

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:

- Overview and Scrutiny Management Board (and call in Subcommittee)
- Resources
- Communities
- Adults, Children & Education
- Growth & Regeneration

Regulatory Committees:

- Development Control
- Licensing
- Public Rights of Way & Green
- Public Safety & Protection

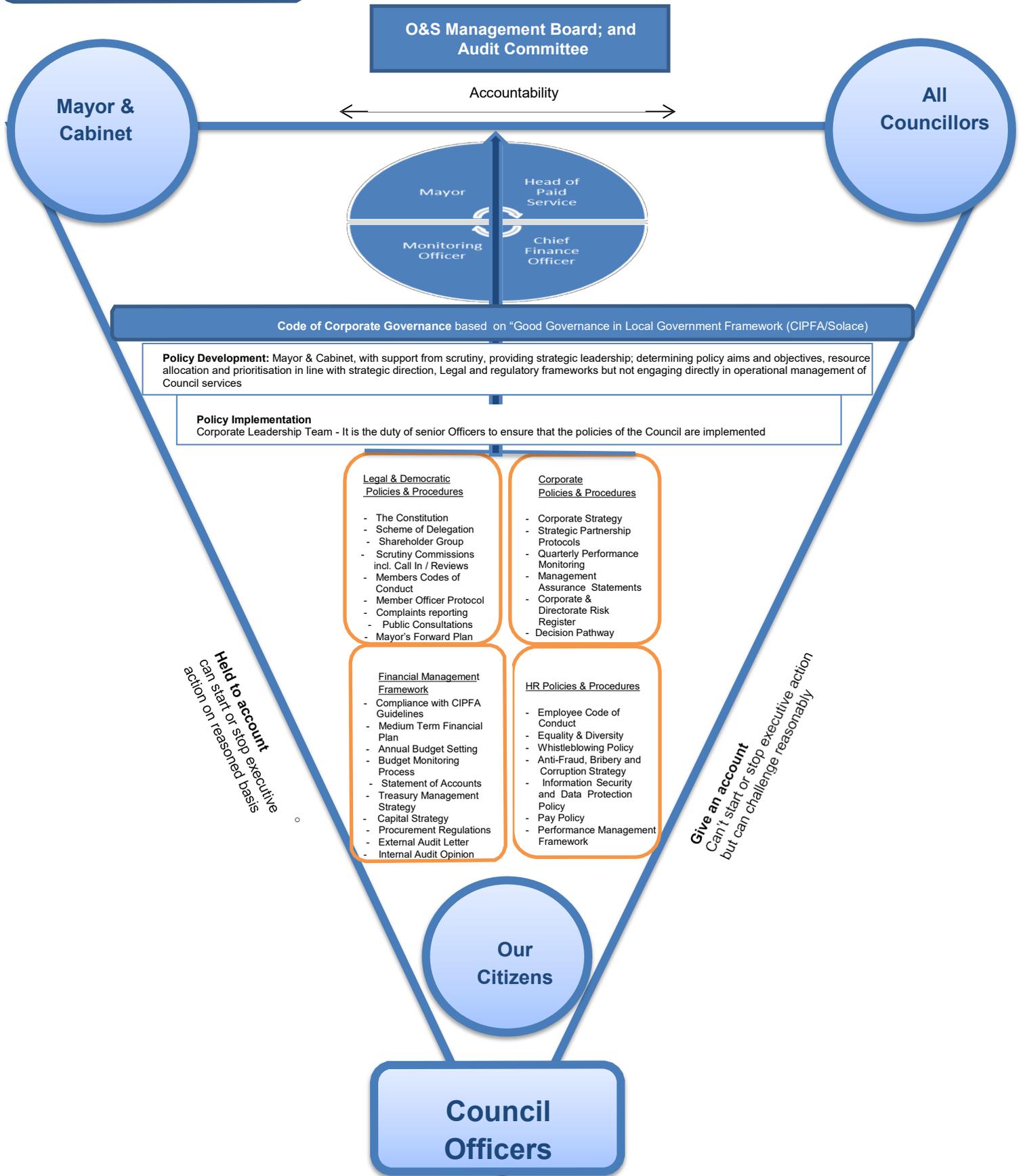
Other Committees:

- Audit (including a Values and Ethics Sub Committee)
- HR
- Selection Committee
- Appeals Committee
- Corporate Parenting Panel
- Women's Commission

Partnership Boards:

- Bristol Homes
- Health & Wellbeing
- Learning City
- Children's and Adult's Safeguarding
- WECA Committee (including their own scrutiny and Audit Committee)
- WOE Joint Committee

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 18th March 2019 and 24th 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 31st 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.

Review of Effectiveness – Effective Interventions and Decision Making

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.

Review of Effectiveness –Defining Outcomes and Managing Performance

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 2nd 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.

Review of Effectiveness –Developing Capacity

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.

Review of Effectiveness – Information Technology and Information Security

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.

Review of Effectiveness – Financial Arrangements

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.

Review of Effectiveness - Audit Arrangements

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.

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- ✓ 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>Proposed Approach/Actions: 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>Proposed Approach/Actions: 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"> - Capital Programme Management (reported in the 2016/17 AGS) - Contract Management Arrangements (reported in the 2016/17 AGS) - Performance management of our employees has been inconsistent (reported in the 2016/17 AGS) - Development of a partnership policy (reported in the 2016/17 AGS) - IT Transformation (reported in the 2017/18 AGS) - Digital Strategy (reported in the 2017/18 AGS) <p>Proposed Approach / Actions: 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