

Bristol City Council Minutes of the Audit Committee



27th January 2017 at 9.30 am

DISCLAIMER

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

Committee Membership:-

Councillor Nicola Beech; Councillor Nicola Bowden-Jones; Councillor Helen Godwin; Councillor Gary Hopkins; Councillor Olly Mead; Councillor Liz Radford; Councillor Clive Stevens.

Independent Member(s): Ken Guy, Vacancy

Members Present:-

Councillor Nicola Beech; Councillor Nicola Bowden-Jones; Councillor Olly Mead; Councillor Liz Radford; Councillor Clive Stevens; Independent Member: Ken Guy

Officers in Attendance:-

Alison Mullis/Melanie Henchy-McCarthy Chief Internal Auditor, Matthew X Hepenstal/Siobhan Jenkins - BDO External Auditors, Denise Murray Service Director (Finance), Tony Whitlock Principal Accountant Corporate Finance, Nancy Rollason Service Manager Legal & Democratic Services, Steve Gregory Democratic Services, Alison Comley Strategic Director Neighbourhoods, Alistair Reid Service Director Economy, Netta Meadows Service Director People.

1. Welcome, introductions, apologies and safety information

Apologies were received from Councillor Godwin and Councillor Hopkins. Apologies also received from Barra Mac Ruairi Strategic Director Place, Anna Klonowski Strategic Director Resources (Interim).

2. Declarations of Interest

None declared.

3. Minutes of 25 November 2016

The Minutes of the 25 November 2016 were agreed as a correct record, subject to –

Minute 6 (2) to read 'People Scrutiny Commission members informal briefing, consider if suitable for other members to attend';

4. Corporate Risk Register (CRR)- Update



The Committee received a report from the Interim Strategic Director – Resources which demonstrated that the Council was currently facing large risks with levels increasing in many areas, it was anticipated that the CRR would be reviewed quarterly by the Strategic Leadership Team (SLT) with the Audit Committee receiving a report twice a year.

An overview of the report and the process undertaken to review the CRR was given by Head of Internal Audit (J/S).

Risk Owners for the highest areas of risk in the register presented the information relating to those risks regarding how each one is being managed. They included briefings from Alison Comley: Strategic Director- Neighbourhoods regarding risks 5 and 12, Denise Murray: Service Director- Finance regarding risks 2 and 6, Alistair Reid: Service Director – Economy regarding risk 4 and Netta Meadows: Service Director - People regarding risks 8 and 11 respectively.

Arising from general discussion and questions & answers the following points were made or clarified in respect of the CRR –

Risk 5 – Resilience

1. A question was raised regarding who had been consulted in developing the resilience strategy referred to in the CRR to ensure it was an outward looking strategy. Strategic Director- Neighbourhoods advised that many community and other groups were consulted. AC offered to provide the Committee with details of all the groups consulted. Health reforms and the uncertainties around Brexit were also impacting on this risk.
2. An issue around increasing mental health issues and suicide rates was discussed and how both officers (eg housing officers) and Members were supported in dealing with such cases in their day to day work. In developing the Corporate Strategy, consideration was being given to these issues. Any concerns regarding mental health causes resulting from changes to Council services to be referred to the Director of Public Health to ensure a robust risk strategy could be developed.
3. The level of this risk was queried as there was concern that the risk was showing as static. The query was raised as to whether it should be higher. Strategic Director- Neighbourhoods advised that lots of work was in progress which was why it was not felt to be increasing. Developments in the Corporate Strategy would be reflected in the next version of the CRR and delivering the resilience strategy was key, members asked to be signposted to the Resilience Strategy. Members queried the process for agreeing the risk levels. Strategic Director- Neighbourhoods referred to the sessions at Extended Leadership Team where this was discussed and it was agreed that evidence of this process be provided.

Risk 12 - Cyber Security

1. Committee informed that digital risks were increasing so there was now a much greater need to mitigate this;
2. Need to instil discipline corporately;
3. Data breaches were investigated thoroughly;
4. Online staff training for ICT security was now mandatory;
5. Councillor training would also be implemented including information about the risks of online virus infections;



6. Work was being undertaken to look at what cloud based systems were being used by staff to ensure there was no risk to Council data or resilience in doing so.

Risk 2/6 – Organisation Resilience/Finance

1. Service Director (Finance) explained the financial challenges facing the Council and the measures being put in place to manage them to ensure the Council was able to balance the budget, work around the future shape of the council and how it would deliver services within a much smaller budget window was well underway;
2. A lot of work had been done to mitigate this by adopting a proactive approach to the spending freeze and improving procedures for more effective monitoring of council spending;
3. A savings plan had been devised for 2017/18 and there would be close tracking and monitoring to ensure delivery of savings;
4. Budget monitoring was now undertaken on a monthly, rather than quarterly, basis to help achieve saving objectives;
5. It was important to avoid using reserves as a way of achieving a balanced budget;
6. An independent review about the unexpected overspend had commenced and it was anticipated that the outcome would be known by mid-February;
7. A question was asked regarding whether the Committee had properly discharged its terms of reference given the reported financial situation. Members were advised that the independent review would likely reflect on that.

Risk 4 - Infrastructure

1. Risk to the Council of failed high profile capital projects and consequent failure to attract inward investment to the City;
2. A Capital Programme Board was in place to help ensure delivery of a capital programme in line the Council's strategy. Additionally, a 'Board' within the Place Directorate meets monthly to include consideration of issues including the Joint Transport Plan, Joint Spatial Plan, housing, in particular affordable housing, and education issues relating to the schools estate;
3. Questions included whether there was likely to be any transfer of infrastructure assets to the Mayoral Combined Authority as that developed. Members were advised that these arrangements were still under development and details would become clearer as time progressed however currently officers were not aware of any plan for significant asset transfer. Joint arrangements with surrounding local authorities were in place for major projects eg, Metrobus;
4. Members were advised the scrutiny commissions were overseeing many aspects covered by the CRR eg implementation of key projects/strategies.

Risk 8 Demographic and Service Pressures

1. Service Director People explained the measures being taken to improve the commissioning of services;
2. Use of intelligence sources had not previously always informed commissioning processes but regular reviews of Joint Strategic Needs Assessment (JSNA) were undertaken which identified trends, gaps and opportunities for improved outcomes. The process in delivering the JSNA had recently been refreshed to include a more explicit contribution from commissioners;
3. Whilst commissioning was now outcome based, value for money was also monitored closely;



4. A question was raised regarding how to protect social value in commissioning services. The Committee was advised that the Council had a Social Value Toolkit which was updated and being reviewed by the Resources Scrutiny Commission in February. The Scrutiny commission would also monitor its application;
5. Cross section of officers from the Directorates met regularly to increase efficiency of the service;
6. Financial risks associated with more domiciliary care and less residential care would be closely monitored.

Risk 11 - Trading Company Operations

1. Shareholder Group had been established to advise the Mayor as shareholder representative going forward. The Group was comprised of two Cabinet members, two SLT members, two Independent Shareholder Advisors and the Chair of OSM as observer.
2. OSM were currently looking at the Company business plans.

Resolved: that, subject to the above, the Corporate Risk register be noted.

5. Action sheet of 25 November 2016

Actions were noted.

6. Public Forum

None received.

7. Work Programme

The Work Programme was noted.

8. External Audit 2015/16 Grants Report

The Committee received a report from the Council's external auditors BDO which summarised the main issues arising from certification of grant claims and returns for the financial year ended 31 March 2016.

Arising from questions asked it was clarified that –

- (i) the Government did claim back grant costs and it had an impact on the Council's revenue budget, however this cost was covered by the budget setting process;
- (ii) pension and payroll costs of school academies were not covered by the Council unless they had specifically asked opted in.

Resolved: that the report be noted.

9. Metrobus - Governance and Risk

The Committee received a brief verbal report from the Chair. The Chair emphasised that the Governance arrangements for the Project had been met in full and that issues relating to budget



pressures and timing of the Project would be scrutinised in depth by the Place Scrutiny Commission. This approach was confirmed by BDO, the Council's external auditor.

10. Applications for Dispensations

The Committee received a report from the Service Director Legal & Democratic Services describing the rules in relation to disclosable pecuniary interests (DPIs) and details of those members who would have such interests in relation to the civic budget debate but would otherwise be unable to participate in the discussion and vote thereon. It recommends that those members be granted dispensations to enable them to take a full part in the meeting on the basis that it would be appropriate to grant such a dispensation.

Resolved: that the report be noted and that dispensation be granted to the elected Mayor and councillors as listed in Appendix A to this report to enable them to participate in discussion, vote on matters in relation to the civic budget 2017-18 and the setting of the council tax, at the Council budget meeting on 21 February, 2017. Dispensation to be granted for this meeting only.

Information Items

11. Place Directorate Risk Register

The Committee noted the information provided in respect of the Place Directorate Risk Register.

12. Standards - Complaints received about Members of Council

The Committee noted the information provided in respect of a complaint received about a Member of Council.

The meeting ended at 12.00 pm.

CHAIR

