

# Audit Committee Agenda



**Date:** Monday, 29 July 2019

**Time:** 2.00 pm

**Venue:** Room 1P05, 1st Floor - City Hall, College Green, Bristol, BS1 5TR

## **Distribution:**

**Councillors:** Mark Brain, Nicola Bowden-Jones, Chris Jackson, Olly Mead, Liz Radford, Harriet Clough, Clive Stevens, Adebola Adebayo and Simon Cookson

**Copies to:** Mike Jackson (Executive Director of Resources and Head of Paid Service), Denise Murray (Director - Finance & Section 151 Officer), Nancy Rollason (Service Manager Legal), Melanie Henchy-McCarthy, Alison Mullis, Chris Holme (Interim Service Manager - Corporate Finance), Tony Whitlock and Lucy Fleming (Head of Democratic Engagement)

**Issued by:** Allison Taylor, Democratic Services

City Hall, PO Box 3167, Bristol BS3 9FS

Tel: 0117 92 22237

E-mail: [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)

**Date:** Friday, 19 July 2019



# Agenda

## 1. Welcome, Introductions and Safety Information

(Pages 4 - 5)

## 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

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

(Pages 6 - 12)

## 4. Action sheet

(Pages 13 - 14)

## 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](mailto: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 **23 July 2019**.

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 **26 July 2019**.

## 6. Work Programme

To note the work programme.

(Pages 15 - 16)



7. **Audit Progress Report**  
**(Pages 17 - 29)**
8. **Annual Governance Statement Tracker**  
**(Pages 30 - 41)**
9. **Final Annual Governance Statement 2018/19**  
**(Pages 42 - 73)**
10. **Interim Audit Activity Report for Period 1st April 2019 to 30th June 2019**  
**(Pages 74 - 102)**
11. **Corporate Risk Management Arrangements and the Q4 2018/19 Corporate Risk Report Update.**  
**(Pages 103 - 164)**
12. **Updated Draft Statement of Accounts 2018/19**  
**(Pages 165 - 297)**
13. **Audit and Assurance arrangements for Council trading companies 2018/2019**  
**(Pages 298 - 328)**
14. **Updating the Constitution - timetable for review**  
**(Pages 329 - 335)**



# Public Information Sheet

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

You can find papers for all our meetings on our website at [www.bristol.gov.uk](http://www.bristol.gov.uk).

You can also inspect papers at the City Hall Reception, College Green, Bristol, BS1 5TR.

Other formats and languages and assistance  
For those with hearing impairment

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

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

## Public Forum

Members of the public may make a written statement ask a question or present a petition to most meetings. Your statement or question will be sent to the Committee and be available in the meeting room one hour before the meeting. Please submit it to [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk) or Democratic Services Section, City Hall, College Green, Bristol BS1 5UY. The following requirements apply:

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

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

By participating in public forum business, we will assume that you have consented to your name and the details of your submission being recorded and circulated to the committee. This information will also be made available at the meeting to which it relates and placed in the official minute book as a public record (available from Democratic Services).



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

### Process during the meeting:

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

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

### Webcasting/ Recording of meetings

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



## Bristol City Council Minutes of the Audit Committee

28 May 2019 at 2pm



### **Committee Membership:-**

#### **Members Present:-**

Councillors – Brain (Chair), Stevens (Vice-Chair), Bowden-Jones, Clough, Jackson, Mead, Abraham (Substitute).

Independent Members – Simon Cookson and Adebola Adebayo.

#### **Officers in Attendance:-**

Denise Murray – Director Finance and Section 151 Officer, Alison Mullis/Melanie Henchy-McCarthy - Deputy Chief Internal Auditors, Chris Holme – Head of Corporate Finance, Tony Whitlock – Finance Business Partner, Nancy Rollason – Head of Legal Services, Allison Taylor – Democratic Services

### **1. Election of Chair 2019/20.**

Councillor Brain was nominated and seconded. There were no further nominations and it was:-

**Resolved – That Councillor Brain be elected chair for 2019/20 Municipal Year.**

The Director - Finance took the opportunity to formally report the appointment of Simbarashe Muzarurwi as Chief Internal Auditor following the departure of Jonathan Idle. He would begin at BCC at the end of July.

### **2. Welcome, introductions and safety information.**

These were done.

### **3. Apologies for absence.**

Apologies received from Councillor Radford with Councillor Abraham as substitute.

### **4. To note the membership of the Committee.**

This was noted.

### **5. Election of Vice-Chair 2019/20.**

Councillor Stevens was nominated and seconded. There were no other nominations and it was:-



**Resolved – That Councillor Stevens be elected Vice-Chair for 2019/20 Municipal Year.**

**6. Declarations of Interest.**

The Chair declared that his wife had a blue badge.

Councillor Jackson declared that his parents and brother had a blue badge.

Councillor Clough declared that she had a blue badge.

**7. To note the Committee's Terms of Reference.**

It was noted that Whips had recently discussed the proposal put forward at the last meeting that Party Group Leads should not sit on or substitute on the Audit Committee in order to reinforce its apolitical position. There was some uncertainty about what had been agreed, and the committee resolved that it would recommend to Full Council that the TOR be changed to give effect to this proposal. The Head of Legal Services would follow this up.

**8. To confirm the dates and times of meetings.**

These following dates all at 2pm were agreed subject to them not conflicting with other key Council business:-

29 July 2019;  
16 September 2019;  
25 November 2019;  
20 January 2020;  
16 March 2020.

**9. Minutes of 26 March 2019.**

Minute 17 – Senior Executive Remuneration Review – There was some discussion regarding an additional recommendation concerning proper record keeping for decision making and it was agreed that this was a general point which should be pursued separately.

It was agreed that the Chair would send a letter to the Head of Paid Service with the Extract Minute attached for his consideration as part of his Update report to FC on this matter in July.

**Resolved – that the minutes of 26 March be agreed as a correct record and signed by the Chair.**

**10. Action Sheet of 26 March 2019.**

This was noted.

**11. Public Forum.**

There was none.



## **12. Draft Work Programme (WP) 2019/20.**

The Deputy Chief Internal Auditor (DCIA) reported that the Programme had been populated with standard items and space had been left for additional items the Committee might wish to consider. The following points followed from discussion:-

1. Asbestos to be added to the WP;
2. Remove reference to the V& E Sub-committee and standards /complaints;
3. The application of the homelessness strategy would be considered in 19/20;
4. An Action Plan was being developed regarding the results of the Staff Survey and particular reference was made to Whistleblowing. It was reported that the progress report would be considered at the January meeting;
5. An Audit process review was scheduled to take place on Special Education Needs Assessments;
6. A training session had been arranged for the July meeting. The subject of all other sessions could be determined by the Committee. The Chair proposed and it was agreed that there be fewer but longer training sessions and asked that Treasury Management and Statement of Accounts sessions be arranged;
7. It was noted that CIPFA could provide independent training to members and the Committee welcomed this being arranged;
8. The DCIA was happy to meet with any new Committee members for any training needs.

**Resolved – That the Draft Work Programme for 19/20 be noted.**

## **13. External Audit Update Report.**

The representative of the External Auditors, Grant Thornton introduced the report and highlighted the following:-

1. The handover from the previous External Auditor, BDO had not yet taken place as they have yet to issue their opinion 2017/18 accounts;
2. A new timeline has been agreed for the issue of the audit opinion due to the complexities and scale of the audit;
3. It was important to be realistic with the Committee regarding the 31 July deadline. As much work as possible would be carried out prior to that date and there was a requirement to publish on that date but there was no need to have the audit completed and that would be explained when published;
4. The risk assessment for Value for Money had been updated;
5. The fee for external audit work was set by the Public Sector Audit and was set out in a letter attached to the report.

**Resolved – That the update report be noted.**

## **14. Draft Annual Governance Statement 2018/19.**

The Deputy Chief Internal Auditor introduced the report with the following points:-



1. There was a statutory requirement on the Council to publish an Annual Governance Statement to accompany its financial statements;
2. It was the responsibility of the Audit Committee to review the statement to ensure that it accurately reflected the internal control, risk management and governance arrangements in place;
3. The Draft Statement had already been considered by the Corporate Leadership Board, Deputy Mayor and Statutory Policy Board.

The Director – Finance made the following additional comments:-

1. The Draft Statement was an in depth review of all areas of operation and extended to BCC Companies. She highlighted in particular:-

- One City Plan – work taking place with partners to achieve our vision;
- Capital Strategy;
- Restructuring – this was mostly concluded for senior officers and would provide stability for staff;
- Consistency of decision making through the Decision Pathway and the removal of unnecessary barriers to decision making.

2. She acknowledged that there were still some matters not addressed from the 2016/17 Statement but a lot had been achieved and it was a positive journey. It was planned to bring the Statement back to this Committee in July for a much more considered response.

The following points arose from discussion:

1. Simon Cookson highlighted the significant governance issues in the previous year and the matter of the delayed accounts. He found the External Audit part confusing as it was now Grant Thornton and not BDO. He felt the limited assurance opinion from the Chief Internal Auditor required more information in the statement. He also asked why there was no reference to the racial discrimination issue. The Director - Finance responded that more detail would be set out on the Limited Assurance for the July meeting. All other matters were being addressed through an Action Plan;
2. Councillor Stevens observed that there was now good financial control so it would be possible to provide more latitude in certain areas and less bureaucracy;
3. The Director - Finance that there would be shift from a focus on savings to capital project management. There was a balance needed between effective governance and getting things done;
4. Councillor Stevens stated that openness and transparency was not evident with the Forward Plan and believed it would be better to list aspirational items even if they slipped from the Plan. The Director – Finance agreed to feed this view back to the Mayor's Office.

**Resolved – That the Draft Annual Governance Statement 2018/19 be noted.**

## **15. Annual Counter Fraud Report 2018/19.**

The DCIA introduced the report and highlighted the breath of work undertaken and how it benefited BCC. She introduced the Audit Manager - Investigations who presented to the Committee the following points:-



1. 32 Council properties had been regained with a further 15 properties regained by the Estates Team with assistance from the Counter-Fraud Team;
2. Recoverable and notional savings of £3.9m had been identified;
3. Ongoing and weekly cost avoidance of £7000 for 2018/19 had also been identified;
4. There had been two employee dismissals for gross misconduct;
5. There had been two blue badge prosecutions;
6. Ongoing areas of work included an HMRC Pilot Exercise on data matching which could assist in identifying income and property ownership. Early indicators was this was a helpful exercise;
7. Fraud awareness training had been rolled out across the organisation.

The following points arose from discussion:-

1. There had been no payroll expenses fraud recently. It was agreed that details would be provided to committee members of the cases recorded in 2016/17 for information;
2. The new Internal Audit structure included increased counter fraud and investigative resource.

The Chair thanked the officer for her attendance.

#### **16. Audit Committee Annual Report to Full Council (Draft).**

The DCIA reported that this would be considered by Full Council in July. The Work Programme and training sessions were driven by the member survey which had only received one response. It was agreed that she would recirculate it to members. She asked that the Committee send any comments on the draft report to her via email. It was also agreed that it would be beneficial to bring a half year report on this item and to add this to the Work Programme.

**Resolved – That the Audit Committee’s Annual report to Full Council be approved.**

#### **17. Internal Audit Annual Report 2018/19.**

The DCIA introduced the report and welcomed questions. The following points arose from discussion:-

1. There was concern that the number of red/amber indicators had increased from the previous year. It was reported that IA operated a risk based audit so the areas audited were predominantly ones of high risk and therefore likely to highlight issues;
2. The new procurement manager’s improvements had yet to be embedded;
3. The reasons for the increase in the number of Limited assurance conclusions was partially connected to greater transparency and the depth of scrutiny given to a number of areas. There would continue to be areas of weakness that would need to be addressed;

At this point Councillor Jackson left.

4. This was the third year of a limited assurance opinion. It was noted that there had been significant changes to the management structure and there was now a greater expectation on middle management. These changes would have had an impact on improvements;
5. In relation to risk exposure to Corporate Governance arrangements a review into the area of Homelessness which examined the effectiveness and progress of the implementation of a decision

taken at Cabinet in May 2017 determined that there were good controls in place and a reasonable assurance could be concluded;

6. A review of Senior Officer decision recording had identified a number of recommendations to be implemented. On follow up it was confirmed that all recommendations had been implemented;
7. There had been a number of reviews concerning financial controls and a reasonable assurance had been concluded;
8. The Risk Manager had developed a good framework for corporate risk management and this initial work would be reported to the Committee in July;
9. Contract Management across the Council was good in some areas and not in others. It was very difficult to ensure consistent processes throughout;
10. A bribery and corruption review had concluded a reasonable assurance;
11. Recommendations implementation was at 60% which was a positive increase. Increased senior management engagement had assisted this;
12. There was a changed approach to the audit service with earlier and maintained engagement with its clients and the agreement of actions to achieve assurances. There was a need to change the culture so that IA was seen as a positive thing. It was noted that IA attended all Executive Directorate Meetings on a quarterly basis and this was bringing about better engagement with the right officers without the need to cascade. It was hoped to speed up processes and cut down on follow-up work;
13. There had been an increase in income generated by the Audit team on 2017/18 and this was despite the loss of the Avon Fire and Rescue Service Internal Audit contract;
14. The Management feedback questionnaire had a response rate of only 34% which was a slight decrease on the previous year;
15. The Internal Audit revised structure, supported by the Director – Finance had resulted in the appointment of a number of posts;
16. Internal Audit (IA) staff had experienced some restriction on carrying out their work but this had not prevented an opinion being made. Some Senior Officers had not wanted their work area to be audited due to business continuity and multiple changes taking place. This was accepted by IA as a reasonable reason. It was agreed to report back to the Committee outside of this meeting regarding the service areas involved.

The following points arose from discussion:-

1. Simon Cookson observed that the Committee needed to support IA in achieving their work and suggested that the Audit Committee should approve the deferral of IA reviews and that this could identify any trends and was informed that the service did look for patterns. It was noted that this would be reported to the November Committee but in the future it might be helpful to append to this report;
2. It was reported that the overall opinion for the adequacy of governance, risk and control arrangements had dropped to Limited Assurance although in year recommendation implementation had increased.

**Resolved – That the Audit Committee receive and note the report as a source of assurance regarding the risk, control and governance environment across the council.**

## **18. Draft Statement of Accounts 2018/19.**



It was reported that the Draft Statement would be published on 31 May and a detailed review would take place at the July meeting. The following points arose from discussion:-

1. It was noted that the General Fund would return to £20m and this would be reported in the Outturn report to Cabinet;
2. It was noted that there was a question over the provenance of the Renoir in Bristol Museum and it was agreed to report back on this although it was assumed that it was still in the ownership of BCC;
3. It was reported that all debt was chased whatever the value;
4. It was confirmed that £11.7m revenue costs from the Arena project represented the costs incurred on the scheme before the decision not to progress was taken;
5. There had been an underspend on drugs and alcohol services. There would be a detailed analysis of this in the outturn report to Cabinet;
6. Reference was made to PFI projects (as set out on Page 152). It was agreed to report back to the Committee regarding the apparent surplus on PFI projects but it was believed that no PFI project was actually in surplus;
7. It was suggested that for future reporting the Glossary of Terms might precede the accounts.

**Resolved - That the Committee note the draft, unaudited statement of accounts for 2018/19.**

Meeting ended 4.30pm



## Audit Committee Action Sheet – actions from meeting held on 28 May 2019.

Action number	Item/report	Action	Responsible officer(s)	Action taken / progress
1	Minutes of 26.3.19	Extract of the minute which sets out the recommendations the Committee agreed to send to the HoPS to be sent to the Chair to include in a letter to the HoPS	AT	Sent to HOPS on 5 June 2019
2	Terms of Reference	A report was to be drafted to go to FC to amend the committees TOR in include a provision that PGLs should not sit on or Sub to the committee.	NR	Report from the Monitoring Officer on updates to the constitution, including this issue, is on the agenda for the meeting on the 29 <sup>th</sup> July
3	Work Programme	Explore provision of CIPFA training for the Committee	DM/MH-M/AM	In progress
4	Work Programme	Add Asbestos	MH-M/AM	Complete. September Committee.
5	Work Programme	It was agreed that the work plan be amended to remove reference to the V& E committee and standards /complaints.	MH-M/AM	Complete.
6	Draft Annual Governance Statement	Feedback to Mayor's Office Committee's view that it is better to have aspirational items listed on the Forward Plan even if they slip	DM	Feedback provided to Mayor's Office in relation to information in the AGS not currently outlined in the four

Action number	Item/report	Action	Responsible officer(s)	Action taken / progress
				month forward plan.
7	Draft Annual Governance Statement	P.56 – typo – ‘OFTED’	AM/MH-M	Complete. AGS Amended.
8	Counter Fraud Report	Payroll Expenses – to report back to Committee with the details of previous cases of this	AM/MH-M	Complete. Details provided 15/07/2019.
9	Audit Committee Annual Report to FC	Recirculate survey to Committee	AM/MH-M	Complete. 1 further response received.
10	Audit Committee Annual Report to FC	Agreed to bring a half year report to FC – Add to WP	AM/MH-M	Complete. Added to November Committee work programme.
11	IA Annual Review 18/19	Email to Committee regarding the Audit Reviews they IA had been asked not to carry out	AM/MH-M	Complete. Details provided.
12	Draft Statement of Accounts	To confirm the provenance of the Renoir at Bristol Museum	CH	The City Council owns two works by Renoir. These are “The Two Sisters” and “Cros de Cagnes, Mer, Montagnes”.
13	Draft Statement of Accounts	To confirm whether PFI projects were making a profit	CH	PFI contracts are operating in line with the financial models which underpin them.

**AUDIT COMMITTEE  
WORK PROGRAMME 2019/20**

Meeting Date	Report Author	Report Details	Routine Work Programme/ Other?	ToR Ref	Officer Providing Report	Comments:
Tuesday 28th May 2019 2:00 PM	<b>Proposed Training:</b>	<b>Statement of Accounts</b>	<b>Training</b>		<b>Finance to facilitate</b>	To provide committee member with an overview of Public Sector accounts and the key areas to examine.
	External Audit:	Update Report	Routine	1.8/1.9	External Audit Lead	
	Internal Audit:	Draft Annual Governance Statement 2018/19 Annual Fraud Report Audit Committee Annual Report to Full Council (Draft) Internal Audit Annual Report 2018/19	Routine Routine Routine Routine	2.5/4.4 2.4/2.10 5.1 1.6	Deputy Chief Internal Auditor Deputy Chief Internal Auditor Deputy Chief Internal Auditor Deputy Chief Internal Auditor	
	Finance:	Draft Statement of Accounts 2018/19	Routine	3.1	Executive Director Resources / Director Finance	
	Legal:					
Monday 29th July 2019 2:00 PM	<b>Training</b>	<b>Statement of Accounts - from the External Auditor's Prospective Training arranged for Thursday 25th July at 5pm. Room 1P07</b>			<b>Grant Thornton</b>	
	External Audit:	Update Report	Routine	1.8/1.9	External Audit Lead	
	Internal Audit:	Annual Governance Statement 2018/19 Update Internal Audit Activity Report, including revised Audit Opinions	Routine Routine	3.1 1.5/1.7/2.1	Head of Paid Service/S151 Officer Deputy Chief Internal Auditor	
	Risk & Insurance	Corporate Risk Report (Q4)	Routine	4.1/4.3	Risk & Insurance Manager	
	Finance	Statement of Accounts 2018/19 Companies Assurance (Letters to Audit Committee) AGS Tracker	Routine	3.1	Director of Finance	
	Legal	<b>For Information:</b> Constituional Update	Ad hoc	2.1	Director of Legal and Democratic Services	
30th September 2019 2:00 PM	<b>Training:</b>	<b>Treasury Management: Date and time to be confirmed</b>	<b>Training</b>		<b>External Consultant</b>	Training to be provided outside of the meeting day
	Finance:	Treasury Management - Annual Report	Routine	3.3	Director of Finance	
	External Audit:	Final Statement of Accounts for 2018/19 ISA260 Report	Routine	1.8/1.9	External Audit Lead	
	Risk Management:	Review of a Specific Corporate Risk - Asbestos Management Corporate Risk Report (Q1)	Routine Routine	4.1/4.3 4.1/4.3	Risk Owner/Risk Manager Risk & Insurance Manager	
	Customer Relations	Ombudsman Report	Routine		Head of Customer Relations	
	Internal Audit:	Internal Audit Activity Report Final Annual Governance Statement 2018/19	Routine	1.5/1.7/2.1	Chief Internal Auditor	
25th November 2019 2.00 PM	<b>Planned Training:</b>	<b>Role of the Audit Committee. Date and time of training to be confirmed</b>	<b>Training</b>		<b>CIPFA</b>	Training to be provided outside of the meeting day
	External Audit:	Update Report	Routine	1.8/1.10	External Audit Lead	
	Risk Management:	Review of a Specific Corporate Risk - Infrastructure Risk	Routine	4.1/4.3	Risk Manager / Risk Owner	
	Internal Audit:	Internal Audit Half-Year Activity Report	Routine	1.5/1.7/2.1	Chief Internal Auditor	

Meeting Date	Report Author	Report Details	Routine Work Programme/ Other?	ToR Ref	Officer Providing Report	Comments:
	Finance:	Internal Audit - Half-Year Investigation Update Report and Anti-Fraud and Anti-Corruption Policy Internal Audit Quality Assurance and Improvement Plan Internal Audit Charter & Strategy Refresh Audit Committee Half Year Report to Full Council (Draft)  Treasury Management Half-Year Report	Routine Routine Routine New  Routine	2.4./2.10 1.6 1.1 5.1  3.3	Chief Internal Auditor Chief Internal Auditor Chief Internal Auditor Chief Internal Auditor  Director - Finance	
20th January 2020 2:00 PM	External Audit:  Internal Audit:  Risk Management:	External Audit Update Report  Annual Whistleblowing Review Annual Review of the effectiveness of the system of Internal Audit  Corporate Risk Report (Q2) and Policy	Routine  Routine Routine  Routine	1.8/1.9  2.4 1.13  4.1/4.3	External Audit Lead  Chief Internal Auditor Director - Finance  Risk and Insurance Manager	Training to be provided outside of the meeting day
23rd March 2020  2:00 PM	<b>Proposed Training:</b>  Risk Management:  External Audit:  Internal Audit:  Legal: Corporate:	<b>Audit Committee Effectiveness Workshop</b>  Review of a Specific Corporate Risk Corporate Risk Report (Q3) and Policy  Audit Update Grants Audit Report  Draft Annual Plan 2020/21 Internal Audit Development Plan Update Internal Audit Activity Report  Review of Committee Terms of Reference Inspection Agency reports	  Routine Routine  Routine Routine Routine  Routine Routine	  4.1/4.3 4.1/4.3  1.8/1.10 1.8/1.10  1.2 1.6 1.5/1.7/2.1  1.12	<b>Chief Internal Audit/Head of Internal Audit</b>  Risk Owner/Risk Manager Risk and Insurance Manager  External Audit Lead External Audit Lead  Chief Internal Auditor Chief Internal Auditor Chief Internal Auditor  Director: Legal& Democratic Services Head of Corporate Finance	To take the opportunity to look back over the year and determine what went well and identify areas for improvement.

# Audit Committee

29 July 2019



**Report of:** Grant Thornton UK LLP

**Title:** Audit Progress Report

**Ward:** City Wide

**Officer Presenting Report:** Grant Thornton UK LLP

**Contact Telephone Number:**

## Recommendation

The Audit Committee note, and comment as appropriate, on Grant Thornton's Audit Progress Report.

## Summary

Attached to this report is Grant Thornton's Audit Progress Report for the 2018/19 audit. The report sets out progress to date along with an outline of the work outstanding and a time line for its completion



## **Policy**

None affected by this report. Grant Thornton 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**  
Director of Finance
- 2. External**  
None

## **Other Options Considered**

- 3. None**

## **Risk Assessment**

- 4. None necessary for this report**

## **Public Sector Equality Duties**

- 5. 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:** Grant Thornton’s Audit Progress Report and Sector Update.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:** None

# Audit Update Report

Bristol City Council  
Year ending 31 March 2019  
July 2019



## Contents



Your key Grant Thornton  
team members are:

Page 20

Jon Roberts

Partner

T: 0117 305 7699

E: Jon.Roberts@uk.gt.com

Jackson Murray

Senior Manager

T: 0117 305 7859

E: Jackson.Murray@uk.gt.com

Beth Garner

Executive

T: 0117 305 7726

E: Beth.AC.Garner@uk.gt.com

### Section

1. Financial Statements – Significant audit risks
2. Financial Statements – Other areas
3. Value for money
4. Audit timeline

### Page

- 3  
7  
9  
10

# Financial Statements – Significant audit risks

This section includes confirmation of the significant risks identified in respect of the financial statements audit and the progress against these at July 2019.

Risk	Details	Update
<b>The revenue cycle includes fraudulent transactions (partially rebutted)</b>	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition at the Council can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• the culture and ethical frameworks of local authorities, including Bristol City Council, mean that all forms of fraud are seen as unacceptable</li> </ul> <p>Therefore we do not consider this to be a significant risk for Bristol City Council.</p> <p>We have also rebutted this risk for certain Group entities, as we do not consider there to be a risk of material misstatement due to fraud relating to revenue recognition for the following reasons:</p> <p>Bristol Waste Company Limited – the majority of the Company’s revenue is derived from contracts held with the Council that are agreed in advance at an agreed price based. Upon consolidation, revenue at a Group level is immaterial.</p> <p>Bristol Holding Limited – revenue for the company is significantly below our Group materiality level.</p> <p>We consider that the risk of fraudulent revenue recognition exists at Bristol Energy Limited due to the significance of the company’s turnover and the estimation required in recognising accrued income. We have therefore identified the occurrence and accuracy of Bristol Energy Limited’s income as a significant risk to the group</p>	<p>We have considered the Group’s material revenue streams and have not altered our assessment of the risk that is set out in the ‘Details’ column.</p> <p>We communicated our Group level risks and materiality to the Group component auditors, PricewaterhouseCoopers LLP (PWC). We have received confirmation from PWC that they are concluding their audits of the Group components and expect receipt of their final findings and audit reports for the entities on 17 July 2019. PWC have not made us aware of any findings in respect of the risk of fraudulent revenue recognition that would have an impact on the Group’s financial statements.</p> <p>Following receipt of PWC’s audit reports, we will review the Group’s consolidation workings to ensure that all inter-group transactions are appropriately eliminated within the Group financial statements.</p>

# Financial Statements – Significant audit risks

This section includes confirmation of the significant risks identified in respect of the financial statements audit and the progress against these at July 2019.

Risk	Details	Update
<b>Management over-ride of controls</b>	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated the design effectiveness of management controls over journals;</li> <li>analysed the journals listing and determine the criteria for selecting high risk unusual journals; and</li> <li>evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul> <p>We will:</p> <ul style="list-style-type: none"> <li>test our sample of unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration.</li> </ul> <p>Our review of the controls over journal entries has identified that not all journals require authorisation prior to being posted to the financial ledger. We have discussed this management and will include a recommendation in our Audit Findings Report that we will provide to the Audit Committee in September 2019.</p>
<b>Valuation of land and buildings</b>	<p>The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date.</p> <p>We therefore identified the valuation of land and buildings, as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>evaluated the competence, capabilities and objectivity of the valuation expert;</li> <li>met with the valuer to discuss the basis on which the valuation programme for 2018/19 was carried out; and</li> <li>selected our sample of revaluations performed in year and shared this with management who have provided the individual valuation schedules for each of these assets.</li> </ul> <p>We will:</p> <ul style="list-style-type: none"> <li>challenge the information and assumptions used by the valuer in respect of our sample of assets;</li> <li>test our sample of revaluations to confirm that they have been input correctly into the Council's asset register to ensure the appropriate accounting treatment;</li> <li>evaluate the assumptions made by management for those assets not revalued during the year and consider how management has satisfied themselves that these are not materially different to current value at year end; and</li> <li>use the information provided by our management expert (Gerald Eve) to assess the reasonableness of management's assumptions.</li> </ul>

# Financial Statements – Significant audit risks

This section includes confirmation of the significant risks identified in respect of the financial statements audit and the progress against these at July 2019.

Risk	Details	Update
<b>Valuation of net defined benefit pension liability</b>	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>documented our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls;</li> <li>evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation, with the assistance of our auditor's expert;</li> <li>assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;</li> <li>tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary.</li> </ul> <p>We will:</p> <ul style="list-style-type: none"> <li>undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as our auditor's expert) and performing any additional procedures suggested within the report; and</li> <li>receive assurances from the auditor of the Avon Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> </ul> <p>We have also discussed the implications of the McCloud / Sergeant ruling with management and more widely with the sector as a whole. The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where there were transitional protections given to scheme members. The legal ruling around age also has implications for other pension schemes where transitional arrangements on changing benefits were implemented, including the Local Government Pension Scheme.</p> <p>The Government applied to the Supreme Court for permission to appeal the decision but this was rejected in June 2019 which confirmed that there was a present obligation to pay additional benefits to scheme members affected, and that it is probable that there will be an outflow of cash as a result of this ruling.</p> <p>Management have discussed the implications of the current situation with their actuary and have requested additional information from them in order to ascertain whether the net defined pension liability could be materially understated.</p>

# Financial Statements – Significant audit risks

This section includes confirmation of the significant risks identified in respect of the financial statements audit and the progress against these at July 2019.

Risk	Details	Update
<b>Incomplete or inaccurate financial information transferred to the new HRA system</b>	<p>In October 2018, the Council implemented a new system to hold the financial information relevant to the Housing Revenue Account. When implementing a new significant accounting system, it is important to ensure that sufficient controls have been designed and operate to ensure the integrity of the data. There is also a risk over the completeness and accuracy of the data transfer from the previous ledger system.</p> <p>We therefore identified the completeness and accuracy of the transfer of financial information to the HRA system as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>engaged our IT audit specialists who have completed an information technology environment review to document, evaluate and test the IT controls operating within the Council. We will report the findings from this review to the Audit Committee in September once management responses have been received; and</li> <li>mapped the closing balances from the previous system to the opening balance position in the new system to ensure accuracy and completeness of the financial information contained in the new system.</li> </ul>
<b>Valuation of long term investments</b>	<p>Following our Audit Plan which was issued in January 2019, we obtained a further understanding of the Council's long term investments which include an unquoted equity investment and also the Council's investment in Bristol Energy.</p> <p>These are by their nature hard to value estimates, and management have estimated their value based on a range of estimation techniques.</p> <p>We have identified the valuation of the Council's long term unquoted investments as a significant risk.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>discussed the valuation techniques adopted with management and obtained their calculations for the valuation of the unquoted equity investments; and</li> <li>engaged our internal valuations experts to review management's estimates and to provide us with assurance over the valuation of the Council's unquoted equity investments.</li> </ul> <p>We will:</p> <ul style="list-style-type: none"> <li>review the findings of our internal valuation experts to obtain sufficient assurance over the valuations included within the Council's Balance Sheet.</li> </ul>

# Financial Statements – Other areas

This section provides an update on our other areas of testing of the financial statements that is underway and complete at July 2019.

Area	Update
Employee Remuneration expenditure	<p>We have:</p> <ul style="list-style-type: none"><li>selected our sample of individual payroll transactions and have provided this to management who are compiling appropriate evidence to support the expenditure; and</li><li>requested supporting payroll evidence for the disclosure of remuneration senior officers and the bandings of employees who earn over £50k.</li></ul>
Welfare expenditure	<p>We have:</p> <ul style="list-style-type: none"><li>completed our testing of a sample of payments made to claimants in year and have not identified any issues;</li><li>reviewed the parameters within the welfare benefit system to ensure that they had been appropriately updated to the correct 2018/19 values; and</li><li>reconciled the 2018/19 subsidy claim form to the welfare benefit system and the financial statements.</li></ul>
Council Tax, NNDR and Housing Rents revenue	<p>We have:</p> <ul style="list-style-type: none"><li>completed our substantive analytical procedures on the revenue recognised in the financial statements and reconciled income to the Council's revenues system; and</li><li>completed our testing of precepts and levies.</li></ul>
Grant revenue	<p>We have begun our sample testing of grant revenues recognised in year and are awaiting information from management in respect of the queries raised in respect of this work.</p>
Fees and charges revenue	<p>We have selected our sample of fees and charges revenue and have provided this to management who are compiling the relevant evidence to support the revenue recognised.</p>
Property, plant and equipment	<p>We have:</p> <ul style="list-style-type: none"><li>completed our sample testing of properties back to deeds to evidence the Council's ownership;</li><li>completed our testing of reclassifications of assets between categories in year; and</li><li>completed our sample testing of capital additions made in year.</li></ul>

# Financial Statements – Other areas

This section provides an update on our other areas of testing of the financial statements that is underway and complete at July 2019.

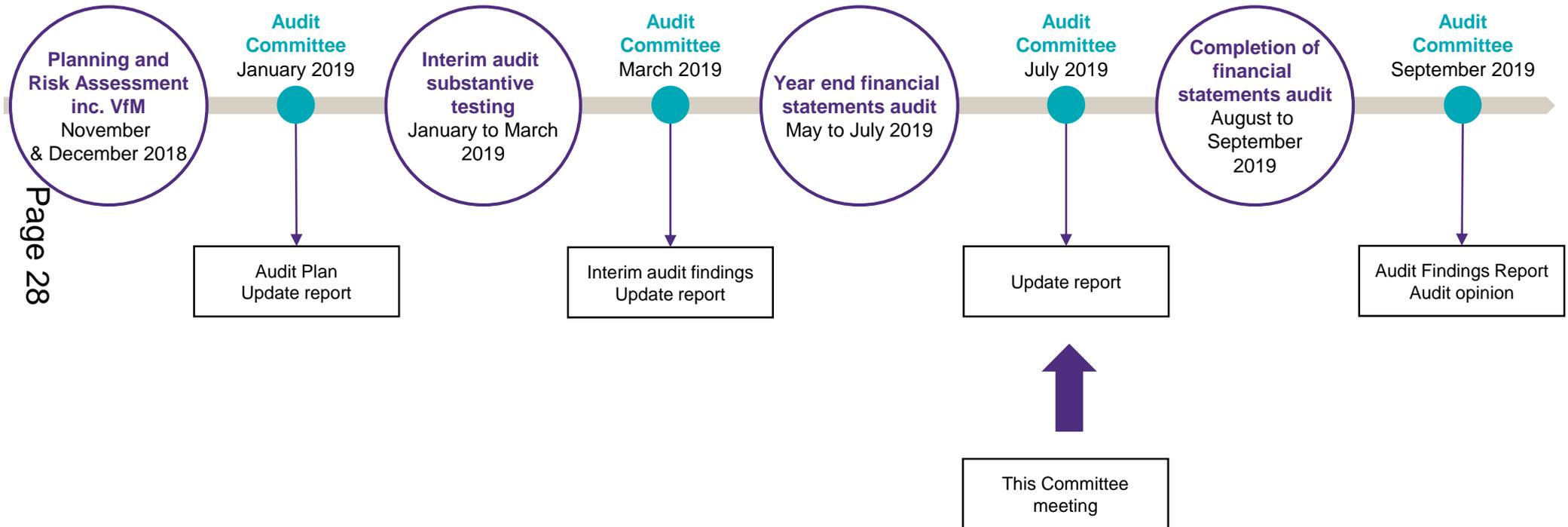
Area	Update
Borrowings	We have reviewed the Council's loan agreements and requested confirmations from the Council's lenders over the year end balances.
Reserves	We have completed our Movement in Reserves working paper to provide assurance over the movements recognised in the Movements in Reserves Statement and other notes to the financial statements to ensure that they are in line with our expectations and are internally consistent.
Review of the draft financial statements	<p>We have:</p> <ul style="list-style-type: none"><li>• reviewed the draft financial statements for internal consistency, mathematical accuracy and confirmed that prior year comparators agree to the audited 2017/18 financial statements; and</li><li>• engaged our technical team to undertake a review of the draft financial statements.</li></ul> <p>We have provided the comments from these reviews to management who have returned their responses to the queries and issues identified.</p>
Opening balances	We have contacted the Council's previous auditors, BDO, in order to arrange a handover meeting as previously reported to the Audit Committee. On 16 July 2019, BDO responded to confirm that we could arrange this handover and review of their 2017/18 audit file. We responded on the same day and have scheduled to complete this review on 5 August 2019.
Member training	We will be providing training to members on the Council's financial statements and the Audit Committee's role as 'Those Charged With Governance' on 25 July 2019.

# Value for Money

This section provides an update on our work on the Council's Value for Money Conclusion that is underway and complete at July 2019.

Risk	Details	Update
<b>Financial planning and future financial sustainability</b>	<p>The Council continues to need to meet the challenges of increasing demand for certain services against a backdrop of reducing Government funding as a result of the continued effects of austerity.</p> <p>The Council's medium term financial plan identifies revenue shortfalls in the sort to medium term that will require financing. The Council also has a significant capital programme over the medium term that will be key to ensuring the Council achieves its role in shaping the city.</p>	<p>We have:</p> <ul style="list-style-type: none"><li>• begun our review of documentation, including the Council's 2018/19 outturn report for both revenue and capital and also the Council's latest Medium Term Financial Plan, including the assumptions included within the future revenue budgets;</li><li>• considered the Council's capital plan.</li></ul> <p>We will:</p> <ul style="list-style-type: none"><li>• continue to consider the Council's financial reporting and update our review of financial performance to the date of our audit report.</li></ul>
<b>Governance arrangements at the Council</b>	<p>Following our Audit Plan which was issued in January 2019 and subsequent to the previous auditor's Statutory Recommendations which were issued in March 2019, we identified governance arrangements at the Council to be a significant risk to the Value for Money conclusion.</p>	<p>We have:</p> <ul style="list-style-type: none"><li>• discussed the risk with management and agreed a timeline for completion of the work that will allow management an opportunity to begin to implement that actions that were agreed in respect of the Statutory Recommendations.</li></ul>

# Audit Timeline



Page 28

As previously discussed with the Audit Committee, we agreed an extended timetable for the completion of our audit in 2018/19. The above timeline was also reported to the Audit Committee in May 2019. We have continued to discuss this with the Director of Finance and Public Sector Audit Appointments (PSAA).



# Audit Committee

29 July 2019



**Report of:** Director of Finance

**Title:** Annual Governance Statement Tracker

**Ward:** N/A

**Officer Presenting Report:** Denise Murray

**Contact Telephone Number:** 0117 3576627

## Recommendation

The Audit Committee note the progress made to date against the Annual Governance Statement (AGS) action plan for 2017/18, proposal for taking forward any residual actions and consider any issues arising.

## Summary

The AGS for previous years identified a number of weaknesses that needed to be addressed to ensure continuous improvement in the governance framework and financial and budget management within the Council.

The areas identified for improvements were incorporated into a separate AGS Action Plan for 2017/18, monitored in 2018/19 and progress reported to the Audit Committee. A number of residual items remained outstanding in 2019, updates and were required the proposed approach for taking these items forward are provided in this report.



## 1. Purpose

1.1. To report on the progress made to date against the AGS Action Plan for 2017/18.

## 2. Background

2.1. The members of the Audit Committee previously endorsed, in their meeting on 23rd June 2017, that the Committee should receive regular monitoring reports advising of progress against the AGS Action Plan. The last report was presented to Committee in January 2019 and this report sets out the progress made since then and the tracker records the actions implemented to address the improvements identified.

2.2. The progress made to date against the implementation of the agreed actions arising from the Councils response to the Bundred review is summarised below and the high level narrative and detailed schedule is outlined in Appendix A.

Table 1 - Changes in the Implementation of Actions from the Bundred Review

Status	September 2018	January 2019	July 2019
Green – Completed and Evidenced	75 (88%)	77 (91%)	85 (100%)
Amber – In Progress with Evidence	10 (12%)	8 (9%)	0(0%)
Red – Not Started / Started but not Evidenced, date at risk	0 (0%)	0 (0%)	0 (0%)
<b>Total</b>	<b>85</b>	<b>85</b>	<b>85</b>

2.3. Since the previous report to the Audit Committee in January 2019, all outstanding actions from the Bundred review have been implemented:

- **B58** – Housing Delivery and HRA Peer Challenge - **Amber to Green**
- **B60** – Adult Social Care Peer Challenge – **Amber to Green**
- **B72** – Permanent Finance Structure – **Amber to Green**
- **B73** – Assessment Centre for Finance restructure – **Amber to Green**
- **B74** – Conditions for Finance Function – **Amber to Green**
- **B78** – Appointment of Business Partner – **Amber to Green**
- **B79** – Implementation of Competency Framework – **Amber to Green**
- **B80** – Learning and Development Programme – **Amber to Green**

2.4. The progress made to date against implementation of the actions required from the AGS 2017/18 is summarised in table 2 below and the high level narrative and detailed schedule is outlined in Appendix C:

2.5. Two of the items were identified as recommended areas of improvement following the LGA peer review and to prevent duplication are being monitored by Cabinet as part of the LGA improvement action plan. As a result of the transfer the overall number of 2017/18 actions being monitored via this plan have reduced from 13 to 11.

- **AGS 11.1** – Member Development Programme
- **AGS 12.1** – Performance Management

Table 2 - Changes in the Implementation of Actions from the AGS 2017/18

Status	September 2018	January 2019	July 2019
Green – Completed and Evidenced or transferred	0 (0%)	1 (9%)	8 (73%)
Amber – In Progress with Evidence	0 (0%)	6 (55%)	3 (27%)
Red – Not Started / Started but not Evidenced, date at risk	13 (100%)	4 (36%)	0 (0%)
<b>Total</b>	<b>13</b>	<b>11</b>	<b>11</b>

Commented [FB1]: Should we put total 11 and remove LGA ones from below

2.6. Since the previous report to the Audit Committee in January 2019, the principal changes in the implementation of the AGS 2017/18 review have been:

- **AGS 1.1** – Treatment of the homeless – **Amber to Green**
- **AGS 2.1** – Multi Agency Review recommendations – **Amber to Green**
- **AGS 5.1** – Future State Assessment of ICT – **Red to Green**
- **AGS 6.1** – Digital Vision – **Red to Green**
- **AGS 7.2** – Partnership Working (commercial Training) – **Red to Green**
- **AGS 8.1** – Risk Management – **Amber to Green**
- **AGS 9.1** – Capital Projects Delivery – **Red to Green**

2.7. The improvements that require a programmed approach with elements still to be finalised are as follows:

- **AGS 4.1** – Delivery of improved level of education - **Amber**
- **AGS 7.1** – Partnership Working (policy, toolkit and agreements) – **Amber**
- **AGS 10.1** – Contract Management Improvements - **Amber**

- 
- 

### 3. Proposal

3.1. The Audit Committee considers the progress made to date against the Action Plan and proposed actions to address 2017/18 improvement areas, consider any issues arising and challenge where appropriate.

### 4. Other Options Considered – N/A

### 5. Risk Assessment

5.1. The publication of an AGS is a legal requirement and the processes of implementation, monitoring and reporting of improvement actions arising therefore constitute an important element of the Council's governance arrangements. The actions identified within the response to the AGS constitute important measures whereby the Council's overall management of organisational risk can be enhanced.

### 6. Public Sector Equality Duties

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

- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
- ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
  - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
  - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons’ disabilities);
  - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
  - tackle prejudice; and
  - promote understanding

**6.2** No Equality Impact anticipated from this report.

## **7. Legal and Resource Implications**

**Legal – N/A**

**Financial – N/A**

**Land – N/A**

**Personnel – N/A**

## **8. Appendices:**

- Appendix A – Bundred Review Actions
- Appendix B - Annual Governance Statement Actions 2016/17
- Appendix C - Annual Governance Statement Actions 2017/18

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

## **9. Background Papers:**

None

## Appendix A – Bundred Review Actions

<b>Bundred Actions by Recommendation</b>		Total Actions	All			% Complete
#	Recommendation		Green	Amber	Red	
<b>1</b>	1 - For future significant savings programmes, especially any involving projects which embrace more than one Directorate, the Council should ensure stronger governance arrangements and clearer Member oversight	14	14	0	0	100%
<b>2</b>	2 - Wherever possible, the Council should ensure that responsibility for the delivery of specific savings initiatives is allocated to Directorates so that ownership of savings programmes and accountability for them is clear	1	1	0	0	100%
<b>3</b>	3 - The Council should adopt a more disciplined, centrally driven approach to business cases supporting investment decisions or savings projects. There should be a standard template of what constitutes an acceptable business case and a standard procedure through which the template must be completed and approved	7	7	0	0	100%
<b>4</b>	4 - The Council should take steps to build on recent improvements in the quality of reporting and document management. Where necessary guidance should be issued, or training provided, to report authors emphasising the importance of clarity, transparency, analysis and advice	13	13	0	0	100%
<b>5,6</b>	5 - Members should be less tolerant of poor quality reports than they appear to have been in the past 6 - Where they do not already exist, arrangements should be made for report authors to receive feedback from Member or senior officer discussion of their reports as a matter of routine	2	2	0	0	100%
<b>7</b>	7 - Relevant officers should be reminded of their responsibilities to keep backbench and Opposition Members properly informed	6	6	0	0	100%
<b>8</b>	8 - The incoming chief executive should be invited to consider and report on the steps needed to improve the management culture within the Council, recognising that any necessary changes will take three to five years to embed. There should be an emphasis on greater openness, professionalism, delegation, mutual respect and better internal communication, but with fewer large and lengthy meetings	17	17	0	0	100%
<b>9</b>	9 - The Council should take further steps to improve the quality of its Finance function, modernise its role and enhance its status. Relevant outstanding recommendations of the review commissioned in December 2015 should be actioned as a matter of urgency	11	11	0	0	100%
<b>10</b>	10 - The previous recommendation that the Council should “Develop a Competency Framework and agree the way forward re Assessment and Development centres” in relation to its Finance staff is overdue and should be given priority	4	4	0	0	100%
<b>11</b>	11 - This should be actioned alongside a review of the role and requirements of Business Partners as part of the current review of the Finance Directorate structure	5	5	0	0	100%
<b>12</b>	12 - The more timely reporting of budget monitoring information that has now been introduced should continue into the future. If the Council opts to return to quarterly budget monitoring and the first quarter report cannot be considered in July, there should be routine reporting in June or July of the position as at the end of May	5	5	0	0	100%
		85	85	0	0	100%

## Appendix B – Annual Governance Statement Actions 2016/17

No.	Recommendation	Activity Ref	Noted Activity	Responsible Owner (SLT member, Service Director)	Revised Date (if applicable)	R/A/G	Comments on RAG - July 2019
8	The incoming chief executive should be invited to consider and report on the steps needed to improve the management culture within the Council, recognising that any necessary changes will take three to five years to embed. There should be an emphasis on greater openness, professionalism, delegation, mutual respect and better internal communication, but with fewer large and lengthy meetings (paragraph 129).	B58	Participation in the Housing Delivery and HRA Peer Challenge	Julian Higson	Mar-19	G	A report was provided in March 2019 to Exec Director (Growth and Regeneration) to update on progress with benchmarking and peer visits. This illustrates how the housing service has embraced and is developing sector benchmarking across areas of operation, reinforced with a programme of peer research/networking. This mainstreaming into normal business activity effectively replaces the need for a HRA peer review at this point.
8	The incoming chief executive should be invited to consider and report on the steps needed to improve the management culture within the Council, recognising that any necessary changes will take three to five years to embed. There should be an emphasis on greater openness, professionalism, delegation, mutual respect and better internal communication, but with fewer large and lengthy meetings (paragraph 129).	B59	Participation in the Children's Social Care Peer Challenge	Jacqui Jensen	Ongoing	G	Activity complete this has been negated by the Ofsted ILACS inspection of children's services which took place in September 2018. There is also a Early Year Peer Challenge scheduled for February 2019 - no update provided yet.
8	The incoming chief executive should be invited to consider and report on the steps needed to improve the management culture within the Council, recognising that any necessary changes will take three to five years to embed. There should be an emphasis on greater openness, professionalism, delegation, mutual respect and better internal communication, but with fewer large and lengthy meetings (paragraph 129).	B60	Participation in the Adult Social Care Peer Challenge	Jacqui Jensen	Mar-19	G	The initial review by the LGA took place on 7 February. The LGA attended ASC management team on the 20th June and a follow up workshop is being arranged for September. A report is being produced for SPB that will summarise the findings of the peer review and the follow up work which is planned.

No.	Recommendation	Activity Ref	Noted Activity	Responsible Owner (SLT member, Service Director)	Revised Date (if applicable)	R/A/G	Comments on RAG - July 2019
10	10. The previous recommendation that the Council should "Develop a Competency Framework and agree the way forward re Assessment and Development centres" in relation to its Finance staff is overdue and should be given priority (paragraph 134).	B72	Appointment of a permanent structure based on CIPFA principles	Denise Murray	Mar-19	G	The Finance service has been redesigned with the aim to be a professional service, adequately resourced to meet the needs of the business. Following staff consultation the function has been restructured which facilitates the ability to appropriately support core business and have the agility to provide additional skills and capacity as and when required for specific projects. Over the last 6 months, we have worked closely with CIPFA to design a competency framework for the function and development centres supported by both CIPFA and Penna have been rolled out for all staff (including Business Partners), on a tiered basis. Independent assessments were undertaken, highlighting individual strengths and weaknesses and a report produced of the outcome with areas for development identified for each member of staff. These reports along with Expressions of Interest submitted by officers have guided the allocation process for roles within the structure and development areas incorporated into My Performance Development objectives for 2019/20. In addition to the above, a programme of officer learning lunches has been delivered with a schedule of future learning activity planned for the next period. A learning and development plan has been created which will support professional accountancy training for 2019/20 onwards and request for professional finance training propositions are being considered for the next academic year.
		B73	Utilise an assessment centre based on those which have been developed and used in other authorities	Denise Murray	Mar-19	G	See B72 above.
		B74	The finance function needs to create the conditions that enable it to be agile, adaptable, and accountable and to learn from success as well as failure so that responding quickly to change is second nature, constantly striving for the best possible services and outcomes	Denise Murray	Mar-19	G	See B72 above.
11	11. This should be actioned alongside a review of the role and requirements of Business Partners as part of the current review of the Finance Directorate structure (paragraph 134).	B78	Appointment of Business Partner roles on a skills based assessment	Denise Murray	Mar-19	G	See B72 above.
11	11. This should be actioned alongside a review of the role and requirements of Business Partners as part of the current review of the Finance Directorate structure (paragraph 134).	B79	A competency framework will be implemented which outline the set of competencies needed to perform each of the roles effectively and career progression pathway	Denise Murray	Mar-19	G	See B72 above.
11	11. This should be actioned alongside a review of the role and requirements of Business Partners as part of the current review of the Finance Directorate structure (paragraph 134).	B80	The organisation is in the process of building the learning & development programme	Denise Murray	Mar-19	G	See B72 above.

## Appendix C – Annual Governance Statement Actions 2017/18

AGS 18-19 Actions by Recommendation		Total Actions	All	Amber	Red	% Complete
Recommendation			Green	Amber	Red	
1	The Local Government and Social Care Ombudsman report into the treatment of a homeless family identified a number of recommendations to be addressed. This report was considered by Cabinet in May 18 with a further detailed action plan to be considered at a future Cabinet meeting, date to be confirmed.	1	1	0	0	100%
2	The Multi-Agency review following the death of Mr Bijan Ebrahimi identified recommendations for the Council which require ongoing monitoring.	1	1	0	0	100%
3	There is a need to enhance the support of the integration of health and social care by ensuring effective governance is in place in relation to delayed transfers of care.	1	1	0	0	100%
4	A detailed review is required and plan developed which supports schools to deliver a good or improved level of education within a reduced funding envelope.	1	0	1	0	0%
5	The Future State Assessment of ICT within the Council has recognised the need to stabilise ICT and ensure it supports transformation going forward. This should include reviewing disaster recovery arrangements.	1	1	0	0	100%
6	Having a strong business led digital vision and strategy for the organisation will support service change and drive the organisation to delivery to citizen expectations with regards to the digitisation of services.	1	1	0	0	100%
7	Arrangements for the Council's approach to working in partnerships have been set up with varying levels of formality. Governance and risk management arrangements are inconsistent in the absence of clearly defined governing principles. (This was reported in the 2016/17 AGS).	2	1	1	0	50%
8	Risk Management processes need to be consistently applied in order to embed risk management across the Council. (This was reported in the 2016/17 AGS).	1	1	0	0	100%
9	There has been significant slippage in delivery of key capital projects in line with the agreed capital programme. (This was reported in the 2016/17 AGS)	1	1	0	0	100%
10	Audit reviews and responses in the Assurance Statements identified weaknesses in the consistency of contract management arrangements and also the use of contract waivers continues to be high and reflects the need for improved contract planning have been identified by both. (This was reported in the 2016/17 AGS)	1	0	1	0	0%
11	LGA IMPROVEMENT ACTION PLAN - It has been identified that there is a need for the member development programme to focus on members' core skills, community leadership and decision making roles. (This was reported in the 2016/17 AGS).	0	0	0	0	#DIV/0!
12	LGA IMPROVEMENT ACTION PLAN - Performance management of our employees has been inconsistent with only 42% having registered completed performance reviews. (This was reported in the 2016/17 AGS)	0	0	0	0	#DIV/0!
		11	8	3	0	73%

Ref	Issue Identified	Activity Ref	Noted Activity	Responsible Owner (SLT member, Service Director)	Revised Date	R/A/G	Comments on RAG - July 2019
1	The Local Government and Social Care Ombudsman report into the treatment of a homeless family identified a number of recommendations to be addressed. This report was considered by Cabinet in May 18 with a further detailed action plan to be considered at a future Cabinet meeting, date to be confirmed.	AGS 1.1	A follow up report will be going to Cabinet on the 2 <sup>nd</sup> October 2018 and any actions for BCC will be outlined in the report.	Colin Molton	Ongoing	G	The report and action plan were endorsed by Cabinet in October. The Ombudsman approved the action plan. All Ombudsman recommendations have now been completed. RAG status can be changed to Green.
2	The Multi-Agency review following the death of Mr Bijan Ebrahimi identified recommendations for the Council which require ongoing monitoring.	AGS 2.1	An action plan for the partnership is being produced with support from Avon & Somerset police. This plan will enable the commitments made by all the relevant agencies (BCC, SARI and Avon & Somerset Police) following the review to be monitored.	Colin Molton	Ongoing	G	A comprehensive multi-agency action plan is in place, which includes every commitment from relevant agencies. The plan was communicated to the Ebrahimi family. Progress has been monitored by the Safer Bristol Partnership Board; monitoring will continue until all actions are complete. Closure report drafted by ASP and BCC. Joint meeting scheduled for 9th Sept 2019 with SARI and the family.
4	A detailed review is required and plan developed which supports schools to deliver a good or improved level of education within a reduced funding envelope.	AGS 4.1	<p>A new permanent Director of Education and Skills has been appointed and starts at the beginning of October 2019.</p> <p>They will continue the work underway in bringing together a fully costed whole system improvement. This will include the following:</p> <p>A plan for whole system education improvement which will optimise the successful funding bid for school improvement/SEND improvements and inclusion.</p> <ul style="list-style-type: none"> <li>• Education restructure consultation begins mid-July</li> <li>• Attendance Strategy signed off by schools and partners - work ongoing</li> <li>• SEND transformation plan, strategy and SEF is in place</li> <li>• Inclusion approach implemented and will be led by a new HOS post.</li> </ul>	Jacqui Jensen	Ongoing	A	<p>The RAG status remains Amber however work is progressing at pace. A Cabinet report was produced to secure additional investment for SEND resources and Business Case will be produced for October Cabinet which will provide an analysis of the future resource required to meet SEND requirements, school improvement and inclusion.</p> <p>Quarterly reporting to EDM remains in place.</p> <p>A new Quality Assurance and performance framework is in place and enabling high support and challenge which is providing transparency to senior leaders.</p>
5	The Future State Assessment of ICT within the Council has recognised the need to stabilise ICT and ensure it supports transformation going forward. This should include reviewing disaster recovery arrangements.	AGS 5.1	<p>A governance board has been set up to oversee the delivery of FSA. The FSA Delivery Board commenced on 28th August, chaired by Head of Paid Service with Cabinet Member oversight.</p> <p>BCC is currently represented and considering is being given as to whether this should be extended.</p> <p>The review will consist of the following things:</p> <ul style="list-style-type: none"> <li>• Outline business cases in line with the FSA plan.</li> <li>• Key project around data centre migration and migration out of the data centre back to BCC site in a precursor to maintain services as the Swindon data centre contract expires.</li> <li>• Migrate out systems to both Azure cloud and Ark data centres in line with our data centre strategy.</li> </ul>	Mike Jackson	Ongoing	G	The FSA Transformation Programme (now named IT Transformation Programme) has now engaged a delivery partner and planning for each of the work streams is in active progress - these work streams include disaster recovery arrangements. Appropriate resources are being put in place to support the delivery programme and the IT organisation review has been published. The Delivery Board, comprising senior stakeholders and independent audit, maintains governance over the programme. DR arrangements are part of the ITTP and IT work programmes. Consideration to close this action.

Ref	Issue Identified	Activity Ref	Noted Activity	Responsible Owner (SLT member, Service Director)	Revised Date	R/A/G	Comments on RAG - July 2019
6	Having a strong business led digital vision and strategy for the organisation will support service change and drive the organisation to delivery to citizen expectations with regards to the digitisation of services.	AGS 6.1	<p>Director of digital Transformation has been appointed and this role will lead the development of our digital vision.</p> <p>Current actions in relation to digital strategy are:</p> <ul style="list-style-type: none"> <li>• Currently building enabling platforms for future digital transformation to utilise; FSA does not provide this transformation.</li> <li>- The strategy (technology, process and procurement) will be developed based on the direction taken within FSA (decisions still to be made).</li> <li>- The CRM deliverable is the first proof of concept of the digital approach and this will help form the final approach.</li> </ul> <ul style="list-style-type: none"> <li>• Disaster recovery will be addressed via two approaches:</li> <li>- Cloud hosting which provides a range of resilience and DR capabilities.</li> <li>- A move to an improved physical asset data centre which removes some of the issues with our current arrangements.</li> </ul> <p>The physical hosting will not provide the level of resilience as our cloud option, so further work (outside of FSA) will need to be commissioned to move some key systems to the new arrangements; some of these will involve re-procurements so best wait for the CRM approach to be proven. Some will be part of an already planned Phase 2 where possible/compatible</p>	Mike Jackson	Sep-19	G	The IT Transformation Programme will deliver the Digital Strategy in Q3 2019, incorporating the contents of the Microsoft DAS report. Consider closing.
7	Arrangements for the Council's approach to working in partnerships have been set up with varying levels of formality. Governance and risk management arrangements are inconsistent in the absence of clearly defined governing principles. (This was reported in the 2016/17 AGS).	AGS 7.1	<ol style="list-style-type: none"> <li>1. Reviewing and refreshing the Partnership Policy and Toolkit by end October 2018.</li> <li>2. Creating a central Partnership Register including SLAs, ToRs and contracts where appropriate by end October 2018.</li> <li>3. Creating a template TOR and porting existing TORs to it by end October 2018.</li> </ol>	Mike Jackson	Ongoing	A	<p>A draft refreshed Partnerships Policy has been prepared and initial director feedback given. A target date to approve this policy by end Aug 19 has been set. The delay is caused by staff capacity in the absence of any dedicated partnerships team or staff.</p> <p>A template TOR is being drafted alongside the policy and a toolkit to be developed thereafter.</p> <p>Following an audit of Risk Management Assurance, fresh consideration is being given to how this is accounted for in partnership settings, with this element to be included within the new policy.</p>
7	Arrangements for the Council's approach to working in partnerships have been set up with varying levels of formality. Governance and risk management arrangements are inconsistent in the absence of clearly defined governing principles. (This was reported in the 2016/17 AGS).	AGS 7.2	<ol style="list-style-type: none"> <li>1. Scope and review need for Commercial Training for relevant managers as part of the developing commercial strategy.</li> </ol>	Mike Jackson	Ongoing	G	This is an ongoing Training Programme. The programme has been developed and first phase of which was delivered to Commercialisation and Citizens colleagues over three sessions from November 2018 to February 2019. The next Phase has been paused to allow for the realignment of the C+C team with the appointment of new members, including two Commercial Services Business Partners and Commercialisation Development Team members, who will provide the additional resource to support the continuing rollout of this Training Programme.

Ref	Issue Identified	Activity Ref	Noted Activity	Responsible Owner (SLT member, Service Director)	Revised Date	R/A/G	Comments on RAG - July 2019
8	Risk Management processes need to be consistently applied in order to embed risk management across the Council. (This was reported in the 2016/17 AGS).	AGS 8.1	<ul style="list-style-type: none"> <li>• Appointment of a Risk and Insurance Manager.</li> <li>• Risk Management Assurance Strategy.</li> <li>• Risk Management Improvement Plan.</li> <li>• Strengthening and further embedding the risk management process, reporting and alignment to other business processes.</li> <li>• Focused risk workshops rolled out across the organisation.</li> <li>• Risk Management Awareness training and supporting E-learning package.</li> </ul> <p>This has now been updated and replaces the item on the 2016/17 AGS tracker.</p>	Mike Jackson	Ongoing	G	<p>The refreshed Policy was approved in January 2019 to further embed the risk management. Significant progress is being made on consistency being applied across the Council.</p> <p>Business risks are recorded on the Service Risk Registers on a quarterly basis which form the Directorate Risk Report and then the Signiant and core risks are escalated to form the Corporate Risk Report. The leadership receive and review the risks prior to escalation to Cabinet. Reports are then received by the Audit Committee and Scrutiny. The risk management process is a cyclical live process and should not have an end point.</p> <p>A communication plan, improvement plan and a risk register guidance document has been drafted and currently under review.</p> <p>The Corporate Risk Management Group was formed in February 2019. The group will assist with embedding risk management across the complimentary functions Business planning, decision making, Project management, Partnerships, Procurement, Health Safety and Wellbeing, Business Continuity, Performance Management and Insurance.</p> <p>In 2019 a self assessment to inform on performance and compliance will be introduced to monitor and report on progress and maturity of the process.</p> <p>For new projects - Project Management are progressively adopting the scoring criteria as set out in the new Policy.</p>
9	There has been significant slippage in delivery of key capital projects in line with the agreed capital programme. (This was reported in the 2016/17 AGS)	AGS 9.1	<p>Corporate deep dive of all capital projects due in September 2018.</p> <p>Transport Delivery Board in transport division will review their capital programme fortnightly, and is governed by the Growth and Regeneration Board (G&amp;R Board).</p> <p>G&amp;R Board currently review capital programmes within G&amp;R and will continue to do so.</p> <p>Finance and G&amp;R officers have drafted new TOR for the G&amp;R Board which will incorporate reviewing the whole capital programme as part of its remit. Chris Holme to review this with Mike Jackson.</p> <p>This has now been updated and replaces the item on the 2016/17 AGS tracker.</p>	Colin Molton	Ongoing	G	<p>The proposals previously identified for strengthen delivery of the capital programme have been implemented but have not been effective in driving the change we hoped to see.</p> <p>The following subsequent action has been taken.</p> <p>A new Capital Strategy has been developed and was approved by Council along with the MTFP and Council approved the Capital Programme in February 2019. Proposals for strengthening governance and reporting agreed by CLB on 19 March 2019. This included the formation of a new capital function with Finance, Capital Board and Delivery Executive (supported by PMO) chaired by a Cabinet Member. The approach to be adopted to obtain reach back capacity in a number of functions is being considered. The new reporting regime will include monitoring of both finance and delivery performance / milestone outputs.</p> <p>The first meeting of the Extended CLB / Capital Board was held on 2 July 2019 and go-going forward the Capital Board will meet on a monthly basis, with exception reporting and call-in's led by Delivery Executive. The impact of the changes will not be fully realised until 2020; workshops are taking place to consider the necessary reprofiling of the programme and details will continue to be tracked and reported in the monthly monitoring, refreshed strategy and budget reports.</p> <p>The next meeting of the Capital Board will be on 6 August 2019</p>

Ref	Issue Identified	Activity Ref	Noted Activity	Responsible Owner (SLT member, Service Director)	Revised Date	R/A/G	Comments on RAG - July 2019
10	Audit reviews and responses in the Assurance Statements identified weaknesses in the consistency of contract management arrangements and also the use of contract waivers continues to be high and reflects the need for improved contract planning have been identified by both. (This was reported in the 2016/17 AGS)	AGS 10.1	<ol style="list-style-type: none"> <li>1. Develop and utilise Category Planning to help better manage contracts through their lifecycle</li> <li>2. Standardise the language on contract templates to improve consistency and common approaches</li> <li>3. Greater engagement of Procurement leaders with EDMs and commissioning leads to increase commitments to contract management.</li> <li>4. Commission and make intelligent use of technology and software to improve visibility of contracts.</li> <li>5. Design, assess and gain commitment from the commissioner to bespoke performance goals, before setting contracts in place (ongoing).</li> <li>6. Standardise the approach for contract management across all service areas, using corporate training to deliver key principles, embed performance measurement based on importance of need and increase quality standards</li> </ol> <p>This has now been updated and replaces the item on the 2016/17 AGS tracker.</p>	Mike Jackson	Ongoing	A	<p>Targets have been revised to ensure that they are smart.</p> <ol style="list-style-type: none"> <li>1. Category Management/Planning is on-going and encapsulates Lifecycle costs, TCO (Total Cost of Ownership) to ensure best VFM is obtained</li> <li>2. A suite of standard documents has been created for contract templates and a document control system is in place for these documents.</li> <li>3. Category teams have created and implemented regular client engagement programmes to ensure early engagement and commitment to contract management and compliance</li> <li>4. Each Category Team has put together a master contract plan and pipeline activity for its respective service area. These master plans capture all live contracts contracts/projects which then feeds down into a yearly pipeline activity based on their respective expiry dates. These are regularly updated.</li> <li>5. Category teams work closely with commissioners to establish KPI's /Performance /Bench Marking to ensure they are an integral part of every contract that is let.</li> <li>6. Additional resources have been commissioned to provide increase capacity within the team and specialist support is in the process of being commissioned for increased contract management / scrutiny capacity. The use of procurement professionals will be for key contracts such as PFI contracts to exemplify improved performance and best practice.</li> <li>7. Procurement triage team and CPG are reviewing fwd. plans and seeking compliant routes to market that can meet the needs of the business and assure that waivers are not used inappropriately. Once the additional support is in place this action will move from Amber to Green.</li> </ol>

**BRISTOL CITY COUNCIL  
AUDIT COMMITTEE**

**29<sup>th</sup> July 2019**

**Report of: the Head of Paid Service**

**Report Title: Final Annual Governance Statement 2018/19**

**Ward: Citywide**

**Officers presenting report: Denise Murray, Director of Finance / Alison Mullis,  
Deputy Chief Internal Auditor**

**Contact Telephone Number: 0117 3576255 / 0117 9222448**

**RECOMMENDATION**

The Audit Committee consider and agree the final Annual Governance Statement as a fair reflection of the internal control and governance environment during 2018/19 and to date.

**SUMMARY**

The draft Annual Governance Statement was presented to the Audit Committee at the May 2019 meeting observations. Following this meeting, the draft version has been amended with broadly minor changes to update the version members previously reviewed.

The City Council is required by the Accounts and Audit Regulations 2015 to prepare an Annual Governance Statement to accompany its published financial statements. A review of the internal control, risk management and governance arrangements has taken place and the resulting final Statement is attached to this report.

**The significant issues in the report are:**

- the requirement for the Annual Governance Statement
- the review process undertaken to enable the Statement to be made
- the final Annual Governance Statement is attached which details the most significant control and governance issues identified during 2018/19.

## Policy

Publication of an Annual Governance Statement is a requirement of the Accounts and Audit Regulations 2015. Additionally, the Council's Risk Management Policy Statement requires the Audit Committee to review the Annual Governance Statement to ensure it accurately reflects the internal control, risk management and governance arrangements in place.

### Consultation:

**Internal:** Deputy Mayor, Statutory Policy Board (SPB), Section 151 Officer, Audit Committee, other relevant officers (Monitoring Officer, Chief Internal Auditor)

**External:** External Audit (Grant Thornton)

## 1. Introduction

- 1.1 Arising from the Accounts and Audit Regulations 2015, the Council is required to conduct an annual review of its system of internal control, and publish an Annual Governance Statement (AGS) with the annual Statement of Accounts. The process is a key mechanism for ensuring that the Council has an effective system of internal control and governance, and that any shortfalls are identified and addressed.
- 1.2 The Annual Governance Statement must be a fair reflection of the internal control and governance environment during 2018/19 up to the date of being signed by the Head of Paid Service and Mayor alongside the 2018/19 Annual Statement of Accounts. The External Auditors have reviewed the draft AGS in detail as part of their audit of the Statement of Accounts for 2018/19.
- 1.3 The Accounts and Audit Regulations 2015 also specify that the AGS is considered by “the organisation itself, or a Committee of the organisation”, and this requirement is being met by this submission to the Audit Committee.

## 2. Final AGS

- 2.1 A robust approach to providing assurance for the 2018/19 Annual Governance Statement has again been utilised with senior managers from across the Council completing assurance statements for each of their areas acknowledging responsibility for internal control and risk management. Each of these employees have certified or otherwise their satisfaction with arrangements in place during 2018/19.
- 2.2 The review process also examined a wide range of internal control and governance processes which included:
  - meeting with Senior Management and other key officers within the Council, where appropriate;
  - obtaining and reviewing all External Audit and Inspection reports, Internal Audit reports and management monitoring reports;
  - the scrutiny and evaluation of the information obtained;

- determining significant control issues within the definition agreed for disclosure; and
  - consultation with the SPB, Audit Committee and Deputy Mayor.
- 2.3 The AGS describes the Council's governance framework and reviews its effectiveness, which covers the following:
- Effective Interventions and Decision Making;
  - Behaving with Integrity, Openness and Transparency;
  - Defining Outcomes and Managing Performance;
  - Developing Capacity;
  - Information Technology and Information Security;
  - Risk Management Arrangements;
  - Financial Arrangements;
  - Council Owned Companies;
  - Results of External Inspections; and
  - Audit arrangements.
- 2.4 The Statement summarises the actions and improvements which have been taken to enhance governance arrangements in 2018/19 before setting out significant governance and control issues.
- 2.5 In determining the significant governance issues to disclose, the following factors have been considered on whether the issues had:
- seriously prejudiced or prevented achievement of a principal objective;
  - resulted in the need to seek additional funding to allow it to be resolved or had resulted in a significant diversion of resources from another aspect of the business;
  - a material impact on the accounts;
  - been considered as significant for this purpose by the audit committee or equivalent;
  - attracted significant public interest or had seriously damaged the reputation of the Council;
  - resulted in formal action being taken by the Section 151 Officer/Monitoring Officer;
  - received significant adverse commentary in external inspection reports and which the Council has not been able to address in a timely manner.
- 2.6 In summary the significant governance issues arising in the Statement are as follows, from which actions are required relate to:
- A number of complaints of racial discrimination that were raised by the BAME staff led group.
  - Statutory recommendations made to Full Council with regard to Senior Officer Remuneration
  - The limited progress against a number previous governance issues identified which require further work or re-calibration of timescales to deliver in line with capacity available to do so.
  - The Chief Internal Auditor's opinion on the control, risk management and governance framework which has been 'limited assurance' for the third consecutive year.
- 2.7 Once finalised, the statement will be reformatted in line with corporate design standards for publically available documents. This will not affect the content.

**Other Options Considered**

None necessary

**Risk Assessment**

The need to maintain a robust Risk, Governance and Control environment is pivotal to the effective operations of the Council’s functions, a statutory requirement of the Accounts and Audit Regulations 2015 and an implied requirement of the External Auditor.

Failure to maintain and where required improve this environment will not only impact on the proper practices of the Council, but will also be in breach of the Accounts and Audit Regulations 2015 and may attract an adverse opinion from the External Auditor.

Disclosures of significant control weaknesses in a public statement could result in adverse press coverage. The document has also been discussed with Corporate Communications prior to publication.

**Equalities Impact Assessment**

None necessary for this report

**Environmental Impact Assessment**

None necessary for this report

**Legal and Resource Implications**

**Legal** - none sought.

**Resources** - none arising from this report, however resource implications may arise if the Council fails to maintain a robust control, risk and governance environment.

**Appendices**

Appendix A – Final Annual Governance Statement 2018/19

**LOCAL GOVERNMENT ACCESS TO INFORMATION**

- |                   |  |
|-------------------|--|
| Background Papers | Audit Committee Terms of Reference<br>Risk Management Policy Statement<br>CIPFA/SOLACE Guidance on the Annual Governance Statement |
|-------------------|--|

# Annual Governance Statement 2018/19

## Purpose of Statement

The purpose of this Annual Governance Statement (AGS) is to provide an overview of how the Council's governance arrangements operated, during the period 2018-19 and the subsequent period, up to the sign off of the 2018/19 financial statements and how the Council has reviewed the effectiveness of these arrangements. This statement includes an appraisal of the key controls in place to manage the principal governance risks. Where significant governance issues are identified, an explanation of what actions have been taken to bring about required improvement and the work still to be undertaken are recorded in an action plan.

It also meets the requirements of the Accounts and Audit Regulations 2015, which require the Council to publish an AGS in accordance with proper practice in relation to internal control.

The draft statement was presented to Directors and to the Audit Committee in May 2019, following which the statement has been finalised and formally approved.

## Scope of Responsibility

We, the Council, are responsible for ensuring that our business is conducted in accordance with the law and proper standards, and for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and an efficient and effective service.

## What is Governance?

"Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved."

## The Code of Corporate Governance

The Council has approved and adopted a Code of Corporate Governance (the Code) which was refreshed and approved by the Audit Committee in January 2018. The Code is consistent with the principles of the Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives (CIPFA/SOLACE) Framework - *Delivering Good Governance in Local Government*.

A copy of the Code is available on the Council's website. This statement explains how the Council has complied with the Code.

The governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community.

The approach to governance, takes account of the environment in which the Council now operates; its aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

- All Members have an important role to play in representing their constituents, as well as acting together as the Council.
- Officers serve the Council as a corporate body rather than any political group, combination of groups or individual member.

Members and Officers should work in an atmosphere of mutual trust and respect. Members determine the Council's policies and Officers are responsible for implementing decisions taken by the Council, Mayor, Cabinet and/or the appropriate committee as well as taking decisions delegated to them under the Scheme of Delegation. Committees review and scrutinise decisions, they cannot start or stop executive action but can challenge reasonably holding members and officers to account.

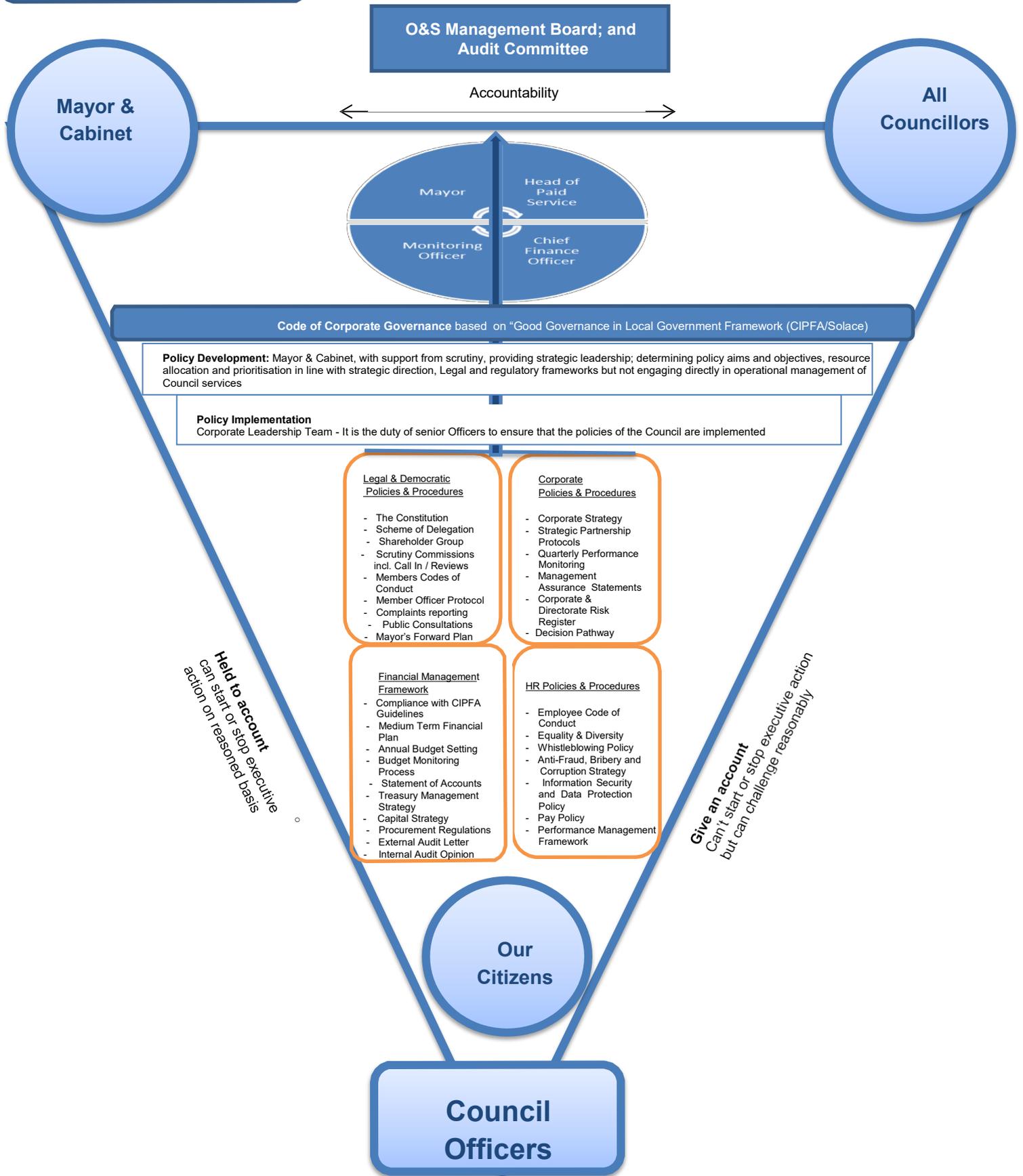
In discharging these duties all parties should act in an open, honest and transparent manner. The Council must seek to ensure that the highest standards are met and that governance arrangements are not only sound but are seen to be sound.

Legislation requires that certain functions be exercised by a 'proper officer'. The functions of the Mayor, Executive, Head of Paid Service, Chief Finance Officer (S151), Monitoring Officer and Statutory Scrutiny Officer are outlined in the Council's Constitution.

## Committees & Boards

Scrutiny Commissions:	Regulatory Committees:	Other Committees:	Partnership Boards:
<ul style="list-style-type: none"> <li>- Overview and Scrutiny Management Board (and call in Subcommittee)</li> <li>- Resources</li> <li>- Communities</li> <li>- Adults, Children &amp; Education</li> <li>- Growth &amp; Regeneration</li> </ul>	<ul style="list-style-type: none"> <li>- Development Control</li> <li>- Licensing</li> <li>- Public Rights of Way &amp; Green</li> <li>- Public Safety &amp; Protection</li> </ul>	<ul style="list-style-type: none"> <li>- Audit (including a Values and Ethics Sub Committee)</li> <li>- HR</li> <li>- Selection Committee</li> <li>- Appeals Committee</li> <li>- Corporate Parenting Panel</li> <li>- Women's Commission</li> </ul>	<ul style="list-style-type: none"> <li>- Bristol Homes</li> <li>- Health &amp; Wellbeing</li> <li>- Learning City</li> <li>- Children's and Adult's Safeguarding</li> <li>- WECA Committee (including their own scrutiny and Audit Committee)</li> <li>- WOE Joint Committee</li> </ul>

**Accountability within the Governance Framework**



**NB:** Please note that this is not an exhaustive list of policies or accountabilities for the Council e.g. Safeguarding and other statutory and regulatory responsibilities are not covered by this framework

# Statement

## How did we do?

The Council is making good progress on its improvement journey, at the heart of which is the desire to deliver the best possible services and outcomes for the residents of Bristol. This is against a backdrop of pronounced financial pressures, increasing demand for public services and scarce resources.

In January 2019 Bristol published its first ever **One City Plan**, developed by many different partners covering almost every aspect of life in Bristol. The plan is built on six themes and thematic boards made up of its partners that have been instrumental in setting the vision and timelines. The City Boards will support the delivery of the One City Plan and bring together a number of existing partnership boards in 2019 to which the Council is aligned.

The **Corporate Strategy 2018 – 2023** sets out the council's contribution to the city as part of the One City Approach and is our main strategic document outlining what we do and how we plan and prioritise our resources for the future. This is providing the framework for strategic business planning, with the annual **Business Plan** making clear how the strategy is being delivered and an associated **Performance Framework** detailing how progress is measured. The Business Plan is derived from service and team planning, creating a 'golden thread' that at its best should run through to each employee's objectives.

**Capital Strategy** – the Council adopted a Capital Strategy in 2018 to provide a framework for planning and decision making to ensure capital expenditure and investment decisions are affordable, prudent and sustainable. The Capital Strategy sets out how capital investment will play its part in delivering the long term strategic objectives of the Council and how associated risk is managed. It covers all capital expenditure and capital investment decisions, not only as an individual authority but also those entered into under group arrangements. Due to timing it was developed as an outline strategy and will be refreshed annually in line with the Medium Term Financial Plan (MTFP) and Treasury Management Strategy, to better reflect the long term aspirations of the One City Plan and other strategies, including asset management.

The draft **Bristol Local Plan** was published for consultation between 18<sup>th</sup> March 2019 and 24<sup>th</sup> May 2019. The Draft Local Plan; review policies that promote advancement in sustainability, identify locations for increased housing development, reinforce protection for open spaces and support employment locations. Policies will guide development to ensure a sustainable and inclusive future for residents, enable a reduction in inequality and deprivation, enable improved accessibility and continued growth of the city as a regional economic centre. Consultation has resulted in responses from over 900 individuals and organisations, with a range of drop-in events and community and interest groups across the city. The next step thereafter will be consideration by Full Council.

The key areas of reflection for 2018/19 are as follows: -

- Responding to the challenges and opportunities facing the Council over the medium term requires a **Senior Leadership Team** structure that is flexible, has the capacity to deliver strategic options and ensure excellent outcomes in service delivery. The new structure created a smaller strategic leadership team accountable to Members for the overall organisation performance, delivery of the agreed outcomes and creation of functional service areas with clear responsibility for delivery of specific services. The restructure facilitated permanent appointments to a number of key roles including the Executive Director Resources, Head of Paid Service and Interim appointments for key hard to fill roles (with permanent recruitment anticipated in 2019) and sought to formalise the leadership skills, values and management standards by which the organisation expects the senior management to achieve. It is recognised that the instability was unsettling for some members of our workforce and that changing strategic direction and resource gaps could have exposed the Council to risks. Senior officers are clear in the vision, priorities, values, accountability and ownership of the Council's improvement agenda and that the structural changes will need to be matched by system and cultural changes.

## How did we do?

- Through the improvement work undertaken the Council has started to develop a level of maturity in inviting challenge and benchmarking with peer authorities. To that end, the Council has commissioned support from key national bodies such as the Local Government Association (LGA) and the Chartered Institute of Public Finance and Accountancy (CIPFA). This has taken a 'value-added' approach rather than replicating day-to-day governance arrangements, to avoid duplication of work.
- **LGA Corporate Peer Review** - A formal peer challenge was undertaken in 2018 and examined the Council's leadership, governance, financial planning and capacity to deliver its priorities. An assessment was made of the progress and identified further areas for improvement. The outcome of the review gave external validation of improving culture and strengthening leadership, improved budget management and a better grip on our finances. However, churn in senior leadership had diluted managerial capacity and impacted on both the Council and on working effectively with partners. A new executive team is starting to address this but there remain a significant number of managers who are interims. The review also identified opportunities for developing a systemised approach to learning and reviewing the balance of control processes and empowerment and accountability. An action plan was developed to meet the recommendations, approved by Cabinet January 2019 and its implementation will be reviewed by Cabinet bi-annually.
- **CIPFA** has and will be continuing to provide a personalised programme of support to the finance function, focusing on building strategic financial capability and capacity and good governance. This commenced with the development of a financial competency framework and development assessments for the finance function.
- The Council's **External Auditors** independently audit the Council and provide an opinion on the truth and fairness of the financial statements, the Council's use of resources and provide a value for money judgement. The External Auditors for the year ended 31<sup>st</sup> March 2018 were BDO. The Council's audit for that year was delayed. The review of the Senior Executive Remuneration, which concluded in March 2019, found that it was inappropriate to conclude that all of the final payment made to the former Chief Executive was contractual. A number of statutory recommendations were made. Statutory recommendations are covered by Schedule 7 of the Local Audit and Accountability Act 2014 and as such, must be considered by Council. The points were considered and the action plan developed was agreed by Council. These actions have been implemented in 2019 and reported to Council by the Head of Paid Service. Ongoing monitoring of these arrangements will be undertaken by the Council's new External Auditors (Grant Thornton).
- Given the above, BDO have issued a qualified 'except for' use of resources conclusion for 2017/18, and whilst this is an improvement on prior year conclusion it remains, disappointing given the journey to date. An unqualified opinion has been issued by BDO for the 2017/18 accounts and we will respond to any improvements suggested in the ISA260 report.
- A judicial review found that we did not follow the correct process when proposing to Council the Dedicated Schools Grant (DSG) Budget and recovery plan being co-developed for addressing the historic deficits and enable a sustainable position to be achieved within the funding provided by government for Children with Additional Educational Needs and **Special Educational Needs and Disabilities (SEND)**.

We accepted that mistakes were made; we are drawing up a new plan in consultation with families, schools and partners and changed the 2018/19 accounting treatment to reflect the 'spending envelope' actually provided by government noting the flexibility to overspend, as had occurred in previous financial years as opposed to a budget which forecast a move towards a balanced outturn. We need to overcome the issues we are facing, from increasing demand for statutory plans to a chronic shortage of sufficient, sustainable funding from Government.

## How did we do?

- The Council's **Internal Auditors (IA)** provide an objective opinion on the degree to which the internal control environment supports and promotes the achievements of the Councils' objectives, by evaluating the adequacy of governance, risk management and internal controls through their scheduled audit work. A limited assurance conclusion was reached for 2018/19, which indicates that there are some weaknesses in the internal control system which could put the delivery objectives at risk. This is a 3 year decreasing trend and the senior leadership team have delved further into the details to obtain greater clarity as to the root of the issue and consider the improvement actions required.

The following three themes were noted:

- Greater transparency, openness and self-identified concerns from management have improved the risk based focus being applied by IA. Following the reviews and embedded assurance work the findings has provide support to service leads on the actions required to rectify the issues. This should continue to be encouraged along with a continuation of the trend in the number of IA recommendations actual implemented following these reviews.
- Complexity of the landscape of systems and processes was another key contributing factor. Many of the systems and processes were not efficient enhance the potential for error and exposure to risks. Some of which would benefit from replacement, rationalisation or integration into core systems and platforms that would reduce the level of manual interventions and officer resource. The IT Transformation Programme has been established with an ITTP Board to oversee the programme and delivery partner engaged to realign the operating model to the business and drive Line of Business system rationalisation and improvements. Similarly additional resources and capacity is being commissioned to support the Procurement work programme and enhance skills, functionalities and efficiencies across the business.
- Pace of organisational change and lack of resilience has on occasion resulted in loss of management information, gaps in business knowledge, need for wider training and development and inconsistency in approach. Via the Organisational Improvement action plan we are seeking to improve processes and policies, internal communication and engagement, continue the development of our teams and individuals. We believe that this will create the conditions that enable the improvements we seek.

We recognise that the above are not short term actions but much wider programmes and work streams that are in train, and whilst led corporately will require the support and input of teams and managers across the Council to be successful.

- **Overview & Scrutiny Management Board** agreed a work programme for 2018-19, after taking into consideration areas proposed by the portfolio holders and Executive Directors. Scrutiny Task & Finish groups undertook a number of reviews and provided valuable input into some specified areas of policy development e.g. Social Value and the MTFP / annual Budget process. This demonstrates how effective a Task & Finish group can be in delivering priority objectives, when there is a clear scope, consistency in attendees engaged for the duration, well constituted and efficiently chaired.
- The Council has throughout the year continued to engage and **consult** with residents, listening to their feedback on how they feel we are performing. This included formal feedback mechanisms such as the Residents' Survey and our various consultations which have provided a range of opportunities for residents to influence services, spending and decision making.
- **Delivery of Plans:** The resources and commitment required across the organisation in getting the basics right, stabilise, restructure and redesign services to facilitate our transformation should not be underestimated. This impacted on the capacity to twin track baselining activities with the delivery of the wide ranging strategic priorities, action and improvement plans. A huge amount has been achieved which can be overshadowed by improvements 'still to go' and areas where 'we are just not there yet'.

## How did we do?

The Council is aware that some of the implementation plans in support of **budget savings** were not as advanced in their depth, rigour and with assurance regarding capacity to deliver, as would be ideal when developing budgets. However, the analysis of feasibility and risk in the budget process represents a clear step forward for the Council. Continued challenge and support has been provided through the Project Management Office, senior officers and political leadership, following which collectively £30.8m (72%) of the savings / efficiencies identified have been delivered. Similarly the Council has recognised the importance of bridging beyond solely project managing delivery of savings, and is increasingly adopting a one Council approach to the programme management of change, transformation and for 2019 Capital management.

As is the case with some plans, the activities included within it may be subject to change. This can be as a result of changes in the external environment that guides the work, as well as the internal environment that dictates whether the Service has the capacity to achieve its stated objectives. 6 **significant governance issues** identified in previous Annual Governance Statements have been carried forward together with their relevant actions. These activities require incremental change and positive movement has taken place in these areas, however they require further work and/or recalibration of actions and timescale. The Council is committed to progressing agreed actions in 2019 and delivering the fundamental changes required. A further assessment has been undertaken to inform the action plan in the updated version of the report for the July Audit Committee.

There remains much to do and there is no room for complacency. The Council must ensure that it builds on the substantial progress that has already been made, prioritises activities and resources to address the proposals for improvement, maintains momentum and preserves a concerted approach to good governance, prudent financial discipline and transparency. We will continue to develop our use of intelligence, data analysis and insight to ensure that our decision making rests on a solid evidence base, allowing us to move confidently and decisively to improve service delivery outcomes and ensure that changes are sustainable and run through all levels of the organisation.

## Review of Effectiveness

The Council has responsibility to review the effectiveness of its governance. This review has been co-ordinated by the Internal Audit Team and included managers from each Directorate collating, reviewing and evidencing compliance and identifying any governance improvements required within their areas. Issues identified by an employee survey, External Reviews, Internal and External Audit were also considered for inclusion in this statement. Key officers, including the s151 Officer, were also consulted. Where the issues identified are considered significant, these will be outlined in the 2018/19 Annual Governance Statement action plan.

The **Constitution** establishes how the Council operates, outlining the roles and responsibilities of the executive, non-executive, scrutiny functions. It sets out the terms of reference for each of the Committees and includes a schedule of matters reserved for decision by Full Council and delegation arrangements to Members and Officers. Supporting procedures underpin the Constitution for example Financial Regulations, Contract Procurement Rules, Member/Officer Protocols and other procedures of how decisions are taken. A number of protocols and guidance notes which flow from these documents need to be refreshed to ensure consistency and avoid confusion with implementation.

All Council and Committee meetings are held in public other than in limited circumstances where consideration of confidential or exempt information means the public are excluded.

The **Cabinet** is responsible for the key decisions of the Council. The Cabinet met frequently and made decisions in line with the Council's overall policies and budget.

The **Mayor** holds executive decision making powers in relation to all policy decisions not reserved for the Council. Requests made by Councillors for greater visibility of future decisions has resulted in the Cabinet decision that the Forward Plan, recording decisions due to be taken, will be maintained four months in advance of decisions. This allows for increased opportunity to scrutinise decisions and gives greater transparency. The plan is kept under review and published monthly. The Mayor will take (or delegate to Cabinet members) key decisions in public.

Delegation of decision making to officers is detailed in the Scheme of Delegations so that they can deal with the day-to-day running of the service. An internal audit review of delegation schemes identified that they require updating to take account of revised directorate structures and that control procedures were not in place to ensure scheme revisions are completed in an expedient and effective manner.

A '**Decision Pathway**' was in place during the year to support the decision making process aiming to ensure that decisions were lawful, properly consulted and made based on full and accurate information. Gateways in the decision making process provide assurance that the process is followed.

Practical application of the pathway however identified that, whilst some improvements during 2018/19 were made, it is still causing delays in delivery and the need for timely and regular engagement with the relevant professionals from inception to completion is not consistently understood. Communication and training will be key to improving the effectiveness of the pathway going forward. Ownership and accountability of previous decisions has also been an issue with changes in management.

An internal audit review of business cases confirmed that improvements had been made to strengthen the quality of decision making.

**Records** - Decisions made by Committees, Council and Cabinet, (under their delegated powers) are recorded and published online for transparency. Senior Officers decisions (with a value of £100K to £499K) are recorded in meeting minutes, including meetings with the Executive Member and the relevant management team.

An audit review of the publishing of Officer Executive decisions has been undertaken. Improvements recommended as a result of this review have been fully implemented and seen improved guidance and communication of requirements refreshed, greater clarification of the type of decision being taken (Cabinet or Officer) included in papers and quarterly monitoring by the Monitoring Officer.

**Consulting Members** in decision making is a core part of the democratic process. Members are engaged through a variety of methods including weekly Cabinet Member/Portfolio holder briefings. Action points and decisions made at these meetings are recorded.

The Council publishes a calendar of meetings for decisions to be made in the next four months and deadlines are in place for the submission of agenda items. Agendas and reports are produced promptly and provided to the relevant Members 7 days in advance of decisions unless the need has arisen to use the special urgency provisions. Where urgency provisions are used, this must be reported to Cabinet.

The decisions of the Cabinet are subject to scrutiny through the Overview and Scrutiny Management Board and can be 'called in' to ensure that they are soundly based and consistent with Council policy.

Following Members' ongoing review of scrutiny arrangements, a combination of Scrutiny Commissions and Task and Finish Groups are in place in addition to the Overview and Scrutiny Management Board. The task and finish groups were not public meetings; the groups included wide Member involvement and aimed to undertake 'deep dives' of identified areas with a view to service or policy improvement.

### The 2018/9 **Scrutiny Task and Finish Groups** were:

- Assets
- Procurement, Social Value and SME's
- Budget and Medium Term Financial Plan
- SEND
- Vulnerable People\*

The groups had varying degrees of success which should feed into the learning for the 2019 programme.

\*Not yet met

The Overview and Scrutiny Management Board, which met 10 times (originally agreed meetings 6) during 2018/19, will continue to meet going forward and will overview the work of the other scrutiny commissions.

The role of the **Human Resources Committee** includes the employment and remuneration of Executive Directors and Directors. Full Council has delegated to the Committee the power to determine the terms and conditions on which employees hold office including procedures for their dismissal and functions relating to local government pensions. Terms of reference for the Committee are currently being reviewed following recommendations from the Council's external auditor (referred to above).

The **Audit Committee** meets independently of the Executive and Scrutiny functions. Whilst it has no routine decision making authority (outside of approving the annual statement of accounts), it provides assurance to Full Council that decision making processes are sound. A key purpose of the Audit Committee is to hold officers and the Executive to account where decision making and risk management processes have not been robust.

The **West of England Combined Authority (WECA)** is a separate legal entity, made up of three local authorities and West of England elected Mayor, working in partnership to deliver region's transport, housing, adult education and skills and wider economic growth. WECA has raised the profile of our region with central government and in addition to the £30m per year from our devolution deal; WECA has secured further infrastructure investment. WECA also provides support to the West of England LEP Board and to the West of England Joint Committee, which includes North Somerset Council.

Scrutiny and Audit Committees have been established to scrutinise and hold to account the new Combined Authority and West of England Mayor. The relationship has matured over the year, more collegiate and good progress being made with the strategies and planning. Decision making timetables between WECA/Joint Committee and the Council have been aligned with the Council's own decision pathway.

## Review of Effectiveness – Behaving with Integrity, Openness and Transparency

The Council's **Monitoring Officer** has legal responsibility to look into matters of potential unlawfulness and has confirmed that there has not been the need to make a report concerning any proposal, decision or omission, that would give rise to unlawfulness or maladministration, since his appointment in November 2018. Decisions have been made in accordance with the relevant policy framework.

However, a high court concluded that the Council's decision regarding budget allocation of the SEND resource was unlawful due to lack of consultation. Budgets were subsequently re-aligned to rectify this matter.

The Council informs, consults and involves residents in significant decisions including service and budget setting and changes.

However the Quality of Life survey reports a significant drop in the % of people who feel they can influence local decisions.

The Council's **Code of Conduct**; all new employees are required to declare any potential conflicts of interest and to sign the Code of Conduct upon commencement of employment. If it appears that the Code of Conduct may have been broken by an employee that would warrant disciplinary action, this would be referred to the relevant service (HR or Audit) for investigation.

The Council also has a Code of Conduct for elected and co-opted Members. The **Values and Ethics Committee** (a sub Committee of the Audit Committee) monitors standards of conduct of Members and when it appears that a breach may have occurred, these are referred to the Committee by the Monitoring Officer for a hearing.

Entries made in the Register of Members Interests were reviewed by the Monitoring Officer.

A new **leadership framework** was launched in June 2018 which sets out organisational values and behaviours expected from all employees. It also details leadership behaviours and qualities expected from management. Assurances from management, confirmed by the employee survey demonstrate there is a strong understanding of the standards expected and many examples of good practice. However, it is recognised that more work is required in embedding Council Values.

Employees are made aware of **core policies** such as the Anti-Fraud and Corruption Policy, the Whistleblowing Policy and the IT Security Policy upon induction and updates are shared through "The Source" (Council intranet) or cascaded through leadership and team meetings.

An audit review of Bribery and Corruption controls concluded that management in highest risk areas demonstrated good understanding of the potential bribery and corruption risks and had implemented appropriate control measures to manage these risks. A number of recommendations were made to strengthen arrangements regarding gifts and hospitality, declarations of interest and increasing awareness.

The annual review of **Whistleblowing arrangements** occurred in 2018/19. Whilst employee awareness about whistleblowing processes has significantly improved, employees do not feel confident that concerns will be dealt with effectively. An employee survey has confirmed that just under half of those who responded did not have that confidence. Options are being considered to address this.

## Review of Effectiveness – Behaving with Integrity, Openness and Transparency

A Member-Officer Protocol is in place to ensure trust and positive working arrangements are in place between Members and Officers.

This is currently under review following a recommendation in the LGA Peer Review that the Council needed to make improvements in Member-Officer working.

In planning its services, the Council aims to consider the social, economic and environmental impact of its approaches. These aims are at the heart of public service and are captured in our **Social Value Policy** which was refreshed and approved by Cabinet in January 2019. The policy sets out our social value outcomes and how we will monitor them going forward.

There are many examples of how Council services deliver '**social value**' of this kind. More specifically the Council considers Social Value at pre-tender and tender stage to ensure that appropriate desirable outcomes can be offered by suppliers in their tender submission. The Social Value element of the contract procedure rules has been strengthened.

Further work is required to ensure that social value outcomes are effectively monitored going forward and a toolkit is under development to assist with this. Improvements to data capture, analysis and reporting are being made to monitor procurement spend with micro, small and medium size enterprises.

The Council has yet to agree and submit plans to the government for Nitrogen Dioxide compliance in line with EU requirements. However, it is planned that an outline business case will be submitted in September 2019. A report to Cabinet in June sought approval to go out to public consultation on options for compliance that will inform the final recommendation for the outline business case. A full business case is due to be submitted in December 2019.

An extensive consultation exercise in 2017 led to a new **Corporate Strategy** for the period 2018-23, it was adopted by Full Council meeting in February 2018, as part of the Council's Policy Framework. Our Corporate Strategy describes our vision and key priorities which support the wider One City Plan. This strategy together, with our Medium Term Financial Plan (MTFP) and the annual business plan, clearly highlights what we need to do, alongside the budget we need to work within, to achieve our goals to the highest standards possible. Individual service plans aligned to the Corporate Strategy are also developed. This is the basis on which the Council's Performance framework (including individual officer performance) is grounded.

To keep the **Annual Business Plan** relatively short and simple, only the top level actions and most important measures of our success are included. Some actions may relate to more than one commitment, but are listed next to the most relevant one. To ensure the plans and the milestones and high level performance indicators remain relevant, they are periodically refined in response to internal and external changes. Top level outcomes and key performance indicators have been subject to pre-decision scrutiny for continued relevance and considered by Cabinet on 2<sup>nd</sup> April 2019.

**Performance is monitored** in line with business plan themes, directorate and key service plan drivers. In some areas such as Children's services, a legal and statutory performance requirement is in place and performance is measured and monitored via national professional standards.

**Quarter four performance** reports indicate that only 44% of Key Performance Target had been met however in 62% of those with a direct comparator last year the direction of travel was positive. A review of the approach to target setting will take place in 2019/20.

Our people play a vital part in this and so our **new Organisational Improvement Plan (OIP)** provides the framework for our transformation journey, moving us closer to our vision to create an inclusive, high performing, healthy and motivated work place and become an employer of choice. Effectiveness of the plan will be reviewed once it has had the chance to embed.

A **Senior Management Development** programme for very senior management is under way to ensure leadership at the Council is strengthened.

The Council's apprenticeship scheme has been successful in providing apprenticeship training opportunities.

The Council's approach to managing employee performance requires regular, quality conversations and periodic online assessment. Online completion of employee performance review is monitored but inconsistent application has been identified with only 44% of employees having registered completion of the review on the HR system. A recent employee survey indicates that completion rates are at around 63%. Manager assurances in this area confirm that the level of turnover in management at the Council has contributed to the inconsistency in completion of performance reviews. The introduction of a new HR system and initiatives in the OIP are anticipated to assist in improvement in this area going forward.

The average working days lost to sickness during the year was 9.09 days against a target of 8 days indicating that sickness levels have remained constant when compared to 2017/18 (9.10 days) despite planned actions to improve the number of days lost to sickness. These measures will continue, together with improved staff engagement and emphasise on health and wellbeing.

**Partnership** working is fundamental to the work of the Council and delivery of the Corporate Strategy and One City Plan. There are many forms of collaboration with other organisations and these are governed in many ways – constitutional governance groups, contractual arrangements, partnership/service level agreements and information sharing arrangements. Some work-streams, however, would benefit from a more formalised approach than is currently taken. A refresh of the Partnership Policy is underway and will be based on a full awareness of all partnership arrangements. Work to identify and maintain a register of partnerships has been completed and partnership leads review ongoing fitness for purpose of partnerships.

To comply with GDPR arrangements, data sharing agreements should be in place when working with partners. An audit review of this area is currently underway to confirm compliance with this requirement.

The Council has a procedure for tracking, handling and reporting formal complaints. These are reviewed and reported through the performance reporting framework.

During 2018/19, the Council responded to 85.69% (76.46% in 2017/18) of non-statutory complaints and 53.13% (46.76% in 2017/18) of statutory complaint within the required timescales.

Whilst this demonstrates progress when compared to 2017/18, we recognise that improvements are required to achieve higher levels of compliance, particularly in respect of statutory complaints.

Additionally, to further enhance performance the Council must ensure that they learn from complaints received. A new complaints systems being implemented in 2019/20 should provide enhanced opportunity to do so.

In 2016/17, a need to enhance Member development arrangements was identified. Ensuring Members have the correct skills to support community leadership and decision making is an important aspect of delivering the Council's aims and objectives. Additional resources have been allocated to develop a robust Member development programme going forward. This focuses on ongoing development for existing Members and preparing an induction programme for the 2020 cohort of Members following elections.

30 Member briefings and various programmes of training have been delivered (e.g. to the Audit Committee) with the aim of providing Members with information they need at the time when they need it. A member online library containing items such as technical briefing is also available.

The Council continues to work with the LGA in areas such as; designing a tailored programme of Member development activities and peer support arrangements that will enable Members to develop the skills and competencies they need to successfully carry out their roles. This includes: mentoring and formal support offer to Council political groups through the LGA political offices.

The Council has an information security policy which is currently being refreshed to include strengthened requirements brought by the General Data Protection Regulations (GDPR).

The holder of the **Senior Information Risk Owner (SIRO)** role has changed during the year with a new SIRO appointed in November 2018.

A **Statutory Data Protection Officer** was appointed and in place from August 2018.

A new **Information Governance Service** has been established to bring together all aspects of information management and develop a mature approach to information governance. The service will develop and manage the following areas:

- Data Protection Compliance
- Information security arrangements
- Records management
- Freedom of Information Requests
- Subject Access Requests
- Monitoring data accuracy and quality

The previous information Assurance Board was wound up in 2018 when a temporary GDPR Programme Board was set up to manage implementation around GDPR. There are a number of on-going actions arising from the implementation of GDPR that are now being undertaken by the Information Governance Service.

A new **Information Governance Board (IGB)**, chaired by the SIRO, has more recently been established to have oversight and accountability for the information governance framework. Development of a robust information governance strategy and risk management framework is a priority for the Board as well as strengthening arrangements relating to cyber security, and ensuring ongoing GDPR compliance.

The Council does not have an accurate information asset register and this has been escalated to the IGB.

For all known information systems appropriate data sharing protocols should be in place and approved by Directors, who are the Information Asset Owners.

The SIRO and management assurances have confirmed that Information Governance awareness has improved in 2018/19 with the embedding of GDPR. Information security training is mandatory for all staff and escalation procedures are in place if it is not completed.

Whilst the Council has responded to 76.6% of Freedom of information requests within required timeframes, 48% of subject access requests were responded to within required timescales.

Procedures were in place during 2018/19 to report information security breaches internally and report levels to senior management. Some 478 such reports were made during the year (280 in 2017/18), of which 8 (2 in 2017/18) were reported to the Information Commissioner's Office. This increase could reflect a greater awareness of the need to report.

Senior managers have provided assurance that action has been taken by them, in consultation with experts in the Council, to respond to those breaches appropriately.

An **Information and Communications Technology (ICT) Transformation Programme** aims to achieve a modern, flexible and stable ICT infrastructure. If implemented effectively, it will help to ensure that the Council's ICT works to support departments in delivery of Council services going forward and enables the Council's digital ambitions, as these become clearer, to be realised.

A Programme Board is in place to oversee delivery with approximately 80% of the programme to be delivered in conjunction with an experienced delivery partner. Internal Audit attendance at the board has provided the opportunity for independent assurance and challenge as this route to delivery has progressed. Internal Audit consider the correct approach is being taken to IT Transformation but there are significant risks attached. An assessment of risk was completed and considered by board members in advance of a decision being made.

The Council is currently operating without a business led Digital Strategy to co-ordinate and drive digital development across the Council but it is anticipated it will be developed during 2019/20.

A Director (Digital Transformation) has been appointed to lead the ICT Transformation and ensure the IT team is skilled and resourced correctly.

An internal audit review of third party access to systems identified improvements required in this area. Data sharing is currently the subject of an internal audit, the outcome of which is awaited.

## Review of Effectiveness – Risk Management Arrangements

The Council's **Risk Management Policy/Strategy** was reviewed, endorsed by the Audit Committee and approved by Cabinet (January 2019). However, whilst the policy was approved, training and awareness needs to be addressed to ensure consistent application and continued embedding. Risk training options are currently being reviewed and refreshed including consideration of on-line tools.

The **Corporate Risk Report** is part of this framework and is an articulation of the key risks impacting the Council. It is intended to be used to inform decision making, provide assurance over actions being taken to manage key risks and to inform directorate level risk management planning and mitigation activities. The Corporate Risk Report was refreshed quarterly using new methodologies as outlined in the revised policy.

For the key strategic risks, named risk owners are identified in the Report. Risk management should be an integral component of the business planning, project management and other corporate processes, such as the budget, linking risk to the achievement, monitoring and resourcing of objectives at directorate level.

Investment has been made in this area and a **Risk and Insurance Manager** has been appointed to drive forward improvements and assist managers and advise Members on the management of risks and issues. Resources are available for the appointment of further Risk and Insurance Officers.

However, further investment into risk management systems and people is required for the Council to gain the full benefit that risk maturity can achieve, including reducing risk aversion and promoting a greater risk appetite which in turn highlights greater opportunities

A review of management assurance statements confirms that in 2018/19, there have been both improvements in the engagement and management of service and directorate risks.

Management assurances received confirmed that business continuity plans have been developed for all critical services. However, there was inconsistent assurance that plans are tested to ensure they would be effective should a threat to service continuity occur.

An Internal Audit review of Risk Management arrangements is currently being concluded, however, in summary, the key findings include:

- Risk Management has been recognised as a key part of managing the Council's delivery of services;
- There is an expanding level of buy-in from senior management and Members;
- The Corporate Risk Report provides an overview of the significant risks facing the Council and how they are being managed. This report is considered by senior management and Members.
- Directorate Risk Reports are considered by directorate management teams on a regular basis.

However, there remains a body of work which needs to be advanced in order for the Council to move further towards risk maturity. This includes:

- The need to communicate the revised policies and guidance more widely across the Council;
- The provision of more training resource in order to move Risk Management from an isolated task to business as usual, using the process to support decision making and performance management
- The need for a management culture shift which can be achieved by buy in from all stakeholders (management, members, staff and partners);
- The investment of adequate resources in order for the Council to gain the full benefit that risk maturity can achieved, including reducing risk aversion and promoting a greater risk appetite which in turn highlights greater opportunities.

The **Director of Finance** has confirmed that the principles outlined in the CIPFA *Statement on the Role of the Chief Financial Officer (S151 Officer) in Local Government* have been complied with in performing her duties.

The S151 Officer is a member of the Councils Corporate Leadership Team and as such is ideally placed to develop and implement strategic objectives within the Council, influence material business decisions and oversee corporate governance arrangements, the audit and risk management framework and the annual budget strategy and planning processes.

The Council's approach to Financial Management ensures that public money is safeguarded and used to best effect in supporting both long term achievement of objectives and shorter term financial and operational performance when ensuring value for money is achieved.

Changes to the local government finance system, and delivery of continued significant savings continues to present significant risks to the Council's priorities and ambitions. Through effective leadership the key focus for 2018/19 has been:

- Delivering our core strategic framework (of which the financial framework is integral), improved financial management and quality of the reporting
- Stabilising of Council finances within the challenging financial climate.
- Implementation of a strengthened regime of governance and assurance.
- Ensuring sufficiency of resources with appropriate skills and capabilities.

Greater emphasis has been given to strategy development, implementation and resourcing, whilst ensuring compliance is maintained and minimising risks of financial complacency, given the Council's improved financial position.

Good progress has been made in the following areas:

### Core strategic framework

- Refreshed 5 year rolling MTFP
- Developed a Capital Strategy
- Refreshed Treasury Management Strategy
- Contract procedure regulations.
- Social Value Policy

### Stabilising of Council finances

- Annual budget, including 5 year capital programme
- Supporting the enhancement of the Council's material shareholder interest with new Business Plans
- Development of bids for major projects.
- Budgets have been managed within delegated limits – c. 1% outturn variation for 2018/19.
- Collection rates for Council Tax and Business rates exceeded
- Investments in line with Treasury Management & Capital Strategy
- General fund reserve maintained within agreed policy parameters

The above has been delivered, approved by Cabinet and or Council and provides a framework to shape business decisions. We strongly support innovation, collective ownership of strategy, risks and delivery. Seeking to optimise the funds available and ensuring public interest and value for money remains at the heart of what we do.

### Strengthened governance and assurance

- Governance of savings programme via the Delivery Executive and budget management via Budget Scrutiny and Budget Executive – Member involvement.
- Increased capacity and profile of Internal Audit, with improved inspection and assurance regime.
- The MTFP and budget process involved the engagement of members via the Scrutiny Task and Finish Group.

### Sufficiency of resources with appropriate skills and capabilities

- Finance function restructured to be right sized; in terms of skills and capacity and to provide greater agility and risk based targeting of resources.
- Additional skills and capacity commissioned as and when required and secured via interim resources.

### Further work is required in the following areas:

- Embedding the improved governance arrangements for capital delivery and monitoring of the Capital Programme.
- Zero based reviews of a number of operational services
- Supporting the continued professional development of the finance function
- New budget holder training programme for 2019
- Improve procurement forward planning and compliance
- Implementation of outstanding audit recommendations and finance, revenues and benefits systems and process improvements.

### Dedicated Schools Grant

The ring-fenced Dedicated School Grant ended 2018-19 year with an overall underspend of £-1.962m. There was an in year surplus of £-2.978m, and so has recovered the overall deficit from 2017-18. This has been achieved through underspends in the Early Years, High Needs and Schools Central Services blocks, and a windfall reimbursement of recouped Schools Block funding.

### Individual School Balances

In 2018-19 individual school balances improved by £3m on revenue and by £1m on capital (Revenue balances in 2017-18 totalled £4.853m, and now total £7.849m in 2018/19. Capital balances totalled £3.522m in 2017/18 and are now £4.436m at end of 2018/19).

All school sectors have overall accumulated surplus balances for both revenue and capital, except for nursery schools revenue balance which remains in overall deficit. This situation is improving though, as the overall revenue deficit balance on Nursery Schools has reduced by £0.249m during 2018/19, from £1.544m at the close of 2017/18 to £1.295m at the close of 2018/19.

During 2018/19 nine schools converted to academy status. At the beginning of 2018/19, 17 out of 87 LA maintained schools had revenue deficits; by the end of 2018/19, the number of schools with deficit balances reduced to 15 of 78 remaining LA maintained schools. Part of this improvement is attributable to the efforts made by schools to keep budgets under control, alongside more robust monitoring arrangements in the LA.

We have worked with schools and chair of governors whom are now in position to set balanced budgets for 2019/20 and in the medium term going forward. It is also the case that some of the improvement is due to a small number of schools converting to academy status but leaving their accumulated deficit with the local authority. At the end of 2018/19 there are deficits to be written off against the Council's general fund budget (non-DSG funds) of £1.523m.

## Review of Effectiveness – Financial Arrangements

The Council has an ambitious 5 year **Capital Programme** with a significant proportion of the 2018/19 annual spend profile aligned to large infrastructure investments that will support long term regeneration across the city, such as a programme of new house building, major Transport schemes and developing the Temple Quarter area.

Over optimism in public sector projects is not a new phenomenon and it is one that persists at the Council, frequently undermining projects as complexity, delivery timescale and costs are under estimated. The consequences of this over optimism are evident in the in-year and 2018/19 outturn capital programme reporting of slippage, delays, costs overruns and unnecessary revenue provisions for capital financing. This is a trend which we have seen reflected in prior years (identified in the 2016/17 & 2017/18 AGS review) and improvement is required to strengthen project management and capital governance.

Over programming is not the answer as much of this could be avoided with greater incorporation into estimates of the potential impact of external factors on the project. This indicates that internal mechanisms need to change. Greater accountability is required in ensuring that firm investment decisions are based on realistic estimates and assumptions, inherent uncertainty is identified and built in to forecast of time and money unless there are clear plans for mitigation.

Internal reporting board has been established for infrastructure projects chaired by the Executive Director Resources and CLB and Delivery Executive will take on an enhanced monitoring function for the programme.

In response to previous concerns regarding procurement, the Council has introduced a Category Management approach to assist with better contract management through whole life contract management. This includes a central resource to act as the main hub for leading and managing the way contract management is undertaken during the operation of the procurement cycle. A change of management has seen progress delayed in delivering this but more recently appointments to Category Manager roles has taken place as this new way of working now progresses.

Audit findings for work completed during 2018/19 demonstrated inconsistent contract monitoring practices with some very good practice seen but also some very poor practice. A review of **Contract Management/Monitoring** within the Council, an area Internal Audit have looked at on a number of occasions, concluded **Limited** assurance that the controls in place are effective. Specifically, the review concluded the following:

- Contract Management arrangements require further improvement with 48% of contracts sampled failing to have adequate management arrangements;
- Inconsistent use of the Council's contract management system;
- The contract monitoring module of that system is not fit for purpose;
- Insufficient training is available for contract managers;
- There are insufficient level of measurable outcomes (KPIs)

Bristol is Open (BiO) Ltd is a Joint Venture company in which both the Council and the University of Bristol own a 50% stake. The proposition has resulted in a Smart City Research and Development network platform with multiple communication technologies installed around the city. This platform is allowing companies of all sizes to come and test new technology in a real-world environment rather than just inside a laboratory. The company has established itself and grown its own body of knowledge and experience and in the light of other technology developments such as 5G, proposals for a revised ownership structure were put forward, by both the Council and University of Bristol. Cabinet has endorsed a proposition for the Council to acquire the University of Bristol's shares in BiO and following finalisation of the necessary legal documents the Council is expected to become the sole shareholder.

BiO will support the development of the extension of the current city network to the south of Bristol, creating a facility to develop skills and education development and support health and social care change research to provide better care and services through the use of digital connectivity and the wider city in our bid to meet the ambitions of the One City Plan. The Council's performance oversight continues to be provided by the Shareholder group and reach back capacity to support the transition has been provided by the Council. The financial turnover of BIO does not meet the materiality threshold and as such the company accounts are not consolidated within the Council's 2018/19 accounts.

The companies **Bristol Energy** and **Bristol Waste** are wholly owned by the Council through Bristol Holding Limited. The companies produce their own accounts which are subject to independent external audit and consolidated into the Council's accounts.

- **Bristol Energy** is a 'social' supplier of gas and electricity to domestic and business customers
- **Bristol Waste** provides recycling, waste collection, disposal and street cleansing services on behalf of the Council and because of the nature of the business the company is permitted an exemption (Teckal Company) from public procurement.

The need to maintain a robust risk, governance and control environment is pivotal to the effective operations of the companies. The governance arrangements have been strengthened and the action plan produced in response to the recommendations from the 2017 governance review has been implemented. This included the following activities:

- Changes to the companies' Articles of Association and Shareholders' Agreement, including the revision of the reserved matters by which the council exercises control of the companies
- The Shareholder group maintain an oversight of performance and the Terms of Reference for the group were revised and adopted
- A recruitment and selection process for council appointed directors with the relevant skills and experience for the role was undertaken and training sessions provided in order to ensure new directors fully understood their fiduciary duties under company law.
- Funding was identified and subsequently allocated in the MTFP to provide the resources to ensure the council can support an efficient and effective client and shareholder liaison function.
- Build relationships as appropriate with lead officers within the council and support collaboration.

The Council retained a thin Holding Company; however in considering the varied and sometimes complex activities of existing companies and those that are and will be established in the future, propositions are in development to revise its resource and capacity and expand the Holding Company with greater delegation of function. The Council's Audit Committee is due to receive an Audit Committee to Audit Committee report, on company's audit and assurance arrangements.

## Review of Effectiveness – Council Owned Companies

Assurance statements based on the model used by Council managers have been completed on behalf of each company to provide reassurance that governance arrangements are sound.

Each company has put in place their own governance arrangements which reflect the commercial environment within which they operate. The companies operate in accordance with agreed business plans and progress against them is monitored internally and reported to the Council's Shareholder group.

The energy market is both huge and complex and will always be punctuated by periods of shorter-term price volatility. Due to the cyclical nature of the market and the costs to serve, the investment horizon in the energy market is generally long term and **Bristol Energy (BE)** remains committed to their plan for meeting long-term growth and social value.

In 2018/19, the energy wholesale and retail market condition continued to be volatile and challenging which resulted in the adverse end of year position. The business had seen steady growth through the year and the customer margins have improved over the second half of the financial year and the company is now performing within the agreed business plan. Over the latter 6 months of 2018/19, BE had taken significant steps with the Council in restructuring its business operations and repositioning its strategy to one more closely aligned with the Council's strategic objectives and strong focus on innovation. 2018/19 had seen the changes to the board structure and steps taken in transforming the business from 'pure supply' to a combined energy supply and services model support Bristol in its 'City Leap' ambition and achieving the goals set out in the One City plan, whilst pursuing a realistic plan for a sustainable business with social value at its heart.

Given its importance to company strategy, work has continued with the council in monitoring and reporting the indicative 'social value' achievement and delivered £11.9m back to the community to 2018/19. This is in addition to direct savings to Bristol residents and Business through favourable tariffs. The data verified by Social Value Portal indicates a growing annual trend that will increase further as the company scales their business.

The Governance arrangements continue to be strengthened on an iterative basis. A Risk Management Framework is in place with regular review of key risks of the business reported to the Board and the Audit and Risk Committee. Risk management process has been adopted, with risk table, log, matrix etc. and incorporates consideration of fraud risk. BE continues to work systematically to execute its data retention strategy across key business applications and in common with BCC has an in-flight project focussed on strengthening subject access request processes. The Business Continuity Plan was reviewed and updated in early 2019 based on a desktop test exercise/review carried out by a third party Business continuity specialist consultancy in conjunction with representatives from key business functions.

The arrangements above will support robust decision making and achieving the aim to provide a wide range of benefits to residents and local businesses, deliver positive social impacts through job creation and tackling fuel poverty.

**Bristol Waste Company (BWC)** Governance has been strengthened following the recruitment of two additional Non-Executive Directors, Executives (Managing Director and Finance Director), which has provided the business with some stability and a clear strategic vision and values which reflects those of the council.

Bristol waste has achieved its expected performance targets set in its business plan and generated a net surplus for the year. During 2018/19 BWC had implemented a number of initiatives including 'Slim My Waste' which has significantly reduced household residual waste and waste to landfill.

Work continues on refining the business and financial models to ensure continued compliance with Teckal status and ensure clear demonstration that trading outside of BCC is appropriately accounted for and does not exceed the permitted 20% of turnover, based on a three-year average (so in one year, the amount may be exceeded, as long as the average across the three years is only 20%).

Bristol Waste maintains a risk register which is regularly reported at Board and through to the Shareholder Group. This needs to be further expanded to a Risk Management Policy that reflects a more rigorous approach to identifying and reporting of risk. Access to information and data sharing are in place when working in partnerships as required and ensure GDPR compliance. External support has been commissioned to conduct a Health and Safety audit of every site and BWC have also implemented a new team who are currently working with the contractors to put any improvements in place that are needed.

In respect of an Audit and Risk Committee, this has been established since mid-2018 and a programme of Internal Audits are to be provided by Bristol City Council Internal Audit department. This was agreed during the course of the year but for a variety of reasons has not yet commenced.

**The preparation of the Annual Governance Statement** has continued to be based on a robust approach whereby Managers and relevant budget holders from across the Council complete assurance statements for each of their areas, acknowledging responsibility for internal control and risk management.

Each of these employees have certified or otherwise their satisfaction with the arrangements in place during 2018/19. Several areas for improvement have been identified.

The **Audit Committee** provides independent assurance to Full Council on the adequacy of the governance arrangements in the Council and has cross party representation as well independent members who were appointed in 2017/18 to strengthen the Committee.

The Committee met formally on six occasions during 2018/19 considering reports from the Chief Internal Auditor, including the annual Internal Audit Report, the s151 Officer, the Monitoring Officer and the External Auditor. Two additional extraordinary meetings were held to consider the progress of the external audit of the council's draft statement of accounts for 2017/18.

The Committee has concluded from their work that the Council's systems of checks and balances are not consistently as robust as required.

The Annual assessments of the effectiveness of the Committee was undertaken (following CIPFA good practice guidance) to identify any areas where improvements are necessary to increase its effectiveness. Notably these were around agenda management in order to ensure that all agenda items receive the depth of consideration relevant to item being discussed.

An external peer review of the Internal Audit service was completed in 2017/18, which concluded that the team was generally compliant with professional standards (97% fully or partially compliant).

An action plan for improvement was agreed and during 2018/19 all but one recommendation was either completed or progressed. This was monitored via the Audit Committee.

The inclusion of a strategic Chief Internal Auditor role to the team has had positive impact on the performance and profile of the team.

The **Internal Audit Team** has undertaken a programme of reviews around governance arrangements, internal control and risk management arrangements at the Council. Overall, their opinion is, for the third consecutive year, that only **limited assurance** could be provided in respect of 2018/19 with only half of planned audit reviews completed concluding controls were effective. Whilst, to some degree, a risk based approach to audit planning does focus attention on higher risk areas, the downward trend in the level of assurance provided continued.

In addition, a number of action plans to address previously identified governance issues had not progressed significantly.

The Audit Committee received regular reports on **counter fraud and fraud investigations** throughout 2018/19.

A review of the Council's position against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption was completed during 2017/18 and 8 areas for improvement noted. During 2018/19, 6 of these were completed – notably matters concerning resourcing and skilling the fraud team strategy have been resolved.

Fraud work continues to identify potential recoverable savings.

An **OFSTED** inspection for **Children's Social Care services** concluded overall '**requires improvement to be good**'. An improvement plan was submitted to Ofsted in January 2019 which includes a development programme and technological solutions to assist frontline managers and practitioners in improving the written record.

A Care Quality Commission inspection of **Bristol North Rehabilitation Care Services** concluded an overall rating of **Good**. No improvement recommendations were made.

For the first time in 2018/19, the Audit Committee reviewed details of external inspection reports together with details of action plans developed to address an issues raised. The Committee will continue to do so going forward.

An inspection of **Bristol Youth Offending Services** was undertaken by HM Inspectorate of Probation Services during the summer of 2018. Overall Bristol YOT was rated as: **Requires improvement**. An improvement plan has been developed and is being implemented.

**OFSTED** have inspected a total of thirty two **schools** in the city since April 2018, of which 11 were Bristol City Council maintained schools.

The outcomes of the maintained school inspections were judgements of:

- 8 schools were good
- 1 requiring improvement
- 2 inadequate

Of 21 academies inspected:

- 1 one was outstanding
- 8 were good
- 7 requiring improvement
- 5 inadequate

## IMPROVEMENTS MADE IN 2018/19

During 2018/19, the Council has made progress in enhancing its' governance arrangements via the following:

- ✓ Forward plan for Cabinet decisions has been developed to be more transparent and now sets out decision requirements 4 months in advance – this allows for increased scrutiny and challenge to cabinet reports.
- ✓ Processes for ensuring Officer Executive decisions are correctly recorded and published have been improved.
- ✓ The Councils Equality and Inclusion function has benefited from independent review which informed a new Equality and Inclusion Policy and Strategy, approved by Full Council in November 2018. This included an action plan for the year ahead and the imminent appointment of a new Head of Equality and Inclusion will assist in driving equality, diversity and inclusion improvement.
- ✓ An Organisational Improvement Plan has been developed which sets out how we aim to create the conditions for everyone to perform at their best, each and every day. Its progress and success will be monitored to ensure it is effective.
- ✓ A Senior Management Development Programme has focussed on assessment of strengths and weaknesses of all our senior leaders and monitoring of development of leadership qualities via performance contracts and reviews.
- ✓ An Information Governance Service and Information Governance Board to enhance focus on information management and security has been established. Its effectiveness will be monitored.
- ✓ The appointment of a dedicated Risk and Insurance Manager and quarterly review of corporate risks has helped to ensure that managing risk is seen as a key process in delivery of the council's services with an expanding level of buy in from senior management and Members.
- ✓ Creation of a separate Values and Ethics Committee (a sub of Audit Committee) should allow the Audit Committee to focus on Governance, Risk Management and Internal Control matters.
- ✓ Results of external inspections are now reported to Audit Committee on an annual basis. The Committee receive assurances from management regarding responses to any negative external inspection reports. This will continue to be included in the Audit Committee's annual work programme.
- ✓ Greater financial stability has been achieved (caveat national uncertainty) and improvement in financial monitoring arrangements that have enabled remedial action to be taken within the year.
- ✓ The Council adopted a Capital Strategy in 2018 to better reflect the long term aspirations of the One City Plan and other strategies, including asset management. It provides a framework for planning and decision making to ensure capital expenditure and investment decisions are affordable, prudent and sustainable.

- 
- ✓ In anticipation of the UK's planned exit from the European Union in 2019 the Council is proactively involved with local, regional and national working groups assessing the risks and opportunities of the UK's withdrawal and the potential impact upon the Council, residents and stakeholders of a no deal situation.
  - ✓ In January 2019, Cabinet approved a refreshed Social Value Policy which clarifies our commitment and sets out how we will monitor social value going forward.
  - ✓ 150 colleagues have been through the Bristol Leads management development programme to improve people management skills and confidence and make specific business improvements in their work place.
  - ✓ A new HR/Payroll solution has been implemented which combines four HR systems into one to enable improved management information for workforce decision making moving forward.

**Significant  
Governance Issues**  
(see key below for definition)

No systems of control can provide absolute assurance against material misstatement or loss. In concluding this review a number of issues have been identified that need to be addressed to ensure continuous improvement in the governance framework. Some of these, identified below, are significant and, where necessary, additional improvements have been identified in a separate internally monitored action plan.

The following represent the significant governance issues for 2018/19.

Issue No.	Issue Identified
1	<p>A number of complaints of racial discrimination were raised by the BAME staff led group and whilst close working with the staff led group has enabled us to identify, explore and progress action to address the concerns raised by employees further work is required in this regard.</p> <p><b>Proposed Approach/Actions:</b> A new post of Head of Equality and Inclusion has been established together with an Equalities Board to oversee progress and monitor improvements. Early improvements include putting in place revised HR policies with staff led groups and trade unions, introducing career development workshops, further training for managers in interview skills and additional equalities training for relevant service areas. With regard to the individual complaints, they are being progressed or are now resolved, with a small number awaiting other actions to be taken. The Employee Engagement Survey 2019 identified areas that need attention, including making sure that all employees feel they have a voice and this will be progressed with the wider organisation wide action plan that is currently underway.</p>
2	<p>Following the review undertaken by the External Auditors (BDO) regarding Senior Officer Remuneration Statutory recommendations were made to Full Council March 2019 for consideration in Public and action plan formulated to address the weaknesses identified..</p> <p><b>Proposed Approach/Actions:</b> The report and action plan was considered and subject to minor changes approach agreed by Council and BDO. All of the recommendations within the action plan have been implemented in line with the timescale agreed and a subsequent report of the Head of Paid Service was presented to Council in July 2019 to confirm the position. The adherence to the policy will be tested on a ongoing basis by External Auditors.</p>
3	<p>A number of known governance improvements identified in previous Annual Governance statements remain outstanding. Whilst it is acknowledged that some of these are longer term issues to remedy, the level of change in senior management during the part of the year has contributed to delays in the following areas:</p> <ul style="list-style-type: none"> <li>- Capital Programme Management (reported in the 2016/17 AGS)</li> <li>- Contract Management Arrangements (reported in the 2016/17 AGS)</li> <li>- Performance management of our employees has been inconsistent (reported in the 2016/17 AGS)</li> <li>- Development of a partnership policy (reported in the 2016/17 AGS)</li> <li>- IT Transformation (reported in the 2017/18 AGS)</li> <li>- Digital Strategy (reported in the 2017/18 AGS)</li> </ul> <p><b>Proposed Approach / Actions:</b> Priority focus has been given to these residual items. A number are complete as at July 2019 and the residual actions taken will continue to be progressed and reported to the Audit Committee in 2019/20.</p>

- 4 The Chief Internal Auditor has, for the third year running, concluded that only limited assurance can be provided on the internal control, governance and risk management arrangements at the Council. Root-cause review was carried out in conjunction with the Corporate Leadership Board to determine the underlying reasons for this to assist in changing this pattern moving forward.

**Proposed Approach/Action**

An overview key drivers for limited assurance is outlined in the 'How did we do' section above. The two key themes requiring ongoing action to address the issues were:

- Complexity of the landscape of systems and processes
- Pace of organisational change and lack of resilience

A range of organisational wide programmes / work streams are underway which will enable long term sustainable solutions to be developed. For the two specific areas outlined above these are primarily the IT Transformation Programme has been established with an ITTP Board to oversee the programme and Organisational Improvement Plan with an organisation wide action plan which will be reviewed and refreshed on an annual basis to ensure it remains relevant, focused on driving our organisational improvements and will be overseen by the Executive.

Many other corporate improvement programmes area also in place such as the action plan from the LGA Peer Review and Employee Engagement Survey action plan with activities that will also address the weaknesses identified and facilitate sustainable improvements.

**Key – Significant Governance Criteria:**

The criteria for “significant governance” are issues/ areas which:

- Seriously prejudiced or prevented achievement of a principle objective;
- Resulted in the need to seek additional funding to allow it to be resolved;
- Required a significant diversion of resources;
- Had a material impact on the accounts;
- Resulted in significant public interest or has seriously damaged reputation;
- Resulted in formal actions being taken by the Chief Financial Officer or Monitoring Officer;
- Received significant adverse commentary in external inspection reports that has not been able to be addressed in a timely manner

**Statement of Commitment**

Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people of Bristol, in an inclusive and open way. It requires standards of behaviour that support good decision making, collective responsibility, individual integrity, openness and honesty. It is fundamental to showing that public money is well spent, as without good governance the Council will struggle to improve services.

From the review, self-assessments, work undertaken and on-going monitoring supported by the work of Internal Audit, we have reached the opinion that a number of key systems are not operating soundly and that there remains a need for improvement.

We are clear that governance improvements and internal controls does not rest simply on the individuals party to this statement but the organisation as a whole and therefore requires the action plan outlined in this statement to be translated into clear, aligned, agreed activities, collectively owned by the leadership team and proactively monitored with a view to successful outcomes as opposed to merely implementation.

We will therefore monitor their implementation and operation over the coming year through the Corporate Risk Report, Directorate Service and operational plans as required and Statutory Policy Board. In addition during the year the Audit Committee will monitor progress against the issues identified in this statement.

**Signed:**.....  
Denise Murray  
**Chief Finance Officer (S151 Officer)**

**Signed:**.....  
Tim O’Gara  
**Monitoring Officer**

**Signed:**.....  
Mike Jackson  
**Head of Paid Service**

**Signed:**.....  
Marvin Rees  
**Elected Mayor of Bristol**

# Audit Committee

29<sup>th</sup> July 2019



<b>Report of:</b>	<b>Deputy Chief Internal Auditor</b>
<b>Title:</b>	<b>Internal Audit Activity Report for Period 1<sup>st</sup> April 2019 to 30<sup>th</sup> June 2019</b>
<b>Ward:</b>	N/A
<b>Officer Presenting Report:</b>	Melanie Henchy-McCarthy – Deputy Chief Internal Auditor (J/S)

## Recommendation

The Audit Committee considers the accumulative work of the Internal Audit Team (IA), during the period of 1<sup>st</sup> April to 30<sup>th</sup> June 2019, and the results thereof.

## Summary

This report provides details of the work carried out by Internal Audit during the first quarter of 2019/20 and the results of that work. This is the first planned update provided by Internal Audit during 2019/20.

## The significant issues in the report are:

- Key messages from the work completed to date are provided in section 2 of the Activity Report
- Proposed changes to the Internal Audit Assurance Plan are provided in section 2
- Proposed revisions to Internal Audit Opinions as provided in section 3, paragraph 3.7
- Section 5 of the Activity report provides details of all planned and unplanned work completed by the section in quarter one.
- Appendix A to the Activity Report provides summary details, including key findings and recommendations, for a selection of reports to give the Committee the opportunity to explore these areas further, should it wish to do so.

## Policy

1. Audit Committee Terms of Reference.

## Consultation

2. **Internal** - None
3. **External** - None

## Context

4. This is the first 'in year' Internal Audit (IA) Activity reports to the Audit Committee. The Activity reports are designed to provide the Committee with a summary view of the work completed by the Service throughout the year to date and the results of that work. The Activity reports are provided to:
  - Provide an overview of the work of Internal Audit to date.
  - Present the assurance work completed and in progress by the Internal Audit team during the period, together with the conclusions drawn from that work.
  - Update the Committee on the Internal Audit recommendations implementation rate.
  - Spotlight audit review outcomes, both positive and negative, to management and the Audit Committee for their consideration and action, where appropriate.
  - Provide an overview of the work of the Internal Audit Counter-Fraud Team in advance of a fuller report to Committee in November 2019

The Activity Report covering the period 1<sup>st</sup> April 2019 to 30<sup>th</sup> June 2019 can be found at Appendix (A).

## Proposal

5. The Audit Committee note the report.

## Other Options Considered

6. N/A

## Risk Assessment

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

## Public Sector Equality Duties

- 8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
  - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
    - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
    - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
    - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
  - iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
    - tackle prejudice; and
    - promote understanding.
- 8b) No equality impact assessment is required for this report. The matters concern internal control, governance and risk management arrangements only.

## Legal and Resource Implications

**Legal** – Not sought

**Financial** – None arising from this report.

**Financial advice provided by** N/A

**Land/Property** – **Not applicable**

<Land/property advice provided by N/A

**Human Resources** – **Not applicable**

**HR advice provided by** N/A

**Appendices:**

Appendix A – Internal Audit Activity Report – Period 1<sup>st</sup> April 2019 to 30<sup>th</sup> June 2019

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:**

Various Audit Files



# BRISTOL INTERNAL AUDIT

## INTERNAL AUDIT ACTIVITY REPORT

FOR THE PERIOD OF

April to June 2019



## 1. Introduction

- 1.1 The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within the Council that are most at risk of impacting on the Council's ability to achieve its objectives.
- 1.2 Upon completion of an audit, an assurance opinion is given on the soundness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.
- 1.3 This quarter one activity report provides Members of the Audit Committee and Management with the status of the work carried out by the Internal Audit (IA) team for the period of 1<sup>st</sup> April to 30<sup>th</sup> June 2019, providing the Committee with the foundation upon which to build a holistic picture of the Control, Risk and Governance framework within the Council. The Committee will be provided with regular updates on Audit activity throughout the year thereby allowing it to track the progress of Internal Audit work through the year.
- 1.4 Additionally, the report provides an update on the Assurance Audit plan and any changes thereof, as well as updates in the following areas:
  - The status of the completion of the Internal Audit plan, including proposed amendments
  - Summaries of completed audit reviews
  - Internal Audit Resources, as required by the Public Sector Internal Audit Standards (PSIAS)
  - Grant certification
  - Recommendation Implementation status
  - Counter Fraud Activity
- 1.5 The full detail of all of the Internal Audit work completed or in progress in the period 1<sup>st</sup> April to 30<sup>th</sup> June 2019, is provided at Section 5 of this report.

## 2. Key Messages

- Audit Plan has been re-assessed to reflect changing circumstances within the People Directorate;
- Majority of resources in quarter (1) have been used predominantly to progress reviews carried forward from 2018/19, as well as the certification of early 2019/20 grant claims;
- 20% of recommendations followed up in 2018/19 remain unresolved, against the 43% that were carried forward from 2017/18;
- 5 grants with a total value of £8.9m certified to date;
- Counter Fraud work has identified circa £316k recoverable savings to date in 2019/20;

A summary of matters arising for 10 completed audit assignments has been provided at Appendix A. These include audits finalised in 2018/19 for which such detail has yet to be provided to the Committee.

## 3. Updates

### 3.1 Annual Risk Based Assurance Plan Status:

The status of the planned work either completed or in progress, for the period 1<sup>st</sup> April to the 30<sup>th</sup> June 2019 is provided in Section 5 below.

The majority of the work completed in quarter 1 has focussed on finalising work that was in progress at the end of 2018/19, including follow-up on recommendation made as a result of both 2017/18 and 2018/19 audit reviews. Additionally, work has commenced on the certification of early 2019/20 grants.

The Internal Audit target percentage for plan completion to draft report stage at this point of the year is 15%, however the number of reviews which have reached this stage is above target at 20%, this includes taking account of the planned carried forward work from 2018/19.

By necessity, the Audit Plan must be flexible to ensure it remains relevant to risks facing the Council throughout the year. Consequently, the People directorate plan has been amended to ensure it is fit-for-purpose.

Table 1 provides details of the proposed plan amendments within the People directorate as a result of the plan review. The scope of all audits is reviewed for continued relevance in drafting the terms of reference.

**Table 1 - Risk Based Plan Amendments:**

No.	Reasonable Assurance Area	Assignment	Commentary
	<b>Deletions</b>		
1	HR and Asset Management	Children's Social Worker Recruitment and Retention	First and second line assurances in place. Limited value in Internal Audit review.
2	Projects & Programmes	New Model for Education and Skills	Limited added value from Audit involvement
3	Financial Controls	Use of Education Support Grant (DSG)	Material areas from DSG are covered by other audit areas. Duplication

### 3.2 Grant Certification:

To date, the team has audited and certified 5 grant claims to the value of approximately £8.8m. Work is progressing on further certifications in quarter two. Details of all certifications can be seen in section 5.

### 3.3 Root Cause Analysis (RCA):

Internal Audit is currently undertaking a RCA in conjunction with the Corporate Leadership Board (CLB), of the reasons behind the 'Limited Assurance' Internal Audit annual opinion for the past three years. The output from the analysis will be reviewed against the Council's Organisational Improvement Plan and the LGA Peer Review Action Plan to ensure that all matters are being effectively dealt with and that any gaps are addressed.

Internal Audit will also use the output to examine its own

### 3.4 Resources:

As the Committee is aware, Internal Audit was restructured in 2018/19, with the revised structure launched in the latter stages of that year, however the Team continue to carry vacancies within the revised structure.

Recruitment to the vacancies within the Counter-Fraud team is about to commence, with the vacancies in the Assurance team to be held in abeyance in order to allow the new Chief Internal Auditor the flexibility to ensure the resource is fit-for-purpose.

The Team also has a number of long-term sickness incidences, which are impacting on its productivity, therefore interim resources will be sought to cover the vacancies and backfill the sickness absence where appropriate.

### 3.5 Counter Fraud Update:

The Committee will receive full reports on counter fraud work undertaken by the team in November 2019 (half year) and May 2020 (Annual). To update, however, the following represents the significant outcomes of fraud work for the year so far:

- 13 housing properties have been recovered as part of the continued tenancy fraud initiative;
- 1 property recovered as a result of National Fraud Initiative (NFI) intelligence
- £316k in recoverable saving have already been identified this year
- Key Amnesty – Analysis of the information gathered as a result of this exercise is ongoing. Details of the outcomes will be provided to the Committee at its meeting on 30<sup>th</sup> September 2019.

Fraud Area	Recoverable	Notional	Weekly cost avoidance
Tenancy Fraud	£15,704.00	£1,302,000	£114.00
Benefits	£161,333.00	-	£448.00
Council Tax Reduction	£1,650.00	-	£22.00
Direct Payments	£5,298.00	-	£268.00
NFI	£62,478.00	-	-
NFI HMRC Pilot	£66,758.00	-	-
Pool Car Misuse	£2,849.00	-	-

Figures used for notional savings are: Council property recovered = £93000 (figure recommended by Cabinet Office)

NB: The above does not reflect the extent of recovery of any savings.

### **3.6 Recommendation Implementation:**

A number of follow up reviews were concluded in 2018/19, details of which were provided to the Committee in the Internal Audit Annual Report 2018/19, however the Council has carried 48 recommendations forward to 2019/20 where either implementation is in progress or implementation has not commenced. Whilst this figure remains of concern it nevertheless represents an improvement on the 89 which were not fulfilled by the end of 2017/18. Full details of the areas where recommendations made in 2018/19 remain unresolved are provided in Section 5 of this report.

The Internal Audit resource utilised last year in the continual pursuit of recommendation implementation amounted to circa. 1.5 Full Time Equivalent posts, having followed up a total of 246 recommendations. This level of resource commitment can impact on the Team's ability to deliver its agreed audit plan, therefore a revised audit process has been rolled out which includes a change in the ownership of the resolution actions to audit findings. It is hoped that this change will achieve an increase in the rate of recommendation implementation in 2019/20 and forward.

For the 2018/19 outstanding audit recommendations, Internal Audit will continue to work with management to ensure that evidence of timely implementation is forthcoming.

Of the two follow-up reviews that have been concluded in the quarter, 44% have been fully implemented, 45% are in progress and 11% have not been started. For each of these Follow Up reviews, the objective was to test whether the recommendations identified in the original audit report had been implemented. Internal Audit can supply further details to Members on any of the reports detailed in Section 5 at the Committee if required.

### **3.7 Revised Internal Audit Process and Opinions:**

As part of the revised approach Internal Audit are taking to audit reviews, it has reviewed its audit opinion categories for 2019/20 planned work, in order to make them more granular and to better reflect the situation within the service under review. Internal Audit was of the view that limiting the opinions to just three choices, Reasonable, Limited and None, did not always reflect the status of the control framework within the area being audited. As a result of this review the following opinions are currently being trialled:

- In Control
- Satisfactory
- Needs Improvement
- Unsatisfactory

Please see Appendix B for definitions of these proposed opinions.

## 4. Under the Spotlight!



With each activity report, IA turns the spotlight on the audit reviews not just where the residual level of risk was considered to be 'Red or Amber', but also where the governance and controls in the area reviewed were considered to be good, providing the Audit Committee with a summary of the objectives of the review, the key findings, conclusions and recommendations; thereby giving the Committee the opportunity to explore the areas further, should it wish to do so.

In this period, the following report summaries are provided at Appendix A, for the Committee's information and discussion:

### A. Corporate:

- Schemes of Delegation
- Bribery & Corruption Review

### B. People:

- Transition from Care Leavers
- Apprenticeship Levy
- Care Act – Deferred Payments
- Public Health – Ring Fenced Grant

### C. Resources:

- IT Project Management Approach
- Project Management Office

### D. Growth & Regeneration

- Major Project Governance (Colston Hall)
- Homelessness

5. Status of Internal Audit Work for the Period of: (1st April 2019 to 27th June 2019)

A. Risk Based Assurance Plan including Proactive Fraud Work: 2019/20 - Progress to Date

Audit Plan			Stage of Review				Outcome		Date when a Summary was reported to the Audit Committee.	
Directorate	Gov, Risk or Internal Control Area	Name of Review	Initial Planning	TOR in progress or agreed	In Prog/Ongoing	Draft Report	Complete	Assurance Level		Risk Level
People	Financial Controls	Apprentice Levy Account (b/f)					✓	Limited	Red	Summary provided to this Committee Meeting
Resources	Information Security/ICT	IT Project Management Approach (design and security) (b/f)					✓	Limited	Amber	Summary provided to this Committee Meeting
People	Financial Controls	Care Act - Deferred Payments (b/f)					✓	Reasonable	Amber	Summary provided to this Committee Meeting
Growth and Regeneration	Projects and Programmes	Embedded Assurance - Major Project (b/f)					✓	Reasonable	Amber	Summary provided to this Committee Meeting
Corporate	Governance	Bribery & Corruption Review (b/f)					✓	Reasonable	Amber	Summary provided to this Committee Meeting
Resources	Commissioning and Procurement	Effectiveness of New Procurement Arrangements (b/f)					✓	Limited	Amber	Summary to be provided to September 2019 Committee Meeting
Growth and Regeneration	Commissioning and Procurement	Housing Options - payments to voluntary groups (b/f)					✓	Reasonable	Green	Summary to be provided to September 2019 Committee Meeting
People	Financial Controls	Public Health Ring-Fenced Grant (b/f)					✓	N/A	N/A	Summary provided to this Committee Meeting
People	Financial Controls	Schools - Individual Schools (b/f) (15 x Schools)					✓	N/A	N/A	Overarching summary to be provided to the Committee at its September
Corporate	Governance	Business & Service Planning (b/f)				✓				
Corporate	Risk Management	Risk Management (b/f)				✓				
Corporate	Governance	Annual Governance Statement 2018 19				✓				Initial draft considered at May 2019 Audit Committee. Also being provided to this Committee Meeting.
Corporate	HR and Asset Management	Individual Performance Management (b/f)				✓				
People	VFM/Targeted Savings Identification	Direct Payments - Full Study to include systems, processes and targeted testing.				✓				
Corporate	Governance	New Directorate and Departments - Governance and Financial Control (b/f)			✓					
Corporate	Risk Management	CRR 7 - Safety of Citizens (b/f)			✓					
Corporate	Commissioning and Procurement	Review of Specific Contracts (b/f)			✓					
Resources	Commissioning and Procurement	Access rights to information - Partnerships/Contracts (GDPR) (b/f)			✓					
Resources	Financial Controls	Financial Interfaces Phase (1) (b/f)			✓					
Corporate	Financial Controls	Savings Tracker for Change Programme (b/f)			✓					
Growth and Regeneration	Financial Controls	Financial Review of Park Cafes			✓					
Corporate	Information Security/ICT	Information Governance Board			✓					
Corporate	Information Security/ICT	IT Transformation Programme Assurance (Formally FSA)			✓					
Corporate	Information Security/ICT	Operations Centre - Resilience/Cloud (b/f)			✓					
Resources	Financial Controls	Financial Interfaces Phase (2) (b/f)			✓					
Growth and Regeneration	Risk Management	CRR 1 - Commercial Investment and Capital Programme (b/f)		✓						

Corporate	Information Security/ICT	E Procurement system - security (b/f)	✓							
Resources	Financial Controls	Litigation Settlements	✓							

### B. Certifications

Directorate	Gov, Risk or Internal Control Area		Initial Planning	TOR (Where App.)	In Prog/Ongoing	Complete	Value of Grant Claim
People	Grant Certification	Future Bright (Previously ESIP)				✓	£ 445,815
Growth and Regeneration	Grant Certification	(LEP) (LGF AK) Local Sustainable Transport Package 201718				✓	£ 1,528,942
Growth and Regeneration	Grant Certification	NTS Funding for Regional Intelligence Function SWERCOTS				✓	£ 81,000
Growth and Regeneration	Grant Certification	NTS Funding for Regional Intelligence Team SWERCOTS				✓	£ 300,767
Growth and Regeneration	Grant Certification	WECA Highways and Transport Capital Grant				✓	£6,527,000
<b>Total Grants Certified</b>							<b>£ 8,883,523</b>

### C. Recommendations Follow Up Work Completed/In progress/Due:

Directorate	Gov, Risk or Internal Control Area	Name of Review	In progress	Complete	Implemented:		Partially Implemented		Not Implemented		Superseded	Total		
					H	M	H	M	H	M				
<b>RECOMMENDATIONS THAT REMAIN OUTSTANDING FROM 2018/19 FOLLOW-UP WORK:</b>														
Resources	Financial Controls	Accounts Receivable						2	5		1	8		
Resources	Financial Controls	Accounts Payable							4		2	6		
Corporate	Procurement & Commissioning	Contract Waivers							2			2		
Corporate	Risk Management	Safer Recruitment (DBS Checks)							3		1	4		
Resources	Financial Controls	General Ledger Movement							3			3		
Resources	Financial Controls	Housing Benefits							1			1		
Resources	Financial Controls	Bank Reconciliation							2		1	3		
Resources	Financial Controls	CHAPS									1	1		
Growth & Regeneration	HR and Asset Management	Investment Property Portfolio							1		1	2		
Corporate	Governance	Web Page Control							1			1		
Resources	Information Governance & Security	Financial Systems Security and Resilience						1		6	4	11		
Resources	Information Governance & Security	Digital Strategy							2		4	6		
<b>RECOMMENDATIONS FOLLOWED UP IN 2019/20</b>														
Resources	Financial Governance	Security Services Cash -in- Transit (Further follow-up) (b/f)		✓			2		2			4		
Growth & Regeneration	HR and Asset Management	Sale of Council Assets ( follow-up) (b/f)	✓				2		2		1	5		
Resources	Financial Governance	Grant Application Process	✓									0		
Resources	Financial Governance	Council Tax Income Collection	✓									0		
<b>Total Recommendations followed up or in progress</b>							0	4	3	28	6	16	0	57

### D. Planned Proactive Fraud work

Directorate	Gov, Risk or Internal Control Area	Name of Review	Fact Finding has commenced	TOR/Initial Asst	In Prog	Complete	Commentary
Corporate	Fraud Strategy	CIPFA Annual Fraud Survey			✓		
Corporate	Fraud Strategy	Bribery & Corruption Risk Register			✓		
Corporate	Fraud Strategy	Transparency Reporting Fraud			✓		
Growth and Regeneration	Fraud Prevention	Publicity and Fraud Awareness raising			✓		
People	Fraud Prevention	Pupil tracking requests			✓		
People	Fraud Prevention	Schools Fraud Healthcheck			✓		
Corporate	Fraud Prevention	Social Housing Gateway Review (allocations)			✓		
Corporate	Fraud Prevention	Data Analytics/ Data Hub			✓		
Corporate	Fraud Detection	NFI Output			✓		
Resources	Fraud Detection	Fiscal Fraud Module - Analytics			✓		
People	Fraud - Proactive Detection Exercises	Direct Payments Analytics			✓		
Growth and Regeneration	Fraud Prevention	Key Amnesty			✓		

Growth and Regeneration	Fraud Detection	Tenancy Fraud - casework			✓		
Corporate	Fraud Detection	Gain			✓		
Growth and Regeneration	Fraud - Proactive Detection Exercises	Right to Buy Checks			✓		
Corporate	Fraud Detection	Fraud hotline management			✓		
Resources	Fraud Investigation	Benefit Fraud Casework (DWP)			✓		
Resources	Fraud Detection	CTR Casework			✓		
Corporate	Fraud Detection	NFI HMRC Pilot			✓		
Corporate	Fraud Detection	Whistleblowing			✓		
Growth and Regeneration	Fraud Investigation	Void Garages			✓		
Resources	Fraud - Proactive Detection Exercises	Enterprise pool cars, Mileage - Fraud and VfM review			✓		

## APPENDIX A - SUMMARIES OF COMPLETED AUDITS

### A. Corporate

#### A1. Schemes of Delegation

Within the Council the decision making powers rest either with the duly elected Mayor “executive powers”, or with Full Council “non-executive powers”. The Council operates in line with a Constitution which is reviewed and ratified annually. The Constitution allows the Mayor and Full Council to delegate many of their powers to others, including to the Head of Paid Service, the Executive Directors, and a number of other statutory and proper officers such as the Directors for Finance and Legal.

These officers may then delegate some of their powers to others by way of Officer Schemes of Delegation. There are Schemes of Delegation for each Directorate, and for Finance, HR and Legal matters.

The objective of the assignment was to provide an independent opinion on the adequacy and effectiveness of the Council’s governance, risk management and internal controls regarding compliance with the respective Schemes of Delegation (SoD). Specifically the audit reviewed:

- The clarity, consistency and robustness of SoD
- Whether financial delegations were reflected in the Council’s financial systems
- Maintenance and control over change to the SoD
- Awareness, availability and promotion of SoD/Constitution
- Monitoring compliance.

The Council revised its Constitution in May 2018 and introduced a new Directorate structure from 1st December 2018, reducing the number of Directorates from four to three. Based on the completion of the fieldwork, a **Limited Assurance** Audit opinion was assigned. The key findings identified in the Internal Audit review were:

- The Constitution (Part 3 Responsibility for functions) published in May 2018 reflects the former Directorate structure, not the current structure and so maybe in breach of the Local Government Act 2000
- The BCC’s published Officer Schemes of Delegation (OSoD) also reflect the former structure and revised OSoD have yet to be finalised
- There is no overarching action plan for updating the OSoD identifying the time and resources required
- A systematic approach to maintaining the OSoD on a regular basis is not being followed
- The OSoD do not feature within employee induction, nor is there on-going training
- Tasks and responsibilities are clearly defined in the Financial Delegation scheme
- Financial Delegations are being complied with for write-offs, re-profiling, budget virements and capital programme
- User access and permissions on ABW financials are not being managed in-line with BCC protocol
- Budget holders are not required to undergo relevant training prior to been given responsibility for a budget.

The audit identified areas for improvement, for which 14 recommendations were made, which included:

- In the upcoming May 2019 review, the Constitution should be updated to ensure it reflects the current BCC structure
- An action plan should be put in place to deliver the revised OSoD by an agreed date
- Executive Directors should be engaged to remind them that they are responsible and accountable for the powers they delegate and hence need to ensure Directors and Officers update Directorate Support Managers with detail of changes in delegations, or confirm that there has been no change
- The Executive Office should complete the current review of the Directorate OSoD
- The revised Directorate OSoD should be reviewed by Legal Services
- The Executive Directors should approve the revised OSoD
- The revised OSoD should be published and communicated so that Directorate decision making processes are clear and transparent.

All recommendations, including those detailed above, have been provided to management, and agreement has been obtained as well as appropriate implementation time scales.

## A2. Bribery and Corruption Review

Bristol City Council is committed to conducting its business with honesty and integrity and to this end it expects that all employees and Members operate with the same honesty and integrity. In the light of this the City Council has a zero tolerance approach towards accepting bribes or any form of corruption.

The objective this audit assignment was to provide an opinion on the adequacy and effectiveness of the Council's governance, risk management and internal controls regarding management of the risk of bribery and corruption at the Council. Specifically the audit included:

- A review of arrangements in operational areas most at risk of bribery and corruption
- Assessment of the Council's arrangements against best practice (defined by the Chartered Institute of Public Finance and Accountancy (CIPFA)).
- A review of the information held on both internal and external web pages with a particular focus on establishing the ease with which concerns can be reported.
- A review of the Gift and Hospitality Registers held by the City Council.
- A review of the effectiveness of the declaration of interest process for both Officers and Members.
- A review of the January 2019 report by the Parliamentary Committee on Standards in Public Life concerning Ethical Standards in Local Government.

Based on the completion of the fieldwork, a **Reasonable Assurance** Audit opinion was assigned. The key findings from the review are summarised as follows:

- There is good management awareness within the areas reviewed (Procurement, Planning, Electoral Services and Human Resources (HR)) of the risks of bribery and corruption and the potential financial loss and reputational damage it could cause to the City Council.
- Within Procurement, Planning and Electoral Services there are measures in place which reduces the risk of City Council Officers being offered bribes or engaging in corrupt practices.
- There is awareness amongst Members of the need to declare any possible conflicts of interest and to record the receipt of any gifts or hospitality.
- Improvement actions arising following review of arrangements in October 2017 have been implemented including:
  - Raising the profile of 'Bribery and Corruption risk'
  - Allocating additional resources to assist with timely and effective investigations.

- There are advertised mechanisms through which employees and members of the public can raise any suspicions they may have regarding corrupt practices at the Council. (However note reference below\*).

The audit identified some **areas for improvement**, including:

- Formal risk assessment and recording of Bribery and corruption risks.
- Strengthening the 'declaration of interest' process for employees including interims to ensure they are made, refreshed periodically and as circumstances (or employment) change.
- More timely investigation of the National Fraud Initiative output relating to employees with directorships.
- Updating the Code of Conduct for employees to reflect the current management structure and authorisation requirements. Improvements to the transparency and content of the gift and hospitality register including regular inspection by Internal Audit.
- Raising employees' awareness of approval requirements relating to gifts and hospitality.
- Provision of the CIPFA publication 'A Councillors Workbook on Bribery and Fraud Prevention' to Members. Additionally, pointing Members to the Fraud Prevention E Learning that has been rolled out to officers.

\*The report acknowledged concerns resulting from the 2018/19 Whistleblowing Review about the lack of confidence to report issues. It did not however duplicate the recommendations made in that report. Options to improve confidence in 'Whistleblowing' are currently being considered.

All recommendations, including those detailed above, have been provided to management, and agreement has been obtained as well as appropriate implementation time scales.

## **B. People**

### **B1. Transition from Care Leavers**

The Council is required to support care leavers so that they can live successful independent lives. Young people in care on or after their 16th birthday are entitled to support up to the age of 21 and in some instances 25. The statutory requirements with regard to transition from care are set out in the Children Act 1989 and associated guidance.

The objective of the review was to ensure that the Council has adequate systems and frameworks for the transition of care that is compliant with regulation. Specifically, the audit approach considered the following:

- Completeness – young people are not identified as transitioning
- Whether the Council has an effective system and framework to ensure that young people receive appropriate support during transition
- Whether roles and responsibilities are clear
- Whether the outcome of transition care is measured and reported.

Based on the completion of the fieldwork a **Reasonable Assurance** Opinion was assigned. The key areas of compliance/good practice identified during the review are summarised as follows:

- The 'Qlik' system records the young people in care for whom the transition process is required
- There is an effective system and framework to ensure that young people receive appropriate support during transition
- The roles and responsibilities for staff are clear.

The audit identified two areas for improvement:

- Pathway Plans did not always have SMART objectives
- The risks associated with Transition from Care are not summarised in a risk register.

Three recommendations were made:

- The Pathway Plans should whenever possible include SMART objectives
- The risks associated with Transition from Care should be formally recorded
- The identified risks should be escalated to the Directorate Risk Register and the Corporate Risk Register, if appropriate.

All recommendations have been provided to management, and agreement has been obtained as well as appropriate implementation time scales.

## B2. Apprenticeship Levy Audit

The levy scheme in its current form was introduced by the Finance Act 2016 in April 2017. Companies and organisations with a payroll bill over £3m pay a levy to the HMRC dedicated account (the digital account).

The Council pays into the digital account a monthly amount determined from its payroll. The HMRC tops up the Council payment by 10%. Payment for the training of apprentices is made to the learning providers from the digital account. Any underspend on the digital account expires after 24 months.

The Government set a target for the public sector to create apprentice places of 2.3% of the work force by 2020. The Council has reflected the target in its Organisational Development Plan and provides a budget for apprentices' salary and travel expenses. Managers have to apply for the creation of apprentice posts providing they have the budget. Existing BCC employees are also eligible for apprenticeships, which may be funded from the Scheme.

The objectives of the assignment were to provide an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and internal controls regarding calculation, payments, utilisation and record keeping of the apprenticeship levy. Specifically the audit reviewed:

- Whether a process is in place for the correct and timely calculation of the levy
- Records of recruited apprentices and KPIs reporting
- The apprenticeship levy account
- The management reporting of the apprenticeship levy account and the action taken in respect of the reports produced
- The governance arrangements in place.

Based on the completion of the fieldwork, a **Limited Assurance** Audit opinion was assigned. The key areas of good practice identified during the review were:

- At February 2019, there were 122 Bristol City Council (BCC) apprentices through the Scheme; 29% of which were from priority groups; the Council also participates in the national initiative "5-Cities Diversity Hub" project, which aims to increase BME apprenticeships to 20% by 2020
- New initiatives including the BCC Levy Sharing scheme, internal and external marketing campaigns and provision of support to managers with an HR linked initiative. Successful apprentice stories are communicated via the Source and reported to the HR Committee.

BCC has a target of 252 apprentices by March 2021; which is a doubling of the current number in the next two years. Internal Audit identified the following key areas where improvement is required:

- Utilisation of the Apprenticeship levy
- Leadership and governance arrangements.

Internal Audit raised 11 recommendations including:

- Reconciliation of the BCC digital account each month
- Inclusion of all Locally Maintained Schools in the levy calculation
- Development of an overarching plan for achievement of the 252 apprenticeship target and to ensure full utilisation of the levy available

- The plan should include specific targets for apprenticeship numbers for each Directorate and for SME partners
- The need for additional resource to deliver the plan should be assessed and put in place
- Commitment from CLB and Directorates to meeting the Apprenticeship targets
- Special attention should be given to maximise apprenticeship take up within schools, where the Council is not in direct control of their recruitment.

All recommendations, including those detailed above, have been provided to management, and agreement has been obtained as well as appropriate implementation time scales.

### **B3. Care Act – Deferred Payments**

The Care Act 2014 makes it a legal requirement for the Council to offer Deferred Payment Agreements (DPAs) to fund residential care fees for individuals meeting certain eligibility criteria. The deferred payment scheme helps those who have the means to pay the full cost of their long term residential care, but do not have access to finance in the short term, because it is locked in the value of their home.

The objective of the assignment was to provide an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and internal controls regarding deferred payments. Specifically, the audit approach considered the following:

- The risk of legal challenge to sale of property, if the agreement is not signed by an individual with capacity, or legal status to do so
- Whether income due is not recovered because:
  - A legal charge is not made against a property owned by the service user
  - The full debt is not correctly recorded including charge for care or interest and administration
- The risk that a charge is incorrectly put against a property when a spouse or dependent relative is living in that property.

Based on the completion of the fieldwork a **Reasonable Assurance** Opinion was assigned. The key areas of compliance/good practice identified during the review are summarised as follows:

- DPAs had been signed by Service Users, with capacity to do so, or by an appointed representative with the legal status to act on their behalf and where a DPA was in place, a corresponding legal charge had been put on the property
- Guidance for Service Users is available on [www.bristol](http://www.bristol), although this quoted an incorrect interest rate
- Service User statements are issued biannually and detail the loan value and interest charges
- The DPA schedule of charges is subject to biannual review by the Payments, Charging & Financial Protection Manager
- The charge on the property is not released until the Council has received repayment of the deferred loan
- Deferred payments debt is included in the Property Income forecast that is entered into ABW
- Where a charge is put against a property there was a declaration by the occupier that they agree to wavier their rights of occupation.

The audit identified areas for improvement including:

- The Deferred Payments checklist (a control sheet which should be filled in by Caseworkers to verify all relevant information supporting the DPA is captured) was not being completed
- There is no process map which describes how the Council services, progresses, manages, controls and monitors DPAs
- Internal Audit tested a sample of completed DPAs and found that there were credit balances showing on ABW
- There is a residual issue with the interest calculation on discretionary arrangements (pre summer 2015).

Seven recommendations were made, including:

- Caseworkers should complete the Deferred Payments checklist which should be retained on file to support the DPA application
- The DPA process should be mapped, referencing the services involved, their respective responsibilities and key contacts
- Legal Services should produce procedural documentation for how they process and manage property charges for DPA applications
- Confirm the reason for the credit balances in the sample of settled DPAs and consider if further action is needed
- Once the remaining discretionary arrangements are finalised, and the Payments, Charging & Financial Protection Manager is satisfied that the interest calculation is correct, the use of MS Excel to calculate interest should be phased-out.

All recommendations have been provided to management, and agreement has been obtained as well as appropriate implementation time scales.

#### **B4. Public Health – Ring Fenced Grant**

The Department for Health provides the Council with the grant funding required to discharge its public health functions to improve health in the local population. The total allocation of grant for 2018/19 was £32.5 million.

The object of the review was to provide an independent assurance that the Public Health Grant received is being utilised and reported as per the Grant Offer Letter terms and conditions. Specifically, the audit approach was to:

- Review the Grant Offer Letter for Public Health Grant. Obtain the required Quarterly Returns
- Reviewed the income and expenditure recorded on the Council's Finance system (ABW) against the allocations in the Grant Offer Letter and the figures reported in the Quarterly Returns
- Undertake an analytical review across the areas of spend and identify the greatest areas of spend
- Undertake a 'deep dive' into the main areas of spend, confirming that actual payments made were for eligible expenditure
- Review income due from partners in public health delivery to ensure it had been properly accounted for and used appropriately to offset eligible expenditure.

Based on the completion of the fieldwork a **Reasonable Assurance** opinion was assigned. The key areas of compliance/good practice identified during the review are summarised as follows:

- Quarterly Returns and the year end return had been made, in accordance with the format and timescales specified
- Quarterly Returns for 2018/19 were supported by detailed working papers
- The income and expenditure reported in the Quarterly Returns for 2018/19 reconciled to ABW
- The 'deep dive' confirmed that all payments reviewed were for eligible expenditure and had been approved at the appropriate level
- Income due from partners in public health delivery had been received and used appropriately to offset eligible expenditure.

No recommendations were made.

## C. Resources

### C1. IT Project Management; Design and Security

The purpose of the assignment was to review the arrangements in place for managing an IT project implementation and ensuring that security is considered as part of the design. Specifically the audit reviewed:

- Business alignment and interdependency with core infrastructure
- Process for the technical design and the security profile
- Phase initiation and acceptance
- Change control
- Measurement, reporting and monitoring of the project
- A review of “go-live” and the support plan in relation to the security profile.

Based on the completion of the fieldwork, a **Limited Assurance** opinion was assigned. The audit identified areas for improvement, for which 15 recommendations were made, these included:

- The need to be clear on functional and non-functional requirements at an early stage
- Strengthening the design documentation and authorisation process
- Ensuring all projects have an appropriate test plan and appropriate sign-off and resourcing the testing function appropriately
- Early escalation for supplier issues identified
- Closure process to confirm that penetration testing has been carried out and actioned.
- Timely and full completion of closure reports
- Communication of lessons learned
- Mandatory engagement with the PMO should be considered.

All recommendations, including those detailed above, have been provided to management, and agreement has been obtained as well as appropriate implementation time scales.

## C2. Project Management Office

Change Services provides advice, guidance, expertise, capacity and oversight of all service transformation and change projects and programmes from proposal, through delivery to a controlled close and handover for ongoing benefit realisation. The two functions within the service are the:

- Portfolio Management Office (PMO) Team - sets the standards and practices by which change delivery is governed/controlled, managed, resourced and tracked
- Change Team - provides professional resource capacity and capability to projects and programmes to support and enable change delivery.

The PMO had existed in its current configuration since March 2017. During the audit it was subject to a further restructuring and reduction in staff.

The objective of the assignment was to provide an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and internal controls regarding project delivery. The audit approach was to:

- Review PMO methodologies, standards and processes
- Review 19 projects (closed and in progress)
- Conduct interviews with randomly selected project managers and client service leads from different directorates.

Based on the completion of the fieldwork, a **Limited Assurance** audit opinion was assigned. The main findings are set out below; many of the areas for improvement had already been identified by the PMO and reflected in their 2019/20 Service Plan:

- The blended PMO model is in line with Association of Project Management best practices
- Client service leads considered that change business partners are pragmatic, helpful, provide good advice and very responsive; however there was a perception amongst some clients that the quality of project managers was inconsistent between different projects
- Project exceptions were generally managed well, although there was a perception from some client service leads that the governance required can sometimes lengthen the decision making process
- Resource planning was good; however changes to project scope during delivery could affect workloads/demand for resources
- A monthly 'dashboard' within the PMO's monthly Change Portfolio Highlight Report shows the overall status of projects and hence the overall portfolio
- Project performance monitoring is limited by the reliance on spreadsheets to administer the process
- There was a perception that PMO project documentation (outline business case and business case) is not always aligned to the size, complexity and sensitivity of projects
- The progress of projects was tracked through the PMO's monthly Change Portfolio Highlight Report. This report included forecast financial savings, but did not track non-financial benefit realisation.
- There was no corporate recording, analysing and disseminating of project 'lessons learned' to inform future project management.
- There was inconsistent use of the Risks, Assumptions, Issues and Dependencies (RAID) log within the project management methodology
- There had been limited training and development of staff over the last 18-24 months
- Some projects had suffered delays from lack of project management resources including lack of business analysts.

The audit identified **areas for improvement**, for which nine recommendations were made including:

- The PMO should monitor benefit realisation and report this through PMO key performance indicators, which should be approved by CLB and regularly reported.
- A central record of 'lessons learned' should be established and common themes communicated corporately to improve the management of future projects
- There should be consistent use of RAID logs when managing projects to record and manage project risks, tolerances, assumptions, dependencies changes and issues
- The PMO should implement an effective project portfolio management tool for performance monitoring and reporting.

All recommendations have been provided and discussed with management and agreement to the majority of them has been obtained as well as appropriate implementation time scales:

## D. Growth and Regeneration

### D1 Major Project (Colston Hall Phase II)

The Colston Hall Project's objective is to provide Bristol with the international standard concert hall, and increase the sustainability of the Bristol Music Trust who run the Colston Hall and provide cultural, educational and heritage conservation services.

Phase II of the Project concerned improvements to main auditorium and Lesser Hall to be completed July 2021, with an estimated cost of £48.8m.

The objective of the assignment was to provide an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and internal controls regarding the Project start up and initiation for Colston Hall Project Phase II.

Based on the completion of the fieldwork a **Reasonable Assurance** opinion was assigned. The report identified eight areas of good practice:

- The project objectives directly supports the Key Commitment 'Keep Bristol a leading cultural city, helping make culture, sport and play accessible to all'
- Governance structures and decision making boundaries had been agreed, established and managed through the project board
- A feasibility study was conducted before the project started and informed the project initiation and start up stages. This was supported by an up to date Business Case, Project Executive Plan (PEP) and Cabinet approvals
- All project management posts/roles were advertised appropriately, e.g.in National and EU recognised journals and via the 'ProContract' web portal
- The project team consists of a number of senior professionals (called Principals); this team monitors the performance of the design team output and productivity of the various teams
- Project Risk is mitigated in a number of ways; primarily at the Principals meeting where highlight reports are presented and action log/ action trackers are established.
- All project procurement goes through the corporate procurement board, Commissioning and Procurement group (CPG)
- Key project documents are available and are continuously updated and stored in the Council's 'G drive' to which access is controlled.

Areas for improvement were identified, for which six recommendations were made including:

- Ensure any project administration backlog is cleared and all project management tasks and documents are up to date and confirm administration resource is adequate
- Provide training to relevant staff so that they can consistently clearly articulate risks as events, causes, and consequences and develop control/mitigating strategies
- A detailed internal and external communication strategy and plan should be put in place, determining who needs to know what, by when, appoint a communication lead for the project, through which all communication is filtered and embed the communication plan into day to day project management to enable timely communication of the key aspects of the project to the right audience.

All recommendations have been provided to management, and agreement has been obtained as well as appropriate implementation time scales.

A further review of the project will be completed to determine the effectiveness of the arrangements during the delivery phase.

## D2. Homelessness – Policy Effectiveness

The objective of the assignment was to provide an independent opinion and effectiveness of the implementation of the decisions made at Cabinet in May 2017 in respect of funding to support Homelessness Prevention and Reduction at Bristol City Council. Specifically, the audit approach considered the following:

- Actual funding received
- The use of the funding and whether it is in accordance with terms and conditions of respective funding agreements
- Assessment of the effectiveness of the delivery against planned outcomes and targets
- Assessment of the mechanisms in place to monitor and report arrangements for the utilisation of the funding, to the DCLG (now Ministry of Housing, Communities and Local Government {MCHLG}) and to and within the Council from a timeliness and accuracy perspective
- Assessment of the effectiveness of targets being delivered with other parties/agencies are the effectiveness of how monitored.

Based on the completion of the fieldwork, a **Reasonable Assurance** audit opinion was assigned. The key findings from the review are summarised as follows:

- GDPR compliance forms for all Voluntary and Community Sector Organisations (VCSs) were received
- Funding under the 'Trailblazers' initiative ended in March 2019. The partner VCSs will continue their advisory work as they receive other funding. The Council has four experienced financial advisors who are partly funded by this initiative. It is uncertain whether 'Trailblazers' will be extended or a new initiative announced
- Funding for entrenched rough sleepers through a Social Impact Bond (SIB) may run out before the scheme end date of 31st March 2021
- Administration for SIB is funded by a separate fee from MHCLG. This fee was reduced without notice at the start of the SIB by £30k. Spend to date and amounts reserved provide for about two days administrator time per week and no manager review time. It is likely the Council is subsidising the SIB delivery.

The audit identified **areas for improvement**, for which two recommendations were made:

- Regularly monitor the take up of funds through the SIB. Develop forecasting to identify when there is potential that the SIB funding will be used up early. Decide on options for maintaining funding
- Housing Options Service to complete a resources review to identify best option for maintaining good welfare benefits and money advice related advice for citizens at risk of homelessness.

All recommendations have been provided to management, and agreement has been obtained as well as appropriate implementation time scales.

**PROPOSED INTERNAL AUDIT OPINIONS FROM 2019/20**

No.	Opinion:	Definition:
1	In Control	Demonstrates risk and control that should meet immediate and future business needs.
2	Satisfactory	Demonstrates satisfactory risk and control, but development needed to manage emerging risks and /or support future business/control needs.
3	Needs Improvement	Whilst there are several satisfactory areas, management is not clearly demonstrating it is able to effectively identify and mitigate relevant risk areas.
4	Unsatisfactory	There are some important areas of performance management, risk identification or control operation that require urgent action.

\* The Internal Audit opinion is based on the level of assurance that management can assume based on the controls found during the audit review.



# Audit Committee

Monday 29<sup>th</sup> July 2019

**Report of: Director Finance, S151**

**Title:** Corporate Risk Management Arrangements and the Q4 2018/19 Corporate Risk Report Update.

**Ward:** Citywide

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

**Contact Telephone Number:** 0117 3576255

## Recommendation

The Audit Committee review and comment on progress made on the Councils Risk Management arrangements and the Q4 2018/19 Corporate Risk Report (CRR) Appendix A, as a source of assurance that risk management arrangements are in place and developing.

## Summary

This report presents the progress being made in embedding and maintaining risk management arrangements within Bristol City Council in line with the Risk Management Assurance Policy (Appendix A) and the CRR (Appendix B) as at June 2019.

## The significant issues in the report are:

- The risk management arrangements continue to embed with good levels of engagement from the Strategic, Extended and Directorate Leadership Teams. The scrutiny arrangements have become more embedded during 2018/19.
- As strategic planning, resource management and resilience processes are strengthened; the identification, management and communication of risk to the achievement of the Council's strategic priorities and objectives will continue to embed.
- The CRR is an important tool in managing risk. It aims to provide an overview of the significant risks facing the council and how they are being managed. The CRR attached to this report at Appendix B is the latest formal iteration following a review by members of the council's Corporate Leadership Board (CLB) in March 2019. The Q4 2018/19 risk review included managers from across the Council.



## 1 Policy

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

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

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

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

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

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

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

## 2 Consultation

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

**External** - None

## 3 Context

### 3.1 Risk Management Update

**3.1.1** Risk management is the culture, process and structure that are directed towards effective management of potential opportunities and threats to the council achieving its priorities and objectives and a key element of the council's governance framework. The Annual Governance Statement (AGS) declaration 2018 highlighted a number of opportunities to enhance Risk Management. Areas for improvement included:

- Increasing the level of engagement and ownership by Service Managers.
- Enhancing the engagement of Members in the risk management process.
- Refreshing the Corporate and Directorate Risk Registers.
- Risk Management training and awareness.

- Risk Management within Business Case approvals, Project Management and Procurement Frameworks.
- Maintaining the focus of the process on reducing risk against the council's Corporate Plan 2018-23.

During 2018/19 activities to further improve the management of risk have included:

- A Risk and Insurance Manager employed to further embed Risk Management principles and practices within the council.
- The Risk Management Assurance Policy (Appendix A) reviewed and refreshed with the addition of introducing the following:
  - Escalation of risks scoring 20 to 28 and core risks identified by the Leadership Team onto the Corporate Risk Report.
  - Introduction of the Corporate Risk Management Group (CRMG).
  - Three lines of defence assurance model for the management of risk.
  - Maturity of risk management and other relevant detail to enhance its robustness.

Key areas of improvement have included.

- Increased levels of engagement and ownership by Service Managers through a series of risk management awareness sessions and workshops.
- Formation of a cross cutting forum - the Corporate Risk Management Group (CRMG).
- Risk management data centralised on SharePoint.
- Refreshed Corporate and Directorate Risk Reports with Service Risk Registers maintaining the focus to reduce the risk / take the opportunity on the council's Corporate Plan objectives 2018-23.
- Considered risks within the Service plans for 2019/20.
- Highways risk review workshop and ranking.
- Awareness sessions on managing insurance in major projects.
- Reviewed approach to Insurance Inspections and Risk Improvement Actions.
- Review of the councils risk financing processes.

## 3.2 The Corporate Risk Register (CRR)

3.2.1 The Corporate Leadership Board (CLB) reviewed the CRR in March 2019 and accepted it as a working register report which will need continued improvement as it embeds.

The CRR (Appendix B) sets out the significant critical and high rated risks. All other business risks reside on and Service Risk Registers and are reported on through the Directorate Risk Reports (DRR) and then the quarterly CRR.

The Corporate Risk Report (CRR) as March 2019 contained:

Threats	Opportunities	External / Contingency Risks
<ul style="list-style-type: none"> <li>• No critical threats</li> <li>• 20 high rated</li> <li>• 4 medium</li> <li>• 2 new</li> <li>• 1 improving</li> <li>• 2 deteriorating</li> <li>• 1 closed</li> </ul>	<ul style="list-style-type: none"> <li>• 1 significant opportunity</li> <li>• 2 high</li> <li>• 1 medium</li> <li>• 0 new</li> <li>• 0 improving</li> <li>• 0 deteriorating</li> <li>• 0 closed</li> </ul>	<ul style="list-style-type: none"> <li>• No critical threats</li> <li>• 2 high threats</li> <li>• 1 medium</li> <li>• 0 new</li> <li>• 0 improving</li> <li>• 0 deteriorating</li> <li>• 0 closed</li> </ul>

A summary of the progress of new, improving, deteriorating and closed risks for this reporting period are set out below.

**There are two new threat risks this quarter:**

- **CRR27 - Capital Transport Programme Delivery.** Management of the overall transport capital programme is key to ensuring we deliver against mayoral priorities in the most cost and time efficient way possible. Failure to do so negatively impacts the council's reputation and finances and makes the council less likely to reduce congestion, air pollution and inequality. The risk rating being 3x7(21) high risk. This risk is managed and monitored within the Growth and Regeneration Service Risk Registers.
- **CRR28: Instability of Housing's new IT** - The stability and efficiency of the Housing IT systems present a current and future risk to effective service delivery and performance, tenant satisfaction and trust, and corporate reputation. (The risk replaces the Housing IT CRR20). The stability and efficiency of the Housing IT systems present a current and future risk to effective service delivery and performance, tenant satisfaction and trust. The risk rating being 3x7(21) high risk. This risk is managed and monitored within the Growth and Regeneration Service Risk Registers.

**There is one improving threat risk:**

- **CRR22: Partnerships Governance** - If the council does not maximise (or cannot quantify) the benefits of partnership working and/or experiences negative or counter-productive results may arise from partnership working. The risk rating being 3x3 (9) medium risk. This risk is managed and monitored within the Resources Service Risk Registers.

**There are two deteriorating threat risks:**

- **CRR13: Financial Framework and MTFP** - Failure to be able to reasonably estimate and agree the financial 'envelope' available, both annually and in the medium-term and the council is unable to set a balanced budget. The risk rating being 3x3 (9) medium risk. This risk is managed and monitored within the Resources Service Risk Registers.
- **CRR18: Failure to deliver 2000 Homes per annum by 2020** - The risk of failing to deliver the range of housing to meet Bristol's needs and not realise the ambition to deliver 2000 homes per annum by 2020 of which 800 are affordable. The risk rating being 2x7 (14) high risk. This risk is managed and monitored within the Resources Service Risk Registers.

**There is one closed risk:**

- **CRR8: Service Review** - The organisation is not able to redesign its leadership team quickly enough, which may result in a reduction in staffing levels. The loss of experienced and skilled staff will have an impact on service delivery, and on remaining staff. The risk rating being 2x5 (10) medium risk. This risk is managed and monitored within the Resources Service Risk Registers.

The risks CRR16 Leadership and CRR17 Strategy Management have consistently improved throughout the year and will be de-escalated within the Resources Service Risk Registers from Q1 2019/20.

The risk BCCC2/OPP4 Brexit is an unpredictable external threat and opportunity, and because of this the reporting for these entries may already be out of date. This is being managed within the Resources Service Risk Registers via a council-wide Brexit Project Board (for general preparedness) and Brexit Coordination Group (a tactical response group to manage any immediate issues presented in a 'no deal' scenario).

All risks on the CRR have management actions in place. The CRR will continue to be subject to a refresh during 2019.

As with all risks, it is not possible to eliminate the potential of failure entirely without significant financial and social costs. The challenge is to make every reasonable effort to mitigate and manage risks effectively, and where failure occurs, to learn and improve.

Further details are contained in Appendix B: The summary of the threat risks are set out on pages 1 to 23, opportunity risks pages 24 to 25, and external and civil contingency risks on page 26 and 27 all including controls and management actions. A summary of risk performance on pages 28 to 30 by level of risk, the risk matrix on page 31 and the risk scoring criteria on page 32. More detail is available on request.

#### **4 Proposal**

- The Audit Committee are requested to receive and note the Risk Management update.
- The Audit Committee review and comment upon the Corporate Risk Report (CRR) as a source of assurance that risk management arrangements are in place.

#### **5 Other Options Considered**

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

#### **6 Risk Assessment**

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

#### **7 Public Sector Equality Duties**

- 8a)** Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
  - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
    - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
    - take steps to meet the needs of persons who share a relevant protected characteristic

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

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

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

8b) No equalities assessment necessary for this report.

## 8 Legal and Resource Implications

Legal - N/A

Financial - N/A

Land - N/A

Personnel - N/A

## 9 Appendices:

Appendix A - Risk Management Assurance Policy.

Appendix B - Corporate Risk Register

(The summary of the threat risks are set out on pages 1 to 23, opportunity risks pages 24 to 25, and external and civil contingency risks on page 26 and 27 all including controls and management actions. A summary of risk performance on pages 28 to 30 by level of risk, the risk matrix on page 31 and the risk scoring criteria on page 32. More detail is available on request.

## LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

### Background Papers:

Risk Management Assurance Policy.



# Risk Management Assurance Policy





# Contents

---

Introduction	3
Policy Statement of Commitment	4
Principles and Culture	5
Risk Management Framework	6
Roles and Responsibilities	7
Risk Appetite and Tolerance	8
Risk Registers	9
Risk Management Process	10
Risk Matrix	11
Governance Reporting and Escalation	12
Support Guidance and Tools	14
Risk Governance, Assurance and Maturity	15
Complementary functions	24

---

# Introduction

**Risk management helps us to understand the risks associated with delivering Bristol City Council's services. It makes us think about the decisions we take, and how we manage everyday service delivery, projects and our work with partners.**

Risk management is often primarily concerned with the adverse potential of risk. However, not all risk is bad. Some opportunities can only be unlocked by taking risks. The key to success in these situations is to take risks knowingly and manage them appropriately.

The purpose of this policy is to set out the council's approach for the systematic management of risk, the culture, expectations/ responsibilities on all managers and decision makers with regard to considering and managing risk in pursuit of achieving the council's priorities and objectives.

The benefits from an effective risk management framework are:

- Improve the assessment and response for both opportunities and threats
- Establish a reliable basis for better decision making and planning
- Improved customer service, and better outcomes
- Increase the likelihood of achieving its goals and delivering outcomes
- Improved strategic, operational and financial management and value for money
- Enhanced reputation, and securing confidence, trust from our stakeholders
- Effectively allocate and use resources for risk treatment
- Improve organisational resilience
- Continuity of knowledge

- Improved governance and compliance

**Through this policy we aim to:**

- Identify the scope of risk management
- Embed and integrate risk management in the culture of the council
- Assign of roles, responsibilities and accountability for risk management activities within the council
- Raise awareness of the need for risk management by all those connected with the council's delivery of services
- Contribute to the prevention of injury, damage and losses to reduce the cost of risk
- Ensure we identify and realise opportunities and their resulting benefits
- Ensure consistency throughout the council in the management of risk

**These aims will be achieved with a clear and evidenced approach consistently applied across the organisation that embeds consideration of risk in policy formulation, planning and decision making at all levels by:**

- Incorporating risk management considerations into all levels of business planning
- Incorporating risk management considerations into all levels of programme, project and partnership arrangements
- Skills training and development for all relevant managers, staff and Members in the effective management of risk
- Regular monitoring and reporting of risk to identify trends and likely direction of risks for Members and Senior Managers to be aware of when making decisions

# Policy Statement of Commitment

## **The Mayor, Cabinet and Corporate Leadership Board view risk management as an integral part of good internal control and corporate governance.**

The way in which we manage our risks directly impacts our success in achieving our objectives, and in delivering services to the communities to which we are accountable. Bristol City Council is committed to adopting best practice in its management of risk to ensure retained risk is of an acceptable and tolerable level in order to maximise opportunities and demonstrate it has made full consideration of the implications of risk to the delivery and achievement of outcomes, strategic aims and priorities.

The council is, within the above context, committed to the management of risk in order to:

- Ensure that statutory obligations and policy objectives are met
- Prioritise areas for improvement in service provision and encourage meeting or exceeding customer and stakeholder expectations
- Safeguard its employees, clients or service users, Members, pupils, tenants and all other stakeholders to whom the council has a duty of care
- Protect its property including buildings, equipment, vehicles, knowledge and all other assets and resources
- Identify and manage potential liabilities
- Maintain effective control of public funds and efficient deployment and use of resources achieving value for money
- Preserve and promote the reputation of the council
- Support the quality of the environment

- Learn from previous threats, opportunities, successes and failures to inform future management of risks

These aims will be addressed by systematically identifying, analysing and evaluating, cost effectively controlling and monitoring risks at strategic, programme, project, and operational levels. The council acknowledges that risk cannot be eliminated and may sometimes need to be embraced as part of an innovative approach to problem solving. It is the responsibility of Senior Leadership to ensure that risk management strategies and processes are implemented and brought to the attention of relevant staff in their Directorate. Every employee has a responsibility to support the council's policy in managing risk. The council strives to have an open approach to risk and not be perceived as risk averse whilst ensuring that the most vulnerable are protected and there is increased collaboration with our partners, communities and residents.

Risk management strategies and processes are to be reviewed for efficiency and effectiveness as part of the annual management review cycle.

The council's risk management objectives are a long-term commitment, inherent to good governance practices and fully supported by the Mayor and the Corporate Leadership Board.

This Risk Management Assurance Policy complements and supports the strategic aims and priorities that are set out in the Bristol City Council Corporate Strategy 2018-2023.

**Executive Director of Resources  
and Head of Paid Services Mike Jackson**

**Deputy Mayor Cllr. Cheney**

# Principles and Culture

As a modern local authority, the council is committed to delivering quality services to the citizens and communities of Bristol. In doing so, our over-riding attitude to risk is that it should be identified and managed rather than avoided with an organisational culture that embraces and embeds consideration of risk in its day to day operations at every level. A risk culture that emanates throughout the organisation to ensure all levels of buy in to the corporate risk process.

Risk Management is about understanding and evaluating opportunities and threats and making informed decisions about how these are to be managed in order to achieve our aims and deliver beneficial outcomes.

The council recognises it needs to take risks but must do so in a controlled manner to reduce its exposure to the level acceptable by the Mayor, Cabinet and relevant regulators and inspectors.

Innovative solutions are encouraged, and while they often involve risk, they can be implemented with awareness, authority and management of the risks that each respective case carries.

At Bristol City Council, we are committed to ensuring risk management is embedded across the whole organisation. To do this, we have mapped the councils core values, risk management principles and the core attitudes and behaviours required to deliver a strong culture and appetite for managing risk. The risk management principles are based on the OGC’s Management of Risk Framework and in accordance with the International Risk Management Standard (ISO:31000).

The risk management assurance policy is designed with these principles at their core. *Figure 1* below shows BCC’s Risk Management Assurance Culture Model for managing and assuring risk.

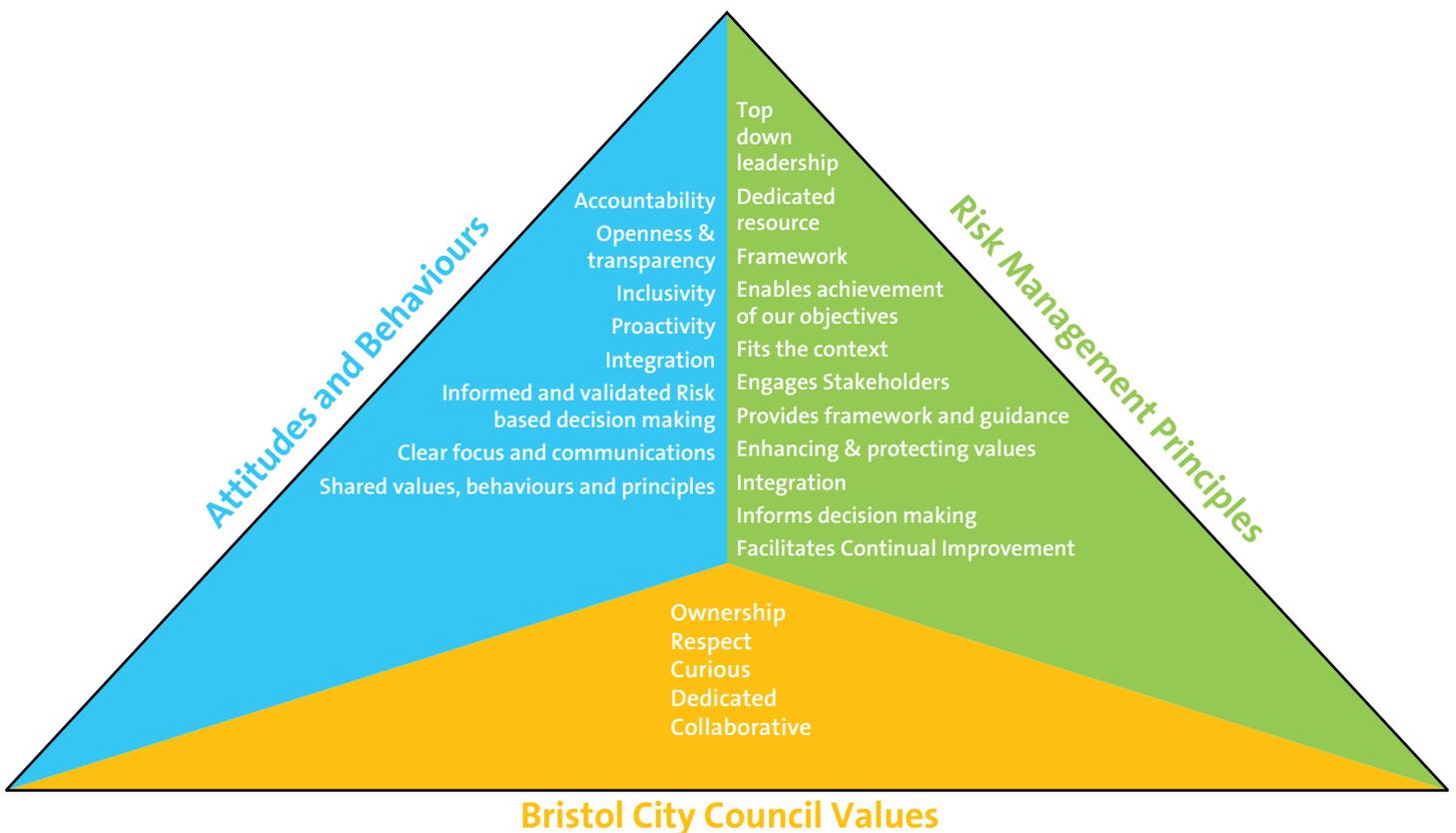


Figure 1. BCC’s Risk Management Assurance Culture Model

# Risk Management Framework

**Risk Management** is the planned and systematic approach to the identification, analysis, evaluation, prioritisation and control of risks and opportunities facing the council.

**Risk** is the **chance** of something happening that will have an impact on achievement of objectives. Risk can be both Positive Opportunities and Negative Threats.

At Bristol City Council, we are committed to ensuring risk management is embedded across the whole organisation. Risk Management needs to be an integral part of how services are developed and delivered every day. It is imperative that there is a single flexible approach for the management of business risk, adopted through all levels of the organisation.

Bristol City’s Risk Management Assurance Policy gives an outline on how risks are managed across the council by everyone. To effectively

manage risk, the framework is integrated across the organisation involving all key stakeholders including - but not limited to - officers, leaders, Members, partners and suppliers.

For risk management to be successful, it is essential that there is a single yet flexible approach for the management of risk, adopted through all levels of the council. This Policy is one part of the overall risk framework; the key elements are set out in *Figure 2* below.

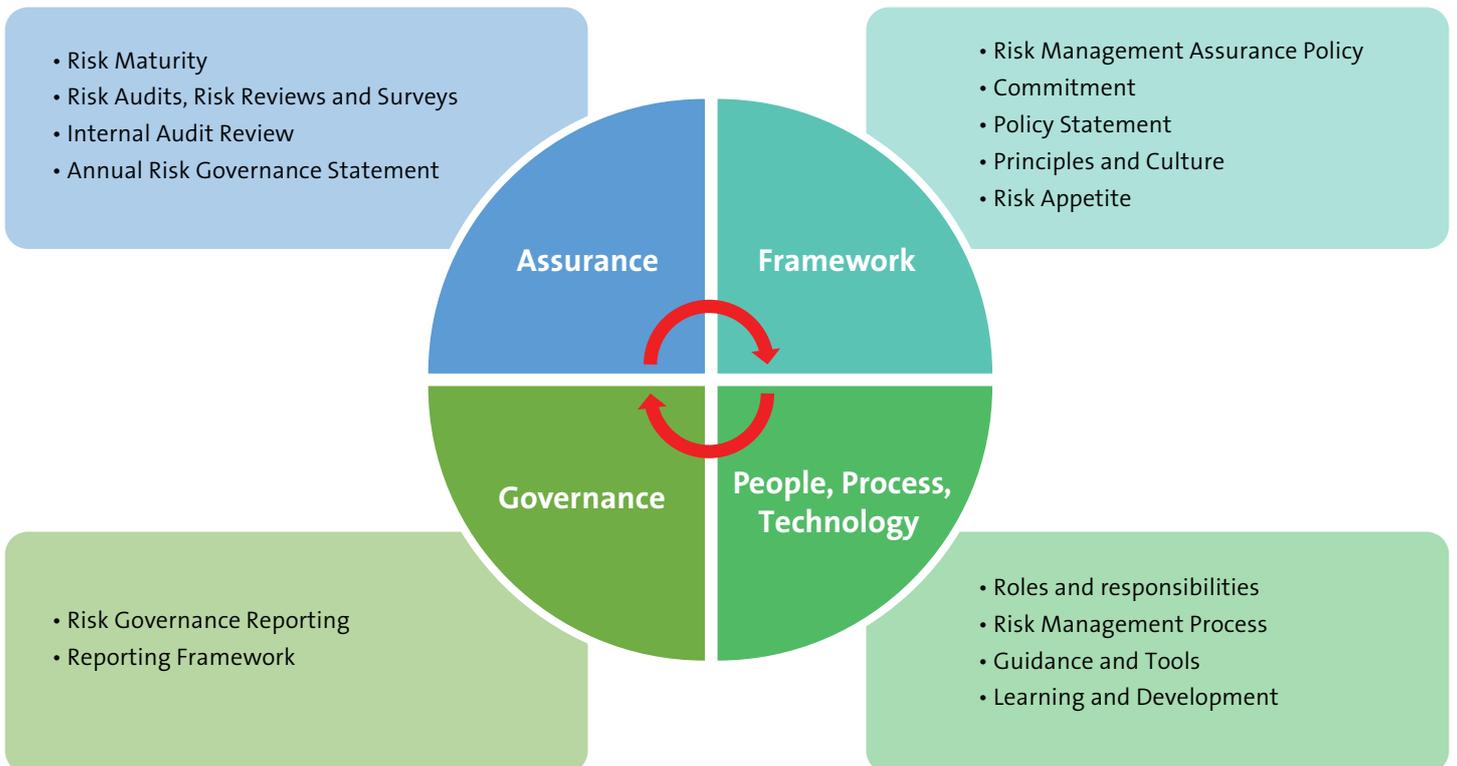


Figure 2. Risk Management Assurance Framework

When risks are identified, it is important that we ascertain both the opportunities as well as what might go wrong, what the potential impacts may be, what could trigger the occurrence and deciding how best to **minimise** or **maximise** the risk materialising.

There are times when things will go wrong despite our attempts to prevent them, which could result in 'issues' that need resolution. Proactive risk management of these will ensure that threat impacts are kept to a minimum and opportunities are maximised. The council's approach provides for threats, opportunities and issues management.

Management and maintenance of risks and issues are on the risk / issue registers and supporting reports which undergo regular review, monitoring and reporting in line with this policy.

As well as instinctively managing risk on a day to day basis, consideration and recording of risk is

required in the following management processes (see Annex B for Complimentary processes):

- Strategic, service planning and resourcing
- Policy and decision making
- Project or Programme delivery
- Partnership working
- Business continuity planning
- Performance management
- Budget planning and monitoring cycle
- Planning when implementing change
- Commissioning and procurement activity
- Health and safety arrangements
- Civil Protection

## Roles and Responsibilities

Effective Risk Management requires that there is clarity of the responsibilities for risk, and ownership of the risks identified. This policy requires that the elected Mayor, Members and managers at all levels assist in, and take responsibility for, identifying, considering and controlling risk and opportunities (and the better use of resources) in all their activities and areas of responsibility.

All Members, senior leaders, employees and partner organisations have a role to play in ensuring that risk is effectively managed. We acknowledge that this is not always under the council's direct control but we will take all reasonable steps to encourage and embed risk management wherever we have a stake. To be effective, the risk management framework must be fully endorsed and supported by the officer and political leadership of the council, who set the organisational tone for risk management and champion the benefits through all levels of the business.

Risk management is only considered to be truly embedded when it functions as part of the council's day to day operations. Effective Risk Management requires that there is clarity of the responsibilities for risk, and ownership of the risks identified. This policy requires that the elected Mayor, Members and managers at all levels assist in, and take responsibility for, identifying, considering and controlling risk and opportunities (and the better use of resources) in all their activities and areas of responsibility.

Recognition from Senior Management of the importance of risk management to the effective operation of the council is resonated through the appropriate allocation of resources to deliver the risk management framework across Bristol City Council. The key responsibilities for each group/stakeholder roles and responsibilities are set out in Annex A.

# Risk Appetite and Tolerance

Bristol City Council aims to be risk aware, but not overly risk averse and to actively manage business risks to protect and grow the organisation. To deliver its strategic aims, the organisation recognises that it will have to take and manage certain business risks. Intolerable risks are those that could negatively affect the safety of employees or our customers/clients, have a damaging impact on our reputation, lead to breaches of laws and regulations and / or endanger the future operations of the council.

## Risk Appetite

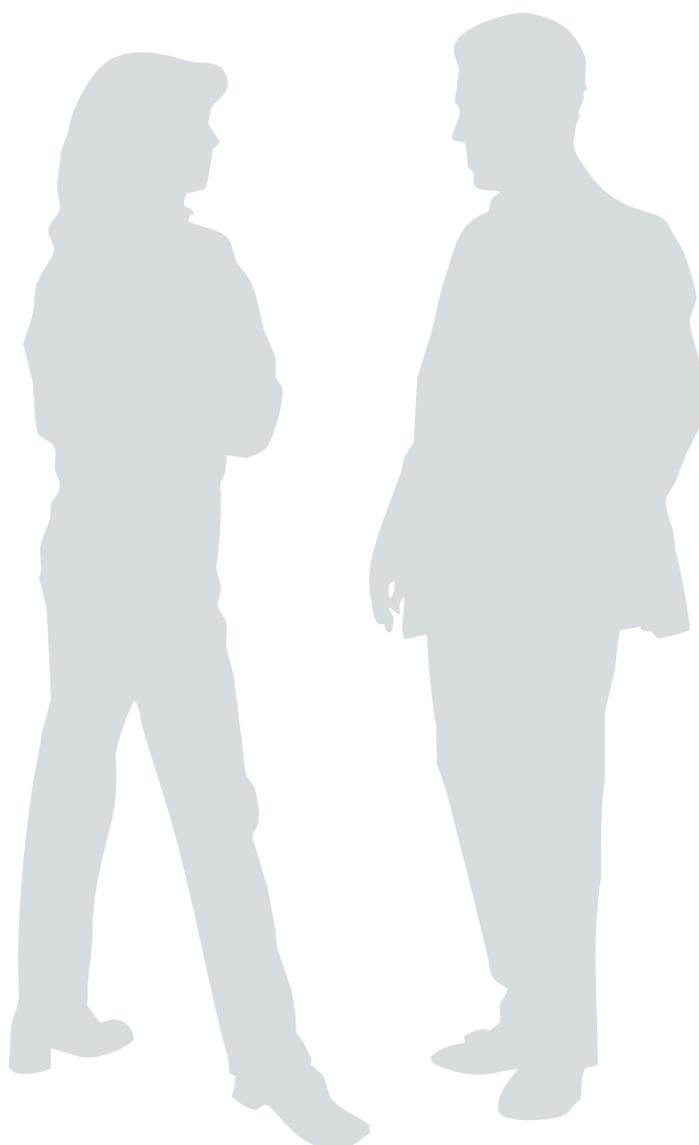
---

Risk appetite is best summarised as “the amount of risk an organisation is willing to accept to secure its objectives”. The risk appetite of Bristol City Council is reflected in the scoring schemes used for risk and opportunity assessment, and the recommended handling strategies for identified risks and opportunities. The scoring schemes describe what constitutes a significant risk or opportunity, and these in turn inform the approach to their management.

## Risk Tolerance

---

Culture, Policy and competitive position all influence our tolerance to risk and defining it can be challenging as every case will be different. The diversity of the services delivered by the council and nature of the risks it faces, means it is not possible to set a ‘one size fits all’ risk tolerance that managers and Members alike can apply and embed in strategic and operational decision making. The council’s approach is to record risk tolerance on a case by case basis within the councils Risk Registers and the Risk Reports.



# Risk Registers

As part of good governance, the council manages and maintains a working register of its key strategic and operational business risks at various levels - assigning named individuals as responsible officers for ensuring the risks and their control measures are monitored and effectively managed.

Service Risk Registers are the working live tool for the detailed capturing of risk information to enable reporting on risk activity and the organisations risk profile. The working risk register is a live data record where new risks are captured, others are managed to elimination and some require close and regular monitoring. The Corporate and Directorate Risk Reports are generated from the working risk registers for publication. All key council decisions will be supported by a supporting Risk Report.

Standard templates are to be used for recording risk. The councils risk register and report template includes provision for recording threats and opportunities as well as those risks that have occurred which are now 'issues' to be addressed. Where more detailed plans are in place, the risk register need not duplicate these but simply cross refer to them.

The Corporate Risk Report (CRR) contains risks that, should they occur, could have a fundamental impact on the council's ability to operate, achieve its strategic objectives or successful delivery of outcomes.

The Corporate Risk Report is the means by which Members and leaders of the organisation will be focussed on the strategic and business critical risks and review the effectiveness of risk management arrangements in place to monitor and manage these risks. The CRR is 'owned' by the Corporate Leadership Board (CLB) and used by them and Cabinet to ensure the most critical / significant risks are being managed effectively within an agreed risk tolerance.

The Directorate Risk Reports (DRR) details the key risks faced by each Directorate in delivering their Directorate Plan. They also include significant issues that have impacted the Directorate objectives. These reports are owned by the relevant Executive Directors and are reviewed at least quarterly by Directorate Leadership Teams (DLT) and Cabinet Members in line with their portfolio. Scrutiny and the Audit Committee will receive the Corporate and Directorate Risk Reports at period end following the quarterly Cabinet Risk Report.

The process in use is administered by the Risk and Insurance Team. The Risk and Insurance Team promote self-service approach by providing guidance, support and delivering training across all services.

# Risk Management Process

Carrying out an assessment of the risks against business objectives is primary to business & service planning, core decision-making processes influencing policy, financial planning & spending, agenda management, change management, project management and performance management.

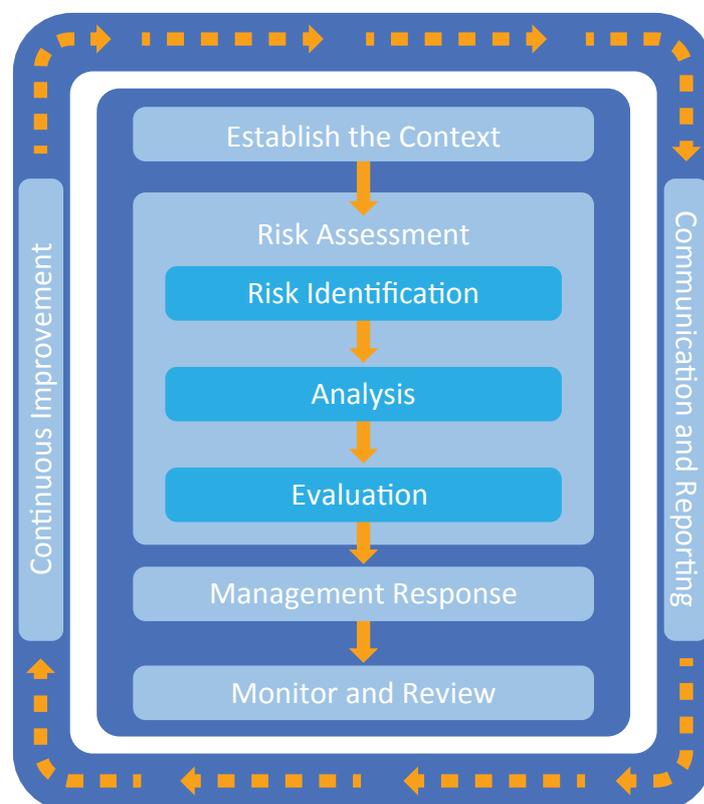
The risk assessment methodology is designed to assist managers in focusing on the key risks and ensuring that actions are in place to effectively manage these risks.

The Risk Management Process (see *Figure 3* opposite) is a series of logical steps which are carried out in sequence to progress through each stage of managing a risk. The process is cyclical and it is often necessary to revisit earlier steps and carry them out again to ensure you have a complete picture of the risks to the activity/ outcome being assessed.

The risk management process begins by establishing the context around which you want to identify and assess risks. This could relate to an activity, objective or outcome. Risk identification sets out to identify an organisation's exposure to uncertainty. This requires knowledge of the organisation, the market in which it operates, the legal, social, political and cultural environment in which it exists, as well as the development of a sound understanding of its strategic and operational objectives, including factors critical to its success and the threats and opportunities related to the achievement of these objectives.

Once identified, the risks need to be assessed and assigned a score for both their impact and probability – the combined outcome of this produces the risk rating.

Risk identification should be forward looking and focus on both potential threats to, and opportunities that may present in achievement of objectives. The assessment will identify whether the matter is a risk (an event in the future) or an issue (an event that is already happening).



*Figure 3. Risk Management Process*

To ensure consistency and the ability to compare and report on the various levels of risk; Bristol City Council has adopted a risk matrix to be used when determining the risk rating. This is detailed in *Figure 4* on the next page.

Following identification and assessment, a decision must be taken on how best to respond to the risk and if accepted then strategies to manage the risk need to be determined. There should be communication and consultation throughout the process and the need for continual monitoring and review of the risk(s) throughout the lifecycle of the activity/objective/outcome.

Each risk should have a clear link to one or more of the strategic of the council. The relevant strategic aim is included as part of the captured risk information providing increased assurance that there is effective identification and management of risk.

The risk matrix is used to evaluate the risks and there is an understanding of the risk exposure faced, the level of risk will influence the type of management response and management action we choose to manage the risk see diagram *Figure 4* below.

For each risk, consideration should be given to the impact under each category and the highest impact category used in assessing the impact level measures that should be used in making this assessment. The scoring categories for the likelihood and impact are set out in the risk management process guidance.

The current level of risk needs then to be considered against the risk tolerance for each risk (the level of risk the council is prepared to accept). This will vary according to the nature of the risk and must be agreed by Executive Director Management if not in the green / light blue area of the matrix. Where the current level of risk is higher than the risk tolerance, an action plan is required that will result in the risk level reducing. Where current risk levels are lower than the risk tolerance, removal of some controls is permitted to release costs to other risk management priorities.

Where issues are identified, these can be assessed against the impact guidelines within the Risk Management Process, to judge whether the issue needs to be addressed, whether a contingency plan had already been developed or if a plan of further action is needed. There will also be a need to assess whether this means that a risk has ceased to exist, or whether there is a possibility that it may recur.

Ensuring that all business risks are assessed and managed through the adopted risk management process drives consistency through the risk management framework and enables risks to be compared and reported on against a like for like basis. It also provides the council with the ability to map its collective risk exposure of an activity, objective, outcome, function(s) or indeed whole council operation to support its Strategic Aims. The risk tolerance for each risk is also recorded together with further actions required to ensure the current level of risks is in line with the agreed risk tolerance as identified in the risk register.

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

Figure 4. Risk Matrix

# Governance Reporting and Escalation

The Corporate Risk Report (CRR) is subject to quarterly review by the Corporate Leadership Board and Cabinet and is subject to the call-in procedure following Cabinet. The Directorate Risk Reports are subject to quarterly review by Executive Director Management meetings and Member Portfolio holders. The Risk Management Action Table (Figure 5) below shows the action levels to be taken in the management and reporting of risk.

Audit Committee are provided with the Corporate Risk Report quarterly each year to provide independent challenge and assure themselves that risk management arrangements are effective. They can request additional information as necessary.

An overview of the effectiveness of the risk management process is also provided annually by the Internal Audit Team to give them the relevant assurance that the whole process is working effectively.

The Corporate Risk Report and Directorate Risk Reports will be made available to Scrutiny Task and Finish Groups on following period end and Cabinet reporting. Individual Risk Reports based on the

information contained within the DRR's for areas in line with their roles may be requested as set out in the reporting process guide. Other registers are maintained and reviewed monthly as part of core management processes such as service planning and performance and project management processes.

The council's Risk Management Assurance Policy relies on escalation of risks from service/operation level through to strategic Corporate Risk Report to ensure CLB and Members are aware of the most significant risks. The escalation process is shown in Figure 6 on the following page. As part of this process consideration can be given to the actions proposed to manage the risk, whether the tolerance level recorded is appropriate and whether it is aligned to the correct service area. Additionally, in reviewing the Corporate Risk Report both the Corporate Leadership and Cabinet may identify risks to which the assessment may need to be revised or risk transferred.

Risks with a current risk score of 14 to 28 (high and critical/significant risk) need to be escalated at Executive Directorate Management meetings for consideration for inclusion in the Corporate Risk Report.

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

Figure 5. Risk Management Action Table



Figure 6. Risk Governance Reporting Framework

**All risks scoring 20 to 28 (high, critical / significant risk) will automatically be escalated to the Corporate Risk Report. Issues that have arisen that are significantly impacting on the council are recorded within CRR report.**

The Executive Director Management will determine where risks are monitored via the Directorate Risk Report and Service Risk Registers. Escalations must be flagged in a timely manner to enable discussion prior to the next quarterly Executive Team Risk meeting.

Directorate Management Teams will consider what core risks need to be escalated to the Corporate Risk Report and if so, the Strategic Director must ensure this escalation occurs through the reporting process.

Where a significant and urgent risk emerges outside of the reporting period which you believe needs to be discussed as soon as possible complete a Risk Escalation Report to the appropriate manager for discussion and action.

**A risk may need to be escalated to a higher level if:**

- the risk becomes too unwieldy to manage at the current level
- the risk rating cannot be controlled/contained

within its current level

- the risk remains very high even after mitigations are implemented
- the risk will impact on more than one service/ project or function if the risk event materialises
- the risk moves outside the appetite boundaries / comfort zone

**A risk may need to be moved to a lower level if:**

- the risk can be controlled / managed at a lower level
- the risk rating decreases significantly
- the risk event will only affect one team / service area / team and the impact will be limited then this should be controlled more locally at a lower level

There should be communication and consultation throughout the process and the need for continual monitoring and review of the risk(s) throughout the lifecycle of the activity / objective / outcome.

The process is cyclical, and it is often necessary to revisit steps and carry them out regularly to ensure you have a complete picture of the risks to the activity/outcome being assessed as part of continuous improvement in the management of risk.

# Support Guidance and Tools

All staff have a role to play in risk management and the Corporate Risk Management Group (CRMG) have responsibility for helping to deliver the Risk Management Assurance Policy and for developing the necessary training or advice to enable the council to implement the measures contained in this Policy throughout the council.

The Risk and Insurance Team is responsible for developing workforce risk management capability across the organisation, through the provision of guidance, education, training and support. Risk management forms part of the corporate learning and programme at various levels to provide the right level of training and support for Members and managers and effective tools and methodology for identifying, assessing and prioritising risks. Areas of support include:

- Corporate induction
- Induction for new managers
- Risk management is also included in the generic skills set in the workforce plan for all employees and will be supported by a suite of corporate training
- More advanced training needs will be identified through the 'Leadership and Management Development Framework'

Guidance materials are under regular review to ensure they reflect the needs of the organisation and are compatible with the organisations structure having the flexibility to adapt to new and changing structures. New ways to engage with officers and leaders to help with the understanding and embedding of effective risk management is under regular review, with the options for digital learning and development high on the agenda.

The risk management Policy, guidance and training materials are reviewed on a regular basis to ensure they continue to meet the needs of the organisation and incorporate the very latest industry best practice.

Training on risk management is also offered to all staff and members periodically either on specific subjects or as identified through Personalised Development Plans.

The risk management intranet pages are continually being improved. Outlining what risk management is, and how all employees can play their part in reporting and managing risks. It will also contain CRMG guidance notes and other useful information. New training and guidance will continually be developed and rolled out. Risk management records will be managed via SharePoint. The Risk Management Policy and supporting arrangements will be available and communicated.

# Risk Governance, Assurance and Maturity

The Audit & Accounts Regulations 2015 requires the council to have effective arrangements for the management of risk and each year, in the council's Annual Governance Statement, the council is required to comment on the effectiveness of its arrangements in this regard. The statement must also identify any significant governance issues that may have resulted from failures in governance and risk management. Legal requirements aside, effective risk management is required to ensure the continued financial and organisational well-being of the council and council - wide ownership and accountability for managing risk is critical to the success of delivering the organisations priorities and objectives. Management of risk is inseparable from effective management of the councils performance.

The Risk Management Assurance Policy complements Bristol City Council's internal control environment, alongside other financial, operational and compliance controls. Assurance provides confidence, based on enough evidence, that internal controls are in place and operating effectively and that objectives are being achieved.

Members and senior management are responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. They maintain a sound risk management and internal control systems.

Annex A of this Policy outlines the roles and responsibilities, and the governance reporting framework for Risk Management within Bristol City Council (*page 13*), demonstrating our arrangements for dispersing accountability and responsibility for risk management throughout the organisation. With focus on internal control, the Audit Committee are the organisation's oversight body for risk management, providing check and challenge to

the risk management assurance policy, process and delivery. The Roles and responsibility of the Audit Committee are set out in Annex A.

The Risk and Insurance Team work closely with internal audit and governance colleagues to ensure the principles of good governance are adopted. Auditing of the Risk Management Assurance Policy is undertaken by the council's internal audit team in accordance with their audit plan and recommendations arising are fed back through the risk management annual plan to ensure continual improvement.

Bristol City Council adopts the three-line defence model for effective risk management and control as shown in the *Figure 7 Risk Management Assurance Model* on the following page. The Risk Assurance Model clarifies response at both an operational and strategic level of the organisation. Within this model, management control is seen as the first line of assurance; this shows how each service area complies with risk management sources of assurance. The second line of assurance shows the oversight functions of Assurance Services. The third line of assurance provides Internal Audit's assessment of the risk management sources of assurance. Assurance is also offered from external sources such as external audit and regulators. This model provides active scrutiny and challenge to ensure assurance is achieved.

At the end of each year, the Executive Team assures the Audit Committee that significant risks have been adequately managed. Internal Audit performs an independent audit of Risk Management at the council each year, which they report to the Audit Committee. The Audit Committee then provide a statement of assurance to the Cabinet that our major risks are adequately managed.

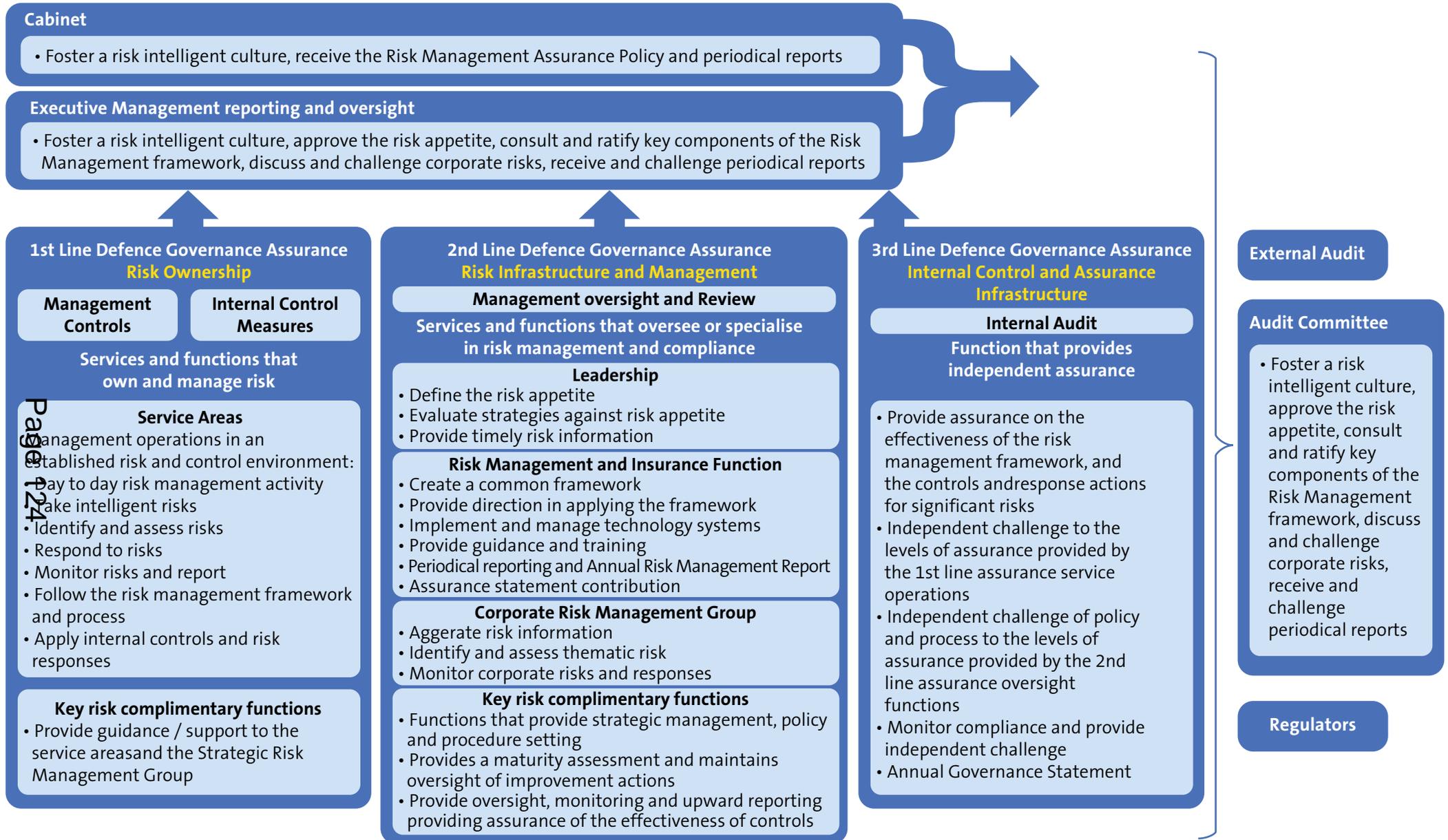


Figure 7. Risk Management Assurance Model

## Risk Management Maturity

---

All organisations, including Bristol City Council, are on a risk management journey. Risk maturity refers to where the business is on that journey and how well-established risk management is as a discipline across the organisation. There is increasing complexity of risks facing public service organisations and our senior leaders recognise and actively support the driving forward of the risk management agenda. Through self-assessment and bench marketing we will continue to review our current risk management capability to help us direct our resources to areas that need improvement and further development, ensuring that risk management arrangements remain fit for purpose in this changing environment.

We network and share information with other councils which enables us to benchmark ourselves against similar organisations. The council regularly engages with external risk management bodies such as Alarm (the Public Risk Management Association), and the Institute of Risk Management. These provide additional opportunities for Bristol City Council to compare itself with industry best practice and ensure that it continues to move forward on the risk management journey.

Annually a maturity assessment will be undertaken including self-assessment, performance metrics and stakeholder opinions which will inform the risk management compliance and performance. The council will additionally carry out an annual benchmarking exercise. The diagram below shows the maturity levels adopted by CIPFA.



## Risk Management Review and Audit

---

To ensure the Risk Management Assurance Policy, guidance and associated tools remain fit for purpose, we continually seek to review and improve our risk management methodology and embrace new initiatives, new legislation, government guidance or internal changes in practice are captured and reflected. We adapt to our changing operating environment and economic conditions and have a framework with enough flexibility to cope with these changes. We aim to improvise, innovate and experiment in addressing challenges and exploiting opportunities learning from both success and failure, which strengthens the organisation and its dependent networks.

Risk management is subject to the councils internal audit practices and as such is audited in line with the timetabling set by the Internal Audit Plan. Any recommendations arising from audit activity is channelled back through our annual work plans to ensure they are addressed. The council is also subject to Peer Reviews and External Audit.

Group / Individual	Responsibilities
<b>MEMBERS</b>	
<b>Elected Mayor and Cabinet</b>	<ul style="list-style-type: none"> <li>● Oversee delivery of the Risk Management Assurance Policy</li> <li>● Determine overall risk appetite and tolerance for the council</li> <li>● Ensure consideration of risk in decision making</li> <li>● Review progress of the management of strategic risks</li> <li>● Quarterly review of Corporate Risk and Issues Registers</li> <li>● Mayor to sign the Annual Governance Statement</li> <li>● Approve the Risk Management Assurance Policy</li> </ul>
<b>Cabinet Member Leads</b>	<ul style="list-style-type: none"> <li>● Oversee risks relating to their portfolio</li> <li>● Oversee risk management policy (Cabinet Member Resources)</li> </ul>
<b>Directorate Scrutiny Commissions</b>	<ul style="list-style-type: none"> <li>● Challenge decisions made by Cabinet where risks have not been properly considered.</li> <li>● Task and finish groups can request risk report information for areas in line with their portfolios</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>● Provide independent assurance to the council on the effectiveness of risk management and internal control by: <ul style="list-style-type: none"> <li>• Reviewing the Corporate Risk Report to ensure it is reflective of the strategic risks to the delivery of the council's objectives and management of risks is effective</li> <li>• Scrutinising the Annual Governance Statement to ensure it is a correct reflection of internal control, risk management and governance</li> <li>• Receiving reports from Internal Audit, External Audit and other inspection bodies indicating strengths and weaknesses in internal control, risk management or governance</li> </ul> </li> <li>● Review the effectiveness of risk management arrangements</li> <li>● Provide comment and challenge on risk management activity and progress</li> </ul>
<b>Leadership</b>	
<b>Head of Paid Service/ Corporate Leadership Board</b>	<p>Overall responsibility to:</p> <ul style="list-style-type: none"> <li>● Ensure the Annual Governance Statement is an accurate reflection of internal control, risk management and governance (Head of Paid Service to sign)</li> <li>● Oversee corporate and cross cutting risks and resolve conflicts and competing demands for resources</li> </ul>
<b>Director Finance</b>	<p>Overall leadership for the effective delivery of the organisation's risk management service in accordance with industry best practice.</p> <ul style="list-style-type: none"> <li>● Ensure risk management features as part of the organisations proper administration to protect the authority from financial and reputational risk</li> <li>● Lead a quarterly review of Corporate Risks with the Strategic Leadership Team, and Cabinet</li> <li>● Arrange for the annual review of the Risk Management Assurance Policy</li> <li>● Support the roll-out of a Risk Management Assurance Policy across the council, including advice and training, including to Members</li> <li>● Report progress with risk management to Members, particularly the Audit Committee, and to Executive Directors</li> <li>● Identify and monitor key revenue budget and capital programme risks</li> <li>● Ensure appropriate external insurance cover, and as S151 Officer provides assurances regarding overall financial risk management of the council for the Annual Governance Statement</li> </ul>

<b>Group / Individual</b>	<b>Responsibilities</b>
<b>Corporate Leadership Board (CLB)</b>	<ul style="list-style-type: none"> <li>● Overall accountability for risk management across the business including ensuring the corporate risk information is a live and up to date record of the current risk exposure</li> <li>● Set the tone for risk management, promote the benefits of effective risk management and lead by example in embedding the Risk Management Assurance Policy</li> <li>● Establish a control environment and culture where risk can be effectively assessed and managed</li> <li>● Regularly discuss and review the Corporate Risk Report and associated risk reports</li> </ul>
<b>Executive Director Management Team</b>	<ul style="list-style-type: none"> <li>● Ensure risk is appropriately considered in items that require political and management direction</li> <li>● Regularly review Corporate and Directorate Risk information</li> <li>● Sign of risk information</li> <li>● Attend Audit Committee when requested to further explain their strategies to manage risk both threats and opportunities and issues</li> <li>● Ensure that working risk register entries are maintained and up to date</li> <li>● Submit periodical updated risk registers and reports to the Risk and Insurance Team in line with reporting timelines</li> </ul>
<b>OFFICERS</b>	
<b>Risk and Insurance Manager supported by the Risk and Insurance Team</b>	<ul style="list-style-type: none"> <li>● The Risk and Insurance Manager supported by the Risk and Insurance and Team, complimentary services have a key role to play in supporting the operating principles of the council and helping to achieve the strategic aims and priorities by providing oversight, challenge and assurance that risk is being effectively managed across the organisation; whilst delivering a high performing, customer focused service</li> <li>● The team develops and delivers the Risk Management Assurance Policy for the council and is responsible for developing workforce risk management capability across the organisation, through the provision of guidance, education, training, and support to enable the organisation to take control of the risks that threaten or optimise delivery and to embed the risk management principles and practices across the business ensuring that this adds value and is in line with the industry standards and requirements</li> </ul>
<b>Corporate Risk Management Group (CRMG)</b>	<p>The CRMG has a role to further embedded risk management as part of the council's culture of governance, with members, managers and partners at all levels recognising that risk management is part of their job and held accountable for managing risks by:</p> <ul style="list-style-type: none"> <li>● Embedding the processes across the council as part of the risk management arrangements</li> <li>● Establishing a robust and systematic approach for identifying, managing and responding to risk including evaluation, review, development, consultation and communication to support well thought through risk taking and decision making</li> <li>● Developing appropriate training and awareness arrangements for Members, Senior Officers, Staff, Partners and the Community</li> <li>● Promoting good corporate governance and contribute to the annual governance statement</li> </ul>

<b>Group / Individual</b>	<b>Responsibilities</b>
<b>Executive Directors (All)</b>	<ul style="list-style-type: none"> <li>● Ensure there are effective risk management arrangements in their directorate in line with this policy and ensure adherence with the Risk Management Assurance Policy</li> <li>● Champion the benefits of effective risk management</li> <li>● To appoint a risk coordinator to drive forwards the risk management arrangements within their Service</li> <li>● Hold workshops for the assessment of risk</li> <li>● Maintain the working Directorate Risk Reports, ensure they are reviewed at least quarterly by the Directorate Management Team and that risks are escalated to the Corporate Risk Report where appropriate</li> <li>● Approve actions/plans with residually high risk i.e. those outside the City Council's risk tolerance and where necessary are escalated to CLB</li> <li>● Take ownership for risks within their service and ensure risk registers, risk assessments including project registers are regularly discussed, reviewed, updated and escalated as appropriate</li> <li>● Ensure key decision reports contain balanced and considered risk assessments</li> </ul>
<b>Monitoring Officer</b>	<ul style="list-style-type: none"> <li>● Provide assurances regarding overall legal risk management of the council for the Annual Governance Statement and input to risk reports and registers as required</li> <li>● Ensure the Annual Governance Statement is an accurate reflection of internal control, risk management and governance to sign off</li> </ul>
<b>Directors, third and fourth tier managers</b>	<ul style="list-style-type: none"> <li>● Here ensure that risks to services are properly recorded on risk reports and registers and manage risks effectively in their service area, in accordance with the risk management arrangements ensuring that: <ul style="list-style-type: none"> <li>• Service working risk registers are maintained as needed and reviewed regularly</li> <li>• Any significant new risks identified through the business planning process are fed through to the line manager and escalated for consideration by the Directorate Management Team</li> <li>• The risk management arrangements are embedded in their service areas, and that staff are aware of the underlying risk management principles.</li> <li>• Where necessary escalate risks to Management Teams</li> <li>• Ensure their staff have appropriate understanding and training on risk management</li> <li>• Champion the benefits of risk management across their service and communicate the corporate approach to managing risk</li> </ul> </li> </ul>
<b>Councillor(s) Support Officers</b>	<ul style="list-style-type: none"> <li>● Monitor inclusion of risk assessment in all reports to Cabinet requiring a decision</li> </ul>
<b>Corporate Safety Team</b>	<ul style="list-style-type: none"> <li>● Provide technical and advisory assistance to Strategic Directors, Managers and staff to promote and maintain effective safety, health, and welfare services</li> <li>● Conduct audits of health and safety arrangements, including the completion of Health and Safety risk assessments</li> </ul>

<b>Group / Individual</b>	<b>Responsibilities</b>
<b>Civil Contingency Manager/ Civil Protection Unit</b>	<ul style="list-style-type: none"> <li>● Ensure:               <ul style="list-style-type: none"> <li>• Services have the templates and support to ensure service continuity risks affecting a critical service are can be addressed in a Business Continuity Plan and reflected in the Directorate Business Continuity Plan</li> <li>• The Directorate Management Teams are aware of emerging new high risks to business continuity planning</li> <li>• Ensure Corporate Continuity Planning takes account of risks in the Corporate, Directorate and Service Planning working Risk Registers, as well as external risks in the Local Resilience Form (LRF) - Community Risk Register</li> <li>• Promote and assist contingency planning and business continuity at Corporate, Directorate and Service Delivery level to mitigate risks outside the council's risk tolerance</li> </ul> </li> </ul>
<b>Strategic Intelligence &amp; Performance Team</b>	<ul style="list-style-type: none"> <li>● Support the development of strategic and service planning which ensures robust consideration of risk in achievement of objectives</li> </ul>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>● Plan audit work to take into account key risks, and how effectively they are managed providing assurances for the Annual Governance Statement, the Corporate Risk Register and Audit Committee</li> <li>● Undertake periodic reviews of the effectiveness of risk management</li> <li>● Undertake proactive fraud prevention and detection work based on an assessment of fraud risk to the council</li> <li>● Prepare, on behalf of the Mayor and Head of Paid Service, the Annual Governance Statement</li> </ul>
<b>All Staff</b>	<ul style="list-style-type: none"> <li>● Manage risk as part of their role and report risks to their managers by:               <ul style="list-style-type: none"> <li>• Develop understanding and become familiar with the Risk Management and Assurance Policy</li> <li>• Maintain awareness of risks, their impact, including costs, and feed these through the adopted risk management process including alerting management to:                   <ul style="list-style-type: none"> <li>• Risks which are not effectively managed, or the level of current risk is unacceptably high (amber or above)</li> <li>• Issues that arise or near misses</li> </ul> </li> </ul> </li> </ul>

# Complementary functions

There are several complimentary functions linked to the management of risk including:

Business Planning, Health & Safety, Business Continuity and Performance Management. All have significant risks associated with them which may have a major impact across the council. It is vitally important that risks in these areas are identified, assessed and prioritised. Representatives of the below teams attend the Corporate Risk Management Group as and when needed.

## Risk management in Business Planning, budget planning and decision making

---

The risk management process, practices and the hierarchy of risk registers helps us to manage the risks that the council and City faces. The council is committed to using risk information to inform decision making and planning:

- Strategic and operational service planning guidelines require that all service plans include relevant risk information (e.g. from risk registers) within their action plans
- Departments are required to use information on significant risks, contained in risk registers to inform decisions on budget re-alignments and investments
- All proposed budget reductions must include a detailed analysis of the risk surrounding the delivery of such reductions as well as the additional risks presented by their successful implementation
- All efficiency improvements must be accompanied by a detailed analysis, including proposed strategies to manage risk. Of the risks that threaten the delivery of the savings, whether they are cashable or non-cashable

- All projects and partnerships must be planned in recognition of the risks that threaten their effective operation and the delivery of their outcomes
- All Decision Pathway reports should be supported by a risk assessment

## Risk management in project management

---

The Council's approach to project risk management identifies and prioritises the priorities of the project so that the most significant risks are managed proportionately. Project risk management is an important aspect of project management. Project risk is defined as, "an uncertain event or condition that, if it occurs, has a positive or negative effect on a project's objectives." All managers are expected to manage risks in accordance to the Council policy and guidance and ensure that the risk management is proportionate to the complexity and significance of the project. Risk Management is a critical and continuous process and appropriate Risk Assessments where appropriate will be undertaken, reviewed and managed throughout the life of a project.

## Risk management in partnerships and stakeholder engagement

---

The council's approach to partnership risk management identifies and prioritises the priorities of the partnership so that the most critical risks are managed proportionately. Partnership governance bodies should ensure that partnerships (including their constituent projects and/or partnerships) are risk managed according to the council policy and guidance and ensure that the risk management is proportionate to the complexity and significance

of the partnership. Risk management for the partnerships must be designed to work across the appropriate organisational boundaries and accommodate and engage the different stakeholders involved. Large and or complex stakeholder communities can introduce their own risk and need to be explicitly managed. Where the council is not the 'leading partner' that 'sets' the management culture, it is the responsibility of council colleagues in the partnership to ensure that the potentially different risk management approaches work together harmoniously to the benefit of all partners.

## **Risk management in procurement**

---

The council's approach to procurement management of risk includes the identification, management and prioritisation for contracts award so that the risks can be managed proportionately. All managers are expected to manage risks in accordance to the council policy and guidance and ensure that the risk management is proportionate to the complexity and significance of the contract. Risk Management is a critical and continuous process, and appropriate Risk Assessments where appropriate will be undertaken, reviewed and managed throughout the Procurement Journey. It is important to engage with the marketplace in terms of identifying the desired outcomes, risks and issues.

## **Health, Safety and Wellbeing**

---

The council has responsibilities under health and safety legislation to ensure the health, safety and welfare at work of employees and other people affected by the council's business. Managing health and safety risks is an integral part of business risk management and the management of such risks should not be taken in isolation. Poor health and safety management can have a negative impact on

other business risks such as reputation, insurance, business continuity and financial resources.

Health and safety risks vary across the council due to the diversity of work activities. The effective management of the risks, as with all significant corporate risks, is an essential part of the role of the relevant managers. The organisation and arrangements for managing health and safety within the council are detailed in the council and Directorate / Directorate's Health and Safety Policy documents.

The health and safety management system in Bristol City Council is based on the model detailed in the Health and Safety Executive publication "Successful Health and Safety.

Management" (HSG65) and takes into account the Institute of Directors / Health and Safety Commission guidance "Leading Health and Safety at Work – Leadership Actions for Directors and Board Members".

## **Business Continuity**

---

Business Continuity Management (BCM) is complementary to a risk management framework that sets out to understand the risks to the council, and the consequences of those risks seeking to manage risk around the key services that the council delivers, service delivery can be disrupted by a wide variety of incidents, many of which are difficult to predict or analyse by cause. By focusing on the impact of disruption, BCM identifies the services which the council must deliver, and can identify what is required for the council to continue to meet its obligations.

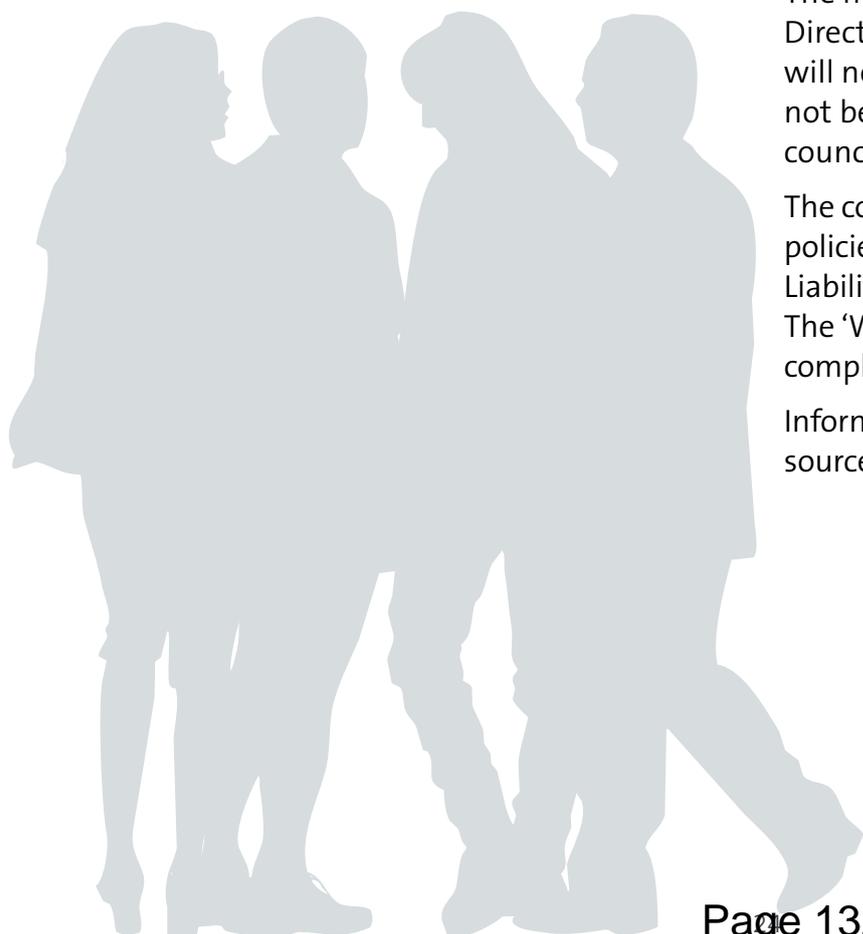
Through BCM, the council can recognise what needs to be done before an incident occurs to protect its people, premises, technology, information, supply chain, stakeholders, reputation and importantly the services that the council delivers to the people of Bristol.

With that recognition, the council can then take a realistic view on the responses that are likely to be needed as and when a disruption occurs, so that it can be confident that it will manage any consequences without unacceptable delay in delivering its services.

## **Risk management and performance management**

---

The council acknowledges the crucial links between risk and performance management. Risk management is an integral part of the business performance management framework. Performance cannot be reviewed or reported on without an accompanying review and report on the risks in play, whether they are a direct threat to progress or arise from an initiative to achieve new and critical benefits.



## **Insurance**

---

Insurance acts as a risk transfer mechanism which reduces the financial risk to the council. The council transfers the insurable risks to an insurance company by contributing a premium.

In the event of a financial loss, the council is entitled to indemnity, subject to the terms and conditions that are in place. The administration of the council's insurance arrangements is undertaken by the Risk Management and Insurance Section, within Resources. The section provides a comprehensive and professional Insurance service including insurance provisions and other related insurance activities as well as processing new and outstanding claims.

The council is required to provide Insurance Cover or alternative funding for a variety of possible or probable events and liabilities that could arise. The majority of risks identified through Corporate, Directorate, Programme or Project risk registers will not be insurable and some, on balance, may not be financially viable or of benefit to the council to insure.

The council currently have multiple insurance policies in place, the main policies being Public Liability, Employers' Liability, Motor and Property. The 'What Is Insured?' document provides a complete overview of insurance

Information and Guidance is provided via the source.

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR1: Long term commercial investments and major projects capital investment.</b></p> <p>BCC's long-term commercial investments and major projects may require greater than anticipated capital investment.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>The cost is higher than expected.</li> <li>The project is delivered later than planned.</li> <li>The operating and maintenance cost of the asset exceeds expectations.</li> <li>The demand for the asset is less than budgeted driving down income.</li> <li>Strategic, geographic, social, financial and economic conditions changing over time.</li> <li>Over-sight of Project Interdependencies not well managed.</li> </ul>	<p>The Council has an approved Capital Strategy which sets out how capital investment will play its part in delivering the ambitious long term strategic objectives of the Council, how associated risk is managed and the implications for future financial sustainability. Capital Governance arrangements have been reviewed and some improvements have been made to governance and accountability arrangements through Housing, Property and Growth and Regeneration Boards. The G&amp;R Board will be overseen by the Delivery Executive to make improvements to capital project business cases, taking account of whole life costing principles and improving capital monitoring arrangements. The agreed capital programme for the next 5 years includes significant corporate contingencies to mitigate financial risks and new pressures or opportunities. The Council also holds a capital investment reserve to support future capital and commercial investments and associated risks therein.</p> <p>We are, monitoring and reporting the cost-determining factors, and seeking relevant professional advice to ensure Value for Money (VfM) by undertaking due diligence which covers the economic, financial, social and environmental case. This is ongoing.</p> <p>Governance arrangements are in place for the council as a Company Shareholder.</p> <p>The Growth and Regeneration Directorate is responsible for delivery of major infrastructure projects. Some of the key projects include:</p> <p><b>Harbour Strategy</b> -We are looking to secure capital funding to commence in 2018/19 through a robust capital business case to make commercial improvements across areas such as new pontoons, and boaters facilities, both of which will generate income and make the area more attractive economically, We have completed a commercial benchmarking exercise in terms of charges and commercial offering using similar marina sites across the UK, We are constructing a plan around our commercial offering, fees &amp; charges, leases etc. to ensure we are maximising income that can be used to invest in the area, and carrying out condition surveys to assist with the development of a robust maintenance schedule.</p> <p><b>Arena</b> - We commissioned consultants to carry out Value for Money (VfM) studies for the Arena at Temple Meads, alternative use of the site plus an alternative scheme at Filton. On the 4<sup>th</sup> September 2018 Cabinet agreed to look to an alternative use for the Temple Quarter site.</p> <p><b>Temple Quarter</b> - For contracts we ensure that robust contingencies are built into the project costs, and secure consultant's advice relating to appropriate risk allocation and reward, and other contractual arrangements.</p> <p><b>Cattlemarket Road</b> - Cabinet approved reallocation of existing budget in January 2019 to enable demolition of the former sorting office to ground level.</p> <p><b>Colston Hall</b> -Consultants were engaged last year to undertake an options appraisal to verify the project in its current format i.e. the scope of the works and ensuring that the correct option has been chosen to make the hall financially sustainable. Cabinet has approved the underwriting of the project to a maximum of £48.8m. The project is progressed through the Southern Construction Framework (administered by Devon County Council) and In January 2019 Cabinet member was briefed on position.</p> <p><b>Energy</b> -In the last 2 years Bristol Energy has grown significantly. However the energy market is extremely complex with strong competition from new and existing energy retailers with high volatility in wholesale prices and the industry is currently subject to price scrutiny from Industry regulators.</p>	↔	3	7	21	<p>Ongoing improvements to capital governance, financial and delivery monitoring arrangements aligned to capital strategy requirements to be implemented from May 2019. The Executive Director for Growth and Regeneration has instigated a series of ongoing 'Deep Dives' with a focus on key programmes and project deliverables feedback being reviewed by the Growth and Regeneration Board and further detailed review of the capital programme to be undertaken as part of the budget process (Ongoing), the Growth and Regeneration Board meets monthly to continue to improve project, programme and portfolio risk management to ensure robust arrangements are in place and challenge against deliverables. We will maintain a balanced portfolio of investment assets so that exposure to particular classes of risk can be minimised (Ongoing,) and we continue to strengthen client-side arrangements for companies around the:</p> <p><b>Harbour Strategy</b> - We are working with colleagues across the Growth &amp; Regeneration and Communities Directorates to ensure we have a joined up approach to delivering a new Harbour Strategy. This falls in to three main work streams. Assets, Design and Harbour/Marina activity. Whilst these 3 pieces of work are in differing project stages, an umbrella group to act as a steering and governance forum is being established by September 2018. As part of a robust asset management planning framework we are carrying out condition surveys on the dock's walls to produce a future maintenance schedule as part of the BCC Asset Management Plan by end spring 2019.</p> <p><b>Arena</b> - Following the Cabinet decision in early September 2018 that alternative options for Temple Island will be pursued the Arena project is being closed. Project closure is on track for completion by 31 March 2019.</p> <p><b>Temple Quarter</b> - Cabinet on the 4th September agreed not to pursue the development of the Bristol Arena on the former diesel depot site at Temple Meads.</p> <p><b>Cattlemarket Road</b> - Further funding may be required to discharge the obligations of the City Council under the terms of the sale agreement to the University of Bristol (UoB). Discussions are underway with the UoB to reach a resolution.</p> <p><b>Colston Hall</b> - We have engaged a consultant under a Pre-Construction Services Agreement (PCSA). We have set up a 10 point plan to address any issues by September 2018 to enable us to meet budget constraints. To assist in the process we have engaged the help of the Southern Construction Framework (SCF) administrator and following a strategic meeting between Executive Director G&amp;R and MD Principal Contractor on 10 October 2018, plan established to allow Contract Signature by March 2019 for agreed scope and value set out in cabinet paper dated May 2018.</p> <p><b>Energy</b> - Like all business in this field we continue to work with the company consultants to explore opportunities to ensure we have the right operating model to deliver our objectives. (Ongoing) and we are currently exploring opportunities for smart energy initiatives which include City Leap.</p>	1	7	7
Risk Owner: Interim Executive Director Growth and Regeneration, Executive Director Resources and S151 Officer.	Action Owner: Interim Executive Director Growth and Regeneration, Director Finance.	Portfolio Flag: Finance, Governance and Performance.	Strategy Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing.						

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR3: Failure to Manage Asbestos.</b></p> <p>Failure to manage the asbestos management plan for properties.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Staff availability to carry out work plans in a safe way.</li> <li>• Lack of appropriate training.</li> <li>• Lack of oversight and control by local management.</li> <li>• Lack of information on the potential or known risks.</li> <li>• Inadequate contract management arrangements.</li> <li>• Lack of effective processes and systems consistently being applied.</li> <li>• Policies are not kept up to date.</li> <li>• Budget pressures.</li> </ul>	<p>We have an ongoing plan for properties to be surveyed prior to any work being undertaken by Asbestos Consultants plus an ongoing programme of surveys is being carried out. Funding for Contractor training was agreed in February 2018.</p> <p>There is a process for reporting Asbestos exposure incidents to the HSE via F2508 form. Asbestos incidents are reported via the Corporate health and safety accident/incident process. Asbestos incidents are investigated in-house and appropriate actions taken. Significant asbestos issues are reported to the appropriate Health &amp; Safety Committees, senior management and executive. Ongoing.</p> <p>Corporate Asbestos arrangements have been reviewed and published on the Source, 12th June 2018.</p> <p>A corporate review of Asbestos arrangements is has been carried out Q2 2018/19.</p> <p>Property Services have reviewed their asbestos arrangements.</p> <p>We are holding regular 'Asbestos working group' meetings to progress the management of Asbestos across the authority. Ongoing.</p>	↔	3	7	21	<p>All managers will be informed of reviewed Asbestos arrangements by use of CHaSMS.</p> <p>Housing are reviewing and updating the service area Asbestos arrangements, as part of a wider action plan to improve the management of Asbestos, following a Corporate Safety review of the Service.</p> <p>Housing and Property Service are reviewing and updating the service area Asbestos arrangement procedures.</p> <p>Arrangements being made for contractor training to inform of BCC's expectations of standards, whilst on our sites are being made by Property services and housing each aiming to roll out in Feb / March 2019.</p> <p>New Health and Wellbeing Manager to carry out follow up review of actions set out in original review and monitor progress with actions until complete</p> <p>Housing are recruiting a new Health and Safety Post to support effective Health and Safety Arrangements and monitoring</p> <p>CHASM is being reviewed and a specific toolkit for Property "persons in charge" is being created which will enable central monitoring of asbestos arrangements in practice.</p>	1	7	7
<p>Risk Owner: Head of Paid Service and Corporate Leadership Board (CLB).</p>	<p>Action Owner: Director of Commercialisation (for Corporate Estate) and Director of Housing and Landlord Services (for Social Housing).</p>	<p>Portfolio Flag: Finance, Governance and Performance.</p>			<p>Strategy Theme: Our Organisation.</p>				

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.								
Risk title and description	What we have done	Performance	Current Risk Level			Tolerance Risk Level		
			Likelihood	Impact	Risk Rating	Likelihood	Impact	Risk Rating
<p><b>CRR4: Corporate Health, Safety and Wellbeing.</b></p> <p>If the City Council does not meet its wide range of Health &amp; Safety requirements then there could be a risk to the safety of citizens.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• If services do not have sufficient staff numbers to carry out work plans in a safe way.</li> <li>• If services are not able to order appropriate equipment required for staff safety.</li> <li>• Lack of appropriate equipment.</li> <li>• Lack of appropriate training.</li> <li>• Lack of oversight and control by local management.</li> <li>• Lack of information on the potential or known risks.</li> <li>• Inadequate contract management arrangements.</li> <li>• Lack of effective processes and systems consistently being applied.</li> <li>• Policies are not kept up to date.</li> <li>• Budget pressures.</li> </ul>	<p>The Corporate Health &amp; Wellbeing (HS&amp;W) team is in place to support the council and provide advice and guidance. The Corporate Policy Statement, service specific policies, procedures and systems of work and safety arrangements are in place and routinely reviewed.</p> <p>BCC has a Corporate Health and Safety Management System (CHaSMS) to identify and monitor hazards, risks and appropriate actions. Each manager (with staff and /or premises responsibilities) have an action plan which is completed by all Managers on a quarterly basis. Once completed the (HS&amp;W) team check the returns and give relevant feedback to the individual Managers and report the overall results to Senior Management.</p> <p>The accident/incident reporting procedure is in place to monitor injury to colleagues and is communicated. All incidents are subject to the investigation procedure to reduce the potential for any recurrences.</p> <p>Corporate procedures and a risk assessment pro-forma exist for core safety functions including arrangements for fire risk assessment of all workplaces. A register is in place for potential asbestos exposures. We have reviewed and further invested in statutory health surveillance equipment and training and a programme of work in place within council housing post Grenfell.</p> <p>BCC has a programme of e-learning and personal face to face course delivery available to all staff and members. Ongoing specific training on H&amp;S and excessive pressure/ personal resilience is also available. Stress management training and stress risk assessment training is available for managers and employees.</p> <p>An independent occupational health support (NHS Avon Partnership Occupational Health Service) is in place to provide advice, employee support, management medical opinion and advice to support managers dealing with employee ill-health and absence. A pre-employment health screening service is in place to ensure reasonable adjustments are identified to support employees and also an HGV driver medical support service. A confidential Employee Assistance Programme, Wellbeing telephone helpline operates (24hrs / 7 days a week); this programme also includes a range of Wellbeing information via a website. Partnerships with external providers of counselling and physiotherapy services are in place to provide fast-track access to these services. The council is routinely monitoring these services.</p> <p>The Intelligence network including the Corporate Safety Information System is in place to share details of the addresses to the Citizens of Bristol considered to present risks to staff.</p> <p>Corporate Health and Safety is reported to the Leadership team quarterly using the CHaSMS to help monitor compliance.</p> <p>BCC also has a system of Trade Union Consultation with Health and Safety trained Representatives.</p> <p>Benchmarking and annual reports are provided to BCC along with the annual performance report.</p> <p>All contracts set up with external providers include checking their relevant Health and Safety competency.</p> <p>The council's audit programme monitors compliance with statutory duty and best practices.</p>	↔	3	7	21	1	7	7
<p>Risk Owner: Head of Paid Service and Corporate Leadership Board (CLB).</p>	<p>Action Owner: Director of Workforce Change.</p>	<p>Portfolio Flag: Finance, Governance and Performance.</p>	<p>Strategy Theme: Our Organisation.</p>					

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR5: Business Continuity and Councils Service Resilience.</b></p> <p>If the council has a Business Continuity disruption and is unable to ensure the resilience of key BCC operations and business activities, then the impact of the event maybe increased with a greater impact on people and council Services.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Strikes (People, Fuel).</li> <li>• Loss of key staff (communicable diseases and influenza epidemics).</li> <li>• Loss of suppliers.</li> <li>• Loss of accommodation to deliver key services.</li> <li>• Loss of equipment.</li> <li>• Any event which may cause major disruption.</li> <li>• Unavailability of IT and/or Telecoms.</li> <li>• Loss of staff /staff availability.</li> <li>• Knowledge loss.</li> <li>• Reduced chances of preventing/ responding to incidents due to a lack of forward planning or investment.</li> </ul>	<p>The council has a Corporate Resilience Group (CRG) supported by directorate representatives who meet quarterly to oversee the council’s Business Continuity arrangements and to receive significant risks outside council’s Control which are reflected on the Local Resilience Forum Community Risk Register.</p> <p>A number of Policies and procedures are in place including the Business Continuity Policy (September2016) which was communicated to relevant staff. The Incident Response Plan updated in July 2017.</p> <p>Service Business Continuity Plans were in place for January 2018, the plans have undergone a refresh in 2018.</p> <p>An Incident Management Team training session was carried out September 2018.</p> <p>A Senior Management on-call rota has been devised agreed and is regularly monitored.</p> <p>A successful annual recovery exercise Day Two was carried out 25th May 2018 and relevant improvements are being built into the wider council arrangements and will be briefed to the CRG.</p> <p>CLB accepted growth bid for extra staff on CPU team.</p> <p>A review of Service Level Business Continuity Plans has been completed January 2019. We have \been introducing a quality assurance approach for our business continuity plans to emphasise service accountability.</p> <p>(See CRR24 for Line of Business page 22, CRR25 for IT Resilience page 23 and CRR7 for Cyber-attack page 6.)</p>	↔	3	5	15	<p>The Business Continuity Policy is planned to be reviewed in by November 2019.</p> <p>The Corporate Business Continuity Plan will be reviewed by in December 2019.</p> <p>The Businesses Continuity Working Group will be refreshed within the year and we are currently drafting a plan for future exercises to test different elements of BCC Business Continuity arrangements with partners.</p> <p>Business Continuity refresher training is planned for November/December 2019.</p>	1	3	3
<p>Risk Owner: Interim Executive Director Growth and Regeneration</p>	<p>Action Owner: Director Management of Place</p>		<p>Portfolio Flag: Finance, Governance and Performance.</p>			<p>Strategy Theme: Our Organisation, Wellbeing.</p>			

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR6: Fraud and Corruption.</b></p> <p>Failure to prevent or detect acts of significant fraud or corruption against the council from either internal or external sources.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Failure of management to implement a sound system of internal control and/or to demonstrate commitment to it at all times.</li> <li>• Not keeping up to date with developments, in new areas of fraud.</li> <li>• Insufficient risk assessment of new emerging fraud issues.</li> <li>• Lack of clear management control of responsibility, authorities and / or delegation.</li> <li>• Lack of resources to undertake the depth of work required to minimise the risks of fraud / avoidance.</li> <li>• Under investment in fraud prevention and detection technology and resource.</li> </ul>	<p>We are continually improving the comprehensive system of control which aims to prevent fraud and increase the likelihood of detection. This includes a strong and robust policy on anti-fraud, corruption and bribery.</p> <p>We take a strong stance when fraud is found and seek financial recovery through a strong and effective counter fraud team.</p> <p>The team concentrates on areas of high fraud risk, investigates fraud promptly where suspected and sanctions appropriately. By investing in specialist fraud prevention and detection software and utilising cross organisation data will minimise the council's exposure to fraud risk and aid early detection / prevention. An accessible route to report suspected fraud is available to both the public and employees via a Whistleblowing Policy Anti-Fraud, Bribery and Corruption Policy and web page. This ensures that the council's financial systems accurately record the financial transactions and robust control processes which are in place to maximise the opportunity to prevent and detect fraud or inaccuracies.</p> <p>Employees are aware of probity standards expected of them via an Employee Code of Conduct, improving awareness of fraud and compliance through a process of reminders about ethics and conduct, fraud awareness training and other publicity, continual maintenance of Counter Fraud information on Web pages and monitoring and review of the effectiveness of the Counter Fraud Arrangements.</p> <p>Key Counter Fraud Objectives were defined for 2018/19.</p> <p>Counter Fraud Performance is monitored by Audit Committee via the Annual Counter Fraud Update, periodic Internal Audit Updates and the Annual review of arrangements against CIPFA Count Fraud Assessment Tool. Improvements are highlighted in an action plan which is monitored by Audit Committee.</p> <p>We have revised the structure of Counter Fraud team approved and HRA funding source agreed for tenancy fraud work.</p> <p>We have regular meetings taking place with Legal services to ensure cases progress swiftly.</p> <p>Data sets are submitted to the National Fraud Initiative and output received for review.</p> <p>The whistleblowing review has been completed and recommendations made.</p> <p>2 x Blue Badge exercises have taken place.</p>	←	3	5	15	<p>On-going monitoring of fraud indicators (warning signs and fraud alerts) to ensure anti- fraud approach is correctly targeted (Ongoing).</p> <p>Revised structure of the Counter fraud service agreed and implementation is ongoing. Action plan to be prepared for tenancy fraud work and delivery of KPI's.</p> <p>Future KPI's to recognise all results from tenancy fraud work i.e. recovered properties, cancelled applications and cancelled 'right to buy' applications.</p> <p>More work to be undertaken with Legal Services to maximise recovery with minimum resource. Project to develop a data warehouse and potential regional hub to commence. Paper to be produced by 28 Feb 2019.</p> <p>Council wide fraud and avoidance initiatives including:</p> <ul style="list-style-type: none"> <li>- NNDR Small Business Rate Relief (in progress).</li> <li>- Tenancy fraud key amnesty (March to May 19).</li> <li>- National Fraud Initiative 2018 (data received and being reviewed).</li> <li>- Accounts Payable forensics software.</li> <li>- Personal budgets – data analytics.</li> </ul> <p>Bribery and corruption fraud control review in progress, to be completed by March 19. Work to develop a risk assessment underway.</p> <p>Fraud policy to be reviewed and updated.</p> <p>New fraud case management system to be explored and implemented before April 2020.</p>	2	5	10
<p>Risk Owner: Executive Director Resources and Director of Finance (S151 Officer).</p>	<p>Action Owner: Director of Finance and Chief Internal Auditor.</p>	<p>Portfolio Flag: Finance, Governance and Performance.</p>			<p>Strategy Theme: Our Organisation.</p>				

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR7: Cyber-Security.</b></p> <p>The Council's risk level in regards to Cyber-security is higher than should be expected.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Lack of investment in appropriate technologies.</li> <li>Reliance on in-house expertise, and self-assessments (PSN).</li> <li>Lack of formal approach to risk management (ISO27001).</li> <li>Historic lack of focus.</li> </ul>	<p>The Council has secured a new Public Services Network (PSN) Certificate (issued 9<sup>th</sup> November 2018).</p> <p>A PSN Remedial Action Plan is in place.</p> <p>Budget provision for Cyber Security was allocated within the Future State Assessment Plan (FSA) as approved by Cabinet June 2018.</p> <p>Independent full security assessments have been carried out November 2018.</p> <p>Increased training - Phishing attacks November 2018.</p>	↔	3	7	21	<p>The Council has secured a new PSN Certificate as the assessor was confident that the Council had sufficiently completed much of the PSN Action Plan. However, there is still remaining a number of key activities which are being prioritised alongside other priority activity due to the current capacity of key skills/resources. The resourcing issue is being addressed within the current capability and capacity assessments which are a prerequisite to the ICT Restructure being delivered within the FSA Transformation Programme. Q4 2018, Q1 2019.</p> <p>Procurement for an independent assessment of the Cyber-Security risks, which is wider in breadth and deeper in discovery than the test currently undertaken for PSN compliance is underway; there have been delays in the procurement process which mean that the original Nov18 target has been missed. This will review all aspects of IT Security from both outside and within the network. This assessment will form the basis of the mitigation activity which will be undertaken within the FSA Programme. The audit and mitigation plans should be available during February 2019, ready for review by the Council's SIRO and the FSA Transformation Programme Delivery Board.</p> <p>ICT are working closely with the Council's new SIRO to improve the approach to all aspects of Information Assurance (including adoption of ISO27001). In addition to this, ICT are working with the Resources Executive Director and colleagues to review and enhance the current policies and strategies pertaining to Information Management. This is a new initiative without a formal plan as yet.</p> <p>The FSA Programme currently has plans to implement technology platforms to move the Council from file storage to document storage platforms, increase team collaboration without use of email, implement file retention policies, introduce document marking and rights management, implement data classification and improve federated search across structured and unstructured data stores. The FSA Programme will align with the new Information Assurance approach and the strategy set by the Council's SIRO, as direction becomes clear. In the meantime, ICT has given assurances that the FSA Programme deliverables will not impact or inhibit future strategy due to the flexibility and capability within anticipated technical solutions. This will be delivered in line with the 2-3 year FSA Programme.</p> <p>As well as technical controls, the ICT team is currently undertaking a Phishing attach exercise where we are sending emails to staff to see how users react to this type of Cyber Attack. Anyone clicking on links is directed towards targeted training. We will use the outcome of this exercise to inform on how we improve non-technical controls and training in future. ICT will continue to work with the SIRO to develop appropriate targeted training. Q4 2018.</p>	1	5	5
Risk Owner: Senior Information Risk Owner (SIRO).	Action Owner: Director, Digital Transformation.	Portfolio Flag: Finance, Governance and Performance.			Strategy Theme: Our Organisation.				

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR9: Safeguarding Vulnerable Children.</b></p> <p>The council fails to ensure that adequate safeguarding measures are in place, resulting in harm or death to a vulnerable child.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Safeguarding arrangements do not meet the requirements of the Children Act and associated legislation, guidance and regulations.</li> <li>Inadequate controls result in harm.</li> <li>Poor Management and operational practices.</li> <li>Demand for services exceeds its capacity and capability.</li> <li>Inability to recruit/retain social care staff in a competitive market.</li> <li>Poor information sharing.</li> <li>Strategic commissioning arrangements do not meet identified need and our ability to commission safe care for children is impaired.</li> <li>Increase in complex safeguarding risks, criminal exploitation, serious youth violence and gang affiliation.</li> </ul>	<p>We provide regular analysis of performance and reports to Cabinet Members and Directors regarding safeguarding performance and progress.</p> <p>The Safeguarding Children’s Board provides independent scrutiny of children’s safeguarding arrangements in the city and holds BCC and partner agencies to account.</p> <p>There has been a review of arrangements to meet the Prevent Duty and the Safer Bristol Board has adopted an Improvement Plan to deliver better outcomes in service provision quality and safety.</p> <p>BCC works with partners to effectively identify victims and perpetrators of CSE and take action to disrupt and protect.</p> <p>Multi Agency Public Protection Arrangements are in place (MAPPA) with BCC contributors at every level to support family safeguarding.</p> <p>The Safeguarding and Quality Assurance Service has been remodelled to secure additional capacity (Independent reviewing officer and Child Protection Chairs) and has the Local Authority Designated Officer for allegations against people who work with children.</p> <p>Comprehensive training and development offer, together with publication of Bristol’s policies and procedures and monthly professional supervision help ensure safe practice and adequate control of risks. This is monitored and tested through a performance and quality assurance framework.</p> <p>September 2018 Ofsted ILACS single inspection identified that, ‘services have improved substantially for care leavers, children in care and children in need of help and protection.’ However, there is more to do to ensure <i>all</i> children and families receive a good service. Based on this and self-evaluation, we are refreshing our transformation and improvement plan to address areas identified for improvement (these incorporate actions in response to learning from other Inspections, Peer Review, Serious Case Review, complaints and other feedback received).</p> <p>Bristol’s Strengthening Families transformation programme is taking a whole system approach to meeting the needs of children and families at the earliest point. In this way we aim to manage demand and maintain capacity within the system. Universal services may be supported by early help and targeted services, including a team around the school offer.</p> <p>Bristol has an active workforce strategy in place to attract, recruit and retain social workers with a particular emphasis on recruiting and retaining excellent, experienced social workers. The Management Team monitors social work vacancies and agrees strategies for urgent situations. Competent agency social workers and managers are used on temporary basis to fill vacancies. A number of further measures are being progressed with the aim of improving the retention of social workers. A robust social worker caseload monitoring framework is in place.</p> <p>Information sharing protocols are in place with services taking action to comply with GDPR where sensitive data is stored/processed.</p> <p>Children’s strategic commissioning team have a work plan in place.</p> <p>BCC commissioners work closely with operational services to identify need and ensure appropriate service commissioning.</p> <p>Due diligence and quality checks of all commissioned services for vulnerable children are in place.</p>	↔	2	7	14	<p>Safeguarding Board and related arrangements are under review, with the aim of improving efficiency and effectiveness, and ensuring robust governance arrangements continue to hold multiagency partners (inc. BCC) to account.</p> <p>Ongoing action is being taken to extend information sharing arrangements and improve response to children at risk of criminal exploitation and going missing following CSE/Missing National Working Group recommendations.</p> <p>Under the delivering of Strengthening Families Programme we have an ongoing plan to:</p> <ul style="list-style-type: none"> <li>Reduce caseloads of social care practitioners.</li> <li>Ensure purposeful practice that supports children to live safely within their families and provide local authority care for those who need it.</li> <li>Ensure effective management oversight is evident on all children’s records.</li> </ul> <p>Measures to improve recruitment and retention of Social Workers will be presented through the Decision Pathway in September 2018.</p> <p>This should allow us to work proactively where poor practice is identified.</p> <p>In response to an identified and increasing risk of serious youth violence, criminal exploitation a multiagency plan is being developed and implemented, focussing on primary, secondary and tertiary prevention.</p>	1	7	7
<p>Risk Owner: Executive Director, Adults, Children and Education.</p>	<p>Action Owner: Director for Children’s and Families Services.</p>	<p>Portfolio Flag: Children and Young People.</p>	<p>Strategy Theme: Our Organisation, Empowering and Caring, Wellbeing.</p>						

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.								
Risk title and description	What we have done	Performance	Current Risk Level			Tolerance Risk Level		
			Likelihood	Impact	Risk Rating	Likelihood	Impact	Risk Rating
<p><b>CRR10: Safeguarding Adults at Risk with Care and support needs.</b></p> <p>The council fails to ensure adequate safeguarding measures are in place, resulting in harm or death to Adults at risk.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Adequacy of its controls.</li> <li>• Management and operational practices.</li> <li>• Demand for its services exceeded its capacity and capability.</li> <li>• Poor information sharing.</li> <li>• Lack of capacity or resources to deliver safe practice.</li> <li>• Failure to commission safe care for adults at risk.</li> <li>• Failure to meet the requirements of the "Prevent Duty" placed on Local Authorities.</li> </ul>	<p>The Safeguarding Adults Board is an independent scrutiny board led by BCC alongside our statutory partner and key agencies. There has been a multi-agency led review of existing arrangements led by BCC in light of the new Prevent Duty and the Board has adopted an Improvement plan to deliver better outcomes in service provision quality and safety. The Board is now on a statutory footing following implementation of the Care Act 2014. The Multi Agency Public Protection arrangements are in place (MAPPA).</p> <p>The Bristol Safeguarding Adults Board Learning and Development Competence Framework has been reviewed and will be reviewed on an annually basis to ensure continued best practice.</p> <p>Safeguarding improvement plans are in place for Older People, Physical Disability and Disabled Children and the Capability framework for safeguarding and the mental capacity act have been introduced. The Adult Change Programme 'Better Lives' - Transforming Care Programme has been established to implement policy objectives of moving people into more suitable care settings.</p> <p>We have an active strategy in place to attract, recruit and retain social workers through a variety of routes with particular emphasis on experienced social workers. The Adult South West Recruitment and Retention Strategy has been drafted, the risks and costs identified. The strategy will be presented through the Decision Pathway. Regular strategies and campaigns support the recruitment and retention of high calibre social workers and managers, with competent agency social workers and managers used on temporary basis to fill vacancies.</p> <p>All key staff working with people directly at risk are trained in the essentials of safeguarding and BCC has an ongoing awareness-raising 'Prevent' training programme.</p> <p>Regular reporting on safeguarding is taking place quarterly for Directors and Cabinet Members, with an annual report for elected Members to allow for scrutiny of progress. The quality assurance framework and performance framework is routinely monitored and reported on.</p> <p>The outcome of the recent Kamil Ahmad Safeguarding Adults Review has been considered in detail and all recommended actions noted and acted upon.</p>	↔	2	7	14	1	7	7
<p>Risk Owner: Executive Director, Adults, Children and Education.</p>	<p>Action Owner: Interim Director Adult Social Care.</p>	<p>Portfolio Flag: Adult Social Care.</p>	<p>Strategy Theme: Our Organisation, Empowering others and Caring, Fair and Inclusive, Well connected, Wellbeing.</p>					

Page 140

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.								
Risk title and description	What we have done	Performance	Current Risk Level			Tolerance Risk Level		
			Likelihood	Impact	Risk Rating	Likelihood	Impact	Risk Rating
<p><b>CRR11: Bristol City Council (BCC) Infrastructure Delivery.</b></p> <p>If the council fails to prioritise infrastructure investment and resources, has inconsistent policies and attitudes, and has no bargaining power regionally or with central government; there is a risk that inward investment will be reduced. It makes it difficult for the council to realise its strategic priorities, ensure assets are efficient and fit for purpose in meeting current and future demand and support development of the local area.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>No clear strategic direction and objective set for the Property estate.</li> <li>Services and resources (human and financial) are not fully aligned and/ or controlled to deliver the objectives.</li> <li>Failure to deliver the level of anticipated Capital Receipts.</li> <li>Leadership capacity, engagement and capability are insufficient to drive change and transformation within the council.</li> <li>Resources are poorly managed, short term approach being adopted or are not contributing fully to council priorities; resulting in agreed outcomes and objectives not being fully achieved.</li> <li>Ineffective collection, integrity and use of data and information.</li> <li>Infrastructure Condition and suitability of overall asset base is not being used or managed efficiently or effectively.</li> <li>Lack of joined up planning, decision making and effective project management.</li> <li>Ineffective collection, integrity and use of data and information.</li> <li>Reduced public sector funding impacting on the resources available.</li> <li>Currently a more uncertain future due to Brexit.</li> </ul>	<p>Governance arrangements have been established through the Growth and Regeneration Board (G&amp;RB) and the Strategic Property Group (SPG) both launched in Q4. 2017/18 to enable the integration of thinking about property with financial, regeneration and other considerations and enhance reporting of asset disposal plans and progress.</p> <p>The G&amp;RB have identified a number of areas of growth and regeneration (AGR) across the City during Q4. 2017/18 to enable place shaping including contributing to regeneration activity, affordable housing, community building and the financial sustainability of the council.</p> <p>Prioritisation of AGR is underway by the G&amp;R Board.</p> <p>The Strategic Property Review Group (SPG) was established in January 2018 and meets on a monthly basis. The SPRG identified the need for an Operational Property Group in March 2018.</p> <p>The Operational Property Group (OPG) as a sub-group to the Strategic Property Group (SPG) was launched September 2018 to unlock the value of assets, seek efficiencies through joint arrangements with public sector partners and maximise private sector investment. Actions are now being progressed through the work of the SPG and (from April/May 2018) through OPG which will adopt a Corporate Landlord role to ensure the ownership of an asset and the responsibility for its management; maintenance and funding are transferred to a centralised corporate crosscutting group.</p> <p>Recruitment of Asset Management Plan specialist has commenced.</p>	<p>↔</p>	2	7	14	1	5	5
<p>Risk Owner: Interim Executive Director Growth and Regeneration.</p>	<p>Action Owner: Director Management of Place</p>	<p>Portfolio Flag: Finance, Governance and Performance.</p>	<p>Strategy Theme: Our Organisation</p>					

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.								
Risk title and description	What we have done	Performance	Current Risk Level			Tolerance Risk Level		
			Likelihood	Impact	Risk Rating	Likelihood	Impact	Risk Rating
<p><b>CRR12: Failure to deliver suitable planning measures, respond to and manage emergency events when they occur.</b></p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Critical services unprepared or have ineffective emergency and business continuity plans and associated activities.</li> <li>• Lack of resilience in the supply chain hampers effective response to incidents.</li> <li>• Lack of trained and available strategic staff.</li> </ul> <p>(Previously Civil Contingencies and Council Resilience).</p>	<p>The Avon and Somerset Local Resilience Forum (LRF) is a legally required multi-agency partnership of all the organisations needed to prepare for an emergency in the LRF area. It includes the emergency services, health services, Maritime and Coastal Agency, Environment Agency, volunteer agencies, utility companies, transport providers and the five councils of Bath and North East Somerset, Bristol, North Somerset, Somerset and South Gloucestershire. The Avon and Somerset LRF to drive work identified by risk and impact based on Avon and Somerset Community Risk Register. Key roles of the group includes: Intelligence gathering and forecasting, regular training exercises and tests, Task and Finish groups addressing key issues, procedure, plan writing and capability building, and a multi-Agency recovery structure is in place.</p> <p>Bristol is working with Avon and Somerset Local Resilience Forum (LRF) together with personnel as an integrated and co-located team to deliver enhanced emergency planning and business continuity along with Avon and Somerset Local Health Resilience Partnership to ensure a coordinated health services and Public Health England and planning, response is in place.</p> <p>A system is in place for ongoing monitoring of severe weather events (SWIMS).</p> <p>Emergency planning training has been rolled and a multi-agency exercise is regularly conducted to test different elements of BCC emergency arrangements with partners. The most recent exercises being Day Two May 2018, Dark Zodiac April 2018 and Saxon Resolve November 2017.</p> <p>A senior management on-call rota has been devised, agreed and is monitored. Emergency Reservists have been recruited to aid emergency responses.</p> <p>External IT security incidents are logged and reviewed from an IT and wider Information Governance perspective.</p> <p>Local procedures have been established and are being continually reviewed and refined for when the national threat level increases to critical. This includes an update of the Corporate Business Continuity Plan.</p> <p>We tested the Bristol Operations Centre capacity to support multi-agency operations in July 2018.</p> <p>BCC took receipt the South West’s share of the National Emergency Mortuary Equipment in July 2018.</p> <p>A progress paper on Civil Contingency was received by the Strategy and Policy Board September 2018.</p> <p>Emergency Planning College (EPC)- led Strategic Incident Management Training sessions were held October 2018.</p> <p>We have reviewed the Excess Deaths capability in September 2018, (the multi-agency workshop was held in July 18).</p> <p>Voluntary agency capacity to support incidents was reviewed by the LRF in October 2018.</p> <p>A review and exercise of the COMAH (Control of Major Accident Hazards) Plan was carried out November 2018.</p>	↔	2	7	14	1	7	7
Risk Owner: Interim Executive Director Growth and Regeneration.	Action Owner: Director Management of Place	Portfolio Flag: Finance, Governance and Performance.	Strategy Theme: Our Organisation, Wellbeing.					

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.								
Risk title and description	What we have done	Performance	Current Risk Level			Tolerance Risk Level		
			Likelihood	Impact	Risk Rating	Likelihood	Impact	Risk Rating
<p><b>CRR13: Financial Framework and MTFP.</b></p> <p>Failure to be able to reasonably estimate and agree the financial 'envelope' available, both annually and in the medium-term and the council is unable to set a balanced budget.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Economic uncertainty impact on locally generated revenues - business rates and housing growth, impacting on council tax, new homes bonus and business rate income.</li> <li>Brexit - the general uncertainty affecting the financial markets, levels of trade &amp; investment.</li> <li>Governments spending review 2019.</li> <li>Inadequate budgeting &amp; budgetary control/Financial Settlements &amp; wider fiscal policy changes:                             <ul style="list-style-type: none"> <li>The potential for new funding formulas such as for funding, business rates retention to significantly reduce the government funding available to the council alongside possible increase in demand for council services.</li> <li>Embedding of the new national funding formula for schools and High Needs.</li> <li>Political failure to facilitate the setting of a lawful budget.</li> <li>Unable to agree a deliverable programme of propositions that enable the required savings to be achieved.</li> <li>Insufficient reserves to mitigate risks and liabilities and provide resilience.</li> <li>Rising inflation could lead to increased costs.</li> </ul> </li> <li>Judicial review.</li> </ul>	<p>BCC manages its financial risks through a range of controls including medium term financial planning, budget preparation, budget setting and a Budget Accountability Framework. Roles and responsibilities for managing, monitoring and forecasting income and expenditure against approved budgets have been updated.</p> <p>The council has developed a strong rolling Medium-term financial strategy process to enable the strategic objectives and the statutory duties are met. We are working to ensure a rigorous structure exists to oversee the budgetary control process from budget setting through to monitoring, oversight and scrutiny including:</p> <ul style="list-style-type: none"> <li>The maintaining of the evolving financial model that reflects in a timely manner changes in national and local assumptions.</li> <li>The level of reserves and balances are regularly reviewed to ensure that account is taken of any financial /economic risk and the adequacy of general reserves is determined as part of this exercise.</li> <li>Financial Regulations and Financial Scheme of Delegation is in place.</li> <li>Regular in-year monitoring and reporting, review of future financial plans and assessment of financial risks and reserves are undertaken to ensure the financial plans are delivered.</li> <li>2018/19 Budget and Capital Programme agreed by Full Council in February 2018 with agreed savings programme and outline capital programme to 2023.</li> <li>Preparation of the detailed 2019/20 budgets which are now subject to Full Council approval in February 2019</li> <li>Medium Term Financial Plan agreed by Cabinet / Full Council in December 2018 and will be refreshed annually detailing savings, growth, and risks.</li> <li>The Mid-Year Treasury Report for 2018/19 presented to Audit Committee and Full Council in accordance with the Council's Treasury Management Process.</li> <li>Detailed savings monitoring process that tracks the delivery of all savings and transformation programmes</li> <li>Budget deep dives to confirm delivery of pipeline savings and explore pressures and efficiencies as part of the 2019 -2023 budget process.</li> <li>A review will be ongoing to identify a programme of propositions that exceed the forecasted budget gap to provide members with options and headroom for variations in financial estimates.</li> <li>Changes to savings in year are monitored by delivery executive.</li> </ul> <p>Provisional settlement from Central Government has indicated a level of funding for 2019 which is broadly in line with our MTFP.</p>	↓	3	5	15	1	5	5
Risk Owner: S151 Officer and Director of Finance.	Action Owner: Section 151 Officer, Executive Director Resources and Director of Finance.		Portfolio Flag: Finance, Governance and Performance.			Strategy Theme: Our Organisation.		

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR15: Financial Deficit.</b></p> <p>The council's financial position goes into significant deficit in the current year resulting in reserves (actual or projected) being less than the minimum specified by the council's reserves policy.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• A failure to appropriately plan and deliver savings unscheduled loss of material income streams.</li> <li>• Increase in demography, demand and costs for key council services.</li> <li>• The inability to generate the minimum anticipated level of capital receipts.</li> <li>• Insufficient reserves to facilitate short term mitigations, risks and liabilities.</li> <li>• Interest rate volatility impacting on the council's debt costs.</li> <li>• Impairments in our commercial Investments are realised.</li> </ul>	<p>BCC's Financial framework ensures that we have in place sound arrangements for financial planning, management, monitoring and reporting. New spend decisions and borrowing is only supported where the source of revenue resources to meet the costs is clearly identified and availability confirmed by Finance.</p> <p>Corporate Revenue Monitoring Reports with identified risks are reported to Cabinet, overspending departments prepare action plans with responsible Directors identified.</p> <p>The ongoing review and due diligence of all budget savings by Delivery Executive, Corporate Leadership Board and the Executive. The pipeline of propositions to be incorporated into the tracker, due diligence undertaken and subject to DE governance and assurance process.</p> <p>The ongoing regular monitoring reports to Corporate Leadership Team and Cabinet. Setting out progress on delivery of savings and other risks and opportunities in addition to the forecast expenditure.</p> <p>We have continual oversight and ongoing management of the council's financial risks.</p> <p>Internal audit also undertakes a number of reviews of our financial planning and monitoring arrangements.</p>	↔	1	5	5	<p>A review of robustness of forecasting in light of YTD run rates and other associated evidence.</p> <p>Budget Improvement – The executive will review service recovery/delivery plans, options for mitigation and their viability, risk and priority outcome implications - both immediate and the wider MTFP impact.</p> <p>Where viable in year recovery/delivery plans cannot be achieved, Strategic Directors will report to the Mayor and Cabinet seeking a supplementary funding approval in accordance with the council's delegated executive approval powers (up to £1,000,000 for an area of activity).</p> <p>Where viable in year recovery/delivery plans cannot be achieved, Strategic Directors will report to Full Council (in accordance with the Budget &amp; Policy framework) to seek agreement to a supplementary estimate (&gt; £1,000,000 for an area of activity).</p> <p>We will seek agreement from the Executive of the alternative measures held in abeyance across other General Fund services e.g. which will be offset and advise all associated Strategic Directors appropriately.</p> <p>We will carry out a re-assessment of service delivery risks and opportunities and risk and other reserves.</p> <p>Working with external advisors to undertake due diligence of commercial investments to provide the council with Assurance and further opportunities to explore.</p> <p>Ensuring we get our accounts certified is important to ensure that we have properly accounted for the resources we have used during the year.</p>	1	5	5
Risk Owner: S151 Officer and Director of Finance.	Action Owner: Section 151 Officer, Executive Director Resources and Acting Director of Finance.	Portfolio Flag: Finance, Governance and Performance.			Strategy Theme: Our Organisation.				

Page 144

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR16: Leadership.</b></p> <p>If there is a lack of leadership or management skills, then this could impact on performance and the ability to deliver positive change.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Loss of experienced managers.</li> <li>• New skills sets required to meet new challenges.</li> <li>• Poor communication regarding change and new initiatives.</li> <li>• Need to make savings / increase income.</li> </ul>	<p>A senior management restructure is almost complete which will bring permanency and stability for the leadership team.</p> <p>A new Leadership Framework sets out the leadership behaviours and qualities expected of our managers and aspiring managers. Applicants for senior leadership roles are tested against these qualities.</p> <p>An organisation-wide leadership development and engagement programme will support colleagues during the time of transition. The Leadership Framework will be rolled out to provide support to enable our staff to become confident and supportive leaders for our workforce.</p> <p>To promote a positive culture within the organisation, a set of organisation values and behaviours has been created in collaboration with staff focus groups; this will help set the tone of the organisation and assist, in conjunction with the Corporate Strategy priorities to provide clarity of purpose. It will link directly through to a new performance framework that will provide clarity to staff about the expectations and how their work contributes to the success of the organisation. This will feature in the Workforce Plan which is currently being drafted.</p> <p>The Corporate Strategy and associated Business Plans will provide clarity on priorities and help our workforce focus its attention and resources on the areas that derive greatest results for our communities and residents.</p> <p>We have regular communication with staff and key stakeholders to keep them up to date with organisational priorities and progress on recruitment of the senior leadership team. A refreshed internal communication and engagement strategy was received by CLB in August 2018.</p> <p>The senior leadership restructure is complete and all posts have been filled in Quarter 3 2018.</p>	↔	2	5	10	<p>A leadership development programme is underway for CLB. A Leadership Development Centre undertaken for all second tier managers. Leadership development planning underway for third tier managers. All development is based upon the new leadership framework and organisational values.</p> <p>Organisation values and behaviours adopted as part of Corporate Strategy and are being rolled out to all employees via team workshops.</p> <p>New performance management system and strategy being implemented from April 2019 to increase the levels of participation and quality of performance reviews.</p> <p>Performance appraisal cycle underway for 2018/19 with individual objectives set against business plan objectives from the Corporate Strategy. A new approach to performance and talent management launching in April 2019. This will include performance management for senior leaders.</p> <p>L&amp;D support available to all staff to help them develop their skills and confidence in their roles, with additional funding identified for 2018/2019. The provision of L&amp;D support around diversity and inclusion is currently being reviewed.</p> <p>The Organisational Improvement Plan will detail the actions we will take to meet the future needs of the organisation and equip colleagues to contribute to the delivery of the corporate strategy priorities. It has a focus on six cross-cutting themes - an empowering organisation, diversity and inclusion, performance and talent management, workforce health and wellbeing, structure, pay and policy and our brand and recruitment.</p> <p>Launched Team Leader development programme 6 weeks for this new in team leader role focused on; practical people management skills and help put BCC policies into practice. It can also lead to an ILM Level 3.</p>	1	5	5
Risk Owner: Head of Paid Service and CLB.	Action Owner: Head of Paid Service and CLB.	Portfolio Flag: Finance, Governance and Performance.			Strategy Theme: Our Organisation.				

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR17: Bristol City Council Strategy Management.</b></p> <p>The council fails to produce or embed a Corporate Strategy with clear links through to business planning and performance management, resulting in less effective implementation of policy, use of resources and/or partnership working.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Plans, policies, budget and/or resource not aligned to the Corporate Strategy.</li> <li>Significant changes in senior management roles and personnel resulting in lack of knowledge or a feeling of ownership in relation to the Corporate Strategy.</li> </ul>	<p>Full Council received and approved the Corporate Strategy 2018 - 2023 in February 2018.</p> <p>Cabinet received the BCC Business Plan 2019/20 to note in April 2019. This was based on key elements of Service Plans for every department and was the second annual Business Plan aligned to the Corporate Strategy.</p> <p>Cabinet received the approved Performance Framework 2019/20 April 2019. The refreshed Performance Framework follows through the golden thread from Corporate Strategy through to KPIs and management information. This year both it and the annual Business Plan benefitted from input from frontline members via pre-decision scrutiny.</p> <p>The Communication Plan is in place for embedding the Corporate Strategy and Business Plans, including full briefing of all Tier 1 - 3 managers and for inclusion in My Performance reviews for all colleagues.</p> <p>An ongoing review of the Medium-Term Financial Plan (MTFP) and wider policy / strategy framework to check alignment with Corporate Strategy, with revised MTFP to presented to Cabinet in December 2018.</p> <p>Completed Business and Service Planning process for 2019/20 with sign-off from Corporate Leadership Board in March 2019, aligning service planning with the annual budget process.</p> <p>My Performance reviews undertaken throughout the organisation and management cascade underway to follow-up in any areas of non-compliance.</p>	↔	1	7	7	<p>There has been some delay in reviewing our partnership policy due to limited staff capacity and this has been re-profiled for completion by the end of May 2019 to enable it to take account of the published One City Plan and the One City Approach described therein.</p> <p>We are rolling out a new BCC Communications Strategy throughout 2019/20.</p> <p>The BCC policy and strategy framework will be reviewed in priority order with initial data collection complete. The nature of reviewing strategies across the council means it will be an ongoing process.</p> <p>My Performance reviews are to be completed across the organisation for 2019/20 and managers are briefed to link personal objectives to the outcomes set out in the Corporate Strategy and Business Plan.</p> <p>The Corporate Strategy is being explained to all new colleagues via the corporate induction process.</p> <p>The Corporate Leadership Board, Scrutiny and Cabinet will receive 2018/19 year-end performance reporting in spring 2019. 2019/20 progress against the Performance Framework will be presented to relevant management meetings, scrutiny commissions and Cabinet from Q2 19/20.</p>	1	5	5
Risk Owner: Head of Paid Service.	Action Owner: Policy, Strategy and Partnerships.	Portfolio Flag: Finance, Governance and Performance.		Strategy Theme: Our Organisation.					

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR18: Failure to deliver 2000 Homes per annum by 2020 of which 800 are affordable.</b></p> <p>The risk of failing to deliver the range of housing to meet Bristol's needs and not realise the ambition to deliver 2000 homes per annum by 2020 of which 800 are affordable.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Not enough planning applications submitted</li> <li>• Not enough permissions granted</li> <li>• Inability of the housebuilding industry to deliver at this level.</li> <li>• Increased uncertainty in the market due to Brexit</li> <li>• Lack of capacity within the council's delivery system and the local market.</li> <li>• Insufficient housing land identified in Planning documents</li> </ul>	<p>We are progressing the Joint Spatial Plan and the Local Plan Review to identify sufficient housing sites to meet need.</p> <p>Prioritising the processing of residential planning applications.</p> <p>Established a dedicated housing delivery team.</p> <p>Planning to release circa 26 sites for development.</p> <p>Established Housing Company.</p> <p>Committed £50m to Grant Funding programme.</p> <p>Secured circa £20m of external grant funding to accelerate construction.</p> <p>Secured planning permissions for Romney House and Hartcliffe.</p> <p>Secured additional grant funding for infrastructure.</p> <p>Releasing land.</p> <p>Issuing grants to Registered Providers (RPs).</p>		2	7	14	<p>We are continually addressing all areas of affordable housing provision including: Community Led Housing (CLH), Registered Providers (RPs) and Direct Delivery, (New Council Homes).</p> <p>We are operating a significant land release programme to Registered Providers. On-going.</p> <p>We are carrying out a service review of the Housing Delivery Service by March 2019.</p> <p>We are engaging with Homes England on their new strategic partnerships to deliver increased capacity in the sub-region and with their Accelerated Construction and Housing Infrastructure Fund (HIF) programmes to de-risk sites. On-going.</p> <p>We are looking at how we can deliver additionally on existing sites utilising our grant to increase the number of affordable homes in 2019/20.</p>	1	5	5
<p>Risk Owner: Interim Executive Director Growth and Regeneration.</p>	<p>Action Owner: Director Development of Place.</p>	<p>Portfolio Flag: Housing.</p>			<p>Strategy Theme: Fair and Inclusive.</p>				

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR19: Tree Management.</b></p> <p>Risk of trees falling as a result of failure under certain weather conditions and/or due to disease</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Severe weather conditions and/or disease.</li> <li>• Lack of maintenance of trees.</li> <li>• Lack of tree inspections.</li> <li>• Reduction in budgets and fragmentation of management of trees across service areas putting pressure on the ability to adequately manage the council's trees.</li> </ul>	<p>Analysis has started on the trees that are potentially at risk and the resources assigned to tree management.</p> <p>Information about tree failure claims has been requested from our insurers.</p> <p>Some budget for tree management from parks and highways has been protected for 2018-19 while this is reviewed to deal with highways and parks trees.</p>	↔	3	5	15	<p>We are reviewing the tree management plan to assure that all trees are within the inspection regime in readiness for the adoption of the QTRA methodology.</p> <p>Budgets will be consolidated to provide a central tree management programme.</p> <p>Consideration on the current service provision related to tree management will include best value analysis.</p>	1	5	5
Risk Owner: Interim Executive Director Growth and Regeneration..	Action Owner: Director Place, Resources.	Portfolio Flag: Communities.			Strategy Theme: Our Organisation, Wellbeing.				

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR21: Information Governance.</b></p> <p><b>General Data Protection Regulation (GDPR) compliance.</b></p> <p>If the Council fails to maintain a defensible and compliant response to the Data Protection Act 2018 and General Data Protection Regulation (GDPR) then it will fail to fully comply with its statutory requirements.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Failure to invest in the required systems, equipment and posts required to implement these regulations.</li> <li>• Failure to adequately train staff in the requirements of the regulations.</li> <li>• Lack of resource (capacity or expertise) to manage Subject Access Requests.</li> <li>• (This risk replaces CRR14 Introduction of the General Data Protection Regulation).</li> </ul>	<p>The GDPR Project was started in November 2017 and has put in place a comprehensive council wide package of changes for the introduction of the new regulation. It included awareness training, data audits, updated contracts, retention policy and privacy notices and improved processes for responding to subject access requests and completing data protection impact assessments. Support has also been provided to elected Members, Schools and the Bristol Companies. The GDPR Project completed its objectives and deliverables and was formally closed July 2018.</p> <p>A newly formed Office of Data Protection has been established, led by a dedicated Statutory Data Protection Officer (SDPO) who was appointed August 2018 to ensure the City Council maintains and further enhances its policies and procedures and to provide ongoing advice, guidance and support to service areas. Additional Data Protection specialists have also been appointed to support the SDPO.</p> <p>A Steering Group and Working Group is in place and regular reports continue to be provided to Executive Directors Meetings (EDM's) to ensure that the high-level of engagement and buy-in across all levels of the organisation is maintained.</p>	↔	3	5	15	<p>We have made significant progress on compliance with the General Data Protection Regulation (GDPR).</p> <p>The Office of Data Protection is working on a prioritised programme of work to fully transition from the GDPR Project and embed GDPR compliance into business as usual.</p> <p>We are currently considering the case for forming an Information Governance team, bringing together existing specialists into a central team which will be better positioned to provide advice guidance and support on all related aspects in a more coordinated manner.</p>	2	3	6
Risk Owner: Senior Information Risk Owner (SIRO).	Action Owner: Senior Information Risk Owner (SIRO) and Statutory Data Protection Officer (SDPO).	Portfolio Flag: Finance, Governance and Performance.	Strategy Theme: Our Organisation.						

Page 149

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR22: Partnerships Governance</b></p> <p>If the council does not maximise (or cannot quantify) the benefits of partnership working and/or experiences negative or counter-productive results may arise from partnership working.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Failure to establish and/or manage contracts, Service Level Agreements and/or Terms of Reference in relation to partnerships.</li> <li>Not maintaining a central register of partnerships, membership, governance arrangements and performance measures.</li> <li>No identified lead officer to progress development of partnership working as in proposals presented to the Audit Committee in April 2016.</li> <li>Outdated partnership policy and toolkit (last iteration 2010).</li> <li>A broad range of partnerships with variable degrees of formality.</li> </ul>	<p>BCC has close involvement of Elected Mayor and Members in key partnerships. Regular review and evaluation of the current position by CLB.</p> <p>Leads have been defined for recommendations to develop partnership working which were received by the Audit Committee in April 2016.</p> <p>BCC has mechanisms in place for regular dialogue including formal partnerships.</p> <p>The role of Director: Policy and Strategy has been expanded to include oversight of partnerships and a permanent appointment to this post has been made.</p>	↑	3	3	9	<p>We are reviewing and refreshing the Partnership Policy and Toolkit.</p> <p>Creating a central Partnership Register including Service Level Agreements (SLAs), Terms of Reference (Terms of reference) and contracts where appropriate.</p> <p>Creating a template Terms of reference and porting existing Terms of reference to it.</p> <p>We are scoping and reviewing the need for Commercial Training for relevant managers as part of Procurement and Commercial Strategy.</p>	2	3	6
<p>Risk Owner: Head of Paid Service.</p>	<p>Action Owner: Director Policy, Strategy and Partnerships</p>	<p>Portfolio Flag: Finance, Governance and Performance.</p>			<p>Strategy Theme: Our Organisation.</p>				

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR23: Better Lives Programme.</b></p> <p>Failure to deliver the required outcomes and savings from the Better Lives Programme, whilst delivering against our statutory duties and maintaining quality services.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Increased demand and complexity of Service Users' needs.</li> <li>The Provider Market is unable to meet needs in the required way and/or we suffer relationship breakdown.</li> <li>Other Directorates within the organisation are unable to support the Programme in the way required.</li> <li>Statutory requirements of Adult Social Care (ASC) mean resources have to be diverted away from Programme activity.</li> <li>Changes to the priorities of the wider health system and/or the National context, requires us to divert resources/focus away from the Programme's objectives.</li> <li>There is a lack of sufficient skills and capacity within Adult Social Care (ASC) to deliver the required change at the required pace.</li> <li>Focus on savings, demand management and specific areas of the service creates risk in other areas of adult social care where we have a statutory duty to deliver.</li> </ul>	<p>We have a Programme Board in place that meets monthly and has a key governance role for the Programme in terms of managing risk. The Board membership contains the Cabinet Lead for Adult Social Care, The Executive Directors for ACE and Resources, the Director of Adult Social Care and representation from both Bristol Hospital Trusts and the Clinical Commissioning Group (CCG). They are provided with a verbal update and written monthly highlight report that contains key risks and issues. Any actions and decisions arising are minuted with completion tracked through a log.</p> <p>The Programme Senior Responsible Officer (SRO) regularly attends key internal governance meetings e.g. ACE Scrutiny Commission, Delivery Executive. The programme appointed a dedicated Senior Professional Lead who works within Adult Social Care to oversee delivery of the programme outcomes and act as the lead Business Change Manager.</p> <p>We have delivered and are planning to deliver a number of key interventions to improve the diversity of provision and the Provider Market's ability to respond to changing requirements and needs e.g. Bristol Price introduced for residential and nursing care June 2018; Market Position statement provider event held .We are actively increasing opportunities to work with us in shaping the future market as well as investing in key areas such as Home Care (Cabinet approved rate rise and innovation fund July 2018).</p> <p>We are working closely with other areas of the Council we have a dependency on to help us deliver the programme outcomes e.g. Change Services, Housing, Communities, Information Communication Technology (ICT) and Procurement colleagues.</p> <p>We have a specific area of the Programme dedicated to strengthening partnership working.</p> <p>We have introduced a number of interventions that are impacting new demand e.g. the introduction of the Bristol Price (June 2018); increased capacity and investment in Home Care (July 2018); increased capacity in the Reablement Service; Introduced a new Home First Service (October 2018)..</p>	↔	2	7	14	<p>We are currently developing a new phase of the Better Lives Programme, focused on delivering the programme vision at pace. This will include activities to deliver further changes which are required around Older People's services and an increased focus on Adults of Working Age and Preparing for Adulthood.</p> <p>Piloting provider reviews to increase capacity in our Reviewing Teams and further develop the Market. (November 18)</p> <p>Developing for a new Assistive Technology offer.</p> <p>Completing the delivery of proposals new technology and working practices to our Social Workers.</p> <p>Completing the delivery of proposals new technology and ways of working to our Home First and Reablement teams. Continue to increase the capacity of the Reablement service to the required level,</p> <p>Continuing to discuss dependencies between Healthier Together and Better Lives with programme leads. Implement Phase 2 of the Integrated Care Bureau.</p> <p>Introducing a further rate increase for Home Care. April 2019.</p> <p>Opening two new Extra Care Housing sites in the City each with 60 units with BCC nomination rights (100 units in total). Which has been delay from November 2018 to the end of Q4 18/19.</p>	1	7	7
Risk Owner: Executive Director, Adults, Children and Education.	Action Owner: Interim Director Adult Social Care.	Portfolio Flag: Adult Social Care.			Strategy Theme: Our Organisation, Empowering others and Caring, Fair and Inclusive, Well connected, Wellbeing.				

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR24: Procurement and Contract Management Compliance</b></p> <p>Failure to ensure that BCC achieves value for money when purchasing goods and services; complies with legislation, quality, cost and social value requirements for contract awards to ensure orders for goods / services are efficiently placed and observes agreed terms.</p> <p>BCC do not take into account long term view with regards to TCO (Total Cost of Ownership) &amp; Life Cycle Costs high incidence of non-contracted spends.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Poor / weak pre procurement forward planning and tender specifications.</li> <li>• Over reliance and inappropriate use of waivers.</li> <li>• Skills knowledge.</li> <li>• Ineffective Supply chain and markets.</li> <li>• Poor / weak contract monitoring.</li> <li>• Supplier failure and missed opportunities of warning signs.</li> </ul>	<p>In 2018/19 BCC has adopted a Category Management approach and revised the structure of the procurement team to reflect the themes and style of working.</p> <p>A PFI contract management specialist has been appointed to support the council and other stakeholders in the management of the contracts, undertake due diligence to ensure maximum value is delivered from the councils PFI contracts. Ongoing.</p> <p>Council procurement rules were revised and agreed by Full Council in May 2018 and included strengthening the Category and Contract Management. Category Plans have been developed with forward plans which align to service and business plans.</p> <p>More in-depth performance Data is being collated to give greater visibility of compliant and non-compliant procurement activity and delivery of objectives e.g. Social Value. Ongoing.</p> <p>The Commissioning and Procurement Group are ensuring that the Councils procurement rules are adhered to. Ongoing.</p> <p>Implemented document contract procedures and have created standard ITT templates for BCC.</p> <p>Category plans include pipeline activity for every contract and client engagement plans have been created to ensure early engagement with Procurement and better planning.</p> <p>A pilot tracker system has been developed with Social Care Commissioners within the business to monitor performance to capture early warning signs linked to supplier failure to enable early intervention and business resilience.</p>	↔	3	5	15	<p>We are currently aligning category management forward plans with 2019/20 service resource planning across the organisation. January 2019.</p> <p>We are developing an improvement action plan which will include the following:</p> <ul style="list-style-type: none"> <li>• Further development of the contract register.</li> <li>• Training and development plan for the procurement staff and the wider organisation.</li> <li>• Systems and processes to improvement and the monitoring of procurement performance.</li> <li>• Procurement efficiencies are being tracked in delivering agreed savings targets.</li> </ul> <p>Tendering processes are being reviewed to eliminate non-value added activity and support the appropriate route to market.</p> <p>The early warning system pilot will be reviewed with a view to wider rollout. March 2019.</p> <p>This is not an exhaustive list and once the improvement plan has been endorsed it will inform on next steps.</p>	1	5	5
<p>Risk Owner: Section 151 Officer, Executive Director Resources.</p>	<p>Action Owner: Director Finance (Section 151 Officer).</p>	<p>Portfolio Flag: Finance, Governance and Performance.</p>	<p>Strategy Theme: Our Organisation.</p>						

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.								
Risk title and description	What we have done	Performance	Current Risk Level			Tolerance Risk Level		
			Likelihood	Impact	Risk Rating	Likelihood	Impact	Risk Rating
<p><b>CRR25: Suitability of Line of Business (LOB) systems</b></p> <p>The Councils reliance on legacy systems.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Lack of desire to change; systems.</li> <li>Significant transition activity leads to systems being expensive/complex to change</li> <li>Lack of understanding of consequences of not changing systems on ICT.</li> <li>Lack of adherence to Procurement rules in relation to re-procurements.</li> </ul>	<p>The FSA Programme plans to introduce a number of enhancements in regards to being able to better manage systems in the future. This includes the provision of some core capabilities which may be used to displace legacy systems in the future. As approved by Cabinet June 2018.</p> <p>As a result of FSA Programme activity to date, c40% of redundant servers have been removed from the Corporate IT estate. Q3 2018.</p> <p>The IT CSRM Team have developed a schedule of contract end dates, and are working with service areas to ensure that they have appropriate plans in place to engage the market and start re-procurement Q3 2018.</p> <p>Through the service planning process, service areas have identified their procurement requirements and also their strategic objectives for 2019/20 which has enabled ICT and Change Management to review the options for efficiencies and to ensure resource availability. Q3 2018.</p> <p>Working with Central Procurement colleagues to ensure that we have procurement policies and strategies in place to enable effective procurement activity to take place. Q3 2018.</p>	↔	3	5	15	2	5	10
<p>Risk Owner: Senior Information Risk Owner (SIRO) for Cyber Security Services Teams for BCP/DR.</p>	<p>Action Owner: Director, Digital Transformation.</p>	<p>Portfolio Flag: Finance, Governance and Performance.</p>	<p>Strategy Theme: Our Organisation.</p>					

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.								
Risk title and description	What we have done	Performance	Current Risk Level			Tolerance Risk Level		
			Likelihood	Impact	Risk Rating	Likelihood	Impact	Risk Rating
<p><b>CRR26: ICT Resilience</b></p> <p>The Councils ability to deliver critical and key services in the event of ICT outages, and be able to recover in the event of system and/or data loss.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Poor BCP planning and understanding of key system architecture.</li> <li>• Untested DR arrangements including data recovery.</li> <li>• Untested network reconfiguration to alleviate key location outage.</li> <li>• Untested recovery schedules in terms of order and instructions</li> <li>• Lack of resilience available for legacy systems (single points of failure – people and technology).</li> <li>• Services undertaking their own IT arrangements outside of the corporate approach.</li> </ul>	<p>Resilience has been implemented within the Corporate Network to ensure that the network remains active and available in the event of a building becoming unavailable or a circuit being interrupted. Work to date.</p> <p>Backups are held within, and external, to the corporate network to ensure availability. Work to date.</p> <p>The FSA Programme has the movement to more resilient hosting as part of a core deliverable. Utilising cloud hosting improves resilience and recovery and enables access to key systems from outside of the corporate network, and if necessary, from non-corporate devices. As approved by Cabinet June 2018.</p> <p>The FSA Programme includes the review of future DR arrangements with the move to cloud for most services, and a move to crown hosting for remaining, servers. As approved by Cabinet June 2018.</p> <p>The FSA Programme includes work to aid with the survivability and recovery of Cyber Security Incidents which will aid the resilience of key Council systems. As approved by Cabinet June 2018.</p>	↔	3	7	21	2	5	10
<p>Risk Owner: Head of Paid Service and Service Area Leads.</p>	<p>Action Owner: Director, Digital Transformation.</p>	<p>Portfolio Flag: Finance, Governance and Performance.</p>	<p>Strategy Theme: Our Organisation.</p>					

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR27: Capital Transport Programme Delivery</b></p> <p>Management of the overall transport capital programme is key to ensuring we deliver against mayoral priorities in the most cost and time efficient way possible. Failure to do so negatively impacts the council's reputation and finances and makes the council less likely to reduce congestion, air pollution and inequality.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Overspend on individual schemes leading to uncontrollable cost pressures.</li> <li>• Underspend on annual profile.</li> <li>• Lack of coordination and programme management across divisions.</li> </ul>	<p>Transport Programme Team set up.</p> <p>Transport Delivery Board set up.</p> <p>Shared paperwork and highlight reporting process initiated.</p> <p>Regular briefings and reporting to senior management and cabinet members.</p> <p>5 year capital programme mapping process underway.</p>	New	3	7	21	<p>Transport department split which could endanger work done to date working on ways to mitigate this.</p> <p>Raising concerns to senior management.</p> <p>Retaining Transport Management Team (TMT) meetings.</p> <p>Continuing to develop Transport Planning Team (TPT), Transport Development Board (TDB) and highlight report processes.</p> <p>5 Year mapping ongoing, 19/20 programme mapped and ongoing.</p>	2	5	10
Risk Owner: Interim Executive Director Growth and Regeneration.	Action Owner: Director Economy of Place	Portfolio Flag: Communities.			Strategy Theme: Our Organisation, Wellbeing.				

Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives. Corporate Risk Register as at March 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>CRR28: Instability of Housing's new IT</b> (The risk replaces the Housing IT CRR20)</p> <p>The stability and efficiency of the Housing IT systems present a current and future risk to effective service delivery and performance, tenant satisfaction and trust, and corporate reputation</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• System stability - recent system failures have significantly impacted service provision (CSC &amp; CSP as well as housing) and staff trust in the system. Further fixes required in the system.</li> <li>• Support capacity &amp; processes - current SLAs and support arrangements with suppliers are inadequate for out of hours support.</li> <li>• Housing's Internal IT support arrangements are immature &amp; require further testing.</li> <li>• Housing's IT is highly dependent on integrations working across multiple systems.</li> </ul>	<p>Escalated recent (Jan 2019) major incidents to Head of Paid Service &amp; Exec Director with updates on resolution.</p> <p>Escalated concerns in letter to Exec Director at Civica Housing &amp; met with Housing MD &amp; sales directors to agree plan for improving stability and improving major incidents process.</p> <p>Put Housing IT programme (Phase 1) into exception, reconfigured close down project to include stabilising the system and improving the support processes.</p>	New	3	7	21	<p>Agree definition of stability from technical and business perspective.</p> <p>Supplement IT major incident planning in Housing's business continuity plan</p> <p>Plan DR testing with Civica and Click</p> <p>Manage close down project to include stabilisation of rents and repairs business areas &amp; improved support processes (Phase 1 programme).</p> <p>Improve engagement with staff around progress in addressing the issues with the system.</p> <p>Civica project manager assigned to ensure we have support from Civica to deliver priority fixes &amp; improved support arrangements needed.</p>	1	7	7
Risk Owner: Interim Executive Director Growth and Regeneration.	Action Owner: Director Home and Landlord Services	Portfolio Flag: Communities.			Strategy Theme: Our Organisation, Wellbeing.				

Page 155

Corporate Risk Register as at March 2019 – Opportunity Risks to the achievement of Bristol City Councils Objectives. .									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>OPP1: One City Approach</b></p> <p>The One City Approach will offer a new way to plan strategically with partners as part of a wider city system.</p> <p>Key potential causes:</p> <ul style="list-style-type: none"> <li>• Mayoral aspiration and widespread partner sign-up to the principle.</li> <li>• Work to date has produced outline plan and engaged partners in the long-term vision and necessary work to complete the plan.</li> </ul>	<p>We have scoped and entered 'Phase Three' of development of the One City Approach (OCA), including catalysing One City Plan development by providing core resource from the council's Delivery Support Unit.</p> <p>Worked on draft One City Plan content with partners and internal stakeholders, with a planned launch of the first iteration in January 2019.</p> <p>Aligned internal resourcing for One City Plan development with our review of Partnership Policy (see CRR21) to ensure a joined-up approach.</p>	↔	4	5	20	<p>Resource has been identified to help catalyse activity and develop the One City Plan product, with multiple offers of support from city partners. By January 2019 we will have:</p> <ul style="list-style-type: none"> <li>• Developed a 'One City Plan' in partnership with a variety of city-wide and regional organisations, including scoping the formal governance of the City Office and One City Approach.</li> <li>• Continued existing initiatives to trial and iterate the One City Approach.</li> <li>• Instigated or enabled new projects with partners where there is a strategic fit and an opportunity to further develop a working model.</li> </ul> <p>Submitted a bid for council funding to contribute (alongside partners) towards a permanent City Office structure, to be confirmed through the council's annual budget process.</p>	4	5	20
Risk Owner: Head of Paid Service.	Action Owner: Director: Policy, Strategy and Partnerships	Portfolio Flag: Mayor.			Strategy Theme: Our Organisation.				

Corporate Risk Register as at March 2019 – Opportunity Risks to the achievement of Bristol City Councils Objectives. .									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>OPP2: Corporate Strategy</b></p> <p>The approved Corporate Strategy presents an opportunity to fundamentally refresh and strengthen our business planning, leadership and performance frameworks.</p> <p>Key potential causes:</p> <ul style="list-style-type: none"> <li>• Approved Corporate Strategy provides the foundation and direction for the organisation.</li> </ul>	<p>We have approved and adopted the Corporate Strategy, Business Plan 19/20 and Performance Framework 19/20 through appropriate Decision Pathways.</p> <p>Re-launched and completed 'My Performance' reviews including annual objective setting linked to the Corporate Strategy and Business Plan 18/19.</p> <p>Designed and delivered an integrated business planning approach for 2019/20, linking financial planning, service planning and performance management more closely and from an earlier starting point.</p> <p>The LGA Corporate Peer Challenge completed, providing fresh learning opportunities to improve our approach.</p> <p>Leadership Framework introduced and senior management posts recruited against it.</p>	↔	4	7	28	<p>We will implement a new system for performance management, iTrent, and ensure colleagues have annual performance reviews and objective setting during Q1 19/20.</p>	4	7	28
Risk Owner: Head of Paid Service.	Action Owner: Director: Policy, Strategy and Partnerships.	Portfolio Flag: Finance, Governance and Performance.			Strategy Theme: Our Organisation.				

Page 156

Corporate Risk Register as at March 2019 – Opportunity Risks to the achievement of Bristol City Councils Objectives. .									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>OPP3: Devolution</b></p> <p>Should the potential arise for opportunities from a region’s evolving, second devolution deal that could lead to an opportunity to align the Council’s corporate priorities and strengthen regional partnership working.</p> <p>Key potential causes:</p> <ul style="list-style-type: none"> <li>• Potential development of second devolution deal.</li> </ul>	<p>We have continued engagement with WECA; but with recognition that focus has been placed more on a proposed housing fund.</p>	↔	3	5	15	<p>We will continue to engage with WECA at strategic level.</p> <p>We will engage with HM Government following suggestion that more devolution opportunities may be available following Brexit.</p>	3	5	15
<p>Risk Owner: Head of Paid Service.</p>	<p>Action Owner: Director Policy, Strategy and Partnerships</p>	<p>Portfolio Flag: Finance, Governance and Performance.</p>			<p>Strategy Theme: Our Organisation.</p>				

Corporate Risk Register as at March 2019 – Opportunity Risks to the achievement of Bristol City Councils Objectives. .									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>OPP4: Brexit.</b></p> <p>If exiting the European Union provides benefits, such as increased domestic concentration of power, this may lead to opportunities for this to be harnessed at a local or regional level.</p> <p>Key potential causes for enhancing and exploiting:</p> <ul style="list-style-type: none"> <li>• Exiting the European Union.</li> </ul>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Completed and disseminate BCC threat and opportunity assessment, including links to our Business Plan 2019/20. This includes clear actions to be taken.</li> <li>• Undertaken a draft internal assessment of threat and opportunities following an externally-provided workshop.</li> <li>• Established a city Brexit Response Group.</li> <li>• Met Michel Barnier in Brussels with the Core Cities.</li> <li>• Been monitoring the environment; including news of threats from large local employers of leaving UK.</li> <li>• Collaborated on draft Inclusive Economic Growth Strategy.</li> <li>• Announced funding of Settlement Visas for EU employees.</li> <li>• Participating in MHCLG events and national working group of local authority representatives.</li> <li>• Attend MHCLG regional preparedness workshop for Chief Officers.</li> <li>• Established a Brexit Project Board and allocated some contingency funding.</li> </ul> <p>We continue to work with Core Cities and M8 leaders on concerted joint efforts.</p>	↔	1	5	5	<p>We are monitoring the issue on an ongoing basis.</p> <p>Have further meetings of Bristol Brexit Response Group.</p> <p>Maintain the continued internal Brexit Project Board to ensure preparedness.</p> <p>Establish and activate Brexit Coordination Group as a Tactical level group to manage immediate issues relating to Brexit.</p> <p>Continued monitoring of external environment and government relations.</p>	1	5	5
<p>Risk Owner: Head of Paid Service.</p>	<p>Action Owner: Director Policy, Strategy and Partnerships</p>	<p>Portfolio Flag: Finance, Governance and Performance.</p>			<p>Strategy Theme: Our Organisation.</p>				

Page 157

**Key External Risk and Civil Contingency Risks to note**

Corporate Risk Register as at March 2019 - External and Civil Contingency Risks									
Risk title and description	What we have done	Performance	Current Risk Level			What we are doing	Tolerance Risk Level		
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating
<p><b>BCCC1: Flooding.</b></p> <p>There could be a risk of damage to properties and infrastructure as well as risk to public safety from flooding which may be caused by a tidal surge, heavy rainfall and river and groundwater flood events.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Tidal surge, heavy rainfall, river and groundwater flood events.</li> <li>• Impact of climate change.</li> <li>• Lack of effective flood defences and preparedness for major incidents.</li> </ul>	<p>The Avon and Somerset Local Resilience Forum (LRF) is a partnership of all the organisations needed to prepare for an emergency in the LRF area. It includes the emergency services, health services, Maritime and Coastal Agency, Environment Agency, volunteer agencies, utility companies, transport providers and the five councils of Bath and North East Somerset, Bristol, North Somerset, Somerset and South Gloucestershire.</p> <p>Bristol is working with the Avon and Somerset LRF to construct new sea defences around North Somerset, Bristol and South Gloucestershire. Working with emergency services, local authorities and other agencies to develop flood response plans and procedures, investigating instances of flooding, training specialist staff in swift water rescue techniques, communicating with housing and business developers to incorporate flood protection into new developments. It provide guidance to members of the public about flooding, including flood warnings and what people can do to help themselves, regular maintenance and clearing programs of gullies and culverts, especially in the event of storm warnings.</p> <p>Bristol has in place a local Flood Risk Management Strategy approved at Cabinet in December 2017 which comprises of 5 keys areas and 43 separate actions in line with Environment Agency's national strategy.</p>	↔	3	5	15	<p>There is sustained resourcing and delivery of all actions in LFRMS over life of strategy. Strategy includes the following key projects:</p> <ul style="list-style-type: none"> <li>• Working in partnership with the Environment Agency to develop a Bristol Tidal Flood Risk Management Strategy to protect the city centre, including climate change.</li> <li>• Working in partnership with South Gloucester and the Environment Agency to deliver a flood scheme to help protect Avonmouth Village and the Enterprise Area from tidal flooding, including climate change.</li> </ul>	3	3	9
<p>Risk Owner: Interim Executive Director Growth and Regeneration.</p>	<p>Action Owner: Director Transport, Flood Risk Engineer, Strategic City Transport.</p>	<p>Portfolio Flag: Energy, Waste and Regulatory Services.</p>	<p>Strategy Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing.</p>						

**Key External Risk and Civil Contingency Risks to note**

Corporate Risk Register as at March 2019 - External and Civil Contingency Risks									
Risk title and description	What we have done	Performance	Current Risk Level			Tolerance Risk Level			
			Likelihood	Impact	Risk Rating	Likelihood	Impact	Risk Rating	
<p><b>BCCC2: Brexit</b></p> <p>The risk that Brexit (and any resulting 'deal' or 'no deal') will impact the local economy, local funding and delivery of council services, and that uncertainty around Brexit could impact our ability to accurately assess or plan for potential positive or negative outcomes.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Exiting the European Union.</li> <li>• Lack of majority view on draft agreement with EU.</li> <li>• Unprecedented and complex national / international process.</li> <li>• Lack of planning by the authority.</li> </ul>	<p>Established Bristol Brexit Response Group.</p> <p>With Core Cities, met Michel Barnier in Brussels.</p> <p>Working with Core Cities and M8 leaders on concerted joint efforts.</p> <p>Monitored environment; including news of threats from large local employers of leaving UK</p> <p>Collaborated on draft Inclusive Economic Growth Strategy</p> <p>Developed a BCC Brexit No Deal Scenario Assessment to inform action planning - focusing on workforce, supply chain, city economy, legal, data &amp; regulatory, finance &amp; funding, core operations, civil contingencies and housing. Tested this with partners, Resources Scrutiny and OSMB.</p> <p>Participated in MHCLG events and national working group of local authority representatives.</p> <p>Attend MHCLG regional preparedness workshop for Chief Officers.</p> <p>Formed Brexit Project Board to take forward preparedness actions. Allocated contingency funding towards community cohesion, civil contingencies, communications, project management, and procurement and citizen services. Identified other areas of potential threat which may require access to contingency funding.</p> <p>Ring-fenced £250k from reserves for contingency/preparedness, complementing national funding of £210k.</p> <p>Set Terms of Reference for a tactical Brexit Coordination Group, to manage any acute 'day one' issues. Revised Duty Senior Management rota over potential Exit Day dates to ensure prompt access to Executive Director funding decisions under delegated powers.</p> <p>Provided regular updates to Statutory and Policy Board, Cabinet Board and Overview and Scrutiny Management Board. Provided weekly written update to all councillors.</p> <p>Provided frequently asked questions and other information products to colleagues, councillors and partners.</p>	↔	4	5	20	<p>Activate Brexit Coordination Group as a Tactical level group to manage immediate issues relating to Brexit.</p> <p>Implement actions identified through No Deal Brexit Scenario Assessment with oversight of Brexit Project Board.</p> <p>Continued internal Brexit Project Board to oversee BCC preparedness and respond with agility to changing circumstances.</p> <p>Implement shared city-wide actions agreed by Bristol Brexit Response Group.</p> <p>Continued monitoring of external environment and government relations.</p> <p>Continue engagement with all relevant government departments and partners to ensure sectoral/organisation risks are communicated and mitigations proactively suggested.</p> <p>Preparing city-wide communications campaigns, with a particular focus on community cohesion</p>	3	5	15
Risk Owner: Head of Paid Service.	Action Owner: Director Policy, Strategy and Partnerships		Portfolio Flag: Finance, Governance and Performance.			Strategy Theme: Our Organisation.			

**Corporate risk performance summary for open risks**

The risks are set out by the highest risk rating first in the Quarter 4 January – March 2019

Page	Risk ID	Risk	Risk Owner	Quarter 4 January – March 17/18		Quarter 1 April - June 18/19		Quarter 2 July - September 18/19		Quarter 3 October - December 18/19		Quarter 4 January – March 18/19	
				Rating	Travel	Rating	Travel	Rating	Travel	Rating	Travel	Rating	Travel
23	CRR27	Capital Programme Delivery	Interim Executive Director Growth and Regeneration									3x7=21	New
23	CRR28	Instability of Housing’s new IT (Replaces CRR20)	Interim Executive Director Growth and Regeneration									3x7=21	New
22	CRR26	ICT Resilience (Previously IT infrastructure CRR2)	Director Digital Transformation							3x7=21	New	3x7=21	↔
1	CRR1	Long Term Commercial Investments and Major projects Capital Investment	Interim Executive Director Growth and Regeneration, Executive Director Resources and Section 151 Officer	4x7=28	↔	3x7=21	↑	3x7=21	↔	3x7=21	↔	3x7=21	↔
2	CRR3	Asbestos Management	Head of Paid Service and CLB	3x7=21	↔	3x7=21	↔	3x7=21	↔	3x7=21	↔	3x7=21	↔
3	CRR4	Corporate Health, Safety and Wellbeing	Head of Paid Service and CLB	3x7=21	↔	3x7=21	↔	3x7=21	↔	3x7=21	↔	3x7=21	↔
6	CRR7	Cyber-Security(Previously Cyber-Attack)	Senior Information Risk Owner (SIRO)	3x5=15	↔	3x5=15	↔	3x5=15	↔	3x7=21	↓	3x7=21	↔
11	CRR13	Financial Framework and MTFP	Director of Finance (Section 151 Officer)	2x7=14	↔	2x5=10	↑	2x5=10	↔	2x5=10	↔	3x5=15	↓
20	CRR24	Procurement and contract management compliance	Executive Director Resources and Director of Finance (Section 151 Officer)							3x5=15	New	3x5=15	↔
21	CRR25	ICT Line of Business (LOB) (Previously IT infrastructure CRR2)	Director Digital Transformation							3x5=15	New	3x5=15	↔
16	CRR19	Tree Management	Head of Paid Service					3x5=15	New	3x5=15	↔	3x5=15	↔
4	CRR5	Business Continuity and Council Resilience	Head of Paid Service and CLB	3x7=21	↔	3x7=21	↔	3x7=21	↔	3x5=15	↑	3x5=15	↔
17	CRR21	Information Governance (Replaces CRR14)	Senior Information Risk Owner (SIRO)	2x7=14	↔	2x5=10	↑	2x5=10	↔	3x5=15	↓	3x5=15	↔
5	CRR6	Fraud and Corruption	Executive Director Resources and Director of Finance (Section 151 Officer)	3x5=15	↔	3x5=15	↔	3x5=15	↔	3x5=15	↔	3x5=15	↔
15	CRR18	Failure to deliver 2000 Homes per annum by 2020.	Interim Executive Director Growth and Regeneration					2x5=10	New	2x5=10	↔	2x7=14	↓
19	CRR23	Better Lives Programme	Executive Director, Adults, Children and Education							2x7=14	New	2x7=14	↔
7	CRR9	Safeguarding Vulnerable Children	Executive Director, Adults, Children and Education	2x7=14	↔	2x7=14	↔	2x7=14	↔	2x7=14	↔	2x7=14	↔
8	CRR10	Safeguarding Vulnerable Adults	Executive Director, Adults, Children and Education	2x7=14	↔	2x7=14	↔	2x7=14	↔	2x7=14	↔	2x7=14	↔
9	CRR11	BCC Infrastructure Delivery	Director of Finance (Section 151 Officer) and Interim Executive Director Growth and Regeneration	2x7=14	↔	2x7=14	↔	2x7=14	↔	2x7=14	↔	2x7=14	↔
10	CRR12	Failure to deliver suitable planning measures, respond to and manage emergency events when they occur. (Previously Civil Contingencies and Council Resilience)	Head of Paid Service	3x7=21	↔	2x7=14	↑	2x7=14	↔	2x7=14	↔	2x7=14	↔

Page 160

**Corporate risk performance summary for open risks**

The risks are set out by the highest risk rating first in the Quarter 4 January – March 2019

Page	Risk ID	Risk	Risk Owner	Quarter 4 January – March 17/18		Quarter 1 April - June 18/19		Quarter 2 July - September 18/19		Quarter 3 October - December 18/19		Quarter 4 January – March 18/19	
				Rating	Travel	Rating	Travel	Rating	Travel	Rating	Travel	Rating	Travel
13	CRR16	Leadership	Head of Paid Service and CLB	4x5=20	↔	2x5=10	↑	2x5=10	↔	2x5=10	↔	2x5=10	↔
13	CRR21	Partnerships Governance	Head of Paid Service					3x5=15	New	3x5=15	↔	3x3=9	↑
14	CRR17	Strategy Management	Head of Paid Service	2x7=14	↔	2x7=14	↔	1x7=7	↔	1x7=7	↔	1x7=7	↔
14	CRR15	Financial Deficit	Director of Finance (Section 151 Officer)	2x5=10	↔	2x5=10	↔	2x5=10	↔	1x5=5	↑	1x5=5	↔

**Corporate risk performance summary for closed risks**

The risks are set out by the highest risk rating first in the Quarter 4 January – March 2019

Status	Risk ID	Risk	Risk Owner	Quarter 4 January – March 17/18		Quarter 1 April - June 18/19		Quarter 2 July - September 18/19		Quarter 3 October - December 18/19		Quarter 4 January - March 18/19	
				Rating	Travel	Rating	Travel	Rating	Travel	Rating	Travel	Rating	Travel
Closed	CRR14	Introduction of the General Data Protection Regulation (GDPR)	Senior Information Risk Owner (SIRO)	2x7=14	↔	2x5=10	↑	Closed (Replaced by CRR21)					
Closed	CRR2	IT Infrastructure	Director Digital Transformation	3x7=21	↔	3x7=21	↔	3x7=21	↔	3x7=21	↔	Closed (Replaced by CRR24 and 25)	
Closed	CRR20	Housing IT Programme 2018	Interim Executive Director Growth and Regeneration					4x5=20	New	2x5=10	↑	Closed (Replaced by CRR28)	
Closed	CRR8	Service Review	Head of Paid Service									2x5=10	Closed

**Corporate Risk Performance Summary for Opportunity Risks**

The risks are set out by the highest risk rating first in the Quarter 4 January – March 2019

Page	Risk ID	Risk	Risk Owner	Quarter 4 January – March 17/18		Quarter 1 April - June 18/19		Quarter 2 July - September 18/19		Quarter 3 October - December 18/19		Quarter 4 January - March 18/19	
				Rating	Travel	Rating	Travel	Rating	Travel	Rating	Travel	Rating	Travel
24	OPP2	Corporate Strategy	Head of Paid Service					3x5=15	New	4x7=28	↑	4x7=28	↔
24	OPP1	One City	Head of Paid Service					3x5=15	New	4x5=20	↑	4x5=20	↔
25	OPP3	Devolution	Head of Paid Service					3x5=15	New	3x5=15	↔	3x5=15	↔
25	OPP4	Brexit	Head of Paid Service					1x5=5	New	1x5=5	↔	1x5=5	↔

**Corporate Risk Performance Summary for External and Civil Contingency risks**

The risks are set out by the highest risk rating first in the Quarter 4 January – March 2019.

Page	Risk ID	Risk	Risk Owner	Quarter 4 January – March 17/18		Quarter 1 April - June 18/19		Quarter 2 July - September 18/19		Quarter 3 October - December 18/19		Quarter 4 January - March 18/19	
				Rating	Travel	Rating	Travel	Rating	Travel	Rating	Travel	Rating	Travel
26	BCCC2	Brexit	Head of Paid Service			4x3=12	↔	4x3=12	↔	4x5=20	↓	4x5=20	↔
27	BCCC1	Flooding	Interim Executive Director Growth and Regeneration			3x5=15	↔	3x5=15	↔	3x5=15	↔	3x5=15	↔

**Risk Scoring Matrix**

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

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

**Current and Tolerance risk ratings:** The ‘Current’ risk rating for both threats and opportunities refer to the current level of risk taking into account any strategies to manage risk - management actions, controls and fall back plans already in place. The ‘Tolerance’ rating represents what is deemed to be a realistic level of risk to be achieved once additional actions have been put in place. On some occasions the aim will be to contain the level of the risk at the current level.

**Positive Risks (Opportunities):** Where the risk is an opportunity, a cost benefit analysis is required to determine whether the opportunity is worth pursuing, guided by the score for the matrix, e.g. an opportunity with a score of 28 would be pursued as it would offer considerable benefits for little risk.

Positive Risks (Opportunities)

**LIKELIHOOD AND IMPACT RISK RATING SCORING****Likelihood Guidance**

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

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

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

# Audit Committee

29th July 2019



<b>Report of:</b>	The Interim Director of Finance
<b>Title:</b>	Updated Draft Statement of Accounts 2018/19
<b>Ward:</b>	City Wide
<b>Officer Presenting Report:</b>	Denise Murray
<b>Contact Telephone Number:</b>	0117 3576255

## Recommendation

The Audit Committee note, and comment as appropriate, on the updated, draft, unaudited, Statement of Accounts for 2018/19.

**Note:** This report contains the updated financial statements and associated notes. The updated Annual Governance Statement is the subject of a separate agenda item

## Summary

The Statement of Accounts sets out the Council's financial position as at the 31 March 2019 along with a summary of its income and expenditure for the year to 31 March 2019. The financial statements are the main method of demonstrating financial accountability and stewardship.

Grant Thornton has carried out an initial review of the Statement of Accounts. This has resulted in a number of minor changes, mostly to the narrative content of the statement.

**Policy**

None affected by this report. Grant Thornton 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.

**Context**

Grant Thornton has carried out an initial review of the Statement of Accounts. This has concentrated largely on internal consistency and mathematical accuracy. To date this has identified a number of minor amendments. These are generally typos or changes in the narrative notes to the accounts.

Changes include the addition of an extra subtotal line in the Movement in Reserves Statement and adjustments to a couple of the tables within the notes to the accounts including a reclassification of external audit costs (Note 14) across the existing headings. None of these adjustments has affected any overall totals.

There has been one change to the Accounting Policies relating to Employee Benefits to add further clarity around the accounting for the prepayment towards the deficit recovery on the pension fund.

There are a number of other minor adjustments for which we are seeking further clarification from Grant Thornton before making any further changes. This includes any potential amendments to the narrative report. We will work with Grant Thornton to ensure any further required updates are made prior to the publication of the revised Statement on the Council's website on 31 July.

To date there have been no material changes required to the Statement of Accounts.

**Consultation**

1. **Internal**  
Director of Finance
2. **External**  
None

**Other Options Considered**

3. None

**Risk Assessment**

4. None necessary for this report

**Public Sector Equality Duties**

5. 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:**

Draft Annual Statement of Accounts 2018/19.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:**

None



### Movement in Reserves Statement for the year ended 31 March 2019

	Note	General Fund Balance	GF Earmarked Reserves excluding Schools	School Reserves	Total General Fund	Housing Revenue Account	Housing Revenue Account Earmark Reserves	Total Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves (Note 31)	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2017 Carried Forward</b>		20,000	65,446	5,459	90,905	54,237	8,790	63,027	45,709	-	3,340	202,981	1,153,476	1,356,457
<b>Movement in Reserves during 2017/18</b>														
Surplus/(Deficit) on the provision of services		(38,767)	-	-	(38,767)	25,497	-	25,497	-	-	-	(13,270)	-	(13,270)
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	-	-	-	329,178	329,178
<b>Total Comprehensive Expenditure and Income</b>		<b>(38,767)</b>	<b>-</b>	<b>-</b>	<b>(38,767)</b>	<b>25,497</b>	<b>-</b>	<b>25,497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,270)</b>	<b>329,178</b>	<b>315,908</b>
Adjustments between accounting basis and funding basis under regulations	17	62,044	-	-	62,044	(9,910)	-	(9,910)	17,763	1,225	(336)	70,786	(70,786)	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>		<b>23,277</b>	<b>-</b>	<b>-</b>	<b>23,277</b>	<b>15,587</b>	<b>-</b>	<b>15,587</b>	<b>17,763</b>	<b>1,225</b>	<b>(336)</b>	<b>57,516</b>	<b>258,392</b>	<b>315,908</b>
Transfers to/from Earmarked Reserves	18	(23,277)	21,975	1,302	-	1,445	(1,445)	-	-	-	-	-	-	-
<b>Increase/(Decrease) in 2017/18</b>		<b>-</b>	<b>21,975</b>	<b>1,302</b>	<b>23,277</b>	<b>17,032</b>	<b>(1,445)</b>	<b>15,587</b>	<b>17,763</b>	<b>1,225</b>	<b>(336)</b>	<b>57,516</b>	<b>258,392</b>	<b>315,908</b>
<b>Balance at 31 March 2018 Carried Forward</b>		<b>20,000</b>	<b>87,421</b>	<b>6,761</b>	<b>114,182</b>	<b>71,269</b>	<b>7,345</b>	<b>78,614</b>	<b>63,472</b>	<b>1,225</b>	<b>3,004</b>	<b>260,497</b>	<b>1,411,868</b>	<b>1,672,365</b>
Adjustment from the adoption of IFRS 9		(22,500)	-	-	(22,500)	-	-	-	-	-	-	(22,500)	22,500	-
<b>Adjusted balance at 1 April 2018</b>		<b>(2,500)</b>	<b>87,421</b>	<b>6,761</b>	<b>91,682</b>	<b>71,269</b>	<b>7,345</b>	<b>78,614</b>	<b>63,472</b>	<b>1,225</b>	<b>3,004</b>	<b>237,997</b>	<b>1,434,368</b>	<b>1,672,265</b>
<b>Movement in Reserves during 2018/19</b>														
Surplus/(Deficit) on the provision of services		(20,830)	-	-	(20,830)	17,511	-	17,511	-	-	-	(3,319)	-	(3,319)
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	-	-	-	(61,226)	(61,226)
<b>Total Comprehensive Expenditure and Income</b>		<b>(20,830)</b>	<b>-</b>	<b>-</b>	<b>(20,830)</b>	<b>17,511</b>	<b>-</b>	<b>17,511</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,319)</b>	<b>(61,226)</b>	<b>(64,545)</b>
Adjustments between accounting basis and funding basis under regulations	17	46,078	-	-	46,078	(9,555)	-	(9,555)	7,351	2,381	915	47,170	(47,170)	-
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>25,248</b>	<b>-</b>	<b>-</b>	<b>25,248</b>	<b>7,956</b>	<b>-</b>	<b>7,956</b>	<b>7,351</b>	<b>2,381</b>	<b>915</b>	<b>43,851</b>	<b>(108,396)</b>	<b>(64,545)</b>
Transfers to/(from) Earmarked Reserves	18	510	(6,242)	5,732	-	(507)	507	-	-	-	-	-	-	-
<b>Increase/(Decrease) in 2018/19</b>		<b>25,758</b>	<b>(6,242)</b>	<b>5,732</b>	<b>25,248</b>	<b>7,449</b>	<b>507</b>	<b>7,956</b>	<b>7,351</b>	<b>2,381</b>	<b>915</b>	<b>43,851</b>	<b>(108,396)</b>	<b>(64,545)</b>
<b>Balance at 31 March 2019 Carried Forward</b>		<b>23,258</b>	<b>81,179</b>	<b>12,493</b>	<b>116,930</b>	<b>78,718</b>	<b>7,852</b>	<b>86,570</b>	<b>70,823</b>	<b>3,606</b>	<b>3,919</b>	<b>281,848</b>	<b>1,325,972</b>	<b>1,607,820</b>

## Balance Sheet as at 31 March 2019

31 March 2018	Note	31 March 2019
<u>£'000</u>		<u>£'000</u>
2,620,689	Property, plant and equipment	2,626,809
201,094	Heritage assets	202,094
10,259	Intangible assets	11,573
255,415	Investment properties	249,251
23,212	Long-term investments	51,862
46,573	Long-term debtors	42,657
<b>3,157,242</b>	<b>Long-term assets</b>	<b>3,184,246</b>
25,132	Short-term investments	79,082
1,633	Inventories	1,872
113,986	Short-term debtors	102,146
25,263	Cash and Cash Equivalents	7,397
1,539	Assets held for sale	3,572
<b>167,553</b>	<b>Current assets</b>	<b>194,069</b>
(4,997)	Short-term borrowing	(4,998)
(129,799)	Short-term creditors	(137,502)
(4,188)	Provisions	(3,589)
(26,057)	Capital grants received in advance	(20,079)
<b>(165,041)</b>	<b>Current liabilities</b>	<b>(166,168)</b>
(430,489)	Long-term borrowing	(430,488)
(24,637)	Provisions	(27,846)
(1,025,544)	Other long-term liabilities	(1,131,494)
(6,719)	Capital grants received in advance	(14,500)
<b>(1,487,389)</b>	<b>Long-term liabilities</b>	<b>(1,604,328)</b>
<b>1,672,365</b>	<b>Net assets</b>	<b>1,607,819</b>
(260,497)	Usable reserves	(281,847)
(1,411,868)	Unusable reserves	(1,325,972)
<b>(1,672,365)</b>	<b>Total reserves</b>	<b>(1,607,819)</b>

## Cash Flow Statement for the year ended 31 March 2019

2017/18			2018/19
<u>£'000</u>	Note		<u>£'000</u>
(13,270)	Net deficit on the provision of services		(3,319)
120,032	Adjustment to net surplus on the provision of services for non-cash movements	33	149,131
(75,184)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	33	(65,029)
<u>31,578</u>	Net cash flows from Operating Activities		<u>80,783</u>
(7,227)	Investing Activities	34	(94,703)
(28,230)	Financing Activities	35	(3,946)
<u>(3,879)</u>	Net increase (decrease) in Cash and Cash Equivalents		<u>(17,866)</u>
29,142	Cash and Cash Equivalents at the beginning of the reporting period	28	25,263
<u>25,263</u>	<b>Cash and Cash Equivalents at the end of the reporting period</b>		<u><b>7,397</b></u>

## Notes to the Accounts

### 1 Accounting Policies

#### (i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis.

#### (ii) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### (iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and are readily convertible to known amounts of cash with low risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management strategy.

#### (iv) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible fixed assets attributable to the service.

## **(v) City Region Deal**

The Council has applied the principles of IPSAS 23 'Revenue from non-Exchange transactions (Taxes and Transfers)' in accounting for the transactions and balances relating to the City Region Deal.

Growth paid to the accountable body (South Gloucestershire Council) for the Business Rates Pool (BRP) is recognised by the Council as a debtor until such point that the funds are paid out by the BRP or committed by the Economic Development Fund (EDF) to fund future EDF payments in respect of approved programmes.

- Income - Income receivable by the Council from the BRP is recognised as revenue in the year in which it occurs. The council recognises revenue and a debtor balance to the extent that future EDF disbursements are to be received, have been committed to by the EDF, and sufficient uncommitted cash remains in the BRP to fund future payments.
- Expenditure – Expenditure is recognised by the Council on the earlier of payments being made by the BRP or where future EDF payments are committed to. Expenditure is recognised in proportion to the degree that the Council has contributed to the BRP through its growth figure, and is capped at the limit of the Council's payment of growth to the BRP in this period, and any previous growth figures paid over which have not been previously paid or committed by the BRP.

## **(vi) Collection Fund and Local Taxation**

Bristol City Council is a billing authority for local taxation and collects:

- Council Tax on behalf of the Avon and Somerset Police and Crime Commissioner, Avon Fire Authority and itself; and
- Non Domestic Rates on behalf of Avon Fire Authority, the West of England Combined Authority (WECA) and itself.

The Collection Fund Statement is an agent's statement which reflects the statutory obligation for billing authorities to maintain a separate Collection Fund which accounts for all local taxation collected and its re-distribution. The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's own share of the Collections Fund's accrued income for the year.

## **(vii) Employee Benefits**

### **Benefits Payable During Employment**

Monetary benefits such as wages and salaries, paid leave and bonuses, and non-monetary benefits (e.g. cars) for current employees are recognised as an expense in the year in which employees render service to the Council. An accrual is made to represent the cost of holiday entitlement earned but not taken at each year end, to meet Code and IAS requirements.

### **Termination Benefits**

When the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective Service line in the Comprehensive Income and Expenditure Statement.

### **Post Employment Benefits**

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education.
- The Local Government Pension Scheme, administered by Bath and North East Somerset Council.
- The NHS Pension Scheme, for Public Health employees, administered by NHS Pensions.

All of the above schemes provide defined benefits to members e.g. retirement lump sums and pensions, earned as employees working for the Council.

However, the arrangements for the Teachers' scheme and NHS Scheme mean that liabilities for these benefits cannot ordinarily be identified for the Council. These schemes are therefore accounted for as if they were defined contributions schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The CIES is charged with the employer's contributions payable to Teachers pensions and NHS pensions in the year.

### **The Local Government Pension Scheme**

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

The liabilities of the Avon Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees. Liabilities are measured on an actuarial basis discounted to present value, using the projected unit method. The discount rate to be used is determined in reference to market yields at balance sheet date of high quality corporate bonds.

The assets of Avon Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities - current bid price;
- Unquoted securities - professional estimate;
- Unlisted securities - current bid price;
- Property - market value.

The change in the net pension liability of the Council is analysed into the following components:

- Current Service Cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past Service Cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Net interest on the net defined benefit liability/asset, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability/asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period, taking into account any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.
- Re-measurement of the return on plan assets – excluding amounts included in net interest on the net defined benefit liability/asset, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses - changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These changes are debited to the Pensions Reserve as Other Income and Expenditure.
- Contributions paid to the Avon Pension Fund - cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the

Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

In 2017/18, the Council made an up-front payment of the LGPS deficit contributions for the three years 2017/18 - 2019/20 totalling £44.183m (net of academy conversions). The up-front payment took advantage of the independent Actuary's calculation of the return these contributions could achieve once invested by the Pension Fund. The discount calculated by the Actuary for making the up-front payment (net of academy conversions) rather than the typical approach of monthly payments in arrears over the three year period was £2.968m, reducing total payments from £47.151m to £44.183m. The return was judged to be far greater than could have been achieved by investing the amounts as part of the Council's Treasury Management Strategy and the approach represented good value for money for the Council.

### **Discretionary Benefits**

The Council has restricted powers to provide discretionary post-employment benefits. Any such benefits are accrued for in the year of the decision to make the award and are charged to the Comprehensive Income and Expenditure Statement against the service in which the employees worked.

### **(viii) Events After The Reporting Period**

Events after the balance sheet date are those events, both favourable and unfavourable, which occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period. In this instance, the Statement of Accounts is adjusted to reflect such events.
- Those relating to conditions that arose after the reporting period. In this instance, the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date when the Statement of Accounts is authorised for issue are not reflected in the Statement of Accounts.

### **(ix) Fair Value Measurement**

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

## **(x) Financial Instruments**

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. As annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument, the effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the Council's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The council has a policy of spreading the gain or loss over the term of the replacement loan that was used to refinance the loan against which the premium was payable or discount receivable. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### **Financial Assets**

Financial assets are classified using an approach that is based on the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The council's business model for most of its investments is to hold them to collect contractual cash flows. Financial assets are therefore classified as amortised cost. There are some exceptions, where the council holds strategic investments to help it meet other policy objectives, such as the support of economic development in the county. This means that some investments are ones where contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable

(plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, from time to time the Council makes loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

In addition, the council does have deferred payment policies where individuals are allowed to defer payment against an invoice raised by the council, for example where the council holds a legal charge against a property that enable sums to be reimbursed from sale proceeds at a later date. These are similar to loans at less than market rates and are referred to as soft loans. If any the lost interest against the soft loan was significant then adjustments would be made to the relevant service revenue account and Balance Sheet. However the impact on the council's revenue account of soft loans and lost interest is not financially significant and the accounts have not been adjusted to reflect these requirements.

### **Expected Credit Loss Model**

The council recognises expected credit losses on all of its financial assets held at amortised cost or FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### **Financial Assets Measured at Fair Value through Profit of Loss (FVPL)**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

An equity instrument can be elected into a FVOCI treatment rather than a FVPL treatment if it is not held for trading. The council has reviewed its assets that would be measured at FVPL on the basis of the business model and has elected to classify instruments as either FVPL or FVOCI on an instrument-by-instrument basis based on the assessed benefit to the council from the chosen classification.

#### **(xi) Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

#### **(xii) Heritage Assets**

The Council's Heritage Assets are predominantly on display in museum buildings and galleries in the city, held in storage or loaned out to other educational or cultural organisations. The Bristol museums and art galleries are home to a significant number of objects from all over the world which are held to support the primary objective of increasing the knowledge, understanding and appreciation of history and culture through the following:

- Art, Eastern art and applied art;
- Archaeology, Ethnography and foreign archaeology including Egyptology and Geology;
- Natural history, social history, industrial and maritime history.

These assets are all valued on a historic cost basis or an annual insurance valuation basis.

The Council holds numerous ancient monuments and statues which are not recognised on the Balance Sheet because of the diverse and often unique nature of the assets held and the lack of comparable market values.

There is no depreciation charge against heritage assets because it is estimated that the assets have an extended and indeterminate useful life such that any depreciation charge would be negligible. The carrying values of Heritage Assets are reviewed when there is evidence of impairments e.g. when an asset has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any reductions to the carrying value of the assets are recognised and measured in accordance with the Council's general policy on impairments.

#### **(xiii) Interests in Companies and Other Entities**

##### **(a) Subsidiaries**

Subsidiaries are all entities over which the Council has control. The Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Council's material subsidiaries are Bristol Holding Limited (which is directly held) and Bristol Waste Company Limited and Bristol Energy Limited (which are both indirectly held). There are no non-controlling interests.

In the single entity accounts, the Council has opted to account for its investments in subsidiaries in accordance with Chapter 7 of the Code, Financial Instruments. The investments are accordingly classified as fair value through other comprehensive income (FVOCI) and are carried in the

Balance Sheet at fair value. Changes in the fair value of the Council's investments in subsidiaries are recognised in Other Comprehensive Income. Impairments are recognised directly in the Surplus/Deficit on the Provision of Services.

In the group accounts, the subsidiaries are consolidated on a line by line basis with adjustments to eliminate intra-group transactions, balance and unrealised gains on transactions between the group entities. Where necessary, amounts reported by subsidiaries have been adjusted to conform to the Council's accounting policies.

#### **b) Joint Arrangements**

A Joint Arrangement is an arrangement of which two or more parties have joint control where the parties are bound by contractual arrangement and the contractual arrangement gives two or more of those parties joint control of the arrangement. Joint Arrangements are classified as Joint Ventures or Joint Operations.

The Council has no material Joint Ventures.

A Joint Operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Council has one Joint Operation being the West of England Local Enterprise Partnership. In respect of this, the Council accounts for:

- Its assets, including its share of any assets jointly held
- Its liabilities, including its share of any liabilities joint held
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly.

#### **(xiv) Investment Property**

Investment properties are those that are used solely to earn rental income and/or for capital appreciation. The definition does not apply if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on "the highest or best price that can be obtained in the most advantageous market, in an arms' length transaction between knowledgeable participants at the measurement date". Investment Properties are not depreciated but are revalued annually according to market conditions at the year-end

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rental Income received in relation to investment properties is credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for sale proceeds, the Capital Receipts Reserve.

#### **(xv) Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to

the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

## **The Council as Lessee**

### **Finance Leases**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease).

## **The Council as Lessor**

### **Finance Leases**

To date the Council has not granted any Finance Leases.

### **Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## **(xvi) Minimum Revenue Provision (MRP)**

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance. The basis for this provision was approved by Full Council in the 2018-19 budget report on the 20 February 2018.

## **(xvii) Overheads And Support Services**

The Council operates and manages its support services within the Resources Directorate and this is how these services are reported to management. The costs of overheads and support services are therefore not re-apportioned (with the exception of ring fenced accounts such as the HRA, Public Health and Licencing).

## **(xviii) Prior Period Adjustments**

Prior period adjustments arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are only accounted for prospectively i.e. in the current and future years which are affected by the changes, they do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices, or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change in accounting policy is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances for the current year and comparative amounts for the prior period as if the new policy had always been applied.

Where material errors are discovered in prior period figures they are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## **(xix) Service Concessions**

Service concessions are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. As the Council is deemed to control the services that are provided under these schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets related to these contracts and recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the contract operator are analysed into the following elements:

- Fair value of any services received during the year;
- Finance cost - an interest charge of the effective rate of interest on the outstanding Balance Sheet liability;
- Contingent rent payable under the agreement;
- Lifecycle replacement costs where applicable;
- Payment towards liability - applied to write down the Balance Sheet liability to the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

## **(xx) Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Capital schemes above £0.25m are subject to annual review and any expenditure

incurred which has not enhanced the asset's value is charged as an expense in the financial year that it is incurred. Expenditure on capital assets totalling less than £20,000 in any single financial year is classed as de-minimis and therefore is not capitalised but charged as an expense.

## **Measurement**

Assets are initially measured at cost, comprising:

- The purchase price;
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure and community assets - depreciated historical cost;
- Assets under construction - historical cost;
- Dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH);
- Surplus assets – the current value measurement base is fair value, defined as “the highest or best price that can be obtained in the most advantageous market, in an arms’ length transaction between knowledgeable participants at the measurement date”;
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

When decreases in value are identified, they are accounted for in the same way as an impairment.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

## **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

- Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for the depreciation that would have been charged if the loss had not been recognised.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, car parks, quay walls and lock gates, some Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Council dwellings - are depreciated based upon component accounting basis. In the year of disposal six month depreciation is charged to the accounts.
- Other buildings - straight-line allocation over the useful life of the property as estimated by a qualified valuer;
- Vehicles, plant and equipment - a percentage of the value of each class of assets in the Balance Sheet;
- Infrastructure, (excluding quay walls and lock gates) - straight-line allocation over 25 years;
- infrastructure, quay walls and lock gates in city docks are not depreciated as their economic life is beyond 100 years.

The Council applies component accounting to all assets with a net book value in excess of £5m - where the item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, identified components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or is decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10k are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital

investment or set aside to reduce the HRA's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **(xxi) Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place whereby the Council has a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the relevant provision. Estimated settlements are reviewed at the end of each financial year, where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the relevant service.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

## **(xxii) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

The category of unusable reserves includes those reserves which are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant notes.

## **(xxiii) Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to

the Capital Adjustment Account reverses out the amounts charged so that there is no impact on the level of council tax.

#### **(xxiv) Schools**

The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the single entity accounts of the Council (and not the Group Accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

Schools within the Council's group fall into the following categories

- 53 Community (12 Nurseries, 23 Primaries, 6 Special and 1 Alternative Provision Site)
- 1 Foundation Primary

Other types of school, such as voluntary aided and voluntary controlled schools, academies and free schools are outside of the Council's control and therefore not included in this Statement of Accounts.

#### **(xxv) Value Added Tax**

The Comprehensive Income and Expenditure Account excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income within the Council's Income and Expenditure account.

## **2 Accounting Standards that have been issued but have not yet been adopted**

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

**IFRS 16 Leases** will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short term-leases). CIPFA/LASAAC has deferred implementation of IFRS16 for local government to 1 April 2020.

**IAS 40 Investment Property: Transfers of Investment Property** provides further explanation of the instances in which a property can be classified as investment property. We do not anticipate this having any impact on the Council

**IFRIC 22 Foreign Currency Transactions and Advanced Consideration** clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions likely to be affected by this

**IFRIC 23 Uncertainty over Income Tax Treatments** provides additional guidance on income tax treatment where there is uncertainty. There is unlikely to be any impact on the Council.

**IFRS 9 Financial Instruments: prepayment features with negative compensation** amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. There will be no impact as the Council does not have any such loans.

### 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

- The Council has completed a school by school assessment across the different types of school it controls within the City. The Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the financial statements according to whether it owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied. The Council has considered its accounting classification for each school on an individual case basis in conjunction with the relevant dioceses for voluntary aided and voluntary controlled schools.

All community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.

Legal ownership of Voluntary Controlled (VC) and Voluntary Aided (VA) school land and buildings usually rests with a charity, normally by a religious body. Legal ownership of 10 VA schools rests with Clifton Diocese. Legal ownership of the remaining VA and VC schools rests with Bristol Diocese. We understand that the Diocese have granted a licence to the schools to use the land and buildings. Under this licence arrangement, the rights of use have not transferred to the schools and thus are not included on the Council's Balance Sheet.

There are two Foundation Trusts in Bristol - the South East Bristol Educational Trust and the Trust in Learning – who own 3 schools in the City. The Council exercises no control over these Trusts so these assets are not included on the Council's Balance Sheet.

Academies are not considered to be maintained schools in the Councils control. The land and building assets are either, not owned by the Council, or let on a long term lease (125 years) by the Council and therefore not included on the Council's Balance Sheet.

- There is a high degree of uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The costs of the Schools Private Finance Initiative (PFI) Contracts exceed the income received from the Government Grant and School Contributions, leaving the Council with a liability under the PFI Contracts. All PFI Schools have now transferred to Academy status and these assets have been removed from the Council's balance sheet. Following a review of the costs and benefits, the Council considers the contract not to be onerous as the benefits significantly outweigh the costs.
- The Council has valued its interests in its subsidiaries in line with the 2017/18 Cipfa Accounting Code of Practice on Local Authority Accounting in the United Kingdom (the Code), namely the investments are accordingly classified as Available for Sale Financial Assets and are carried in the Balance Sheet at fair value. Changes in the fair value of the Council's investments in subsidiaries are recognised in Other Comprehensive Income. Impairments are recognised directly in the Surplus/Deficit on the Provision of Services.
- For inclusion in the Council accounts we have taken the view that it is appropriate to value the companies within the group using different methodologies, reflecting the diverse nature of those businesses. Bristol Holding Limited and Bristol Waste Company have been valued on a net asset basis as recorded in the company's individual balance sheets as at 31 March 2018. Bristol Energy has been valued at cost with an impairment to bring back to a fair value in the accounts. The fair value has been calculated using an estimated base price per customer should the company be sold on the open market.

- City Region Deal – the Council has determined that transactions occurring in respect of the City Region Deal arrangement arise from non-exchange transactions (the collection of Non-Domestic Rates by the Authority) and so IPSAS 23 may be applied in accounting for them. The Council’s accounting policy and note to the Statement of Accounts are described in note 1 and the notes to the Collection Fund respectively.

#### 4 Assumptions made about the Future and other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Consequence if actual results differ from assumptions
Property, Plant and Equipment (excluding Council dwellings)	Asset valuations are based on market prices and are periodically re-valued using a 5-year rolling programme to ensure that the Council does not materially misstate its property, plant and equipment. If market prices change significantly, over time there will be a corresponding increase or reduction in the value of Council land and buildings.	A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded in the Comprehensive Income and Expenditure Statement. If the value of the Council's property, plant and equipment was to reduce by say 10%, this would result in a £95m change in cost value charged against the Revaluation Reserve and/or the Comprehensive Income and Expenditure Statement. A corresponding increase in estimated valuations would result in a combination of increases to the Revaluation Reserve and / or reversals of previous negative revaluations charged to the Comprehensive Income and Expenditure Statement.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to: the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments. The Council has engaged Mercer Ltd, a firm of consulting actuaries, to provide expert advice about the assumptions to be applied.	Variations in the key assumptions will have the following impact on the net pension liability <ul style="list-style-type: none"> <li>• a 0.1% increase in the discount rate will reduce the net pension liability by £45m</li> <li>• a 0.1% increase in the assumed level of pension increases will increase the net pension liability by £46m</li> <li>• a 0.1% increase in the assumed level of pay inflation will increase the net pension liability by £5.4m</li> <li>• an increase of one year in longevity will increase the net pension liability by £51m</li> </ul>

Business Rates	<p>Following the introduction on 1 April 2017 of 100% business rates pilots, the Council along with those of South Gloucestershire and B&amp;NES formed the West of England pilot. This increases the effect of volatility, particularly in relation to business rates appeals. Under the pilot the Council is liable for successful appeals against business rates charged since 2010 rating list A provision has been recognised for this potential liability based on best available information, including Valuation Office (VOA) ratings appeals lists, and an analysis of successful appeals to date.</p>	<p>The Council's provision for rating appeals is £26.9m at the year end. Any understatement or overstatement of this liability would lead to a future adjustment charged to the Collection Fund in the year of recognition.</p>
Fair Value Estimation	<p>Asset valuations are based on either:</p> <ul style="list-style-type: none"> <li>• market prices for investment property, surplus assets and non-current assets held for sale: or</li> <li>• the adjusted net worth of unquoted companies in which the Council has a controlling or significant interest.</li> </ul> <p>If valuations change significantly there will be a corresponding increase or reduction in the Balance Sheet value of these assets.</p>	<p>If the value of the Council's investment property, surplus property and non-current assets held for sale, was to reduce by 10%, this would result in a £29m reduction to Property, Plant and Equipment and a corresponding reduction to Unusable Reserves in the Balance Sheet.</p>
Impairment Allowance for Doubtful Debts	<p>As at 31 March 2019, the Council had an outstanding balance on short term debtors of £148m. Against this debtors balance there is an impairment allowance of £56m. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.</p>	<p>An understatement of doubtful debts would lead to future adjustment and a corresponding impairment charged against the relevant service cost. The impairment allowances held are based on policies adapted to the nature of the debt and service area, historic experience and success rates experienced in collection. If collection rates were to deteriorate by 5% the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts.</p>
Britain leaving the European Union: asset values and pension liability	<p>There is a high level of uncertainty about the implications of Britain leaving the European Union. At the current time there are three possible scenarios: a "no deal" Brexit, an agreement with a transition period and an extension to EU membership of unknown length. It is not possible to predict which path will be taken and whether asset values and the discount rate will consequently change. The assumption has been made that this will not significantly impair the value of the Council's assets or change the discount rate. However this assumption needs to be revisited and reviewed regularly.</p>	<p>Higher impairment allowances may need to be charged in the future if asset values fall. If the discount rate changes, the size of the net pension liability will also vary.</p>

## **5 Events after the Balance Sheet Date**

The Statement of Accounts was authorised for issue by the Section 151 Officer on 28 May 2019. Events taking place after this date are not reflected in the financial statements or Notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and Notes have been adjusted in all material respects to reflect the impact of this information.

## **6 Expenditure and Funding Analysis for the year ended 31 March 2019**

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (ie government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018/19

## Adjustments between the Funding and Accounting basis

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	Revised Outturn £'000	Adjustments (EFA Note 1) £'000	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments for Capital Purposes (EFA Note 2) £'000	Net change for the Pension Adjustments (EFA Note 3) £'000	Other Differences (EFA Note 4) £'000	Total Adjustments £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement
			£'000	£'000	£'000	£'000		£'000
Adults, Children and Education Resources	216,559	(11,109)	205,450	13,667	(297)	-	13,370	218,820
Growth and Regeneration	50,767	(358)	50,409	5,226	3,708	-	8,934	59,343
Housing Revenue Account	69,008	4,737	73,745	28,126	3,506	-	31,632	105,377
Dedicated Schools Grant	(8,348)	(10,052)	(18,400)	(8,969)	1,767	-	(7,202)	(25,602)
Corporate Funding & Expenditure	(7,062)	-	(7,062)	-	3,223	-	3,223	(3,839)
<b>Net Cost of Services</b>	40,768	(20,675)	20,093	(16,421)	(7,948)	1,671	(22,698)	(2,605)
	361,692	(37,457)	324,235	21,629	3,959	1,671	27,259	351,494
Other income and expenditure (Notes 8,9,10)			(357,440)	(6,011)	21,106	(5,831)	9,264	(348,176)
(Surplus) Deficit on the Provision of Services			(33,205)				36,523	3,319
Opening General Fund and HRA Balance			(192,796)					
Adjustment from the adoption of IFRS9			22,500					
Less Deficit on General Fund and HRA Balance in Year			(33,204)					
Closing General Fund and HRA Balance at 31 March 2019*			(203,500)					

\* For a split of this balance between the General Fund and the HRA see movements in Reserves Statement

2017/18

## Adjustments between the Funding and Accounting basis

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	Outturn as reported to Cabinet	Adjustments EFA (Note 1)	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments for Capital Purposes EFA (Note 2)	Net change for the Pension Adjustments EFA (Note 3)	Other Differences EFA (Note 4)	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults, Children and Education Resources	195,470	(644)	194,826	15,053	6,266	-	16,055	210,881
Growth and Regeneration	47,612	5	47,167	6,627	2,913	-	13,683	60,850
Housing Revenue Account	62,774	2,511	62,285	27,625	3,191	-	32,135	97,420
Dedicated Schools Grant	(17,032)	(9,218)	(26,250)	(4,558)	3,051	-	(2,227)	(28,477)
Corporate Funding & Expenditure	(2,440)	-	(2,440)	-	2,329	-	4,852	2,412
<b>Net Cost of Services</b>	57,454	(33,370)	24,084	(15,833)	(11,336)	(2,556)	(29,726)	(5,642)
	343,388	(40,716)	302,672	30,914	6,414	(2,556)	34,772	337,444
Other income and expenditure (Notes 8,9,10)			(341,536)	(13,362)	21,374	9,250	17,362	(324,174)
(Surplus) Deficit on the Provision of Services			(38,864)				52,134	13,270
Opening General Fund and HRA Balance			(153,932)					
Less Deficit on General Fund and HRA Balance in Year			(38,864)					
Closing General Fund and HRA Balance at 31 March 2018*			(192,796)					

\* For a split of this balance between the General Fund and the HRA -see movements in Reserves Statement

### **EFA Note 1 – Adjustments**

The reallocation of transactions to/from service areas below the net cost of services to Other Income and Expenditure for example interest receivable and interest payable from Corporate Funding and Expenditure to Other Income and Expenditure. The removal of transfers to/from reserves included in outturn in Corporate Funding & Expenditure as these are not shown on the face of the CIES.

### **EFA Note 2 - Adjustments for Capital Purposes**

Adjustments for capital purposes - this column adds in depreciation, impairment and revaluation gains and losses in the services line for:

- Other Operating Expenditure - adjusts for capital disposals with a transfer of income on disposal of asset and the amounts written off for those assets.
- Financing and investment income and expenditure - the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### **EFA Note 3 - Net change for Pension Adjustments**

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For Services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure this is the net interest on the defined benefit liability is charged to the CIES

### **EFA Note 4 - Other Differences**

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statements and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## 7 Expenditure & Income Analysed By Nature

	2018/19	2017/18
<b>Expenditure &amp; Income Analysed By Nature</b>	£000	£000
<b>Expenditure</b>		
Employee Benefits Expense	347,787	345,990
Depreciation, Amortisation & Impairment	67,730	88,091
Other Service Expenditure	782,933	773,703
<b>Total Expenditure</b>	<b>1,198,450</b>	<b>1,207,784</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(329,096)	(327,471)
Interest & Investment Income	(32,902)	(9,856)
Income from Council Tax & Non-domestic Rates	(350,161)	(346,096)
Government Grants, Other Grants and Contributions	(482,971)	(511,091)
<b>Total Income</b>	<b>(1,195,130)</b>	<b>(1,194,514)</b>
<b>Surplus or deficit on the Provision of Services</b>	<b>3,319</b>	<b>13,270</b>

## 8 Other Operating Expenditure

	2018/19	2017/18
	£'000	£'000
Precepts and levies	7,691	9,993
Payments to the Government housing capital receipts pool	2,614	6,055
Losses/(gains) on the disposal of non-current assets	15,641	14,132
<b>Total</b>	<b>25,946</b>	<b>30,180</b>

## 9 Financing and Investment Income and Expenditure

	2018/19	2017/18
	£'000	£'000
Interest payable and similar charges	35,354	47,466
Pensions net interest cost	21,106	21,374
Interest receivable and similar income	(32,863)	(9,854)
Income and expenditure in relation to Investment Properties	(11,272)	(10,991)
Changes in fair value of Investment Properties	3,520	(8,618)
<b>Total</b>	<b>15,845</b>	<b>39,377</b>

## 10 Taxation and Non-Specific Grant Income

	2018/19 £'000	2017/18 £'000
Council tax income	(198,132)	(193,555)
Non-domestic rates	(152,029)	(152,541)
Non-service related government grants	(12,020)	(12,101)
Capital grants and contributions	(27,786)	(35,534)
Total	<b>(389,967)</b>	<b>(393,731)</b>

## 11 Pooled Budgets

### Better Care Fund

The Better Care Fund was established by the Government to provide funds to local areas to support the integration of health and social care and to seek to achieve the National Conditions and Local Objectives. It is a requirement of the Better Care Fund that NHS Bristol Clinical Commissioning Group and Bristol City Council establish a pooled fund for this purpose which was achieved in 2018/19 through a jointly signed agreement under Section 75 of the National Health Service Act 2006. The formal governance of the Better Care Fund is through the Joint Commissioning Board and the Bristol Health and Well Being Board.

Under this Section 75 agreement there are five funds totalling £57.529m in 2018/19 and administered by whichever body undertook the contracting arrangements.

**Fund 1** is administered by Bristol Clinical Commissioning Group and totals £13.405m. The fund includes contributions from the CCG only, which have been paid to providers contracted to support the sub schemes Reduction in Hospitals Admissions, Frail and Complex, Falls Prevention and Reablement. The CCG controls this fund in its entirety and wholly owns any risk relating to this fund as per the Section 75 agreement.

**Fund 2** is administered by Bristol City Council and totals £6.785m. The source of funding for this is a mixture of existing CCG expenditure streams with Bristol City Council and the former NHS England funding, previously transferred under Section 256 agreement in 2014/15, which now forms part of the CCGs allocation including funding allocated under Preparing for Better Care

**Fund 3** is a joint arrangement hosted by Bristol City Council and totals £22.112m where both the CCG and Bristol City Council contribute towards the sources of funding to create a joint arrangement. The City Council is the Lead Commissioner for the services commissioned through this fund.

**Fund 4** is hosted by Bristol City Council and totals £3.218m, which is wholly made up of the Disabled Facilities Grant. The fund includes contributions from the City Council only, which are paid directly to providers. The City Council controls this fund in its entirety and wholly owns any risk relating to this fund as per the Section 75 agreement.

**Fund 5** is hosted by Bristol City Council and totals £12.009m, which is wholly made up of the improved Better Care Fund (iBCF). The fund includes contributions from the City Council only, which are paid directly to providers. The City Council controls this fund in its entirety and wholly owns any risk relating to this fund as per the Section 75 agreement.

<b>Better Care Fund</b>	<b>Fund 1</b>	<b>Fund 2</b>	<b>Fund 3</b>	<b>Fund 4</b>	<b>Fund 5</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Funding provided to the pooled budget:</b>						
Bristol CCG	13,405	6,785	9,366	-	-	29,556
Bristol City Council	-	-	12,746	3,218	12,009	27,973
<b>Total funding into Pooled Budget</b>	<b>13,405</b>	<b>6,785</b>	<b>22,112</b>	<b>3,218</b>	<b>12,009</b>	<b>57,529</b>
Expenditure met from Pooled Budget						
Bristol CCG	13,405	9,190	9,366	-	-	31,961
Bristol City Council	-	52	13,400	3,266	12,009	28,727
<b>Total expenditure from Pooled Budget</b>	<b>13,405</b>	<b>9,242</b>	<b>22,766</b>	<b>3,266</b>	<b>12,009</b>	<b>60,688</b>
<b>Net surplus/(deficit) on the pooled budget during the year</b>	<b>-</b>	<b>(2,457)</b>	<b>(654)</b>	<b>(48)</b>	<b>-</b>	<b>(3,159)</b>
<b>Bristol City Council's share of the net surplus/(deficit) arising on the pooled budget</b>	<b>-</b>	<b>(52)</b>	<b>(654)</b>	<b>(48)</b>	<b>-</b>	<b>(754)</b>

### **Drugs Action**

The Council established a partnership agreement with the NHS Bristol, Working Links and other partners using powers under Section 31 of the Health Act 2006 to pool funds and create a single budget. The budget is used to commission Drug and Alcohol Treatment Services for Adults and Substance Misuse Services for Young People, but from 2018/19 no funding is received from external sources so this will no longer be treated as a pooled budget. Expenditure is shown below for comparison to previous years:

	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>
<b>Funding provided to the pooled budget:</b>		
<b>Balance Brought Forward</b>	1,986	1,986
Bristol City Council General Fund	1,106	1,611
Bristol City Council Public Health	7,178	7,456
Other Bodies		98
	<b>10,270</b>	<b>11,151</b>
Expenditure met from the pooled budget		
Drug and alcohol services for adults	8,285	9,165
Substance Misuse Services for Young People		-
	<b>8,285</b>	<b>9,165</b>
<b>Net underspend carried forward</b>	<b>1,985</b>	<b>1,986</b>

## 12 Members' Allowances

The Council paid the following amounts to members of the Council during the year.

	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>
Basic allowance	857	880
Special responsibility allowances	359	356
Travelling and subsistence allowance	3	5
<b>Total</b>	<b>1,219</b>	<b>1,241</b>

In addition to the above, the elected Mayor is paid an annual allowance amounting to £70,604.  
(2017/18: £69,219)

The 2017/18 figure for Members allowance includes backdated payments relating to the period 1<sup>st</sup> January 2015 – 1<sup>st</sup> April 2017.

### 13 Officers' Remuneration & Exit Packages

Where a senior officer's annual salary is £50,000 or more, but less than £150,000, remuneration is disclosed individually by way of job title. For those senior officers whose salary is £150,000 or more, their name is also disclosed. The remuneration paid to the Executive Directors for Resources, Adults, Children and Education, Communities and Growth and Regeneration Directorates, Senior Coroner, Chief Financial Officer and Monitoring Officer during the year was as follows:

(Interim)\* The amounts disclosed in the table below in respect of these posts are the costs incurred by the Council to secure the individuals services on this basis and not the amounts these individuals actually received (which will have been lower).

2018/19				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	Post Term	Post Holder	Notes	£	£	£	£
Executive Director - Resources (Acting)	April - Jun '18	D Murray	1	33,750	-	7,763	41,513
Executive Director - Resources - Head of Paid Service	Jul '18 - Mar '19	M Jackson	2	123,750	-	-	123,750
Executive Director - Adults, Children and Education	April '18 - Mar '19	J Jensen		148,000		34,040	182,040
Executive Director - Communities	April - May 18	A Comley		28,927	75,000	5,213	109,140
Executive Director – Communities (Acting)	Jun - Nov '18	P Mellor	3	69,462	-	15,976	85,438
Executive Directors Growth and Regeneration (Interim)*	April '18-Mar '19	C Molton		262,853	-	-	262,853
Her Majesty's Senior Coroner for the Area of Avon	April '18-Mar '19	M Voisin	4	133,512	-	30,565	164,077
Service Director – Care and Support Adults (Interim)*	April '18 – Mar '19	T Dafter	5	208,816		6,900	215,716
Statutory Officers- Chief Financial (S151)	April - Jun 18		6	-	-	-	-
Statutory Officers- Chief Financial (S151)	Jul '18 - Mar '19			90,000	-	20,700	110,700
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer)	April - Jul '18			32,771	-	7,810	40,581
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer) (interim)*	Aug - Oct '18	Q Baker		92,715	-	-	92,715
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer)	Nov '18 - Mar'19			35,417	-	8,146	43,563

1 D Murray acted into this position but retained S151

2. The Head of Paid Service post was covered by Executive Director Adults, Children and Education for no extra remuneration until this permanent appointment was made

3. This post was deleted from December 2018 when the structure move from four Directorates to three

4 The post of Her Majesty's Coroner for the area of Avon is shared across four Unitary Authorities . The current percentage share is: Bristol 40.4%, Bath & North East Somerset 16.45%, North Somerset 18.94% and South Gloucestershire 24.57%

The Service Director Care and Support Adults was an interim for the period April – December 2018. For the period January to March 2019 he was employed directly by the Council

6 S151 responsibilities were covered by the Acting Director of resources

2017/18				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	Post Term	Post Holder	Notes	£	£	£	£
Chief Executive	April '17-Sept. '17	A Klonowski	1	80,118	98,000	18,000	196,118
Head of Paid Service	Oct '17 - March '18		2	-	-	-	-
Strategic Director - Resources (Interim)*	April '17 - Jan'17	N Beardmore	3	194,894	-	-	194,894
Executive Director - Resources (Interim)	Jan '18-Mar '18	D Murray	4	32,513	-	7,316	39,828
Strategic Director - Adults, Children and Education	April '17 - Jan'18	J Readman		111,554	38,324	24,513	174,391
Executive Directors Care and Safeguarding	Jan '18-Mar '18	J Jenson	5	28,645		6,445	35,090
Strategic Director - Neighbourhoods	April '17 - Dec '17	A Comley		110,290	-	24,815	135,105
Executive Directors Communities	Jan '18-Mar '18	A Comley	6	25,710	-	5,785	31,495
Strategic Director -Place	April '17 - May '17	B Mac Ruairi		19,011	-	4,277	23,288
Executive Directors Growth and Regeneration (Interim)*	Jan '18-Mar '18	C Molton	7	52,825	-	-	52,825
Statutory Officers- Chief Financial (S151)	April '17 - Dec '17			90,819	-	19,084	109,904
Statutory Officers- Chief Financial (S151)	Jan '18-Mar '18		8	-	-	-	-
Statutory Officers- Service Director Legal and Democratic (Monitoring Officer)	April '17 - Mar '18			94,601	-	21,285	115,886

1. Post Deleted in Jan 18. Following a review of the remuneration paid to the Chief Executive, A Klonowski, we have re-categorised a proportion of her salary as compensation for loss of office. This has not resulted in any additional cost to the Council.

2. The services of the Director of Resources were secured on an interim basis.

3. The Head of Paid service post was covered by existing Strategic or Executive Directors as follows; 1 – 10 October 2017 the Strategic Director for Adults, Children and Education; 11 October 2017 – 21 January 2018 the Strategic Director of Resources; 22 January to 31 March 2018 the Executive Director for Care and Safeguarding. The Strategic Director for People and Care and the Executive Director for Safeguarding did not receive any additional remuneration while covering for this post.

4. Post title changed for Strategic Director to Executive Director of resources. D Murray acted into this position but retained S151 responsibilities.

5. Post title changed for Strategic Director to Executive Director and directorate changed from People to Care & Safeguarding.

6. Post title changed for Strategic Director to Executive Director and directorate changed from Neighbourhoods to Communities.

7. Post title changed for Strategic Director to Executive Director and directorate changed from Place to Growth & Regeneration.

8. S151 responsibilities were covered by Interim Acting Director of resources.

In addition to the remuneration of senior employees set out above, the number of the Council's employees receiving more than £50,000 remuneration for the year (excluding employer's contributions) is set out in the table below:

Remuneration band	2018/19 Number of employees		2017/18 Number of employees	
	Schools	Non-Schools	Schools	Non-Schools
£50,000 - £54,999	25	27	34	32
£55,000 - £59,999	15	36	22	48
£60,000 - £64,999	21	38	16	30
£65,000 - £69,999	5	17	13	19
£70,000 - £74,999	7	13	4	7
£75,000 - £79,999	-	3	2	3
£80,000 - £84,999	2	1	3	2
£85,000 - 89,999	1	1	-	1
£90,000 - £94,999	-	3	-	6
£95,000 - £99,999	-	2	-	2
£100,000 - £104,999	-	2	-	1
£105,000 - £109,999	-	-	-	-
£110,000 - £114,999	-	-	-	1
£115,000 - £119,999	-	-	-	1
£120,000 - £124,999	-	-	-	1
<b>Totals</b>	76	143	94	154

## Exit Packages

The numbers of exit packages relating to council employees during 2018/19, with total cost per band and the total cost of compulsory and other redundancies are set out in the table below. The numbers and costs include packages agreed at the end of the year but not paid. Costs include the costs of early payment of pension in the cases of early retirement.

Exit package cost band	Number of compulsory redundancies		Number of other departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2018/19 No.	2017/18 No.	2018/19 No.	2017/18 No.	2018/19 No.	2017/18 No.	2018/19 £'000	2017/18 £'000
£0 - £20,000	33	31	16	24	49	55	398	423
£20,001 - £40,000	9	6	14	11	39	17	645	504
£40,001 - £60,000	3	4	10	8	13	12	614	577
£60,001 - £80,000	-	2	3	1	3	3	205	203
£80,001 - £100,000	1	-	3	1	4	1	348	82
£100,001 - £150,000	3	-	-	1	3	1	326	103
£150,001 - £200,000	1	-	-	-	1	-	154	-
<b>Total</b>	<b>50</b>	<b>43</b>	<b>46</b>	<b>46</b>	<b>96</b>	<b>89</b>	<b>2,690</b>	<b>1,892</b>

## 14 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors Grant Thornton.

	2018/19 £'000	2017/18 £'000
Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor for the year	157	204
Fees payable to the External Auditor for the certification of grant claims and returns for the year	31	20
Fees payable in respect of other services provided by the External Auditor during the year	10	11
<b>Total</b>	<b>198</b>	<b>235</b>

## 15 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency (EFA), the Dedicated Schools Grant (DSG). Once allocated to a local Council an element is recouped by the EFA to fund academy schools in the council's area. The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on a Council wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable are shown in the following table:

2017/18 £'000			2018/19 £'000			
Central Expenditure	ISB	Total	Notes	Central Expenditure	ISB	Total
		329,526				343,431
		(151,849)	1			(173,360)
		177,677				170,071
		(1,630)	2			(1,016)
		0	3			(517)
23,709	152,338	176,047		24,521	144,017	168,538
-	842	842	4	301	-	301
<b>23,709</b>	<b>153,180</b>	<b>176,889</b>		<b>24,822</b>	<b>144,017</b>	<b>168,839</b>
(25,385)	-	(25,385)		(23,377)	-	(23,377)
-	(152,520)	(152,520)		-	(148,117)	(148,117)
-	-	0		-	4,100	4,100
<b>(1,676)</b>	<b>660</b>	<b>(1,016)</b>		<b>1,445</b>	<b>0</b>	<b>1,445</b>
		0				517
		<b>(1,016)</b>	<b>5</b>			<b>1,962</b>

1. The academy recoupment in 2017/18 comprised 63 academies open at the start of the year plus 8 school conversions in the year. The academy recoupment in 2018/19 comprised 71 academies open at the start of the year plus 9 that converted in the year.
2. This is the brought forward figure from 2017/18.
3. Agreement with School Forum and Cabinet in January 2019, to allow for funding to be carried forward in advance for continuing the local maintained nursery supplement in 2019/20.
4. The in-year estimated adjustment for the final early years block funding 2018/19, following the January 2019 census data up-date, due in summer 2019.
5. The total carry forward surplus is £1.962m for the year. Cabinet on 18<sup>th</sup> June 2019 will consider how that balance will be attributed to the blocks of the DSG. On 15<sup>th</sup> May 2019, Schools Forum agreed to a proposal that £0.414m was in the Schools Block for services with de-delegated funding, £1.115m was in the Early Years Block and £0.433m underspend was in the High Needs Block.

## 16 Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2018/19:

### Credited to Taxation and Non Specific Grant Income:

	2018/19	2017/18
	£'000	£'000
Capital grants and contributions (Note 10 & see below)	27,786	35,534
Non service related government grants (Note 10)	12,020	12,101
<b>Total</b>	<b>39,806</b>	<b>47,635</b>

### Capital grants and contributions

	2018/19	Restated 2017/18
	£'000	£'000
<b>Government grants applied:</b>		
Adults, Children and Education	2,033	2,207
Growth & Regeneration	23,846	31,837
Resources	60	571
Section 106 contributions	933	919
<b>Total Government Grants &amp; Contributions applied</b>	<b>26,872</b>	<b>35,534</b>
Government grants unapplied	914	-
<b>Total grants credited to the CIES</b>	<b>27,786</b>	<b>35,534</b>

## Grants Credited to Services

	31 Mar 2019 £'000	31 Mar 2018 £'000
<b>Adults, Children and Education</b>		
Adult Education	1,649	1,649
Better Care Fund	12,009	9,056
Dedicated Schools Grant	170,299	178,519
Education Services Grant	1,170	974
Education Funding Agency Grants	10,780	9,678
Independent Living Fund Grant	2,087	1,723
PFI Special Grant	17,996	17,912
Pupil Premium	8,036	8,802
SEN Reform Grant	294	312
Troubled Families Grant	1,973	2,196
Youth Justice Board Grant	729	647
Other Care Grants (Adults)	1,810	442
Other Care Grants (Children)	2,724	2,363
Other	1,200	944
<b>Growth &amp; Regeneration</b>		
Discretionary Housing Payments	1,372	1,470
Homelessness Reduction & Support Grants	2,385	1,712
Housing Benefit (rent allowances/council tax benefit) subsidy	156,486	165,055
Housing Benefit Administration Subsidy	2,930	3,050
Public Health	32,486	33,343
Public Health – Other	238	-
SWERCOTS	376	381
Trailblazer Grant	415	410
Communities – other	0	2,757
Travel & Transport Grants	645	-
Air Quality Grant	675	433
Arts Council England - Museums	2,044	2,440
Better Bus Area Fund	595	440
Bus Service Operators Grant (BSOG)	448	448
Cycling Ambition Fund	1,848	9,137
Invest In Bristol & Bath 2015-2020	-	(19)
Local Sustainable Transport Fund West (LSTF)	988	4,015
Sustainable Travel Access Fund	1,214	1,643
Other	4,927	1,343
<b>Resources – other</b>	337	181
<b>Total</b>	<b>443,165</b>	<b>463,456</b>

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that could require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	<b>31 March 2019</b>	<b>Restated 31 March 2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Capital Grants and Contributions Received in Advance</b>		
Government grants	23,495	23,818
Section 106 contributions	11,084	8,958
<b>Total</b>	<b>34,579</b>	<b>32,776</b>
Due < 1 year	20,079	26,057
Due > 1 year	14,500	6,719
<b>Total</b>	<b>34,579</b>	<b>32,776</b>
<b>Revenue grants (within creditors)</b>		
Adults, Children and Education	447	1,141
Growth & Regeneration	2,432	1,175
Resources	30	-
<b>Total</b>	<b>2,909</b>	<b>2,316</b>

## 17 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2018/19	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustment involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation and impairment of non-current assets	(39,141)	(26,205)	-	-	-	(65,346)
Movement in the market value of Investment Properties	(3,474)	(46)	-	-	-	(3,520)
Amortisation and impairment of Intangible Assets	(2,383)	-	-	-	-	(2,383)
Capital grants and distributions	27,786	-	-	-	-	27,786
Revenue and expenditure funded from capital under statute	(6,147)	-	-	-	-	(6,147)
Amount of non-current assets written off on disposal or sale as part of the (loss) on disposal to the Comprehensive Income and Expenditure Statement	(28,465)	(7,700)	-	-	-	(36,165)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	6,864	-	-	-	-	6,864
Capital expenditure charged against the General Fund and HRA balances	10,209	10,160	-	-	-	20,369
<b>Adjustments involving the Capital Receipts Reserve:</b>						
Transfer of sale proceeds credited as part of the (loss) on disposal to the Comprehensive Income and Expenditure Statement	8,405	12,406	(20,811)	-	-	-
Administrative costs of non-current asset disposals	(288)	-	288	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	10,558	-	-	10,558
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(2,614)	-	2,614	-	-	-
<b>Adjustment Involving the Major Repairs Reserve (MRR):</b>						
Excess depreciation transferred to the MRR	-	-	-	-	-	-
HRA depreciation credited to MRR	-	25,015	-	(25,015)	-	-
Use of the MRR to finance new capital expenditure	-	-	-	22,634	-	22,634
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
Application of grants and contributions to capital financing	-	-	-	-	(915)	(915)
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	177	-	-	-	-	177
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 32)	(64,493)	(8,479)	-	-	-	(72,972)
Employer's pensions contributions and direct payments to pensioners payable in the year	43,503	4,404	-	-	-	47,907
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	5,831	-	-	-	-	5,831
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,848)	-	-	-	-	(1,848)
<b>Other Reserve Movements</b>						
Total Adjustment	(46,078)	9,555	(7,351)	(2,381)	(915)	(47,170)

2017/18

	General fund balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Movement Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustment involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation and impairment of non-current assets	(56,584)	(26,917)	-	-	-	(83,501)
Movement in the market value of Investment Properties	5,942	2,676	-	-	-	8,618
Amortisation and impairment of Intangible Assets	(4,590)	-	-	-	-	(4,590)
Capital grants and distributions	35,534	-	-	-	-	35,534
Revenue and expenditure funded from capital under statute	(2,965)	-	-	-	-	(2,965)
Amount of non-current assets written off on disposal or sale as part of the (loss) on disposal to the Comprehensive Income and Expenditure Statement	(34,769)	(9,436)	-	-	-	(44,205)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	7,544	-	-	-	-	7,544
Capital expenditure charged against the General Fund and HRA balances	10,421	5,948	-	-	-	16,369
<b>Adjustments involving the Capital Receipts Reserve:</b>						
Transfer of sale proceeds credited as part of the (loss) on disposal to the Comprehensive Income and Expenditure Statement	13,771	16,708	(30,479)	-	-	-
Administrative costs of non-current asset disposals	(407)	-	407	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	6,254	-	-	6,254
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(6,055)	-	6,055	-	-	-
<b>Adjustment Involving the Major Repairs Reserve (MRR):</b>						
Excess depreciation transferred to the MRR	-	-	-	-	-	-
HRA depreciation credited to MRR	-	25,526	-	(25,526)	-	-
Use of the MRR to finance new capital expenditure	-	-	-	24,301	-	24,301
<b>Adjustments involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to CIE	-	-	-	-	336	336
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	177	-	-	-	-	177
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 32)	(66,388)	(8,743)	-	-	-	(75,131)
Employer's pensions contributions and direct payments to pensioners payable in the year	43,196	4,148	-	-	-	47,344
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(9,250)	-	-	-	-	(9,250)
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,379	-	-	-	-	2,379
<b>Other Reserve Movements</b>						
Total Adjustment	(62,044)	9,910	(17,763)	(1,225)	336	(70,786)

## 18 Usable Reserves

Reserves represent the Council's net worth and show its spending power. Usable reserves result from the Council's activities and can be spent in the future. This note sets out the amounts set aside and posted back to Usable Reserves in 2018/19, they include:

- General Fund Strategic Reserve – to cushion the impact of unexpected events or emergencies
- Earmarked Reserves – to provide financing to meet known or predicted future General Fund expenditure plans
- School Balances/DSG – amounts required by statute to be set aside for future expenditure in schools
- Housing Revenue Account Reserves – amounts specifically required by statute to be set aside and ring-fenced for future investment in HRA
- Capital reserves – includes capital receipts and capital grants set aside to finance future capital spending plans

	01-Apr 2017	Transfers Between	Transfers Out	Transfers in	01-Apr- 2018	Transfers Out	Transfers in	31-Mar 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total General Fund Strategic Reserve</b>	(20,000)	-	-	-	(20,000)	-	(3,258)	(23,258)
<b>General Fund Earmarked Reserves</b>								
Capital Investment Reserve	(15,936)	(6,030)	7,504	(2,333)	(16,795)	10,065	(7,500)	(14,230)
Business Transformation Reserve	(12,415)	8,344	-	(1,613)	(5,684)	1,322	-	(4,362)
Risk Management Reserve	(5,719)	(860)	1,487	(16,147)	(21,239)	7,253	(4,622)	(18,609)
Statutory/Ring-fenced Reserve	(10,046)	(2,000)	2,050	(4,645)	(14,641)	1,502	(1,685)	(14,825)
Financing Reserve	(11,833)	107	4,075	(5,949)	(13,600)	3,107	(1,242)	(11,735)
Service Specific Reserves	(9,497)	235	642	(6,842)	(15,462)	38	(1,997)	(17,419)
<b>Total</b>	<b>(65,446)</b>	<b>(204)</b>	<b>15,758</b>	<b>(37,529)</b>	<b>(87,421)</b>	<b>23,286</b>	<b>(17,045)</b>	<b>(81,179)</b>
<b>School Reserves</b>								
Schools – DSG	1,630	-	633	(1,247)	1,016	-	(2,978)	(1,962)
Schools - Balances	(4,977)	204	-	(598)	(5,371)	-	(2,994)	(8,365)
Schools - Other	(2,112)	-	-	(294)	(2,406)	240	-	(2,166)
<b>Total Schools</b>	<b>(5,459)</b>	<b>204</b>	<b>633</b>	<b>(2,139)</b>	<b>(6,761)</b>	<b>240</b>	<b>(5,972)</b>	<b>(12,493)</b>
<b>HRA</b>								
HRA General Reserve	(54,237)	-	-	(17,032)	(71,269)	-	(7,449)	(78,718)
Major Repairs Reserve	-	-	-	(1,225)	(1,225)	-	(2,381)	(3,606)
HRA Earmarked Reserves	(8,790)	-	1,655	(210)	(7,345)	-	(507)	(7,852)
<b>Total HRA Reserves</b>	<b>(63,027)</b>	<b>-</b>	<b>1,655</b>	<b>(18,467)</b>	<b>(79,839)</b>	<b>-</b>	<b>(10,337)</b>	<b>(90,176)</b>
<b>Capital Reserves</b>								
Capital Receipts	(45,709)	-	14,366	(32,129)	(63,472)	14,765	(22,116)	(70,823)
Capital Grants Unapplied	(3,340)	-	336	-	(3,004)	-	(915)	(3,919)
<b>Total Usable Capital Reserves</b>	<b>(49,049)</b>	<b>-</b>	<b>14,702</b>	<b>(32,129)</b>	<b>(66,476)</b>	<b>14,765</b>	<b>(23,031)</b>	<b>(74,742)</b>
<b>TOTAL USABLE RESERVES</b>	<b>(202,981)</b>	<b>-</b>	<b>32,748</b>	<b>(90,264)</b>	<b>(260,497)</b>	<b>38,291</b>	<b>(59,642)</b>	<b>(281,847)</b>

Details of the earmarked reserves are set out below:

<b>RESERVE</b>	<b>PURPOSE</b>
Capital Investment Reserve	The capital reserve is maintained to provide funding for the Council's capital investments and growth in Enterprise areas.
Business Transformation Reserves	Invest to save funds. The reserve will be used to fund one-off costs attributed to delivery of savings in the currently agreed programme.
Risk Reserves	Risk Reserves Funds set aside to mitigate known risks not otherwise provided for including, contribute to costs of Waste contract until Nov 2018. Volatility in Housing Benefit Subsidy and uninsured risks.
Statutory/Ring-fenced reserves	Amounts required by statute or accounting code of practice to be set aside and ring-fenced for specific purposes, e.g. Public Health Reserve, City Deal Business Rate Pooling . Stoke Park Dowry.
Technical/Financing Reserve	Technical Financial Reserves - Includes PFI sinking fund, grant income carried forward in accordance with accounting regulations and resources set aside to match known contract liabilities.
Service specific reserves	Amounts set aside to finance specific projects or to meet known expenditure plans, including: <ul style="list-style-type: none"> <li>- Bristol Futures - to provide new technology to improve public services</li> <li>- Development Fund primarily to fund Docks Asset Survey existing and proposed regeneration schemes</li> <li>- Housing Support to provide support for homelessness issues</li> </ul>

## 19 Property, Plant and Equipment Movements in 2018/19

The valuations, excluding vehicles, plant, equipment, infrastructure assets and community assets are carried out by Richard Fear, MRICS, Property Investment Manager – Growth & Regeneration. The basis for the valuation of all assets is set out in the statement of accounting policies.

- Movement of assets held at historic cost to depreciated replacement cost
- Specialised assets are valued on a depreciated replacement cost basis and are subject to a number of varying factors such as build costs

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>									
At 1 April 2018	1,664,774	633,435	64,984	297,286	8,226	21,084	42,041	2,731,870	19,287
Additions	25,643	24,664	3,611	33,794	449	8,040	-	96,201	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	9,749	(19,742)	-	-	-	-	2,119	(7,874)	2,856
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	-	(46,054)	-	-	-	(364)	(1,241)	(47,659)	832
De-recognition - Disposals	(7,667)	(21,284)	-	-	-	-	(325)	(29,276)	-
Assets reclassified to/from Held for Sale	-	(225)	-	-	-	(7,057)	(4,022)	(11,304)	-
Assets reclassified to/from Investment Property	-	99	-	-	-	-	96	195	-
Other movements in cost or valuation	(1,047)	(11,438)	-	44	-	8,681	3,760	-	-
<b>At 31 March 2019</b>	<b>1,691,452</b>	<b>559,455</b>	<b>68,595</b>	<b>331,124</b>	<b>8,715</b>	<b>30,384</b>	<b>42,428</b>	<b>2,732,153</b>	<b>22,975</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2018	(8,309)	(32,810)	(31,953)	(35,846)	(166)	(1,838)	(258)	(111,180)	(1,132)
Depreciation Charge	(24,538)	(15,478)	(5,241)	(9,897)	-	-	(555)	(55,709)	(415)
Depreciation written out to Revaluation Reserve/Surplus/Deficit on the provision of Services	20,575	-	-	-	-	-	-	20,575	-
Impairment losses/reversals recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairment losses/reversals recognised in the Surplus/deficit on the Provision of Service	-	35,214	-	-	-	-	861	36,075	1,318
De-recognition - disposals	55	2,986	-	-	-	-	8	3,049	-
De-recognition - other	-	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	(52)	491	74	-	(74)	1,831	(424)	1,846	-
<b>At 31 March 2019</b>	<b>(12,269)</b>	<b>(9,597)</b>	<b>(37,120)</b>	<b>(45,743)</b>	<b>(240)</b>	<b>(7)</b>	<b>(368)</b>	<b>(105,344)</b>	<b>(229)</b>
<b>Balance Sheet at 31 March 2019</b>	<b>1,679,183</b>	<b>549,858</b>	<b>31,475</b>	<b>285,381</b>	<b>8,475</b>	<b>30,377</b>	<b>42,060</b>	<b>2,626,809</b>	<b>22,746</b>
<b>Balance Sheet at 1 April 2018</b>	<b>1,656,465</b>	<b>600,625</b>	<b>33,031</b>	<b>261,440</b>	<b>8,100</b>	<b>19,246</b>	<b>41,783</b>	<b>2,620,690</b>	<b>18,155</b>

## Property, Plant and Equipment Comparative movements in 2017/18

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets included in Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>									
At 1 April 2017	1,477,193	593,680	63,499	253,493	8,271	28,691	48,305	2,473,132	19,287
Additions	31,408	23,247	2,443	43,793	-	5,340	165	106,396	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	165,341	49,797	-	-	2	-	(276)	214,864	-
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	-	(18,856)	-	(1)	-	-	(1,651)	(20,508)	-
De-recognition - Disposals	(9,358)	(29,626)	(958)	-	-	-	(1,482)	(41,424)	-
Assets reclassified to/from Held for Sale	(163)	(67)	-	-	-	-	(1,599)	(1,829)	-
Assets reclassified to/from Investment Property	-	999	-	1	-	-	239	1,239	-
Other movements in cost or valuation	353	14,262	-	-	(7)	(12,947)	(1,660)	1	-
<b>At 31 March 2018</b>	<b>1,664,774</b>	<b>633,436</b>	<b>64,984</b>	<b>297,286</b>	<b>8,266</b>	<b>21,084</b>	<b>42,041</b>	<b>2,731,871</b>	<b>19,287</b>
<b>Accumulated Depreciation and Impairment</b>									
At 1 April 2017	-	(23,031)	(27,243)	(27,169)	(92)	(1,894)	(986)	(80,415)	(761)
Depreciation Charge	(24,928)	(15,381)	(5,668)	(8,677)	-	-	(853)	(38,975)	(371)
Depreciation written out to Revaluation Reserve/Surplus/Deficit on the provision of Services	16,532	-	-	-	-	-	-	-	-
Impairment losses/reversals recognised in the Revaluation Reserve	-	3,054	-	-	-	-	1,562	4,616	-
Impairment losses/reversals recognised in the Surplus/deficit on the Provision of Service	-	-	-	-	-	-	-	-	-
De-recognition - disposals	83	2,524	958	-	-	-	3	3,568	-
De-recognition - other	-	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	4	23	-	-	(74)	56	15	24	-
<b>At 31 March 2018</b>	<b>(8,309)</b>	<b>(32,811)</b>	<b>(31,953)</b>	<b>(35,846)</b>	<b>(166)</b>	<b>(1,838)</b>	<b>(259)</b>	<b>(111,182)</b>	<b>(1,132)</b>
<b>Balance Sheet at 31 March 2018</b>	<b>1,656,465</b>	<b>600,625</b>	<b>33,031</b>	<b>261,440</b>	<b>8,100</b>	<b>19,246</b>	<b>41,782</b>	<b>2,620,689</b>	<b>18,155</b>
<b>Balance Sheet at 1 April 2017</b>	<b>1,477,193</b>	<b>570,649</b>	<b>36,256</b>	<b>226,324</b>	<b>8,179</b>	<b>26,797</b>	<b>47,319</b>	<b>2,392,717</b>	<b>18,526</b>

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. The following useful lives and depreciation rates have been used:

- Council Dwellings 16–50 years
- Other Land and Buildings 5–60 years
- Vehicles, Plant, Furniture and Equipment 3–8 years
- Infrastructure – 25 years (quay walls and lock gates in City Docks not depreciated as useful life beyond 100 years)

### Capital Commitments

At 31 March 2019 the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contract commitments of £39.9m.

Significant contractual commitments outstanding at 31 March 2019 were as follows:

		<b>£m</b>
New Housing Provision	Willmott Dixon Construction Ltd	19.6
Priority Stock – New kitchens inc rewiring	Jistcourt	7.2
Priority Stock – Refurbishment	Reavon	3.4
Priority Stock – Refurbishment	SERS	2.0
Transport Infrastructure – Airport Road Improvements	ETM Contractors Ltd	1.9
Cattle Market Road – Demolition and Enabling Works	Kier Construction Ltd	1.6
New Housing Provision	Kier Living Ltd	1.2
School Expansion – Bristol Cathedral Choir School	Bristol LEP Ltd (Skanska)	1.0
	<b>Total</b>	<b>37.9</b>

### Bristol Arena

In September 2018 the Council decided not to progress the proposed Arena on Temple Island. As a result costs already incurred on the Arena Island Site, amounting to £11.7m have been reversed into revenue.

## Revaluations

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every 5 years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, Plant and Equipment are valued at historic cost, which is considered to be a suitable proxy for fair value.

The following table shows the effective valuation dates for all Property Plant and Equipment:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, etc	Infrastructure	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Carried at historical cost</b>	-	3,759	68,595	331,124	8,715	17,985	-	430,178
1 October 2018	1,691,452	389,891	-	-	-	5,730	40,017	2,127,090
1 December 2017	-	11,861	-	-	-	6,669	-	18,530
1 April 2016	-	36,184	-	-	-	-	18	36,202
1 April 2015	-	75,218	-	-	-	-	-	75,218
1 April 2014	-	42,542	-	-	-	-	2,393	44,935
<b>Total cost valuation</b>	<b>1,691,452</b>	<b>559,455</b>	<b>68,595</b>	<b>331,124</b>	<b>8,715</b>	<b>30,384</b>	<b>42,428</b>	<b>2,732,153</b>

In addition the Council has instructed its valuers to undertake a review of all assets held in the Other Land and Buildings category to ensure that the carrying value of assets last valued in previous years is not materially different from their fair value. In order to perform this exercise the Other Land and Building category was split into sub categories, e.g. schools, car parks, leisure and culture etc. The review concluded that the fair value was not materially different from the carrying value at the Balance Sheet date.

## 20 Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council.

	Art Collection	Ethnography & Foreign Archaeology	Antiquarian Books	Other	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
1 April 2018	124,600	42,584	7,675	26,235	201,094
Additions	-	-	-	-	-
Revaluations	431	9	-	560	1,000
<b>31 March 2019</b>	<b>125,031</b>	<b>42,593</b>	<b>7,675</b>	<b>26,795</b>	<b>202,094</b>
<b>Cost or valuation</b>					
1 April 2017	122,982	42,584	7,050	26,235	198,851
Additions	-	-	-	-	-
Revaluations	1,618	-	625	-	2,243
<b>31 March 2018</b>	<b>124,600</b>	<b>42,584</b>	<b>7,675</b>	<b>26,235</b>	<b>201,094</b>

The above collection of Heritage Assets are predominantly valued on an insurance valuation basis, and some items classified as “other” are valued at historic cost.

### Heritage Assets: Further Information on the Museum’s collections

#### Loans

The Museum occasionally makes available loan items from its collection to regional and national museums and borrows collections for specific exhibitions. Collections not on display are held in secure storage but access is permitted on an appointment basis.

#### Preservation

The collections have been under the care of conservators since the 1940s. They specialise in antiquities, paintings, paper and photographs, and preventive conservation and are based at Bristol Museum and Art Gallery. Our conservators:

- prepare artefacts for display
- set conservation standards for the refurbishment of permanent exhibitions
- prepare artefacts for loan to other institutions
- check new acquisitions
- assess the condition of objects and work on the installation of temporary exhibitions
- work to improve collections storage
- maintain permanent displays - this includes training staff and cleaning objects.

## 21 Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>
Rental income from Investment Property	11,815	11,642
Direct operating expenses arising from Investment Property	(543)	(651)
Net gain	<b>11,272</b>	<b>10,991</b>

There are no restrictions on the Council's ability to realise the value inherent in its Investment Property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop Investment Property or to carry out repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of Investment Properties over the year:

	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>
Balance at start of the year	255,415	253,976
Additions – purchases	64	142
Disposals	(2,512)	(6,081)
Net gains/losses from fair value adjustments	(3,520)	8,618
Transfers to/from Property, Plant and Equipment	(196)	(1,240)
Balance at end of the year	<b>249,251</b>	<b>255,415</b>

## 22 Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments. The value of debtors and creditors reported in the table are those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and associated notes also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

	Long-Term		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	£'000	£'000	£'000	£'000
<b>Financial Liabilities at Amortised cost</b>				
Borrowing	(430,488)	(430,489)	(4,998)	(4,997)
Service Concessions	(143,920)	(148,623)	-	(976)
Creditors	(77)	(75)	(114,255)	(116,307)
<b>Total Financial Liabilities</b>	<b>(574,485)</b>	<b>(579,187)</b>	<b>(119,253)</b>	<b>(122,280)</b>
<b>Financial Assets</b>				
Available-for-sale financial assets		19,960		-
Unquoted equity investment at cost		3,252		-
Loans & Receivables at Amortised Cost		3,973		118,135
<b>Financial Assets at amortised cost</b>				
Investments	2		67,461	
Debtors	1,677		70,217	
<b>Financial Assets at Fair Value through Other Comprehensive Income</b>				
Investment	26,860		-	
<b>Financial Assets at Fair Value through profit and loss</b>				
Investments	25,000		19,019	
<b>Total Financial Assets</b>	<b>53,539</b>	<b>27,185</b>	<b>156,696</b>	<b>118,135</b>

### Movements

The increase in financial assets, circa £65m, primarily relates to the increase in value of long term investments through revaluation (£23m) and acquisition. In addition the increase in working capital and reserves has resulted in additional cash resources to invest in lieu of using these resources.

## Reclassification and remeasurement of financial assets at 1 April 2018

	Carrying Amount brought forward at 1 April	New Classification at 1 April 2018		
		Amortised cost	Fair value through other comprehensive income	Fair value through profit and loss
	£'000	£'000	£'000	£'000
<b>Previous Classification</b>				
Loans & Receivables - Amortised Cost	96,845	96,845	-	-
Cash and Cash equivalents - Amortised Cost	25,263	(3,608)	-	28,871
Available For Sale - Fair Value	19,960	-	19,960	-
Available For Sale - Unquoted Equity Investments	3,252	-	-	3,252
<b>Reclassification amounts at 1 April 2018</b>	<b>145,321</b>	<b>93,238</b>	<b>19,960</b>	<b>32,123</b>
Remeasurements at 1 April 2018		93,238	19,960	54,623
<b>Remeasured carrying amount 01 April 2018</b>		<b>93,238</b>	<b>19,960</b>	<b>54,623</b>
<b>Impact on General Fund Balance</b>				(22,500)
<b>Statutory override for investments classed as capital expenditure</b>				22,500
<b>Impact on Financial Instruments Revaluation Reserve</b>				-

### Remeasurements at 1 April 2018

The Council's shareholding in Bristol Port Company Ltd was previously classified as an Unquoted Equity investment at cost (£2.5m) a classification no longer applicable with the adoption of IFRS9 on the 1st April 2018. The shareholding has been measured using various valuation techniques providing a range of valuations with the mid-point valuation of £25m being used as a prudent valuation. It is difficult to reliably measure this company because there are no established companies with similar aims in the Council's area whose shares are traded which might provide comparable market data. If the Council were to consider to realise it's holdings then the Council would also seek specialist external advice as part of the process.

### Effect of Asset Reclassification and Remeasurement on the Balance Sheet

	Amortised Cost	Fair Value through Other Comprehensive Income	Fair Value through profit and loss	Non- financial instruments balances	Total Balance Sheet carrying amount
	£'000	£'000	£'000	£'000	£'000
Remeasured carrying amounts at 1 April 2018					
Non-current investments	1	19,960	25,752	-	<b>45,713</b>
Long-term debtors	3,973	-	-	-	<b>3,973</b>
Current investments	21,524	-	28,871	-	<b>50,395</b>
Current debtors	67,740	-	-	-	<b>67,740</b>

### Investments in instruments designated at fair value through other comprehensive income

With the introduction of IFRS 9 the Council has designated the following investments as fair value through other comprehensive income:

Description	Cost	Fair Value	Change in Fair Value during 2018/19
	£'000	£'000	£'000
Bristol Holdings	29,411	17,310	-
Homelessness Property Fund	10,000	9,000	(150)
Other	550	550	-
<b>Total</b>	<b>39,961</b>	<b>26,860</b>	<b>(150)</b>

The Council's investments in the above originated through a policy initiative to meet service objectives including recycling, waste collection, green energy, fuel poverty, and homelessness. As these assets are not specifically held for trading or income generation, rather a longer term policy initiative, these investments have been designated as fair value through comprehensive income.

## Borrowing

	<b>31 March 2019</b>	<b>31 March 2018</b>
	£'000	£'000
Current borrowing		
Deposit loans (repayable at notice - up to 7 days)	101	101
Other short term borrowing (repayable within 1 year):		
- Public Works Loan Board	3,737	3,737
- Banks and other monetary sector	1,139	1,138
- Local bonds and property rent disposals	11	11
- Stocks	10	10
<b>Total</b>	<b>4,998</b>	<b>4,997</b>

	<b>31 March 2019</b>	<b>31 March 2018</b>
	£'000	£'000
Non-current borrowing		
Public Works Loan Board	310,439	310,439
Lender Option Borrower Option (Lobo)	70,000	100,000
Market Debt	50,000	20,000
Stocks	49	50
<b>Total</b>	<b>430,488</b>	<b>430,489</b>

The Council did not undertake any new borrowing during year as set out in the Treasury Management Strategy to reduce the net financing costs and counter party risk of the Council. During the year £30m of Lobo's were converted to fixed rate loans when the options in these loans were unilaterally removed.

## Income, Expense, Gains or Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement for financial instruments are as follows:

### Financial Instruments Gains and Losses 2018/19

	Financial Liabilities	Financial Assets			Total
	Measured at amortised cost	Loans and receivables	Fair Value through the CI	Fair Value through the P&L	
	£'000	£'000	£'000	£'000	£'000
Interest expense & Impairment Losses	(35,354)	-	-	-	(35,354)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(35,354)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,354)</b>
Interest Income	-	7,214	-	359	7,573
Dividend Income	-	-	-	2,790	2,790
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>(35,354)</b>	<b>7,214</b>	<b>-</b>	<b>3,149</b>	<b>(24,991)</b>
<b>Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>(150)</b>	<b>22,500</b>	<b>22,350</b>
<b>Net gain/(loss) for the year</b>	<b>(35,354)</b>	<b>7,214</b>	<b>(150)</b>	<b>25,649</b>	<b>(2,641)</b>

### Financial Instruments Gains and Losses 2017/18

	Financial Liabilities	Financial Assets			Total
	Measured at amortised cost	Loans and receivables	Available-for-sale assets	Fair Value through the I&E	
	£000s	£000s	£000s	£000s	£000s
Interest expense	(35,364)	-	(12,102)	-	(47,466)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(35,364)</b>	<b>-</b>	<b>(12,102)</b>	<b>-</b>	<b>(47,466)</b>
Interest Income	-	7,265	-	-	7,265
Dividend Income	-	-	2,589	-	2,589
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>(35,364)</b>	<b>7,265</b>	<b>(9,513)</b>	<b>-</b>	<b>(37,612)</b>
<b>Surplus arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>7,994</b>	<b>-</b>	<b>7,994</b>
<b>Net gain/(loss) for the year</b>	<b>(35,364)</b>	<b>7,265</b>	<b>(1,519)</b>	<b>-</b>	<b>(29,618)</b>

## Fair Value of Financial Assets and Property Assets

Some of the Council's financial assets are measured in the Balance Sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Descriptions	Fair value measurements at 31 March 2019 using:			Fair value measurements at 31 March 2018 using:		
	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1 £000	Level 2 £000	Level 3 £000	Level 1 £000	Level 2 £000	Level 3 £000
<b>Recurring fair value measurements</b>						
<b>Fair Value through Profit and Loss</b>						
Money Market Funds	19,019					
Bristol Port Company (Non-traded Unquoted Equity Investment)	-		25,000			
<b>Recurring fair value measurements</b>						
<b>Non-traded securities:</b>						
Bristol Holdings (unquoted equity investment)			17,310			10,810
Unquoted private companies	-	-	550	-	-	400
Pooled property fund	-	-	9,000	-	-	9,150
<b>Total Non-traded securities:</b>	<b>19,019</b>	<b>-</b>	<b>51,860</b>	<b>-</b>	<b>-</b>	<b>20,360</b>
<b>Investment properties</b>	<b>-</b>	<b>249,251</b>	<b>-</b>	<b>-</b>	<b>255,415</b>	<b>-</b>
<b>Surplus properties</b>	<b>-</b>	<b>42,060</b>	<b>-</b>	<b>-</b>	<b>41,782</b>	<b>-</b>
<b>Total recurring fair value measurements</b>	<b>19,019</b>	<b>291,311</b>	<b>51,860</b>	<b>-</b>	<b>297,197</b>	<b>20,360</b>
<b>Non-recurring fair value measurements</b>						
Assets held for sale	-	3,572	-	-	1,539	-
<b>Total non-recurring fair value measurements</b>	<b>-</b>	<b>3,572</b>	<b>-</b>	<b>-</b>	<b>1,539</b>	<b>-</b>

Valuation techniques and Inputs				
Description of asset	Valuation hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key sensitivities affecting the valuations provided
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical shares	Latest quoted prices	
Surplus assets	Level 2	All surplus assets have been valued by RICS qualified valuers to Fair Value less costs to sell, reflecting highest and best use.	Evidence of title, floor area, siting and site conditions, type/age and current use of the property have been taken into account together with general market conditions and advertised value of similar properties currently up for sale.	Not all assets are physically inspected every year. Latent defects, repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided.
Investment Properties	Level 2	All investment properties have been valued by the Council's in-house valuers (all RICS qualified) on an investment income basis which we are satisfied represents highest and best use overall.	All valued on an investment income basis, using existing lease terms and current yields	Changes to market conditions, lease terms, covenant strength and occupancy levels could all affect the asset valuations provided.

Bristol Port Company	Level 3	This investment has been valued using a variety of valuation techniques, including net asset, discounted cashflow, and multiple of earnings.	Calculations have been based on the latest audited accounts, dividends and limited comparable data.	Changes to market conditions (local and global), and the comparable data used within the valuations.
Bristol Holdings	Level 3	This investment has been valued at the Council's share of each company's net assets.	Calculations have been based on their unaudited accounts and adjusted for customer base valuation as at 31 March 2019.	Valuations could be affected by the difference between audited and unaudited accounts and changes in customer number and price per meter point.
Investments in unquoted companies	Level 3	These investments have been valued at the Council's share of each company.	Calculations have been based on their latest audited accounts	
Investments in Pooled Property Fund	Level 3	These investments have been valued at the Council's share within the pooled fund.	The valuation for Pooled Property Funds has been based on the latest quarterly financial report (31st December 2018).	Changes to housing market conditions could affect the valuation of the pooled property fund.

#### **Transfers between levels of the fair value hierarchy**

There were no transfers between levels 1 and 2 during the year.

#### **Changes in valuation technique**

There has been no change in valuation techniques used during the year.

### Reconciliation of fair value measurements for assets at fair value within level 3

Description	31 March	31 March
	2019	2018
	Non-traded securities	Non-traded securities
	£000	£000
Opening balance	20,360	12,108
Re-measurement 1/4/18	25,350	
Transfers into level 3	-	-
Transfers out of level 3	-	-
included in the surplus/(deficit) on the Provision of Services	-	(12,102)
included in Other Comprehensive Income and Expenditure	(150)	7,994
<b>Total gains/(losses) for the period:</b>	<b>(150)</b>	<b>(4,108)</b>
Additions	6,500	12,360
Disposals	(200)	-
<b>Closing balance</b>	<b>51,860</b>	<b>20,360</b>

Gains and losses included in Other Comprehensive Income and Expenditure for the current year relate to investments in the Homelessness Property Fund and are taken to the Financial Instruments Revaluation Reserve. These are reported in the surplus or deficit arising on the revaluation of financial assets in Other Comprehensive Income and Expenditure statement.

#### The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, prevailing interest rates have been applied to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Liabilities	31 March 2019		31 March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Public Works Loan Board (PWLB)	314,176	478,900	314,176	472,800
Lender Option Borrower Option	70,670	104,500	100,821	147,542
Market Debt	50,469	72,700	20,317	26,658
Short Term Creditors	114,255	114,255	116,307	116,307
Service Concessions	135,428	224,104	140,130	230,787
Other	8,740	8,374	9,715	8,352
<b>Total Liabilities</b>	<b>693,738</b>	<b>1,002,833</b>	<b>701,466</b>	<b>1,002,446</b>

The Council has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £1.151bn an increase of £148m which is calculated using early repayment discount rates. The Council has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

The fair value for financial liabilities and assets has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2019) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 March 2019		31 March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
<b>Loans &amp; Receivables</b>				
Short term investments	60,063	60,063	25,132	25,132
Cash and Cash Equivalents	7,397	7,397	25,263	25,263
Long term investments	2	2	23,212	23,212
Debtors qualifying as loans and receivables	70,217	70,217	67,740	67,740
<b>Total loans and receivables</b>	<b>137,679</b>	<b>137,679</b>	<b>141,347</b>	<b>141,347</b>
<b>Long term debtors</b>	<b>1,677</b>	<b>1,677</b>	<b>3,973</b>	<b>4,891</b>
<b>Total Financial Assets</b>	<b>139,356</b>	<b>139,356</b>	<b>145,320</b>	<b>146,238</b>

The fair value of the assets is the same as the carrying value due to the majority of the assets having a maturity of less than 12 months or is a trade or other receivable where the fair value is taken to be the carrying amount or the billed amount.

## 23 Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy, and compliance with the CIPFA Prudential Code of Practice, the CIPFA Treasury Management Code of Practice, and Investment Guidance that is issued under the Local Government Act 2003. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy that outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 20 February 2018 and is available on the Council website.

### **Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with Fitch, Standard and Poor's and Moody's Credit Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Details of the Investment Strategy can be found on the Council's website. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term of F1, Long Term A-, with the lowest available rating being applied to the criteria;
- UK institutions provided with support from the UK Government;

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies will vary according to credit ratings assigned by the three main credit rating agencies and cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2019 that this was likely to crystallise.

## Allowance for Credit Losses

The following analysis summarises the Council's potential maximum exposure to credit risk on financial assets valued at amortised cost, based on experience of default and un-collectability over the last five financial years, adjusted to reflect current market conditions.

	Amount	Historical experience of default	Adjustment for market conditions	Estimated maximum exposure to default	Estimated maximum exposure to default
	£000	%	%	£000	£000
	A	B	C	(A*C)	
	31-Mar-19	31-Mar-19	31-Mar-19	31-Mar-19	31-Mar-18
<b>Short Term Investments:</b>					
Local Authorities	30,040	0.00%	0.00%	-	-
AA rated counterparties	10,044	0.02%	0.02%	2	8
A rated counterparties	27,377	0.06%	0.06%	16	14
Sub-total	<b>67,461</b>			<b>18</b>	<b>22</b>
<b>Trade debtors (classed as loans and receivables)</b>	<b>70,217</b>			-	-
<b>Long-term debtors</b>	<b>1,679</b>			-	-
<b>Total Financial assets</b>	<b>139,357</b>			<b>18</b>	<b>22</b>

The estimated maximum exposure for credit loss for Treasury investments is £18k and therefore no allowance for credit loss have been made for these assets.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for its trade debtors, including amounts due from government departments and other Local Authorities.

Debtor analysis	Gross debtor at 31-Mar-19	Allowance for credit losses at 31-Mar-19	Net debtor at 31-Mar-19	Net debtor at 31-Mar-18 Restated
	£'000	£'000	£'000	£'000
Local tax payers	15,632	(7,270)	8,362	9,415
Housing rents	11,428	(8,814)	2,614	2,089
Other - sundry debtors	103,306	(30,188)	73,118	49,382
<b>Total Other Entities and Individuals</b>	<b>130,366</b>	<b>(46,272)</b>	<b>84,094</b>	<b>60,886</b>
Central Government bodies	9,731	-	9,731	35,056
Other local authorities	1,704	-	1,704	13,905
NHS bodies	6,617	-	6,617	4,139
<b>Total debtors</b>	<b>148,418</b>	<b>(46,272)</b>	<b>102,146</b>	<b>113,986</b>
<b>Balance sheet debtors</b>	<b>148,418</b>	<b>(46,272)</b>	<b>102,146</b>	<b>113,986</b>
Current debtors not qualifying as a financial instrument under IFRS	(39,199)	7,270	(31,929)	(42,246)
<b>Current debtors qualifying as a financial instrument under IFRS</b>	<b>109,219</b>	<b>(39,002)</b>	<b>70,217</b>	<b>67,740</b>

The following table analyses the Gross debt that is now past due over varying periods. This overdue debt is covered by a provision for bad debt.

	31 March 2019 £'000	31 March 2018 Restated £'000
Less than three months	20,336	12,429
Three to four months	1,555	635
Four months to one year	8,121	8,218
More than one year	39,241	39,962
<b>Total</b>	<b>69,254</b>	<b>61,246</b>

## Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets to cover day-to-day cash flow need and the Public Works Loans Board and capital markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	<b>31 March 2019</b>	<b>31 March 2018</b>
		<b>Restated</b>
	<b>£'000</b>	<b>£'000</b>
Less than 1 year	156,696	118,135
Between 1 and 2 years	436	151
Between 2 and 3 years	439	-
More than 3 years	52,664	27,034
<b>Total</b>	<b>210,235</b>	<b>145,320</b>

The maturity analysis of financial liabilities is as follows:

	<b>31 March 2019</b>	<b>31 March 2018</b>
	<b>£'000</b>	<b>£'000</b>
Less than 1 year	125,667	128,028
Between 1 and 2 years	25,515	14,630
Between 2 and 3 years	7,025	16,771
More than 3 years	555,531	542,037
<b>Total</b>	<b>693,738</b>	<b>701,466</b>

## Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and monitoring the spread of longer-term investments provides stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity profile of the Council's debt portfolio along with the Council's approved minimum and maximum exposure is shown in the table below.

	Approved minimum limits	%	Approved maximum limits	%	Actual 31 March 2019 £'000	%	Actual 31 March 2018 £'000	%
Less than 1 year	-		30		4,998	1%	4,997	1%
Between 1 and 2 years	-		40		10,000	2%	-	0%
Between 2 and 5 years	-		40		5,000	1%	15,000	3%
Between 5 and 10 years	-		50		54,000	12%	49,000	11%
More Than 10 Years	25		100		361,488	84%	366,489	85%
<b>Total</b>					<b>435,486</b>	<b>100%</b>	<b>435,486</b>	<b>100%</b>

Included within the maturity profile are £70m of LOBOS with maturities averaging 40 years. Inherent within these loan instruments are options (averaging an option every 3 years) that could give rise to the debt being repaid early. These loans are regularly reviewed with the current and expected structure of interest rates. The risk of the lenders exercising their options is currently low for the short to medium term. Therefore, the maturity of these loans in above table are currently based on their maturity date, 10 years and over.

### Market risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

At 31 March 2019, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	<b>31 March 2019 £'000</b>
Increase in interest receivable on variable rate investments	1,275
Impact on Surplus or Deficit on the Provision of Services	1,275
Share of overall impact debited to the HRA	1,368
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	110,600

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

### **Price risk**

The Council does not generally invest in equity shares but have recently invested in Bristol Holdings, a wholly owned subsidiary. Whilst this holding is generally illiquid, the Council is exposed to losses arising from movements in the prices of these shares.

As the shareholding has arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for “open book” arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific holdings.

These shares are valued at fair value.

### **Foreign exchange risk**

During 2018/19 the Council received monies denominated in Euro's relating to the receipt of European grant. The Council also made payments in a variety of currencies for the supply of goods and services. Payments and receipts are converted to Sterling at the earliest opportunity.

## 24 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. Movements on the CFR are also analysed below.

	2018/19 £'000	2017/18 £'000
Opening Capital Financing Requirement	822,515	787,378
<b>Capital investment</b>		
Property, Plant and Equipment	96,202	106,396
Investment Properties	64	142
Intangible Assets	3,697	4,810
Long Term Investments	6,998	12,810
Revenue Expenditure Funded from Capital under Statute	6,147	2,965
Long Term Investment repaid	(1,305)	(1,650)
<b>Sources of finance</b>		
Capital receipts	(10,558)	(6,254)
Government grants and other contributions	(26,872)	(35,870)
Sums set aside from revenue:		
• Direct revenue contributions	(43,003)	(40,668)
• MRP – City Council Debt	(6,864)	(7,544)
<b>Closing Capital Financing Requirement</b>	<b>847,022</b>	<b>822,515</b>
Explanation of movements in year		
Less Minimum Revenue Provision	(6,864)	(7,544)
Use of capital receipt for repayment of debt	(1,305)	(1,650)
Increase in underlying need to borrowing (unsupported by government financial assistance)	32,676	44,331
<b>Increase in Capital Financing Requirement</b>	<b>24,507</b>	<b>35,137</b>

## 25 Leases

### Council as Lessor

#### Operating Leases

The Council leases out property within the commercial trading estate under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses

The future minimum lease payments due under non-cancellable leases in future years are:

	<b>31 March 2019 £'000</b>	<b>31 March 2018 £'000</b>
Not later than one year	12,015	11,849
Later than one year and not later than five years	43,215	41,552
Later than five years	853,070	849,542
	<b>908,300</b>	<b>902,943</b>

The minimum lease payments receivable at 31 March 2019 and 2018 are based on the current rents receivable at the respective Balance Sheet dates. They do not include estimates of future rents reviews or contingent rents.

## 26 Service Concessions

### Schools PFI Phase 1A

On 31<sup>st</sup> March 2004 the Council entered into a Private Finance Initiative (PFI) contract with Bristol Schools Limited. The contract provided for the design, construction and financing of four new secondary schools, Bedminster Down, Henbury School, Orchard School and Oasis Brightstowe Academy. All four schools were constructed and are operational. Bristol Schools Limited will maintain and operate the facilities for twenty-six years from the date the first school became operational.

A capital contribution of £5.346m was made to the first phase of the project by way of a cash payment. This was in respect of the provision of leisure facilities and of the retention of part of the site of Henbury School by the Council, for subsequent disposal.

As at 31<sup>st</sup> March 2019 cumulative payments totalling £132m (£122m in 2017/18) have been made to the PFI contractor. The future estimated payments the Council will make under the contract are as follows:

Year	Payment for Services £'000	Repayment of Liability £'000	Interest £'000	Other £'000	Total £'000
2019/20	3,070	1,822	4,566	430	9,888
2020/20 to 2023/24	13,065	9,015	15,930	112	38,122
2024/25 to 2028/29	18,255	16,837	12,859	855	48,806
2029/30 to 2031/32	9,513	11,148	2,325	(144)	22,842
<b>Total</b>	<b>43,903</b>	<b>38,822</b>	<b>35,680</b>	<b>1,253</b>	<b>119,658</b>

Over the life of the PFI project, the Council is scheduled to receive government grant of £134.8m.

### Schools PFI Phase 1B and 1C, Building Schools for the Future

During 2006/07 the Council entered into a PFI contract with Bristol PFI Limited to design, build, finance and operate four additional schools in Bristol. A Local Education Partnership (LEP) was also created to manage the supply chain and deliver the four schools. The partnership is between Skanska Education Partnerships (80%), Partnership for Schools (10%) and Bristol City Council (10%). The schools are Brislington Enterprise College, Bristol Brunel Academy, Bristol Metropolitan Academy and Bridge Learning Campus. Bristol PFI Limited will maintain and operate the facilities for twenty-seven years from the date the first school became operational.

A capital contribution of £9.569m was made to the project by way of a cash payment. This was used towards the cost of the Bridge Learning Campus and provision of leisure facilities at Bristol Brunel Academy.

As at 31st March 2019 cumulative payments totalling £179m (£161m in 2017/18) have been made to the PFI contractor. The future estimated payments the Council will make under this contract are as follows:

Year	Payment for Repayment				Total
	Services	of Liability	Interest	Other	
	£'000	£'000	£'000	£'000	£'000
2019/20	5,207	3,502	6,259	3,795	18,763
2020/21 to 2023/24	22,376	16,179	22,091	16,388	77,034
2024/25 to 2028/29	31,815	23,203	20,422	25,420	100,859
2029/30 to 2032/33	36,649	35,639	9,844	23,981	106,115
2033/34 to 2034/35	3,097	2,755	212	2,676	8,740
<b>Total</b>	<b>99,144</b>	<b>81,278</b>	<b>58,828</b>	<b>72,260</b>	<b>311,510</b>

Over the life of the PFI project, the Council is scheduled to receive government grant of £326.3m.

### Hengrove Leisure Centre

In April 2010 the Council entered into a PFI contract with Bristol Active Limited to design, build, finance and operate a new leisure centre, and associated car park, in Hengrove. The centre opened in February 2012 and Bristol Active Limited will operate and maintain the facility until 2037.

The assets and associated liability have been included on the Council's Balance Sheet in accordance with IFRS.

A capital contribution of £7.161m was made to the project by way of a cash payment. This was used to fund the capital works for the Car Park and as a contribution towards the capital works of the Leisure Centre.

Bristol City Council gave Bristol Active Limited approval as set out in the Cabinet Report dated 9th January 2018 to refinance its senior debt on the 19th January 2018. In line with the provisions of the PFI contract, the Council was entitled to a share of the benefit and received a one-off payment of £2.3m. The Council have earmarked these funds to support the revenue position of the Council and to meet anticipated future Hengrove PFI costs. No other aspects of the Council's accounting treatment of the PFI contract are affected.

As at 31 March 2019 payments totalling £24m (£21m at 31 March 2018) have been made to the PFI Contractor. The future estimated payments the Council will have to make under the Contract are as follows:

Year	Payment for Repayment				Total
	Services	of Liability	Interest	Other	
	£'000	£'000	£'000	£'000	£'000
2019/20	340	815	1,483	867	3,505
2020/21 to 2023/24	1,445	2,329	5,188	5,236	14,198
2024/25 to 2028/29	1,979	3,174	5,231	7,797	18,181
2029/30 to 2033/34	2,274	4,457	3,273	8,718	18,722
2034/35 to 2036/37	1,411	3,509	735	5,596	11,251
<b>Total</b>	<b>7,449</b>	<b>14,284</b>	<b>15,910</b>	<b>28,214</b>	<b>65,857</b>

Over the life of the PFI project, the Council is scheduled to receive government grant of £69.6m.

## Property, Plant and Equipment

The PFI assets, and related liabilities, have been recognised on the Council's balance sheet when made available for use. Movements in their value over the year are detailed in the analysis of the movements on the Property, Plant and Equipment balance in Note 19. The assets will be transferred back to the Council at the end of the contracts for nil consideration.

Locally managed schools transferring to Academy status are granted a 125 year peppercorn lease and, in response to CIPFA guidance, are de-recognised from the Council's accounts as control of these assets is transferred to the Academy.

Payments are made to the PFI contractors as monthly "unitary payments". The estimated payments the Council will make under the contracts are shown below.

These payments are commitments and can vary subject to indexation, reductions for performance and availability failures, and possible future variations to the scheme.

The funding of the unitary payment for the School PFI schemes will come from the individual schools budget, the overall schools budget and a special government grant. The Hengrove Leisure unitary payment will be funded by the special government grant, with the balance provided from Sports Services budgets. PFI payments are accounted for in the year in which the service was provided and are allocated to repayment of the liability, finance cost, service charge and other costs (lifecycle cost and contingent rents).

The unitary payments have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred, and the interest payable on financing the capital expenditure. The Hengrove Leisure PFI contains a significant amount of third party income, this is income received directly by the PFI Contractor from the users of the facility. The payment for services has been shown net of this estimated income, as the unitary payments have been reduced to reflect the operator's right to this income. The outstanding liability due to the contractor for reimbursement of capital expenditure is as follows:

	Schools		Hengrove Leisure	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
Balance outstanding at the start of year	125,068	129,556	15,063	15,721
Movement in year	(4,970)	(4,487)	(779)	(659)
<b>Balance outstanding at year end</b>	<b>120,098</b>	<b>125,069</b>	<b>14,284</b>	<b>15,062</b>

The above listed commitments are affected by past inflation – previous price rises will be built into future payments. They are also affected by future inflation, which gives rise to uncertainty.

## Bristol Waste Contract

In August 2015 the Council entered into a service contract with Bristol Waste Company to provide recycling and waste services. The assets and associated liability have been included on the Council's Balance Sheet in accordance with IFRS.

The future estimated payments the Council will make under the contract are as follows:

Year	Payment for Services £'000	Repayment of Liability £'000	Interest £'000	Total £'000
2019/20	30,051	276	27	30,354
2020/21 to 2023/24	126,231	710	39	126,980
2024/25 to 2026/27	78,168	60	1	78,229
<b>Total</b>	<b>234,450</b>	<b>1,046</b>	<b>67</b>	<b>235,563</b>

Total Balance Outstanding on all Service Concessions is shown in the table below:

	Schools		Hengrove Leisure		Bristol Waste Contract		Total	
	2018/19 £'000	2017/18 £'000	2018/19 £,000	2017/18 £'000	2018/19 £,000	2017/18 £'000	2018/19 £,000	2017/18 £'000
Balance outstanding at the start of year	125,068	129,556	15,063	15,721	976	1,220	141,107	146,497
Movement in year	(4,079)	(4,487)	(779)	(659)	70	(244)	(5,679)	(5,390)
<b>Balance outstanding at year end</b>	<b>120,988</b>	<b>125,069</b>	<b>14,284</b>	<b>15,062</b>	<b>1,046</b>	<b>976</b>	<b>135,428</b>	<b>141,107</b>

## 27 Debtors

	31 March 2019 £'000	31 March 2018 £'000
<b>i Current debtors</b>		
Trade receivables	29,832	23,868
Prepayments	3,045	3,437
VAT	7,652	14,822
Other	61,616	71,860
<b>Total</b>	<b>102,146</b>	<b>113,986</b>

Impairments for doubtful debts are detailed in Note 23.

	31 March 2019 £'000	31 March 2018 £'000
<b>ii Long-term debtors</b>		
Mortgages	192	196
Capital loans (Probation/Fire/LEP)	1,161	3,342
South Gloucestershire Council	409	436
Former county council debt	40,895	42,599
<b>Total</b>	<b>42,657</b>	<b>46,573</b>

## 28 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2019 £'000	31 March 2018 £'000
Cash held by the Council	269	266
Bank current accounts	(21,958)	(13,940)
Short-term deposits with banks / building societies	29,086	38,937
<b>Total Cash and Cash Equivalents</b>	<b>7,397</b>	<b>25,263</b>

## 29 Creditors

	31 March 2019 £'000	31 March 2018 £'000
<b>Current liabilities</b>		
Trade payables	17,621	12,642
Other payables	83,853	86,231
Receipts in advance	36,028	30,926
<b>Total</b>	<b>137,502</b>	<b>129,799</b>
	31 March 2019 £'000	31 March 2018 £'000
<b>Other long-term liabilities</b>		
Service Concession contract liabilities (see Note 26)	135,428	140,131
Retirement benefit obligations (see Note 32)	944,895	832,352
Deferred liabilities	51,091	52,866
Deferred capital receipts	2	119
Rent Deposits	78	76
<b>Total</b>	<b>1,131,494</b>	<b>1,025,544</b>

Deferred liabilities are amounts which, by arrangement, are payable beyond the next year, at some point in the future or are to be paid off by an annual sum over a period. As at the 31 March 2019 the liability in the Council's Balance Sheet of £51.0m (2018: £52.9m) comprised of former county council loan debt of £42.6m (2019: £44.3m), £8.5m (2018: £8.5m) in respect of a loan for the Hengrove Park development.

Deferred capital receipts are amounts derived from sales of assets, which will be received in instalments over agreed periods of time. They arise from mortgages on the sale of council houses, which form part of mortgages under long term debtors.

## 30 Provisions

	Balance at 1 April 2018 £'000	Additional provisions made in 2018/19 £'000	Amounts used in 2018/19 £'000	Balance at 31 March 2019 £'000	Due < 1 year £'000	Due > 1 year £'000
Business Transformation	(539)	(477)	147	(869)	(869)	-
Insurance fund	(2,532)	-	120	(2,412)	(1,727)	(684)
NDR Provision for appeals	(23,716)	(6,546)	3,349	(26,913)	-	(23,913)
Legal	(1,166)	-	173	(993)	(993)	-
Waste	(670)	-	670	-	-	-
Other	(202)	(49)	3	(248)	-	(248)
<b>Total</b>	<b>(28,825)</b>	<b>(7,072)</b>	<b>4,462</b>	<b>(31,435)</b>	<b>(3,589)</b>	<b>(27,846)</b>
Due < 1 year	(4,188)			(3,589)		
Due > 1 year	(24,637)			(27,846)		
	<b>(28,825)</b>			<b>(31,435)</b>		

Details of the provisions are shown in the table below:

Provision	Purpose
Business Transformation	Covers future exit costs arising from the Council's restructure proposals
Insurance fund	Covers certain risks arising from fire, employer's liability and public liability, supplementing the Council's arrangement with external insurers, together with other risks.
NDR Provision for appeals	Covers the cost of future appeals
Legal	Created to cover the costs of outstanding legal cases within Adult Social Care
Waste	Created to cover the costs of for disputed inflationary charges of Waste Disposal
Other	Other provisions are individually not material

### 31 Unusable Reserves

	31 March 2019 £'000	31 March 2018 £'000
Revaluation Reserve	(788,594)	(800,696)
Capital Adjustment Account	(1,511,028)	(1,490,937)
Available for Sale Financial Instruments	0	850
Financial Instruments Adjustment Account	7,254	7,432
Financial Instruments Revaluation Reserve	1,000	0
Pensions Reserve	959,153	861,256
Collection Fund Adjustment Account	(126)	5,705
Accumulated Absences Account	6,370	4,522
	<u>(1,325,972)</u>	<u>(1,411,868)</u>

#### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2018/19 £'000	2018/19 £'000	2017/18 £'000	2017/18 Restated £'000
Balance at 1 April		(800,696)		(589,316)
Upward revaluation of assets	(54,615)		(248,040)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	42,859		14,399	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		(11,756)		(233,641)
Amount written off to the Capital Adjustment Account		23,858		22,261
<b>Balance at 31 March</b>		<u>(788,594)</u>		<u>(800,696)</u>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 24 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2018/19	2017/18
	£'000	£'000
<b>Balance at 1 April</b>	(1,490,934)	(1,504,981)
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
Charges for depreciation and impairment of non-current assets	55,718	67,609
Revaluation losses on Property, Plant and Equipment	9,629	15,892
Amortisation of Intangible Assets	2,383	4,590
Revaluation gains/losses for Capitalised financial instruments	(22,500)	
Revenue Expenditure Funded from Capital Under Statute	6,147	2,965
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	36,164	44,205
	(1,403,393)	(1,369,720)
Adjusting amounts written out of the Revaluation Reserve	(23,858)	(22,261)
Net written out amount of the cost of non-current assets consumed in the year	(1,427,251)	(1,391,981)
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(10,558)	(6,254)
Use of the Major Repairs Reserve to finance new capital expenditure	(22,635)	(24,301)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(26,872)	(35,870)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(6,864)	(7,544)
Use of the Capital Receipts Reserve for repayment of Long Term Investments financed by borrowing	(1,305)	(1,650)
Long Term Capital Investment repaid	1,305	1,650
Capital expenditure charged against the General Fund and HRA balances	(20,368)	(16,369)
	(1,514,548)	(1,482,319)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	3,520	(8,618)
<b>Balance at 31 March</b>	<b>(1,511,028)</b>	<b>(1,490,937)</b>

## Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments.

	31 March 2019	31 March 2018
	£'000	£'000
Balance at 1 April	850	8,844
Downward revaluation of investments	150	750
Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	-	(8,744)
<b>Balance at 31 March</b>	<b>1,000</b>	<b>850</b>

## Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans.

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2019 will be charged to the General Fund over the next 41 years.

	2018/19	2018/19	2017/18	2017/18
	£'000	£'000	£'000	£'000
Balance at 1 April		7,432		7,609
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(178)		(177)	
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(178)		(177)
<b>Balance at 31 March</b>		<b>7,254</b>		<b>7,432</b>

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	861,256	921,012
Remeasurements on pensions assets and liabilities	72,832	(87,543)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	72,972	75,131
Employer's pensions contributions and direct payments to pensioners payable in year	(47,907)	(47,344)
<b>Balance at 31 March</b>	<b>959,153</b>	<b>861,256</b>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rate payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	5,705	(3,545)
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(5,831)	9,250
<b>Balance at 31 March</b>	<b>(126)</b>	<b>5,705</b>

## Accumulated Absences Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance be neutralised by transfers to or from the account.

	2018/19	2018/19	2017/18	2017/18
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>		4,522		6,901
Settlement or cancellation of accrual made at the end of the preceding year	(4,522)		(6,901)	
Amounts accrued at the end of the current year	6,370		4,522	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		1,848		(2,379)
<b>Balance at 31 March</b>		<b>6,370</b>		<b>4,522</b>

## 32 Pensions

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in three pension schemes:

***The Local Government Pension Scheme (LGPS)*** - all staff, with the exception of teachers, are eligible to join the Local Government Pension Scheme (LGPS). The scheme is administered by Bath and North East Somerset Council and is called the Avon Pension Fund. The Fund provides members with benefits related to length of service and pensionable salary. The LGPS is a funded defined benefit pension arrangement for local authorities, and is governed by statute principally now the Local Government Pension Scheme Regulations 2013.

***The Teachers' Pension Scheme*** - Teachers employed by the Council are members of the Teachers' Pension Scheme, administered on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Scheme is a multi-employer defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities.

The rate of contribution for 2018/19 was 22.3%, resulting in a total payment of £7.254m (£8.198m in 2017/18) to the Teachers' Pension Agency. In addition, the Council made payments totalling £2.423m (£2.36m in 2017/18) in respect of pensions and added years where the early retirement of teachers was agreed. The Council also met its share of the residual liability for former Avon County Council employees, amounting to £1.797m (£1.814m in 2017/18). The estimated liability for unfunded payments has been calculated by the actuary and is included in the Balance Sheet.

**The National Health Service Pension Scheme** – In 2018/19 a total payment of £0.41m (£0.51m in 2017/18) was made to the NHS Pension Scheme, following the transfer of public health responsibilities from primary care trusts.

### Accounting Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

	Local Government Pension Scheme		Teachers' Unfunded Pensions	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
<b>Income and Expenditure Account</b>				
<b>Net cost of services</b>				
Current service cost	56,437	61,116	-	-
Past service gains/curtailment costs/Settlements	(5,434)	(8,225)	-	-
Administration expense	863	866	-	-
<b>Financing and Investment Income</b>				
<b>Expenditure</b>				
Net interest cost	19,387	19,621	1,719	1,753
<b>Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>71,253</b>	<b>73,378</b>	<b>1,719</b>	<b>1,753</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>				
Remeasurements (assets/liabilities)	(69,744)	89,127	(3,088)	(1,584)
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the (surplus) or Deficit for the provision of services for post - employment benefits	(71,253)	(73,378)	(1,719)	(1,753)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employer's contributions payable to scheme	43,687	43,196	4,220	4,178

The Housing Revenue Account (HRA) Income and Expenditure Account has also been adjusted in 2018/19 to reflect the current service cost and an appropriate share of the net interest cost. The latter item has been apportioned to the HRA on the basis of pensionable pay.

**Assets and Liabilities in relation to Retirement Benefits**

	Funded liabilities:		Unfunded liabilities:		Unfunded liabilities:		Total Liability	
	Local Government Pension Scheme		Local Government Pension Scheme		Teachers' Unfunded Pensions		Local Government & Teachers Pensions	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
<b>01-Apr</b>	(2,390,982)	(2,431,890)	(41,913)	(44,625)	(68,216)	(72,225)	(2,501,111)	(2,548,740)
Current service cost	(56,437)	(61,116)		0		0	(56,437)	(61,116)
Interest on pension liabilities	(61,325)	(59,895)	(1,053)	(1,080)	(1,719)	(1,753)	(64,097)	(62,728)
Contributions by scheme participants	(11,162)	(11,273)		0		0	(11,162)	(11,273)
Remeasurement (liabilities)								
Experience (gain)/loss	0	0		0		0	0	-
(Gain)/loss on financial assumptions	(129,957)	94,817	(1,389)	961	(3,088)	1,584	(134,434)	97,362
(Gain)/loss on demographic assumptions	0	0		0		0	0	-
Benefits paid	66,865	67,427	2,807	2,831	4,220	4,178	73,892	74,436
Past service grants, curtailment costs and settlements	7,097	10,948		0		0	7,097	10,948
<b>31-Mar</b>	<b>(2,575,901)</b>	<b>(2,390,982)</b>	<b>(41,548)</b>	<b>(41,913)</b>	<b>(68,803)</b>	<b>(68,216)</b>	<b>(2,686,252)</b>	<b>(2,501,111)</b>

Reconciliation of fair value of the Local Government Pension Scheme assets:

	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>
<b>1 April</b>	1,668,864	1,627,833
Interest on plan assets	42,991	41,354
Remeasurement (assets)	61,602	(9,819)
Administration expense	(863)	(866)
Settlements	(1,663)	(2,723)
Employer contributions	29,040	72,070
Contributions by scheme participants	11,162	11,273
Benefits paid	(69,672)	(70,258)
<b>31 March</b>	<b>1,741,461</b>	<b>1,668,864</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets.

The actual return on plan assets in the year was £104.593m (2017/18: £31.536m).

#### **Scheme History – Pension Assets and Liabilities Recognised in the Balance Sheet:**

	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2014/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Present value of liabilities:</b>				
Local Government Pension Scheme	(2,617,449)	(2,432,895)	(2,476,515)	(2,056,639)
Teachers' unfunded liabilities	(68,803)	(68,216)	(72,225)	(67,128)
<b>Fair value of assets in the Local Government Pension Scheme</b>	<b>1,741,461</b>	<b>1,668,864</b>	<b>1,627,833</b>	<b>1,430,637</b>
<b>Surplus/(deficit) in the scheme:</b>				
Local Government Pension Scheme	(875,988)	(764,031)	(848,682)	(626,002)
Teachers' unfunded liabilities	(68,803)	(68,216)	(72,225)	(67,128)
<b>Total</b>	<b>(944,791)</b>	<b>(832,247)</b>	<b>(920,907)</b>	<b>(693,130)</b>

The total liabilities shown in the Balance Sheet comprise the above (£944.791m) together with a small amount in respect of pre-1974 liabilities (£0.105m) totalling (£944.896m).

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed using the projected unit credit actuarial cost method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Mercer Ltd, an independent firm of actuaries, estimates for the Council's Fund being based on the latest full valuation of the scheme as at 31 March 2016.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Teachers	
	2018/19	2017/18	2018/19	2017/18
<b>Mortality assumptions:</b>				
Longevity at 65 for current pensioners:				
Men	23.7	23.6	23.7	23.6
Women	26.2	26.1	26.2	26.1
Longevity at 75 for current pensioners:				
Men	-	-	14.7	14.5
Women	-	-	16.7	16.6
Longevity at 65 for future pensioners:				
Men	26.3	26.2	-	-
Women	29.0	28.8	-	-
	%	%	%	%
Rate for discounting scheme liabilities	2.4	2.6	2.4	2.5
Rate of inflation - CPI	2.2	2.1	2.3	2.3
Rate of increase in salaries	3.7	3.6	-	-
Rate of increase in pensions	2.3	2.2	2.4	2.3

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes, while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The actuary has provided a sensitivity analysis for each significant actuarial assumption as at the end of the reporting period. The table below shows how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the 31 March 2019.

<b>Impact on the Defined Benefit Obligation in the Scheme (LGPS)</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>
Longevity (increase or decrease by 1 year)	104,147	96,903
Rate of inflation (increase or decrease by 0.1%)	94,719	87,862
Rate of increase in salaries (increase or decrease by 0.1%)	11,026	11,235
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(92,194)	(85,827)

<b>Impact on the Defined Benefit Obligation in the Scheme (Teachers)</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>
Longevity (increase or decrease by 1 year)	4,137	4,107
Rate of inflation (increase or decrease by 0.1%)	1,607	1,597
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(1,523)	(1,513)

### **Local Government Pension Scheme assets comprise**

<b>Asset Category</b>	<b>Sub-Category</b>	<b>Quoted (Y/N)</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
			<b>£'000</b>	<b>£'000</b>
Equities	UK Quoted	Y	130,609	236,979
	Global Quoted	Y	492,833	445,587
	Emerging Markets	Y	80,107	-
	<b>Sub-total equities</b>		<b>703,549</b>	<b>682,566</b>
Bonds	UK Government Indexed	Y	210,717	180,237
	Sterling Corporate Bonds	Y	203,751	203,601
	<b>Sub-total bonds</b>		<b>414,468</b>	<b>383,838</b>
Property	UK Property Funds	Y	88,815	71,704
	Overseas Property Funds	Y	80,107	76,825
	<b>Sub-total property</b>		<b>168,922</b>	<b>148,529</b>
Alternatives	Hedge Funds	Y	85,332	76,768
	Diversified Growth Funds	Y	217,683	220,290
	Infrastructure	Y	121,902	96,794
	<b>Sub-total alternatives</b>		<b>424,917</b>	<b>393,852</b>
Cash and equivalents	Cash Accounts	Y	29,605	60,079
	<b>Sub-total cash</b>		<b>29,605</b>	<b>60,079</b>
<b>Total Assets</b>			<b>1,741,461</b>	<b>1,668,864</b>

### **Governance and Risk Management**

The liability associated with the Council's pension arrangements is material to the Council, as is the cash funding required.

### **Local Government Pension Scheme**

#### **Governance**

As administering authority, Bath and North East Somerset Council (B&NES), has legal responsibility for the pension fund as set out in the Local Government Pension Scheme Regulations. B&NES delegates its responsibility for administering the Fund to the Avon Pension Fund Committee, which is the formal decision making body for the Fund. The Avon Pension Fund Committee is responsible for the investment, funding, administration and communication strategies. It also monitors the performance of the fund, and approves and monitors compliance of statutory statements and policies required under the

Regulations. The Committee is supported by an Investment Panel which considers the investment strategy and investment performance in greater depth.

### **Asset and Liability (ALM) Strategy**

The Avon Pension Fund does not have an explicit asset and liability matching strategy. The primary objective of its investment strategy is to generate positive real investment return above the rate of inflation for a given level of risk to meet the liabilities as they fall due over time. When setting the investment strategy, the expected volatility of the assets relative to the value placed on the liabilities was measured and taken into account. The aim of the strategy and management structure is to minimise the risk of a reduction in the value of the assets and maximise the opportunity for asset gains across the Fund.

To achieve its investment objective the Fund invests across a diverse range of assets such as equities, bonds, property and other alternative investments, and uses a number of investment managers. The risk management process identifies and mitigates the risks arising from the Fund's investment strategy and policies which are reviewed regularly to reflect changes in market conditions. As a result of its investment strategy, the Fund is exposed to a variety of financial risks including market risk (market price, interest rate and currency risk), credit risk and liquidity risk.

As a result of its investment strategy, the Fund is exposed to a variety of financial risks including market risk (market price, interest rate and currency risk), credit risk and liquidity risk.

### **Impact on the Authorities Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 17 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2019.

The Council made a pension deficit contribution of £43.183 m in April 2017.

The provisions of the LGPS and the Fund were amended with effect from 1 April 2014. Prior to that date benefits were paid on members' final salaries, whereas for service after that date benefits are based on career average salaries.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2020 are £29.052m (£26,233m in 2018/19). Expected contributions for the Teacher Pensions Scheme in the year to 31 March 2020 are £4.220m.

### **Unfunded Teachers' Discretionary Benefits**

The Council is responsible for any additional discretionary pension benefits awarded to teachers upon early retirement outside of the terms of the teachers' pension scheme.

### **Governance**

The Teachers' Pension Scheme arrangements are managed centrally by government departments/agencies, and there is no material involvement for the Council.

### **Impact on the Council's Cash Flows**

The Scheme targets a pension paid throughout life. The amount of pension depends on how long employees are active members of the Scheme and their salary when they leave the Scheme ("final salary scheme") for service up to 31 March 2015, and on a revalued average salary ("career average scheme") for service from 1 April 2015.

The Council's involvement is limited to additional discretionary pension benefits to retired teachers which were rewarded at the point of retirement.

## Risks Strategy

Given their unfunded nature, there are no investment risks in relation to this scheme. The greatest single risk is that the Government could change the funding standards relating to the scheme, increasing the Council's contributions.

## Investment Risks

There are no investment risks in relation to these arrangements, given their unfunded nature. The greatest single risk is that the government could change the funding standards relating to them, which could increase the Council's contributions to them.

### 33 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following significant items:

	2018/19	2017/18
	£'000	£'000
Interest received	6,173	7,313
Interest paid	(35,352)	(42,902)
Dividends received	2,790	2,589

The deficit on the provision of services has been adjusted for the following non-cash movements:

	2018/19	2017/18
	£'000	£'000
Depreciation, impairment and downward revaluations	54,086	83,501
Amortisation	2,383	4,590
Increase/(decrease) in impairment for bad debt	1,400	1,400
(Decrease)/increase in creditors	5,595	(2,786)
(Increase)/decrease in debtors	4,950	(5,904)
(Increase)/decrease in inventories	(239)	16
Movement in pension liability	39,712	(1,117)
Contributions to/(from) Provisions	2,609	14,396
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	36,164	44,205
Other non-cash items charged to the net surplus or deficit On the provision of services	2,470	(18,269)
<b>Net cash flows from non-cash movements</b>	<b>149,131</b>	<b>120,032</b>

Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:

	2018/19	2017/18
	£'000	£'000
Capital grants credited to surplus or deficit on the provision of services	(44,218)	(44,705)
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(20,811)	(30,479)
	<b>(65,029)</b>	<b>(75,184)</b>

### 34 Cash Flow Statement - Investing Activities

	2018/19 £'000	2017/18 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(99,240)	(111,348)
Purchase of short-term and long-term investments	(259,894)	(48,903)
Other (payments)/receipts for investing activities	2,015	2,536
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	24,148	28,326
Proceeds from short-term and long-term investments	199,500	56,903
Capital Grants Received	36,234	60,736
Other receipts from investing activities	2,534	4,523
<b>Net cash flows from investing activities</b>	<b>(94,703)</b>	<b>(7,227)</b>

### 35 Cash flow Statement - Financing Activities

	2018/19 £'000	2017/18 £'000
Cash receipts of short- and long-term borrowing	-	-
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(6,401)	(6,367)
Repayments of short- and long-term borrowing	(1,775)	(3,000)
Council Tax and NNDR adjustments	4,230	(18,863)
<b>Net cash flows from investing activities</b>	<b>(3,946)</b>	<b>(28,230)</b>

### 36 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Council members and Executive Directors have been asked to provide information regarding related party transactions. From the information received, it is believed that there have not been any significant transactions involving these counterparties during the year.

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates. It provides the majority of its funding in the form of grants, which are disclosed in Note 16.

The Council has interests in a number of companies over which it has significant influence or control as set out below.

Name	Nature of Council relationship	Net assets/ (liabilities)	Transactions with the Council	Nature of transactions	Balances owed to / (from) the Council as at 31 3 2018	Future financial support expected in 2018/19	Key risks identified
Bristol Waste Company	100% subsidiary of Bristol Holding Limited  The City Council has one Director post on the Board.	£3.9m per draft accounts as at 31 March 2019	£31.4m payments by Council to company  £0.7m recharges from Company to Council	Contract for waste collection and recycling services  Recharges	£1.7m owed by the Council.	Nil – payments are made for work done in line with contract terms	Low risk – company is trading profitably and delivering services as agreed
Bristol Holdings limited	100% subsidiary  The City Council has one Director post on the Board.	(£4.8)m per draft accounts as at 31 March 2019	£6.5m payments by Council to company	Purchase of shares	£1.4m owed to the Council for preference share interest	See below	See below
Bristol Energy Limited	100% subsidiary of Bristol Holdings Limited  The City Council has one Director posts on the Board.	(£27.7m) per draft accounts as at 31 March 2019	£1.8m recharges from the Council  £0.8m sales of energy to the Council	Recharges and the sale of energy	£16.7m of guarantees issued by the Council. Exposure as at 31 March £14.9m	Further funding may be required until the company reaches breakeven point	Key risk is the company's ability to attract and retain customers in a competitive market

Bristol Energy & Technology Services (Supply) Limited	100% subsidiary of Bristol Holdings Limited  The City Council has one Director post on the Board.  The company is currently dormant.	£1	None	N/A	Nil	Nil	None
Bristol is Open Limited	50/50 joint venture with Bristol University  The City Council has one Director posts on the Board.	(£79k) per March 2018 management accounts	£None	N/A	Nil	Further funding may be required if the company continues to trade at a deficit	Low risk – sums involved are not significant in the context of the Council's overall net budget.
Bristol Local Education Partnership (LEP) Ltd	Joint venture with BCC holding 10%, Building Schools for the Future Investments (Bristol) Ltd 10% and Skanska Infrastructure Development UK Limited 80%	£245k per December 2018 audited accounts	£11.1m payments to the company	Provision of ICT and construction services to schools in Bristol.	£110k owed to the Council	Nil – payments are made for work done in line with contract terms	Low risk – company is trading profitably and delivering services as agreed
Goram Homes	100% owned subsidiary.  The City Council has one Director post on the Board.	Nil	Nil	Development of building projects	Nil	Nil	Currently no risk as the company was not trading during 2018/19

## West of England Partnership

Four unitary authorities - Bath & North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council - continue to work together and co-ordinate high level planning to improve the quality of life of their residents and provide for a growing population. This joint work focuses on activities that are better planned at the West of England level, rather than at the level of the individual council areas.

The partnership is not a partnership in law, nor a formal decision making body, and does not have the power to bind the four unitaries. The partnership's activity is integrated into the West of England Local Enterprise Partnership (LEP), which promotes economic growth and prosperity through its key themes of Place, People and Business

### **37 Transfer of Functions**

As part of the West of England devolution deal, South Gloucestershire, Bristol and Bath & North East Somerset Councils agreed to the establishment of the West of England Combined Authority to support economic growth and development across the region. Under the devolution deal certain functions were transferred from the constituent authorities to the WECA from 1<sup>st</sup> April 2018. These included concessionary fares, community transport, key route network development and bus service information. WECA has commissioned South Gloucestershire Council to provide concessionary fares on its behalf during 2018/19.

WECA levies the constituent authorities for the cost of the services for which it is now responsible. This is shown under Other Operating Expenditure. The value of the levy in 2018/19 is £6.893m (2017/18 £8.475m). There has been no change to the council's assets or liabilities arising from the transfer of functions to WECA.

### **38 Contingent Liabilities**

The City Council has received five separate applications from NHS bodies and trusts for mandatory charitable business rate (NNDR) relief. The applications are for 80% mandatory charitable relief backdated to 2010. The Council has sought legal guidance and, as a result, has declined all applications. A number of NHS bodies have begun legal action against local authorities. The City Council is not involved in any of these cases.

Bristol North Swimming Baths: A former contractor (in administration) may bring claims (as yet unparticularised) in respect of this project following termination of a contract in December 2015. The Council does not accept any liability in this regard and will defend any legal claims arising.

The Council has provided operational guarantees on behalf of one of its wholly owned subsidiaries (see Note 38). The guarantees limit the Council's financial exposure to £14.93m. To date none of the conditions or events which would lead to a liability arising from either of these guarantees has occurred.

The Council has 59 tower blocks in total, of which 37 blocks are clad. Following the Grenfell Tower tragedy the Council has, in addition to its own safety checks, began commissioning independent checks of our entire high rise cladding systems and materials to evidence that our blocks are safe. The materials used is different and of different design to that employed at Grenfell and there is no evidence to suggest that we will need to remove any cladding at this point in time. We have earmarked funds in our HRA Business Plan for general tower block maintenance and improvements and will continue to monitor its sufficiency as findings from our own independent checks are concluded.

In addition to the above an independent Public enquiry has been commissioned by the Government into the Grenfell tower tragedy and there is a risk that new regulations or measures emerge that will need to be implemented to ensure people living in high rise buildings are safe. These may not be fully funded from central government leaving a residual liability to the Council.

The Council is aware of a number of court rulings which may have an impact on the Local Government Pension Scheme and therefore the liability incurred by the Council.

## **The McCloud Case**

In December 2018 the Court of Appeal ruled against the Government in the two linked cases of Sargeant and McCloud (which for the purposes of the LGPS has generally been shortened to “McCloud”), relating to the Firefighter unfunded pension schemes and the Judicial pension arrangements. In essence, the Court held that the transitional protections, which were afforded to older members when the reformed schemes were introduced in 2015, constituted unlawful age discrimination. The Government is attempting to appeal the cases, but it is not known at this stage whether an appeal will even be possible. If the Government ultimately loses these cases then remedial action in the form of increases in benefits for some members is likely to be required. There may well also be knock-on effects for the other public service schemes, and the LGPS might therefore also be required to take some action. At this stage it is uncertain whether remedial action will be required, nor is it clear the extent of any potential remedial action might be.

The LGPS Scheme Advisory Board has commissioned the Government Actuary’s Department (GAD) to calculate some indicative costs on an LGPS-wide basis so that Funds can give some consideration to the overall issue and form a view on whether any more detailed work is required. Whilst GAD has not yet reported on their findings, initial indications are that the impact on liabilities could be of the order of 0.5% to 1% of liabilities. This is well within the approximations inherent in the liability calculations included in the accounting exercise, which are based on a “roll-forward” of the 2016 actuarial valuation results rather than being a full recalculation, and in any case is within normal acceptable tolerances for this type of work given the general approximations which need to be made. We have therefore not included a specific provision for the potential additional liabilities arising from the McCloud case.

## **GMP Equalisation**

UK and European law requires pension schemes to provide equal benefits to men and women in respect of service after 17 May 1990 (the date of the “Barber” judgment) and this includes providing equal benefits accrued from that date to reflect the differences in GMPs. Previously, there was no consensus or legislative guidance as to how this might be achieved in practice for ongoing schemes, but the 26 October 2018 Lloyds Bank court judgement has now provided further clarity in this area. However, in response to this judgement HM Treasury stated that “public sector schemes already have a method to equalise guaranteed minimum pension benefits, which is why we will not have to change our method as a result of this judgment”, clearly implying that the Government (who have the overall power to determine benefits provision) believe the judgement itself will not affect the benefits. Therefore, the natural conclusion for the main public service pension schemes including the Local Government Pension Scheme is that it is not appropriate for any provision to be included for the effect of the Lloyds Bank judgment, at least at the present time, and so we have not made any allowance for any additional liabilities within the accounting exercise at this stage. However, in due course there may be a further cost to the LGPS in connection with equalisation/indexation, when the Government confirms the overall approach which it wishes to adopt in this area following its consultation.

## HRA Income and Expenditure Statement

The HRA reflects a statutory obligation to account separately for council housing provision. The HRA Income and Expenditure Statement shows the major elements of HRA expenditure and how they are met from rents, service charges and other income. The account does not reflect all of the transactions required by statute to be charged or credited to the HRA for the year. The movement on the HRA Statement gives details of the additional transactions, which are required by statute.

	Note	2018/19 Net £'000	2017/18 Net £'000
<b>Expenditure</b>			
Repairs and maintenance		30,632	28,722
Supervision and management		27,188	26,090
Special services		8,294	7,911
Rent, rates, taxes and other charges		1,094	1,661
Depreciation and impairment of non-current assets	4	26,205	26,917
Debt management		41	29
Debt write offs and movement in the allowance for bad debts		986	1,542
<b>Total expenditure</b>		94,440	92,872
<b>Income</b>			
Dwelling rents	2	(110,589)	(112,000)
Non-dwelling rents		(957)	(1,024)
Charges for services and facilities		(8,113)	(8,070)
Contributions towards expenditure		(384)	(257)
<b>Total income</b>		(120,041)	(121,351)
<b>Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement</b>		<b>(25,601)</b>	<b>(28,479)</b>
Net cost of HRA services		(25,601)	(28,479)
(Gain) on sale of HRA non-current assets		(4,706)	(7,272)
Movement in the Fair Value of Investment Properties		46	(2,676)
Interest payable and similar charges		11,459	11,120
HRA interest and investment income		(1,016)	(456)
Pensions interest costs and expected return on assets	5	2,308	2,266
<b>(Surplus) for the year on HRA services</b>		<b>(17,511)</b>	<b>(25,497)</b>

## Statement of movement on the HRA Balance

	Note	31 March 2019 Net £'000	31 March 2018 Net £'000
HRA balance brought forward		(71,269)	(54,237)
(Surplus) for the year on the HRA Income and Expenditure Account		(17,511)	(25,497)
Adjustments between accounting basis and funding basis under statute		9,554	9,910
<b>(Increase) before reserve transfers</b>		<b>(7,957)</b>	<b>(15,587)</b>
Transfer from/to reserves		508	(1,445)
<b>Net (increase) on HRA balance</b>		<b>(7,449)</b>	<b>(17,032)</b>
<b>HRA balance carried forward</b>	11	<b>(78,718)</b>	<b>(71,269)</b>

## Note to the statement of movement on the HRA Balance

	Note	31 March 2019 Net £'000	31 March 2018 Net £'000
<b>Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year</b>			
Depreciation and impairment of property, plant & equipment	4	(26,205)	(26,917)
Fair value movements on investment properties		(46)	2,676
Net charges made for retirement benefits in accordance with IAS19	5	(8,479)	(8,743)
Net gain/loss on disposal of assets		4,706	7,272
		<b>(30,024)</b>	<b>(25,712)</b>
<b>Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year</b>			
Capital expenditure funded by the HRA	6	10,160	5,948
Employer's contributions payable to the Avon Pension Fund and retirement benefits payable direct to pensioners	5	4,404	4,148
Transfer to Major Repairs Reserve	8	-	-
HRA depreciation to Major Repairs Reserve	8	25,015	25,526
Amortisation of premiums		-	-
		<b>39,579</b>	<b>35,622</b>
<b>Net additional amount required by statute to be debited or credited to the HRA Balance for the year</b>		<b>9,554</b>	<b>9,910</b>

## Notes to the Housing Revenue Account

### 1 Dwelling numbers as at 31 March 2019

	31 March 2019	31 March 2018
<b>Houses</b>		
1 Bedroom	18	16
2 Bedrooms	2,071	2,078
3 Bedrooms	8,855	8,920
4 or more Bedrooms	394	386
<b>Total Houses</b>	<b>11,338</b>	<b>11,400</b>
<b>Bungalows</b>		
1 Bedroom	355	344
2 Bedrooms	704	700
3 Bedrooms	25	26
<b>Total Bungalows</b>	<b>1,084</b>	<b>1,070</b>
<b>Flats</b>		
1 Bedroom	6,469	6,493
2 Bedrooms	7,603	7,633
3 Bedrooms	425	425
4 or more Bedrooms	18	17
<b>Total Flats</b>	<b>14,515</b>	<b>14,568</b>
<b>Total Dwellings held at 31 March 2019</b>	<b>26,937</b>	<b>27,038</b>

### 2 Rent and Rent Arrears

The total value of dwelling rents in 2018/19, less rent attributable to empty properties (voids), is £110.5m (£112m in 2017/18). The amount of rent arrears, including recoverable housing benefit, water charges, defect charges, etc:

As at 31 March	2019 £'000	2018 £'000
Former tenants	3,774	2,697
Current tenants	7,654	8,071
	<b>11,428</b>	<b>10,768</b>
<b>Balance Sheet Provision</b>		
Former tenants	3,121	2,505
Current tenants	5,693	6,174
	<b>8,814</b>	<b>8,679</b>

### Vacant Possession

The vacant possession value of dwellings as at 1st April 2019 was £4.798bn. The value of dwellings in the balance sheet (excluding dwellings leased to Registered Social Landlords) was £1.679bn, a difference of £3.118bn. This difference reflects the economic cost of providing council housing at less than market rent. This cost is determined by applying the Government prescribed discount rate of 35% of the Market Value to the vacant possession value.

### 3 Sums Directed by the Secretary of State to be Debited or Credited to the HRA

In 2018/19 there were no sums approved by the Secretary of State to be debited to the HRA in relation to the transfer of rent rebates from the HRA to the General Fund.

### 4 Depreciation and impairment

	2018/19	2017/18
	£'000	£'000
<b>Depreciation</b>		
Operation - Dwellings	24,538	24,928
- Other, including leased	477	598
<b>Total depreciation</b>	<b>25,015</b>	<b>25,526</b>
Revaluation losses	1,191	1,391
Reversal of impairment losses	-	-
<b>Total depreciation and impairment</b>	<b>26,206</b>	<b>26,917</b>

#### Impairment

There was a loss on revaluation of £1.191m charged to the surplus on provision of Services (2017/18: £1.391m).

### 5 HRA Share of Contributions to/from Pension Reserve

For 2018/19 the HRA has been attributed with a share of the interest cost, net of the expected return on pension assets, as calculated by the actuary to the pension fund £2.3m (2017/18 £2.3m). This share has been calculated using the proportion of HRA pensionable pay to the total of that for the council. The net cost of services shown in the HRA statement also includes the current service cost as required by IAS19 of (£8.5m) (2017/18 (£8.7m)). This is excluded from the HRA Balance for the year and replaced with Employers Contributions payable £4.4m (2017/18 (£4.6m)) with the net movement on the Pension reserves of £4.1m (2017/18 £4.6m). Further information regarding the accounting for pensions is included in the notes to the consolidated revenue account and balance sheet, see note 32.

### 6 Capital Expenditure and financing

Total expenditure during the year and its financing was as follows:

<b>Expenditure</b>	2018/19	2017/18
	£'000	£'000
Dwellings	35,847	31,409
Other Assets	898	969
	<b>36,745</b>	<b>32,378</b>
<b>Financing</b>	2018/19	2017/18
	£'000	£'000
Usable capital receipts	3,951	2,129
Revenue contributions to capital	10,160	5,948
Major Repairs Reserve	22,634	24,301
	<b>36,745</b>	<b>32,378</b>

## 7 Capital Receipts

Capital receipts received during the year from disposals of land, houses and other property within the HRA was £16.7m (£19.6m in 2017/18). The receipts are summarised as follows:

	2018/19 £'000	2017/18 £'000
Receipts unapplied brought forward - 1 April	48,993	41,969
Right to Buy sales	12,274	16,108
Mortgage repayments	18	10
Disposal of Land and Buildings	107	590
	<b>61,392</b>	<b>58,677</b>
Allowable reductions		
Repaid to MHCLG	(2,614)	(6,055)
Capital receipts applied	(3,951)	(2,129)
Capital receipts applied to GF		(1,500)
<b>Capital receipts unapplied carried forward - 31 March</b>	<b>54,827</b>	<b>48,993</b>

## 8 Major Repairs Reserve

	2018/19 £'000	2017/18 £'000
Balance brought forward - 1 April	(1,225)	-
Capital expenditure (dwellings)	22,634	24,301
Major Repairs Allowance set aside in year	(25,015)	(25,526)
Excess depreciation credited to Statement of Movement on HRA Balance	-	-
<b>Balance carried forward - 31 March</b>	<b>(3,606)</b>	<b>(1,225)</b>

Depreciation has been calculated in accordance with our accounting policies for all HRA assets. We have used the Keystone component accounting information for Dwelling as a proxy for component accounting and Corporate Asset Management system for Non-Dwelling.

The MRA was £25m for 2017/18 (2017/18 - £25.5m). £22.6m was used to finance appropriate Housing Revenue Account capital expenditure.

## 9 Balance Sheet Value of Land and Houses, etc

	2018/19 £'000	2017/18 £'000
Dwellings	1,679,183	1,656,465
Land	30,794	16,179
Other assets	18,460	21,694
	<b>1,728,437</b>	<b>1,694,338</b>

## 10 Asset Split

	2018/19	2017/18
	£'000	£'000
Operational - dwellings	1,679,183	1,656,465
Operational - other land and buildings	42,005	30,496
Non-operational	7,250	7,377
Intangible	1,867	969
Other	2	6
	<b>1,730,307</b>	<b>1,695,313</b>

## 11 Reserves

The details of reserves and provisions held within the HRA (excluding those already shown in Note 18 above) are summarised as follows:

	2018/19	2017/18
	£'000	£'000
<b>Reserves</b>		
<b>HRA balance</b>	78,718	71,269
<b>Other reserves</b>		
Furniture Packs	1,091	1,091
CCTV	419	255
Energy efficiency	3,541	3,198
Improving Tenants Experience	1,184	1,184
Other	1,617	1,616
<b>Sub-total other reserves</b>	<b>7,852</b>	<b>7,344</b>
<b>Total reserves</b>	<b>86,570</b>	<b>78,613</b>

## Collection Fund

### Collection Fund Income and Expenditure Account

31 March 2018

31 March 2019

£'000	£'000	£'000		£'000	£'000	£'000
Business Rates	Council Tax	Total	Note	Business Rates	Council Tax	Total
			<b>Income</b>			
-	227,200	227,200	Council Tax	-	240,849	240,849
219,119		219,119	Non-Domestic Rates	218,324	-	218,324
(6,050)		(6,050)	Transitional Protection Payment	(2,355)	-	(2,355)
-	-	0	Prior Period Adjustment	1,302	-	1,302
			<b>Contributions towards previous years</b>			
			<b>Collection Fund Deficit:</b>			
-	-	0	Central Government	7,130		7,130
-	-	0	Bristol City Council	6,721	32	6,753
-	-	0	Avon & Somerset Police and Crime			
-	-	0	Commissioner	-	4	4
-	-	0	Avon Fire Authority	140	1	141
-	-	0	West of England Combined Authority	(14)		(14)
<b>213,069</b>	<b>227,200</b>	<b>440,269</b>		<b>231,248</b>	<b>240,886</b>	<b>472,134</b>
			<b>Expenditure</b>			
			<b>Apportionment of Previous Years Surplus</b>			
6,586		6,586	Central Government	-	-	0
6,455	3,945	10,400	Bristol City Council	-	-	0
			Avon & Somerset Police and Crime	-	-	0
-	477	477	Commissioner	-	-	0
132	182	314	Avon Fire Authority	-	-	0
-	-	0	West of England Combined Authority	-	-	0
<b>13,173</b>	<b>4,604</b>	<b>17,777</b>		<b>0</b>	<b>0</b>	<b>0</b>
			<b>Precepts, Demands and Shares</b>			
192,396	192,162	384,558	Bristol City Council	197,401	204,539	401,940
			Avon & Somerset Police and Crime			
-	22,559	22,559	Commissioner	-	24,380	24,380
2,047	8,596	10,643	Avon Fire Authority	2,100	8,974	11,074
10,234	-	10,234	West of England Combined Authority	10,500	-	10,500
<b>204,677</b>	<b>223,317</b>	<b>427,994</b>		<b>210,001</b>	<b>237,893</b>	<b>447,894</b>
			<b>Charges to the Collection Fund</b>			
1,004	1,983	2,987	Write offs of uncollectable amounts	1,022	2,380	3,402
338	285	623	Increase/(Decrease) in bad debt provision	(899)	194	(705)
716	-	716	Cost of Collection Allowance	714	-	714
4,017	-	4,017	Disregarded amounts	4,572	-	4,572
(758)	-	(758)	Prior year adjustment	-	-	0
2,541	-	2,541	Increase/(Decrease) in provision for appeals	3,401	-	3,401
<b>7,858</b>	<b>2,268</b>	<b>10,126</b>		<b>8,810</b>	<b>2,574</b>	<b>11,384</b>
<b>(12,639)</b>	<b>(2,989)</b>	<b>(15,628)</b>	<b>Surplus/ (Deficit) for the year</b>	<b>12,437</b>	<b>419</b>	<b>12,856</b>
<b>(1,085)</b>	<b>4,761</b>	<b>3,676</b>	<b>Surplus/ (Deficit) as at 1 April</b>	<b>(13,725)</b>	<b>1,773</b>	<b>(11,952)</b>
<b>(13,724)</b>	<b>1,772</b>	<b>(11,952)</b>	<b>Surplus/ (Deficit) as at 31 March</b>	<b>(1,288)</b>	<b>2,192</b>	<b>904</b>

## Notes to the Collection Fund Income and Expenditure Account

### 1 General

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. Only the elements attributable to the City Council are recognised with the Council's other accounts.

### 2 Council Tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands based upon 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the City Council, the Avon and Somerset Police and Crime Commissioner and the Avon Fire Authority for the forthcoming year and dividing this by the council tax base of 125,798 for 2018/19 (124,083 for 2017/18). This represents the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and the estimated collection rate. This basic amount of Council Tax for a Band D property of £1,891.10 for 2018/19 (£1,799.75 for 2017/18) is multiplied by the proportion specified for the particular band to give an individual amount due.

#### Calculation of the Council Tax Base used in setting the 2018/19 Council Tax:

	BANDS										Total
	A Entitled to Disabled Relief	A	B	C	D	E	F	G	H		
No of Properties	-	51,725	72,992	38,772	18,138	9,643	4,759	2,846	338		199,213
Exemptions and disabled relief	30	- 2,631	- 1,344	- 1,232	- 1,179	- 1,026	- 162	- 40	17	-	7,567
Less Discounts	-	3	- 5,374	- 5,573	- 2,695	- 1,102	- 526	- 194	- 110	- 80	15,657
Total Equivalent Dwellings	27	43,720	66,075	34,845	15,857	8,091	4,403	2,696	275		175,989
Ratio	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9		
Band D Equivalents	15	29,147	51,392	30,973	15,857	9,889	6,360	4,493	550		148,676
Add Changes re: Additional Properties											1,489
Additional Exemptions											-1,153
Council Tax Support											-21,300
Adjustments to reflect Discretionary Discounts											
Rate of Collection 98.5%											-1,914
Council Tax Base											125,798

### 3 Collection Fund balance sheet items have been apportioned as shown in the table below.

Council Tax	Total	Bristol City Council	Police & Crime Commissioner	Avon Fire Authority
	£'000	£'000	£'000	£'000
Debtors	13,538	11,540	1,487	511
Bad debt allowance	(6,778)	(5,778)	(744)	(256)
Prepayments and overpayments	(2,169)	(1,849)	(238)	(82)
Surplus/ (Deficit) at 31 March	<b>2,191</b>	<b>1,871</b>	<b>238</b>	<b>82</b>

Business Rates	Total	Bristol City Council	West of England Combined Authority	Avon Fire Authority	Central Government
	£'000	£'000	£'000	£'000	£'000
Debtors	5,810	5,461	291	58	
Bad debt allowance	(1,587)	(1,492)	(79)	(16)	
Prepayments and overpayments	(2,070)	(1,946)	(103)	(21)	
Appeals provision	(28,630)	(26,912)	(1,432)	(286)	
Surplus/ (Deficit) at 31 March	<b>(1,287)</b>	<b>(2,171)</b>	<b>(139)</b>	<b>(7)</b>	<b>1,030</b>

### 4 National Non-Domestic Rates (NNDR)

The Council collects NNDR for its area based on rateable values as determined by the Valuation Office Agency and reviewed on a 5 yearly basis. The last revaluation date was on 1 April 2017. The next revaluation is expected to be 1 April 2020, with valuations being effective from 1 April 2022.

Each year the Government specifies an amount known as the non-domestic rating multiplier and (subject to the effects of transitional arrangements) local businesses pay rates calculated by multiplying their rateable value by that multiplier. A second multiplier known as the small business non-domestic rating multiplier was introduced from 1 April 2005 and this multiplier is applicable to those businesses that qualify for small business relief.

In 2018/19 the non-domestic rating multiplier was 49.3p (47.9p in 2017/18) and the small business non-domestic rating multiplier was 48.0p (46.6p in 2017/18).

As part of the governments West of England devolution deal Bristol, Bath and North West Somerset and South Gloucestershire Councils agreed to the establishment of the West of England Combined Authority (WECA) to support economic growth and development across the region. This also enabled the three Councils to take part in a 100% business rates retention pilot. As a result Bristol City Council is now responsible not only for collection of rates due from the ratepayers in its area but also for redistribution of the sums paid according to the following percentages: Bristol City Council: 94%, West of England Combined Authority 5% and Avon Fire Authority: 1%.

The NNDR income after reliefs and provisions was £214,800m for 2018/19 (£215,236m for 2017/18). The total rateable value at 31 March 2019 was £556.252m (£558.772m at 31 March 2018).

## **5. City Region Deal Growth Disregard**

From 2015/16, the Council is allowed to retain 100% of the growth in Business Rates in its Enterprise area and Enterprise Zone. The growth is transferred to the Council's General Fund before being pooled with other participating authorities.

### **City Region Deal**

#### **Background**

Under the City Region Deal, Bristol City, Bath & North East Somerset, North Somerset and South Gloucestershire Councils ("the Authorities") are part of a Business Rates Retention Scheme, introduced by the Government in April 2013, allowing Authorities to retain a proportion of the business rates collected locally. The Authorities are allowed to retain 100% of the growth in business rates raised in the City Regions network of Enterprise Areas over a 25 year period ending on 31/3/2039 to create an Economic Development Fund for the West of England and to manage local demographic and service pressures arising from economic growth.

A 'baseline' level of rates for each Authority has been agreed with the government for the areas designated within the Non-Domestic Rating (Designated Areas) Regulations 2015. Rates collected up to this figure (the baseline) are subject to the national rates retention system. Rates collected in excess of this figure (the 'growth figure') are retained by the Authorities under the Non-Domestic Rates Designated Area Regulations 2013 and 2014 in a pooling arrangement. The governance of the distribution of retained pooled funds will occur through a Business Rates Pooling Board constituted under the Business Rates Pooling Principles Agreement (BRPPA) signed by the four Authorities.

#### **Transactions**

Each participating Council pays an annual growth figure to South Gloucestershire Council, as the Accountable Body for the BRP, representing business rates collected in the Enterprise Areas in excess of an agreed baseline figure. Retained funds will be distributed or invested annually in accordance with the 2014 Regulations and the BRPPA as:

- Tier 1: to ensure that no individual Council is any worse off than it would have been under the national local government finance system,
- Tier 2: to an Economic Development Fund (EDF) for reinvestment within the designated areas through approved programmes,
- Tier 3: for the relief of demographic and service pressures associated with growth.

Cash receivable and disbursements payable by the BRP and the Council's share of these are reflected under "Cash Transactions" in the table below. Expenditure and revenue recognised in the Council's CIES is also disclosed.

	CASH TRANSACTIONS		REVENUE & EXPENDITURE	
	Business Rates Pool Total	of which the Council's share	Council Expenditure	Council Revenue
	£'000	£'000	£'000	£'000
<b>Funds held by BRP at 1 April</b>	(20,328)	(5,682)	-	-
Receipts into the Pool in-year				
- Growth sums payable by Council's to BRP in year	(19,487)	(5,335)	5,335	-
Distributions out of the Pool in-year				
- Tier 1 no worse off	6,924	2,559	-	(2,559)
- BRP management fee	81	20	-	-
- EDF management fee	67	16	-	-
- Tier 2 EDF funding	1,677	265	-	(1,033)
- Tier 3 demographic and service pressures	1,980	437	-	(516)
<b>Funds held by BRP at 31 March</b>	<b>(29,086)</b>	<b>(7,720)</b>		
Analysed between:				
Uncommitted cash (Tier 2 inc contingency)	(25,534)	(6,777)	(2,037)	n/a
Committed cash (Tier 3)	(3,552)	(943)	n/a	n/a
	<b>(29,086)</b>	<b>(7,720)</b>		
<b>Expenditure/(Revenue) recognised</b>			<b>3,298</b>	<b>(4,108)</b>

As stated under the accounting policies, growth paid over to the BRP is recognised as expenditure by each council to the extent that the use of the funds by the BRP has been committed. Uncommitted cash is recognised by each council as a debtor.

The uncommitted cash of £6.777m contributed by the council and held by the BRP is recognised by the council as a debtor and is held in a new earmarked reserve to smooth the impact of City Region Deal transactions, and match the release of revenue support and charges for projects. The BRP has made one payment of £1.033m to Bristol City Council on behalf of the EDF in 2018/19 (2017/18 £1.437m.)

The Council itself has recognised revenue income of £4.108m (2017/18 £4.084m) from the BRP and expenditure of £3.298m (2017/18 £2.885m) to the BRP for the year.

## **Group Accounts**

### **Introduction**

The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (The Code) requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material. The aim of the Group Accounts is to provide the reader with an overall view of the material economic activities of the Council.

The Council has interests in a number of companies that are classified as a subsidiary or joint venture, all of which have been considered for consolidation. Three of these, Bristol Holding Limited, Bristol Waste Company Limited and Bristol Energy Limited are considered to be material to the financial statements. Details of the companies considered for consolidation are shown below.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with, Bristol Holding Limited, Bristol Waste Company Limited and Bristol Energy Limited. Copies of the individual audited accounts are available from Companies House.

The purpose of each of the core statements is explained in the relevant sections of the single entity accounts. No amendments have been necessary to the accounts of the group entities as a result of material differences arising from the variation in accounting policies.

The following pages include:

- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Cash Flow Statement
- Associated Notes to the Accounts where there are significant differences between the Council's single entity accounts and the consolidated Group.

## Group Financial Statements

### The Group Comprehensive Income and Expenditure Account as at 31 March 2018

This statement shows the accounting cost in the year of providing the Group's services in accordance with generally accepted accounting practices.

2017/18			2018/19		
Gross Exp	Gross Income	Restated Net Exp	Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000	£'000	£'000	£'000
359,789	(148,904)	210,885	373,922	(155,103)	218,819
249,760	(188,712)	61,048	238,021	(178,553)	59,468
257,205	(150,812)	106,393	278,345	(162,187)	116,158
92,874	(121,351)	(28,477)	94,440	(120,041)	(25,601)
210,377	(207,965)	2,412	195,412	(199,251)	(3,839)
(4,386)	(1,256)	(5,642)	(1,755)	(849)	(2,604)
<b>1,165,619</b>	<b>(819,000)</b>	<b>346,619</b>	<b>1,178,385</b>	<b>(815,984)</b>	<b>362,401</b>
		30,180			25,946
		28,514			17,411
		(393,731)			(389,967)
		<b>11,582</b>			<b>15,791</b>
		(233,641)			(11,755)
		(87,543)			72,832
		749			150
		<b>(320,435)</b>			<b>61,227</b>
		<b>(308,853)</b>			<b>77,018</b>

## Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the group, analysed into usable reserves and other reserves.

	Note	General Fund Balance	Earmarked Reserves Restated	School Reserves	Sub Total - General Fund	Housing Revenue Account	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves (Note 32)	Total Council Reserves	Council Share of Subsidiaries	Total Group Reserves	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Movement in Reserves during 2017/18																-
Surplus or (deficit) on the provision of services		1,435	-	-	1,435	25,497	-	-	-	-	26,932	-	26,932	(38,514)	(11,582)	
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	-	-	329,178	329,178	(8,743)	320,435	
Adjustments between group accounts and authority accounts		(40,202)			(40,202)						(40,202)		(40,202)	40,202	-	
Total Comprehensive Expenditure and Income		(38,767)	-	-	(38,767)	25,497	-	-	-	-	(13,270)	329,178	315,908	(7,055)	308,853	
Adjustments between accounting basis and funding basis under regulations	Note 18	62,044	-	-	62,044	(9,910)	-	17,763	1,225	(336)	70,786	(70,786)	-	-	-	
Net Increase/(Decrease) before Transfers to Earmarked Reserves		23,277	-	-	23,277	15,587	-	17,763	1,225	(336)	57,516	258,392	315,908	(7,055)	308,853	
Transfers to/(from) Earmarked Reserves	Note 19	(23,277)	21,975	1,302	-	1,445	(1,445)	-	-	-	-	-	-	-	-	
Increase/(Decrease) in 2017/18		-	21,975	1,302	23,277	17,032	(1,445)	17,763	1,225	(336)	57,516	258,392	315,908	(7,055)	308,853	
Balance at 31 March 2018 Carried Forward		20,000	87,421	6,761	114,182	71,269	7,345	63,472	1,225	3,004	260,497	1,411,868	1,672,365	(7,055)	1,665,310	
Adjustment from the adoption of IFRS9		(22,500)			(22,500)							22,500	-	-	-	
Adjusted Balance at 1 April 2018		(2,500)	87,421	6,761	91,682	71,269	7,345	63,472	1,225	3,004	260,497	1,434,368	1,672,365	(7,055)	1,665,310	
Movement in Reserves during 2018/19																
Surplus or (deficit) on the provision of services		11,148	-	-	11,148	17,511	-	-	-	-	28,659	-	28,659	(44,451)	(15,792)	
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	-	-	-	(61,226)	(61,226)		(61,226)	
Adjustments between group accounts and authority accounts		(31,978)			(31,978)						(31,978)		(31,978)	31,978	-	
Total Comprehensive Expenditure and Income		(20,830)	-	-	(20,830)	17,511	-	-	-	-	(3,319)	(61,226)	(64,545)	(12,473)	(77,018)	
Adjustments between accounting basis and funding basis under regulations	Note 17	46,078	-	-	46,078	(9,555)	-	9,965	2,381	915	49,784	(49,784)	-	-	-	
Net Increase/(Decrease) before Transfers to Earmarked Reserves		25,248	-	-	25,248	7,956	-	9,965	2,381	915	46,465	(111,010)	(64,545)	(12,473)	(77,018)	
Transfers to/(from) Earmarked Reserves	Note 18	510	(6,242)	5,732	-	(507)	507	-	-	-	-	-	-	-	-	
Increase/(Decrease) in 2018/19		25,758	(6,242)	5,732	25,248	7,449	507	9,965	2,381	915	46,465	(111,010)	(64,545)	(12,473)	(77,018)	
Balance at 31 March 2019 Carried Forward		23,258	81,179	12,493	116,930	78,718	7,852	73,437	3,606	3,919	306,962	1,323,358	1,607,820	(19,528)	1,588,292	

## Group Consolidated Balance Sheet as at 31 March 2019

31-Mar-18		Note	31 March 2019
<u>£'000</u>			<u>£'000</u>
2,620,874	Property, Plant & Equipment		2,626,964
201,094	Heritage Assets		202,094
10,901	Intangible Assets		12,275
255,415	Investment Property		249,251
12,502	Long Term Investments	G9	34,652
46,872	Long Term Debtors		42,941
<b>3,147,658</b>	<b>Long Term Assets</b>		<b>3,168,177</b>
25,132	Short Term Investments	G9	80,080
2,376	Inventories		1,988
126,150	Short Term Debtors	G3	125,142
29,990	Cash and Cash Equivalents		18,865
1,539	Assets held for sale		3,572
<b>185,187</b>	<b>Current assets</b>		<b>229,647</b>
(4,997)	Short Term Borrowing	G9	(5,922)
(143,354)	Short Term Creditors	G4	(174,704)
(4,188)	Provisions		(3,589)
(26,057)	Capital grants received in advance		(20,079)
<b>(178,596)</b>	<b>Current liabilities</b>		<b>(204,294)</b>
(430,489)	Long Term Borrowing	G9	(430,488)
(24,637)	Provisions		(27,846)
(1,027,094)	Other Long Term Liabilities		(1,132,404)
(6,719)	Capital Grants Receipts in Advance		(14,500)
<b>(1,488,939)</b>	<b>Long-term liabilities</b>		<b>(1,605,238)</b>
<b>1,665,310</b>	<b>Net assets</b>		<b>1,588,292</b>
(262,702)	Usable Reserves		(277,674)
(1,402,608)	Unusable Reserves	G5	(1,310,618)
<b>(1,665,310)</b>	<b>Total reserves</b>		<b>(1,588,292)</b>

## Group Cash Flow Statement for the year ended 31 March 2019

The cash flow statement shows the changes to cash and cash equivalents of the Group during the reporting period. The statement shows how the group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2017/18			2018/19
£'000		Note	£'000
(11,581)	Net surplus on the provision of services		(15,791)
102,593	Adjustment to net surplus on the provision of services for non-cash movements	G6	163,478
(75,184)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	G6	(65,160)
15,828	Net cash flows from Operating Activities		82,527
(7,907)	Investing Activities	G7	(89,706)
(18,170)	Financing Activities	G8	(3,946)
(10,249)	Net increase (decrease) in Cash and Cash Equivalents		(11,125)
40,239	Cash and Cash Equivalents at the beginning of the reporting period		29,990
<b>29,990</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>		<b>18,865</b>

### Accounting Policies

Generally, the accounting policies for the group accounts are the same as those applied to the single entity financial statements, except for the following policies which are specific to the group accounts:

### Basis of Identification of the Group Boundary

Group accounts are prepared by aggregating the transactions and balances of the Council and all its material subsidiaries, associates and joint arrangements. In its preparation of these Group Accounts, the Council has considered its relationship with entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
- Joint Arrangements (Joint Operations and Joint Ventures) – where the Council exercises joint control with one or more organisations. Where these are material they are included in the group.
- Associates – where the Council is an investor and has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee (stopping short of control or joint control.) It is presumed that holding 20% of the voting power of an investee (either directly or indirectly) brings significant influence but this presumption can be rebutted.
- No group relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

Bristol Holding Ltd	Subsidiary	Consolidated
Bristol Waste Company Ltd	Subsidiary	Consolidated
Bristol Energy Ltd (formally Bristol Energy and Technology Services (Supply) Ltd	Subsidiary	Consolidated
Bristol Energy and Technology Services (supply) Ltd	Subsidiary	Not Material – Dormant company
Local Education Partnership	Joint Venture	Not Material
Bristol is Open Ltd	Joint Venture	Not Material
Goram Homes	Subsidiary	Not Material – Not yet trading

The grounds for exclusion from consolidation of certain entities are not material to the true and fair view of the financial statements or to the understanding of the users.

### **Basis of Consolidation – Group Accounts**

The Group Accounts have been prepared using the group accounts requirements of the Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's group accounts to the extent that they are material to users of the financial statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

Subsidiaries have been consolidated on a line by line basis, subject to the elimination of intra-group transactions from the statements, in accordance with the Code. Accounting policies have been aligned where applicable.

### **Bristol Holding Limited**

Bristol Holding is a wholly owned subsidiary of the City Council, incorporated on 12 March 2015. The principal activity of the company is that of a holding company and the activities of the group are the provision of waste services and a gas and electric supply business in the UK with particular focus on residential customers.

On the 13 July 2015 the company acquired Bristol Energy and Technology Services (Supply) Limited for £100,000 and on 31 March 2016, the company acquired Bristol Waste Limited from Bristol City Council.

As at the 31 March 2019 the Council has invested £29.411m in Bristol Holding Limited. This was made up of £7.243m ordinary shares and £22.168m cumulative redeemable preference shares.

### **Bristol Waste Company Limited**

Bristol Waste Company Limited is a wholly owned subsidiary of Bristol Holding Limited. The company was incorporated on 5 March 2015. From the 8 August 2015 the company has been providing waste collection, street cleaning and other maintenance services in Bristol.

### **Bristol Energy Limited (formally Bristol Energy and Technology Services (Supply) Limited)**

Bristol Energy is a wholly owned subsidiary of Bristol Holding Limited incorporated on 17 July 2014. The company commenced trading on 23 November 2015 and launched its product offering to customers in February

2016. On 14 February 2018 a resolution was passed to authorise the Company to change its name to Bristol Energy Limited.

### **Bristol Energy and Technology Services (Supply) Limited (formally Bristol Energy Limited)**

Bristol Energy and Technology Services (Supply) Limited is a wholly owned subsidiary of Bristol Holding Limited incorporated on 14 March 2016. The company is currently dormant. On 14 February 2018 a resolution was passed to authorise the Company to change its name to Bristol Energy and Technology Services (supply) Limited.

None of the other entities in which the City Council has an interest are considered material enough to merit consolidation into the Council's Group Accounts. Details of these can be found within the Related Parties note in the Council's single entity accounts (Note 36)

### **Group financial position**

The closing net deficit balance of the group is £31.628m which takes into account previous years losses carried forward. This is in-line with the expectations set out in the company's business plan. The Council has ambitious strategic plans for Energy and Waste in the coming years, in which the companies will play a key role, including Bristol Energy being integral to the development of the City Leap Partnership.

### **Notes to the Group Accounts**

Where there are no material changes to the statements the notes are as per the Council's single entity accounts. Where consolidation has resulted in material changes additional notes are set out below.

### **G1 Net Cost of Services**

The Net cost of Services in the consolidated CIES includes gross income of £73.6m and gross expenditure of £84.6m associated with Bristol Energy trading outside of the group boundary. Similarly the net cost of services includes gross income of £7.3m and gross expenditure of £6.9m associated with Bristol Waste trading outside of the group boundary.

### **G2 Financing and Investment Income and Expenditure**

	2018/19	2017/18
	£'000	£'000
Interest payable and similar charges	36,949	36,608
Pensions net interest cost	21,106	21,374
Interest receivable and similar income	(32,890)	(9,859)
Income and expenditure in relation to Investment Properties	(11,272)	(10,991)
Changes in fair value of Investment Properties	3,520	(8,618)
<b>Total</b>	<b>17,413</b>	<b>28,514</b>

### **G3 Current Debtors**

	31 March 2018	31 March 2017
	£'000	£'000
<b>Current debtors</b>		
Trade Receivables	35,561	27,672
Prepayments	16,175	8,771
VAT	7,652	14,822
Other Receivable Amounts	65,754	74,885
<b>Total</b>	<b>125,142</b>	<b>126,150</b>

## G4 Creditors

	31 March 2019	31 March 2018
	£'000	£'000
<b>Current liabilities</b>		
Trade Payables	26,187	13,911
Other Payables	91,320	88,595
Receipts In Advance	57,197	40,848
<b>Total</b>	<b>174,704</b>	<b>143,354</b>

## G5 Unusable Reserves

	31 March 2019	31 March 2018
	£'000	£'000
Revaluation Reserve	(788,594)	(800,696)
Capital Adjustment Account	(1,493,718)	(1,480,127)
Available for Sale Financial Instruments	-	850
Financial Instruments Adjustment Account	7,254	7,432
Financial Instruments Revaluation Reserve	1,000	-
Pensions Reserve	957,196	859,706
Collection Fund Adjustment Account	(126)	5,705
Accumulated Absences Account	6,370	4,522
	<b>(1,310,618)</b>	<b>(1,402,608)</b>

## G6 Cash Flow Statement

The cash flows for operating activities include the following significant items:

	2018/19	2017/18
	£'000	£'000
Interest received	6,201	7,318
Interest paid	(36,947)	(44,146)
Dividends received	2,790	2,589

The deficit on the provision of services has been adjusted for the following non-cash movements:

	2018/19	2017/18
	£'000	£'000
Depreciation, impairment and downward revaluations	54,769	72,388
Amortisation	3,171	5,705
Increase/(decrease) in impairment for bad debt	1,400	1,400
(Decrease)/increase in creditors	29,241	(1,442)
(Increase)/decrease in debtors	(5,882)	(13,251)
(Increase)/decrease in inventories	388	(523)
Movement in pension liability	39,147	(1,866)
Contributions to/(from) provisions	2,609	14,396
Carrying amount of non-current assets held for sale, sold or derecognised	36,164	44,205
Other non-cash items charged to the net surplus or deficit	2,470	(18,419)
On the provision of services	2,470	(18,419)
<b>Net cash flows from non-cash movements</b>	<b>163,478</b>	<b>102,593</b>

Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:

	2018/19	2017/18
	£'000	£'000
Capital grants credited to surplus or deficit on the provision of services	(44,218)	(44,705)
Net adjustment from the sale of short and long term investments	-	-
Premiums or discounts on the repayment of financial liabilities	-	-
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	(20,942)	(30,479)
	<b>(65,160)</b>	<b>(75,184)</b>

## G7 Cash Flow Statement - Investing Activities

	2018/19 £'000	2017/18 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(99,875)	(112,028)
Purchase of short-term and long-term investments	(254,393)	(48,903)
Other (payments)/receipts for investing activities	2,015	2,536
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	24,279	28,326
Proceeds from short-term and long-term investments	199,500	56,903
Capital Grants Received	36,234	60,736
Other receipts from investing activities	2,534	4,523
<b>Net cash flows from investing activities</b>	<b>(89,705)</b>	<b>(7,907)</b>

## G8 Cash flow Statement - Financing Activities

	2018/19 £'000	2017/18 £'000
Cash receipts of short- and long-term borrowing	-	-
Cash payments for the reduction of outstanding liabilities relating to Finance leases and on-Balance Sheet PFI contracts	(6,401)	(6,367)
Repayments of short and long-term borrowing	(1,775)	(3,000)
Council Tax and NNDR adjustments	4,230	(18,863)
Other payments/(receipts) in respect of financing activities	-	10,060
<b>Net cash flows from financing activities</b>	<b>(3,946)</b>	<b>(18,170)</b>

## G9 Directors Remuneration and Exit Packages

Where a Directors annual salary is £50,000 or more, but less than £150,000, remuneration is disclosed by way of job title. For those Directors whose salary is £150,000 or more, their name is also disclosed.

2018/19				Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
Post Title	Post Term	Post Holder	Notes	£	£	£	£
<b>Bristol Energy Company</b>							
Managing Director	Sept – Dec'18	P Haigh		195,276	47,070	11,083	<b>253,429</b>
Interim Managing Director	Aug'18 – Mar'19	M Majewicz	1	187,500	-		<b>187,500</b>
Director of Finance	Sept'16 – Aug'18			62,331	-	6,283	<b>68,614</b>
<b>Bristol Waste Company</b>							
Managing Director	Apr'18 – Mar'19			100,752	-	4,782	<b>105,534</b>
Operations Manager	May'18 – Mar'19			78,746	-	11,739	<b>90,485</b>
Finance Director	Nov'18 – Mar'19			21,808	-	1,090	<b>22,898</b>

Note 1 (Interim) – The amounts disclosed in the table in respect of these posts are the costs incurred by the Company to secure the individuals services on this basis and not the amounts the individuals actually received (which will have been lower).

## G10 Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments. The value of debtors and creditors reported in the table are those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and associated notes also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

	Long-Term		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	£'000	£'000	£'000	£'000
<b>Financial Liabilities at Amortised cost</b>				
Borrowing	(430,488)	(430,489)	(5,922)	(4,997)
Service Concessions	(142,874)	(148,623)	-	(976)
Creditors	(2,033)	(75)	(151,147)	(129,862)
<b>Total Financial Liabilities</b>	<b>(575,395)</b>	<b>(579,187)</b>	<b>(157,379)</b>	<b>(135,835)</b>
<b>Financial Assets</b>				
Available-for-sale financial assets		9,249		-
Unquoted equity investment at cost		3,252		-
Loans & Receivables at Amortised Cost		4,272		135,026
<b>Financial Assets at amortised cost</b>				
Investments	2		79,926	
Debtors	1,961		93,213	
<b>Financial Assets at Fair Value through Other Comprehensive Income</b>				
Investment	9,650		-	
<b>Financial Assets at Fair Value through profit and loss</b>				
Investments	25,000		19,019	
<b>Total Financial Assets</b>	<b>36,613</b>	<b>16,773</b>	<b>192,158</b>	<b>135,026</b>

### Movements

The increase in financial assets, circa £65m, primarily relates to the increase in value of long term investments through revaluation (£23m) and acquisition. In addition the increase in working capital and reserves has resulted in additional cash resources to invest in lieu of using these resources.

## Reclassification and re-measurement of financial assets at 1 April 2018

Previous Classification	Carrying Amount brought forward at 1 April £'000	New Classification at 1 April 2018		
		Amortised cost £'000	Fair value through other comprehensive income £'000	Fair value through profit and loss £'000
Loans & Receivables - Amortised Cost	114,035	114,035	-	-
Cash and Cash equivalents - Amortised Cost	25,263	(3,608)	-	28,871
Available For Sale - Fair Value	9,249	-	9,249	-
Available For Sale - Unquoted Equity Investments	3,252	-	-	3,252
<b>Reclassification amounts at 1 April 2018</b>	<b>151,800</b>	<b>110,428</b>	<b>9,249</b>	<b>32,123</b>
Remeasurements at 1 April 2018		110,428	9,249	54,623
<b>Remeasured carrying amount 01 April 2018</b>		<b>110,428</b>	<b>9,249</b>	<b>54,623</b>
<b>Impact on General Fund Balance</b>				(22,500)
<b>Statutory override for investments classed as capital expenditure</b>				22,500
<b>Impact on Financial Instruments Revaluation Reserve</b>				-

### Remeasurements at 1 April 2018

The Group's shareholding in Bristol Port Company Ltd was previously classified as an Unquoted Equity investment at cost (£2.5m) a classification no longer applicable with the adoption of IFRS9 on the 1st April 2018. The shareholding has been measured using various valuation techniques providing a range of valuations with the mid-point valuation of £25m being used as a prudent valuation. It is difficult to reliably measure this company because there are no established companies with similar aims in the Group's area whose shares are traded which might provide comparable market data. If the Group were to consider to realise its holdings then the Group would also seek specialist external advice as part of the process.

### Effect of Asset Reclassification and Remeasurement on the Balance Sheet

	Amortised Cost £'000	Fair Value through Other Comprehensive Income £'000	Fair Value through profit and loss £'000	Non-financial instruments balances £'000	Total Balance Sheet carrying amount £'000
Remeasured carrying amounts at 1 April 2018	£'000	£'000	£'000	£'000	£'000
Non-current investments	1	9,249	25,752	-	<b>35,002</b>
Long-term debtors	4,272	-	-	-	<b>4,272</b>
Current investments	21,524	-	28,871	-	<b>50,395</b>
Current debtors	84,631	-	-	-	<b>84,631</b>

## Investments in instruments designated at fair value through other comprehensive income

With the introduction of IFRS 9 the Group has designated the following investments as fair value through other comprehensive income:

Description	Cost	Fair Value	Change in Fair Value during 2018/19
	£'000	£'000	£'000
Homelessness Property Fund	10,000	9,000	(150)
Other	550	550	-
<b>Total</b>	<b>10,550</b>	<b>9,550</b>	<b>(150)</b>

The Group's investments in the above originated through a policy initiative to meet service objectives primarily homelessness. As these assets are not specifically held for trading or income generation, rather a longer term policy initiative, these investments have been designated as fair value through comprehensive income.

## Borrowing

	31 March 2019	31 March 2018
	£'000	£'000
Current borrowing		
Deposit loans (repayable at notice - up to 7 days)	101	101
Other short term borrowing (repayable within 1 year):		
- Public Works Loan Board	3,737	3,737
- Banks and other monetary sector	2,063	1,138
- Local bonds and property rent disposals	11	11
- Stocks	10	10
<b>Total</b>	<b>5,922</b>	<b>4,997</b>

	31 March 2019	31 March 2018
	£'000	£'000
Non-current borrowing		
Public Works Loan Board	310,439	310,439
Lender Option Borrower Option (Lobo)	70,000	100,000
Market Debt	50,000	20,000
Stocks	49	50
<b>Total</b>	<b>430,488</b>	<b>430,489</b>

The Group did not undertake any new long term borrowing during year as set out in the Treasury Management Strategy to reduce the net financing costs and counter party risk of the Group. During the year £30m of Lobo's were converted to fixed rate loans when the options in these loans were unilaterally removed.

## Income, Expense, Gains or Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement for financial instruments are as follows:

### Financial Instruments Gains and Losses 2018/19

	Financial Liabilities	Financial Assets			Total
	Measured at amortised cost	Loans and receivables	Fair Value through the CI	Fair Value through the P&L	
	£'000	£'000	£'000	£'000	£'000
Interest expense & Impairment Losses	(36,920)	-	-	-	(36,920)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(36,920)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36,920)</b>
Interest Income	-	7,214	-	359	7,573
Dividend Income	-	-	-	2,790	2,790
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>(36,920)</b>	<b>7,214</b>	<b>-</b>	<b>3,149</b>	<b>(26,557)</b>
<b>Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>(150)</b>	<b>22,500</b>	<b>22,350</b>
<b>Net gain/(loss) for the year</b>	<b>(36,920)</b>	<b>7,214</b>	<b>(150)</b>	<b>25,649</b>	<b>(4,207)</b>

### Financial Instruments Gains and Losses 2017/18

	Financial Liabilities	Financial Assets			Total
	Measured at amortised cost	Loans and receivables	Available-for-sale assets	Fair Value through the I&E	
	£000s	£000s	£000s	£000s	£000s
Interest expense	(35,365)	-	-	-	(35,365)
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>(35,365)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,365)</b>
Interest Income	-	7,264	-	-	7,264
Dividend Income	-	-	2,589	-	2,589
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>(35,365)</b>	<b>7,264</b>	<b>2,589</b>	<b>-</b>	<b>(25,512)</b>
<b>Surplus arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>(750)</b>	<b>-</b>	<b>(750)</b>
<b>Net gain/(loss) for the year</b>	<b>(35,365)</b>	<b>7,264</b>	<b>1,839</b>	<b>-</b>	<b>(26,261)</b>

## Fair Value of Financial Assets and Property Assets

Some of the Group's financial assets are measured in the Balance Sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Descriptions	Fair value measurements at 31 March 2019 using:			Fair value measurements at 31 March 2018 using:		
	Quoted prices in active markets	Observable inputs	Unobservable inputs	Quoted prices in active markets	Observable inputs	Unobservable inputs
	Level 1 £000	Level 2 £000	Level 3 £000	Level 1 £000	Level 2 £000	Level 3 £000
<b>Recurring fair value measurements</b>						
<b>Fair Value through Profit and Loss</b>						
Money Market Funds	19,019					
Bristol Port Company (Non-traded Unquoted Equity Investment)	-		25,000			
<b>Recurring fair value measurements</b>						
<b>Non-traded securities:</b>						
Unquoted private companies	-	-	650	-	-	499
Pooled property fund	-	-	9,000	-	-	9,150
<b>Total Non-traded securities:</b>	<b>19,019</b>	<b>-</b>	<b>34,650</b>	<b>-</b>	<b>-</b>	<b>9,649</b>
<b>Investment properties</b>	<b>-</b>	<b>249,251</b>	<b>-</b>	<b>-</b>	<b>255,415</b>	<b>-</b>
<b>Surplus properties</b>	<b>-</b>	<b>42,060</b>	<b>-</b>	<b>-</b>	<b>41,782</b>	<b>-</b>
<b>Total recurring fair value measurements</b>	<b>19,019</b>	<b>291,312</b>	<b>34,650</b>	<b>-</b>	<b>297,197</b>	<b>9,649</b>
<b>Non-recurring fair value measurements</b>						
Assets held for sale	-	3,572	-	-	1,539	-
<b>Total non-recurring fair value measurements</b>	<b>-</b>	<b>3,572</b>	<b>-</b>	<b>-</b>	<b>1,539</b>	<b>-</b>

<b>Valuation techniques and Inputs</b>				
<b>Description of asset</b>	<b>Valuation hierarchy</b>	<b>Basis of Valuation</b>	<b>Observable and Unobservable inputs</b>	<b>Key sensitivities affecting the valuations provided</b>
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical shares	Latest quoted prices	
Surplus assets	Level 2	All surplus assets have been valued by RICS qualified valuers to Fair Value less costs to sell, reflecting highest and best use.	Evidence of title, floor area, siting and site conditions, type/age and current use of the property have been taken into account together with general market conditions and advertised value of similar properties currently up for sale.	Not all assets are physically inspected every year. Latent defects, repair and maintenance backlogs, general changes in the market and other impairments could have a significant impact on the values provided.
Investment Properties	Level 2	All investment properties have been valued by the Group's in-house valuers (all RICS qualified) on an investment income basis which we are satisfied represents highest and best use overall.	All valued on an investment income basis, using existing lease terms and current yields	Changes to market conditions, lease terms, covenant strength and occupancy levels could all affect the asset valuations provided.

Bristol Port Company	Level 3	This investment has been valued using a variety of valuation techniques, including net asset, discounted cashflow, and multiple of earnings.	Calculations have been based on the latest audited accounts, dividends and limited comparable data.	Changes to market conditions (local and global), and the comparable data used within the valuations.
Investments in unquoted companies	Level 3	These investments have been valued at the Group's share of each company.	Calculations have been based on their latest audited accounts	
Investments in Pooled Property Fund	Level 3	These investments have been valued at the Group's share within the pooled fund.	The valuation for Pooled Property Funds have been based on the latest quarterly financial report (31st December 2018).	Changes to housing market conditions could affect the valuation of the pooled property fund.

#### **Transfers between levels of the fair value hierarchy**

There were no transfers between levels 1 and 2 during the year.

#### **Changes in valuation technique**

There has been no change in valuation techniques used during the year.

### Reconciliation of fair value measurements for assets at fair value within level 3

Description	31 March	31 March
	2019	2018
	Non-traded securities	Non-traded securities
	£000	£000
Opening balance	9,649	4,999
Re-measurement 1/4/18	25,350	
Transfers into level 3	-	-
Transfers out of level 3	-	-
included in the surplus/(deficit) on the Provision of Services	-	-
included in Other Comprehensive Income and Expenditure	(150)	(750)
<b>Total gains/(losses) for the period:</b>	<b>(150)</b>	<b>(750)</b>
Additions	-	5,400
Disposals	(200)	-
<b>Closing balance</b>	<b>34,649</b>	<b>9,649</b>

Gains and losses included in Other Comprehensive Income and Expenditure for the current year relate to investments in the Homelessness Property Fund and are taken to the Financial Instruments Revaluation Reserve. These are reported in the surplus or deficit arising on the revaluation of financial assets in Other Comprehensive Income and Expenditure statement.

## The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, prevailing interest rates have been applied to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Liabilities	31 March 2019		31 March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Public Works Loan Board (PWLB)	314,176	478,900	314,176	472,800
Lender Option Borrower Option	70,670	104,500	100,821	147,542
Market Debt	51,393	73,624	20,317	26,658
Current Creditors	153,413	153,413	129,862	129,862
Service Concessions	134,382	223,058	140,130	230,787
Other	8,740	8,375	9,716	8,352
<b>Total Liabilities</b>	<b>732,774</b>	<b>1,041,870</b>	<b>715,022</b>	<b>1,016,001</b>

The Group has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £1.151bn an increase of £148m which is calculated using early repayment discount rates. The Group has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

The fair value for financial liabilities and assets has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

The fair value of the liabilities is higher than the carrying amount because the Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2019) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 March 2019		31 March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Current investments	60,063	60,063	25,132	25,132
Cash and Cash Equivalents	19,863	7,397	29,990	29,990
Non-current investments	2	2	3,252	3,252
Current Debtors	93,213	70,217	79,904	79,904
Non-current debtors	1,961	1,677	4,272	5,190
<b>Total Financial Assets</b>	<b>175,103</b>	<b>139,357</b>	<b>142,550</b>	<b>143,468</b>

The fair value of the assets is the same as the carrying value due to the majority of these assets having a maturity of less than 12 months or is a trade or other receivable where the fair value is taken to be the carrying amount or the billed amount.

## **G11 Nature and Extent of Risks Arising from Financial Instruments**

The Group's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Group.
- Liquidity risk – the possibility that the Group might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the Group might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Group as a result of changes in such measures as interest rates and money market movements.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy, and compliance with the CIPFA Prudential Code of Practice, the CIPFA Treasury Management Code of Practice, and Investment Guidance that is issued under the Local Government Act 2003. The Group provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy that outlines the detailed approach to managing risk in relation to the Group's financial instrument exposure. Actual performance is also reported annually to Members.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 20 February 2018 and is available on the Council website.

### **Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with Fitch, Standard and Poor's and Moody's Credit Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Details of the Investment Strategy can be found on the Council's website. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term of F1, Long Term A-, with the lowest available rating being applied to the criteria;
- UK institutions provided with support from the UK Government;

The Group's maximum exposure to credit risk in relation to its investments in banks and building societies will vary according to credit ratings assigned by the three main credit rating agencies and cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Group's deposits, but there was no evidence at the 31 March 2019 that this was likely to crystallise.

## Allowance for Credit Losses

The following analysis summarises the Group's potential maximum exposure to credit risk on financial assets valued at amortised cost, based on experience of default and un-collectability over the last five financial years, adjusted to reflect current market conditions.

	Amount	Historical experience of default	Adjustment for market conditions	Estimated maximum exposure to default	Estimated maximum exposure to default
	£000	%	%	£000	£000
	A	B	C	(A*C)	
	31-Mar-19	31-Mar-19	31-Mar-19	31-Mar-19	31-Mar-18
<b>Current Investments:</b>					
Local Authorities	30,040	0.00%	0.00%	-	-
AA rated counterparties	10,044	0.02%	0.02%	2	8
A rated counterparties	39,843	0.06%	0.06%	24	16
Sub-total	<b>79,927</b>			<b>26</b>	<b>24</b>
<b>Trade debtors</b>	<b>93,213</b>			-	-
<b>Non-current debtors</b>	<b>1,963</b>			-	-
<b>Total Financial assets</b>	<b>175,103</b>			<b>26</b>	<b>24</b>

The estimated maximum exposure for credit loss for Treasury investments is £26k and therefore no allowance for credit loss have been made for these assets.

No credit limits were exceeded during the reporting period and the Group does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Group does not generally allow credit for its trade debtors, including amounts due from government departments and other Local Authorities.

Current debtor analysis	Gross debtor at	Allowance for credit losses at	Net debtor at	Net debtor at
	31-Mar-19	31-Mar-19	31-Mar-19	31-Mar-18 Restated
	£'000	£'000	£'000	£'000
Local tax payers	15,632	(7,270)	8,362	9,415
Housing rents	11,428	(8,814)	2,614	2,089
Other - sundry debtors	128,325	(32,211)	96,114	61,546
<b>Total Other Entities and Individuals</b>	<b>155,385</b>	<b>(48,295)</b>	<b>107,090</b>	<b>73,050</b>
Central Government bodies	9,731	-	9,731	35,056
Other local authorities	1,704	-	1,704	13,905
NHS bodies	6,617	-	6,617	4,139
<b>Total debtors</b>	<b>173,437</b>	<b>(48,295)</b>	<b>125,142</b>	<b>126,150</b>
<b>Balance sheet debtors</b>	<b>173,437</b>	<b>(48,295)</b>	<b>125,142</b>	<b>126,150</b>
Current debtors not qualifying as a financial instrument under IFRS	(39,199)	7,270	(31,929)	(46,246)
Other				
<b>Current debtors qualifying as a financial instrument under IFRS</b>	<b>134,238</b>	<b>(41,025)</b>	<b>93,213</b>	<b>79,904</b>

The following table analyses the Gross debt that is now past due over varying periods. This overdue debt is covered by a provision for bad debt.

	31 March 2019	31 March 2018 Restated
	£'000	£'000
Less than three months	23,499	15,603
Three to four months	3,861	1,382
Four months to one year	8,121	8,218
More than one year	39,241	39,964
<b>Total</b>	<b>74,722</b>	<b>65,167</b>

## Liquidity risk

The Group has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Group has ready access to borrowings from the money markets to cover day-to-day cash flow need and the Public Works Loans Board and capital markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	<b>31 March 2019</b>	<b>31 March 2018</b>
		<b>Restated</b>
	<b>£'000</b>	<b>£'000</b>
Less than 1 year	192,158	135,026
Between 1 and 2 years	720	151
Between 2 and 3 years	439	-
More than 3 years	35,455	16,622
<b>Total</b>	<b>228,772</b>	<b>151,799</b>

The maturity analysis of financial liabilities is as follows:

	<b>31 March 2019</b>	<b>31 March 2018</b>
	<b>£'000</b>	<b>£'000</b>
Less than 1 year	163,793	141,583
Between 1 and 2 years	26,425	14,630
Between 2 and 3 years	7,025	16,771
More than 3 years	535,531	542,037
<b>Total</b>	<b>732,774</b>	<b>715,021</b>

## Refinancing and Maturity risk

The Group maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Group relates to the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Group's day-to-day cash flow needs, and monitoring the spread of longer-term investments provides stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity profile of the Group's debt portfolio along with the Group's approved minimum and maximum exposure is shown in the table below.

	Approved minimum limits	%	Approved maximum limits	%	Actual 31 March 2019 £'000	%	Actual 31 March 2018 £'000	%
Less than 1 year	-		30		5,922	1%	4,997	1%
Between 1 and 2 years	-		40		10,000	2%	-	0%
Between 2 and 5 years	-		40		5,000	1%	15,000	3%
Between 5 and 10 years	-		50		54,000	12%	49,000	11%
More Than 10 Years	25		100		361,488	84%	366,489	85%
<b>Total</b>					<b>436,410</b>	<b>100%</b>	<b>435,486</b>	<b>100%</b>

Included within the maturity profile are £70m of LOBOS with maturities averaging 40 years. Inherent within these loan instruments are options (averaging an option every 3 years) that could give rise to the debt being repaid early. These loans are regularly reviewed with the current and expected structure of interest rates. The risk of the lenders exercising their options is currently low for the short to medium term. Therefore, the maturity of these loans in above table are currently based on their maturity date, 10 years and over.

### Market risk

The Group is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Group. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Group has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Group's expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it

favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

At 31 March 2019, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	<b>31 March 2019 £'000</b>
Increase in interest receivable on variable rate investments	1,275
Impact on Surplus or Deficit on the Provision of Services	1,275
Share of overall impact debited to the HRA	1,368
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	<u>110,600</u>

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

#### **Foreign exchange risk**

During 2018/19 the Group received monies denominated in Euro's relating to the receipt of European grant. The Group also made payments in a variety of currencies for the supply of goods and services. Payments and receipts are converted to Sterling at the earliest opportunity.

## GLOSSARY OF TERMS

**ACCOUNTING PERIOD** - This is the length of time covered by the accounts. This is normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

**ACCOUNTING POLICIES** – The rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts.

**ACCRUALS** - The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

**ACTUARY** - An independent consultant who advises on the financial position of the Pension Fund.

**ACTUARIAL GAINS AND LOSSES** - For a defined benefit pensions scheme, the changes in actuarial deficits or surpluses that arise because either:

Events have not coincided with the actuarial assumptions made for the last valuation; or

The actuarial assumptions have changed

**ACTUARIAL VALUATION** - Every 3 years a review is carried out by the actuary on the Pension Fund's assets and liabilities reporting to the Council on the Fund's financial position and recommended employers' contribution rates.

**AMORTISATION** - The writing off of a loan balance or intangible asset over a period of time to revenue.

**ANNUAL GOVERNANCE STATEMENT** – The annual governance statement is a statutory document that explains the processes and procedures in place to enable the Council to carry out its functions effectively.

**ASSET** - An asset is something that the Council owns that has a monetary value. Assets are either current or long term.

- A current asset is one that will be used by the end of the next financial year (e.g. stock, debtors)
- A long term (fixed) asset provides the Council with benefits for a period of more than one year (e.g. property, plant and equipment).

**BALANCE SHEET** - The Balance Sheet is a financial statement summarising the overall financial position of the Council at the end of the financial year.

**BILLING AUTHORITY** - The billing authority is responsible for levying and collecting the Council Tax in its area, both on its own behalf and that of its precepting authorities.

**BUDGET** - The budget represents a statement of the Council's planned expenditure and income.

**CAPITAL ADJUSTMENT ACCOUNT** - This is the money set aside in the Council's accounts for capital spending and to repay loans.

**CAPITAL CHARGES** - This is a charge made to the Council's service revenue accounts to reflect the cost of utilising property, plant & equipment in the provision of services.

**CAPITAL EXPENDITURE** - Expenditure on acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing asset.

**CAPITAL FINANCING** - This describes the various sources of money used to pay for capital expenditure. Capital expenditure can be funded from external sources, such as borrowing, capital grants and by contributions from the internal sources, such as capital receipts and reserves.

**CAPITAL RECEIPT** - A capital receipt is the income that results from the sale of land, buildings and other capital assets. A specified portion of this may be used to fund new capital expenditure. The balance must be set-aside and may only be used for paying off debt, not for funding new revenue services.

**CASH AND CASH EQUIVALENTS** - Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to cash; e.g. bank call accounts.

**CODE** - The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

**COLLECTION FUND** - A fund operated by the billing authority into which all receipts of Council Tax and National Non-Domestic Rates are paid. Payments are made from the fund to support the Council's general fund services and to the precepting authorities and the NNDR pool. The fund must be maintained separately from the Council's General Fund.

**COMMUNITY ASSETS** - Assets that the Council intends to hold in perpetuity that have no determinable useful life and that may have restrictions on their disposal, such as parks and historic buildings.

**COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT** - A statement which details the total income received and the expenditure incurred by the Council during a year in line with IFRS reporting as required by the Code.

**CONTINGENT ASSET** - A possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

**CONTINGENT LIABILITIES** - A contingent liability is either:

- a possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council; or
- a present obligation arising from past events where it is not probable that there will be an associated cost or the amount of the obligation cannot be accurately measured.

**COUNCIL TAX** - A system of local taxation, which is set by both the billing and precepting authorities at a level determined by the revenue expenditure requirement for each authority, divided by the Council Tax Base for its area.

**COUNCIL TAX BASE** - An amount calculated by the billing authority, by applying the band proportions to the total properties in each band in order to ascertain the number of band D equivalent properties in the authority's area. The tax base is also used by the precepting and some levying bodies in determining their charge to the area.

**CREDITORS** - Amounts of money owed by the Council for goods or services received.

**CURRENT ASSETS** - Items that can be readily converted into cash.

**CURRENT LIABILITIES** - Items that are due to be paid immediately or in the short term.

**DEBTORS** - Amounts of money owed to the Council for goods or services provided.

**DEDICATED SCHOOLS GRANT (DSG)** - A ring-fenced grant from the Department for Education paid to Local Education Authorities for the Education of Children and Young Adults up to the age of 25.

**DEPRECIATION** - A provision made in the accounts to reflect the cost of consuming assets during the year, e.g. a vehicle purchased for £30,000 with a life of five years would depreciate on a straight-line basis

at the rate of £6,000 per annum. Depreciation forms part of the 'capital charges' made to service revenue accounts and is covered by International Accounting Standard (IAS) 16.

**DIRECT REVENUE CONTRIBUTIONS** - Funding of capital expenditure directly from revenue budgets.

**EARMARKED RESERVES** - Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish a provision.

**EXIT PACKAGES** - The cost to the Council of early termination of staff employment before normal retirement age.

**EVENTS AFTER THE BALANCE SHEET DATE (POST BALANCE SHEET EVENTS)** - Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

**EXTERNAL AUDITOR** - The auditor appointed by the Public Sector Audit Appointments (PSAA) to carry out an audit of the Council's accounts. The current auditor is Grant Thornton.

**FAIR VALUE** - Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no motive in their negotiations other than to secure a fair price.

**FINANCE LEASE** - A contractual agreement for the use of an asset, where in substance the risks and rewards associated with ownership reside with the user of the asset (lessee) rather than the owner (lessor).

**FINANCIAL YEAR** - The local authority financial year starts on 1 April and ends on the following 31 March.

**GENERAL FUND** - This is the main revenue account of the Council. It includes the cost of all services provided which are paid from Government grants, generated income, NNDR retention and the City Council's share of Council Tax. It excludes the Housing Revenue Account. By law, it includes the cost of services provided by other bodies who charge a levy to the Council.

**GOVERNMENT GRANTS** - Grants made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some of these grants have restrictions on how they may be used whilst others are general purpose.

**GROUP ACCOUNTS** - Where a Council has a material interest in another organisation (e.g. a subsidiary organisation) group accounts have to be produced. These accounts report the financial position of the Council and all organisations in which it has an interest.

**HERITAGE ASSET** - Assets held and maintained principally for their contribution to knowledge and culture. Examples of Heritage Assets are historical buildings, civic regalia and museum and gallery collections.

**HOUSING REVENUE ACCOUNT (HRA)** - The HRA includes expenditure and income arising from the provision of rented dwellings. It is, in effect, a landlord account. Statute provides for this account to be separate from the General Fund and any surplus or deficit must be retained within the HRA.

**IMPAIRMENT** - This is where the value of an asset falls below the carrying value in the accounts and so to reflect the commercial reality of the situation a charge is made in the running costs.

**INFRASTRUCTURE ASSETS** - Non-current assets that are unable to be readily disposed of, the expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

**INTANGIBLE ASSETS** - Assets which do not have a physical form but provide an economic benefit for a period of more than one year; e.g. software licences.

**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)** – International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB)

**LEASING** - Method of financing the acquisition of capital assets, usually in the form of operating or financing leases.

**LIABILITIES** - Amounts the Council either owes or anticipates owing to others, whether they are due for immediate payment or not.

**MAJOR REPAIRS RESERVE (MRR)** - This reserve is for capital expenditure on HRA assets.

**MINIMUM REVENUE PROVISION (MRP)** - A statutory amount, that has to be charged to revenue, to provide for the redemption of debt.

**MOVEMENT IN RESERVES STATEMENT** – This financial statement presents the movement in usable and unusable reserves (the Council's total reserve balances).

**NATIONAL NON-DOMESTIC RATE (NNDR)** – More commonly known as 'business rates', these are collected by billing authorities from all non-residential buildings. Since 1 April 1990 the poundage level has been set by the Treasury. Amounts payable are based on rateable values multiplied by this poundage level.

**NET BOOK VALUE** - The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value, less the cumulative amounts provided for depreciation.

**NON-CURRENT ASSETS** - Assets which yield a benefit to the Council for a period of more than one year.

**NON-OPERATIONAL ASSETS** - Fixed assets held by a Council, but not directly occupied, used or consumed in the delivery of services; for example, investment properties and assets surplus to requirements held pending sale or redevelopment.

**OPERATING LEASE** - This is a lease where the effective ownership of the asset remains with the lessor.

**OPERATIONAL ASSETS** - Fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or a discretionary responsibility.

**OUTTURN** - This is the actual level of expenditure and income for the financial year.

**PENSION FUNDS** - For the Local Government Pension Scheme, the funds that invest employers' and employees' pension contributions in order to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of an employee.

**PENSION STRAIN** - The cost to the Council of reimbursing the Pension Fund should it agree to employees aged 55 and over drawing their pension before normal retirement age.

**PRECEPT** - This is the method by which a precepting authority (Avon and Somerset Police & Crime Commissioner, Avon Fire Authority) obtains income from the billing authority to cover its net expenditure. This is calculated after deducting its own Revenue Support Grant. The precept levied by the precepting authority is incorporated within the Council Tax charge. The Council pays the amount demanded over an agreed time scale.

**PRIOR YEAR ADJUSTMENT** - A material adjustment applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

**PRIVATE FINANCE INITIATIVE (PFI)** - PFI started in 1997/98 and offers a form of Public-Private Partnership in which local authorities do not buy assets but rather pay for the use of assets held by the private sector.

**PROPERTY, PLANT AND EQUIPMENT (PPE)** - Covers all tangible (physical) assets used in the delivery of services, for rental to others, or for administrative purposes, that are used for more than one year.

**PROVISIONS** - Amounts set aside to meet liabilities or losses which are likely or certain to be incurred but where the amount due or the timing of the payment remains uncertain.

**PRUDENTIAL CODE** - The Prudential Code frees authorities to set their own borrowing limits having regard to affordability. In order to demonstrate this has been done, and enable adherence to be monitored, authorities are required to adopt a number of appropriate 'Prudential Indicators'.

**PUBLIC WORKS LOAN BOARD (PWLB)** - A body, part of the Debt Management Office (a government agency) which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the national Loans Fund and rates of interest are determined by the Treasury.

**RATEABLE VALUE** - The Valuation Office Agency (part of HM Revenue and Customs) assesses the rateable value of nondomestic properties. Business rate bills are set by multiplying the rateable value by the year's NNDR poundage (which is set by the Government). Domestic properties no longer have rateable values; instead they are assigned to one of the eight council tax valuation bands.

**RELATED PARTIES** - Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party
- the parties are subject to common control from the same source
- one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing its own interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests. Examples of related parties include central government, other local authorities and other bodies' precepting or levying demands on the Council Tax, its members and its chief officers.

**RESERVES** - An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

**REVALUATION** - Recognises increases or decreases in the value of non-current assets that are not matched by expenditure on the asset; gains or losses are accounted for through the revaluation reserve.

**REVENUE EXPENDITURE** - The regular day to day running costs of items including salaries and wages and other running costs incurred to provide services.

**REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFFCUS)** - Expenditure which is legitimately financed from capital resources, but which does not result in, or remain matched with tangible assets.

**SURPLUS ASSETS** - Assets not being used in the delivery of services that do not qualify as being 'held for sale' under accounting guidance.

**SOFT LOANS** - Funds received and advanced at less than market rates.

**UNSUPPORTED BORROWING** - Local authorities can set their own borrowing levels based upon their capital need and their ability to pay for the borrowing, costs are not supported by the Government so services need to ensure they can fund the repayment costs. The borrowing may also be referred to as Prudential Borrowing.

**USABLE CAPITAL RECEIPTS** - This represents the amount of capital receipts available to finance capital expenditure in future years, or to provide for the repayment of debt.

# Audit Committee

29 July 2019



**Report of:** Penny Fell, Director: Commercialisation and Citizens

**Title:** Audit and Assurance arrangements for Council trading companies 2018/2019

**Ward:** N/A

**Officer Presenting Report:** Penny Fell, Director: Commercialisation and Citizens

**Contact Telephone Number:** 0117 922 2287

## Recommendation

The accompanying papers are the Annual Review and Letters of Assurance from the Chairs of the Audit Committees of Bristol Energy Ltd. (BE) and Bristol Waste Company Ltd (BWC) to the Shareholder and the Council's Audit Committee.

## **1. Background**

- 2.1 Bristol Waste and Bristol Energy were established via a detailed business case which resulted in the Cabinet decisions of 11th June 2015 and 6th July 2015 respectively.
- 2.2 The Bristol Waste Company Limited exists predominantly to fulfil functions required of it by the Council under an agreement for services, where less than 20% of its activities are to trade or to provide commercial services with other organisations or the public (what is known as a Teckal company).
- 2.3 Bristol Energy & Technology Services (Supply) Limited has been trading energy to commercial and residential customers on the open market since February 2016.
- 2.4 The process of governing the companies is principally with the Mayor making “reserved matter” decisions as the shareholder, following advice from the Shareholder Group. The Company’s board of Directors are responsible for all other matters in relation to the management of the company.

## **2. Summary of Audit arrangements**

### **2.1 The Company’s Audit Committees are responsible for:**

- Reviewing governance, including internal financial controls and reviewing the company’s internal control and risk management systems;
- Developing and approving annual audit plan.
- Initiating audits, specifying (in line with BCC audit committee policy) and briefing auditors.
- Considering the outcome and need for additional work.
- Reviewing external audits and meeting with the auditors to discuss any issues raised.
- Reporting to their Company Board.

### **2.2 The Shareholder Group provides oversight across all of the companies it has a relationship with, in relation to audit it carries out the following tasks:**

- Reviewing the annual audit plans approved by the Company Audit Committee.
- Make recommendations to ensure consistency and spread good practice.
- Consider the ‘Effectiveness Reviews’ prepared by Boards and Audit Committee and external contributors.
- By exception, considering a selection of audit reports (in summary form).

### **2.3 The Bristol City Council’s Audit Committee’s role is to:**

- Reviews and Letters of Assurance that are presented by the Company Audit Committees to it annually.
- Make recommendations to the Chairs of the Bristol Energy and Bristol Waste Company Audit Committees in order to inform the annual audit plans for the Group of Companies.
- Audit Committee members may wish to consider sampling the audit reports (in detail or in summary) by making a request to the Company’s Audit Committees.
- By exception, the BCC Audit committee may initiate audits (utilising the Council’s audit team) to

investigate areas of specific concern or issues that may arise due to the nature of the interface between the Council and the Companies.

- By exception / rotation, the BCC Audit Committee may request a meeting with members of a Company's Audit Committee as part of the annual 'Review of Effectiveness'.

### **3. Annual Governance Statement**

- 3.1 The companies have also contributed to the Council's overall Annual Governance Statement, identifying the overall adequacy and effectiveness of the companies' governance arrangements, risk management, and internal control environment.
- 3.2 The Letters of Assurance and accompanying documents should be seen as an additional contribution to the understanding of the effectiveness of those issues within the company's business environment.

### **4. Change to the Audit Committee arrangements for 2019/20**

- 4.1 The arrangements for a single Group Audit Committee at the Bristol Holding Company level will be put in place during 2019 in order to consolidate the investigation and reporting processes in anticipation of further companies joining the group (e.g. Goram Homes Ltd.).
- 4.2 This consolidation of the existing audit committee was agreed as part of the approval of the Bristol Holding Ltd. business plan agreed by Cabinet in April 2019.

### **5. Recommendations**

- 5.1 The Bristol City Council's Audit Committee receive the submission of the Letters of Assurance from BE and BWC and note the accompanying documents.
- 5.2 The committee inform the Director: Commercialisation and Citizens (in her capacity as Shareholder Liaison Director) of any issues that should be fed back to the companies for clarification.

### **6. Appendices:**

- Appendix A – Bristol Energy Audit Committee Assurance Letter.
  - Appendix A1 – Bristol Energy Audit and Risk Committee Annual Report
  - Appendix A2 – Bristol Energy Corporate Governance and Risk Management
  - Appendix A3 - Bristol Energy Internal audit proposal 2018\_2019
  - Appendix A4 – Bristol Energy Internal audit plan proposal 2019\_2020
- Appendix B – Bristol Waste Audit Committee Assurance Letter.
  - Appendix B1 – Bristol Waste Audit Committee Charter
  - Appendix B2 – Bristol Waste Audits calendar 2018\_2019
  - Appendix B3 – Bristol Waste Audits calendar 2019\_2020

## LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

### Background Papers:

1. Companies Audit and Assurance arrangements,  
Audit Committee, Monday, 21st January 2019, 2.00 pm

<https://democracy.bristol.gov.uk/documents/s28771/11%20Audit%20and%20Assurance%20arrangements%20for%20Council%20trading%20companies%2011012019.pdf>

**From:** Chair of the Audit and Risk Committee

**To:** Shareholder Representative – Cllr Cheney

Chair of Bristol City Council’s Audit Committee – Cllr Olly Mead

BCC Chief Internal Auditor

**Period**

1<sup>st</sup> April 2018 – 31<sup>st</sup> March 2019

**Members:**

**Independent Non-Executive member** – Alex Wiseman (Chairman)

**Council Appointed Non-Executive members** – Steve Pearce

**Supported by**

Member/Role	May 18	Sept18	Dec18	Mar 19
Independent Director	√	√	√	√
Independent Director	√	√	√	√
Councillor Appointed Director		√	√	√
In Attendance				
Managing Director	√	√		
Finance Director	√			
Trading and Commercial Director	√	√	√	√
Head of Regulation	In part	In part	In part	In part
Strategic Programme Director	In part	√	√	√
Head of internal Audit, BCC	√		√	
Interim Managing Director		√	√	√
Head of Finance			√	√
Information Security Manager				In part
Shareholder Representative	√	√	√	√
Chief Information Officer		√	√	

### **Meeting dates**

23<sup>rd</sup> May 2018 – Completed meeting notes and action logs available on request.

26<sup>th</sup> September 2018 – Completed meeting notes and action logs available on request.

19<sup>th</sup> December 2018 – Completed meeting notes and action logs available on request.

27<sup>th</sup> March 2019 – Completed meeting notes and action logs available on request.

25<sup>th</sup> June 2019

25<sup>th</sup> September 2019

18<sup>th</sup> December 2019

### **Programme of activity**

- Our programme of audit activities for 2018/19 and 2019/20 are attached for your reference
- Meeting notes and action logs are available for review upon request

### **Finance Review**

- We have regular financial reviews in-line with the BE programme of activities as noted above.
- Our 2019 annual financial audit began on the 29<sup>th</sup> April and a report and action log will be published following this audit review.
- Implementation of actions will follow accordingly.

### **Risk Management**

- BE can confirm that its Risk Register is completed and up-to-date. This is regularly reviewed in-line with the programme of activities.
- Risk Management issues are also regularly reviewed at Board meetings and reported in the minutes and action logs accordingly.
- Key business risks are reviewed at every ARC meeting and logged accordingly.

### **Actions – across the portfolio**

- BE confirms that the company audit and risk logs are appropriately managed at multiple levels, attachment 4.

### **Whistle blowing policy**

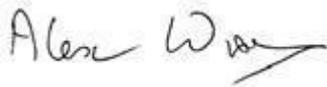
- BE has had a whistleblowing policy in place since March 2017, this is due for review by the Board in May 2019. This enables a clear pathway for communication and escalation of events. In addition, it provides direction for addressing and resolving any event in a timely and effective manner.
- The policy is available upon request.

BE have established a clear framework for the audit and risk committee and its robust governance. We regularly invite both internal and external specialist auditors across a number of the business functions, providing us with independent and impartial information, advice and guidance (IAG).

Our resulting actions plans are “live” and progressively managed at all levels.

As Chairman of the BE audit committee, I believe that our plans represent a clear statement of commitment and, on behalf of BE, I would like to assure our Shareholder of our continued commitment to a robust business audit process and actionable plans.

Yours sincerely



Alex Wiseman

Chair of the Audit and Risk Committee

#### ATTACHMENTS

1. Internal Audit proposal 2018/19
2. Internal Audit proposal 2018/19
3. Paper 003 from April BE Board, Annual ARC report.
4. Corporate Governance and Risk Management at BE



# Audit and Risk Committee Annual Overview 2018/19

# Audit and Risk Committee–Membership and Attendance

role	May 18	Sept 18	Dec 18	Mar 19
Independent Director	✓	✓	✓	✓
Independent Director	✓	✓	✓	✓
Councillor Appointed Director		✓	✓	✓
Managing Director	✓	✓		
Finance Director	✓			
Trading and Commercial Director	✓	✓	✓	✓
Head of Regulation	In part	In part	In part	In part
Strategic Programme Director	In part	✓	✓	✓
Head of internal Audit, BCC	✓		✓	
Interim Managing Director		✓	✓	✓
Head of Finance			✓	✓
Information Security Manager				In part
Shareholder Representative	✓	✓	✓	✓
Chief Information Officer		✓	✓	

# Areas of Business

## Risk Management

- Update provided at each meeting during 18/19
- May 2018 – Enterprise Risk Register review following substantive review by Executive Team and Board, including risk appetite definitions and calibration
- September 2018 – Enterprise Risk Register review – including review of ranges/values for risk impact/probability
- December 2018 Enterprise Risk Management Framework review – structure and reporting
- March 2019 – Enterprise Risk Register review – following substantive review of risks by Senior Leadership Team

## Regulation and Compliance

- A full regulatory and compliance report was considered and discussed at each meeting

## Trading

- Substantive review of Trading Strategy and Policy in the May 2018 ARC covering:
  - Wholesale trading strategy
  - Customer renewal/loss forecasting
  - Trading software implementation
  - Pricing cost forecast governance
  - Trading audit
- Subsequent review and updates to authorities during the course of the year

## Whistleblowing

- Policy last reviewed 29/03/2017
- Annual review of incidents at ARC in September 2018 - no whistleblowing incidents reported in 2018/19.

## Year End Financial Reporting

- Year End Financial Reporting was reviewed at the May 2018 ARC, with a focus on Key judgements and issues, Review of statutory accounts, Going concern and Auditor reappointment; process independence
- External audit findings were also presented in May 2018 by PWC covering, Status and feedback on audit , Key judgements and observations and Confirmation of independence

## Other Policy Reviews

- Additionally, the Conflict of Interest policy was considered and discussed at the September 2018 ARC

## IT/Cyber Security

- Following appointment of interim CIO in August 2018, IT/Cyber Security was discussed at the September ARC
- Report presented on the outcome of the CIO audit at the March 19 ARC

# Internal Audit

- May 2018 – Internal Audit plan proposed by BCC with seven areas of coverage
- Focus agreed on two key areas for 2018/19 based on risk/value. Progress on these was reported in September 2018, with final reports at ARC in December 2018.
- 2019/20 Internal Audit Plan signed of in December 2018 – combination of BCC and BE internal audit activity, carrying forward some of the remaining areas of the 18/19 plan with some amendments to reflect the current position of the business and capacity to support internal audit.
- Other notable audit activity in the year included the external CIO audit. This was the security assessment required in order for BE to use the DCC - the secure national infrastructure that underpins the roll-out of smart meters across Great Britain. This was successfully completed in November 2018 and reported at ARC in March 2019.

No.	Audit Area	Potential Coverage	Timing	Outcome	Undertaken By
1	Financial Delegations and Approvals	<p>To review whether creditor and contractual payments are made in accordance with the company's agreed financial delegations and approvals with the scope including the following areas:</p> <ul style="list-style-type: none"> <li>• Roles and responsibilities for account payable processes</li> <li>• Purchase order, invoice receipt and authorisation processes</li> <li>• Invoice payment process</li> <li>• New supplier setting.</li> </ul>	COMPLETED Sep - Dec 2018	PASSED	BCC
2	HR Processes and Procedures	<p>Evaluate the adequacy of processes to address the key HR system risks in respect of the following processes:</p> <ul style="list-style-type: none"> <li>• Starters</li> <li>• Leavers</li> <li>• Annual Leave and Sickness Recording</li> </ul>	COMPLETED Sep - Dec 2018	PASSED	BCC

Page 308

# Corporate Governance and Risk Management Structure

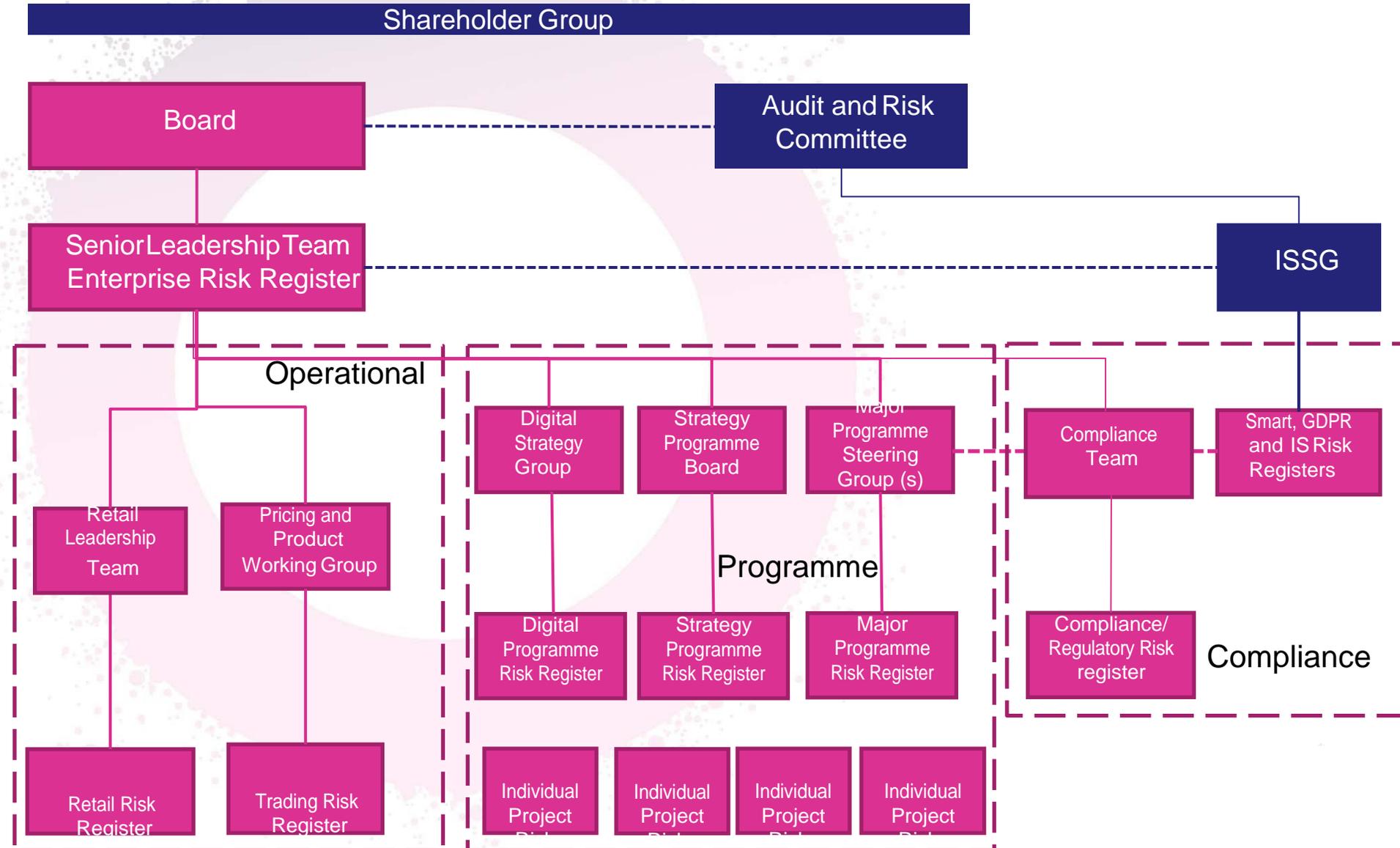
## Features

→ SLT Ownership of Enterprise risk register and regular reporting to Board and Audit and Risk Committee

→ Clear risk definitions, risk appetite review annually at Board level, accountabilities and routes of escalation within a Corporate Risk Management Framework

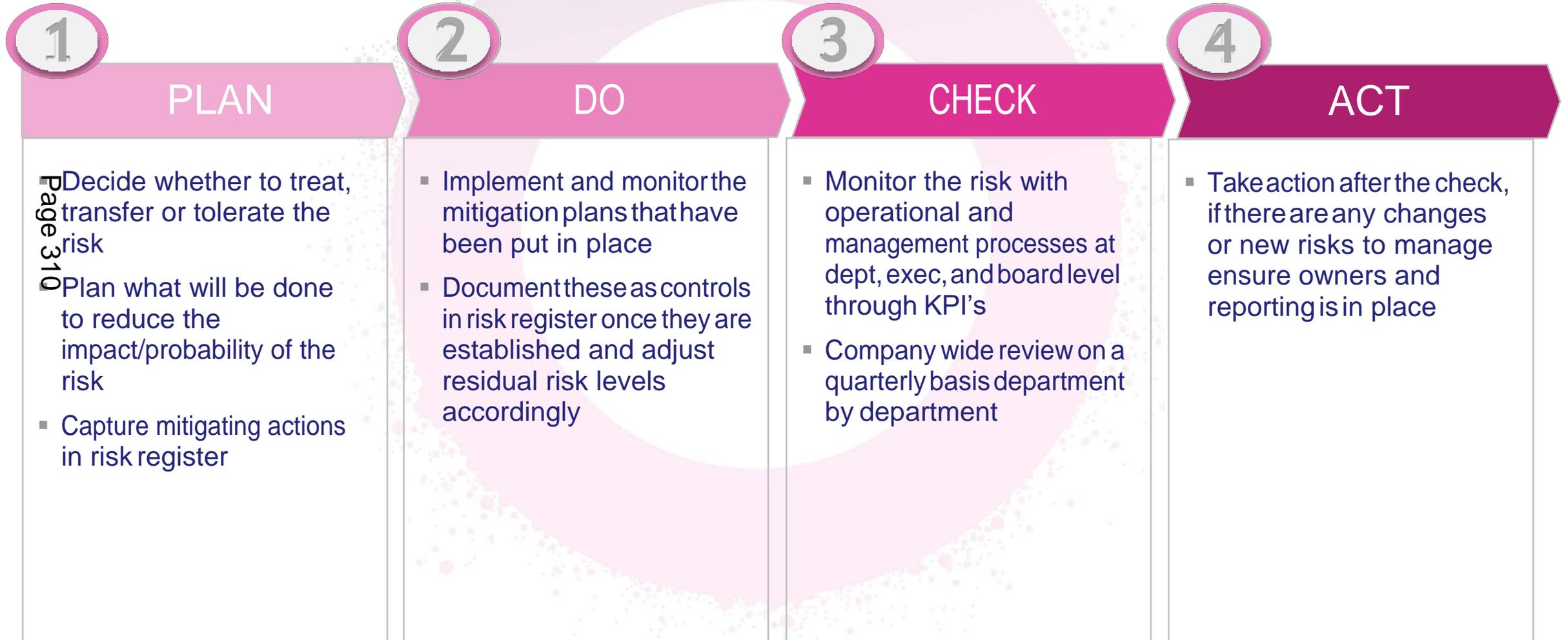
→ Specific focus on Information Security, Smart CIO risk and business continuity planning, Trading Risk, Retail operational risk and compliance/regulatory risk.

→ Project and programme specific risk registers owned by project and programme sponsors and scrutinised by Programme Board Steering Groups



# Summary of Risk Management Process

## Cyclical Process and review



<b>Title:</b>	<b>Consideration of Internal Audit</b>
<b>Date:</b>	15 February 2018
<b>Purpose:</b>	<b>For Consideration</b>
<b>Summary:</b>	To consider a scope for Internal Audit for 2018/19

*This document is confidential. If you are expressly authorised by the owner or creator to receive it, you are entitled to read it but not to copy or disclose it to any other person. If you are not the intended recipient you are not entitled to read, use or disclose it and are asked to email the author.*

## **1 Overview**

- 1.1 Bristol Energy has now been in operation for 2 years, and is nearing completion of its second full year of trading. It is anticipated that revenues will be approximately £51m in the current year and will continue to grow.
- 1.2 As the company has grown, controls and procedures have been put in place and strengthened to create a control environment across the organisation. However, given the complexity and risk associated with the energy industry, the volume of customer data and interaction, as well as the rapid growth of the organisation, consideration has been given to the introduction of an internal audit function, to help challenge and improve the processes and controls in place.
- 1.3 The memorandum below sets out the proposal for the overall structure and approach, as well as initial options with regard to potential scope for the 2018/19 financial year.

## **2 High level approach**

- 2.1 Given the relatively small scale of the company, consideration was given as to the most appropriate model to adopt for Internal audit.
- 2.2 Options could include:
  - 2.2.1 Develop internal capability – as a small scale organisation, developing an in-house function is unlikely to be cost effective, particularly given the specific challenges of the processes and systems in place.
  - 2.2.2 Outsource capability to third party – this would allow capability to be sourced from a third party with appropriate knowledge, skills and experience, without

the need to recruit staff on a permanent basis in-house. However, there may remain challenges in identifying a value for money capability that also carries energy industry expertise.

- 2.2.3 Outsource capability to Bristol City Council internal audit function—this is likely to be a cost effective model, and utilises shareholder resource that is already available and would understand the objectives and targets of the shareholder. However, energy sector experience would not be available through their resource; specialist knowledge of IT auditing and broad functional experience (Finance, HR, operational/contact centre, etc) is available within their capability.
- 2.2.4 Hybrid model – utilising third party specialist knowledge, coupled with shareholder internal audit function; this could utilise specific experts in particular areas (trading, settlements, energy processes, etc) for specific risk areas, whilst also harnessing the expertise of the BCC internal audit team to focus on core areas of audit, compliance etc.

- 2.3 It is proposed that we adopt the hybrid model, by utilising BCC internal audit for core internal audit provision, with specialists brought in to deal with areas of specialism or expertise.
- 2.4 It is noted that prior to engaging with BCC, a clear service level agreement would need to be in place that had a clear accountability to report to the Audit committee directly. This would be appropriate in the context of the governance structures in place. Despite being a shareholder function, there would be no accountability direct to the shareholder on reports, but rather to the Board of Bristol Energy.

### **3 Proposed areas of audit for 2018/19**

- 3.1 Consideration has been given to potential areas for audit review in 2018/19. This has focussed on two areas:
- 3.1.1 Areas of operational risk
- 3.1.2 Key controls across the organisation that should be reviewed on a regular basis.
- 3.2 Areas of operational risk should be identified based on the risk register and areas of risk and concern. Based on the latest risk register, and those risks most appropriate to be concerned for review, the following are highlighted:
- 3.2.1 **Trading and counter-party risk**– it is noted that an external consultant has performed a review of the trading function and noted a number of actions as a result. It is considered that this review by an external energy trading expert, reflects an appropriate review at this stage, although this will be monitored and re-considered in due course.

- 3.2.2 **Pricing risk**– as above; the cost basis, hedging strategy and impact on competitive pricing was also considered in the external review. This is not therefore considered a matter for immediate attention.
- 3.2.3 **Data security**–a project is underway to ensure compliance with the GDPR regulations. It is proposed that this could be an area whereby advice and support could be obtained from internal audit, including as part of the project operation and progression, to ensure development is in line with good practice. It is likely that BCC internal audit would be able to assist in this regard.
- 3.2.4 **Cash collection processes** – this is identified in the risk register as an area of high operational risk, and could be an area for internal audit review. A scope could be developed to review processes and practices in this area over the course of 2018/19.

3.3 In addition, a number of core processes and controls could be reviewed. The following area some areas for consideration:

- 3.3.1 **Adherence to financial delegations and approvals**–audit of basic financial procedures, to ensure robust financial controls over payments and authorization.
- 3.3.2 **HR processes and procedures**, including joiners, leavers, etc – consideration of appropriateness of processes and procedures, including set up and impact of HR system (currently being implemented).
- 3.3.3 **IT access controls and authority levels**–review of access and authority limits in core systems, to ensure that these are appropriately maintained and managed within the operational systems.
- 3.3.4 **Self billing invoices**–there are a number of bills we create for third parties, to bill Bristol Energy; these include payments for third party intermediaries, as well as in respect of renewable energy. The adherence and controls over this process could be reviewed and audited.
- 3.3.5 **Price comparison websites**–significant payments are made in respect of commission payable to price comparison websites. The payments are based on detailed reports of meter points registered; this process could be audited and reviewed to ensure controls are robust.

#### **4 Recommendation**

The Committee is requested to APPROVE the approach to internal audit and to APPROVE the further development of a scope of work, associated cost and contractual terms with Bristol City Council internal audit function.

**Title:** Internal Audit Plan 2019-20

**Date:** 19 December 2018

**Purpose:** For Approval

**Summary:** In recent months two internal audits have successfully been undertaken. The management team now wish to agree the plan for further internal audits over the 2019-20 financial year

*This document is confidential. If you are expressly authorised by the owner or creator to receive it, you are entitled to read it but not to copy or disclose it to any other person. If you are not the intended recipient you are not entitled to read, use or disclose it and are asked to email the author.*

## 1 Overview

- 1.1 Through the second half of 2018 the BCC Internal Audit team have undertaken two audits on processes within BE, Financial Delegations & Approval and HR Starters & Leavers.
- 1.2 These audits have been considered successful and given assurance that the internal processes are effective and have highlighted control weaknesses. Given this, it is proposed that internal audits are continued into 2019-20 financial year.

## 2 Audit Plan

- 2.1 Appendix A details the audits proposed and timing. These are an extension of the work undertaken by BCC this year, and a re-presentation of the plan proposed in May 2018 by Jonathan Idle, Head of Internal Audit at BCC.
- 2.2 The original plan has been amended to reflect the current state of the business and reflect the capacity of the business to support internal audit through the coming year.
- 2.3 It is also proposed that in some cases where resources are available internally that these are utilized rather than the BCC internal audit function.

## 3 Recommendation

- 3.1 The Board are invited to **Approve** this internal audit plan.

## Appendix A

No.	Audit Area	Potential Coverage	Indicative Timing	Undertaken By
1	Financial Delegations and Approvals	<p>To review whether creditor and contractual payments are made in accordance with the company's agreed financial delegations and approvals with the scope including the following areas:</p> <ul style="list-style-type: none"> <li>• Roles and responsibilities for account payable processes</li> <li>• Purchase order, invoice receipt and authorisation processes</li> <li>• Invoice payment process</li> <li>• New supplier setting.</li> </ul>	COMPLETED Sep - Dec 2018	BCC
2	HR Processes and Procedures	<p>Evaluate the adequacy of processes to address the key HR system risks in respect of the following processes:</p> <ul style="list-style-type: none"> <li>• Starters</li> <li>• Leavers</li> <li>• Annual Leave and Sickness Recording</li> </ul>	COMPLETED Sep - Dec 2018	BCC
3	IT Access Controls and Authority	<p>To assess and advice upon the adequacy and effectiveness of the management of the following risks:</p> <ul style="list-style-type: none"> <li>• Unauthorised access to core systems</li> <li>• Unauthorised amendment to data held in core systems</li> <li>• Unauthorised amendment of core systems configuration.</li> </ul> <p>The core IT systems to be reviewed will be the Finance, Human Resources and the Billing systems.</p>	Jan – Mar 2019	Internal
4	Self – Billing Invoices	<p>To assess compliance with required and agreed process for self-billing invoices with specific coverage of:</p> <ul style="list-style-type: none"> <li>• The adequacy and completeness of self- billing agreements with relevant customers</li> <li>• The accuracy of invoices and audit trail from self-billing agreement and contractual terms to invoice and any other supporting documentation.</li> </ul>	June 2019	BCC

5	Cash Collection Processes	<p>To review the effectiveness of the management of risk associated with cash and income collection with specific emphasis on “payment on receipt of bill” customers. The scope of the assignment will include review of the following areas:</p> <ul style="list-style-type: none"> <li>• Debt collection process including comparison with benchmarking effectiveness to industry standards</li> <li>• Processes relating to where debts are not collected and write off procedures</li> <li>• Agreed Payment Plans</li> <li>• Effectiveness of debt monitoring and performance arrangements</li> <li>• Effectiveness of the use of debt collection agencies by the company.</li> </ul>	Sep 2019	BCC
6	Price Comparison Websites	<p>To review the robustness of controls in place to verify payments to price comparison websites with specific coverage of:</p> <ul style="list-style-type: none"> <li>• Whether payments can be substantiated to supporting documentation</li> <li>• The adequacy and completeness of the reports on meter points</li> <li>• Monitoring, authorising and review arrangements for the payments to price comparison websites.</li> </ul>	Jan 2020	BCC

**From:** Chair of the Audit and Risk Committee

**To:** Shareholder Representative – Cllr Cheney  
Chair of Bristol City Council’s Audit Committee – Cllr Mead  
BCC Chief Internal Auditor

**Period**

1<sup>st</sup> April 2018 – 31<sup>st</sup> March 2019

**Members:**

**Independent Non-Executive member** - Frank Rodriguez (Chairman)

**Council Appointed Non-Executive members** – Cllr Tom Brook

**Supported by**

Managing Director

PA to Directors

Finance Director

Finance Controller

SHEQ Consultant

**Meeting dates**

15<sup>th</sup> August 2018 - Completed meeting notes and action logs available on request.

14<sup>th</sup> September 2018 - Completed meeting notes and action logs available on request.

12<sup>th</sup> December 2018 - Completed meeting notes and action logs available on request.

17<sup>th</sup> January 2019 - Completed meeting notes and action logs available on request.

23<sup>rd</sup> May 2019

22<sup>nd</sup> August 2019

21<sup>st</sup> November 2019

## Programme of activity

- Our programme of audit activities for 2018 and 2019 are attached for your reference.
- Meeting notes and actions logs are available for review upon request.

## Finance Review

- We have regular financial reviews in-line with the BWC programme of activities as noted above.
- Our 2019 annual financial audit will take place on 23<sup>rd</sup> April 2019 and a report and action log will be published following this audit review.
- Implementation of actions will follow accordingly.

## Risk Management

- BWC can confirm that its Risk Register is completed and up-to-date. This is regularly reviewed in-line with the programme of activities.
- Risk Management issues are also regularly reviewed at Board meetings and reported in the minutes and action logs accordingly.

## Actions – across the portfolio

- BWC confirms that the company audit and risk logs are appropriately managed at multiple levels:
  - Level 1 – Company Audit Committee
  - Level 2 – Development and Functional Heads
  - Level 3 – Appointed Business Improvement Teams
- Reports and action logs providing evidence of a managed process are available on request.

## Whistle blowing policy

- BWC confirms the existence of its whistle blowing policy. This enables a clear pathway for communication and escalation of events. In addition, it provides direction for addressing and resolving any event in a timely and effective manner.
- The policy is available upon request.

## Conclusion

BWC have established a clear framework for the audit committee and its programme of activities. This is captured in our Audit Committee Charter, which is reviewed and updated on an annual basis. This enables BWC to review and modify the effectiveness of its audit and risk plans from a business wide prospective. We regularly invite both internal and external specialist auditors across a number of the business functions, providing us with independent and impartial information, advice and guidance (IAG).

Our resulting action plans are “live” and progressively managed at all levels.

As Chairman of the BWC audit committee, I believe that our plans and “Charter” represent a clear statement of commitment and, on behalf of BWC, I would like to assure our Shareholder of our continued commitment to a robust business audit process and actionable plans.

Yours sincerely



**Frank Rodriguez**

**Chair of the Audit and Risk Committee**

## ATTACHEMENTS

1. Audit programme 2018 and 2019
2. Audit Committee Charter, updated January 2019



**Bristol Waste**  
Audit Committee

# CHARTER

Produced by: Bristol Waste Company

Dated: 1<sup>st</sup> July 2018

Issue: 1.

# Audit Committee Charter

## 1. Introduction & Pre-amble

This charter sets out to establish the core principles and modus operandi for the Audit Committee at Bristol Waste. The objective is to support best-practice, manage overall business risk, continuous improvement and good corporate governance for the business, its people and the interests of our shareholder and key stakeholders.

## 2. Purpose

The purpose of the Audit Committee is to ensure that the strategy, policy, procedures and business initiatives to support the overall business operation of Bristol Waste are in good order, compliant with legislation, the needs of the business and corporate governance at all times, ensuring that any business risks are being appropriately managed.

The committee will also observe the requirements for good corporate governance and any relevant directives that may be offered by the shareholder(s) or key stakeholders of the business.

## 3. Committee Structure

The committee will be structured to include people that can represent a wide cross section of the business at all levels and to fulfil the purpose noted above. The table below highlight the current committee structure:

Audit Committee Structure	
Position:	Core Team Role:
Committee Chairman	Manages the forum, sets the agenda and challenges any management team proposals.
Managing Director	Participates in forum discussions, leads and presents any company proposals
Finance representative	Participates in forum discussions, leads and represents any financial inputs / proposals
Operations director	Participates in forum discussions, leads and represents the operational requirements
SHEQ representative	Participates in forum discussions, leads and represents the corporate SHEQ requirements
Committee secretary	Participates in forum discussions. Works with the chairperson to set the agenda. Co-ordinates the meetings. Produces and circulate the meeting notes / action lists
Corporate auditor representative <i>Note: Will be invited for one annual meeting or as requested for any special meetings / topics</i>	Participates in forum discussions, presents ideas and proposals. Provides impartial advice, information and guidance (AIG). Maybe by invitation only to select meetings or part of the core meeting agenda. Assists with implementation of jointly agreed initiative
Bristol City Council Audit Team	Will conduct 2 business-wide audits per annum and produce a report and presentation for the Audit Committee.
Council appointed director (Cllr)	Committee Member

## 4. Principles

Audit Committee Principles
<i>The core aims of the audit committee will be aligned with the following principles. These are considered to support the Most Important Requirements (MIRs) for the business. These are not in any order of priority. The business will produce an annual programme of audits to fulfil the principles noted below</i>
Principles of the Audit Committee
<p><b>Financial Business Audit:</b></p> <ul style="list-style-type: none"><li>• Monitoring the integrity of the financial statements and any formal announcements relating to financial performance;</li><li>• Reviewing internal financial controls, the company's internal control and risk management systems;</li><li>• Monitoring and reviewing the effectiveness of the internal audit function;</li><li>• Making recommendations to the board in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor;</li><li>• Reviewing the auditor's independence and objectivity;</li><li>• Developing and implementing the non-audit services policy.</li></ul> <p><b>Non - Financial Business Audit:</b></p> <ul style="list-style-type: none"><li>• To monitor and ensure the integrity of the following systems, policies and procedures for overall business performance:<ol style="list-style-type: none"><li>1. Safety, Health, Environmental and Quality (SHEQ) systems</li><li>2. Budgetary control arrangements</li><li>3. Business continuity and disaster recovery</li><li>4. Business and investment plan monitoring</li><li>5. Contract and operational performance management</li><li>6. Business Ethics</li><li>7. Fraud risk assessment and prevention</li><li>8. Business insurances</li><li>9. Policy updates and compliance:<ul style="list-style-type: none"><li>▪ Human Resources</li><li>▪ Corruption</li><li>▪ Whistleblowing</li><li>▪ Data protection</li><li>▪ ITC security (including mobile devices)</li><li>▪ Internet and email</li><li>▪ Financial approvals and sanctions (regulations)</li></ul></li><li>10. Procurement</li><li>11. Operating licences., leases &amp; permits compliance</li><li>12. GDPR Compliance</li><li>13. Risk management plans</li></ol></li></ul>

## 5. Audit Programme & Committee Meetings

The audit committee will meet on the basis of a structured annual programme. It will have a calling notice and agenda specifically structured to serve the requirements of the business. Initially the committee will meet on a monthly basis and thereafter it will switch to a quarterly basis. Special meetings of the committee can be arranged at any time to suit specific business needs or urgent requirements. The launch programme and subsequent annual programme is highlighted below:

Meeting Number:	Date:
1	15 <sup>th</sup> August 2018 (Initial launch meeting)
2	October 2018
3	November 2018
4	Q1 2019 January 2019
5	Q2 2019 April 2019
6	Q3 2019 July 2019
7	Q4 2019 October 2019

The business will produce an annual programme of audits to fulfil the principles of this charter and will comply with the reporting requirements noted below. The audit programme will be regularly updated and reviewed at every Audit Committee meeting to ensure progress or agree revisions. As a minimum, the audit programme will be reviewed, updated and circulated to the committee members in-line with the start of every financial reporting year for the business. The **annual programme of audits** is given at the end of this charter.

## 6. Core Committee Agenda

The committee will establish and use a core meeting agenda with the ability to add be-spoke or project specific items to suit the needs of the business or urgent requirements. The core agenda is included below for reference:

### CORE AGENDA TEMPLATE

<b>Meeting:</b>	<b>Audit Committee</b>
<b>Date:</b>	Date to be inserted
<b>Attendees:</b>	Core team members to be inserted

Item No:	Item:
1	Introduction and purpose
2	Update on current situation including items of special interest
3	Audit programmes and initiatives
4	Key Success Factors / Issues / Hot spots
5	Timetable and Action Plan
6	AOB / Summary of Action / Next meeting

## 7. Authority

The committee is authorised to:

- Seek any information it requires from any area of the business in order to perform its duties
- To call any employee to be questioned at a meeting of the committee and as and when required
- To obtain external legal or other professional advice, information and guidance (AIG) on any items within the terms of reference contained within this charter, or as otherwise may be required by the board or shareholder directives
- Develop any business proposals for strategies, policies, initiatives or other items that may be required to support the overall business development, growth, risk management, corporate governance or any other item.
- Following approval from the appropriate authority level relevant to any business proposal, may implement that proposal using the business resources required to affect a successful implementation

## 8. Reporting and Quality Assurance

- The committee will receive reports, findings, recommendations, proposals and conclusions in the form of structured reports or discussion “white-papers” papers for review. Before any relevant report is issued, it will be discussed with relevant managers. A draft report will be issued to all key people to confirm the accuracy of the report, address issues raised and provide responses to the recommendations of any report. A final report will be issued to the Managing Director who should ensure that the agreed action plan is carried out. A summary of the report and action plan will be prepared and presented at the Audit Committee meeting.
- All meetings will have a structured agenda and key points / action lists will be produced following the meeting and circulated in good time to all members of the remuneration committee.

## 9. Statement of Commitment

This charter represents our statement of commitment to support the principles of the audit committee embodied in this charter :

Name:                      Signature:

Position:                **Chairman**

Date:

Name:                      Signature:

Position:                **Managing Director**

Date:

Name:                      Signature:

Position:                **Finance Director**

Date:

Name:                      Signature:

Position:                **Finance Representative**

Date:

Name:                      Signature:

Position: **Operations Director**

Date:

Name: Signature:

Position: **Committee Secretary**

Date:

Name: Signature:

Position: **SHEQ Representative**

Date:

Name: Signature:

Position: **BCC Representative**

Date:

Name: Signature:

Position: **BCC Board Member**

Date:

BWC AUDITS CALENDAR 2018



AUDIT NAME		ISSUE DATE/NO.	OWNER	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
TIMESCALE																				
FINANCIAL	Monitoring the integrity of the financial statements and any formal announcements relating to financial performance;																			
	Reviewing internal financial controls and, unless there is a separate board risk committee, reviewing the company's internal control and risk management systems;																			
	Monitoring and reviewing the effectiveness of the internal audit function;	n/a																		
	Making recommendations to the board in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor;	I will need to check agreement, believe was 3 year agreement (CH)+D19+D25																		
	Reviewing the auditor's independence and objectivity;																			
	Developing and implementing the non-audit services policy.																			
TIMESCALE																				
NON-FINANCIAL	SHEQ		Stallard Kane	Monthly																
	Processes & Policies (HR, Comms etc)																			
	Procurement																			
	Operating Licences & permits compliance																			
	Approvals & sanctions																			
	GDPR Compliance																			
	ICT (Security, Mobile phones etc)																			
Business Continuity Plan		BCC/Business Continuity Team																		

KEY	
	To do
	In progress
	Completed
	Scheduled
	Not schedule for this month

2019/2020 BWC AUDIT CALENDAR



AUDIT NAME		ISSUE DATE/NO.	BUSINESS UNIT	OWNER	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
<b>FINANCIAL</b>																	
<b>FINANCIAL</b>	Monitoring the integrity of the financial statements and any formal announcements relating to financial performance;		Business Services	Finance Director													
	Reviewing internal financial controls and, unless there is a separate board risk committee, reviewing the company's internal control and risk management systems;		Business Services	Finance Director													
	In partnership with BCC make recommendations to the board in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor;		Business Services	Finance Director													
	Reviewing the auditor's independence and objectivity;		Business Services	Finance Director													
	Developing and implementing the non-audit services policy.		Business Services	Finance Director													
<b>NON-FINANCIAL</b>																	
<b>NON-FINANCIAL</b>	SHEQ			Head of SHEQ	Monthly												
	Processes & Policies (HR, Comms etc)			HR Manager													
	Procurement			Contracts & Procurement Manager													
	Operating Licences		SHEQ	Operations Manager - Fleet													
	Operations Permits		SHEQ	Operations Director													
	Approvals & sanctions		Service Delivery	Operations Director													
	GDPR Compliance		Business Services	Performance Manager													
	ICT (Security, Mobile phones etc)		Business Services	Head of IT													
	Business Continuity Plan		SHEQ	Head of SHEQ													
<b>EXTERNAL AUDITS</b>																	
<b>EXTERNAL AUDITS</b>	Fraud Audit		BCC	Jonathan Idle													
	Project Audit		BCC	Jonathan Idle													
	Finance Audit		BCC	Jonathan Idle													
	IT & Security Audit		BCC	Jonathan Idle													

Page 327

KEY	
	To do
	In progress
	Completed
	Scheduled
	Not schedule for this month

Version:	Audits Calendar 003
Date:	Jan-19



# Audit Committee

29<sup>th</sup> July 2019



**Report of:** Monitoring Officer

**Title:** Updating the Constitution – timetable for review

**Ward:** N/A

**Officer Presenting Report:** Tim O’Gara

## Recommendation

1. That the Committee notes the work undertaken to date and the timetable setting out the priority areas of the Constitution to be reviewed this year.
2. That the Committee recommends to Full Council that the Audit Committee Terms of Reference be amended to state that Party Group Leaders are not eligible to sit on the Audit Committee.
3. That that the Committee notes that the Health Scrutiny Sub-committee Terms of Reference were approved by the Overview and Scrutiny Management Board on 17<sup>th</sup> July 2019 and will be referred to Full Council for adoption.
4. That the Committee considers the proposal from the Chairs of the Development Control Committees to amend the Committee Procedure Rules to include a ‘cooling off period’ where the Committee is minded to decide a matter otherwise than in accordance with officer recommendations.

## Summary

Responsibility for reviewing the Council’s Constitution and making recommendations to Full Council was delegated to the Audit Committee in December 2018. This report follows on from the report on 26<sup>th</sup> March 2019 and updates the Committee on the timetable for the priority stages of the review, as well as making initial proposals for changes to the Constitution.

## Policy

1. The Audit Committee is a key component of the Council's governance framework. Its function is to provide an independent and high level resource to support good governance and effective public financial management.
2. The purpose of an Audit Committee is to provide those charged with governance with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

## Consultation

### Internal

Constitutional review timetable – Mayor and Party Group Leaders

Change to Audit Committee ToR – None

Health Scrutiny Sub-committee ToR – Overview and Scrutiny Management Committee (OSM)

Cooling off period for the determination of planning decisions – Mayor and Party Group Leaders

### External

Not applicable

## Context

### 1. Constitutional Review timetable

The Monitoring Officer has a duty to keep the Constitution under review and has identified a number of areas for the first tranche of amendments. They are (with reference to Part of Constitution in brackets):

- 1 – **Administrative changes.** Improvements to formatting and revising inaccuracies.
- 2 – **Policy and Budget Framework Procedure Rules (4.1c).** To be rewritten to improve clarity in some areas.
- 3 - **Officer employment procedure rules (4.1f).** A general refresh required to ensure current practices are reflected.
- 4 - **Financial Regulations (4.1i).** Content needs updating, particularly around delegations.
- 5 – **Procurement Rules (4.1j).** Arising from the officer commitment to review the rules annually.
- 6 – **Member Officer Protocol (5.c1).** Highlighted as part of the LGA Peer Challenge. Work is already underway and ongoing with the Values and Ethics Sub Committee and due to be reported to the committee in September
- 7 – **Members' Allowances Scheme (6).** To be amended following the adoption of any recommendations from the IRP, but also requires general updating.

**Timetable:**

It is anticipated that amendments to these parts of the Constitution will be taken through Mayor and Party Group Leaders, Audit Committee and Full Council before the end of 2019. The below schedule sets out the provisional timetable for each item but may be subject to change as things progress:

Topic	M&PGLs	Audit Committee	Full Council
Administrative changes	NA	30 <sup>th</sup> September 19	12 <sup>th</sup> Nov 19
The Member Officer Protocol	13 <sup>th</sup> August 19	30 <sup>th</sup> September 19	12 <sup>th</sup> Nov 19
Officer Employment Procedure Rules	13 <sup>th</sup> Aug 19	16 <sup>th</sup> Sept 19	12 <sup>th</sup> Nov 19
Policy and Budget Framework Procedure Rules	8 <sup>th</sup> Oct 19	25 <sup>th</sup> Nov 19	10 <sup>th</sup> Dec 19
Financial Regulations	8 <sup>th</sup> Oct 19	25 <sup>th</sup> Nov 19	10 <sup>th</sup> Dec 19
Procurement Rules	8 <sup>th</sup> Oct 19	25 <sup>th</sup> Nov 19	10 <sup>th</sup> Dec 19
Members' Allowances Scheme	8 <sup>th</sup> Oct 19	25 <sup>th</sup> Nov 19	10 <sup>th</sup> Dec 19

**2. Change to Audit Committee ToR**

Audit Committee has previously agreed that Party Group Leaders should not be eligible to sit on the Audit Committee and therefore the necessary amendment will go forward to Full Council for debate/approval.

**3. Health Scrutiny**

The ToR of the Health Sub-committee of the People Scrutiny Commission were approved by the Overview and Scrutiny Management Board on 17<sup>th</sup> July 19 and will be reported to the next meeting of Full Council for approval. A copy of the ToR for the Health Scrutiny Sub-committee are contained in Appendix 1.

**4. Cooling off period for the determination of planning decisions**

The Monitoring Officer has received a proposal from the Chairs of the Development Control Committees to introduce a 'cooling off period' in the determination of planning decisions. It is proposed that, in the event that a DC Committee is minded not to follow the officer recommendations to approve an application, that the matter be deferred to the next meeting in order that members may further scrutinise the reasons for the officer recommendation. Full details of the proposed amendment to the Committee Procedure Rules are contained in Appendix 2. The Mayor and Party Group Leaders have been consulted about this amendment. The Audit Committee is asked to consider this proposal and whether to recommend this change to Full Council for consideration.

**Other Options Considered**

None necessary

**Risk Assessment**

None necessary

## **Legal and Resource Implications**

### **Legal**

Local authorities are under a statutory obligation to keep their constitutions up-to-date (s.9P Local Government Act 2000). Under the Council's constitution, this duty is discharged by the Monitoring Officer (Article 16.01).

**Legal advice provided by Nancy Rollason, Head of Legal Services**

### **Financial**

#### **(a) Revenue**

Not applicable

#### **(b) Capital**

Not applicable

### **Land/Property**

Not applicable

### **Human Resources**

Not applicable

### **Appendices:**

Appendix 1 – ToR for Health Scrutiny Sub-committee

Appendix 2 – Proposed amendment to Committee Procedure Rules

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:** None

## **Health Scrutiny Sub Committee (of the People Scrutiny Commission)**

### **Terms of Reference**

#### **Overview**

The role of this Commission is to undertake the scrutiny of local Health Service provision in accordance with Section 7 of the Health and Social Care Act 2001, the Health and Social Care Act 2012 and Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013.

#### **Functions**

1. To review and scrutinise any matter relating to the planning, provision and operation of the health service in its area.
2. To review and scrutinise any proposal for the substantial development or substantial variation of the Health Service as referred by a local NHS commissioner or provider under its statutory obligation to consult with the Council. To consider and assess impact assessments from such bodies and decide whether proposals are substantial variations or developments.
3. To require the local NHS body to provide information about the proposal under consideration and where appropriate to require the attendance of a representative of the NHS body to answer such questions as appear to it to be necessary for the discharge of its function in connection with the consultation.
4. To report to the Secretary of State in writing where it is not satisfied that consultation on any proposal referred to in paragraph 2 above has been adequate in relation to the content or time allowed.
5. To report to the Secretary of State in writing in any case where it considers that the proposal referred to in paragraph 2 above would not be in the interests of the health service in the area
6. Where a matter is referred to it by Healthwatch to consider whether to exercise any powers in relation to the matter, taking into account information supplied by Healthwatch.
7. To scrutinise matters relating to the health of the authority's population and contribute to the development of policy to improve health and reduce health inequalities.
8. To review and scrutinise the impact of the authority's own services and key partnerships on the health of its population.
9. Review and scrutinise decisions made, or other action taken in connection with the discharge of any functions which are the responsibility of the Mayor/Executive, functions

which are not the responsibility of the Executive, and functions which are the responsibility of any other bodies the Council is authorised to scrutinise.

10. In relation to the above functions:

a) To make reports and/or recommendations to the full Council, Executive of the Council, any joint committee, NHS bodies or any relevant partner authority as appropriate

c) To consider any matter affecting the area or its inhabitants

11. To report on an annual basis to the People Scrutiny Commission on progress against the work programme and any recommendations it makes.

## CMR11.14 Development Committee motions to refuse an application

The Development Control Committee shall only have delegated power to refuse an application against the clearly expressed advice from the Director Development of Place, if it has acted in accordance with the following:

- (i) If any motion is put to refuse an Application and seconded against officer recommendation, the members proposing and seconding the motion shall set out the planning reason for the motion at the meeting and the rules detailed below at clause (ii), (iii), (iv), (v) and (vi) shall apply:
- (ii) If any such motion is put and seconded, the Chair or Vice-Chair shall before any vote is taken, inform the Committee and the public of these provisions.
- (iii) If the Committee is minded to refuse the application it must pass a resolution stating that on the basis of the consideration to date, it is minded to refuse the application and therefore defers making a decision pending the receipt and consideration of further information from officers clarifying the proposed reasons for refusal, taking into consideration the reasons given by Members.
- (iv) This vote must be recorded, and Members who support it must set out at the meeting, the planning reasons for their provisional view and the evidence that supports it.
- (v) The application shall be placed on the agenda for further consideration at the next meeting of that particular Development Control Committee. At this meeting the Committee shall have the power to determine the application, but, before doing so the Director; Development of Place, having assessed the information provided to them, shall inform the Committee through an update report whether, in their opinion, the reasons advanced are substantial enough for the authority to defend the decision. In light of this additional information members may then determine the application, without being fettered by their vote at the previous meeting.
- (vi) The second vote must also be recorded and any member who votes against the officer recommendation must be willing to appear for the authority and give evidence regarding the reasons for their decision if this is challenged.