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**Statement from Cllr Clive Stevens (Vice-Chair of Audit), to Audit Committee for 25/1/21 Agenda 9 - Grant Thornton's Value for Money Report**

Dear Audit Committee,

I despair. This Value For Money report from Grant Thornton is very good and yet the answers from The Council show they have learned nothing. It makes me think this type of problem could happen again. And next time it won't be a mere £50 million. Why? Because the Mayor has a strategy of putting more of the Council's assets into businesses like Goram Homes, City Leap and Bristol Waste Company which means that Audit Committee's ability assess the Value for taxpayers' Money will be even more important. We need to be able to assess whether these ventures are delivering social value and economic (monetary) value. That requires good Governance and proper arrangements for Value For Money. These are Audit Committee's responsibility, so we need to see what's going on. But parts of the Council are obsessed with secrecy.

Let's recap part of the Bristol Energy story.

-2015 the Business Plan was approved by the then Mayor, the due diligence was exempt, only seen by a few. Were those Councillors trained to appreciate the risks and complexities of the energy market? The five year target was to deliver 12% return by 2021. It has delivered 12% if you ignore the minus sign.

- The Governance we were told was good (in that 2015 due diligence).

- Moving on, this Grant Thornton report shows the Governance; a Shareholder Group (p50) with only one person on it who might be able to add the benefit of scrutiny. The Chair of Overview Scrutiny. But as an Observer, he has no say and is tied up in knots by confidentiality which stifles good overview scrutiny.

- We also learn that the exempt reports to Cabinet had flawed risk analysis (p46). Audit are responsible for monitoring the correct working of the Council's risk system. We didn't know it wasn't working, we failed. But only because this information was exempt.

(I'm adding that to the already long list of issues compiled by Audit Committee, which looked at some of the breakdown in trust between officers and Members in certain situations).

- Audit Committee meeting of 16/3/20. I chaired that as Mark was self-isolating. The agenda item was Bristol Energy. We were discussing governance and the first Ernst Young report. This Grant Thornton report in front of us, fails to note one important thing about that meeting, I guess it wasn't minuted. But fortunately the episode is written up in a book. I quote from page 115, I am reported as saying, "I am totally not re-assured about this. I have no confidence in you at all."

- But worse and we discovered later, we weren't even informed that the old Managing Director had left Bristol Energy and a new Managing Director was starting the same day as our meeting. That's surely a governance issue.

And now I come to today and the Council's proposed actions:

-Recommendation 3 (about the flawed risk analysis). The Council doesn't mention that Audit should see these to verify that the risk system is working.

-And recommendation 9 (about Audit's access to information) says, "we will continue...." So they will continue to not let us see what we need to see to ensure Value For Money arrangements.

It seems this passion for secrecy continues and it continues to cost the Bristol tax payer millions. On one hand the external auditors are suggesting more openness and access to information for Audit Committee so we can fulfil our Value For Money responsibilities as set out by the National Audit Office guidance of Nov 2017. I agree with that.

And on the other hand we are being told by Officers that it is unlawful to let Audit Committee see some of these documents due to the Local Government Act 1972 Schedule 12a. It is not in the public interest we are told. I disagree.

Assuming we are being told the truth from both sides then the way to reconcile these two divergent recommendations is to conclude that there is a conflict between the 1972 Law and the 2017 National Audit Office guidance. This wouldn't surprise me.

I will therefore look for help from our Monitoring Officer to write to national bodies to ask if they recognise this discrepancy too.