



ANNUAL GOVERNANCE STATEMENT

2021/22

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

1. Introduction

- 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 2021/22 and up to the date it is signed (the date the Council's financial statements are approved as final). 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

- 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 The Covid-19 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. The Council recognises that these risks, particularly the significant financial impact, and the long-term effect on the level of resources available to the Council. In response, the Council has changed the way it delivers services and continues to strive to develop and implement new service delivery models that meet the needs of Bristol residents. In addition, other global and national developments such as the Russia-Ukraine War and Brexit have created significant risks that have altered the organisation's risk landscape. The Council is using its Risk Management Policy to effectively manage these and other significant risks while supporting innovation and maximising opportunities.

- 2.3 In May 2022 a referendum on the governance arrangements for the Council was held. The results of that referendum will see significant changes to our current governance structure from 2024 onwards. The Council is now starting to prepare for a move from an Elected Mayor and Cabinet model of governance and decision making to a system of one or more Committees made up of elected councillors making decisions.
- 2.4 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 2021/22 the Council's systems of internal control, governance and risk management were adequate and operating effectively albeit with improvement needed in certain areas. The Council will continue to prioritise areas identified as requiring further improvement to ensure our arrangements remain fit for purpose and resilient moving forward.
- 2.5 The significant governance issues identified as part of this review and the actions being taken to address them are detailed in section 7.

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

3. Governance Framework

- 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

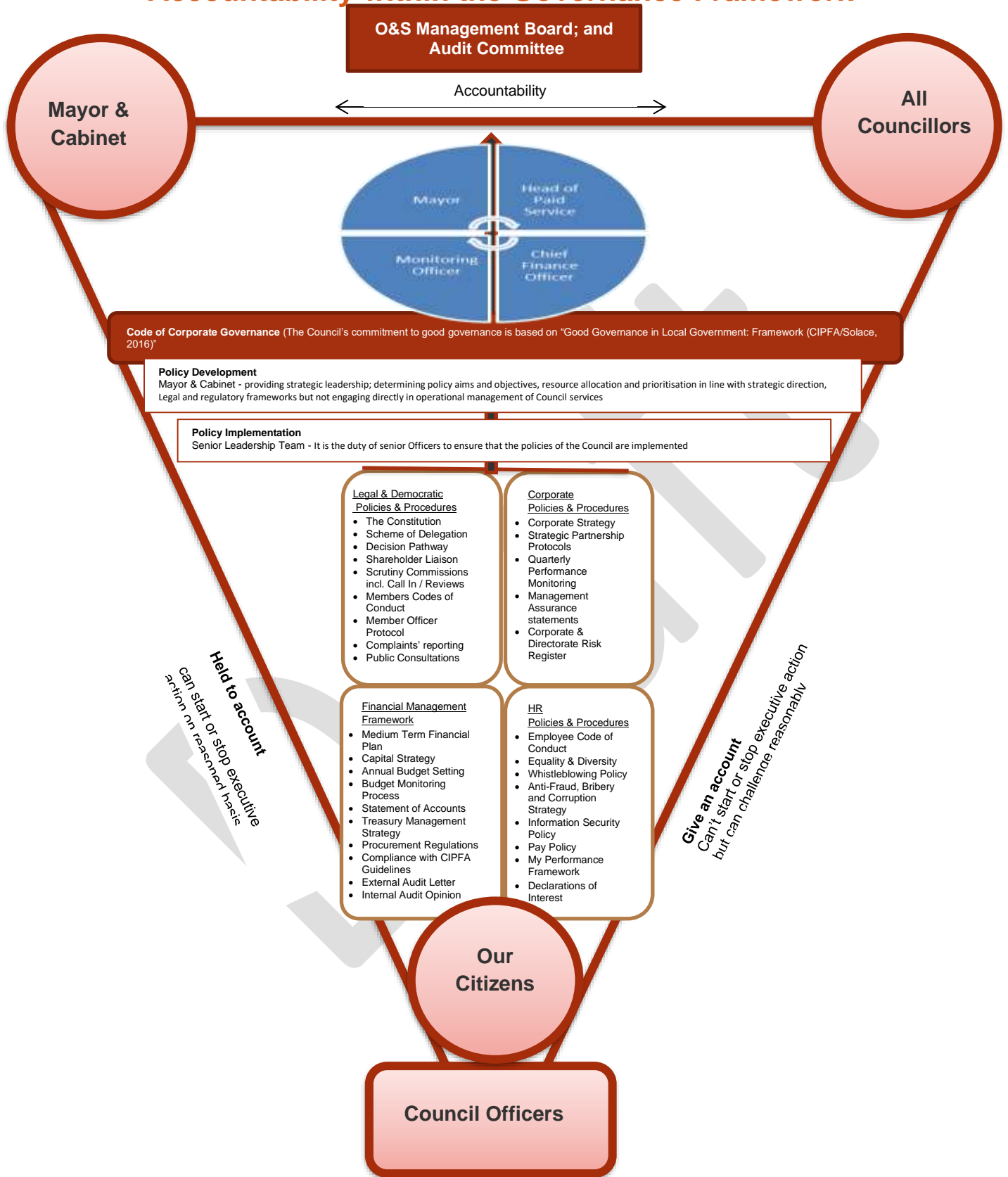
in an atmosphere of mutual trust and respect. Members determine the Council's policies and Officers are responsible for implementing decisions taken by the Council, Mayor, Cabinet and/or the appropriate committee as well as taking decisions delegated to them under the Scheme of Delegation. Committees 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"> • Overview and Scrutiny Management Board • Communities (Resources, People) • Growth & Regeneration 	<ul style="list-style-type: none"> • Development Control • Licensing • Public Rights of Way and Green Space • Public Safety & Protection 	<ul style="list-style-type: none"> • Audit (including a Values and Ethics sub-committee) • HR Committee 	<ul style="list-style-type: none"> • One City • Bristol Homes • Health & Wellbeing • Learning City • Children's and Adult's Safeguarding

- 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, 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 2021/22:

Core Principle	Governance in Action (2021/22)
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</p>	<p>The Council's Constitution sets out the legal framework for decision making and professional legal advice is taken to support decision making across all executive and non-executive functions, including where appropriate external legal advice. 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. The Monitoring Officer has confirmed that all decisions have been made in accordance with the relevant policy framework.</p> <p>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. Assurances from line managers have confirmed a good level of compliance with this.</p> <p>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 where there are conflicts. Assurances from line managers have confirmed a good level of compliance in terms of staff conduct. Minutes of meetings record declarations of interests by Councillors.</p> <p>The Council developed and implemented a comprehensive Member Induction Programme following the May 2021 local elections. The Member Induction Programme covered ethical standards, obligations under the Member Code of Conduct as well as a range of other development modules, such as safeguarding, health and safety and equalities. This Programme has achieved the highest level of accreditation from South West Councils. The Monitoring Officer has confirmed that there have been no reports or investigations in respect of Members conduct in 2021/22.</p> <p>Re-certification of our Environmental Management systems (ISO 14001) was achieved during 2021/22</p> <p>Focus of future improvement: Consistent and effective management of potential conflicts of interest.</p>
<p>B. Ensuring openness and comprehensive stakeholder engagement</p>	<p>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.</p> <p>The council has engaged comprehensively with partners during 2021/22, including regular city partner meetings in relation to Covid-19. These include the Local Engagement Board, the BNSSG Local Outbreak and Management group, the Health Protection Advisory Committee, the Health and Wellbeing Board, and Healthier Together Executive.</p>

	<p>Partnership working in One City Boards was refreshed, including reviews of Terms of Reference and an open expressions of interest process for people to apply to sit on the boards. Actions to formally establish a One City Governance Board and to identify more opportunities for pro-active engagement with Scrutiny on BCC-related elements of the system will continue in to 2022/23.</p> <p>The council engaged widely with stakeholders in producing key strategic documents, including the Economic Recovery and Renewal Strategy, and the refresh of the council's overarching Corporate Strategy. This latter strategy benefitted from extensive engagement including a cross-party Scrutiny Task and Finish Group, partner workshops with organisational strategy leads, input from Mayoral Commissions, the Citizens' Assembly and more. It was also subject to formal public consultation and Scrutiny.</p> <p>The Council's budget process included a Scrutiny task and finish group and was subject to formal public consultation and Scrutiny.</p> <p>During the year, the refreshed Partnerships Policy was launched and set out clear requirements of formal partnership arrangements. This was presented at multiple management forums and a process was established for senior managers to review the council's partnerships and collaborations register via Executive Director Meetings. Management assurances provided in this area confirmed a good level of compliance with requirements to ensure the benefits of partnership working are clear and that governance and accountability between partners is clear.</p> <p>Focus of future improvement: Establishing a One City Governance Board and scrutiny engagement in BCC elements of One City, including OSMB update.</p>
<p>C. Defining outcomes in terms of sustainable economic, social and environmental benefits</p>	<p>During 2021/22 significant work was undertaken to review and define strategic objectives and outcomes related to sustainable economic, social and environmental benefits. This included the updating of the council's medium term Corporate Strategy 2022-27 and an aligned review of the Medium-Term Financial Plan.</p> <p>Work was undertaken council-wide to action plan against cross-cutting Corporate Strategy principles around inclusion, sustainability and resilience; and this in turn helped inform service-level planning through a council-wide Service and Business Planning process for 2022/23.</p> <p>Significant work was also undertaken to plan actions against the city-wide One City Economic Recovery and Renewal Strategy, One City Climate Strategy and One City Ecological Emergency Strategy, delivered in part by the City Council alongside a wide range of city partners. A new Strategic Climate and Ecological Emergency Board has been established to improve governance over action delivery</p> <p>Further work was also undertaken at a tactical and operational policy level to embed sustainability, inclusion and environmental considerations in business processes, including the development of a Sustainable Procurement Policy and an Ethical and Sustainable Investment Policy.</p> <p>Focus of future improvement: Strengthening governance and monitoring of activities that contribute to carbon reduction ambitions.</p>
<p>D. Determining the interventions</p>	<p>The single council-wide Business Plan - populated with selected content from departmental Service Plans - is approved by CLB and its development included</p>

<p>necessary to optimise the achievement of the intended outcomes</p>	<p>cross-party scrutiny engagement. It articulates key interventions and actions required to deliver Corporate Strategy priorities within the coming business year. This system creates a clear, auditable link from high-level strategic priorities through to tactical and operational delivery, down to individual staff objectives.</p> <p>A council-wide systematic Service and Business Planning process has been undertaken, with sign-off of departmental level plans by Directors and Cabinet Members; and Divisional Summaries approved by Executive Directors and Cabinet Members. The Policy and Strategy Team confirm a good level of compliance with this requirement</p> <p>Delivery of priorities is supported by an outcomes-focused performance framework, using a mixture of quantitative and qualitative measures and methodologies to provide a rounded view of delivery against intended objectives. There is full visibility of this across officer management, member scrutiny and political leaderships forums, enabling Public Forum and both formal and informal scrutiny. Quarter 4 performance reports suggest that 45% of business plan targets are performing on or above target.</p> <p>Focus of future improvement: A new performance management framework has been developed for 2022/23 which focuses on reporting on the Business plan themes with Directors leading performance review and monitoring. It is also planned to introduce a performance hub and scorecard to retain focus on performance and necessary interventions to meet targets.</p>
<p>E. Developing capacity including the capability of its leadership and the individuals within it</p>	<p>A new Workforce Strategy was in place for the start of 2021/22. Actions included prioritise 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. Diverse Voices is a positive action scheme to bring diverse perspective to senior decision-making whilst offering experience of working at a more senior level. It is currently being rolled out for new team leaders.</p> <p>A comprehensive leadership development programme is in place to offer training and coaching at all levels include new and aspiring team management. A talent development programme was introduced, which includes support for managers in identifying talent and succession planning, and guidance for colleagues on career development – including the introduction of ‘Grow your Career’ hub on the Source, with advice on identifying skills, career development plans, application and interview skills</p> <p>A management capacity review including a succession planning policy was introduced. At the same time as reducing costs, this aims to secure future managers for the council and provide leadership resilience going forward.</p> <p>Organisational health and wellbeing is one of the major priorities of the workforce strategy. The Councils Health and Safety arrangements have been refreshed to ensure we keep our staff and the people of Bristol safe whilst delivering services.</p> <p>A Strategic Partnering business model has been introduced to several areas to support delivery. These include capital programme delivery and audit services. Other services are also exploring the benefits of this approach.</p>

	<p>Significant progress has been made in aligning learning and development activities to annual service planning. The introduction of a new e-learning platform and improved functionality of HR reporting system has enabled better quality management information about compliance with mandatory and statutory training. Assurances from managers confirm a reasonable level of compliance with the requirement to identify learning and development.</p> <p>Delivery of a comprehensive Member Development Programme which included more tailored development modules for planning, licensing, audit and HR functions.</p>
<p>F. Managing risk and performance through robust internal control and strong public financial management</p>	<p>A refresh of the Performance Framework takes place annually as part of the business planning process - this involves extensive internal consultation around the setting of measures and actions. Scrutiny and lead Cabinet Members are engaged throughout and are ultimately signed off by Corporate Leadership Board (CLB) and Cabinet. In 2021/22, progress against actions and measures has been monitored and reported quarterly through Executive Director Meetings, CLB, relevant Scrutiny Commissions, Overview and Scrutiny Management Board, and Cabinet. The council's quarterly performance reports are public documents that are open to public questioning through the scrutiny/Cabinet process, and they also appear on the performance pages of the Council's website.</p> <p>An annual review takes place at the end of each financial year that details progress against our commitments and actions, as well as against wider city metrics to which the Council contributes but is not solely accountable for.</p> <p>All service, directorate and corporate risks are reviewed regularly in line with the risk management policy. A new risk management system (Pentana Risk) was implemented during the year to support and improve the monitoring of progress being made in relation to timely delivery of key mitigating actions. Internal Audit review of risk management concluded that many actions have been completed to improve risk management arrangements but these now need time to embed to be effective. The review concluded limited assurance during 2021/22.</p> <p>A self-assessment against CIPFA Financial Management (FM) Code has been completed and shows good levels of compliance against many of the code's standards. There is work to do to enhance compliance with some of the standards required by the code. (See Appendix A of this statement). Development and approval of the Corporate Debt Management Policy to provide consistency in ethical debt management across the council.</p> <p>Governance over capital project delivery was improved and delivery is supported by a Strategic Partner. An internal audit review confirmed that many improvement actions planned least year have been implemented. At year end, the Capital budget showed an underspend of £36m on the budget that was revised following a significant finance led over half of the budget.</p> <p>A number of policies have been refreshed or created to enhance Information security approaches. A compliance tool has been introduced to manage compliance and improve training. Work is ongoing to implement an Information Security Management Standard. Actions are being taken to strengthen Information Asset ownership following a recent internal audit review. The Council's Common Activities programme will bring together expertise into a centralised disclosures team to ensure a robust approach across the Council to the effective management of data.</p>

	<p>Focuses of future improvements: There are a number of improvement programmes in progress within the Council which continue 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:</p> <ul style="list-style-type: none"> • Procurement and Contract Management • Risk Management • Capital Project delivery • Education Transformation - Including High Needs (SEND and Deficit) • ICT • Information Governance • Performance Management
<p>G. Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	<p>The Council has a decision pathway that is used to manage the production of reports for public meetings. Reports will be published in accordance with the statutory timelines and will be available for members of the public unless the reports contain exempt information, as defined in law and set out in the Council's Constitution. Forward plans are published on a monthly basis for Mayoral and Cabinet decisions. Reports are prepared and EDMs have oversight of reports and Cabinet members will be briefed on reports in their portfolios. Reports are published for Cabinet within 5 working days of the date of the Cabinet meeting. Officer Executive decisions are overseen by EDMs and Executive Support Managers have procedures in place to ensure the publication of OEDs. Emergency Officer decisions are sometimes required and will be reported to the next meeting of Cabinet.</p> <p>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. The Council has implemented the recommendations from external auditors relating to the governance of the Council's companies. This has included improved processes to consider professional advice, options appraisals and greater transparency around reserved matters decision making.</p> <p>The new Audit Committee has received relevant training to support them in discharging its responsibilities effectively. The Committee has received regular assurances and updates on implementation of actions identified as a result of both internal and external audit reviews.</p>

5. Impact of COVID-19 on our Governance Arrangements

- 5.1 2021/22 was a year of continued uncertainty resulting from the pandemic. Whilst many of the lockdowns were lifted and focus shifted to returning to the new normal ways of working, demand for services, finances and performance have been impacted by the continuing situation.
- 5.2 In many ways, working practices stabilised with a blend of home and office-based working. Committee meetings in person have been resumed and gradually staff are returning to the office where that is the best place to deliver objectives. Staff sickness levels inevitably showed an increase and we are also seeing turnover of staff increase, exceeding healthy levels of turnover. This is in part due to the labour market returning to pre-pandemic levels with higher levels of vacancies in the wider economy.
- 5.3 The Council continued working with its partners to address the challenges brought by the Covid-19 pandemic as well as considering the needs of recovery and renewal. During the year, Internal Audit provided **reasonable assurance** on the adequacy and effectiveness of the Council's Covid19

recovery arrangements. It was concluded that governance of Covid recovery activities was sound with sufficient opportunity for both Members and officers to codesign solutions through engagement at different internal and external boards and platforms which is a good example of working together across the organisation and in the City. All recommendations arising from this work have been fully implemented.

- 5.4 Throughout the year the financial impact on the Council caused by Covid-19 resulted in additional expenditure being incurred, disruption to the delivery of planned efficiencies and reduced income. During the year debt collection activities continued to be scaled back and debt levels have increased as a result. £56.6m pressures that have arisen as a result of Covid have been covered by grants received from central government (both received in 22/23 and carried forward from 21/22) and budgets that were put aside to cover these pressures.

5 Review of Effectiveness

- 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 2022 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 and declarations of interest, gift and hospitality. Compliance with financial and HR schemes of delegation and recording delegated decisions was also good. Whilst the review did not identify any significant governance failings, compliance in some operational areas remain in need of improvement:

- **Learning and Development.**
- **Compliance with Procurement Regulations**
- **Risk Management**
- **Business Continuity**
- **Demonstrating Value for Money.**

- 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. The returns have identified good arrangements in many key areas across the group although business planning has been an area for improvement following findings of an independent board effectiveness review and the aim is to deliver longer term business plans for those companies that will remain within the Group of companies. The Council has made the decision to dispose of Bristol Heat Network during 2022/23.

6.5 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. Governance frameworks for the group of companies, including audit and risk assurance frameworks are currently being reviewed to reflect future group company structures.

Second Line Assurances – Oversight and Monitoring Functions Assurance

6.6 Assurances are sought from statutory officers and other 'oversight' functions in completing the review.

6.7 The Council's **Monitoring Officer** has legal responsibility to look into matters of potential unlawfulness. He has advised that there has been a **public report issued by the Local Government and Social Care Ombudsman in June 2021** concerning the Council's governance and response to two separate complaints that were poorly dealt with. Governance issues around clarity of responsibility for dealing with escalated complaints and poor communication of requirements within the Council lead to the issue of a public report by the Ombudsman.

6.8 The Monitoring Officer has confirmed that decisions have been made in accordance with the relevant policy framework.

6.9 The Monitoring Officer advises that all councillors have signed the Members Code of Conduct. Training on the Code of Conduct was included as part of the Member Induction Programme following the May 2021 elections. Declarations of interest were completed by all councillors following the May 2021 elections and regular reminders are provided to councillors to keep their declarations of interest up to date. There have been no formal reports/investigations in 2021/22. However, there are procedures in place to manage complaints relating to breaches of the Member Code of Conduct.

6.10 The Council's **Chief Finance Officer (CFO)** has confirmed it has not been necessary for any statutory reports to be made or considered during 2021/22 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 2021/22. 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. The CFO's continued focus will be on:

- right sizing and resourcing the council's finance function to provide capacity and resilience in supporting the complex financial solutions required to achieve best value for money at the council.
- ensuring the Council puts in place an appropriate framework to enable accountability for the pension fund to be held by the CFO.

6.11 CIPFA, the Chartered Institute of Public Finance and Accountancy, 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 was effective from 2020/21 however, in recognition of the pressures facing local authorities, 2021/22 was the first full compliance year for the Code.

6.12 A self-assessment of compliance with the code has been undertaken and is appended to this statement. Overall, the Council self-assessment shows a reasonable level of compliance with the

underlying principles of the FM Code and demonstrates financial sustainability. However we recognise that more could be done to improve compliance with some of the standards and an action plan is in place to address these.

- 6.13 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. Internal processes are in place to identify risk within the Information Governance Service. We have recently documented our approach to IG risks - Information Security Risk Management Framework - which was approved through the Information Governance Board. We continue to document risks at both the corporate and operational level and this is in line with the Council's Corporate Risk Management Framework. Cyber security continues to be a high-risk area for the Council and the landscape is ever evolving with new threats and risks emerging regularly. There is an escalation process in place which is documented as part of the Risk Management Framework and risks will be escalated to the SIRO as appropriate. There are no significant exceptions or breaches that have been identified.
- 6.14 The **Director of Workforce and Change** confirms that an effective management structure is in place with effective appraisals taking place. 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. A Management and Capacity Review aims to reduce workforce costs and prioritise capacity to the Council's Corporate Strategy goals. It started in December 2021 and has a number of workstreams: a succession planning policy, a review of budgeted vacancies and changes to the senior leadership structure
- 6.15 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 2021/22 highlight that 45% (53% for 2020/21) of key business plan performance measures have been met or exceeded target at the end of the year. Full outturn details and explanations of performance are provided to Corporate Leadership Board, Scrutiny and Cabinet. The Performance Framework is focussed on delivering outcomes linked to BCC Business Plan / Corporate Strategy, not just on internal Council performance. Results for 2021-22 were below those in 2020-21 (though similar to previous years) due to a mix of reasons including the removal of Government Covid-recovery support causing pressures, limited internal capacity and a reduction in overall public satisfaction impacting on several outcome measures
- 6.16 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. 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

- 6.17 The Council's **External Auditors** independently audit the Council to provide an opinion on the truth and fairness of the financial statements. Their audit of 2020/21 accounts was considered by Audit Committee in March 2022 which identified that it was their intention to issue an unqualified opinion on the accounts. The final audit report is awaited.
- 6.18 In addition the external auditors are required to consider the Councils arrangements to secure economy, efficiency and effectiveness in it use of resources. Their value for money report covering 2020/21 (report currently in draft) comments on arrangements in place for financial sustainability, effective governance and how the council improves economy, efficiency and effectiveness. The report states that no significant weaknesses in the Councils arrangements for Value for money in 2020/21 were identified however improvement recommendations were made in several areas.

Actions to address the matters raised have been identified and will be monitored by the Audit Committee.

- 6.19 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 2021/22 was that reasonable assurance can be provided that in 2021/22 that the systems of internal control, governance and risk management designed to meet the Council's objectives were adequate and operating effectively. In forming this view, the Chief Internal Auditor reflected on the decrease in the number of limited assurance opinions, significant improvement in the implementation, monitoring and reporting of agreed management actions. Additionally, the increased oversight by the Corporate Leadership Board in improving the governance and internal control arrangements in areas that were identified as requiring improvement in the previous year.
- 6.20 Children and Families Service LGA Peer Challenge.** The focus of the peer challenge was children in need of help and protection, children subject to child protection plans and the work of the First Assessment Service (front door). The overarching message from the challenge was "The practice culture is strong, focused upon helping families make effective changes and your staff speak with passion about Bristol's children and families. We have seen some weaknesses in the application of child protection thresholds and adherence to core case work processes. A rebalancing which retains all of your strengths complemented by being brilliant at the basics will leave you in a very strong place". Recommendations from the review are being incorporated into the improvement plan for the service.
- 6.21 **Ofsted Inspections of council-owned children's homes.** Ofsted visits took place across four Bristol Children's homes during the year. Three Full Ofsted reported 'good' judgements while the other reported an 'improved effectiveness' rating following an interim inspection. One children's home has remained temporarily closed since the Ofsted compliance notice in December 2020 was successfully completed in January 2021.
- 6.22 An **Ofsted Focus Visit of Children's Social Care Front Door** reported mainly positive arrangements and improvements. Inspectors looked at the local authority's arrangements for 'front door' services, including decision-making for referrals about children, child protection enquiries, decisions to step up or down from early help, and emergency action out of office hour. Two areas for improvement were identified concerning i) the consistency with which the reasons for contacting particular agencies to gather information about children and families are recorded and ii) how clearly and consistently the rationale for dispensing with parental consent is recorded when this has been necessary before undertaking checks with partner agencies.
- 6.23 **Care Quality Commission (CQC) Inspections of Adult Care Providers.** There has been an increase in services rated as good over the first 6 months of the year and a reduction of services rated as requires improvement - there are 7 services in Bristol rated by CQC as Requires Improvement, one of which is due to close in February 2022. There have been no inadequate services in the Bristol area and have been no inadequate rating for the last 3 years.
- 6.24 **Preventing and Reducing Youth Homelessness in Bristol.** MHCLG (now DLUHC) did a focussed visit on 16 June 2021 to consider the effectiveness of the Council's approach to preventing and reducing youth homelessness in Bristol. The advisors recommended 3 key priorities to strengthen our approach: Improve our homelessness systems knowledge, practice, recording and data locally, and Hcllc submissions, review our processes and practice to ensure compliance with the DfE/MHCLG joint guidance and ensure there is joint commitment across Housing and Children Services not to use unsuitable accommodation for 16/17-year-olds. An Action Plan has been developed jointly between Housing & Landlord Services and Children, Families & Safer Communities. This is monitored through the KBSP Preventing Homelessness and Accommodation (PHA) Meeting.

6.25 A **Homes England Compliance Audit** report gave a 'green' rating confirming that the Council has complied with the requirements. No improvement actions were identified.

7. Significant Governance Issues 2021/22

7.1 In concluding the review of effectiveness, three 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	Dedicated Schools Grant (DSG) The in-year forecast deficit on the DSG is significant at £14.6m, which when added to the brought forward balance of £10.0m means that the DSG is carrying forward a total deficit at the end of the year of £24.6m. The main financial challenge continues to be the High Needs block, which has an in-year overspend of £15.3m (Carry forward deficit of £27.9m) resulting from increases in EHCP assessments and need; this is offset by an underspend of £0.9m in the Schools' block and £0.1m overspend on the other blocks.	<p>A separate, more detailed High Needs Block Recovery Plan is in development, which details the key mitigations required to achieve a sustainable position.</p> <p>The actions will sit alongside the DSG Deficit Management Plan and will be agreed with Bristol Schools Forum.</p> <p>Equalities Impact Assessments (EQiAs) are being completed and public consultations will commence where required.</p> <p>Bristol has accepted the DfE's offer to engage in the 'Delivering Better Value in SEND' Programme'. Diagnostic analysis will inform further actions and access to funding from the DfE to support an 18-month programme aimed at bringing spend in line with budget.</p>
2.	Procurement Breaches The number of breaches of the Council's procurement rules during 2021/22 significantly increased from 2021/21. The 20/21 VFM report by the Council's external auditors has recommended urgent action be taken to address the high level of breaches.	<p>Whilst full compliance can never be guaranteed and 'under-reporting' of breaches, in particular, is an inherent possibility, an effective and transparent breaches governance process is in place to detect instances of non-compliance.</p> <p>Procurement compliance training will be more widely rolled out via e-learning and actual compliance activity reported quarterly to Audit Committee via Internal Audit.</p>

When the procurement rules are breached, there is an increased risk that the Council enters into a contract which is not Best Value and/or is not the best way of achieving organisational objectives. Breaches also reduce transparency and fairness of decision making, which can increase the risk of fraud, conflicts of interest and reputational damage.

3 Savings

The Council continues to face challenges in delivering required savings.

Out of the £11.7m of savings planned for delivery within the 2021/22 budget only 46% was achieved on a recurrent basis. If these savings continue to be unachievable in the future the Council will need to identify other ways of delivering these savings which could result in significant impact on service delivery.

The Council has experienced a period of sustained increase in demand resulting from current global market factors (such as supply chain and fuel shortages) and for some of the services provided for the most vulnerable members of the community (as a result of Covid and subsequent economic impact), particularly within adult and children's social care.

Following the announcement of government grant allocations and estimates of the Council's funding, a significant challenge remained in the Council budgets.

The Council identified six key areas for service reviews:

- Property and capital
- Be more business-like and secure more external resource
- Improving efficiencies
- Digital transformation
- Reducing the need for direct services
- Redesigning, reducing, or stopping services.

Savings, efficiencies and income generation opportunities in the region of £34.3 million, subject to final due diligence, optimism bias, engagement, impact assessment and consultation has been identified over the medium term.

The development of detailed plans and activity is being closely monitored by EDM, CLB and Delivery Executive and details will be included in the quarterly Finance reports to Cabinet.

In addition work has commenced early in 2022/23 to refresh the MTFP model assumptions and identify any new emerging pressures which may need to be addressed for 2023/24.

- 7.2 The progress relating to the significant governance issues identified in 2020/21 was presented to the Audit Committee in March 2022 through The Annual Governance Statement 2020/21 - Progress Update Report.