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# ***ANNUAL GOVERNANCE STATEMENT***

## ***2020/21***

***Demonstrating the importance of effective governance in local service delivery and public accountability.***

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## 1. Introduction

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- 1.1 Like all local authorities, Bristol City Council is responsible for ensuring that:
  - business is conducted in accordance with all relevant laws and regulations
  - public money is safeguarded and properly accounted for
  - resources are used economically, efficiently, effectively and equitably to deliver agreed priorities and benefit local people.
- 1.2 The Chartered Institute of Public Finance and Accountancy /Society of Local Authority Chief Executives (CIPFA/SOLACE) Delivering Good Governance in Local Government Framework (2016) also expects local authorities to put in place proper governance arrangements to ensure that these responsibilities are being met.
- 1.3 Bristol City Council has approved and adopted a Code of Corporate Governance (Code) which is reviewed periodically. The Code was updated and approved by the Audit Committee in March 2021 and is consistent with the principles of the CIPFA/SOLACE Framework. The Code sets out the framework for ensuring each of the core principles of good governance is met by the Council.
- 1.4 This Annual Governance Statement (AGS) explains how well the Council has complied with the Code and provides an overview of how the Council's governance arrangements have operated during 2020/21 and up to the date it is signed. 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.
- 1.5 We also have a duty to continually review and improve the way we work. In demonstrating compliance with the Code, we have also reflected on the governance improvements we have made during the year.

## 2. Conclusions and Statement of Commitment

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- 2.1 Good governance is about ensuring that an organisation is effectively and properly run. 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 and deliver its objectives. The Council's Code details the measures in place to ensure effective governance across the Council.
- 2.2 2020/21 has been an exceptional year with unprecedented level of uncertainties attributed to the coronavirus pandemic and these have led to substantial impacts for the City and the Council. These have included implications for provision of services, our workforce, and our financial position. Effective leadership and governance of the response and recovery have been critical. Plans are being delivered which now focus on the city's longer-term recovery, including its economy, residents, and communities. The pandemic will have profound structural effects on the economy and labour market as the crisis continues to speed up existing trends such as the move to more online activity, whilst seeing growth in newer trends such as more people working from home
- 2.3 In addition, the UK withdrawal from the European Union has and will continue to affect most of those sectors / services that rely on cross-border trade or resources. Dealing with either of these shocks in isolation would be difficult for many organisations and dealing with both simultaneously has been extremely challenging. UK regulatory guidance was revised at pace and as such the evolving situation posed some practical challenges in terms of governance, transaction execution, statutory

compliance, and heightened risk of fraud. Several responses, recovery and renewal strategies and policies were implemented in 2020/21 such as business support policies, the Local Outbreak Management Plan, the updated Bristol City Council Business Plan 2020/21 and the One City: Economic Recovery and Renewal Strategy.

- 2.4 Arrangements were put in place to effectively engage with businesses and communities in managing and disbursing discretionary coronavirus support schemes earmarked for those businesses and individuals affected by the shock. The Council’s Internal Audit service has worked with the Council to ensure that awareness of fraud risk and appropriate systems of governance and internal controls have been maintained despite the changes in processes necessary to provide local people and businesses with rapid and effective support. In addition, there was regular engagement with government departments such as Ministry of Housing, Communities and Local Government (MHCLG) and Treasury as well as frequent reporting to grant awarding bodies and elected members. Consequently, some of the Council’s governance arrangements were changed to enable an effective response and these are detailed in this statement.
- 2.5 The Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements including the system of internal control. From the review, self-assessments, work undertaken, and on-going monitoring supported by the work of Internal Audit, to the best of our knowledge, the governance arrangements are generally working as expected. The Chief Internal Auditor has provided reasonable assurance that in 2020/21 the Council’s systems of internal control, governance and risk management were adequate and operating effectively albeit with improvement needed in certain areas. In acknowledging this positive trajectory, we recognise the challenges in sustaining the improvements made and ensuring that the focus remains on making sure our arrangements remain fit for purpose and resilient moving forward.
- 2.6 The significant governance issues identified as part of this review and the actions being taken to address them are detailed in section 7.

<b>Signed:</b>	<b>Signed:</b>
<b>Marvin Rees - Elected Mayor of Bristol</b>	<b>Mike Jackson – Head of Paid Service</b>
<b>Signed:</b>	<b>Signed:</b>
<b>Denise Murray – Chief Finance Officer (s151 Officer)</b>	<b>Tim O’Gara – Monitoring Officer</b>

### 3. Governance Framework

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- 3.1 The governance framework comprises the systems and processes, culture, and values by which the authority is directed and controlled and the activities through which it accounts to, engages with, and leads the community.
- 3.2 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.

- 3.3 The Council’s constitution is updated periodically and sets out how the Council operates. It states what matters are reserved for decision by the whole Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels, committees, and community councils. Decision-making powers not reserved for the Mayor and / or councillors are delegated to chief officers and heads of service. The Monitoring Officer ensures that all decisions made are legal and supports the audit and value and ethics committees in promoting high standards of conduct amongst members.
- 3.4 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.

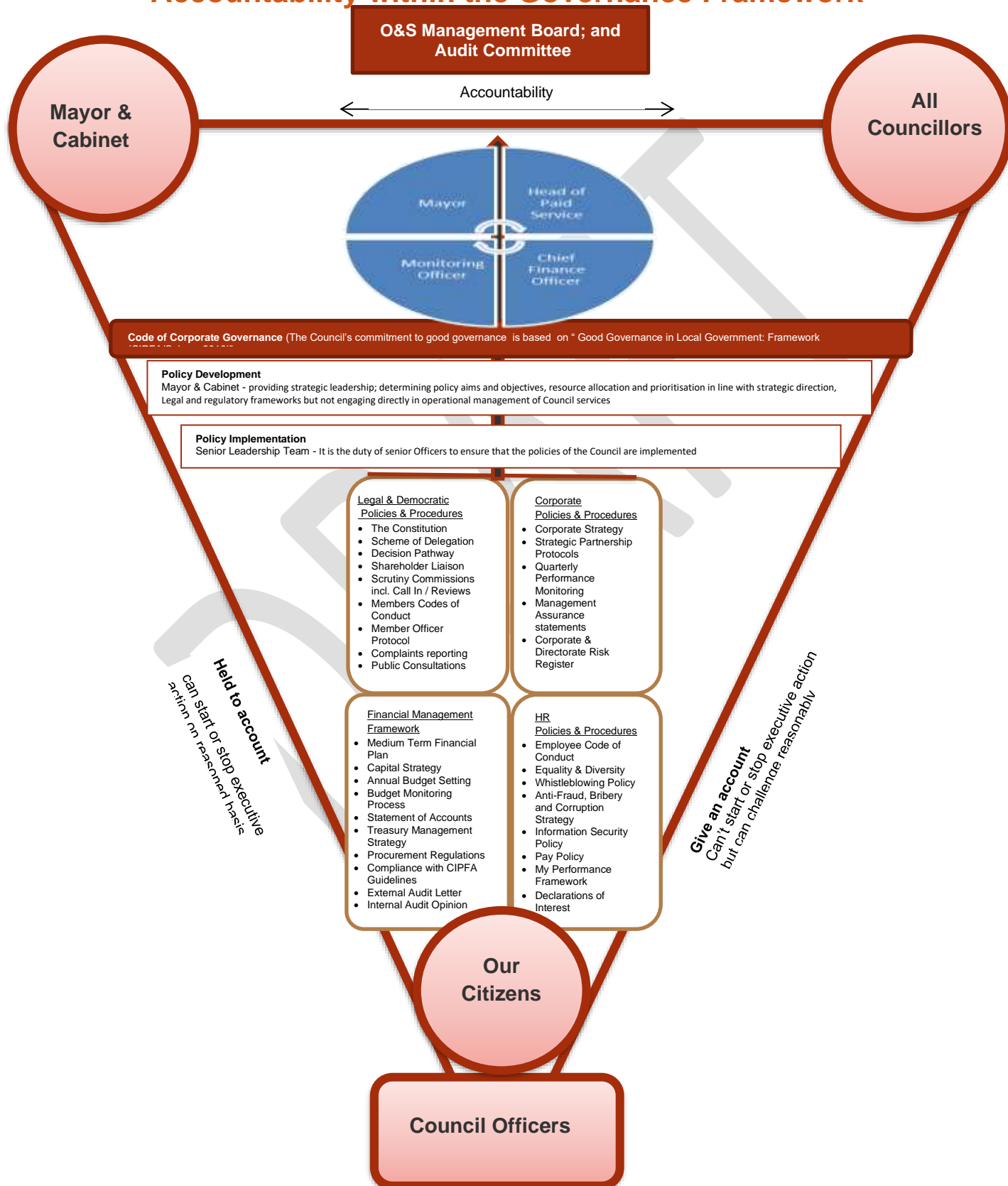
**Committees and Boards:**

Scrutiny Commissions	Regulatory Committees:	Other Committees:	Partnership Boards:
<ul style="list-style-type: none"> <li>• Overview and Scrutiny Management Board</li> <li>• Communities (Resources, People)</li> <li>• Growth &amp; Regeneration</li> </ul>	<ul style="list-style-type: none"> <li>• Development Control</li> <li>• Licensing</li> <li>• Public Rights of Way and Green Space</li> <li>• Public Safety &amp; Protection</li> </ul>	<ul style="list-style-type: none"> <li>• Audit (including a Values and Ethics sub committee)</li> <li>• HR Committee</li> </ul>	<ul style="list-style-type: none"> <li>• One City</li> <li>• Bristol Homes</li> <li>• Health &amp; Wellbeing</li> <li>• Learning City</li> <li>• Children’s and Adult’s Safeguarding</li> </ul>

- 3.5 Legislation requires that certain functions be exercised by a ‘proper officer’. The functions of the **Mayor, Executive, Head of Paid Service, Chief Financial Officer (s151 Officer), Monitoring Officer and the Statutory Scrutiny officer** are outlined in the Council’s constitution.
- 3.6 The **Overview and Scrutiny Management Board and its scrutiny commissions** scrutinise decisions made by the Cabinet, and those delegated to officers, and review services provided by the Council and its partners. The scrutiny officer promotes and supports the Council’s scrutiny functions.
- 3.7 The Council has established the **One City Structure**. The purpose of this is to support delivery of the **One City Plan** and enable cross sector engagement with a wide range of city partners.
- 3.8 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 the region’s transport, housing, adult education and skills and wider economic growth. Scrutiny and Audit Committees have been established to scrutinise and hold to account the Combined Authority and West of England Mayor. Decision making timetables between WECA/Joint Committee and the Council have been aligned with the Council’s own decision pathway.
- 3.9 **Council Owned Companies:** The Council wholly owns Bristol Holding Limited which is the parent company of Bristol Waste Company, BE 2020 Ltd (formerly Bristol Energy Ltd), Goram Homes and

Bristol Heat Networks. Part of the group's governance arrangement includes a shareholder advisory group that maintains oversight of performance of the companies and external and internal audit assurance arrangements. Council has representation on company boards and an active Group Audit and Risk Committee is in place that oversees governance, risk management and internal control across the companies.

## Accountability within the Governance Framework



## 4. Principles of Governance – Assuring Compliance

4.1 The Council's governance arrangements are based on compliance with seven core principles. Details of arrangements in place to ensure compliance are provided in the Council's Code of Corporate Governance. However, the following paragraphs, set out some key aspects of how the Council has complied with the seven principles set out in the Code. It is not intended to be exhaustive but is provided to demonstrate compliance with the core principles of good governance during 2020/21:

Core Principle	Governance in Action (2020/21)
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</p>	<ul style="list-style-type: none"> <li>• The Council's constitution sets out how the Council operates, how decisions are made and the policies and procedures in place which provide a robust framework for decision making. The Constitution is reviewed periodically with Audit Committee approval of proposed updates in March 2021.</li> <li>• The Monitoring Officer has oversight of decisions through the Decision Pathway and the legal service is consulted on the legal implications of all reports to ensure compliance with all relevant laws and regulations.</li> <li>• The Council's Corporate Strategy sets out the values and behaviours it expects from its employees. Managers are required to review performance against the values and behaviours as part of the individual performance management framework.</li> <li>• During 20/21 the Council updated its Equality and Inclusion Policy and Strategy with unanimous Full Council approval, establishing new targets and measures related to equality, diversity and inclusion practice. This is supported by an Advancing Equality and Inclusion Action Plan agreed by Cabinet, with progress monitored as part of a new internal governance structure for equalities, led by a Strategic Group chaired by the Chief Executive. A significant number of employees and managers have completed core equality and inclusion learning programmes and a dedicated equality and inclusion section is included in the corporate induction. Hiring managers have had refresher recruitment and selection training, with a focus on unconscious bias and trained diverse recruiters are now in place.</li> <li>• Codes of conduct are in place for staff and Council Members which set out the standards of conduct expected and require declarations of interests, gifts and hospitality to be made. Minutes of meetings record declarations of interests by Councillors. An overview of complaints received about Members conduct, and action taken to resolve them, was provided to the Value and Ethics Subcommittee in March 2021.</li> <li>• Whistle-blowing arrangements were revised from April 2020 following previous concerns that staff did not have confidence in them. New arrangements have developed and successfully embedded throughout the year as confirmed by an independent review of these arrangements which was reported to Audit Committee in March 2021.</li> </ul>
<p>B. Ensuring openness and comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> <li>• Our Communications Strategy 2019/2023 sets out our ambitions to enable strong communications within the council and form better relationships outside of the Council with our partners and the communities we serve.</li> <li>• Participative democracy was successfully trialled by way of Citizen's Assembly, seeking public views on key strategic issues arising from COVID-19-19 and recovering from the pandemic.</li> <li>• An updated Partnerships Policy and Toolkit was completed. Continued internal communication to formally launch and embed these, including a refresh of the Council's register of partnerships is planned for Q1-Q2 21/22.</li> <li>• Western Gateway: A Governance review has taken place, a Partnership Board has been set up along with governance arrangements, and a secretariat</li> </ul>

	<p>established. This has enabled the effective operation of the partnership, with assurance provided by the Government's decision to invest a further £800k supporting its development in 2021/22.</p> <ul style="list-style-type: none"> <li>• The One City Approach and its associated governance framework has included public, minuted meetings of its Thematic Boards, and has enabled frequent informal engagement and alignment of city activity in responding to the pandemic.</li> <li>• A cross-party and multi-agency Local Engagement Board was established to oversee public communications and engagement relating to the Local Outbreak Management Plan for COVID-19.</li> <li>• Whilst not in place for 2020/21, the Council has recognised the benefits of a Consultation and Engagement Strategy which is a priority for development in 2021/22.</li> <li>• Forward plans are published on a monthly basis for Mayoral and Cabinet decisions.</li> </ul>
<p>C. Defining outcomes in terms of sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> <li>• The Corporate Strategy sets out our contribution to the City and sets out the key priorities for 2018 – 2023. Annual Business Plans set out the most important actions we need to take each year to achieve the Corporate Strategy.</li> <li>• During 2020/21 the Council updated its Business Plan in-year to account for COVID-19 response and recovery, with outcomes and milestones tracked through Executive Director Meetings.</li> <li>• New city-wide strategies for tackling the Climate Emergency and Ecological Emergency - co-produced in a One City Approach with partners - were published.</li> <li>• Re-certification of our Environmental Management systems (ISO 14001) was achieved and a carbon disclosure project assessment concluded that our plans to reduce Climate impacts are strategic, holistic ambitious but realistic.</li> </ul>
<p>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<ul style="list-style-type: none"> <li>• Key interventions are determined through the annual Business Planning cycle and its accompanying Performance Framework development, with assurance provided through senior officer and political review and approval of all Service Plans and Director Summaries, plus Corporate Leadership Board approval and Cabinet noting of the final corporate Business Plan.</li> <li>• During 2020/21 work has been undertaken to strengthen the Council's technological foundations for data analytics and insights, enabling more powerful and insightful use of data and evidence to inform decision making and help determine interventions. This is a developing area, with a pilot complete in Children and Families Services and more planned. A Data, Insights and Information strategy is planned for 2021/22.</li> <li>• Issues have been identified through internal review by the Equality and Inclusion team of Equalities Impact Assessments, with a refreshed system and process devised and plans to retrain officers undertaking the assessments. The process has been approved, launched and will now following training of officers need to be more fully embedded within Decision Pathway considerations in 2021/22.</li> <li>• External assurance on Equality and Inclusion interventions and progress was sought by participation in the Local Government Association's Equality Framework for Local Government peer challenge in Q4 2020/21.</li> </ul>
<p>E. Developing capacity including the capability of its leadership and the individuals within it</p>	<ul style="list-style-type: none"> <li>• Work was completed to refresh the Workforce Strategy, and this is now in place for 2021/22. Actions are included in respect of; equality, diversity and inclusion gaps that will be addressed, the future supply of skills and professions mapped against demand, areas where job or service redesign is needed to help us deliver our priorities, the type and level of skills needed for the future, how we attract, retain and develop talent within the organisation.</li> </ul>

	<ul style="list-style-type: none"> <li>• The focus during 2020/21 has been on the response to the COVID-19 pandemic, redirecting our resources and reprioritising our work to ensure we keep our staff and the people of Bristol safe whilst continuing to keep essential day to day services running.</li> <li>• A strategic Client to support the Council's shareholder executive and governance arrangements around the council's companies has been created.</li> <li>• A Strategic Partnering business model has been introduced to support capital programme delivery.</li> <li>• The Council has prepared a comprehensive Member Development Programme in 2020/21 with a range of training and induction programmes for all councillors which is being progressed following the May 2021 elections.</li> <li>• The Leadership Framework has been used to support the recruitment and selection of senior leadership roles, it's also woven into performance review for managers to help them reflect on their management practice.</li> </ul>
<p>F. Managing risk and performance through robust internal control and strong public financial management</p>	<ul style="list-style-type: none"> <li>• An approved Performance Framework is in place, aligned to the approved annual Business Plan (and onward to the Corporate Strategy). This is robustly reported through management meetings including Executive Director Meetings and Corporate Leadership Board, with reporting of key indicators on to Cabinet. Accompanying Scrutiny of divisional level measures takes place via Scrutiny Commissions, and of corporate measures via Overview and Scrutiny Management Board. Accompanying Scrutiny of divisional level measures takes place via Scrutiny Commissions, and of corporate measures via Overview and Scrutiny Management Board.</li> <li>• New procurement rules have been developed and launched in January 2021 with ongoing work to strengthen contract management arrangements.</li> <li>• The financial approach of managing the pandemic is a one-off shock with a medium-term impact and new funding and reserves managed accordingly. Clear financial protocols and procedures were in place to ensure there was consistency, transparency, and accountability in the use of public funds.</li> <li>• All service, directorate and corporate risks are reviewed regularly in line with the risk management policy. A new risk management system (Pentana Risk) has been procured and is being implemented which will improve the monitoring of progress being made in relation to timely delivery of key mitigating actions</li> <li>• The Council has updated relevant data protection policies and procedures and to ensure on-going compliance, recommendations from a range of data protection focussed internal audit work will be taken forward as part of GDPR Phase II project in 2021/22 to enhance compliance with this principle.</li> </ul>
<p>G. Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	<ul style="list-style-type: none"> <li>• Processes were implemented to transparently account for additional government funding received and emergency support being provided in response to the pandemic. Internal Audit assurance work is underway to confirm the effectiveness of those new processes</li> <li>• Corrective action arising from the Value for Money reports by the External Auditors has been acted upon and appropriate action is being taken to implement recommendations.</li> <li>• Automating management action tracking of agreed actions following internal audit review has enabled high level focus to improve the extent to which improvement actions are implemented.</li> <li>• Root cause analysis of the Chief Internal Auditors previous 'limited assurance' opinions enabled management to recognise the need to prioritise resources towards achieving the Council's highest priorities whilst also ensuring there is capacity to drive the enabling activity that will improve the Councils governance, risk management and internal control arrangement,</li> </ul>



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|  | <ul style="list-style-type: none"><li>• Accountability for progress in relation to the SEND Written Statement of Action is through reporting to the bi-monthly, multi-agency SEND Improvement Board and via the Council and CCG governance. This board is independently chaired by a member of the Local Government Association and membership includes the Cabinet lead member for Children's Services and the Director, Legal and Democratic Services.</li></ul> |
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## 5. Impact of COVID-19 on our Governance Arrangements

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- 5.1 The context of the 2020/21 Annual Governance Statement is unprecedented. During March 2020, the coronavirus pandemic (COVID-19) started to significantly impact the UK and continued throughout the year resulting in the need to deliver services through three national lockdowns and many other restrictions which have significantly impacted the way people live and work.
- 5.2 A Major Incident was declared and the Council focused on health response to the pandemic, business continuity and crisis management, directors needed to be in a position to make effective and swift decisions and complete transactions in an environment of limited access to original documents and information.
- 5.3 The Council moved to Gold Command and Control arrangements and streamlined their decision-making processes to respond quickly and effectively to situations as they arose.
- 5.4 The organisation responded swiftly and altered its governance structure to facilitate an appropriate response and enable frontline services to be maintained by adapting the way they were delivered. Staff were redeployed across the Council to assist with the response. Providing access to rapid testing and vaccinations for key workers has been a key resilience issue for the Council with health and social care workers prioritised over other frontline workers.
- 5.5 Other examples of changes to the governance arrangements included the following:
  - Elections due in May 2020 were postponed in line with government direction. Through the year, planning commenced for COVID-19 compliant elections in May 2021 for Bristol City Council Ward Councillors, the Elected Mayor, the WECA Mayor and the Police and Crime Commissioner.
  - Virtual meetings of Cabinet and committees were introduced as soon as possible after the secondary legislation to permit this was approved. Some meetings, for a short period prior to the legislation and technological support, were postponed. In addition, the roll-out of new technological solutions to support remote working during the pandemic was done through a risk-based approach, i.e. What's App, Zoom meetings. These systems are now under review as part of planning for post pandemic working.
  - A multi-departmental Communications Cell was established under the Director: Policy, Strategy and Partnerships to join-up all facets of internal, public, stakeholder, governmental and media communication with a clear single-line-of-sight approvals process.
  - The Council's constitution and scheme of delegation for finance already provided for the Head of Paid Service or Section 151 Officer in consultation with Mayor or Deputy Mayor for Finance, Governance and Performance to make decisions on amounts up to £2m on matters requiring immediate action or in an emergency. Cabinet approved an extension and expansion of existing emergency decision making powers to enable urgent decisions to be made with retrospective reporting to the Mayor and relevant Executive Member. This included incorporating emergency funding received into the Council's budget.

- A number of our policies and procedures were amended to ensure that communities, business and individuals were supported through the pandemic. Examples include:
    - Extending the Local Crisis Prevention Fund policy
    - Introducing greater flexibility in procurement and contracting protocols
    - Accelerating payment times to support suppliers and providers
    - Relaxation of end stage debt collection measures
    - A Trust and Protect Policy to balance expedience of support payments and the need for prepayment entitlement and fraud checking
    - Relaxing of sickness absence policy trigger points in relation to absence due to COVID-19, support to individuals with care responsibilities, introduction of a casual worker retention scheme
    - Facilitation of homeworking on a significantly larger scale than experienced pre COVID-19.
    - A streamlined approach to equalities impact assessments.
- 5.6 A COVID-19 specific risk register was maintained to manage risks of operational response delivery. Additionally, the Corporate external / contingency risk BCCC3: COVID-19 reflects the positive action and pace of change the Council has adapted to delivering its services. This risk is being overseen in line with the regular reporting to the Corporate Leadership Board.
- 5.7 Comprehensive guidance and support on managing workplace risks in all settings regarding COVID-19 was developed by the Corporate Health and Safety team. A Vulnerable Persons Risk Assessment for staff in at risk groups was also developed and regularly refined to support staff as well. Assurance of practice was provided by the HSE who made unannounced visits to many Council sites to inspect compliance with COVID-19 guidance. No improvement notices or prohibition notices were issued.
- 5.8 The pandemic has had significant and far reaching implications for the Council and the City, and the consequences – both direct and indirect – will continue for many years to come. Working with its partners, the Council continues to address the challenges brought by the pandemic and is responding with innovative solutions, as well as considering the needs of recovery and renewal. As the year progressed, the focus has moved from response to the pandemic to a recovery phase. The pandemic has taught us that services can be delivered effectively in different ways and lessons learned are now informing our strategies moving forward. The recovery will take time and will require a coordinated response to be effective. It will require strong leadership and effective collaboration with partners in the public sector, the health sector, the voluntary sector, the private sector, the academic sector and the community. Given the uncertainty of the pandemic, any recovery arrangements need to be flexible and will be regularly reviewed to ensure recovery enables a continued 'response' for as long as necessary, reflects changes in community need, accounts for emerging government policy and macro-level impacts, such as changes to global economies, that resonate locally.
- 5.9 The pandemic has had material effects on the Councils' budgets as a result of increases in spending on local services and reductions in income from sales, fees and charges and commercial activities. The crisis will cast a longer shadow (over the medium term) on Councils' finances, reductions in council tax and business rates revenues collected and ongoing business and community grant support.

## 6. Review of Effectiveness

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- 6.1 The Council's Code of Corporate Governance sets out the arrangements that will support political and officer leadership with developing and maintaining robust governance arrangements across the whole governance system including partnerships, shared services and alternative delivery vehicles. The Code is based on a best practice framework and centres around 7 core principles of good governance.
- 6.2 The review of effectiveness considers compliance with and effectiveness of the arrangements detailed in the Code. It is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and by comments made by the external auditors and other review agencies and inspectorates.

### First Line Assurances - Management Self Assurance is provided:

- 6.3 Bristol City Council Management:** An annual management self-assurance statement signed by Executive Directors, Service Directors and Heads of Service was obtained in March 2021 confirming that key elements of the governance framework were in place and operating effectively. This has confirmed good compliance rates in respect of requirements of the Code of Conduct, schemes of delegation and decision-making processes as well as well as understanding of procurement and financial regulations. A comparison with the previous year returns has indicated a positive trajectory with improvement in all areas included in the self-assessment questionnaire. In the main, governance processes have operated as intended across the Council. Whilst the review did not identify any significant governance failings, compliance in a few operational areas was identified as needing improvement:
- **Completion of Mandatory Training** - Managers were not consistently able to provide assurance that mandatory training had been completed, either because training was not completed or because training records were not available to provide that assurance. A new system is currently being implemented to help remedy this.
  - **Risk Registers** - Whilst risk registers are generally in place and regularly reviewed for services, some managers reported that the process of managing risks needs to embed before risk management is effective in their areas. Implementation of Pentana Risk Management system should help to improve this.
  - **Business Continuity Planning** - Plans are in place for the majority of services but there was recognition that they will need to be reviewed following the pandemic and the changes in the workplace resulting.
  - **Demonstrating Value for Money** - Inconsistency in confidence in demonstrating value for money outside procurement processes was reported.
- 6.4 Council Companies Assurance:** Assurance statements based on the model used by Council managers have been completed by senior executives from Bristol Waste, Goram Homes, Bristol Heat Networks and Bristol Holding Ltd. Following the decision by Cabinet on 2<sup>nd</sup> June 2020 to progress the sale, BE 2020 Ltd is no longer an active member of the group of companies. The returns have identified good arrangements in many key areas across the group acknowledging that the arrangements for Bristol Heat Networks are in development as the newest company to the group. A prioritised schedule of all entity and group wide corporate governance policies for completion during the 2021/22 financial year has been identified to strengthen governance across the group including those in relation to data protection and information security. Reviews of financial and procurement regulations across the group are also planned.

- 6.5 The introduction of revised governance arrangements, improved risk management and control arrangements across the group, have enabled more effective decision-making in matters relating to BE 2020 Ltd. Bristol Holding Ltd is working closely with the Council to ensure that improvement actions required following the Grant Thornton review of the Council's Governance arrangements of its companies, are implemented.
- 6.6 The Bristol Holding Ltd Audit and Risk Committee oversees the risk management, internal control and governance arrangements across the Group and provides annual assurance to the Council's Audit Committee.

## Second Line Assurances – Oversight and Monitoring Functions Assurance

- 6.7 Assurances are sought from statutory officers and other 'oversight' functions in completing the review.
- 6.8 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 during the year. Decisions have been made in accordance with the relevant policy framework.
- 6.9 Members are trained in the standards of conduct expected from them and arrangements are in place should investigations into members conduct be required. The Monitoring Officer has advised that that there have been no formal reports/investigations in 2020/21.
- 6.10 The Council's **Chief Finance Officer (CFO)** has confirmed it has not been necessary for any statutory reports to be made in their role as Section 151 Officer. A review against CIPFA's Statement on the Role of the CFO in Local Government (the Statement) concluded that the CFO met the responsibilities of the Senior Finance Officer in full during 2020/21. The CFO was ideally placed to develop and implement strategic objectives within the Council, given the role of the Council's s.151 Officer is combined within the Director of the Finance division, reports directly to the Chief Executive and is a member of the Council's Corporate Leadership Board. The CFO influences all material business decisions and oversees corporate governance arrangements, the audit and risk management framework and the annual budget strategy and planning processes.
- 6.11 CIPFA, the Chartered Institute of Public Finance and Accountancy, has launched its Financial Management (FM) Code, to drive improvement in financial management for all local authorities throughout the full financial cycle of financial planning, budget setting, in-year monitoring and reporting and statutory reporting. The FM Code is based on a set of standards and principles, including organisational leadership, transparency, assurance, and sustainability. Its aim is to place financial management and long-term sustainability at the heart of policy and decision making in local government. Complying with the standards will be the collective responsibility of elected members, the CFO, and the Senior Leadership Team. The code is effective from 2020/21 however, in recognition of the pressures facing local authorities, 2021/22 will be the first full compliance year for the Code. This allows authorities a shadow year to work towards full implementation.
- 6.12 It is the CFO's view that, from the 17 standards in the framework, elements of the following three standards need to be further embedded in the Council's processes:
- The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members. (Standard G)
  - The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions. (Standard M)

- The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability. (Standard O)
- 6.13 The Council will continue to assess its compliance with the new FM Code at each stage in the 2021/22 financial cycle and take the necessary steps to demonstrate sustainability and resilience to future shocks.
- 6.14 The demand for special educational needs and disabilities (SEND) statements, Education Health and Care Plans has soared by 480% in the past five years, from 74,209 in 2016 to 430,697 in 2021 (source Local Government Association). This is resulting in significant Council deficits nationally in relation to unfunded need within the ring-fenced Dedicated Schools Grant (DSG). For Bristol it is forecasted that the total deficit to carry forward at the end of the 2021/22 financial year will be circa. £20.5m. The outcome of the SEND review setting out the government's proposal to address this national issue is awaited.
- 6.15 There are significant improvement programmes in progress within the Council to strengthen and redesign how services and projects are delivered more effectively. The progress relating to delivery of the improvements in these areas will be monitored through regular updates to Corporate Leadership Board and assurance from Internal Audit. These include the following:
- Procurement and contract Management
  - Risk Management
  - Capital Project delivery
  - Education Transformation - Including High Needs (SEND and Deficit)
  - Response to Ombudsman Complain
- 6.16 The **Senior Information Risk Owner (SIRO)** in consultation with the **Statutory Data Protection Officer** oversees information and information security risk management arrangements to ensure information assets held by the council are properly secured and used in line with legislation. The Council has achieved PSN, Health and CoCo compliance/certification and is carrying out work to implement an ISO27001 compliance framework and Cyber Essentials. Areas for improvement are being overseen by the Information Governance Board and include the need to roll-out of a suite of documents that comprise the Information Security Policy, enhance understanding of the role the information asset owners must play in securing and managing data and systems, and implementing Internal Audit recommendations in relation to enhancing Cyber security. An information classification scheme is being trialled to ensure appropriate security is applied to different levels of data.
- 6.17 The **Director of Workforce and Change** confirms that a senior leadership structure is in place. A review is planned for 2021 looking at the organisation's future priorities and approach. A Workforce Strategy, aligned to the Corporate Strategy, is in place and progress is routinely reviewed by **HR Committee**. A programme of leadership development is also in place. This year has also seen a greater focus on advancing our equality and inclusion practice, and tackling institutional racism, with the publication of a series of new actions, interventions and changes that cover several themes. Completion of actions is regularly monitored. An Internal Audit review has reported that key actions are being satisfactorily progressed.
- 6.18 A **Corporate Performance Framework** is in place to monitor achievement of SMART targets set by the Council against its Corporate Objectives. Quarter 4 reports for 2020/21 highlight that 53% of key business plan performance measures have been met or exceeded target at the end of the year. This is set within the context of the pandemic and the presence of many city-wide outcome measures that are not within the Council's direct control. Full outturn details and explanations of performance are provided to Corporate Leadership Board, Scrutiny and Cabinet.

6.19 Confirmation of assurance from a number of other oversight function managers has indicated that arrangements were generally working well with no significant governance issues identified in the following areas:

- Corporate Risk Reporting including COVID-19 Risks
- Compliance with Programme and Project Management Practices
- Complaints management

6.20 The **Council's Audit Committee** holds responsibility for oversight of the Council's governance arrangements and reports annually to Full Council on the results of their work. Matters highlighted by them during the year include the positive way the Council responded to the COVID-19 pandemic putting reasonable governance arrangements in place to enable an effective and managed response. The Committee received regular reports from both external and internal audit ensuring that appropriate actions were taken to address significant issues relating to the effectiveness of the Council's governance, risk management and internal control.

### Third Line 'Independent' Assurance, External Inspection and Review Functions

6.21 The Council's **External Auditors** independently audit the Council to 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. Their audit of 2019/20 accounts concluded an unqualified opinion on the accounts. Their value for money conclusion was that the Council had proper arrangements for securing economy, efficiency, and effectiveness in its use of resources but was qualified with 'except for' matters raised in respect of governance arrangements in relation to BE 2020 Ltd.

6.22 A separate report was produced by the External Auditors in relation to the Council's Governance Arrangements for its subsidiary companies containing 12 recommendations with agreed actions. Full details of the review and findings can be seen in their report which was considered by Audit Committee at their January 2021 meeting. The Council has put in place arrangements that ensure that the issues identified by the External Auditor are addressed. A report in May 2021 by the Working Group established by Full Council to oversee agreed management actions concluded that appropriate action is being taken to implement the management actions in response to the recommendations in the External Auditors report. The scope of the External Auditor review was expanded to assess the governance considerations in both the establishment of BE 2020 Ltd and the subsequent decisions following the key decision by Cabinet in June 2020 to progress the accelerated sale of the Council's interests in BE 2020 Ltd. The review is nearing completion and the findings are due to be reported in 2021/22.

6.23 Consistent with the Public Sector Internal Audit Standards, the **Chief Internal Auditor** has provided an annual opinion. The Chief Internal Auditor's opinion in relation to 2020/21 was that reasonable assurance can be provided, that governance, risk management and internal control arrangements were in place and operating effectively throughout the year. This improved opinion reflects the progress made by the Council in addressing some of the long outstanding audit issues that had remained unresolved for a few years but also acknowledged that there are some areas that still require improvement. The opinion is part of the Chief Internal Auditor's annual report for 2020/21 which was presented to the Audit Committee in June 2021. The Corporate Leadership Board are working on prioritising and sufficiently resourcing those operational areas identified as requiring improvement. The progress will be monitored regularly by Corporate Leadership Board and Audit Committee through quarterly Internal Audit assurance reporting.

6.24 **Local Area Joint Inspection of Special Educational Needs and Disabilities (SEND)**. Following the Ofsted and the Care Quality Commission (CQC) Local Area SEND inspection in autumn 2019, the council and Bristol North Somerset and South Gloucester CCG (BNSSG CCG) were required to produce a 'Written Statement of Action' (WSOA) setting out how the areas of identified weakness would be tackled. This action plan was approved by Ofsted in March 2020 and

had an 18 month timeframe to July 2021. Advisors from the Department for Education (DfE) and NHS England (NHSE) meet with leaders from the council and CCG every four months, to review progress made against the planned achievement milestones in the WsoA. During 2020/21 three of these monitoring meetings took place virtually in July, November, and March. At each meeting, it was concluded that progress had been good despite the challenges brought by COVID-19 and the advisors were satisfied with progress. The final monitoring meeting takes place on the 19<sup>th</sup> July. Good progress has been made against almost all the milestones. The four milestones remaining overdue in July are all underway with revised timelines agreed by the SEND Improvement Board. The SEND Partnership Group will co-produce the next iteration of the SEND action plan, which will continue to be monitored by the bi-monthly SEND Improvement Board. The window for re-inspection is likely to be October 2021 to March 2022.

- 6.25 **Inspections of children's social care services, including council-owned children homes.** Ofsted visits (either monitoring or assurance visits) took place across six Bristol Children's homes during the year. In three cases, no serious concerns were identified but some service improvement requirements noted. In three cases compliance notices were issued.
- 6.26 An **Ofsted short inspection of Bristol City Council - further education and skills.** Bristol City Council is the lead partner and contract holder in a consortium which is also known as Community Learning West. The consortium was established in 2011 and provides adult education and apprenticeships in over 150 venues or locations. The outcome of the inspection was that Bristol City Council (BCC) continues to be a good provider. Some recommendations for continual improvement were made.
- 6.27 A **Regulation of Investigatory Powers Act (RIPA).** RIPA regulates the Council's use of covert surveillance to prevent and detect criminal activity. As such, the Council is subject to regular inspection by the Investigatory Powers Commissioner's Office (IPCO) to ensure that its policies and procedures are operated in a lawful manner. The inspection in June 2020 reported that the Council demonstrated a level of compliance that removes, for the present, the requirement for a physical inspection. Several actions were recommended that have now been implemented.
- 6.28 A **Local Government Association's Equality Framework for Local Government peer review** sought independent assurance on the Council's progress in this area. The review found much positive practice and progress but also a need to make this more systematic and consistent across the Council's business. The full report was considered by Full Council in July 2021.

## 7. Significant Governance Issues 2020/21

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- 7.1 In concluding the review of effectiveness, four significant issues have been identified that require focussed attention going forward. In determining the significant governance issues, the following factors have been considered on whether the issues had:
- seriously prejudiced or prevented achievement of a principal objective;
  - resulted in the need to seek additional funding to allow it to be resolved or had resulted in a significant diversion of resources from another aspect of the business;
  - a material impact on the accounts;
  - been considered as significant for this purpose by the audit committee or equivalent;
  - attracted significant public interest or had seriously damaged the reputation of the Council;
  - resulted in formal action being taken by the Section 151 Officer/Monitoring Officer;
  - received significant adverse commentary in external inspection reports and which the Council has not been able to address in a timely manner.
- 7.2 The actions being taken to effectively manage these issues are detailed in the table below:

Item	Issue	Key Actions
1	<p><b>COVID-19</b></p> <p>The global outbreak of the COVID-19 virus had a material impact on the City and the Council's services and its finances during 2020/21. The impact and response were complex as some services operated remotely, others were closed and new responsibilities such as testing were introduced as a response to community needs.</p> <p>The impact of the pandemic will be felt for many years and the recovery period will be elongated. The longevity and uncertainty of the pandemic will require flexible recovery approaches and medium to long term resilience in the Council's finances.</p>	<p>Continue to implement Local Outbreak Management Plan and associated governance structures, plus communication and engagement, including about vaccination.</p> <p>Action planning and tracking / assurance work against the Council's share of the One City Economic Recovery and Renewal Strategy, plus ongoing monitoring and assurance of wider system activity via City Office and Council teams such as Economic Development.</p> <p>Revise the Council's Corporate Strategy, Medium Term Financial Plan and Capital Strategy in concert, to ensure resilience and that the impacts and recovery actions are accounted for and part of mainstream 'business as usual' for the Council, including within its annual Business Planning process.</p> <p>Continued operation of city-wide and regional governance structures to ensure coordinated response and recovery, including One City Boards, City Leaders group, Local Resilience Forum Strategic Recovery Group, COVID-19 Health Protection Committee.</p> <p>Maintain the iterative Avon and Somerset recovery Equalities Impact Assessment which was coordinated by Bristol City Council, using this amongst other key data and evidence sources to inform activity.</p> <p>Enact plans to support a safe return of people to a more normal life, including high streets, transport, hospitality settings and the general public realm.</p> <p>As a partner in One City, contribute to the annual revision of the One City Plan 2050 and other city-wide strategies that require a 'recovery' lens.</p>
2	<p><b>Governance arrangements for the Council's subsidiaries</b></p> <p>The External Auditors issued a qualified 'except for' opinion in their value for money assessment in relation to governance arrangements in respect of BE 2020 Ltd, and the report outlined 12 recommendations for improvement. The actions taken by the Council to address the issues outlined in the report will be assessed by the External Auditors within the 2020/21 Audit. The scope of the review in respect to BE 2020 Ltd was expanded and the findings are due to be reported in 2021/22.</p>	<p>Management actions in response to the value for money report recommendations were agreed and submitted to the Audit Committee in January 2021. The Council is monitoring the implementation of these management actions to ensure that the issues identified by the External Auditor are fully addressed.</p> <p>Review of Governance Arrangements for Bristol City Council's Subsidiaries' was discussed separately at the Extraordinary Full Council public meeting February 2021 and a subsequent report to Full Council public meeting in May 2021 to consider the progress on the implementation of the management actions.</p> <p>The expanded scope of the external audit work on the governance arrangements regarding BE 2020 Ltd has been completed and the Council awaits the outcome of the External Auditors review and the standard</p>



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consideration of whether the application of formal audit powers will be applied.

### 3 Dedicated Schools Grant deficit

The Dedicated Schools Grant (DSG) was in deficit of £10.004m at the financial year-ending 2020/21. A range of outcome and process improvements are being delivered in line with the Written Statement of Action however, the financial deficit is forecasted to increase by c. 100% (£10.5m) by the year end 31 March 2022. Should this forecast be realised, this will result in a cumulative forecasted, carry forward deficit of £20.5m at the end of the financial year.

The forecasted deficit in the DSG is predominantly attributed to the significant increase needed for support for children and young people with special educational needs and /or disabilities (SEND), via the High Needs budget. The scale of SEND deficit is a national issue and the SEND review announced in September 2019 with a commitment to boost outcomes and improve value for money, has been subject to repeated delays.

Whilst the Council will continue to call for sufficiency of government funding to address the legislatively driven deficits, investment and clarity about future funding, arrangements plans will need to be considered for a sustainable long-term provision that meets the needs of children and young people in Bristol.

The Education Transformation Programme is largely focused on the following SEND improvement activities.

- financial sustainability via the pursuance of inclusion throughout the sector
- projects that will deliver additional capacity for specialist provision
- new clear and transparent system for accessing Element 3 Funding; and,
- working in partnership with schools, a range of interventions designed to improve the offer and experience for children and young people with SEND.

The first iteration of the evolving DSG Deficit Management Plan (DMP) has been published and presented to Schools Forum (June 2021).

The completed DMP will be kept up to date, and along with the Education Transformation programme, will be reported periodically to the Schools Forum, People Scrutiny commission and or Cabinet during 2021/22.

### 4 Bristol Beacon

During the refurbishment of the Bristol Beacon, as the building was dismantled, contractors identified large numbers of significant and unforeseen structural and heritage issues that created huge complexity and added significant time and costs to the project.

Recognising the cultural importance of the building and its contribution to the region's economy, Cabinet agreed a revised capital investment budget of £106.9m, an increase of

The Bristol Beacon has been re baselined in terms of budget and duration. A Project Management Office has been created and a Strategic Partner commissioned to provide key professional support to the project. Project assurance is ongoing in the form of Project Board reporting and management process.

The Capital Programme is managed and monitored through the Capital & Investment Board and Delivery Executive provides member oversight. These governance arrangements together with skills and capacity brought by the Capital Strategic Partnering arrangements, continues to strengthen and improve capital monitoring and is providing a focus on setting realistic delivery budgets and profiles, which allow for

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£58.1m (119%) on the original approved budget of £48.8m.

This represents a significant diversion of Council resources.

sufficient lead times before expenditure is likely to be incurred. The new governance arrangements will need to be embedded and will be subject to continuous review to ensure they are working effectively.

The strategic partner is also helping to establish a Capital Portfolio Office which will become an information hub about the Council's capital programmes and projects, and will provide advice and information to senior officers to make strategic decisions.

As part of the annual VFM review the External Auditors are required to assess whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and the Council will give appropriate consideration to any findings / agreed recommendations for improvement arising from this review.

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- 7.2 The progress relating to the significant governance issues identified in 2019/20 was presented to the Audit Committee in March 2021 through The Annual Governance Statement 2019/20 - Progress Update Report.

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