year ended 31 March 2016. The Statement of Accounts set out the Council's financial position as at 31 March 2016 and a summary of its income and expenditure for the year to 31 March 2016.

Points arising from the initial discussion were –



1. Figures in respect of Bristol Energy Company would be clarified for the next Company meeting, in the interim an update would be available prior to that;
2. Confirmed that the narrative in relation to the first two items under Business Change were factually correct although did not show the work or challenges being addressed to achieve this. A saving plan was in place to achieve the £30m saving;
3. With regard to the Council's Whistleblowing Policy it was suggested that there should be a 'pre whistle' blowing phase which allowed staff to raise issues at an early stage and perhaps avoid potential problems. The Interim Service Director Finance undertook to review the process and discuss with the Chief Internal Auditor what issues might need to be addressed and to ensure that staff were reminded of the facility available to them and to report any concerns that they might have at an early stage;

After further questions/discussion some members expressed serious concern about the narrative of the report, its accuracy in relation to the Accounts and lack of references. Concerns centred on the achievement section of the report namely lack of clarity/transparency, information relating to access to council services 24/7, education & training for 16-18 year olds, the Council's website improvements, vulnerable adults, homelessness numbers, assumptions behind the numbers of asylum seekers and housing benefit rent levels. The Interim Service Director Finance suggested that this information be extracted from the report and that it was possible to provide any information as necessary outside of the meeting in relation to asylum seekers and housing benefit rent levels.

Further concern was expressed about approving the Accounts despite the Committee having seen the report at its June meeting and the Council's external auditors being satisfied with its content.

Given the concern expressed the Chair adjourned the meeting to allow consideration to be given about what to do having regard to the statutory timescale to approve the Accounts by 30 September 2016.

On reconvening the Chair summed up the concerns which had been expressed as the Accounts being satisfactory but the narrative in the report was not, it was considered that progress could be made with the caveat that Governance issues could be raised with the Annual Governance Statement.

Other options were considered but arising from the discussion it was proposed and seconded that the Accounts be approved subject to the narrative being rewritten and approved by the Chair in negotiation with members of the Audit Committee.

On the motion being put to the vote there were two in favour and six abstentions therefore the motion was carried.

The Committee then voted to approve the Statement of Accounts in accordance with the motion.

On being put to the vote there were five in favour and three against.

Resolved – that the Statement of Accounts for the year ended 31 March 2016 be approved subject to the narrative being rewritten and approved by the Chair in negotiation with members of the Audit Committee.

10. Treasury Management report



The Committee received a report from the Interim Service Director Finance about the Annual Treasury Management review of activities and actual treasury indicators, in accordance with Local Government regulations.

Arising from discussion the Committee was informed that –

1. Due to the current low interest rates, borrowing options were being considered to take advantage of the situation;
2. Early repayment of debt was not always desirable due to penalty clauses;
3. Negative interest rates were unlikely to be achievable, the expected average was around 2%;
4. Short term borrowing, eg 24 hours, for cash flow purposes happened occasionally;
5. If required a report about the Council's future borrowing strategy could be brought to the Audit Committee;
6. Training would be provided to members about borrowing options to enable them to fully understand the options open to the Council.

Resolved – that the report be noted.

11. Treasury Management Quarter 1 2016/17

The Committee received a report from the Interim Service Director Finance in respect of a quarterly update for the Council's Treasury Management function to the end of June 2016.

Resolved – that the report be noted.

12 (a) Revised criteria for the appointment of Honorary Aldermen/women

The Committee received a report from the Interim Service Director – Legal & Democratic Services to consider revised criteria for the appointment of Honorary Aldermen/women as set out in paragraph 7 of the report.

After careful consideration the Committee amended the recommendation in the report and -

Resolved – that the revised criteria, as set out below, for the appointment of Honorary Aldermen/women, be endorsed and recommended to Full Council for approval -

An individual will be eligible for nomination and appointment to the role of Honorary Alderman/woman provided that he/she is no longer a serving councillor with Bristol City Council and has provided eminent service to the Council throughout a long and distinguished period of public service by:

- a. **Serving for a minimum period of two electoral terms as a Bristol City councillor (i.e. having been elected twice as a councillor);**

and

- b. **Holding a significant position of public responsibility with Bristol City Council, for a minimum period of one calendar year or one municipal year as either:**



- Lord Mayor;
- Elected Mayor;
- Deputy or Assistant Mayor;
- Leader of the Council;
- Executive Member;
- Any other position attracting the payment of a Special Responsibility Allowance under the Council's approved members allowance scheme (excluding attendance at the Appeals Committee);

Or

- c. Long service as a Bristol City Councillor for an aggregate total period of at least 10 years.

12 (b) Honorary Aldermen/Women Nominations

The Committee then revisited its previous consideration of Aldermen/women appointments at its annual general meeting on 24 June 2016 where some members were conferred status or consideration was deferred. The existing criteria as set out in the report to the 24 June 2016 meeting was used and all members put forward for consideration for Alderman/women status were reconsidered.

To enable proper consideration the Committee agreed to consider these in exempt session and it was-

Resolved – that under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the consideration of the following item, on the ground that it involves the likely disclosure of exempt information as defined in Paragraph 1 (relating to an individual), Part I of Schedule 12A to the Act.

Resolved - that due to their significant contribution to the local community the title of Honorary Alderman/Woman be conferred upon:

**Bill Payne
Mike Wollacott
Jenny Smith
David Morris
Alastair Watson
Gus Hoyt
Simon Cook
Glenise Morgan**

and that this be recommended to Full Council accordingly.

13. Ombudsman Annual Letter - Information item

The Letter was noted for information and the Chief Internal Auditor undertook to report on this matter further at the next meeting of the Audit Committee on 25 November.



The meeting finished at 1.25 pm.

CHAIR



Audit Committee Action Sheet – 23 September 2016

Action number	Item/report	Action and Deadline	Responsible officer	Action taken
1	Public forum – Social Value	Investigate ‘scorecard’ process used by Neighbourhood Partnerships	MHM/AM	Pending
2	Training for Public sector internal audit standards	Training to be arranged for members of AC	MHM/AM	Training at 25/11 meeting

**AUDIT COMMITTEE
DRAFT WORK PROGRAMME 2016/17**

Meeting Date	Report Author	Report Details	Routine Work Programme or Requested?	Officer Providing Report	Reason for Report	Terms of Reference	Presented Y/N	Comments:	
Friday 25 November 2016 9.30am	External Audit:	Annual Audit Letter	Routine Work Programme	BDO Lead - Matthew X Heppensal	Summary of work and key issues arising from external audit work relating to 2015/16	Role in overseeing the activity of External Audit	Yes		
	Finance:	Treasury Management - Mid-year Report	Routine Work Programme	Director of Finance - Annabel Scholes	Scrutiny of effectiveness of treasury management policies in line with their terms of reference	Role in scrutiny of effectiveness of treasury management policies	Yes		
		Treasury Management Training External Auditor Appointment Options	Training Periodic Issue (every 5 years)	Director of Finance - Annabel Scholes Director of Finance - Annabel Scholes and Head of Internal Audit	Member development To consider and recommend the process for appointment of external auditor	N/A Role in overseeing the activity of External Audit	Yes Yes	Training workshop	
	Internal Audit:	Internal Audit Half-Year Report 2016/17	Routine Work Programme	Head of Internal Audit	Summary of work completed this year to date and issues arising. Also providing performance information in relation to Internal Audit.	Overseeing the activity of Internal Audit. Overseeing the performance of the Head of Audit	Yes		
		MetroBus - update on Governance.	Requested by Audit Committee	John Roy/Peter Mann	To provide the committee with assurance regarding the governance and risk management of the Metrobus project.	Effectiveness of the Council's Financial and non financial performance to the extent to which it affects exposure risk and poor internal control.	No	Deferred	
	Officer:	Traded Companies: Governance	Requested by Audit Committee	Companies Development Project Manager	Overview of the Traded Companies Governance and any role for the Audit Committee in overseeing the investment in traded companies.	Effectiveness of the Council's Financial and non financial performance to the extent to which it affects exposure risk and poor internal control.	No	Deferred	
		Customer Relations Update on effectiveness of new system	Requested by Audit Committee	Customer Relations Manager	Assurance regarding governance process improvements required regarding receiving and dealing with complaints and FOI requests.	Effectiveness of the Council's non financial performance to the extent to which it affects exposure risk and poor internal control.	No	Deferred.	
	Legal:	Brief update on Warm-Up Bristol	Requested by Audit Committee chair but referred to Scrutiny Report. Resolved.	N/A	N/A	N/A	No	Requested by Committee but felt to be a Scrutiny matter	
		Members Standard Items: Information Items: Directorate Risk Registers	Routine as required Routine Work Programme	None required N/A - information only	N/A Neighbourhoods and People Directorate Risk Registers provided for assurance that they are in place and have been reviewed by scrutiny in line with Terms of reference	N/A Assurance that Risk Management arrangements are in place and effective.	No Yes		
	Friday 27 January 2017 9.30am	External Audit:	2015/16 Grants Report	Routine Work Programme	BDO Lead - Matthew X Heppensal	To report on grant certification work and any issues identified.	Overseeing the work of external audit.		
Finance:		Treasury Management - Strategy Report and Practices	Routine Work Programme	Head of Corporate Finance - Chris Holme	Scrutiny of effectiveness of treasury management policies in line with their terms of reference	Role in scrutiny of effectiveness of treasury management policies			
		Fraud Update (Incl. Tenancy Fraud Initiative)	Routine Work Programme	Head of Internal Audit	Summary of work completed by Internal Audit's Fraud team. Details key fraud risks and counterfraud arrangements in place at the council.	Role in overseeing the Counter-fraud arrangements			
Internal Audit:		Corporate Risk register - Update	Routine Work Programme	Head of Internal Audit	Identifying the Council's key risks and how they are being managed.	Assurance that Risk Management arrangements are in place and effective.			
		Annual Governance Statement Action Plan - Update	Routine Work Programme	Head of Internal Audit	Updating on new/emerging governance issues and progress in actioning improvement required for existing governance issues	Assurance that the Annual Governance Statement is an accurate reflection of arrangements. Overseeing the governance and control environment.			
Officer:		PSIAS Training and consultation on Bristol Code of Governance and Annual Governance Statement	Training	Head of Internal Audit	To brief the committee on the requirements of the Public Sector Internal Audit standards, the Code of Governance review and Annual Governance Statement purpose etc.	Overseeing the activity of Internal Audit. Overseeing the performance of the Head of Audit. Approval of the AGS and Bristol Code of Governance		Workshop Session at end of meeting. May need to slip if Audit Committee Role training to be provided.	
		Role of Audit Committee	Training	Strategic Director: Business Change	To clarify the role of the audit committee and that of the scrutiny commission.	N/A Clarity of role			
		Business Continuity Planning	Requested	Deputy Civil Protection Manager	To receive assurance that the BCP arrangements are in place and tested. Additionally, provision of an update on the progress of implementation of IA recommendations	Overseeing risk management policies. BCP a key risk management function		Deferred from November meeting	
			Markets Operation: Update on Financial control at the Markets operation	Requested	Service Manager: Facilities Management	An update on progress in strengthening financial control in this cash based area.	Overseeing governance and internal control.		Deferred from November meeting

Meeting Date	Report Author	Report Details	Routine Work Programme or Requested?	Officer Providing Report	Reason for Report	Terms of Reference	Presented Y/N	Comments:
	Officer: Legal:	Traded Companies Member Standard Items: Information Items: <i>Directorate Risk Register</i>	Requested Routine as required <i>Routine Work Programme</i>	TBC None required N/A	? N/A Directorate Risk Registers provided for assurance that they are in place and have been reviewed by scrutiny in line with Terms of reference	Assurance that Risk Management arrangements are in place and effective.		
Friday 24 March 2017 9.30am	Internal Audit: External Audit:	Audit Committee Effectiveness Review Draft Annual Plan 2017/18 - For Consultation Audit Approach/Planning Letter 2017/18 Information Items: <i>Directorate Risk Register</i>	Training/Workshop Routine Work Programme Routine Work Programme <i>Routine Work Programme</i>	Head of Internal Audit Head of Internal Audit BDO Lead - Matthew X Heppensal N/A - Information only	To explain best practice for audit committees and reflect on the current committee's effectiveness/identify areas where development is required. To consult the committee on the draft internal audit plan to ensure it covers assurances required by management and Audit Committee. To advise the committee of the external audit plan and approach. Directorate Risk Registers provided for assurance that they are in place and have been reviewed by scrutiny in line with Terms of reference	N/A - best practice Overseeing the work of Internal Audit and the effectiveness of Internal Audit. Overseeing the work of external audit Assurance that Risk Management arrangements are in place and effective.		Workshop brought forward to January Meeting.
Friday 26 May 2017 9.30am	Internal Audit: Finance: Officer: SIRO: Legal:	Draft Audit Committee Annual Report to Council 2016/17 Risk Management Annual Report Draft Annual Governance Statement 2016/17 and Updated Action Plan Annual Plan for 2017/18 Accounting Policies Partnerships - Risk/Opportunities - Value for Money Information Security Strategy - Update Member Standard Items: Information Items:	Routine Work Programme Routine Work Programme Routine Work Programme Routine Work Programme Routine Work Programme Requested Routine Work Programme Routine as required	Head of Internal Audit Head of Internal Audit Head of Internal Audit Head of Internal Audit C Holme - Head of Corporate Finance Service Director: neighbourhoods & Communities Steve Pendleton/Bernadette Keene None required	To agree the Committee required Annual report to Council. An overview of risk management arrangements in place at the Council and the extent to which the policy is in place and effective. To allow the committee to input to the draft Annual governance statement and review the AGS action plan for new/emerging issues and progress in resolving issues. To satisfy the committee that Internal Audit resources are being targetted at highest risks to provide assurances required by management and Audit Committee. To provide the committee with an overview of the governance framework for working in partnerships and how Value for Money is secured. To provide assurance that information security and governance risks are effectively managed. N/A	To provide assurance to full Council that the Committee has fulfilled its delegated responsibilities. Overseeing risk management strategies. Assurance that the Annual Governance Statement is an accurate reflection of arrangements. Overseeing the governance and control environment. Overseeing internal audit activity Effectiveness of governance and internal control. Effectiveness of governance and internal control		

Audit Committee

25 November 2016



Report of: Interim Service Director - Finance

Title: Treasury Management Mid-year Report 2016/17

Ward: City Wide

Officer Presenting Report: Annabel Scholes – Interim Service Director - Finance

Contact Telephone Number: 0117 3521289

Recommendation

The Audit Committee note, and comment as appropriate, on the Treasury Management Mid-year Report for 2016/17.

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 and the Council's prudential indicators (PIs).



Policy

1. Not Applicable

Consultation

2. **Internal**
Interim Service Director - Finance
3. **External**
Capita – the City Council’s Treasury Management advisors

Context

4. During the first half of 2016/17 the Council has complied with its legislative and regulatory requirements.
5. The current financial year continues the challenging environment of the previous year’s namely low investment returns and heightened levels of counterparty risk.
6. There are no policy changes to the Treasury Management Strategy Statement (TMSS); the details in this report update the position in the light of the updated economic position and budgetary changes.
7. The 2016–2019 Treasury Strategy (approved 16th February 2016) identified a medium term borrowing requirement of £150m 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 Council’s agreed policy is to defer borrowing while it has significant levels of cash balances (£135m at September 2016, £70m estimated for March 2017). The authority is planning on borrowing £20m at a preferential rate from the PWLB that expires on the 31st March for the Bristol Temple Meads East Regeneration (Arena) scheme. No further borrowing is anticipated in the current financial year, unless:
 - short term investments fall at a higher pace than expected increasing the liquidity risk of the authority and or;
 - there is a significant change in markets (debt financing costs continue to be at historic low levels) and long term borrowing is deemed advantageous the authority will borrow over periods determined as the most appropriate to reduce the authorities exposure to interest rate risk.

Other Options Considered

8. None

Risk Assessment

Borrowing and lending activity is reported to the Mayor.

The principal risks associated with treasury management are:

The risk of loss as a result of failure of counterparties.

This is mitigated by limiting the types of investment instruments used, setting lending criteria for counterparties, and limiting the extent of exposure to individual counterparties;

The risk of loss as a result of borrowing at high rates of interest/lending at low rates of interest.

This is mitigated by planning and undertaking borrowing and lending in the light of advisers' 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

8. 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 Shahzia Daya – Interim 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.

(b) Capital

Not Applicable

(Financial advice provided by Jon Clayton – Principal Accountant)

Land

Not Applicable

Personnel

Not Applicable

Appendices:

Treasury Management Mid-year Report to Cabinet 6 December 2016

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None

**BRISTOL CITY COUNCIL
CABINET
6th December 2016**

REPORT TITLE: Treasury Management Mid-Year Report 2016/17

Ward(s) affected by this report: Citywide

Strategic Director: Section 151 Officer

Report author: Annabel Scholes – Interim Service Director - Finance

**Contact telephone no. & e-mail address: Jon Clayton - 0117 922424
jon.clayton@bristol.gov.uk**

RECOMMENDATION for Mayor approval:

1. That the Mayor recommends the report to Full Council;
2. That the Mid-Year Treasury Management report for 2016/17 is noted.

Purpose of the report:

3. 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).
4. 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

5. Treasury management is defined as:

“The management of the local authority’s 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.”

6. 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.

7. 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

8. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised in 2011) 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 - 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 this Council the delegated body is Audit Committee.

9. 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 2016/17 financial year to 30 September 2016;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- A review of the Council's investment portfolio for 2016/17;
- A review of the Council's borrowing strategy for 2016/17;
- A review of any debt rescheduling undertaken or planned during 2016/17;
- The Council's capital expenditure and (prudential indicators);
- A review of compliance with Treasury and Prudential Limits for 2016/17.

10. 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.
11. The 2016–2019 Treasury Strategy (approved 16th February 2016) identified a medium term borrowing requirement of £150m 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 Council’s agreed policy is to defer borrowing while it has significant levels of cash balances (£135m at September 2016, £70m estimated for March 2017). The authority is planning on borrowing £20m at a preferential rate from the PWLB that expires on the 31st March for the Bristol Temple Meads East Regeneration (Arena) scheme with the net financing costs contained within the existing capital financing budget. No further borrowing is anticipated in the current financial year, unless:
- short term investments fall at a higher pace than expected increasing the liquidity risk of the authority and or;
 - there is a significant change in markets (debt financing costs continue to be at historic low levels) and long term borrowing is deemed advantageous the authority will borrow over periods determined as the most appropriate to reduce the authorities exposure to interest rate risk.

Analysis of Debt and Investments

12. A summary of the of the Council’s debt and Investment position as at 30th September 2016 (including forecast at 31st March 2017) compared with 31st March 2016 is shown in the table below:

Debt & Investments	31 st March 2016		31 st September 2016		31 st March 2017	
	£m	Rate%	£m	Rate%	£m	Rate%
Long Term Debt – PWLB	292	5.09	292	5.09	312	5.05
Long Term Debt – Market – LOBO*	100	4.11	100	4.11	100	4.11
Long Term Debt – Market - Fixed	23	4.24	23	4.24	23	4.24
Short Term Borrowing	2	0.55	-	-	-	-
Total Debt	417	4.81	415	4.81	435	4.77
Investment	146	0.63	135	0.60	70	0.50
Net Borrowing Position	271		280		365	

*Lender option Borrower option

13. We are currently achieving a return of 0.60% on our investments for the period to 30th September 2016. The return for the year is anticipated to fall following the recent change in base rate to 0.25% on the 4th of August with investment rates falling in line with this change. Economists are also forecasting a further cut in base rate to 0.1% around the turn of the calendar year. Long term interest rates are expected to remain at or around 2.30% (for 25 year term).

Economic Update to review

14. **UK** - UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back to +0.4% (2.0% y/y) in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% y/y) in quarter 2. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme. The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, though it is generally expected that although the economy will now avoid flat lining, growth will be weak through the second half of 2016 and in 2017.
15. The Bank of England meeting on August 4th addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, had warned that a vote for Brexit would likely cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. The governor also warned that the Bank will need the Government to support growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on November 23.
16. The Inflation Report included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. CPI has started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year and, in addition, the post referendum 10% fall in the value of sterling on a trade weighted basis is likely to result in a 3% increase in CPI over a time period of 3-4 years. However, the MPC is expected to look through a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore little danger of increasing core inflationary price pressures within the UK economy.
17. **USA**. The American economy had a "patchy" 2015 with sharp swings in the growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 disappointed at +0.8% on an annualised basis while quarter 2 improved, but only to +1.4%. However, forward indicators are pointing towards an increase in growth in the rest of 2016. The Federal Reserve (US central bank) embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more "downbeat" news on the international scene including the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December this year.
18. **EZ**. In the Eurozone, the ECB commenced in March 2015 its €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ

countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 1 2016 (1.7% y/y) but slowed to +0.3% (+1.6% y/y) in quarter 2. This has added to comments from many forecasters that central banks around the world are running out of techniques to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in the their economies and economic growth.

Interest rate forecasts

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

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%	0.25%	0.25%	0.25%	0.50%
5yr PWLB rate	1.00%	1.00%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.20%	1.30%
10yr PWLB rate	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%
25yr PWLB rate	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.60%
50yr PWLB rate	2.10%	2.10%	2.20%	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%	2.40%

20. Capita Asset Services undertook its last review of interest rate forecasts after the Monetary Policy Committee (MPC) meeting of 4th August cut bank rate to 0.25% and gave forward guidance that it expected to cut Bank Rate again to near zero before the year end. The above forecast therefore includes a further cut to 0.10% in November this year and a first increase in May 2018, to 0.25%, but no further increase to 0.50% until a year later. The governor of the bank of England (BOE), has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when the growth in average disposable income is still weak and could well turn negative when inflation rises during the next two years to exceed average pay increases.

21. The overall trend is for gilt yields and PWLB rates to rise gently. An eventual world economic recovery may also see investors switching from the safe haven of bonds to equities. However, we have been experiencing exceptional levels of volatility in financial markets which have caused significant swings in PWLB rates.

22. The overall balance of risks to economic recovery in the UK remains to the downside.

The downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Monetary policy action reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some major developed economies, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
- Weak capitalisation of some European banks.
- A resurgence of the Eurozone sovereign debt crisis.
- Geopolitical risks in Europe, the Middle East and Asia, increasing safe haven flows.
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or Federal Reserve increases, causing a further flight to safe havens (bonds).
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.

23. The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The pace and timing of increases in the Federal Reserve funds rate causing a reassessment by investors of the risks of holding bonds as opposed to equities and leading to a major move from bonds to equities;
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

Investment Portfolio 2016/17

24. 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" it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.25% Bank Rate (bank rate reduced from 0.5 to 0.25% on the 4th August 2016). The continuing potential for a re-emergence of a Eurozone sovereign debt crisis together with other risks which could impact on the creditworthiness of financial institutions, prompts a low risk strategy. Given this risk environment, investment returns are likely to remain low.

25. The Council held £135m of investments as at 30 September 2016 (£145m at 31 March 2016) with an average maturity of 67 days. These investments are predominately with

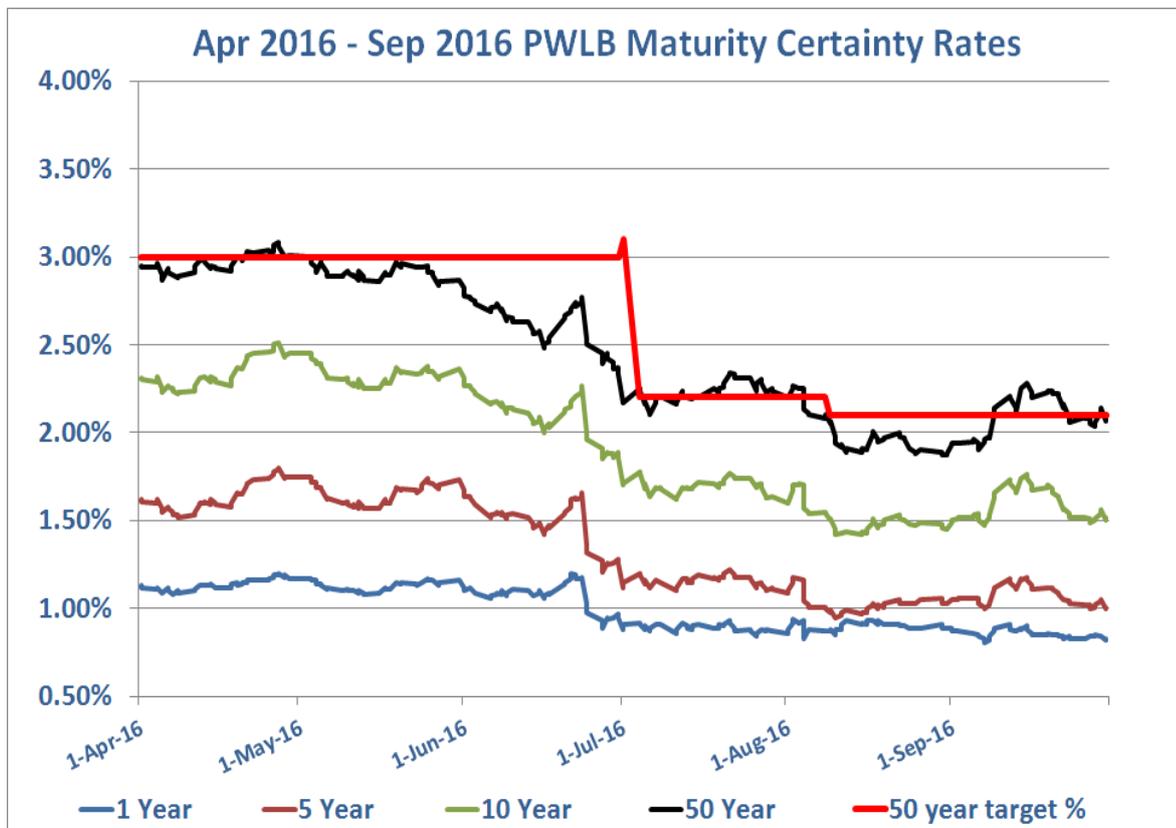
UK banks, local authorities and money market funds. The investment portfolio yield for the first six months of the year is 0.60%. The standard comparator for investment performance is the benchmark 7 day rate, which for the period was 0.28%. The benchmark for 3 month deposits was 0.38%.

26. The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2016/17.

Borrowing

27. The Capital Financing Requirement (CFR) denotes the Council's underlying need to borrow for capital purposes. The Council's CFR at 31 March 2017 is estimated to be £799m. 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).
28. 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 2016 the Council had external borrowings of £569m and has utilised £213m 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.
29. However, internal borrowing is a temporary measure that takes advantage of low 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.
30. The Council are planning on borrowing £20m to take advantage of a preferential rate available from the PWLB that expires on the 31st March for the Bristol Temple Meads East Regeneration (Arena). This preferential borrowing rate is known as the "project rate" and is available for nominated infrastructure projects at a discount of 20 basis points below the certainty rate referenced in paragraph 34, below. The net financing costs of such borrowing will be contained within the existing capital financing budget.
31. Should debt financing costs continue to historic low levels, and with a significant capital programme predominately financed by borrowing the Council will consider further borrowing if rates continue to fall or are anticipated to rise at a higher pace than expected. This will enable the authority to take advantage of a low interest rate environment and reduce the interest rate risk of the authority.
32. The trend in interest rates was a decrease during the first six months of the year, across all maturity bands. The graph below show the movement in PWLB (certainty) rates for the first six months of the year to 30th September 2016:

	1 Year	5 Year	10 Year	25 Year	50 Year
1/4/16	1.13%	1.62%	2.31%	3.14%	2.95%
30/9/16	0.83%	1.01%	1.52%	2.27%	2.10%
Low	0.81%	0.95%	1.42%	2.08%	1.87%
Date	07/09/2016	10/08/2016	10/08/2016	12/08/2016	30/08/2016
High	1.20%	1.80%	2.51%	3.28%	3.08%
Date	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016
Average	0.99%	1.33%	1.92%	2.69%	2.46%



Debt Rescheduling

33. Debt rescheduling opportunities have been limited in the current economic climate given the consequent structure of interest rates. The authority's debt portfolio is made up of long dated loans (PWLB £292m, Market Debt (LOBOS) £100m and Market Debt (Fixed) £23m) averaging 35 years. The estimated penalty to repay the PWLB loans early is £248m, taking the total cost to £540m. In respect of the market loans, where indicative prices have been provided, a similar level of penalty has been quoted.

The total life cycle cost of rescheduling loans on a discounted cash-flow basis has been reviewed with no loans providing a positive cash-flow benefit to the authority. This would in part be due to large early repayment penalties that the authority will incur.

For these reasons no debt rescheduling has been undertaken during the first six

months of the year and none is anticipated for the remainder of the year.

Ethical Policy

34. 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 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)

35. 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

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

Capital Expenditure by Service	2016/17 Original Estimate £m	2016/17 Revised Estimate £m
Non-HRA	134	166
HRA	56	56
Total	190	222

37. The latest capital monitoring report for the end of August 2016 sets out a capital budget of £222m as detailed within the period 5 monitoring report presented to Cabinet the 1st November 2016.

Financing of the Capital Programme

38. 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	2016/17 Original Estimate £m	2016/17 Revised Estimate £m
Total spend	190	222
Financed by:		
Capital receipts	29	29
Capital grants	38	67
Revenue / Reserves	10	14
HRA – Self Financing	32	32
Prudential Borrowing – Increase in Capital Financing Requirement	81	80
Total financing	190	222

Capital Financing Requirement (CFR) & Operational Boundary

39. 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.

	2016/17 Original Estimate £m	2016/17 Revised Estimate £m
Capital Financing Requirement		
CFR – non housing	581	554
CFR – housing	245	245
Total CFR	826	799
External Debt (Operational Boundary)		
Borrowing	490	434
Other long term liabilities*	155	155
Total debt 31 March	645	589

* On balance sheet PFI schemes and finance leases etc.

40. The revised Capital Financing Requirement is based on the actual CFR as at 31 March 2016 (£734m) increased by in-year capital expenditure financed by borrowing (£80m) and reduced by the minimum revenue provision (MRP) for repayment of debt (£15m) subject to a review of MRP policy being considered by Full Council.

Limits to Borrowing Activity

41. 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 2017/18 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.

	2016/17 Original Estimate £m	2016/17 Revised Estimate £m
Gross borrowing	490	434
Plus other long term liabilities*	155	155
Gross borrowing & long term Liabilities	645	589
CFR* (year end position)	826	799

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

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

43. 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	2016/17 Original Indicator	2016/17 Revised Indicator
Total Borrowing	920	830

Consultation and scrutiny input

Internal consultation: Audit Committee will scrutinise the Treasury Management Report at their meeting on 25th November. Any comments will be incorporated within the final report for Full Council.

External consultation: The Council's Treasury Management advisers

Risk Assessment

Borrowing and lending activity is reported to the Mayor.

The principal risks associated with treasury management are:

- The risk of loss as a result of failure of counterparties.
- This is mitigated by limiting the types of investment instruments used, setting lending criteria for counterparties, and limiting the extent of exposure to individual counterparties;

- The risk of loss as a result of borrowing at high rates of interest/lending at low rates of interest.

This is mitigated by planning and undertaking borrowing and lending in the light of advisers' 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:

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.

Environmental checklist / eco impact assessment

Not applicable

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 Shahzia Daya

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.

Advice given by Jon Clayton (Corporate Accountant) 17/10/2016

(b) Capital

None Sought

Land

None.

Personnel

None.

Appendices:

Access to Information (Background Papers): None



Audit Committee

25 November 2016

Report of: BDO LLP

Title: BDO's Annual Audit Letter 2015/16

Ward: City Wide

Officer Presenting Report: BDO LLP

Contact Telephone Number:

Recommendation

The Audit Committee note, and comment as appropriate, on BDO's Annual Audit Letter for 2015/16

Summary

Attached to this report is BDO's Annual Audit Letter for the year ended 31 March 2016. The Annual Audit Letter summaries the key issues arising from the work BDO have carried out at Bristol City Council during the 2015/16 audit. The letter is designed to communicate the key messages to the Council and external stakeholders, including members of the public. The letter will be published on the Public Sector Audit appointments website www.psa.co.uk and also the Council's website.



Policy

None affected by this report. The Audit Commission has statutory responsibility for inspection and assessment at the Council. BDO are the Council's appointed external auditors. In carrying out their audit and inspection duties they have to comply with the relevant statutory requirements, namely the Local Audit and Accountability Act 2014.

Consultation

1. **Internal**
Interim Service Director Finance
2. **External**
None

Context

3. BDO is required to form an opinion on the Council's financial statements and to provide a value for money conclusion. This report summaries the work undertaken over the course of the year and the conclusions from the work.

Representatives from BDO will be attending the Committee and will be pleased to answer Member's questions.

Other Options Considered

4. None

Risk Assessment

5. None necessary for this report

Public Sector Equality Duties

6. None necessary for this report

Legal and Resource Implications**Legal**

None arising from this report

Financial**(a) Revenue**

None arising from this report

(b) Capital

None arising from this report

Land

Not Applicable

Personnel

Not Applicable

Appendices:

BDO's Annual Audit Letter

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None



BRISTOL CITY COUNCIL

ANNUAL AUDIT LETTER

Audit for the year ended 31 March 2016



EXECUTIVE SUMMARY

Purpose of the letter

This Annual Audit Letter summarises the key issues arising from the work that we have carried out in respect of the financial year ended 2015/16. It is addressed to the Council but is also intended to communicate the key findings we have identified to key external stakeholders and members of the public. It will be published on the website of Public Sector Audit Appointments Limited.

Responsibilities of auditors and the Council

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's Code of Audit Practice (the Code), and to review and report on:

- the Council's financial statements
- whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are also required to report where we have exercised our statutory powers under the Local Audit and Accountability Act 2014 in any matter and our grant claims and returns certification work.

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the audit.

BDO LLP
October 2016

Audit conclusions

FINANCIAL STATEMENTS

We issued an unqualified true and fair opinion on the financial statements on 30th September 2016.

We reported our detailed findings to the Audit Committee on 23rd September.

USE OF RESOURCES

We issued an unqualified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources on 30th September 2016.

The Council has prepared a Medium Term Financial Plan (MTFP) which has identified a need to achieve savings of approximately £35 million in 2016/17 to bring expenditure in-line with the forecast level of financial resources. Grant funding is forecast to decline further in future years requiring further savings in the period to 2020.

We considered the Council's arrangements and concluded that they are currently reasonable but the scale of the financial challenge will require the position to be closely monitored.

EXERCISE OF STATUTORY POWERS

We have performed work in connection with the Council's use of Lender Option Borrower Option (LOBO) borrowing following an objection made by an elector. No issues have arisen to date but we cannot certify the audit as completed until the work on the objection has been concluded.

GRANT CLAIMS AND RETURNS CERTIFICATION

Our review of grant claims and returns is in progress and the results will be reported upon completion of this work.

FINANCIAL STATEMENTS

OPINION

We issued an unqualified true and fair opinion on the financial statements on 30 September 2016.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes an assessment of whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates, and the overall presentation of the financial statements.

Our assessment of risks of material misstatement

Our audit was scoped by obtaining an understanding of the Council and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements.

We set out below the risks that had the greatest effect on our audit strategy, the allocation of resources in the audit, and directing of the efforts of the audit team.

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REVENUE RECOGNITION	RESPONSE	FINDINGS
<p>Auditing standards presume that there are risks of fraud in revenue recognition. These risks may arise from the use of inappropriate accounting policies, failure to apply the Council's stated accounting policies or from an inappropriate use of estimates in calculating revenue.</p>	<p>We carried out procedures to gain an understanding of the Council's internal control environment relevant to preventing loss of income and ensuring that income is recognised in the correct accounting period.</p> <p>We tested a sample of transactions to confirm that it was appropriate to recognise the income and that it had recorded in the correct accounting period.</p>	<p>No issues have been identified by our testing of revenue from fees and charges. All items tested were reviewed to ensure that all relevant conditions were met and that the income has been recorded in the correct period.</p>
PROPERTY VALUATIONS	RESPONSE	FINDINGS
<p>Local authorities are required to ensure that the carrying value of property, plant and equipment (PPE) is not materially different to the fair value at the balance sheet date (31 March 2016).</p> <p>The Council carries out a rolling programme to ensure that all PPE is revalued at least every 5 years.</p>	<p>We reviewed the valuation performed by the Council's valuer and tested a sample of assets to confirm the valuation had been correctly accounted for.</p>	<p>We are satisfied that the Council's treatment of its PPE has been appropriate.</p>

FINANCIAL STATEMENTS

Continued

GROUP ENTITIES	RESPONSE	FINDINGS
<p>The Council works with many partners and also has interests in external organisations including Bristol Waste Limited - a company that delivers the waste contract for the Bristol area. Due to the materiality of this company, this may possibly need to be treated as a group company and require the Council to prepare full Group Accounts to consolidate the results of its subsidiaries.</p> <p>The Council is actively working with external organisations and has a Better Care Fund pooling arrangement with NHS Bristol CCG.</p>	<p>We reviewed the accounts of the entities for which the Council has a financial interest but which were not consolidated .</p> <p>We assessed the materiality of the entities to confirm that the accounting treatment employed by the Council was appropriate.</p> <p>We also tested the expenditure relating to the pooled budget with Bristol CCG.</p>	<p>The Council elected not to prepare Group Accounts on the basis that consolidation would not have materially affected the Council's accounts. We are satisfied that this decision was reasonable on the grounds that the adjustments would have been immaterial.</p> <p>We note that some of the entities are likely to increase in scale and therefore it is important that the position is monitored. In addition, it is also important that the arrangements for ensuring effective oversight of the subsidiary operations/partnerships are kept under review.</p> <p>We are also satisfied that the treatment of the Council's transactions in connection with the pooled budget are also correct.</p>
PENSIONS	RESPONSE	FINDINGS
<p>The net pension liability at 31 March 2016 of £693 million includes the Council's share of the market value of assets held in the Avon Pension Fund and the estimated future liability to pay pensions.</p> <p>An actuarial estimate of the pension fund liability is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the pension fund and has regard to local factors such as morality rates and expected pay rises along with other assumptions around inflation when calculating the liability.</p> <p>There is a risk the valuation is not based on accurate membership data or uses inappropriate assumptions to value the liability.</p>	<p>We tested the amounts and disclosures recorded in the Council's accounts to information provided by the Pension Fund actuary. We also requested information from the LGPS auditor to provide assurance on the amounts disclosed in the Council's accounts.</p>	<p>The amounts and disclosures made by the Council have been appropriate.</p>

FINANCIAL STATEMENTS

Continued

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements.

We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonably knowledgeable users that are taken on the basis of the financial statements.

Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality for the financial statements as a whole was set at £19.4 million. This was determined by reference to the Council's expenditure and which we consider to be one of the principal considerations for the Council in assessing the financial performance. The agreed materiality level represents approximately 1.75% of the Council's gross expenditure.

We agreed with the Audit Committee that we would report all individual audit differences in excess of £581,400.

Audit differences

There were no uncorrected differences in the final financial statements that were identified by our work.

Other matters we report on

Annual governance statement

We are satisfied that the Annual Governance Statement is not misleading or inconsistent with other information we were aware of from our audit.

Other matters we report on (continued)

Narrative reporting

Local authorities are required to include a narrative report in the Statement of Accounts to offer interested parties an effective guide to the most significant matters reported in the accounts. The narrative report should be fair, balanced and understandable for the users of the financial statements.

We are satisfied that the information given in the 2015/16 narrative report is consistent with the financial statements.

Internal controls

We did not find any significant deficiencies in internal controls during the course of our audit. A number of other areas for improvement were identified which we have discussed with management.

Whole of Government Accounts

Auditors are required to review Whole of Government Account (WGA) information prepared by councils where expenditure exceeds £350 million.

We have completed our review in accordance with the Instructions issued by the National Audit Office. This required that we compare the information in your Data Collection Tool (DCT) submission with the audited financial statements, undertake testing of completeness and accuracy of WGA counterparty transactions and balances, and provide an assurance statement to the National Audit Office.

There are no issues to report.

USE OF RESOURCES

CONCLUSION

We issued an unqualified conclusion on the arrangements for securing economy, efficiency and effectiveness in its use of resources on xx September 2016.

Scope of the audit of use of resources

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources based on the following reporting criterion:

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

As part of reaching our overall conclusion we consider the following sub criteria in our work: informed decision making, sustainable resource deployment, and working with partners and other third parties.

Our assessment of significant risks

Our audit was scoped by information obtained from your previous auditor, relevant findings from work undertaken in support of the opinion on financial statements, reports from the Council including internal audit, information disclosed or available to support the governance statement and annual report, and information available from the risk registers and supporting arrangements.

We set out below the risks that had the greatest effect on our audit strategy, the allocation of resources in the audit, and directing of the efforts of the audit team.

SUSTAINABLE FINANCES	RESPONSE	FINDINGS
<p>In February 2016, the Council prepared a Medium Term Financial Plan (MTFP) which identified a need to achieve a savings programme of £35.4 million for 2016/17 if spending was to be in line with forecast available resources. In addition, the Council's MTFP indicated that declining grant income forecast for future years would require further savings of approximately £102 million in the three year period from April 2017 to March 2020.</p> <p>The reduced level of financial resources ,combined with additional service pressures therefore creates a substantial financial challenge.</p>	<p>We considered the Council's MTFP and the basis of the assumptions within these forecasts.</p> <p>We also obtained details of the Council's processes for managing the major transformation that will be required to achieve the cost savings and reviewed the arrangements for monitoring progress against financial targets.</p>	<p>The Council has continued to develop its arrangements to address the financial challenge that is present and a budget was set for 2016/17 that implied net spending of approximately £345 million in 2016/17. At the commencement of the year, the Council needed to reduce net spending by approximately £35 million to achieve its budget.</p> <p>At the end of Quarter 1 (the period to 30 June 2016) the Council's spending was not in-line with the level required to eliminate the £35 million budget gap. The position has been reported to Cabinet and the seriousness of the position emphasised by the Council's S151 Officer.</p> <p>We are satisfied that the arrangements are reasonable but attention will need to be paid towards reducing expenditure in-line with the resources that are available.</p>

USE OF RESOURCES

Continued

WORKING WITH OTHER ORGANISATIONS	RESPONSE	FINDINGS
<p>The Council has a number of partnership arrangements in place, including a Better Care Fund arrangement with Bristol CCG where the intention is to move to closer joint working. The liaison with healthcare partners is evolving quickly and the Council has also established links with CCGs covering the wider area including Bath and North East Somerset and South Gloucestershire.</p> <p>The Council has also developed a number of other arrangements with partners and is an active participant within the Local Enterprise Partnership area.</p> <p>As with any partnership arrangements, there are risks around governance, control and value for money and therefore these do need to be assessed regularly and for all new proposed partnership arrangements. At the same time, it is important that the Council remains alert to opportunities to work with others and continues to seek out opportunities to work innovatively with its partners.</p>	<p>We responded to this risk by assessing the arrangements the Council has in place and the extent to which the Council works with others in the area.</p>	<p>The Council has developed many partnerships with other organisations and in addition to the close working with the local CCGs it also works with many other partners across the wider area.</p> <p>The Council has reasonable arrangements in place for working with others and the governance arrangements are satisfactory.</p>

EXERCISE OF STATUTORY POWERS

REPORT BY EXCEPTION

We have undertaken in two areas, one of which relates to the 2016/17 audit.

Use of statutory powers

We have undertaken work in connection with a range of areas including the Council's use of Lender Option Borrower Option (LOBO) financing following an objection raised by a local elector. This is a national issue and impacts a large number of councils. Our work to date has confirmed that the borrowing was in line with the Council's current treasury management policy, even if the loans are regarded as variable. However, we cannot conclude on this matter until the Council has provided evidence to support the legality of the original transactions. We expect to receive this shortly.

We have also performed some work on a severance payment made to the City Director in 2016/17. We will report on this matter in 2016/17.

Audit certificate

We cannot formally conclude our audit until we have completed our work in connection with the elector's objection.

GRANT CLAIMS AND CERTIFICATION

CERTIFICATION WORK

Our review of grant claims and returns for 2015/16 is in progress and the results will be reported upon completion of this work.

Housing benefit subsidy claim

Public Sector Audit Appointments Ltd has a statutory duty to make arrangements for certification by the appointed auditor of the annual housing benefit subsidy claim.

Our work on the 2015/16 housing benefits subsidy claim is currently in progress and we anticipate that it will be completed ahead of the submission deadline of 30 November 2016.

Other claims and returns

A number of grant claims and returns that were previously included within the scope of the audit have since been removed, but Departments may still seek external assurance over the accuracy of the claim or return.

These assurance reviews are undertaken outside of our appointment by the Audit Commission or Public Sector Audit Appointments Ltd, and are covered by tripartite agreements between the Council, sponsoring Department and the auditor.

In the year we completed in connection with two grant related returns and we have one return relating to the Council's involvement with the West of England Local Enterprise Partnership (LEP) and the Invest Bristol and Bath project which is currently work in progress. We have been instructed to perform a review, based on the instructions and guidance provided by the LEP and we expect to conclude our work on this return in the near future..

APPENDIX

Reports issues

We have issued the following reports

REPORT	DATE
Audit Plan	March 2016
Final audit report	September 2016
Annual Audit Letter	October 2016

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Fees

We reported our original fee proposals in our Audit Plan and the latest estimate of our fee for 2015/16 are set out below.

AUDIT AREA	PLANNED FEES	FINAL FEES
Code audit	£203,687	203,687
Certification of housing benefits subsidy	£10,703	10,703
Elector objection	Up to £10,000	Up to £10,000
Fee for audit services	£224,390	224,390
Audit related services:		
LEP return	Up to £5,000	Up to £5,000
Venturer grant review	£1,500	£1,500
Local Authority Major Transport Claim Review	£4,500	£4,500
Fee for audit related services	Up to £11,000	Up to £11,000
Non audit related services:		
- None	Nil	Nil
Total fees	£235,390	£235,390

The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising.. No responsibility to any third party is accepted.

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Audit Committee

25th November 2016

Report of: Chief Internal Auditor

Title: Internal Audit Half-Year Report 2016/17

Ward: Citywide

Officer Presenting Report: Alison Mullis/Melanie Henchy-McCarthy: Chief Internal Auditor

Contact Telephone Number: 0117 92 22448/22063

Recommendation:

The Committee is recommended to note and comment on the attached Internal Audit half-year report which provides details of Internal Audit work for period 1st April to 30th September 2016. This report was presented to the Cabinet member for Finance, Governance and Performance.

Summary

The report provides senior management and the Audit Committee with an illustration of how the Council is doing in terms of level of assurance and risk for 2016/17, together with previous year's performance for reference, as well as a summary of the work carried out by Internal Audit in the first six months of this financial year, attached at Appendix A.

The significant issues in the report are:

- The purpose of this report is provided in section (1)
- The status of the Control, Risk and Governance environment within the Council, based on the internal audit work completed to date, is provided in section (2)
- Full details of the work and conclusions of Internal Audit during the period is provided at Appendix A and summarised in section (3)



Policy

1. Audit Committee Terms of Reference

Consultation

2. Internal

S151 Officer, Business Change DLT, Strategic Leadership Team, Cabinet Member for Finance Governance and Performance.

3. External

Not Applicable

4. Context

Internal Audit provide update reports to management and the Audit Committee which summarise the work carried out by Internal Audit as the year progresses. Attached at Appendix A is the first of those reports for 2016/17. The report is provided to:

- Provide an overview of the status of the organisation's Risk, Control and Governance framework, based on the work of Internal Audit to date, and the level of assurance that can be derived from that work
- present the work completed by the Internal Audit team during the year to date, together with the conclusions we have drawn from that work.
- highlight any significant issues to management or the Audit Committee for their consideration and necessary action.
- provide management and the Audit Committee with details of Internal Audit coverage and performance, to assure them that the Audit service continues to be effective and resourced to be fit for purpose.

5. Proposal

The Audit Committee receive and note this report as a source of assurance regarding the risk, control and governance environment across the Council. The Committee may wish to consider the issues identified in section 3 of the report as potential areas relevant to their annual work programme.

6. Other Options Considered

Not Applicable

7. Risk Assessment

There are no risks arising directly from this report, although clearly the work of Internal Audit minimises the risk of failures in the Council's internal control environment and governance arrangements, reduces the risk of fraud and other losses and increases the potential for prevention and detection of such issues.

8. 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) Not Applicable

9. Legal and Resource Implications

Legal

Not applicable

Financial

(a) Revenue – Not applicable

(b) Capital – Not applicable

Land – Not applicable

Personnel – Not applicable

Appendices:

Appendix A – Internal Audit Half-Year Report 2016/17

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None.



BRISTOL INTERNAL AUDIT

Information Classification: Level 1 Due care

INTERNAL AUDIT: HALF – YEAR UPDATE 2016/17 Date: November 2016

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Appendix A Summary of Internal Audit work completed or in progress during the period.	
Appendix B Amendments to Internal Audit Plan	

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1. Purpose of this Half-Year Update Report

- 1.1 This Half-Year Update Report provides a summary of the work completed by Internal Audit (IA) in the period of 1st April – 30th September 2016. Its purpose is to:
- ❖ Provide an overview of the status of the organisation’s Risk, Control and Governance framework, based on the work of Internal Audit to date, and the level of assurance that can be derived from that work
 - ❖ Draw attention to areas of significant risk exposure which need corrective action to improve the control framework

- ❖ Consider activity, performance and effectiveness of the Internal Audit service in this first six months of the financial year
- ❖ Highlight any areas which may impede the work of Internal Audit during the residual part of the year

2. Control, Risk and Governance Framework:

2.1 Internal Audit formulate a annual risk-based audit plan in order to identify the high risk areas which need to be reviewed in order to provide management and the Audit Committee with the appropriate assurance on the Control, Risk and Governance framework within the Council, and to support the Chief Internal Auditor’s annual opinion on this framework. As part of that process, IA monitors the outcomes from each of the reviews and considers what the collective output is telling us about the Framework. The graphs below provide senior management and the Audit Committee with an illustration of how the Council is doing in terms of level of assurance and risk for 2016/17, together with previous year’s performance for reference, figures (2) and (3).

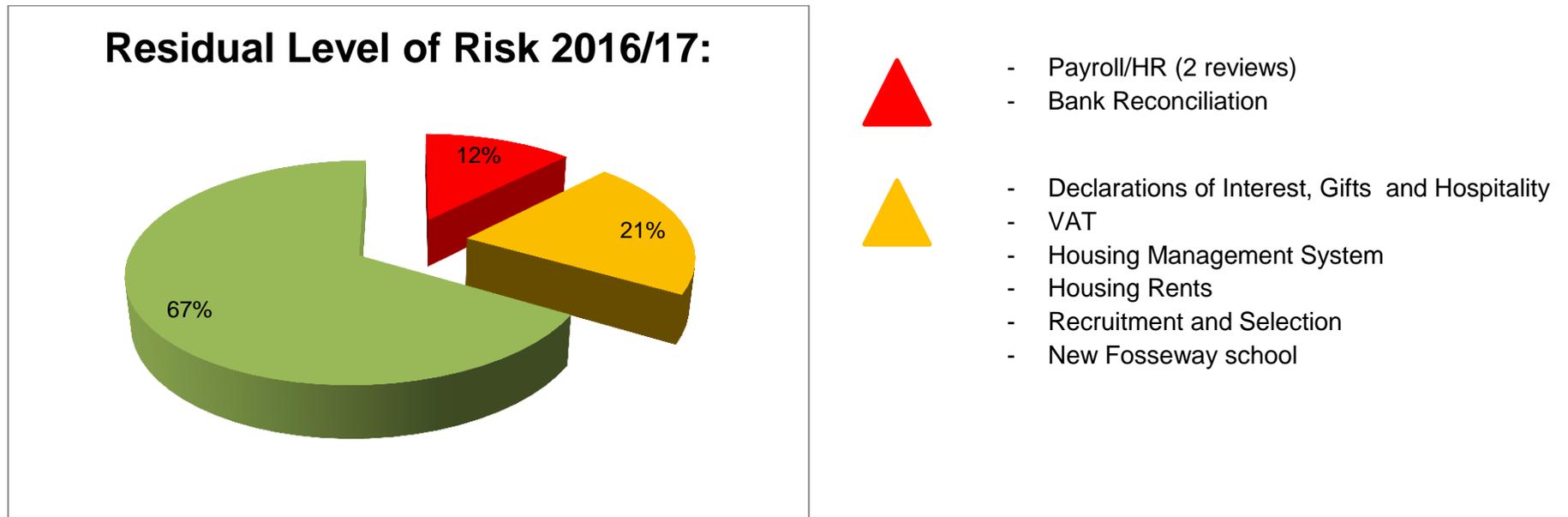


Figure (1) Residual Level of Risk for first 6 months of 2016/17

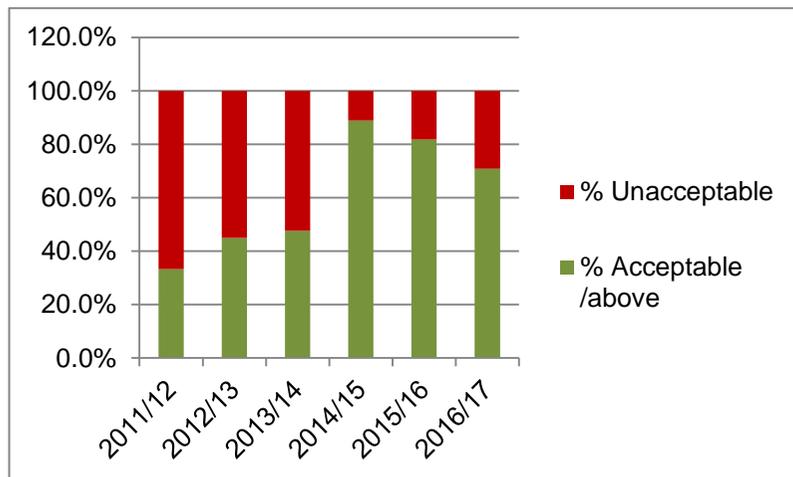


Figure (2) Level of Assurance of the last 5 years + to date in year 6

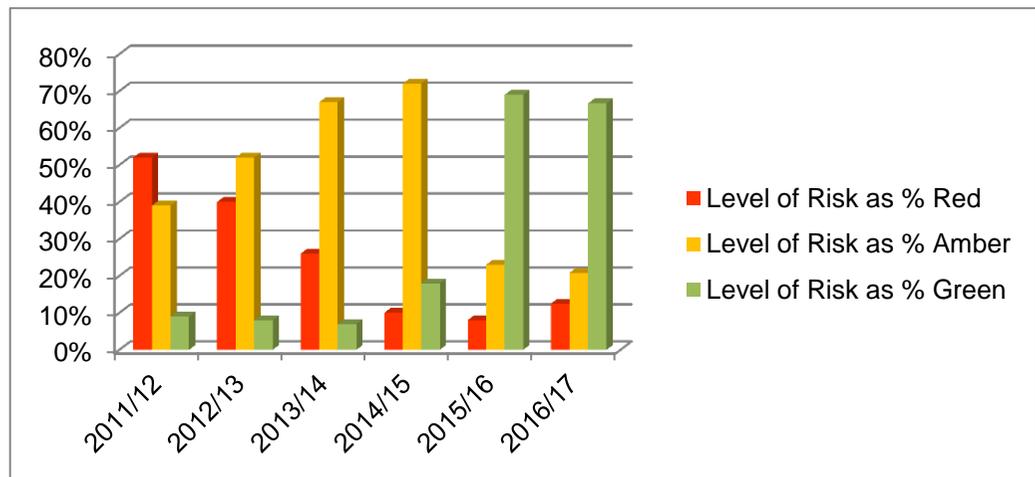


Figure (3) Level of Residual Risk over the last 5 years + to date in year 6

2.2 As illustrated by figure (1) the proportion of audit reviews which have a residual level of risk in the green zone of the CRR risk matrix, stands at 67% for the first half of the year. The trend, as illustrated by figure (2) is an increasing amount of unacceptable levels of assurance and an increase in the level of residual risk from the previous two years, however the increase is slight in comparison to the status of the period 2011 – 2014.

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3 SUMMARY OF OUTCOMES – Planned Assurance Work:

3.1 To date, 59% of assignments included in the annual audit plan are either completed or in progress. Details, together with the level of assurance and residual risk rating, are provided in Appendix A attached to this report. Key messages coming from our work to date are:

Financial Control and Governance:

3.2 As reported in the Annual Governance Statement Action Plan update at the September 2016 Committee meeting, concerns remain with regards to the progress of improvement projects within Finance, continued vacancies and reliance on interim staff and the issues regarding the implementation of the HR/Payroll system continue. Additionally, the continued unavailability of updated Financial Regulations remains an issue as finance staff prioritises other matters including addressing the significant budget pressures for 2016/17.

3.3 Additionally, Internal Audit have followed up on the previous year’s Bank Reconciliation audit, and the retest found that there were still significant weakness in this area due to a lack of ownership of the whole process. However, as per the verbal update provided by the Service

Director: Finance at the September meeting, responsibility for the function has now been allocated and improvements made to the reconciliation process. Internal Audit will be completing a further follow-up in this area in quarter 3.

3.4 Financial control and governance will be challenging during the next six months and we will be paying this area particular attention in the following key financial systems reviews.

- Financial Systems Interfaces
- Accounts payable - request for payments (payments not requiring an order)
- Accounts Receivable
- Budgetary Control and Forecasting

3.5 **Additions & Deletions to the Audit Assurance Plan:**

Due to demands put on the Service to undertake significant grant certification work and to undertake additional ad-hoc reviews there has been a number of changes to the Plan since that agreed in April, the key changes are provided at Appendix B, but in summary the areas affected are:

- Commissioning
- Corporate Asset Management
- LEP and City Deal

The items in Appendix B will be recorded on our 'Reserve' plan to be considered in the event that we identify any space resources.

School's Governance:

3.6 The resources dedicated to reviewing schools financial governance were reduced in this year's plan due to the overall improvements seen in this area in 2015/16. The small sample of schools audited during this period has again indicated positive results as illustrated in Appendix A. Where 'partial control' opinions have been given there has been evidence of processes already in place to address the weaknesses. Further sampling of schools is planned for the remainder of the year in line with the agreed plan.

Grant Certification:

3.7 Our grant certification work continues to grow and has already incurred more days than the Service originally had planned. A number of grants have already being approved and certified in this first six months of the year. In each case the expenditure was found to be within the grant requirements and as such certification was possible, thereby ensuring the Council continues to receive grant monies.

4. Summary of Outcomes - Other Activity:

Risk Management and Annual Governance Review/Statement:

- 4.1 Internal Audit has continued efforts to facilitate the review of the Corporate Risk Register (CRR). The register has been reviewed and was scrutinised by the Audit Committee at its July 2016 meeting with a further update scheduled for the January 2017 meeting. The development of the new corporate strategy, currently out for consultation, is likely to reflect significant change in the Council's priorities and objectives and consequently the corporate risks associated with achieving those objectives.
- 4.2 Directorate Risk Registers (DRRs) have continued to be considered by the respective Scrutiny Commissions, with the Committee receiving two registers for information at this meeting. Further work will be needed on the DRRs in order to ensure they are aligned with the corporate plan and strategy going forward.
- 4.3 Page 54 Work is also being done to explore how the Council could further embed risk management as a useful part of routine business practice. At present, whilst it is clear that officers are considering risk and how to manage them (eg the Council's highest risk – closing the budget gap – is receiving considerable attention), the CRR and DRR risk reporting is retrospective with risk registers only being updated when they are due to be reported to the Audit Committee (or Scrutiny in the case of Directorate Risk Registers) rather than being used in active management of the risks faced.
- 4.4 Internal Audit also leads the collation of the Annual Governance Statement (AGS) and monitoring of the supporting Action Plan. The Committee received the Final 2015/16 AGS at its September 2016 meeting together with an update of the Action Plan. The AGS has now been signed by all parties and posted alongside the Annual Statement of Accounts on the Council's Web Site. A further update of the AGS Action Plan is scheduled for the January 2017 committee meeting and in line with the proposed changes to reporting deadlines for the annual accounts a draft AGS will be presented to the Committee at its April 2017 meeting, in preparation for an early July sign-off. Work on collating the Statement is ongoing throughout the year and the Action Plan is maintain on a rolling basis, with the Statement being produced as a snapshot of the Governance environment at a given point in time.

Fraud and Irregularity:

- 4.5 The Council actively continues to seek out and investigate fraud in accordance with its Anti-Fraud and Corruption Strategy and Policy and its legal duty to protect public funds. The work of the Investigations team includes:
- Responsive fraud work - dealing with allegations of fraud/whistleblowing

- Proactive fraud work, whereby we are actively searching for fraud by using analysis and data matching techniques
- Preventative work, where we are reviewing the fraud risks and how effectively they are managed.
- Value for money work – where a potential opportunity for saving money is identified.

4.6 In all of the teams work, any gaps in control identified which could allow fraud to happen, are made known to management with recommendations to improve. The Committee receives an Annual Fraud and Error Update at its January meeting the next due in 2017, however, in the interim, a summary of our fraud work during this current period is provided below and in the attached Appendix A.

Tenancy Fraud

4.7 A new investigator has joined the team to cover maternity absence and brings with them a wealth of housing knowledge. The rate of property regains (16 to date) has subsequently increased putting us in a better position to meet our annual target of 40. Proactive work to prevent fraudulent right-to-buy applications continues. Three right-to-buy applications have either been cancelled or withdrawn as a result so far this year and the saving in falsely claimed discounts is reflected in table 1 below.

Direct Payments/Personal Budgets

4.8 We are working closely with Health and Social Care to deal with these difficult cases. We currently have one large case for which civil recovery has been invoked, and we are considering prosecution.

Local Tax /SPD review

4.9 Local Taxation undertook their biennial Single Person Discount (SPD) exercise. Cases where Council Tax reduction was in place and may also be affected by any change in their single status were referred to Internal Audit for investigation. The results to date are set out in the table below.

Work for other Enforcement Agencies

4.10 We have a good working relationship with the police, but have found their enquiries resource intensive; however, we have developed a protocol with them to ensure their enquiries are more focussed. We continue to deal with urgent enquiries as they come in but have limited the days we spend dealing with any other enquiry to minimise impact on our own workload. We continue to work with the DWP and are meeting the requirements of the Service Level Agreement we have with them apart from adjudications, which sometimes take longer than the targeted time.

Table 1: Cases in progress or closed in 2016/17:

Type of fraud case	No	In progress	Closed-	Outcome
Assets	1	1	0	
Blue Badge/Parking	3	3	0	
Cash/Cheque/Card	5	3	2	Closed reported to police
Employee	6	6	0	

Type of fraud case	No	In progress	Closed-	Outcome
Grant	1	0	1	Insufficient evidence
Social Care Benefit	13	10	2	Insufficient evidence
			1	Overpayment (value awaited)
Local Taxation	1	1	0	
Procurement	5	4	1	Insufficient evidence
SPD/Council Tax Reduction (proactive work)	354	76	60	CTax to write to and correct
			45	Errors corrected (no saving)
			1	HB Overpayment
			172	Closed no further action
Tenancy Fraud	272	133	16	Property regain
			12	Other positive outcome
			111	No further action
Council Tax Reduction	3	3	0	
Other	1	1	0	
TOTAL	665	241	424	

Proactive Fraud Work

National Fraud Initiative

4.11 We have again submitted data for the biennial National Fraud Initiative. The output is anticipated January 17.

Blue Badge

4.12 We are working with Parking Enforcement to develop a strategy for dealing with Blue Badge fraud. This will include publicity, an amnesty, more intensive enforcement work and taking serious offenders through to prosecution.

Selling the Investigations Service

4.13 We are delivering tenancy fraud training for a registered social landlord and have been approached by two Local Authorities with regards to us providing training and investigation services to them. We are in discussions with them currently.

4.14 Other areas planned include fraud awareness training for schools, testing of controls over refunds in terms of Money Laundering.

4.15 Valuing the proactive and responsive fraud work undertaken by the team is difficult as knowing how long a fraud would have continued if it is not identified and stopped can only be estimated. Additionally, the identification of a fraud loss is no guarantee that a recovery will be made. However, the following figures give an indication of the costs to the Council of the fraud identified this year to date and identify where cost recoveries can or have occurred.

Table 2: Potential Financial Savings:

Type of Financial Saving	1st April - 30th September 2016						
	Council Tax Reduction	Ltax exemption	Direct Payment	Duplicate Payments	Other	HB/CTB (note 1)	Total
Overpayment	9652.04		197913.59			161673.26	318125.39
Chargebacks - debt reinstated for recovery (note 2)					110485.33		110485.33
Prosecutions costs						7000.00	7000.00
Administrative Penalties						2869.54	2869.54
Proceeds of Crime						67068.44	67068.44
Right to buy discounts stopped					104420.00		104420.00
Total Payments recovered or recoverable	9652.04	0.00	197913.59	0.00	214905.33	238611.24	661082.20
Weekly incorrect (WIB)			1186.46			797.57	1984.03
Source of Financial Saving	Council Tax Reduction	Ltax exemption	Direct Payment	Duplicate Payments	Other	HB/CTB	Total
National Fraud Initiative						25434.00	25434.00
Tenancy Fraud work					104420.00		104420.00
Other Proactive Fraud						51113.50	51113.50
Referral/Allegation			197913.59		110485.33		308398.92
Benefits case work	9652.04					162063.74	171715.78
	9652.04	0.00	197913.59	0.00	214905.33	238611.24	661082.20

5. Internal Audit Service Development, Performance and Effectiveness:

Audit Service Development

- 5.1 The Service continues to comply with the requirements of the Public Sector Internal Audit Standards and this is constantly under review with each assignment and report. However, in line with requirements to have an independent review of compliance with the standards every five years, a peer review by another authority is planned for the latter end of 2016/17 in conjunction with the Core Cities group. This will ensure our operations continue to reflect best practice. Having completed the required external review on behalf of two other Local Authorities, we have benefited from observing best practice elsewhere which should position us well to ensure we are able to demonstrate compliance with the PSIAS.
- 5.2 The Service continues to pursue development to its full potential and to maximise efficiency and effectiveness. Some key developmental work has been completed or is in progress with this aim in mind including the following changes in approach:
- We have introduced a recommendations tracker in order to provide a robust platform from which we can ensure that recommendations are implemented. The Tracker is in the early stages at present, but initial feedback is positive.
 - The Audit Service successfully moved back to a base at City Hall and has continued to make full use of the agile and mobile working arrangements available.
 - We have upgraded our fraud management system which will facilitate a central record of all the fraud cases identified. We are also in the process of expanding the system to record all Whistle-blowing referrals received within the Council. This will provide consistent and more efficient processes in managing fraud and enable the provision of more meaningful statistics with regards to whistle-blowing incidences.
 - We are currently progressing work on our service offer to other Local Authorities and governmental offices, having already received some interest for our Fraud and Tenancy investigation services.
 - We continue to review our reporting methodology and the effectiveness of our reports, while at the same time ensuring the content complies with the Public Sector Internal Audit Standards (PSIAS), work in this area is ongoing and all feedback is welcomed.

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Internal Audit Service - Performance Against Targets:

- 5.3 We have undertaken a rationalisation of our performance targets in order to ensure they provide useful information, but at the same time are easily collected in order to minimise resources which can be utilised elsewhere. Progress against these targets is continually monitored throughout the year to ensure good value for money is provided by the Audit Service. Performance against these targets for the period of 1st April – 30th September 2016 is as follows:

Value for Money Indicators	Q2 Actual	Q2 Target	2016/17 Annual Target	2015/16 Actual @ Q2
<i>High/Medium recommendations Implemented or Escalated</i>	<i>Note (1)</i>	45%	90%	16%
<i>No. of Properties recovered by tenancy fraud work.</i>	16 <i>Note (2)</i>	12	40	24
<i>% of planned Statutory Assurance work completed/in progress/not required against plan</i>	59%	40%	90%	56%
<i>% of QAQs with a score of 4 or more (Customer Satisfaction)</i>	100%	90%	90%	82%

5.4 The Service has performed well in the following important areas:

- ❖ The level of statutory assurance work completed has exceeded that planned for this point in the year. This is as a result of bringing forward some statutory work into the earlier part of the year. Audits which are identified as ‘Statutory’ are the audit reviews which must be completed to enable us to ensure we are well placed at the end of the year to form our annual opinion on the Control, Risk and Governance environment within the Council.
- ❖ *(Note 2)*The number of properties we have regained as a result of the tenancy fraud work we do has exceeded the target for this period. The annual target was not stretched on last year’s due to our anticipated impact of maternity leave, however our temporary staff member has settled quickly into the role and as such we have still exceeded our target.
- ❖ Our Customer satisfaction scores are improved, having been down last year, however failure to respond on the part of our customers remains an issue, therefore we are looking for other ways to monitor our service and identify areas where improvements are required from the customers prospective.

5.5 There are some areas where we need to continue to focus our service improvement efforts in this next period and going forward:

- ❖ *(Note 1)*Confirming implementation of recommendations has continued to be an issue for us during the period; however as detailed in paragraph 5.2 above, we have now introduced a recommendation tracker and assigned a member of staff to take responsibility for chasing implementation. Additionally, we intend to arrange to regularly attend Directorate Leadership Team (DLT) meetings in order to

update the DLT members on progress and raise the outstanding recommendations, where appropriate. The tracker will also enable the provision of updates and statistics to senior management and the Audit Committee.

6. Escalation Matters:

- 6.1 Internal Audit operate a follow up and escalation procedure which requires all high and medium rated recommendations made in areas where the residual level of risk is considered Red or Amber on the Corporate Risk Matrix to be subject to follow up. This policy is currently under review in order to reflect our changed approach to recommendation follow-up.
- 6.2 Internal Audit have an open invitation to present to the SLT any matters which they feel are not being addresses appropriately and where they feel SLT can have an impact. Current matters drawn to SLT attention are:
- the progress required to improve financial governance and resilience as detailed in paragraph 3.2 above. SLT has been appraised of the lack of progress in this area via AGS update reports.
 - the need to ensure risk processes support management in delivering objectives on a day to day basis.

7. Resources:

- 7.1 Internal Audit resources have generally been in line with that planned for the first six months of the year, with the exception of the short-term resource reduction due to maternity leave. However, we have since lost a member of staff to Voluntary Severance (VS) and we are due to lose one of our Audit Managers in December 2016, through resignation. Therefore, we are currently reviewing our structure to assess the most appropriate structure for the service going forward, taking consideration of the need to ensure we provide a robust service to the Council in the most cost effective manner.
- 7.2 Financially, we are currently operating well within our establishment budget, with a small forecasted underspend which we would hope will contribute to the Council's overall savings target for 2016/17.

8. Key Targets for the next 6 months:

- 8.1 The Internal Audit Service looks forward to the rest of the year which with all that is currently going on will be challenging, however there are some key areas which we would like to see progress during the next six months:
- ❖ Full implementation of our Recommendation Tracker to help us measure the effectiveness of our service, by ensuring our recommendations are implemented and the benefits are realised by the Council.
 - ❖ Making better use of data available to us to enhance the assurances we are able to give and to target our resource more effectively.
 - ❖ Further development of our service offer to an extent that we can take it to the next level by expanding our trading outside of the Council , thereby retaining the skills and capacity within the team, but ultimately costing the Council less.
 - ❖ Reviewing our intranet pages to provide increased guidance and support online and encourage self-help in terms of best practice regarding risk management and internal control.
 - ❖ Completion of assurance mapping across the Council to better inform our Audit plan going forward – starting with the Code of Corporate Governance and the Corporate Risk Register.
 - ❖ Developing our structure in order to ensure we have sufficient resources to provide a comprehensive service, in the areas required when required.

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9 Context and Compliance:

- 9.1 Internal auditing is 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, internal control and governance processes. (Source: Public Sector Internal Audit Standards and Local Government Application Note: Chartered Institute of Public Finance and Accountancy in collaboration with the Chartered Institute of Internal Auditors).
- 9.2 Internal Audit is a statutory requirement for local authorities. There are two key pieces of relevant legislation:
- Section 151 of the Local Government Act 1972 requires every local authority make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs

- The Accounts and Audit Regulations 2015 (England) states that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”

9.3 Internal Audit has operated in accordance with the Public Sector Internal Audit Standards and Local Government Application.

9.4 Internal Audit independence is achieved by reporting lines which allow for unrestricted access to the Elected Mayor, Chief Executive, Strategic Leadership Team and Chair of the Audit Committee.

Summary of Internal Audit Work 1st April - 30th September 2016

Directorate key:	BC = Business Change
	CD = City Director/ Chief Executive
	Corp = Corporate Council Wide
	PE = People
	PL = Place
	NH = Neighbourhoods

PLANNED ASSURANCE WORK COMPLETED/IN PROGRESS AT PERIOD END

Directorate	Subject	Status	Level of Assurance	Risk Level on Corporate Matrix	Comments
BC	Payroll/HR System	Complete	Partial	Red	Testing and fixing the issues, delays and likely budget overspends.
BC	ABW - Bank Reconciliation & Income Manager	Complete	Partial	Red	Responsibility, Frequency, and clearance of unmatched items.
BC	Payroll/HR System - Contractor Role	Complete	Partial	Red	Consultancy work re -plausibility of HR module of ABW
Corp	Hospitality registers and declarations of interest	Complete	Acceptable	Amber	New recruit process acceptable, however transfers and high risk posts not robust. Also interim appointments are not covered by requirements.
PE	New Fosseway School	Complete	Interim	Amber	No reconciliation of income received to income due, school meals income.
BC	VAT	Complete	Acceptable	Amber	Manual interventions/ efficiency of process
NH	Housing Management System	Complete	Acceptable	Amber	Amber due to size of asset/income. Issues - interface with ABW and lack of financial reporting tools
Corp	Recruitment & Selection (inc Disclosure and Barring Service Checks)	Complete	Interim	Amber	Issues identified with regards to DBS checks and Risk Assessments. Follow-up to be completed before year-end.
PE	Compass Point Primary	Complete	Partial	Green	Failure to reconcile school meal income with expenditure.
PE	Compass Point Children's Centre	Complete	Partial	Green	Debt/recovery/deficit/retrospective orders/school meals reconciliation
PE	St Werburghs Nursery	Complete	Good	Green	
PE	St Barnabas Primary	Complete	Good	Green	
PE	St Pauls Early Years Centre	Complete	Good	Green	
PE	Ashley Down Primary	Complete	Acceptable	Green	
PE	Cheddar Grove Primary	Complete	Acceptable	Green	
PE	Knowle West Early Years Centre	Complete	Acceptable	Green	
PE	Safeguarding (Childrens)	In Progress			
PE	Safeguarding (Adults)	In Progress			
Corp	Annual Governance Review and Statement	In Progress			
Corp	Capital Programme and Capital Programme Board	In Progress			
Corp	Customer Complaints System	In Progress			
BC	Financial Systems Interfaces	In Progress			
BC	General Ledger Journal Movements - Control over journals and virement	In Progress			
NH	Housing Benefits	In Progress			
BC	Accounts Receivable	In Progress			
NH	Budgetary Control and Forecasting	In Progress			
PE	Payments to Private Day Centres/Residential Care Homes – Payments for services against contractual arrangements	In Progress			
Corp	Purchase Card Review	In Progress			
NH	Sports Centres Contract Monitoring/Commissioning	In Progress			
PL	Sale and Dposal of Council Assets	In Progress			
Corp	Network/Desktop Security Review - including user access admin controls & Firewall/PSN Compliance	In Progress			
PE	Bristol Community Links 3 Hubs	In Progress			
PE	St Mary Redcliffe	In Progress			
PE	School Fund Audit Certificates	In Progress			
PE	Broomhill infants	In Progress			
Corp	Mobile Devices Follow up	In Progress			
NH	Improving Tenants Experience (Implementation of new Housing System)	In Progress			
Corp	DLP Information Security Review	In Progress			
PE	Perry Court	In Progress			
PE	Schools Payroll	In Progress			
BC	Customer Information System	In Progress			

PLANNED GRANT CERTIFICATION WORK COMPLETED IN THE PERIOD/IN PROGRESS

Directorate	Subject	Status	Level of Assurance	Revised Level of Risk	Comments
CD	Carbon Efficiency Grant	Complete	Acceptable	Green	
NH	Scambuster Grant Audit	Complete	Acceptable	Green	
PE	Troubled Families Initiative Grant Certification Process – Complex criteria, April Certification process	Complete	Acceptable	Green	
PL	RIF (Jobs Count)	Complete	Acceptable	Green	
PL	Local Growth Fund	Complete	Acceptable	Green	
PL	RIF Grant Monitoring	Complete	Acceptable	Green	
NH	Rogue Landlord	Complete	Acceptable	Green	
PL	A403 Grant	Complete	Acceptable	Green	
NH	Disability Facilities Grant	In Progress			

PLANNED FOLLOW-UP AUDIT WORK COMPLETED/IN PROGRESS AT PERIOD END

Directorate	Subject	Status	Original Level of Risk	Revised Level of Risk	Comments
BC	Housing Rents - Further Follow up	In Progress	Amber	N/A	Follow-up on previous follow-up review currently in progress via CRSA approach.
PE	Direct payment Fraud Prevention - Follow up	In Progress			

CONSULTANCY/ADVICE WORK COMPLETED OR IN PROGRESS AT PERIOD END

Directorate	Subject	Status
Corp	Code of Governance update	In Progress
Corp	Corporate Risk Register /DRR	In Progress
Corp	General Liaison and Advice for all Directorates	In Progress
Corp	Gain Enquiries	In Progress

PRO-ACTIVE FRAUD/VFM AGENDA

Subject	Status
Transparency Code Data Reporting	Complete
Annual Fraud Survey - CIPFA	Complete
Annual Fraud Survey - TEICAFF	Complete
Fraud Loss Profile Tool - research	In Progress
Fraud web pages review and Maintenance	In Progress
Benefit Fraud - Liaison and Monitoring SLA with DWP.	In Progress
Benefit Fraud - Information Exchange with DWP	In Progress
Residual BFIT Prosecutions	In Progress
National Fraud Initiative 2016-17	In Progress

National Fraud Initiative - Household Composition Pilot	In Progress
NNDR Fraud or Evasion	In Progress
Single Persons Discounts/Council Tax Reduction Review plus NFI	In Progress
Council Tax Reduction - Case work and fines	In Progress
Blue Badge Enforcement Exercise	In Progress
Fraud Hotline	In Progress
Charge Backs reversed card payments	In Progress
Telephone Review (Ceased number, charging)	In Progress
Approach to debt recovery in care services (foster care, meals service)	In Progress

TENANCY FRAUD AGENDA

Subject	Status
Tenancy Fraud awareness training	Complete
Business Case/Research Ilatch System	In Progress
Tenancy Fraud casework	In Progress
Tenancy Fraud prosecutions	In Progress
Tenancy NFI	In Progress
Tenancy Fraud Advertising and marketing	In Progress

DEVELOPMENT PROGRAMME

Directorate	Subject	Status
Corp	Fraud Management System implementation and development, testing	Complete
Corp	Service Benchmarking	In Progress
Corp	Sale of Services	In Progress
Corp	Fraud Team - Review of Investigation Templates	In Progress
Corp	Networking Groups	In Progress
Corp	External Auditor Appointment process	In Progress
Corp	Best Practice Development	In Progress

RISK MANAGEMENT AGENDA

Directorate	Subject	Status
Corp	Risk Management Guidance (incl web)	In Progress
Corp	Risk Management Integration and Automation	In Progress
Corp	Corporate Risk Register	In Progress

Internal Audit Annual Plan 2016/17 - update as at 30th September 2016

Additions and Deletions

Deletions:	Additions:
<ul style="list-style-type: none"> • ICT Commissioning and Supplier Relationship Management • Asset Transfer - Effectiveness of policy, community transfer etc. • Strategic Commissioning (Analytical Review) • Service Income Generation • Homelessness - Review of new strategy • Place Programme Management • Learning City • Enforcement Activity • End of year finance closure procedure 	<ul style="list-style-type: none"> • Grant certification RIF (Jobs Count) • Grant certification Local Growth Fund • Grant certification RIF Grant Monitoring • Grant Certification URBACT • Grant Certification Rogue Landlord • Assurance ICT Systems Improving Tenants Experience (Implementation of new Housing System) • Assurance DLP Information Security Review • Assurance ICT Systems Payroll/HR System – contractor role • Grant Certification A403 Grant

Audit Committee

25th November 2016



Report of: Chief Internal Auditor

Title: Process for Appointment of External Auditor for 2018/19

Ward: City-Wide

Officer Presenting Report: Alison Mullis/Melanie Henchy-McCarthy – Chief Internal Auditor (J/S)

Contact Telephone Number: 0117 92 22448/22063

Recommendation:

The Committee is asked to recommend to Full Council one of the options for appointing an external auditor for 2018/19. The recommended option is to 'opt in' to the PSAA 'sector led option', which is likely to be the most financially advantageous. The Committee is also asked to consider whether the Council should seek to secure a common external auditor across its Devolution partners and potentially the Mayoral Combined Authority.

This update was presented to the Cabinet Member for Finance, Governance & Performance on 14th November 2016.

Summary

This report summarises the changes to the arrangements for appointing an external auditor for the Council, following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits. The Audit Committee is asked to consider the options available and recommend to Full Council new arrangements in time to make a first appointment by 31 December 2017 for the audit of the 2018/19 financial statements.

The significant issues in the report are:

The decision on the appointment of an external auditor is reserved for the full Council. There are 3 options for appointing an external auditor which are for the Council to undertake an individual auditor procurement and appointment exercise, undertake a joint audit procurement and appointment exercise with other bodies, or to accept an invitation to join a 'sector led body' arrangement. The Audit Committee is asked to recommend one of the options to the 13 December 2016 Full Council meeting.

Policy

1. Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment, including that the authority must consult and take account of the advice of its Auditor Panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements.
2. Section 12 of the Act makes provision for the failure to appoint a local auditor; the authority must immediately inform the Secretary of State for Communities and Local Government (the Secretary of State), who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.
3. Section 17 of the Act gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations

2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

Consultation

4. Internal

Strategic Leadership Team (SLT), Section 151 Officer, Audit Committee, other relevant officers (Monitoring Officer, Chief Internal Auditor)

5. External

Not applicable

6. Context

6.1 The Local Audit & Accountability Act 2014 abolished the Audit Commission, paving the way for local authorities to appoint their own external (local) auditors. Principal authorities must have their local auditors appointed by 31 December 2017, in order for them to begin their engagement on 1 April 2018.

6.2 The Council's current local auditor is BDO LLP; this appointment having been made under a contract let by the Audit Commission. Following closure of the Audit Commission, the contract is currently managed by Public Sector Audit Appointments Limited (PSAA), the transitional body set up by the LGA, with delegated authority from the Secretary of State. BDO LLP will continue as the Council's local auditor until the completion of their 2017/18 audit. The audit fee for 2015/16 was £220,000 which has reduced from £330,000 in 2012/13.

6.3 The options for appointing local auditors are for local authorities to undertake an individual auditor procurement and appointment exercise, undertake a joint audit procurement and appointing exercise with other bodies, or join a 'sector led body' arrangement.

6.4 For the 1st and 2nd options, the legislation requires an Auditor Panel to be established; guidance on auditor panels has been issued by CIPFA. For the 3rd option, in July 2016, the Secretary of State specified PSAA, as the 'sector led body'. This means that PSAA can make auditor appointments for audits of the accounts from 2018/19 of local authorities that choose to 'opt in' to its arrangements. An invitation from PSAA to 'opt in' was received on 27 October 2016.

6.5 The scope of the 2018/19 audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which the local auditor must follow. Not all audit firms will be eligible for appointment as they will need to demonstrate that they have the required skills and experience and be registered with the ICAEW or ICAS (the Registered Supervising Bodies approved by the Financial Reporting Council). It is unlikely that small, local firms will meet the eligibility criteria. For 2017/18, 9 firms are registered of which 5 currently undertake local authority external audit work. Not all of these have current appointments to Councils in the South West.

Option Appraisal

6.6 For the 1st and 2nd options, the Council would undertake the procurement exercise itself, or with its chosen partners, using an Auditor Panel, in accordance with CIPFA guidance.

6.7 The membership of the Auditor Panel must be wholly or have a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees; this excludes current and former elected members (or officers) and their close families and friends. Therefore elected members would not have a majority input to the selection and appointment process. Independent members of the Audit Committee are likely to be eligible. If the Council decided to join with other authorities to establish a joint Auditor Panel, this would again need to be constituted of wholly or a majority of independent members with legal advice needed on the exact constitution, depending on the Councils involved.

6.8 This approach allows the Council to take maximum advantage of the local appointment regime and have direct input to the appointment. The Council (and partners) would however bear the costs of recruitment and servicing of the Auditor Panel and the procurement and appointment exercise. This is estimated by the LGA to cost in the order of £15,000, plus on going expenses and allowances. In addition, the Council will also not be able to take advantage of reduced fees that may be available through a national procurement exercise.

6.9 If conducting a joint appointment the process may be complicated where individual Councils have independence issues arising where an audit firm has recently undertaken significant consultancy or advisory work for the Council. This might prevent some audit firms from accepting appointment under the terms of their

professional standards.

6.10 The 3rd option of ‘opting in’ to the PSAA sector led arrangement is likely to be financially advantageous. There is no charge for ‘opting in’ and the cost of a procurement and appointment exercise would be shared across all participating Councils. A national exercise offering large contract values may also encourage participating firms to offer lower fees than would be achieved through local negotiation. Independence issues would be managed by PSAA who would be likely to have a number of contracted firms to call on. PSAA have indicated in their invitation that a large number of Councils have already indicated their invitation to ‘opt in’ so the potential savings are likely to be realised.

6.11 The main disadvantage would be no direct involvement in the procurement process with reduced ability to influence the appointment. PSAA have indicated that appointments would probably be made for 5 years with the Council being consulted on the auditor’s initial appointment and subsequent performance.

Devolution

6.12 The Council is taking forward devolution proposals with BANES and South Gloucestershire Councils that would see the establishment of a West of England Mayoral Combined Authority. There are possible economies of scale in having a common external auditor across the constituent Councils and potentially the Mayoral Combined Authority. This matter has been raised with the Council’s devolution team. A common auditor could be procured and appointed either by establishing a joint Auditor Panel or requesting PSAA to appoint the same auditor across the 4 authorities. We understand that BANES and South Gloucestershire Councils have already determined to ‘opt in’ to the PSAA approach.

Timescale

6.13 The Council’s formal invitation to ‘opt in’ to the PSAA arrangement was received on 27 October 2016. The invitation is provided as an Appendix to this paper. The deadline for the Council to respond is 9 March 2017. PSAA anticipate awarding contracts to audit firms in June 2017; giving 6 months to consult with authorities on appointments before the 31 December 2017 deadline. The Audit Committee’s recommendation will be considered by Full Council at its 13 December 2016 meeting.

Proposal

7. The Committee is advised to recommend to Full Council ‘opting in’ to the PSAA ‘sector led’ option the approach to appointing an external auditor for 2018/19. This is likely to be the most financially advantageous and avoids the Council having to expend resource on its own process at a time when there are other clear priorities on which to focus resource. The Committee is also asked to consider whether the Council should seek to secure a common external auditor across its Devolution partners and potentially the Mayoral Combined Authority.

Other Options Considered

8. As set out in the paper.

Risk Assessment

9. The Council is required to appoint an external auditor for 2018/19. If it does not do so the Secretary of State will do so on its behalf. Opting in to the ‘sector led’ approach is likely to be the most financially favourable in terms of the cost of a procurement exercise and the level of audit fee. Securing a common auditor across the Council’s Devolution partners may also result in savings from economies of scale.

Public Sector Equality Duties

- 10a) 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.

10b) No equalities Impact Assessment necessary for this report as matters concerning internal control, risk and governance only.

Legal and Resource Implications

Legal

Not Applicable

Financial

(a) Revenue

Not applicable

(b) Capital

Not applicable

Land

Not applicable

Personnel

Not applicable

Appendices:

PSAA: Invitation to opt into the national scheme for auditor appointments.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None.

DRAFT

27 October 2016

Email: appointingperson@psaa.co.uk

Stephen Hughes
Bristol City Council
100 Temple Street
Bristol
BS1 6AN

Copied to: Annabel Scholes, Interim Strategic Support Manager, Bristol City Council
Shazia Daya, Interim Legal and Democratic Services, Bristol City Council

Dear Mr Hughes

Invitation to opt into the national scheme for auditor appointments

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

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

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

I need to highlight two things:

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

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

Yours sincerely



Jon Hayes, Chief Officer

Appointing an external auditor

Information on the national scheme

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit company established by the Local Government Association (LGA). We administer the current audit contracts, let by the Audit Commission before it closed.

We have the support of the LGA, which has worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national procurement body. We have established an advisory panel, drawn from representative groups of local government and police bodies, to give access to your views on the design and operation of the scheme.

The national scheme for appointing local auditors

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

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

What the appointing person scheme will offer

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

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

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

Using the scheme will avoid the need for you to:

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

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

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

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

High quality audits

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

We will:

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

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

Procurement strategy

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

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

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

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

Auditor appointments and independence

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

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

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

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

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

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

Fee scales

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

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

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

Scale fees will be determined by the prices achieved in the auditor procurement that PSAA will need to undertake during the early part of 2017. Contracts are likely to be awarded at the end of June 2017, and at this point the overall cost and therefore the level of fees required will be clear. We expect to consult on the proposed scale of fees in autumn 2017 and to publish the fees applicable for 2018/19 in March 2018.

Opting in

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

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

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

Timetable

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

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

Enquiries

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

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

Audit Committee

25th November 2016



Report of: Shahzia Daya, Service Director – Legal and Democratic Services

Title: **Honorary Aldermen nominations**

Ward: N/a

Officer Presenting Report: Jane Johnson, Solicitor

Contact Telephone Number: 0117 35 74758

Recommendation

That the Audit Committee considers the nomination(s) for Honorary Aldermen, as nominated by the respective political groups, and makes a recommendation to Full Council on the appointment of new aldermen.

Summary

A report to enable the committee to consider and decide which nomination(s) should be recommended to Full Council for approval.

The significant issues in the report are:

As set out in the report and the appendix to the report.



Policy

1. This report is submitted in accordance with the Council’s policy on the arrangements to be followed in respect of the granting of alderman status to former members of the Council.

Consultation

2. The nominations were submitted by the party group whips, on behalf of their respective party groups.

Context

3. Section 249 of the Local Government Act 1972 empowers the Full Council, by a resolution passed by not less than two-thirds of the members voting at a meeting specially convened for the purpose, to confer the title of Honorary Alderman on a person who has, in the Council’s opinion, rendered eminent services to the Council as a past member.
4. Full Council has delegated to the Audit Committee, in its role of monitoring and ensuring ethical standards and probity within the Council, consideration of nominations made for the conferring of the title “Honorary Alderman” and “Honorary Alderwoman” and to make recommendations to Full Council on those nominations. The Audit committee should consider whether the nominations meet the criteria as set out below and make recommendations accordingly.
5. The criteria governing the appointment of aldermen was reviewed by the Audit Committee during the 2015/16 municipal year. The Committee’s recommended criteria were approved by the Full Council on 15 March 2016, and are as follows:

An individual will be eligible for nomination and appointment to the role of Honorary Alderman/woman provided that he/she is no longer a serving councillor with Bristol City Council and has provided eminent service to the Council throughout a long and distinguished period of public service. This is defined as either:

- a. **Serving as a Bristol City Councillor for an aggregate total period of at least 10 years;**

or

- b. **Holding a significant position of public responsibility with Bristol City Council as either:**
 - **Lord Mayor;**
 - **Elected Mayor;**
 - **Deputy or Assistant Mayor;**
 - **Leader of the Council;**
 - **Executive Member;**
 - **Any other position attracting the payment of a Special Responsibility Allowance under the Council’s approved members allowance scheme (excluding attendance at the Appeals Committee).**

6. An Honorary Alderman may attend and take part in such civic ceremonies as the Council may from time to time decide. Aldermen are not entitled to receive any member allowances or other payments of allowances, expenses etc. Whilst a person who is a serving city councillor cannot be made an Honorary Alderman, the Act does appear to envisage that a person on whom this honour has been conferred may subsequently be re-elected as a councillor. In these circumstances, the Act specially provides that no Honorary Alderman shall, whilst serving as a city councillor, be entitled to be addressed as Alderman or to attend or take part in any civic ceremonies of the Council as an Alderman.
7. Honorary aldermen substitute for the Lord Mayor or Deputy Lord Mayor on a relatively infrequent basis. They are also invited to all major civic events, church services and Council meetings. They have no other formal role. Honorary aldermen may, from time to time, be nominated to serve as the Council's representative on specific outside bodies.
8. The Council has agreed that the Honorary Aldermen's Association should be supported but that no support should be provided for aldermen on an individual basis.

Proposal

9. Nominations received for the appointment of Honorary Aldermen are set out below.
10. The Liberal Democrat group has nominated former councillor Christian Martin and the Green Group has nominated former councillor Tess Green.
11. Statements/ details in support of the nominations, as supplied by the political groups are set out in Appendix A.

Other Options Considered

12. Not applicable.

Risk Assessment

13. Not applicable.

Public Sector Equality Duties

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.

Legal and Resource Implications

Legal

As set out in the report.

(Legal advice provided by Shahzia Daya, Interim Service Director – Legal & Democratic Services)

Financial / Land / Human Resources

Not applicable.

Appendices:

Appendix A - Statements/ details in support of the Honorary Aldermen nominations, as supplied by the respective political groups.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

- Full Council minutes – 15 March 2016

Appendix A - Statements/ details in support of the Honorary Aldermen nominations, as supplied by the political groups.

Appendix A

Statement from the Liberal Democrat group in support of the nomination of Christian Martin:

“Details of Christian Martin’s service:

- Christian was Liberal Democrat Councillor for Clifton East from May 2011 to May 2015.
- Chair of Place Scrutiny 2014– 2015.
- OSMB Committee Member 2015.
- Cabot Clifton and Clifton East councillor.
- Cabot, Clifton and Clifton East Neighbourhood Partnership 2011 – 2015 (Chair of NP 2013-2014).
- Member of the Avon & Somerset Fire Authority (2011-2012, 2013-2014).
- DC Central Planning Committee, (Chair 2013 – 2014).
- The Quality of Life Scrutiny Committee.
- Sustainable Development and Transport Scrutiny Commission.
- Christian actively works with teenagers and young people mentoring them in media studies.
- Christian is a member of BAFTA – British Academy of Film & Television Arts.
- Christian is an award winning Writer, Director of screen and stage plays.
- In his time as Councillor Christian received an Honorary “Friend of Easter Garden” title for the purchase for the entire city & residents of the Easter Garden off Black Boy Hill and an Award from The Corner Club (weekly lunch club for senior members of the Clifton Community & the City) for “Outstanding Contribution to the Community”.”

Green Group name put forward for Alderwoman, November 2016

For re-consideration by Audit Committee.

If you require any further information, please contact Green Group whip, Carla Denyer:

cllr.carla.denyer@bristol.gov.uk, 07469 413306

Name	Years of Service	Significant positions held	Reasons
Tess Green	4	Party Group Leader	<p>Tess was elected in 2010 and for this year served as the sole Green councillor, taking on roles in two scrutiny commissions and a planning committee. The following year saw the formation of the first Green political group on the council with Tess as leader. She fulfilled this additional role with enthusiasm, contributing to every council meeting and steering important resolutions such as forming a Bristol Energy organisation and for the city to be a part of the national drive to expose and terminate the practice of ‘black listing’.</p> <p>Tess was also an active member of the council leaders’ group and was able to help guide key decisions such as the application for European Green Capital status and the response to the Occupy movement when they formed a camp on College Green.</p> <p>Her workload was particularly heavy during her time as leader because the Green group was small</p>

but at the time many cross-party working groups were in progress, requiring a representative from each political group. These cross-party groups spanned the gamut of council activity from care for the elderly to youth provision and included the particularly problematic Parks and Green Spaces policy and the rapidly changing Highway Maintenance approach. There was little administrative assistance and no extra financial help from the council to the small Green group at the time, and so the councillors bore the whole burden of work for the Green Group’s contribution. Tess did not defend her seat in 2014 feeling that it was important to give way to younger activists. To try to change the age and gender make up of the Council was important to her as a first step towards a council that properly represented the population of the city.

Since ceasing to be a councillor she continues to serve the community actively as member or chair of various groups including the Environmental Group of the Neighbourhood Partnership.

Additional information included for re-consideration:

Tess wasn’t just a group leader, she was the first ever group leader of the first ever Green group in Bristol – if that pioneering role isn’t significant I don’t know what is. It is for this reason that we have submitted her name for reconsideration. She was also the second longest-serving of our original nominees after Gus (he did 5 years, so elected twice, she did 4, so only elected once but served a full normal length-term). Therefore, given this decision is being taken under the old criteria where there is no minimum term for those who have held special responsibility positions, putting the dividing line of who is and is not nominated between Gus and Tess seems less intuitive to us than putting the line with Gus and Tess on one side and everyone else (who served less than 4 years) on the other.

Obviously, our group felt that all those we nominated had made significant contributions. But Tess stands out as a councillor who made exceptional contributions and who we were very surprised did not receive a nomination last time.

Neighbourhoods Scrutiny Commission



Report of: Strategic Director - Neighbourhoods

Title: Directorate Risk Register Review October 2016

Ward: Citywide

Officer Presenting Report: Alison Comley – Strategic Director, Neighbourhoods

Contact Telephone Number: 0117 357 4357

Recommendation

The Commission review and scrutinise the Directorate Risk Register as at 3rd October 2016 which is attached to this report.

Summary

This report presents the Directorate Risk register. Going forward, Directorate Risk Registers will be reviewed by Directorate Leadership Teams on a quarterly basis and will be provided for scrutiny at six monthly intervals.

The significant issues in the report are:

- Corporate Risk in the context of Directorate risk consideration
- Process for review of Directorate risks.
- Issues arising from the Directorate Risk Register
- The full directorate risk register (Appendix 1)

Policy

1. *The Audit Committee is responsible for providing independent assurance to the Council regarding the effectiveness of its strategic risk management arrangements. The Council has a Risk Management Policy which requires strategic risks to the Council, and details of how they are managed to be recorded in strategic risk registers – the Corporate and Directorate Risk Registers. Whilst the Corporate risk Register is scrutinised by the Audit Committee on a six monthly basis, it was agreed at Overview and Scrutiny Management Board, that the Directorate Risk Registers will be scrutinised by each Directorate scrutiny twice a year. They will however also be provided once each year to Audit Committee, for information (not scrutiny) to provide the Audit Committee with assurance that Directorate Risk Registers are in place and effectively scrutinised.*

Consultation

2. **Internal**
Directorate Leadership Team / Risk Owners / Cabinet Member – Neighbourhoods
3. **External**
Not applicable
4. **Background – Risk Management and the Corporate Risk Register**
 - 4.1. Risk is defined in the Risk Management Policy as ‘the chance of something happening that will impact (positively or negatively) on the achievement of the Council’s Objectives’. Risk Management is the planned and systematic approach to the identification, evaluation, prioritisation and control of risks and opportunities facing the Council Management.
 - 4.2. Risk Assessment is the measure of likelihood and impact on objectives of an uncertain action of event.
 - 4.3. The Corporate Risk Register (CRR) is an integral element of the Council’s Strategic Risk Management arrangements and aims to support the delivery of the Council’s objectives by setting out the strategic high level risks facing the Council in delivering its plans and how they are ensuring these risks are effectively managed.
 - 4.4. The CRR is used by the Strategic Leadership Team to monitor risk levels and take assurance that all necessary steps are being taken to ensure the risks are managed to a level acceptable to them.
 - 4.5. The CRR is currently under review.
5. **The Directorate Risk Register**
 - 5.1. As well as Corporate Risks, Directorate Risk Registers (DRR) detail risks faced by each Directorate. The DRR is owned by the Strategic Director and is used by the Directorate

Leadership Team to ensure and monitor that risks are effectively managed.

5.2. The Directorate Risk Register was developed following:

- DLT Risk identification and assignment of a risk owner who is responsible to ensure each risk is effectively managed
- Detailed work with the Risk Owner to determine key current mitigations and further actions to ensure the risk is properly managed
- Re-review by DLT to ensure risk levels are correctly identified and target risk levels are acceptable

5.3. The Neighbourhood Directorate Risk Register is attached as Appendix 1 for scrutiny. The register is presented in the standard format agreed by ELT / SLT and uses the risk management methodology in the risk management policy agreed by the SLT and the Audit Committee in November 2014. Appendix 2 provides helpful extracts from that policy to assist Members in understanding risk levels recorded in the register. The risk matrix, Guidance parameters used to measure impact and Guidance parameters used to measure likelihood.

5.4. The timing of presentation of the Directorate Risk Register to Scrutiny is such that the commission are also receiving information concerning Directorate performance at this meeting. It is envisaged that both the risk and performance information provided to the Committee should be reviewed together to aid effective challenge to both sets of information.

5.5. The Neighbourhood Directorate Scrutiny Commission last received the Directorate Risk Register in the April 2016 Scrutiny Commission meeting. The following paragraphs summarise the key changes to the risk environment since then:

- Re-design of services within the Neighbourhoods has resulted in new risks being transferred in to the Directorate.
- New risks to the Neighbourhoods include work around the Prevention of Homelessness, Business Rate Revenue and Housing Benefit Subsidy.
- These new risks have been transferred from the Business Change and People Directorates.

Other Options Considered

6. None necessary

Risk Assessment

7. Robust and effective strategic risk management arrangements are essential in helping the Council manage its business and deliver its priorities.

Public Sector Equality Duties

None necessary for this report

Legal and Resource Implications

Legal

None sought

Financial

(a) Revenue

None arising from this report

(b) Capital

None arising from this report

Land

Not applicable

Personnel

Not applicable

Appendices:

Appendix 1 – Neighbourhoods Directorate Risk Register

Appendix 2 – Risk Matrix, Guidance parameters used to measure impact and Guidance parameters used to measure likelihood

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None

Agenda Item 9 – Appendix 1

Neighbourhoods RISK REGISTER – September 2016

	Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
1.	Managing Health and Safety matters across the directorate									
	<p>Risk Description: Death and injury of citizens and staff as a result of BCC being a sizeable landlord or through other services use of plant.</p> <p>Causes Fire, asbestos etc not having robust plans to deal with known hazards. Non compliance with safety regulations etc, failure of routine/planned maintenance. Failure to design safe buildings (Construction Design and Management regulations). Operatives' use of plant and appropriate communications and guidance. Poor training. Poor maintenance of plant and equipment.</p> <p>Consequences Death, cost of court cases, reputation, confidence.</p> <p>Horizon: ongoing</p>	All N'bourhoods Service Directors	<p>CHaSM s are regularly completed and updated – all managers</p> <p>Designated officer to support managers in mitigating risks – Martin Dunphy</p> <p>Maintenance of vehicles through Transport services – Nick Gingell</p> <p>Induction training and team briefing training on safe use of plant. – all managers Refresher training provided on a 2-3 year cycle – Gillian Douglas</p> <p>Housing Delivery:</p> <p>Fire safety policy in place inc. Fire risk assessments+ accelerated programme of works to address risks/issues ongoing. (N Debbage)</p> <p>Asbestos strategy/inspection regime in place + agreed processes for safe removal/encapsulation in line with Regulations. (N Debbage)</p> <p>Rolling 1 year (gas) and 10 year (electrical) safety checks on all properties/appliances (G Durden)</p> <p>Rolling samples of communal water systems for Legionella in place Risk assessment in place for domestic systems (G Durden)</p> <p>Regular checks of lift operations (min. 6 monthly) (G Durden)</p> <p>CDM Co-ordinators in place to</p>	<p>On track</p>	Probable/significant (8)	Probable/Significant (8)		Ongoing, via quarterly returns from Service Managers.	Steven Barrett	Annual

Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
		<p>prevent/manage all H&S issues on all capital and Revenue programmes (N Debbage, G Durden, Z Naylor)</p> <p>The management, testing and maintenance of all Health and safety-related issues within Neighbourhoods is a day-to-day, business as usual activity, built into works programmes and plans.</p> <p>Quarterly feedback of information from Neighbourhoods Corporate Safety Rep – Steven Barrett</p>	<p>On track</p> <p>On track</p> <p>On track</p>						
2. Waste Management									
<p>Risk description: Ensuring effective delivery of the waste contract</p> <p>Cause: Poor contract management (Quality and cost), ineffective service delivery.</p> <p>Consequence: Reputation loss, public health risk, higher costs,</p> <p>Horizon: Short / medium term</p>	Gillian Douglas/ Netta Meadows	<p>Bristol Waste Company awarded a 10 year agreement – Cabinet decision made August 2016 .</p> <p>Commissioning lead being recruited to develop the agreement between BCC and BWC for delivery of services including new performance indicators for each element of the integrated waste service.</p> <p>Currently a new Waste Service Agreement is being Re-drafted to cover the new arrangements as agreed at Cabinet in August. This should be in place by December 2016.</p>	<p>September 2016 – BWC is continuing to deliver domestic waste collection, street cleansing and winter maintenance with new services being taken on, on a phased basis.</p> <p>December 2016</p>	Possible/ Critical (12)	Unlikely/ Critical (6)	<p>Ongoing work redrafting new Waste Service Agreement with BWC.</p> <p>Integrated waste services agreement to be developed by January 2017.</p> <p>Preparation is underway for transfer of the Household Waste Recycling Centres to BWC.</p> <p>Planned transfer of waste disposal and treatment contracts is also underway.</p> <p>Reporting on existing performance indicators to continue through Neighbourhoods Scrutiny.</p>	<p>December 2016</p> <p>September 2016 – January 2017</p>	Netta Meadows	December 2016
3. Public Health – health protection systems									
<p>Risk description: Failure of the health protection system, including failure to protect the public from infectious diseases and emergency incidents</p> <p>Cause: Fragmentation of existing systems, partners undergoing re-organisation and capacity is a</p>	Becky Pollard / Patsy Mellor	<p>The Health Protection Committee meets quarterly, chaired by the DPH to provide assurance that local plans are in place to prepare for and manage public health emergencies.</p> <p>Public Health funding approved to support EH team to address the backlog in Food Safety inspections</p>	All on track	Unlikely/ Critical (6)	Unlikely/ Critical (6)	<p>Clearly agree and outline funding arrangements for communicable disease incidents and outbreaks.</p> <p>To continue to validate existing plans and procedures, ensuring plans are effective and well-practised.</p> <p>Utilise the agreed funding and work to clear the backlog of Food Safety Inspections</p>		<p>Becky Pollard/ Thara Raj</p> <p>Sophie Prosser/Thara Raj/ Simon Creed</p> <p>Adrian Jenkins</p>	Bi-annual

Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
<p>significant issue.</p> <p>Consequence: Preventable death/ illness from infectious diseases.</p> <p>Horizon: ongoing</p>		<p>Bristol Immunisation and Vaccination group has been set up and will report to the Health Protection Committee</p> <p>Environmental Health Out of Hours rota implemented.– Adrian Jenkins</p> <p>Health Protection Committee Annual Report 2015/16 completed and being taken to the HWB October 2016. The report highlights achievement, gaps and priorities in the health protection system for the next year.– Becky Pollard</p> <p>A Mass Response plan for the Bristol area is being drafted to outline the local response arrangements to health protection incidents.</p>				<p>prioritising the highest risk rated premises and new businesses.</p> <p>Public Health funding agreed and recruitment underway.</p>		Nick Carter	
4. Public Health – Commissioning									
<p>Risk description:</p> <p>The current providers of children and young people’s community health services, including health visiting and school nursing, have given notice on their contract to end at 31/03/16. The new contract is currently being commissioned and due to commence 01/04/2017. These services are mandated nationally and must be delivered.</p> <p>Cause: Notice given by current provider not to extend contract until 2017</p> <p>Consequence: An interim provider must be secured to ensure continuous service provision.</p> <p>Horizon: Interim provider commenced service provision in April 2016.</p>	Becky Pollard	<p>Interim providers commissioners group has been organised led by Bristol CCG who are the lead commissioner. - Anne Colquhoun and Rebecca Cross attend this meeting.</p> <p>A provider for 2016/2017 has been secured as Sirona in partnership with AWP and Bristol Community Health.</p>	Complete	Unlikely / critical	Unlikely / critical	No further action required			

Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
5. Public Health – clinical safety									
<p>Risk description: Failure to assure the clinical safety of services we deliver or commission.</p> <p>Cause: Poor contract management and contract delivery</p> <p>Consequences: Legal liability and loss of contracts. Loss of grant if fail to deliver.</p> <p>Horizon: Until clinical governance system is established</p>	Becky Pollard	<p>The Director of Public Health is overseeing the development of a clinical governance framework working with Bristol CCG</p> <p>Robust contract management arrangements are in place.</p> <p>Preliminary meeting taken place with CCG lead for clinical governance and partnership working arrangements discussed.</p> <p>System needs to be set up to formalise these arrangements.</p>	<p>In development</p> <p>Current</p>	Likely/ Significant (10)	Possible/ Significant (6)	<p>Clinical governance process paper is currently being considered by NHSE and the CCG, as many of the clinical incidents which may arise will be in secondary and primary care.</p> <p>Proposals include adding to existing serious incident and significant event reporting processes managed by these partners.</p> <p>An internal reporting template has been developed for other providers.</p> <p>Revised arrangements will be included in new and existing contracts when finalised.</p>	October 2016	Becky Pollard/ Barbara Coleman	Quarterly
6. Public Health – grant									
<p>Risk description: In year cut to the public health ring fenced grant in 2015/16 and uncertainty of public health grant allocation for 2016/17.</p> <p>Risk</p> <p>Inability to meet existing public health commitments and budget alignments to support the MTFP.</p> <p>Potential risk of service reductions in both mandatory and non-mandatory public health services (including sexual health, health checks, health visiting and school nursing services, drug and alcohol services)</p>	Becky Pollard	<p>Current Risk Management</p> <p>To lobby Department of Health through its current consultation process for a 6.2% cut in public health grant funding to all local authorities across England.</p> <p>To identify potential areas of savings within the current public health budget to minimise negative impacts on the health of the local population (including underspends and reserves)</p> <p>Arrangements (Current Mitigation)</p> <p>Produce a short and medium term financial strategy to take account of funding reductions and savings requirements</p> <p>6.2% in year reduction has been identified and managed within current year.</p>	Complete			<p>Further reductions to the ring fenced grant are likely in addition to the public health contribution to current financial situation.</p> <p>The senior public health team are undertaking a thorough review of expenditure across all programme areas to identify where savings may be made or where re-distribution of resources is required.</p>		Becky Pollard / Barbara Coleman	On-going
7. Knowledge, skills and expertise gap									
Risk description:				Probable/	Possible/				

Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
<p>Reduced expertise and experience resulting from current voluntary severance</p> <p>Cause: Reduced level of knowledge and expertise within redesigned services, post restructure</p> <p>Skills shortage could result in failure to comply with statutory duties:</p> <ul style="list-style-type: none"> • Environmental Health Officers • Trading Standards officers • Licensing officers • Public Protection Officers • Housing Officers • Specialist/technical staff, eg, Quantity Surveyors, Project managers <p>Consequence: Reduced capabilities to deliver services to citizens</p> <p>Horizon: Short to medium term</p>	Alison Comley	<p>Neighbourhoods Directorate ensuring that VS decisions are being made through the NLT forum (on a weekly basis) to ensure a consistent and strategic approach to decision make on the VS process.</p> <p>Identify pinch points/areas of concern within the Directorate</p>	Current	Significant (8)	Significant (6)	<p>Service area re-designs</p> <p>Continue consistent NLT re-design discussions and VS decision making</p>	Ongoing	Service Directors	December 2017

8. Housing Revenue Account – maintain a balanced HRA 30 year business plan

Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
<p>Risk description: Unviability of the HRA</p> <p>Causes: Changes to rent policy and welfare benefit reform reducing income</p> <p>Consequences: Lack of ability to deliver planned services, requirement to cut spending plans/reduce services</p> <p>Horizon: ongoing</p>	Steve Barrett / Mary Ryan	<p>Regular updating and external review of HRA 30-year business plan, consultation on revised strategy and resulting budget implications</p> <p>Responsible officer (RO): Mary Ryan/Steve Barrett</p>	On track	Probable/significant (8)	Unlikely/significant (4)	HRA budget for 2016/17 has been agreed at Cabinet. Over the year 16/17 we are undertaking extensive consultation with stakeholders on different options in order to deliver a balanced 30-year business plan from 2017.	2016/17	Nicky Debbage	Bi annual
9. Tree Management – maintain a rolling programme of tree management works across the city									
<p>Risk description : risk of trees falling as a result of failure under certain weather conditions and/or due to disease</p> <p>Causes : the council has 100,000 trees. Severe weather conditions and/or disease can lead to tree failure.</p> <p>Consequences : if not managed effectively a tree may fall and present a risk to the public, staff and infrastructure</p> <p>Horizon : ongoing</p>	Di Robinson / Gemma Dando	Clear tree management process that responds to HSE and HSW Act recommendations/guidelines. Risk based approach to managing trees with trees that are deemed to be high risk being felled.		Possible/critical	Possible/significant	<p>Where trees are subject to diagnostic tests or close monitoring, risk assessments should be updated on Confirm from the time that regular monitoring starts and where necessary the cyclical inspection regime made more frequent for that particular tree.</p> <p>Review resourcing of tree management by services that require input from the tree Management Team e.g. Cemeteries and Crematoria</p> <p>August 2016 – no further update</p>	2016/17	Richard Ennion	Quarterly
10. Failure to Prevent Homelessness									
<p>Risk newly transferred over to Neighbourhoods</p> <p>Risk description :</p> <ul style="list-style-type: none"> - Failure to prevent homelessness <p>Causes :</p> <ul style="list-style-type: none"> - Welfare reform - Changes to private renting - Shortage of affordable housing - Non-priority individuals with 	Nick Hooper	Working with private sector and voluntary and community sector providers to ensure an adequate supply of emergency accommodation for families. St Mungo's Broadway is commissioned to deliver outreach services to rough sleepers and a severe weather emergency protocol (SWEP) is in place to support rough sleepers if there is severe weather. Also working with providers to develop more PRS accommodation as move-on.				<p>Develop commissioning process for emergency accommodation needs in longer term. Joint Process with South Glos underway. Aim is to create more capacity and increase number of providers. New contract operating from May 2016. Separate but related process to create a 'block' contract for emergency accommodation is delayed until Oct 16.</p> <p>Reduce average number of families temporarily housed in emergency accommodation per night.</p>	Oct-16 2016/17	Gillian Douglas Gillian Douglas	 Quarterly

	Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
	<p>complex needs</p> <p>Consequences :</p> <ul style="list-style-type: none"> - Cost to Bristol City Council for T.A. - Reputational damage from street homelessness - Costs to wider system (e.g. Health) - Social costs to households <p>Horizon :</p> <ul style="list-style-type: none"> - Current and on-ongoing 		<p>Emergency accommodation to be put on framework contracts.</p> <p>On-going review of processes between housing/children families.</p> <p>Restructuring of Housing Options is underway with Housing Advice working differently through the CSP to assess homeless households within 48 hours of presentation. This ensures earlier intervention and maximisation of prevention opportunities.</p> <p>Hardship Fund project within WRAMAS has been outreaching to families at risk of homelessness due to benefit cap and has increased work with h/hs subject to bedroom tax. This project runs tro March 2017.</p> <p>Real lettings properties – target is on schedule with 13 properties already being let to homeless households as long term accommodation.</p> <p>New properties being accessed as interim accommodation (e.g. council properties) as a better value option than private spot purchased accommodation.</p>	<p>Ongoing</p> <p>Ongoing</p>			<p>Continue to roll out ‘Real Lettings’ (80 in total – over 2 years)</p> <p>Rough sleepers task group (led by St Mungos)</p> <p>Bring into use surplus BCC property for temp emergency accommodation.</p> <p>Complete restructuring of Housing Options</p>	<p>2016/2017</p> <p>Ongoing</p> <p>January 17</p>	<p>Olly Alcock</p> <p>Carmel Brogan</p> <p>Carmel Brogan</p> <p>Gillian Douglas</p>	<p>Yearly</p> <p>Quarterly</p> <p>Monthly</p>
11.	<p>NEW RISK</p> <p>Potential large loss of Business Rate Revenue resulting from approximate 20% rateable value reduction, back-dated to 1/4/2010, in respect of Seabank Power Station</p> <p>Causes: Successful appeal made to Valuation Office Agency</p> <p>Consequences : Reduction in Business Rate by approximately £2.9 million, 49% of which will be</p>	Patsy Mellor/ Finance Business Partner	<p>Loss under Appeal provision was made for £820K, based on historic reduction of 3% for this type of appeal.</p> <p>Potential loss over the amount made under the appeal provision for this property likely to be in the region of £700K</p>	Awaiting official notification from the Valuation Office Agency (VOA) of exact rateable value reduction	Highly probable	Highly probable	Further update once official notification received from VOA , which will enable exact figure of revenue loss to be supplied.	Expected by 31/3/2017	Paul Kimbrey	31/3/2017

	Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
	direct loss to Authority									
12.	<p>RISK NEWLY TRANSFERRED OVER TO NEIGHBOURHOODS</p> <p>Potential large loss of Business Rate Revenue resulting from NHS applications for charitable status</p> <p>Causes: Advised by LGA to refuse but still ongoing</p> <p>Consequences : Reduction in Business Rate between approximately £2m-£9m</p>	Patsy Mellor/ Finance Business Partner	<p>Mandatory Charitable Rates Relief. Current uncertainty around Health care trust and mandatory charitable relief.</p> <p>Issue is being managed by Business Rates team but monitored by Finance Team. National position including Counsel's Opinion from LGA is that claims unfounded. Claims received so far rejected.</p> <p>Counter application has been received.</p>		Possible Critical (9)	Unlikely Critical (9)	<p>Response to counter claim will be issue September.</p> <p>Most instalments are up to date. Part year for 2015 unpaid but in communication with Trust to make payment.</p>	Expected by 31/3/2017	Jo Hunt/ Martin Smith/ Anne Nugent/ Tony Whitlock/ Sheralynn McCarthy	Quarterly
13.	<p>RISK NEWLY TRANSFERRED OVER TO NEIGHBOURHOODS</p> <p>The level of summons costs currently being charged where a summons is issued in respect of local taxation is £100.00. This figure is calculated using an outdated calculation and, in other local authorities, has been challenged in the Magistrates Court. There is the potential for the calculation to be challenged in Bristol although this risk has decreased over the last six months.</p> <p>Cause: Outdated calculation used that does not accurately account for expenditure leading to the possibility of an incorrect figure being calculated.</p> <p>Consequences: 1. Potential for budget deficit of circa £800k based on projected income reduction.</p>	Patsy Mellor / Finance Business Partner	Revised cost calculation issued to Magistrates Court and no challenge received as yet.		Unlikely Impact Significant, (4)	Unlikely Impact Significant (4)	Corporate finance to include review of cost calculation into work planning for 2016/17 in order that a revised cost calculation be delivered in time for 01 April 2017.	31/3/2017	Corporate Finance / Martin Smith	

Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
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14. Risk newly transferred over to Neighbourhoods									
Housing Benefit Subsidy Description/Cause Housing Benefit is recompensed for the monies paid out by the DWP usually on a £1 for £1 basis. Two issues have arisen from previous year's subsidy audits resulting in an increased risk/financial pressure. 1. Increased use of temporary and 'exempt' supported accommodation, resulting in a loss of subsidy rebate in these areas. (Losses for 2016/17 are estimated at £1.5m and £1m respectively). 2. In addition the 2014/15 claim which was submitted in April 2015 and audited in November 2015 identified a sizeable level of incorrectness and qualification of £1.1. million. Consequences/Horizon The demand on temporary and 'exempt' supported accommodation remains high as does the level of incorrectness despite some measures that have already been put in place.	Patsy Mellor	Mitigation <ul style="list-style-type: none"> 2 assessment officer transferred to the QC and Subsidy Team (June 2015) A monthly 'copy' of the subsidy claim is scrutinised by the QC and Subsidy Team to compare to previous estimates throughout the year (On going) Daily QA checking results in c3,400 cases being checked in and focuses in 3 main problem areas (On going) Training in targeted areas A full internal review has been undertaken of the existing QA and Subsidy Employed external subject matter experts to review existing process, outcomes confirmed as appropriate and signed off. 		Significant /likely (10)	Significant/ Probable (8)	<ul style="list-style-type: none"> Increased focus to be given to service's performance Refocus QA and subsidy resource in to the areas identified in the 2014/15 audit Increase availability of training/mentoring to known staff in known areas 	On going On going On going	Sheralynn McCarthy	Quarterly / Monthly
15.									
Reduction in HB and CTR administration grant Description/Cause	Patsy Mellor	Mitigation <ul style="list-style-type: none"> Possible reductions in cost of 		Significant / likely (10)	Significant / Probable (8)	The following are being considered/investigate with a view to reducing unit cost.		Sheralynn McCarthy	Monthly

<p>For 2016/17 as part of the reduction in central government grants the DWP have applied a 19% (£480k) reduction to BCCs Housing Benefit administration grant.</p> <p>In respect of DCLG's administrative grant for CTR this has broadly remained the same for Bristol at £693k</p> <p>Consequences/Horizon</p> <p>There is a real danger that that there will be further year on year reductions for both grants resulting in an increased pressure on the General Fund</p>		<p>Service currently undertaken by Applied Programme, e.g. evidence upload technology</p> <ul style="list-style-type: none"> Increase in automated processing systems via initiatives such as Automated Transfer of LA data (ATLAS) Improved local performance processes and procedures 				<ul style="list-style-type: none"> Purchase New Integrate new claims and changes reporting forms. Further automation of ATLAS and any other new technologies as/when apply Possible purchase of new performance software 	<p>June 2016</p> <p>October 2016</p> <p>April 2017</p>		
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Appendix 2 - Risk Matrix

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Likelihood	6	Almost Certain	6	12	18	24
	5	Likely	5	10	15	20
	4	Probable	4	8	12	16
	3	Possible	3	6	9	12
	2	Unlikely	2	4	6	8
	1	Almost Impossible	1	2	3	4
			Marginal 1	Significant 2	Critical 3	Catastrophic 4
		Impact				

Appendix 3 – Severity of Impact Guidance

	Effect on service provision	Potential Financial loss/gain	Potential Fraud & Corruption loss	Reputation	Legal	Environmental	Communities	Personal safety
1 Marginal	Very limited effect (positive or negative) on service provision. Impact can be managed within normal working arrangements	Under £0.5m	Under £50k	Minimal and transient loss of public trust. Contained within the individual service	No significant legal implications or action is anticipated	No effect (positive/negative) on the environment/community	Minimal effect on community	Minor injury to citizens or staff may result or can be prevented.
2 Significant	Noticeable and significant effect (positive or negative) on service provision. Effect may require some additional resource, but manageable in a reasonable time frame.	Between £0.5m - £5m	Between £50k - £100k	Significant public 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.	Tribunal/ BCC legal team involvement required (potential for claim)	Short term effect (positive or negative) on the natural and or built environment.	Short term effect (positive or negative) on a small number of vulnerable groups/individuals	Significant injury or ill health of citizens or staff may result or be prevented.
3 Critical	Severe effect on service provision or a corporate Plan priority area. Effect may require considerable additional resource but will not require a major strategy change.	Between £5m - £10m	Between £100k - £1m	Serious potential for enhancement of or damage to reputation. Dissatisfaction regularly reported through Council Complaints procedure. Higher levels of local or national interest. Higher levels of local media/social media interest.	Criminal prosecution anticipated and or civil litigation.	Serious local discharge of pollutant or source of community annoyance that requires remedial action.	Medium term effect (positive or negative) on a significant number of vulnerable groups/individuals.	Major injury or ill health of citizens or staff may result or be prevented. Long term disability/absence from work.
4 Catastrophic	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.	More than £10m	More than £1m	Highly significant potential for enhancement of or damage to reputation Intense local, national and potentially international media attention. 'Viral' on line social media Public enquiry or poor external assessor report.	Criminal prosecution anticipated and or civil litigation (> 1 person)	Lasting effect on the natural and or built environment.	Lasting effect (positive or negative) on a significant number of vulnerable groups/individuals.	(Avoidable) Death of citizens or staff may result or be prevented. Long term disability/absence from work.

Appendix 4

Assessment of the likelihood guidance

	Likelihood	Likelihood Descriptors	Numerical likelihood
1	Almost impossible	This will probably never happen	Less than 1%
2	Unlikely	Do not expect it to happen, but it is possible it may do so	Less than 25%
3	Possible	Might happen on rare occasions	Less than 50%
4	Probable	Probably will happen on rare occasions	50% or more
5	Likely	Probably will happen at regular intervals	75% or more
6	Almost certain	Surely will happen and possibly frequently	99% or more

People Scrutiny Commission

26th September 2016



Report of: Strategic Director - People

Title: Directorate Risk Register Review August 2016

Ward: Citywide

Officer Presenting Report: John Readman, Strategic Director - People

Contact Telephone Number: 0117 35 37960

Recommendation

The Commission review and scrutinise the Directorate Risk Register as at 31st August 2016 which is attached to this report.

Summary

This report presents the Directorate Risk register. Going forward, Directorate Risk Registers will be reviewed by Directorate Leadership Teams on a quarterly basis and will be provided for scrutiny at six monthly intervals.

The significant issues in the report are:

- Corporate Risk in the context of Directorate risk consideration (Paragraph 4)
- Process for review of Directorate risks. (Paragraph 5.2)
- Issues arising from the Directorate Risk Register (Paragraph 5.5)
- The full directorate risk register (Appendix 1)



Policy

1. *The Audit Committee is responsible for providing independent assurance to the Council regarding the effectiveness of its strategic risk management arrangements. The Council has a Risk Management Policy which requires strategic risks to the Council, and details of how they are managed to be recorded in strategic risk registers – the Corporate and Directorate Risk Registers. Whilst the Corporate risk Register is scrutinised by the Audit Committee on a six monthly basis, it was agreed at Overview and Scrutiny Management Board, that the Directorate Risk Registers will be scrutinised by each Directorate scrutiny twice a year. They will however also be provided once each year to Audit Committee, for information (not scrutiny) to provide the Audit Committee with assurance that Directorate Risk Registers are in place and effectively scrutinised.*

Consultation

2. **Internal**
Directorate Leadership Team / Risk Owners / Cabinet Members – People, Education & Skills and Health & Wellbeing
3. **External**
Not applicable
4. **Background – Risk Management and the Corporate Risk Register**
 - 4.1. Risk is defined in the Risk Management Policy as ‘the chance of something happening that will impact (positively or negatively) on the achievement of the Council’s Objectives’. Risk Management is the planned and systematic approach to the identification, evaluation, prioritisation and control of risks and opportunities facing the Council Management.
 - 4.2. Risk Assessment is the measure of likelihood and impact on objectives of an uncertain action of event.
 - 4.3. The Corporate Risk Register (CRR) is an integral element of the Council’s Strategic Risk Management arrangements and aims to support the delivery of the Council’s objectives by setting out the strategic high level risks facing the Council in delivering its plans and how they are ensuring these risks are effectively managed.
 - 4.4. The CRR is used by the Strategic Leadership Team to monitor risk levels and take assurance that all necessary steps are being taken to ensure the risks are managed to a level acceptable to them.
 - 4.5. The CRR is currently under review but at this time includes the following risks:
 - **Safeguarding (Amber)** – The Council fails to ensure adequate safeguarding measures are in place, resulting in harm or death to a vulnerable adult or child.
 - **Organisational Achievement and Resilience (Amber)** - The Council fails to maximise opportunities afforded by the Single Change Programme to deliver and achieve the Mayoral and corporate objectives and maintain its resilience into the future.

- **Governance (Amber)** - The Council fails to comply with internal controls and to effectively meet the framework of obligations within the statutory Annual Governance Statement and the Code of Corporate Governance.
- **Infrastructure (Red)** - The Council fails to generate the investment necessary to maximise its influence upon the delivery and maintenance of a sustainable infrastructure which will support the City to grow and prosper.
- **Community resilience (Red)** - Failure of the Council and the community at large to anticipate, sufficiently mitigate, respond to or recover quickly enough from a significant and unexpectedly disruptive event. This risk is focused on how the Council and communities can adapt to significant changes in society over time rather than focussing on the Council's physical infrastructure that is in place to contribute when such an event occurs – this is considered in risk 4 – Infrastructure.
- **Finance (Red)** - Failure to deliver robust Financial Plans that will secure ongoing financial resilience to deliver statutory services and mayoral priorities.
- **Educational Attainment (Amber)** - Failure to focus and prioritise resources to effect the changes necessary to ensure the equality of educational opportunities across all ages and all communities.
- **Demographic and Service Pressures (Amber)** - The Council fails to appropriately manage demand for its services and does not maximise all potential delivery methods to ensure that services are provided in the most cost effective way.
- **Devolution (Red)** - Failure of the Council to work with the neighbouring authorities and the community at large to maximise the benefits of the Government devolution agenda to the best advantage of the people of Bristol and across the West of England.
- **Delivery Democracy (Amber)** - Failure to deliver statutory elections and comply with all legal requirements.
- **Trading Company Operations (Amber)** - Successfully managing the trading companies where the Council is the majority Shareholder, or has an interest in the Company.

5. The Directorate Risk Register

5.1. As well as Corporate Risks, Directorate Risk Registers (DRR) detail risks faced by each Directorate. The DRR is owned by the Strategic Director and is used by the Directorate Leadership Team to ensure and monitor that risks are effectively managed.

5.2. The Directorate Risk Register was developed following:

- DLT Risk identification and assignment of a risk owner who is responsible to ensure each risk is effectively managed

- Detailed work with the Risk Owner to determine key current mitigations and further actions to ensure the risk is properly managed
- Re-review by DLT to ensure risk levels are correctly identified and target risk levels are acceptable

- 5.3.** The People Directorate Risk Register is attached as Appendix 1 for scrutiny. The register is presented in the standard format agreed by ELT / SLT and uses the risk management methodology in the risk management policy agreed by the SLT and the Audit Committee in November 2014. Appendix 2 provides helpful extracts from that policy to assist Members in understanding risk levels recorded in the register. The risk matrix, Guidance parameters used to measure impact and Guidance parameters used to measure likelihood.
- 5.4.** The timing of presentation of the Directorate Risk Register to Scrutiny is such that the commission are also receiving information concerning Directorate performance at this meeting. It is envisaged that both the risk and performance information provided to the Committee should be reviewed together to aide effective challenge to both sets of information.
- 5.5.** The People Directorate Scrutiny Commission last received the Directorate Risk Register on 7th September 2015. The following paragraphs summarise the key changes to the risk environment since then:
- 5.6.** No new risks have been identified and added to the register since the last review.
- 5.7.** The only risk removed from the register since the last review is a short term risk relating to a contractual issue involving the withdrawal of the providers of Children and Young People’s Community Health Services which has since been resolved.
- 5.8.** There has been a change to Risk 5 major ICT project failure and this risk is now focussed on the coordination of case management systems across the Children’s, Adults and Education service
- 5.9.** There has been a change of focus to the risk around the number of households being managed at high intervention of crisis level. This is due to the fact that a number of housing services including homelessness have transferred to the Neighbourhoods Directorate and the focus is now on the potential loss of funding in Early Intervention.
- 5.10.** The risks around Educational Attainment and the number of young people not in Education, Employment or Training (NEET) have been merged as these both relate to educational outcomes.
- 5.11.** The risk level has increased in relation to Risk 1 Failure to Delivery the Medium Financial Plan and deliver savings.
- 5.12.** Risk levels have remained unchanged in all other areas.

Other Options Considered

- 6.** None necessary

Risk Assessment

7. Robust and effective strategic risk management arrangements are essential in helping the Council manage its business and deliver its priorities.

Public Sector Equality Duties

None necessary for this report

Legal and Resource Implications

Legal

None sought

Financial

(a) Revenue

None arising from this report

(b) Capital

None arising from this report

Land

Not applicable

Personnel

Not applicable

Appendices:

Appendix 1 – People Directorate Risk Register

Appendix 2 – Risk Matrix, Guidance parameters used to measure impact and Guidance parameters used to measure likelihood

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None

	Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action
1	<p>Risk description Failure to deliver the Medium Term Financial Plan and deliver savings included in the financial plan</p> <p>Cause Failure to achieve required savings. Inadequacy of cash resources. Demographic pressures. Pressure points are currently in demand for home care and nursing care and children's specialist commissioning</p> <p>Consequence Savings not achieved. Budget not met. Financial shortfall. Unplanned reductions in services. Corporate objectives not met. Lack of organisational resilience. Failure to secure efficiencies and benefit realisation.</p> <p>Horizon Short/Medium term</p>	JR	<p>There is strong Directorate focus on delivering the savings in the financial plan as against the forecast Directorate shortfall.</p> <p>The Budget is monitored monthly at DLT.</p> <p>The Finance Business Partner role is fully utilised to maximise all opportunities.</p> <p>Collaboration with external funders e.g. PCT/CCG, DoH.</p> <p>Maintain financial controls and governance arrangements</p> <p>Regular reporting and challenge of Cabinet Member (People)</p> <p>Continue to work with health partners on Section 256 transfer agreements through Health and Wellbeing Board and other boards locally.</p> <p>A resourced and prioritised action plan is in progress to implement recommendations from EY 2015 Financial Diagnostic.</p> <p>Opportunities to promote independence reducing the need for high cost support and/or care provision are being implemented through the following programmes and projects: - Rehabilitation and Reablement - Bristol Retirement Living Programme which includes Extra Care Housing and the Dementia Care Home Partnership. The contracts for these projects have now been awarded and planning is being applied for.</p> <p>Promoting independence is supported and promoted by the Care Act and Independent Living Fund projects.</p> <p>Focus on needs assessment, care and pathway planning and targeted support to children in care and care leavers offers opportunities for them to achieve independence and improved outcomes on leaving care, reducing demand and costs in other service areas into adulthood.</p> <p>The Short Break provision for children has been recommissioned which promotes choice and control for children with disabilities and their families, underpinning the child centred approach.</p>	<p>In place</p> <p>In place</p> <p>In place</p> <p>In place</p> <p>Ongoing</p> <p>Ongoing</p> <p>Complete</p> <p>Ongoing</p> <p>Ongoing</p> <p>In place</p>	<p>Likely/ Critical (18)</p>	<p>Possible/ Critical (9)</p>	<p>Utilisation and allocation of reserves where possible and appropriate. Recharge/reclaim where appropriate.</p> <p>Identify sources of additional funding / resource</p> <p>Budget holders held to account for forecasting, overspend and underspend.</p> <p>Budget management actions agreed with budget holders and DMTs</p> <p>Completion of the following projects: - Rehabilitation & Reablement - Bristol Retirement Living programme which include the: *Extra Care Housing *Dementia Care Home Partnership projects</p> <p>Completion of the following projects: - Care Act - Independent Living Fund Services commissioned that will better meet the needs and target support for children in care and care leavers</p> <p>Other opportunities are being explored</p>	<p>2016/17</p> <p>2016/17</p> <p>2016/17</p> <p>2016/17</p> <p>2018/19</p> <p>Dec 2018</p> <p>Mar 2018</p> <p>Sep-16</p> <p>Sep-16</p> <p>Ongoing</p>	<p>John Readman</p> <p>John Readman</p> <p>John Readman</p> <p>John Readman</p> <p>Jayne Clifford</p> <p>Tim Wye</p> <p>Tim Wye</p> <p>Mike Hennessey</p> <p>Hilary Brooks</p> <p>John Readman</p>

	Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action
2	Risk description The Directorate fails to maximise opportunities afforded by the Change Programme Cause Costs outweigh benefits realisation. Pace of delivery is too slow. Insufficient resilience for continued delivery of services. Existing forecasts of demand growth are exceeded by reality due to cuts to other public services. Lack of resource, skill and experience in Project Management. Consequences Opportunities not realised. Organisation remains unfit for purpose. Unplanned cuts in services result in reputational damage. Savings not realised in full. Interruptions to business continuity. Failure to meet statutory duties. Horizon Short term 1-3 years	JR	A Local Monitoring Group (LMG) for delivering change has been set up to oversee the projects approved by Change Board in August 2015 which form the People Directorate Change Plan. The LMG meets monthly and comprises People DLT. It monitors progress and review the effectiveness of the change projects including monitoring the level of savings.	In place	Possible/ Critical (9)	Unlikely/ Critical (6)	Project implementation is now running. The resource plan was signed off by Change Board in August 2015. Highlight reports go to Change Board and there is a clear governance structure for all projects	2016/17	Netta Meadows
			LMG also consider the targeting of Project Resource to best maximise efficiencies. A Programme Manager leads the programme and project team. The recent transfer of the People based project team to Corporate Change Services increases transparency and visibility of the projects and ensures best use of corporate resources	In place			Engagement and maximisation of Applied Programme	Ongoing	John Readman
3	Risk description Failure to deliver the Capital Programme. Risk of insufficient resources to meet medium and long term requirements including delivery of sufficient school places Cause Increase in number of children needing school places. Increase in birth rate. Increase in number of people making Bristol their home putting pressure on school places Consequences Classes are not big enough. Increasing proportion of children not getting their first choice of schools. Impacting on Ofsted ratings. Horizon Long term	PJ	The Integrated Education & Capital Strategy was approved at the Learning City Board in January 2016 and is being implemented.	Ongoing	Possible/ Critical (9)	Unlikely/ Critical (6)	Continued engagement with delivery partners, particularly with the DfE regarding Free Schools.	Ongoing	Paul Jacobs
			Majority of schemes have been delivered on time and on budget. Continued engagement with delivery partners needed to ensure a high standard of delivery.	Ongoing			Ensure school properties are suitable and sufficient to meet curriculum needs	Ongoing	Paul Jacobs
			Annual funding from central government is in place	In place					
			Additional funding has been secured from central government where possible.	On schedule					
			Monthly reports to Capital Programme Board	In place					
Regular reporting to the Cabinet Member for Education & Skills, People DLT and SLT	In place								
4	Risk description Inadequate response to an emergency or continuity challenge Cause	MH/MF	To provide where appropriate, a direct service response under these plans. Support to Older People team (STOP) and the meals service in particular.	Ongoing	Possible/ Critical (9)	Unlikely/ Critical (6)			

	Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action
	<p>Failure to have adequate and up to date continuity plans in place. Lack of staff knowledge of plans and how to enact them</p> <p>Consequences Unacceptable disruptions to the delivery of critical services</p> <p>Horizon Long term</p>		<p>Directorate and Critical Services, are identified, risk assessed and continuity plans reviewed and exercised regularly.</p> <p>Winter Pressures Planning, attendance at urgent care boards and contributions to development of service/capacity plans for whole system approach.</p>	On schedule			<p>Critical Service Managers to attend mandatory business continuity training as and when appropriate</p> <p>Winter plan for 16/17 to be completed. The plan will be signed off at DLT and the Cabinet Member for People will be briefed .</p>	<p>Ongoing</p> <p>Dec-16</p>	<p>All service managers</p> <p>Tim Wye/ Stephen Beet</p>
	<p>5 Risk description Coordination of case management systems across Children's, Adults and Education service</p> <p>Cause Failure to develop appropriate project plan and agree to contract terms and conditions with supplier</p> <p>Consequences Failure to provide treatment and adequate care to service users</p> <p>Horizon Medium term</p>	MH	<p>Creation of a Care and Education Systems Steering Group.</p> <p>Review of support teams</p>	<p>Complete</p> <p>Ongoing</p>	<p>Possible/ Critical (9)</p>	<p>Unlikely/ Critical (6)</p>	<p>Coordination of supplier relationship management, joint with Business Change (Dominic Mason).</p>	Dec-16	Rob Logan
	<p>6 Risk Description: The Directorate fails to ensure adequate safeguarding measures are in place resulting in harm or death to a vulnerable adult or child</p> <p>Causes Lack of capacity and an increase in the number of CSE cases due to better identification.</p> <p>Consequences Culpable for harm or fatality of vulnerable adult or child. Litigation. Financial costs. Reputational damage.</p> <p>Horizon: Current and on-going</p>		<p>Safe recruitment processes / Disclosure and Barring Service checks for staff working with vulnerable adults and monitoring of commissioned services is robust.</p> <p>The Safeguarding Boards (Adults and Children) maintains oversight; monitoring performance, quality and learning from serious incidents; delivers training and leads on key strategic priorities, providing scrutiny and challenge where required</p> <p>Best practice outlined in the Care Act 2014 is embedded in processes which are monitored and refinements made to as needed.</p>	<p>On schedule</p> <p>On schedule</p>	<p>Possible/ Critical (9) but reducing</p>	<p>Unlikely/ Critical (6)</p>	<p>The Independent chair of Bristol Safeguarding Adult's Board has overseen an overhaul of the Board; revised terms of reference for subgroups are in place; a new preventative strategy was presented to SAB 3 May 2016; all chief officers have signed a memorandum of understanding; both the Bristol Safeguarding Adults and Children's Boards are now serviced by a single business unit and recruitment is ongoing.</p> <p>The full roll out of updated approach to Making Safeguarding Personal has been completed. All relevant staff have been trained in the MSP approach and all tools are available.</p>	<p>Complete</p> <p>Complete</p>	<p>Mike Hennessey/Hilary Brooks</p> <p>Mike Hennessey</p>

	Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action
			Strong relationship with regional Quality Surveillance Group and Care Quality Commission. Six weekly meetings take place to collate intelligence to inform decision making around registered providers.	On schedule					
			A Contracts and Quality Service Manager is in post and responsible for overseeing the quality of services delivered.	Ongoing			The 'Quality Assurance Framework' now embedded into contracts for care homes, home care and, by the end of this year, community support services. The original QAF is now being revised to include learning and good practise from the initial phase.	December 2016	Mel Rogers
			Work with the Voluntary and Community Sector and Health watch to support our Quality Assurance function. RSVP has been commissioned to do this.	On schedule					
			Thresholds guidance, accreditation and other key policies and Quality Assurance Frameworks are implemented, These are regularly reviewed in line with Care Assurance.	Ongoing					
			Work with practitioners by effective use of continuing professional development, PMDS and supervision to ensure clarity of functions and understanding and implementation of best practice. Use of the professional capabilities framework to evaluate practice				Continue to develop the approach to new duties around safeguarding in care and support of Adults.	Ongoing Crossed the line and requirements met; ongoing to refine.	Mike Hennessey
		HB	Children An Early Help Service is now in place for children's services using a triage process to ensure that needs are met early, costs are minimised and pressure on social care is reduced. Comprehensive workforce development programme implemented.	On going			Children The continuing refinement and use of Predictive Analytics to try to identify needs at the earliest stage.	Dec-16	Gary Davies
			The Children's Service Improvement Plan Year 2 is in place and is focused on key areas for improvement for safeguarding, children in care and care leavers. Implementation of the plan is overseen by an Improvement Board which meets monthly.	On schedule and ongoing					
			A Child Sexual Exploitation Strategy led by the Bristol Safeguarding Children Board is in place and its effectiveness is being monitored.	On going			Continuing to work together with partner agencies, particularly the Police, in order to identify new cases of CSE and/or children at risk of CSE.	Ongoing	Hilary Brooks
7	Risk Description: An adult older or vulnerable person suffers avoidable death, serious injury or abuse whilst under the care of the council. Causes Lack of adherence to procedures, poor practice, lack of capacity. Consequences Culpable for harm or fatality of	MH	Adherence to H&S requirements, risk assessments with adequate mitigations for risk in place. Out of Area Treatment Panel in place. Policy for dealing with inadequate services in place	Ongoing Ongoing Complete	Probable/ Significant (8)	Possible/ Significant (6)	Completion of Corporate H&S Management System (CHaSMS) by all managers	Ongoing	Mel Rogers

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	vulnerable adult. Litigation. Financial costs. Reputational damage. Horizon: Current and on-going		Compliance with care management policies / procedures. Social Workers are registered with HCPC, supervised and records kept. Active PQ programme in place for qualified staff. SW supervision in place and SW board focus on professional standards Monitoring visits by quality assurance officers have assisted in raising the standards with Care Homes. Emergency Duty Team work with Out of Hours Team to identify and pick up the care needs for the more vulnerable adults whose of care and/or support packages are at risk. This includes those with mental Health needs. Regular inspection and regulatory processes undertaken by CQC.	Ongoing Ongoing Ongoing			Adherence to professional standards, supervision, PMDS Care Management Review A principal social worker has now been appointed. An enhanced award and recognition package for the Approved Mental Health Professional service to retain good staff and reduce risks to vulnerable adults.	Ongoing Ongoing Completed	Mike Hennessey Mike Hennessey Mike Hennessey
8	Risk description Failure to meet corporate responsibilities to protect children in need and inadequate support to Children Looked After Causes Huge increase in demand and complexity in cases resulting in a lack of capacity Consequences Culpable for harm or fatality of vulnerable child. Litigation. Financial costs. Reputational damage. Horizon Current and on-going	HB	Safeguarding processes robust and effective. Performance of the service is regularly reported to the Bristol Safeguarding Children Board. Children in care and Care Leaver services have now been remodelled which has improved the size of caseloads and quality of through care services for young people The Children's Services Improvement Plan is in place in order to improve the quality of assessments and plan. Comprehensive training programme. The Corporate Parenting Panel meeting regularly and provides challenge to the service	Ongoing In place In place Ongoing In place Ongoing	Possible/ Critical (9)	Possible/ Significant (6)	Cases that no longer meet the current threshold will be reviewed and closed. Children in Care cases will be audited to ascertain whether the number of looked after children can be reduced.	Dec-16 Dec-16	Hilary Brooks Hilary Brooks
9	Risk description That a regulated service is rated 'Requires Improvement' or 'Inadequate' on inspection by the Care Quality Commission (CQC). A non regulated service is subject to concerns about quality or safety. Causes Failure to have adequate facilities. Staffing levels and training. Lack of monitoring procedures put in place.	MH	Social Workers registered with HCPC, supervised and records kept. Case Discussion Forum implemented. Support plans checked by Care Brokerage Team Revised Care Management structure which more clearly identifies roles and responsibilities for teams and avoids the risk of silo approaches	Ongoing Ongoing Ongoing	Probable/ Significant (8)	Possible/ Significant (8)	People DLT to receive a quarterly report of in house services inline with CQC inspections. Monitor casework practice and other areas known to be on CQC inspection agenda.	Ongoing 2016/17	Mike Hennessey Mike Hennessey

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	<p>Consequences Reputational risk to the authority</p> <p>Horizon Current and on-going</p>		<p>Active Post qualification programme in place for qualified staff</p> <p>As part of all quality monitoring, issues of concern are raised with providers and addressed in a timely fashion</p> <p>Quality assurance visits undertaken as part of quality monitoring framework. A revised Quality Framework is at the consultation stage.</p> <p>A developed joint protocol with the Clinical Commissioning Group (CCG)</p> <p>Membership to the Quality Surveillance Group</p> <p>Regular liaison with the CQC</p>	<p>In place</p> <p>Slipped</p> <p>In place</p> <p>In place</p> <p>In place</p> <p>In place</p>			<p>A joint protocol with CQC now in place.</p> <p>Jointly consulting with NHS regarding new contracts due in 2016.</p>	Ongoing	Netta Meadows
10	<p>Risk description Loss of funding in Early Intervention resulting in too many households being managed at high intervention or crisis level.</p> <p>Cause Lack in opportunities to recognise deterioration of escalation of need and the need for funding to support early intervention</p> <p>Consequence See above. Continued high cost and late interventions and poorer outcomes. This would result in an increase in demand on children and family and adult services due to lack of early intervention.</p> <p>Horizon Medium term</p>	MF	<p>Early intervention and further integration as an approach, and join up across partners is being actively promoted and pursued at Strategic Council and Partnership level. Recognition of the value of these services is acknowledged at Senior Leadership Team level.</p> <p>Working with partners in the city to create a new model and embed Early Intervention across the city. The implementation of greater choice and control ensures individuals receive the right services to meet their needs thus promoting recovery or delaying deterioration and need of statutory services/thresholds being met.</p> <p>Early Help Teams, Family Intervention Team and Supporting Families Contracts are fully operational</p> <p>The expanded Troubled Families Programme underpins preventative work and supports whole system approach. This programme is funded up until 2020.</p> <p>DSG Funding is in place until 2017.</p> <p>Bristol Youth Links Contracts are in place, targeting of the most vulnerable to receive services and support is being driven and monitored through regular contact monitoring.</p> <p>Funded Learning for two year olds is in place with take up increasing.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>In place</p> <p>Ongoing</p> <p>In place</p> <p>Ongoing</p> <p>In place</p>	<p>Probable/ Significant (8)</p>	<p>Probable/ Significant (8)</p>	<p>Applied programme will review opportunities for 'demand management' through EI.</p> <p>Managed pathways between different tiers of service provisions.</p> <p>Development of information, advice and advocacy provision</p> <p>Implementation and development of Early Help and Intervention services –using additional DSG resource targeting resources to meet need early, reducing cost and alleviating pressure on social care. Triage case work progressing and effectiveness to be reviewed</p> <p>Review and recommissioning of the Bristol Youth Links Contracts</p> <p>Number of SAFs (Single Assessment Framework) completed by the Early Help network to increase</p> <p>Publication and promotion of the Two Year Old Offer</p>	<p>No date set</p> <p>2016/17</p> <p>Dec-16</p> <p>Mar-17</p> <p>Mar-17</p> <p>Dec-16</p> <p>Ongoing</p>	<p>Tara Dillon</p> <p>Michele Farmer</p> <p>Gary Davies</p> <p>Michele Farmer</p> <p>Gary Davies</p> <p>Michele Farmer</p> <p>Sally Jaeckle</p>

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11	<p>Risk description Failure to ensure the equality of educational opportunities across all ages and all communities to deliver continued improvement in Educational attainment and reduce the number of young people Not in Education, Employment or Training (NEET)</p> <p>Causes Variation in needs of learners Variation in performance of City schools. Strong private education sector in adjacent environment. Insufficient staffing levels and/or adequately trained staff Lack of performance monitoring. Economic downturn.</p> <p>Consequences Inequalities are not addressed. Schools do not improve fast enough in both GCSE and A levels. Impairment of life chances for Bristol citizens i.e. reduced earnings capacity/lifelong dependency on benefits. Divided City. Reputation tarnished.</p> <p>Horizon Medium term</p>	PJ	<p>The City Council has an Education and Skills Service which is structured to enable Bristol City Council to both fulfil its statutory role of education provision and to ensure it can play a key role in education systems leadership and development across the City.</p> <p>The Trading with Schools Service is in place to provide support to schools in being self-improving and to quality services. The service also provides a link between the Council and schools providing intelligence on schools performance and their contribution to achievement of the Council's statutory role of education delivery. An income strategy is in place.</p> <p>The Children & Families Board meet six times each year and focus on improving outcomes, with strategic oversight of priority areas and taking joint action accordingly. Membership of the Board is periodically refreshed and their terms of reference agreed. A 16/17 work programme has been agreed.</p> <p>The Children's Services Improvement Plan Year 2 is in place and being implemented to secure better outcomes for children in care and care leavers and is monitored by the Improvement Board.</p> <p>A Learning City Board has been established to strengthen school to school partnerships, focussing on outcomes. And, an Excellence in Schools group within the Learning City partnership has been established to bring coherence to schools partnerships in the City.</p> <p>The Learning in Education challenge group within Learning City will have an overview of education outcomes in the City.</p> <p>All schools causing concern have a clear action plan and are monitored closely with reporting to DLT and the Cabinet Member for Education & Skills. There is an increasing use of support from</p> <p>All aspects of education performance are regularly monitored by reporting to DLT, SLT and Cabinet Member for Education & Skills and reviewed by the Directorate Scrutiny Commission. Links between</p> <p>14-19 Action Plan in place and updated annually. Action plan for care leavers aged 19, 20, 21 in education, employment or training monitored.</p> <p>Schools/Colleges have agreed to supply data on education offers and uptake.</p>	<p>On schedule and ongoing</p> <p>On schedule and ongoing</p> <p>On schedule</p> <p>On schedule</p> <p>On schedule</p> <p>Ongoing</p> <p>Ongoing</p> <p>On schedule</p> <p>Ongoing</p> <p>In place</p>	<p>Possible/ Critical (9)</p>	<p>Unlikely/ Critical (6)</p>	<p>Focus on underperforming groups at all key stages and increasing the percentage of Children's Centres rated good or better by Ofsted. A coherent Teaching School offer now in place and meeting regularly to develop the offer.</p> <p>Develop the governance and business model for further Trading with Schools in the context of the Bristol Companies model and in partnership with schools</p> <p>Implement SEND Development Plan and new Alternative Learning Commissioning Plan</p> <p>A new Children and Families Strategy for 2016-20 to set out key priorities for the City with key partners is in development and will be signed off at Cabinet in November.</p> <p>The Children's Services Improvement Plan Year 2 to be signed off at Cabinet and completed.</p> <p>The Learning City Challenge Groups need to embed and wider communication and engagement secured with partners and more widely with citizens.</p> <p>All NEET young people receiving appropriate support to achieve goals</p>	<p>Ongoing</p> <p>Dec-16</p> <p>Sep-16</p> <p>Nov-16</p> <p>Jul-17</p> <p>Jul-17</p> <p>Ongoing</p>	<p>Paul Jacobs</p> <p>Paul Jacobs</p> <p>Paul Jacobs</p> <p>Michele Farmer</p> <p>Paul Jacobs / Hilary Brooks</p> <p>Paul Jacobs</p> <p>Jackie Turner</p>

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			Negotiation and extension of Bristol Youth Links Contracts. The contracts has been improved to clarify data transfer and priority groups and NEET drop in services have been established in all BYL locality areas and citywide drop in centre	In place					
			Agreement for Engagement Workers to be available in schools/colleges on results day to ensure that GCSE pupils can find a course for September	In place					
			Pilot schemes in place to support care leavers.	Ongoing					
			Closer working links established with Work Based Learning providers, Job Centre Plus advisers as well as post-16 providers.	Ongoing					
Page 113	12 Risk description Potential unitary charge shortfall. Cause Declining pupil numbers Consequence There is a significant shortfall in unitary charge to be paid for PFI schools buildings Horizon To be paid over the remaining life of the PFI scheme (c.25 years)	PJ	DfE to reconsider current position as part of their next spending review	Ongoing	Possible/ Critical (9)	Unlikely/ Critical (6)	Strengthened oversight of PFI schemes within the People Directorate.	Ongoing	Rob Logan
			DfE Surplus Place return completed The Integrated Education & Capital Strategy was approved at the Learning City Board in January 2016 and is being implemented. External review of PFI complete and report recommendations are being implemented. Revised forecast model in use	Complete Ongoing In place					
	13 Risk description The Directorate fails to commission appropriately, and services do not meet the needs of the users/communities Cause Inadequate commissioning arrangements. Mechanisms are not in place to shape the market, and to fully consult/engage and understand needs of service users and communities. Consequences Poor quality and inefficient services. Unable to re-design services. Damage	NM to lead	The Council has an 'Enabling Commissioning' approach - a commissioning framework which requires all commissioning activity to operate around the whole 'commissioning cycle' (Analyse, Plan, Do, Review) ensuring a strong understanding of demand and user need, comprehensive market analysis and development, and rigorous management of contractual relationships with internal and external providers. The framework also provides decommissioning guidance for planning and managing a service reduction or terminating services in line with commissioning objectives.	In place	Possible/ Critical (9)	Unlikely/ Critical (6)	Develop our ability to market manage services and to respond to the changing dynamics of the provider market (irrespective of sector). This can be achieved by: - improved commissioning intentions, with consideration of how we disclose our intentions to the market - Ensuring we always have clear commissioning strategies that articulate our future demands for service provision. - Where applicable publish commissioning intentions which are regularly updated.	September 2016 and ongoing	Procurement and Commercial Relations Manager/ All commissioning Service Directors

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<p>to reputation. Failure to secure value for money. Provider failure.</p> <p>Horizon Medium term</p>		<p>The provision of commissioned services is monitored to ensure the continued quality and delivery of those services. Where performance monitoring suggests services are not to standard, the delivery mechanism for those services is reviewed and appropriate action taken.</p>	Ongoing			<p>Procurement and Commercial Relations Manager filled on an interim basis (pending external recruitment) and postholder to review initiatives and whether new tendering system is embedded and used to actively monitor and manage contracts across the Council.</p>	September 2016 and ongoing	Procurement and Commercial Relations Manager
		<p>The Corporate Procurement Team also support commissioning but also to understand market shaping and market dynamics.</p>	In place			<p>Ensure that all commissioners use the Enabling Commissioning Framework via the introduction of "checkpoints" to ensure consistency, best practice and appropriate strategic connections. Complete for Commissioners in People Directorate.</p>	September 2016 and ongoing	Netta Meadows
		<ul style="list-style-type: none"> · Disseminating commissioning and procurement best practice ,lessons learned and providing guidance / advice in respect of the EU, National and BCC procurement regulations and · Ensuring contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers. 	In place			<p>Commissioning intentions/ forward programme and a consolidated list for major projects published on the website and available via the new tendering system Proserve. Updated quarterly.</p>	Ongoing	Procurement and Commercial Relations Manager
		<p>· In addition, commissioners and the procurement team are involved in early market engagement activities on a project by project basis and publishing more frequently "future opportunities" on the Contracts Finder site. A training day for major suppliers has been held.</p>	Ongoing			<p>Funding received from learning and development to run in conjunction with the Crown commercial services an early market engagement course. This was run on a "train the trainer" basis so that the best practice can be cascaded through the business. The cascade is ongoing.</p>	Ongoing	Procurement and Commercial Relations Manager
		<p>The City Council has recently reorganised, with renewed focus on commissioning in the largest directorate (People). Joint commissioning opportunities are always considered in order to bring together other major commissioning partners across the City. This is enabled via the Health & Wellbeing Board and the Children's & Families Board etc.</p>	Ongoing			<p>To continue to ensure that all commissioners use and understand the Enabling Commissioning Framework.</p>	Ongoing	All Commissioning Service Directors
		<p>In managing People Services demand, the whole care pathway is considered to enable an understanding of the key drivers that result in demand. The Council receives 'Better Care' funding, operates section 75 agreements and has pooled budgets with the CCG to help resource our management of demand.</p>	In place					
		<p>As part of contract management and the commissioning we undertake consultation and engagement with service users, citizens, providers and stakeholders. This enables us to explore gaps in provision quality and to co-produce where appropriate.</p>	In place					

Corporate Risk Matrix Ratings

Likelihood	6	Almost certain	6	12	18	24
	5	Likely	5	10	15	20
	4	Probably	4	8	12	16
	3	Possible	3	6	9	14
	2	Unlikely	2	4	6	8
	1	Almost Impossible	1	2	3	4
Overall Risk Rating = Likelihood X Impact			Marginal	Significant	Critical	Catastrophic
			1	2	3	4
			Impact			

Guidance on Assessing Likelihood

Likelihood Rating	Likelihood Descriptors	Numerical Likelihood	
6	Almost certain	Surely will happen and possibly frequently	99% or more
5	Likely	Probably will happen at regular intervals	75% or more
4	Probable	Probably will happen on rare occasions	50% or more
3	Possible	Might happen on rare occasions	Less than 50%
2	Unlikely	Do not expect it to happen, but it is possible it may do so	Less than 25%
1	Almost impossible	This will probably never happen	Less than 1%

Guidance of Assessing Impact

Ratings	Effect on service provision Potential	Potential Financial Loss/Gain	Potential Fraud & Corruption loss	Reputation	Legal	Environmental
1 Marginal	Very limited effect (positive or negative) on service provision. Impact can be managed within normal working arrangements.	Under £0.5m	Under £50k	Minimal and transient loss of public trust. Contained within the individual service	No significant legal implication or action is anticipated	No effect (positive / negative) on the environment / community
2 Significant	Noticeable and significant effect (positive or negative) on service provision. Effect may require some additional resource, but manageable in a reasonable time frame.	Between £0.5m-£5m	Between £50k - £100k	Significant public 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.	Tribunal / BCC legal team involvement required (potential for claim)	Short term effect (positive or negative) on the natural and or built environment.
3 Critical	Severe effect on service provision or a corporate plan priority area. Effect may require considerable additional resource but will not require a major strategy	Between £5m-£10m	Between £100k - £1m	Serious potential for enhancement of or damage to reputation. Higher levels of local media / social media interest. Dissatisfaction regularly reported through Council Complaints procedure. Higher levels of local or national interest.	Criminal prosecution anticipated and or civil litigation.	Serious local discharge of pollutant or source of community annoyance that requires remedial action.
4 Catastrophic	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	More than £10m	More than £1m	Highly significant potential for enhancement of or damage to reputation. Intense local, national and potentially international media attention. 'Viral' online social media. Public enquiry or poor external assessor report.	Criminal prosecution anticipated and or civil litigation (> 1 person)	Lasting effect on the natural and or built environment.

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1	<p>Risk description Failure to deliver the Medium Term Financial Plan and deliver savings included in the financial plan in the context of rising demand and reducing resources</p> <p>Cause Inadequacy of cash resources. Demographic pressures. New statutory requirements on service eligibility (Care Act, Children and Families Act). Pressure points are currently in demand for home care and nursing care and children's specialist commissioning</p> <p>Consequence Savings not achieved. Budget not met. Financial shortfall. Unplanned reductions in services. Corporate objectives not met. Lack of organisational resilience. Failure to secure efficiencies and benefit realisation.</p> <p>Horizon Short/Medium term</p>	JR	There is strong Directorate focus on delivering the savings in the financial plan as against the forecast Directorate shortfall.		Likely/ Critical (15)	Possible/ Critical (9)	Mitigating actions reported in monthly Cabinet monitoring reports to manage in year spend pressures.	2016/17	John Readman
			The Budget is monitored monthly at DLT.	In place			Budget holders held to account for forecasting, overspend and underspend.	2016/17	John Readman
			The Finance Business Partner role is fully utilised to maximise all opportunities.	In place	Budget management actions agreed with budget holders and DMTs	2016/17	John Readman		
			Collaboration with external funders e.g. PCT/CCG, DoH.	In place	Identify sources of additional funding / resource	2016/17	John Readman		
			Maintain financial controls and governance arrangements	In place	Utilisation and allocation of reserves where possible and appropriate. Recharge/reclaim where appropriate.	2016/17	John Readman		
			Regular reporting and challenge of Cabinet Member (People)	Ongoing					
			Continue to work with health partners on Section 256 transfer agreements through Health and Wellbeing Board and other boards locally.	Ongoing					
			A resourced and prioritised action plan is in progress to implement recommendations from EY 2015 Financial Diagnostic.	Complete					
			Opportunities to promote independence reducing the need for high cost support and/or care provision are being implemented through the following programmes and projects: - Rehabilitation and Reablement - Bristol Retirement Living Programme which includes Extra Care Housing and the Dementia Care Home Partnership. The contracts for these projects have now been awarded and planning is being applied for.	Ongoing	Completion of the following projects: - Rehabilitation & Reablement - Bristol Retirement Living programme which include the: *Extra Care Housing *Dementia Care Home Partnership projects	2018/19 Dec 2018 Mar 2018	Jayne Clifford Tim Wye Tim Wye		
			Promoting independence is supported and promoted by the Care Act and Independent Living Fund projects.	Ongoing	Completion of the following projects: - Care Act - Independent Living Fund	Sep-16	Mike Hennessey		
Focus on needs assessment, care and pathway planning and targeted support to children in care and care leavers offers opportunities for them to achieve independence and improved outcomes on leaving care, reducing demand and costs in other service areas into adulthood.	Ongoing	Services commissioned that will better meet the needs and target support for children in care and care leavers	Sep-16	Hilary Brooks					
The Short Break provision for children has been recommissioned which promotes choice and control for children with disabilities and their families, underpinning the child centred approach.	In place								
		Other savings opportunities are being explored	Ongoing	John Readman					

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2	<p>Risk description The Directorate fails to maximise opportunities afforded by the Change Programme</p> <p>Cause Costs outweigh benefits realisation. Pace of delivery is too slow. Insufficient resilience for continued delivery of services. Existing forecasts of demand growth are exceeded by reality due to cuts to other public services. Lack of resource, skill and experience in Project Management.</p> <p>Consequences Opportunities not realised. Organisation remains unfit for purpose. Unplanned cuts in services result in reputational damage. Savings not realised in full. Interruptions to business continuity. Failure to meet statutory duties.</p> <p>Horizon Short term 1-3 years</p>	JR	<p>A Local Monitoring Group (LMG) for delivering change has been set up to oversee the projects approved by Change Board in August 2015 which form the People Directorate Change Plan. The LMG meets monthly and comprises People DLT. It monitors progress and review the effectiveness of the change projects including monitoring the level of savings.</p>	In place	Possible/ Critical (9)	Unlikely/ Critical (6)	Project implementation is now running. The resource plan was signed off by Change Board in August 2015. Highlight reports go to Change Board and there is a clear governance structure for all projects	2016/17	Netta Meadows
			<p>LMG also consider the targeting of Project Resource to best maximise efficiencies.</p> <p>A Programme Manager leads the programme and project team.</p> <p>The recent transfer of the People based project team to Corporate Change Services increases transparency and visibility of the projects and ensures best use of corporate resources</p>	In place			Engagement and maximisation of Applied Programme	Ongoing	John Readman
3	<p>Risk description Failure to deliver the Capital Programme. Risk of insufficient resources to meet medium and long term requirements including delivery of sufficient school places</p> <p>Cause Increase in number of children needing school places. Increase in birth rate. Increase in number of people making Bristol their home putting pressure on school places</p> <p>Consequences Classes are not big enough. Increasing proportion of children not getting their first choice of schools. Impacting on Ofsted ratings.</p> <p>Horizon Long term</p>	PJ	<p>The Integrated Education & Capital Strategy was approved at the Learning City Board in January 2016 and is being implemented.</p>	Ongoing	Possible/ Critical (9)	Unlikely/ Critical (6)	Continued engagement with delivery partners, particularly with the DfE regarding Free Schools.	Ongoing	Paul Jacobs
			<p>Majority of schemes have been delivered on time and on budget. Continued engagement with delivery partners needed to ensure a high standard of delivery.</p>	Ongoing			Ensure school properties are suitable and sufficient to meet curriculum needs	Ongoing	Paul Jacobs
			<p>Annual funding from central government is in place</p>	In place					
			<p>Additional funding has been secured from central government where possible.</p>	On schedule					
	<p>Monthly reports to Capital Programme Board</p>	In place							
	<p>Regular reporting to the Cabinet Member for Education & Skills, People DLT and SLT</p>	In place							
4	<p>Risk description Inadequate response to an emergency or continuity challenge</p> <p>Cause</p>	MH/MF	<p>To provide where appropriate, a direct service response under these plans. Support to Older People team (STOP) and the meals service in particular.</p>	Ongoing	Possible/ Critical (9)	Unlikely/ Critical (6)			

	Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action
	<p>Failure to have adequate and up to date continuity plans in place. Lack of staff knowledge of plans and how to enact them</p> <p>Consequences Unacceptable disruptions to the delivery of critical services</p> <p>Horizon Long term</p>		<p>Directorate and Critical Services, are identified, risk assessed and continuity plans reviewed and exercised regularly.</p> <p>Winter Pressures Planning, attendance at urgent care boards and contributions to development of service/capacity plans for whole system approach.</p>	On schedule			<p>Critical Service Managers to attend mandatory business continuity training as and when appropriate</p> <p>Winter plan for 16/17 to be completed. The plan will be signed off at DLT and the Cabinet Member for People will be briefed .</p>	<p>Ongoing</p> <p>Dec-16</p>	<p>All service managers</p> <p>Tim Wye/ Stephen Beet</p>
5	<p>Risk description Coordination of case management systems across Children's, Adults and Education service</p> <p>Cause Failure to develop appropriate project plan and agree to contract terms and conditions with supplier</p> <p>Consequences Failure to provide treatment and adequate care to service users</p> <p>Horizon Medium term</p>	MH	<p>Creation of a Care and Education Systems Steering Group.</p> <p>Review of support teams</p>	<p>Complete</p> <p>Ongoing</p>	<p>Possible/ Critical (9)</p>	<p>Unlikely/ Critical (6)</p>	<p>Coordination of supplier relationship management, joint with Business Change (Dominic Mason).</p>	Dec-16	Rob Logan
6	<p>Risk Description: The Directorate fails to ensure adequate safeguarding measures are in place resulting in harm or death to a vulnerable adult or child</p> <p>Causes Lack of capacity and an increase in the number of CSE cases due to better identification.</p> <p>Consequences Culpable for harm or fatality of vulnerable adult or child. Litigation. Financial costs. Reputational damage.</p> <p>Horizon: Current and on-going</p>		<p>Safe recruitment processes / Disclosure and Barring Service checks for staff working with vulnerable adults and monitoring of commissioned services is robust.</p> <p>The Safeguarding Boards (Adults and Children) maintains oversight; monitoring performance, quality and learning from serious incidents; delivers training and leads on key strategic priorities, providing scrutiny and challenge where required</p> <p>Best practice outlined in the Care Act 2014 is embedded in processes which are monitored and refinements made to as needed.</p>	<p>On schedule</p> <p>On schedule</p>	<p>Possible/ Critical (9) but reducing</p>	<p>Unlikely/ Critical (6)</p>	<p>The Independent chair of Bristol Safeguarding Adult's Board has overseen an overhaul of the Board; revised terms of reference for subgroups are in place; a new preventative strategy was presented to SAB 3 May 2016; all chief officers have signed a memorandum of understanding; both the Bristol Safeguarding Adults and Children's Boards are now serviced by a single business unit and recruitment is ongoing.</p> <p>The full roll out of updated approach to Making Safeguarding Personal has been completed. All relevant staff have been trained in the MSP approach and all tools are available.</p>	<p>Complete</p> <p>Complete</p>	<p>Mike Hennessey/Hilary Brooks</p> <p>Mike Hennessey</p>

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			<p>Strong relationship with regional Quality Surveillance Group and Care Quality Commission. Six weekly meetings take place to collate intelligence to inform decision making around registered providers.</p> <p>A Contracts and Quality Service Manager is in post and responsible for overseeing the quality of services delivered.</p> <p>Work with the Voluntary and Community Sector and Health watch to support our Quality Assurance function. RSVP has been commissioned to do this.</p> <p>Thresholds guidance, accreditation and other key policies and Quality Assurance Frameworks are implemented, These are regularly reviewed in line with Care Assurance.</p> <p>Work with practitioners by effective use of continuing professional development, PMDS and supervision to ensure clarity of functions and understanding and implementation of best practice. Use of the professional capabilities framework to evaluate practice</p>	<p>On schedule</p> <p>Ongoing</p> <p>On schedule</p> <p>Ongoing</p>			<p>The 'Quality Assurance Framework' now embedded into contracts for care homes, home care and, by the end of this year, community support services. The original QAF is now being revised to include learning and good practise from the initial phase.</p> <p>Continue to develop the approach to new duties around safeguarding in care and support of Adults.</p>	<p>December 2016</p> <p>Ongoing Crossed the line and requirements met; ongoing to refine.</p>	<p>Mel Rogers</p> <p>Mike Hennessey</p>
		HB	<p>Children An Early Help Service is now in place for children's services using a triage process to ensure that needs are met early, costs are minimised and pressure on social care is reduced. Comprehensive workforce development programme implemented.</p> <p>The Children's Service Improvement Plan Year 2 is in place and is focused on key areas for improvement for safeguarding, children in care and care leavers. Implementation of the plan is overseen by an Improvement Board which meets monthly.</p> <p>A Child Sexual Exploitation Strategy led by the Bristol Safeguarding Children Board is in place and its effectiveness is being monitored.</p>	<p>On going</p> <p>On going</p> <p>On schedule and ongoing</p> <p>On going</p>			<p>Children The continuing refinement and use of Predictive Analytics to try to identify needs at the earliest stage.</p> <p>Continuing to work together with partner agencies, particularly the Police, in order to identify new cases of CSE and/or children at risk of CSE.</p>	<p>Dec-16</p> <p>Ongoing</p>	<p>Gary Davies</p> <p>Hilary Brooks</p>
7	<p>Risk Description: An adult older or vulnerable person suffers avoidable death, serious injury or abuse whilst under the care of the council. Causes Lack of adherence to procedures, poor practice, lack of capacity. Consequences Culpable for harm or fatality of</p>	MH	<p>Adherence to H&S requirements, risk assessments with adequate mitigations for risk in place.</p> <p>Out of Area Treatment Panel in place.</p> <p>Policy for dealing with inadequate services in place</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Complete</p>	<p>Probable/ Significant</p> <p>(8)</p>	<p>Possible/ Significant</p> <p>(6)</p>	<p>Completion of Corporate H&S Management System (CHaSMS) by all managers</p>	<p>Ongoing</p>	<p>Mel Rogers</p>

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	vulnerable adult. Litigation. Financial costs. Reputational damage. Horizon: Current and on-going		Compliance with care management policies / procedures. Social Workers are registered with HCPC, supervised and records kept. Active PQ programme in place for qualified staff. SW supervision in place and SW board focus on professional standards Monitoring visits by quality assurance officers have assisted in raising the standards with Care Homes. Emergency Duty Team work with Out of Hours Team to identify and pick up the care needs for the more vulnerable adults whose of care and/or support packages are at risk. This includes those with mental Health needs. Regular inspection and regulatory processes undertaken by CQC.	Ongoing Ongoing Ongoing			Adherence to professional standards, supervision, PMDS Care Management Review A principal social worker has now been appointed. An enhanced award and recognition package for the Approved Mental Health Professional service to retain good staff and reduce risks to vulnerable adults.	Ongoing Ongoing Completed	Mike Hennessey Mike Hennessey Mike Hennessey
8	Risk description Failure to meet corporate responsibilities to protect children in need and inadequate support to Children Looked After Causes Huge increase in demand and complexity in cases resulting in a lack of capacity Consequences Culpable for harm or fatality of vulnerable child. Litigation. Financial costs. Reputational damage. Horizon Current and on-going	HB	Safeguarding processes robust and effective. Performance of the service is regularly reported to the Bristol Safeguarding Children Board. Children in care and Care Leaver services have now been remodelled which has improved the size of caseloads and quality of through care services for young people The Children's Services Improvement Plan is in place in order to improve the quality of assessments and plan. Comprehensive training programme. The Corporate Parenting Panel meeting regularly and provides challenge to the service	Ongoing In place In place Ongoing In place Ongoing	Possible/ Critical (9)	Possible/ Significant (6)	Cases that no longer meet the current threshold will be reviewed and closed. Children in Care cases will be audited to ascertain whether the number of looked after children can be reduced.	Dec-16 Dec-16	Hilary Brooks Hilary Brooks
9	Risk description That a regulated service is rated 'Requires Improvement' or 'Inadequate' on inspection by the Care Quality Commission (CQC). A non regulated service is subject to concerns about quality or safety. Causes Failure to have adequate facilities. Staffing levels and training. Lack of monitoring procedures put in place.	MH	Social Workers registered with HCPC, supervised and records kept. Case Discussion Forum implemented. Support plans checked by Care Brokerage Team Revised Care Management structure which more clearly identifies roles and responsibilities for teams and avoids the risk of silo approaches	Ongoing Ongoing Ongoing	Probable/ Significant (8)	Possible/ Significant (8)	People DLT to receive a quarterly report of in house services inline with CQC inspections. Monitor casework practice and other areas known to be on CQC inspection agenda.	Ongoing 2016/17	Mike Hennessey Mike Hennessey

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	<p>Consequences Reputational risk to the authority</p> <p>Horizon Current and on-going</p>		<p>Active Post qualification programme in place for qualified staff</p> <p>As part of all quality monitoring, issues of concern are raised with providers and addressed in a timely fashion</p> <p>Quality assurance visits undertaken as part of quality monitoring framework. A revised Quality Framework is at the consultation stage.</p> <p>A developed joint protocol with the Clinical Commissioning Group (CCG)</p> <p>Membership to the Quality Surveillance Group</p> <p>Regular liaison with the CQC</p>	<p>In place</p> <p>Slipped</p> <p>In place</p> <p>In place</p> <p>In place</p> <p>In place</p>			<p>A joint protocol with CQC now in place.</p> <p>Jointly consulting with NHS regarding new contracts due in 2016.</p>	<p>Ongoing</p>	<p>Netta Meadows</p>
<p>10</p>	<p>Risk description Loss of funding in Early Intervention resulting in too many households being managed at high intervention or crisis level.</p> <p>Cause Lack in opportunities to recognise deterioration of escalation of need and the need for funding to support early intervention</p> <p>Consequence See above. Continued high cost and late interventions and poorer outcomes. This would result in an increase in demand on children and family and adult services due to lack of early intervention.</p> <p>Horizon Medium term</p>	<p>MF</p>	<p>Early intervention and further integration as an approach, and join up across partners is being actively promoted and pursued at Strategic Council and Partnership level. Recognition of the value of these services is acknowledged at Senior Leadership Team level.</p> <p>Working with partners in the city to create a new model and embed Early Intervention across the city. The implementation of greater choice and control ensures individuals receive the right services to meet their needs thus promoting recovery or delaying deterioration and need of statutory services/thresholds being met.</p> <p>Early Help Teams, Family Intervention Team and Supporting Families Contracts are fully operational</p> <p>The expanded Troubled Families Programme underpins preventative work and supports whole system approach. This programme is funded up until 2020.</p> <p>DSG Funding is in place until 2017.</p> <p>Bristol Youth Links Contracts are in place, targeting of the most vulnerable to receive services and support is being driven and monitored through regular contact monitoring.</p> <p>Funded Learning for two year olds is in place with take up increasing.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>In place</p> <p>Ongoing</p> <p>In place</p> <p>Ongoing</p> <p>In place</p>	<p>Probable/ Significant</p> <p>(8)</p>	<p>Probable/ Significant</p> <p>(8)</p>	<p>Applied programme will review opportunities for 'demand management' through EI.</p> <p>Managed pathways between different tiers of service provisions.</p> <p>Development of information, advice and advocacy provision</p> <p>Implementation and development of Early Help and Intervention services –using additional DSG resource targeting resources to meet need early, reducing cost and alleviating pressure on social care. Triage case work progressing and effectiveness to be reviewed</p> <p>Review and recommissioning of the Bristol Youth Links Contracts</p> <p>Number of SAFs (Single Assessment Framework) completed by the Early Help network to increase</p> <p>Publication and promotion of the Two Year Old Offer</p>	<p>No date set</p> <p>2016/17</p> <p>Dec-16</p> <p>Mar-17</p> <p>Mar-17</p> <p>Dec-16</p> <p>Ongoing</p>	<p>Tara Dillon</p> <p>Michele Farmer</p> <p>Gary Davies</p> <p>Michele Farmer</p> <p>Gary Davies</p> <p>Michele Farmer</p> <p>Sally Jaeckle</p>

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11	<p>Risk description Failure to ensure the equality of educational opportunities across all ages and all communities to deliver continued improvement in Educational attainment and reduce the number of young people Not in Education, Employment or Training (NEET)</p> <p>Causes Variation in needs of learners Variation in performance of City schools. Strong private education sector in adjacent environment. Insufficient staffing levels and/or adequately trained staff Lack of performance monitoring. Economic downturn.</p> <p>Consequences Inequalities are not addressed. Schools do not improve fast enough in both GCSE and A levels. Impairment of life chances for Bristol citizens i.e. reduced earnings capacity/lifelong dependency on benefits. Divided City. Reputation tarnished.</p> <p>Horizon Medium term</p>	PJ	<p>The City Council has an Education and Skills Service which is structured to enable Bristol City Council to both fulfil its statutory role of education provision and to ensure it can play a key role in education systems leadership and development across the City.</p> <p>The Trading with Schools Service is in place to provide support to schools in being self-improving and to quality services. The service also provides a link between the Council and schools providing intelligence on schools performance and their contribution to achievement of the Council's statutory role of education delivery. An income strategy is in place.</p> <p>The Children & Families Board meet six times each year and focus on improving outcomes, with strategic oversight of priority areas and taking joint action accordingly. Membership of the Board is periodically refreshed and their terms of reference agreed. A 16/17 work programme has been agreed.</p> <p>The Children's Services Improvement Plan Year 2 is in place and being implemented to secure better outcomes for children in care and care leavers and is monitored by the Improvement Board.</p> <p>A Learning City Board has been established to strengthen school to school partnerships, focussing on outcomes. And, an Excellence in Schools group within the Learning City partnership has been established to bring coherence to schools partnerships in the City.</p> <p>The Learning in Education challenge group within Learning City will have an overview of education outcomes in the City.</p> <p>All schools causing concern have a clear action plan and are monitored closely with reporting to DLT and the Cabinet Member for Education & Skills. There is an increasing use of support from</p> <p>All aspects of education performance are regularly monitored by reporting to DLT, SLT and Cabinet Member for Education & Skills and reviewed by the Directorate Scrutiny Commission. Links between</p> <p>14-19 Action Plan in place and updated annually. Action plan for care leavers aged 19, 20, 21 in education, employment or training monitored.</p> <p>Schools/Colleges have agreed to supply data on education offers and uptake.</p>	<p>On schedule and ongoing</p> <p>On schedule and ongoing</p> <p>On schedule</p> <p>On schedule</p> <p>Ongoing</p> <p>Ongoing</p> <p>On schedule</p> <p>Ongoing</p> <p>In place</p>	<p>Possible/ Critical (9)</p>	<p>Unlikely/ Critical (6)</p>	<p>Focus on underperforming groups at all key stages and increasing the percentage of Children's Centres rated good or better by Ofsted. A coherent Teaching School offer now in place and meeting regularly to develop the offer.</p> <p>Develop the governance and business model for further Trading with Schools in the context of the Bristol Companies model and in partnership with schools</p> <p>Implement SEND Development Plan and new Alternative Learning Commissioning Plan</p> <p>A new Children and Families Strategy for 2016-20 to set out key priorities for the City with key partners is in development and will be signed off at Cabinet in November.</p> <p>The Children's Services Improvement Plan Year 2 to be signed off at Cabinet and completed.</p> <p>The Learning City Challenge Groups need to embed and wider communication and engagement secured with partners and more widely with citizens.</p> <p>All NEET young people receiving appropriate support to achieve goals</p>	<p>Ongoing</p> <p>Dec-16</p> <p>Sep-16</p> <p>Nov-16</p> <p>Jul-17</p> <p>Jul-17</p> <p>Ongoing</p>	<p>Paul Jacobs</p> <p>Paul Jacobs</p> <p>Paul Jacobs</p> <p>Michele Farmer</p> <p>Paul Jacobs / Hilary Brooks</p> <p>Paul Jacobs</p> <p>Jackie Turner</p>

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			<p>Negotiation and extension of Bristol Youth Links Contracts. The contracts has been improved to clarify data transfer and priority groups and NEET drop in services have been established in all BYL locality areas and citywide drop in centre</p> <p>Agreement for Engagement Workers to be available in schools/colleges on results day to ensure that GCSE pupils can find a course for September</p> <p>Pilot schemes in place to support care leavers.</p> <p>Closer working links established with Work Based Learning providers, Job Centre Plus advisers as well as post-16 providers.</p>	<p>In place</p> <p>In place</p> <p>Ongoing</p> <p>Ongoing</p>					
12	<p>Risk description Potential unitary charge shortfall.</p> <p>Cause Declining pupil numbers</p> <p>Consequence There is a significant shortfall in unitary charge to be paid for PFI schools buildings</p> <p>Horizon To be paid over the remaining life of the PFI scheme (c.25 years)</p>	PJ	<p>DfE to reconsider current position as part of their next spending review</p> <p>DfE Surplus Place return completed</p> <p>The Integrated Education & Capital Strategy was approved at the Learning City Board in January 2016 and is being implemented.</p> <p>External review of PFI complete and report recommendations are being implemented. A report is being developed for SLT including the risk to the Council and schools and costs involved.</p> <p>Revised forecast model in use</p>	<p>Ongoing</p> <p>Complete</p> <p>Ongoing</p> <p>In place</p>	<p>Possible/ Critical</p> <p>(9)</p>	<p>Unlikely/ Critical</p> <p>(6)</p>	Strengthened oversight of PFI schemes within the People Directorate.	Ongoing	Rob Logan
13	<p>Risk description The Directorate fails to commission appropriately, and services do not meet the needs of the users/communities</p> <p>Cause Inadequate commissioning arrangements. Mechanisms are not in place to shape the market, and to fully consult/engage and understand needs of service users and communities.</p> <p>Consequences Poor quality and inefficient services. Unable to re-design services. Damage</p>	NM to lead	<p>The Council has an 'Enabling Commissioning' approach - a commissioning framework which requires all commissioning activity to operate around the whole 'commissioning cycle' (Analyse, Plan, Do, Review) ensuring a strong understanding of demand and user need, comprehensive market analysis and development, and rigorous management of contractual relationships with internal and external providers.</p> <p>The framework also provides decommissioning guidance for planning and managing a service reduction or terminating services in line with commissioning objectives.</p>	In place	<p>Possible/ Critical</p> <p>(9)</p>	<p>Unlikely/ Critical</p> <p>(6)</p>	<p>Develop our ability to market manage services and to respond to the changing dynamics of the provider market (irrespective of sector). This can be achieved by:</p> <ul style="list-style-type: none"> - improved commissioning intentions, with consideration of how we disclose our intentions to the market - Ensuring we always have clear commissioning strategies that articulate our future demands for service provision. - Where applicable publish commissioning intentions which are regularly updated. 	September 2016 and ongoing	Procurement and Commercial Relations Manager/ All commissioning Service Directors

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<p>to reputation. Failure to secure value for money. Provider failure.</p> <p>Horizon Medium term</p>		<p>The provision of commissioned services is monitored to ensure the continued quality and delivery of those services. Where performance monitoring suggests services are not to standard, the delivery mechanism for those services is reviewed and appropriate action taken.</p>	Ongoing			<p>Procurement and Commercial Relations Manager filled on an interim basis (pending external recruitment) and postholder to review initiatives and whether new tendering system is embedded and used to actively monitor and manage contracts across the Council.</p>	September 2016 and ongoing	Procurement and Commercial Relations Manager
						<p>Ensure that all commissioners use the Enabling Commissioning Framework via the introduction of "checkpoints" to ensure consistency, best practice and appropriate strategic connections. Complete for Commissioners in People Directorate.</p>	September 2016 and ongoing	Netta Meadows
		<p>The Corporate Procurement Team also support commissioning but also to understand market shaping and market dynamics.</p>	In place			<p>Commissioning intentions/ forward programme and a consolidated list for major projects published on the website and available via the new tendering system Proserve. Updated quarterly.</p>	Ongoing	Procurement and Commercial Relations Manager
		<ul style="list-style-type: none"> Disseminating commissioning and procurement best practice ,lessons learned and providing guidance / advice in respect of the EU, National and BCC procurement regulations and Ensuring contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers. 	In place			<p>In addition, commissioners and the procurement team are involved in early market engagement activities on a project by project basis and publishing more frequently "future opportunities" on the Contracts Finder site. A training day for major suppliers has been held.</p>	Ongoing	Procurement and Commercial Relations Manager
		<p>Joint Commissioning opportunities with other major commissioning organisations both within the city and with neighbouring Councils are always explored and this is enabled through internal and external mechanisms such as such as the Health and Wellbeing board , Children's & Families board , West of England Local transport Body etc.</p>	Ongoing			<p>Funding received from learning and development to run in conjunction with the Crown commercial services an early market engagement course. This was run on a "train the trainer" basis so that the best practice can be cascaded through the business. The cascade is ongoing.</p>	Ongoing	Procurement and Commercial Relations Manager
		<p>The City Council has recently reorganised, with renewed focus on commissioning in the largest directorate (People). Joint commissioning opportunities are always considered in order to bring together other major commissioning partners across the City. This is enabled via the Health & Wellbeing Board and the Children's & Families Board etc.</p>	Ongoing			<p>To continue to ensure that all commissioners use and understand the Enabling Commissioning Framework.</p>	Ongoing	All Commissioning Service Directors
		<p>In managing People Services demand, the whole care pathway is considered to enable an understanding of the key drivers that result in demand. The Council receives 'Better Care' funding, operates section 75 agreements and has pooled budgets with the CCG to help resource our management of demand.</p>	In place					
<p>As part of contract management and the commissioning we undertake consultation and engagement with service users, citizens, providers and stakeholders. This enables us to explore gaps in provision quality and to co-produce where appropriate.</p>	In place							