



ANNUAL GOVERNANCE STATEMENT

2022/23

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 (the 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. Minor amendments have been made during annual reviews since then. 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 2022/23 and up to the date it is signed (the final version will be signed on 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, and without good governance the council will struggle to improve services and deliver its objectives. The council's Code of Governance details the measures in place to ensure effective governance across the council.
- 2.2 The medium-term financial outlook is the most severe we have known for many years and the council continues to manage a challenging financial environment. The longer-term impact of the pandemic is lingering, the pressures of the cost-of-living crisis, global supply challenges, labour shortages and pay related cost increases, exceptional inflationary levels and continuing increases in demand for core services in both adults' and children's social care mean that, like others across the country, the council is facing significant financial challenges and uncertain and unpredictable funding and cost levels. The identification and achievement of significant savings is essential to living within our means and to shield us from the immediate impact of government cuts in 2025/26 and beyond. 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 manage these and other significant risks while supporting innovation and exploring 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 preparing 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 At the beginning of the financial year, there were four wholly owned council companies. These were Bristol Holding Ltd, Bristol Waste Company Ltd, Goram Homes and Bristol Heat Networks Ltd. However, Bristol Heat Networks was disposed of during the year transferring assets to the City Leap partnership.
- 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 2022/23 the council's systems of internal control, governance and risk management were adequate and operating effectively although there were some weaknesses which may put organisational objectives at risk. The council will seek to prioritise areas identified as requiring further improvement to ensure our arrangements remain fit for purpose and resilient moving forward. Scrutiny and oversight of the progress in these areas will be through the Corporate Leadership Board and Audit Committee.
- 2.6 Significant governance issues have been identified as part of this review and the actions being taken to address them are detailed in section 7.

<p>Signed: Date:</p> <p>Marvin Rees - Elected Mayor of Bristol</p>	<p>Signed: _____ Date: _____</p> <p>Stephen Peacock – Head of Paid Service</p>
<p>Signed: Date:</p> <p>Denise Murray – Chief Finance Officer (s151 Officer)</p>	<p>Signed: _____ Date: _____</p> <p>Tim O’Gara – Monitoring Officer</p>

3. Governance Framework and Compliance Review Process

- 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. It takes account of the environment in which the council now operates and aims to ensure that:
- resources are directed in accordance with agreed policy and according to priorities,
 - that there is sound and inclusive decision making

- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

3.2 The [Code of Corporate Governance \(“the Code”\)](#) is intended to 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, based on [Delivering Good Governance in Local Government: Framework](#) (CIPFA/Solace, 2016), sets out a framework consisting of seven core principles and details the council’s core arrangements to meet each of the principles:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing capacity including the capability of its leadership and the individuals within the council
- Managing risk and performance through robust internal control and strong public financial management
- Transparency and Effective Accountability
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

3.3 Arrangements are in place to support delivery of the above principles as set out in ‘the Code’. This statement reports the results of a review of effectiveness and level of compliance with those arrangements during the year 2022/23. The review is informed by:

- **First Line (Management) Assurances** – Assurances received from managers across the council that core elements of the governance arrangements are in place and effective. These have also been received from the council’s three wholly owned companies – Bristol Holdings, Bristol Waste Company and Goram Homes.
- **Second Line (Oversight Functions) Assurances** – The council’s Assurance Framework has a number of statutory officers and central functions in place to provide oversight of aspects of the council operations. These officers and teams are well placed to monitor and give a view on how well the council is complying with the governance arrangements as set out in the Code in their areas of responsibility. These include:
 - Section 151 Officer (Director of Finance)
 - Monitoring Officer (Director – Legal Services)
 - Head of HR (Director Workforce and Change)
 - Head of Policy (Director of Policy, Strategy and Digital)
 - Senior Information Risk Owner (Director – Legal Services)
 - The council’s Audit Committee

The Framework also enables regular financial, performance and compliance reporting to CLB and Members thereby creating a valuable body of evidence of senior management and Member scrutiny.

- **Third Line (Independent) Assurances:**
 - The council’s **External Auditors** are required to independently audit the council to provide an opinion on the truth and fairness of the financial statements. In addition, the external auditors are required to consider the council’s arrangements to secure economy, efficiency and effectiveness in its use of resources.

- The **Chief Internal Auditor** has provided an annual opinion sourced from a programme of assurance work completed through the year. Where audit work identified control issues, action plans are developed with management to improve arrangements.
 - Other **external independent review bodies** carry out inspections to review the council's arrangements. These can be externally required or requested by the council where an independent view of specific arrangements is felt beneficial.
- 3.4 In completing the review, section 4 below outlines how the council can demonstrate compliance with its Code of Governance. Where arrangements have been improved during the year, these are identified. Similarly, where arrangements are found not to be working as effectively as they should be, these are recorded. Significant governance issues, where arising, are clearly identified at the end of the statement.

4. Principles of Governance – Assuring Compliance and Effectiveness Review

- 4.1 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 2022/23.

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law:

Governance In Action (2022/23)

Behaving with Integrity and demonstrating strong commitment to ethical values:

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. The council's induction programme for new employees includes a section on our expected values and behaviours, and there is an e-learning module devoted to this. An **annual staff survey** is carried out with specific questions on awareness of our values and whether they are treated fairly and with respect. This helps us understand real life experiences of our staff to support us in ensuring ethical working practices.

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 to avoid conflicts. **Targeted training** has been provided during 2022/23 to ensure staff involved in procurement matters are clear on requirements to avoid conflicts. Clear processes are in place should there be conduct issues and concerns about upholding the council's values.

All councillors sign up to the **Member Code of Conduct** as part of their acceptance of office. Training is provided to councillors as part of their induction and declarations of interest have been made by all councillors which are published on the council's website. Minutes of meetings record declarations of interests by councillors. Procedures are in place to manage complaints against councillors and breaches of the Members Code of Conduct.

Counter-fraud arrangements are in place including **whistleblowing reporting procedures** to enable wrong doing to be reported and dealt with effectively. Training has been provided to the Leadership Forum and via the internal communications bulletins to improve awareness and understanding of whistleblowing.

Respecting the Rule of Law:

The council makes lawful decisions in line with national legislation and in accordance with the procedures set out in the council's **Constitution**. The Monitoring Officer has oversight of decisions through the **Decision Pathway** with professional legal advice taken to support decision making across all executive and non-executive functions, including where appropriate external legal advice. Decision making reports include legal implications to ensure compliance with all relevant laws and regulations. Legal officers also support implementation of key projects, programmes and initiatives to ensure compliance.

Review of Compliance

Behaving with Integrity and demonstrating strong commitment to ethical values:

Management assurances have confirmed a good level of compliance with requirements of the code of conduct in respect of declarations of interest, gifts and hospitality. Managers have confirmed that where such declarations are made, they are effectively managed and appropriately recorded.

The **Director Workforce and Change** has confirmed that the level of employee grievances and disciplinary cases are currently lower than in previous years. An open dialogue and early resolution is always encouraged where appropriate, and the use of mediation has increased.

A **fraud prevention review** concerning how well fraud risks associated with recruitment has concluded reasonable assurance that such risks are managed effectively.

An **Independent Review** of the council's process for referring, assessing, investigating and managing potential whistle-blowing allegations concluded substantial assurance that arrangements are effective. The review was undertaken in February 2023. The annual staff survey asked staff about their awareness of and confidence in whistle-blowing processes. 82% said they were aware and 58% saying they were confident to use them.

Respecting the Rule of Law:

The **Monitoring Officer** has legal responsibility to look into matters of unlawfulness. He has also confirmed that all decisions have been made in accordance with the relevant policy framework.

Regarding Member conduct, the Monitoring officer has confirmed that no significant issues have arisen during the year and no formal investigations have been required into Members behaviour.

Focus of Future Improvement:

Development of the e-learning module in relation to declaration of interests to support wider understanding across the organisation.

Principle B – Ensuring openness and comprehensive stakeholder engagement:

Governance In Action (2022/23)

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.

Partnerships are registered in a central corporate register which is reviewed at regular intervals by Executive Director Meetings. A **Partnerships Policy** governs requirements of partnerships around issues of governance and performance.

The council has engaged comprehensively with partners during 2022/23. Examples include:

- In January 2023, the council entered a joint venture, known as **City Leap**, which aims to transform the way the city generates, distributes, stores and uses energy to help make Bristol carbon neutral and climate resilient.
- Taking a **One City Approach**, the council convened partners to help address the cost-of-living crisis, in particular to catalyse the opening of **100 Welcoming Spaces** across the city where people can meet up, socialise, keep warm and access support relating to the cost of living.
- A major partnership focus during 2022/23 was working with health, local authority and VCSE partners on the establishment of the **Integrated Care System**, including its strategy, operating plans and approaches to key issues such as digital services

The council has continued to publish and publicise key information including all which is a statutory or regulatory requirement, and much which is discretionary. Examples include extensive public consultation and engagement on the council's annual budget setting process. The council's **Budget 2023/24 consultation** sought views from the public and businesses on options for the level of Council Tax and Social Care Precept and proposals for how the council might save money and generate income to help bridge the forecast funding gap. The responses to the consultation helped to inform the final budget.

The council has adopted an open approach to consulting the public on a draft **Trans Inclusion and Gender Identity Policy** despite there being no statutory requirement to do so.

Review of Compliance

Management assurances have confirmed a reasonable level of assurance that effective arrangements for partnership working are in place.

The **Local Government and Social Care Ombudsman** report in respect of 2021/2022 complaints against the council was published and considered by the Audit committee in September 2022. The Ombudsman made no public interest reports.

An **internal audit review** in early 2023 provided a reasonable assurance regarding Partnership Governance.

An **Internal audit review** of Integrated Care Management gave reasonable assurance that arrangements for communication and engagement between the council and the Integrated Care Board (ICB) and Integrated Care Partnership (ICP) were effective.

In October 2022, **Ofsted and the Care Quality Commission (CQC)** revisited the area of Bristol to decide whether sufficient progress has been made in addressing each of the areas of significant weakness detailed in the inspection report letter published on 13 November 2019. They concluded that sufficient progress in addressing four out of five of the significant weaknesses identified at the initial inspection had been made.

Focus of Future Improvement:

Improve consistency in reporting progress on achieving objectives via partnership and maintaining partnership agreements in accordance with the Partnerships Policy.

Continue to strengthen and repair relationships with parents and carers through the Accelerated Progress Plan.

Principle C – Defining Outcomes in terms of sustainable economic, social and environmental benefits.

Governance In Action (2022/23)

Work was undertaken council-wide to plan against cross-cutting **Corporate Strategy 2022 -27** 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**.

Outcomes are defined in the **Corporate Strategy** and subsequently **via annual Service and Business Planning** processes, which includes action-planning with timed milestones, and reviews of Key Performance Indicators (KPIs) and target-setting against agreed metrics. Service Plans have Director and Cabinet Member sign-off, and Director Summaries of Service Plans have Executive Director and Cabinet Member sign-off. The Annual Business Plan and its associated Performance Framework is approved via Corporate Leadership Board and presented to Cabinet annually for noting.

Teams across the council are supported in applying their own thinking to **Equality Impact Assessments**. This is led by the teams themselves and enhanced through supporting knowledge and advice. Full Equality Impact Assessments are completed to understand and avoid potential disproportionate societal impacts, which can occur if protected characteristic or other factors, such as socio-economic deprivation, are not considered when decisions are being made. **Equality action plans** are also a key part of the planning process for services across the council, allowing for continuous service review

The council's key decision-making process includes written assessment of **Ecological Impacts**, and checks alignment to Corporate Strategy principles and priorities which **include economic, social and environmental benefits**.

The council's **Climate and Ecological Strategic Board** is demonstrating its effectiveness in challenging council proposals for reducing carbon impacts. The governance below this strategic level is not yet established, though proposed changes agreed in April 2023 should help ensure that information flow and direction between operational and strategic levels is facilitated.

Climate change awareness e-learning has been developed and launched to help colleagues understand how their individual role can play a part in tackling climate change. So far over a thousand staff have completed the training.

The council's **Social Value Policy** provides a framework that "ensures that Social Value principles are applied in a way that enables the council to maximise economic, social and environmental benefits for Bristol and its citizens. Social value and sustainability are assessed in procurement activities, with comprehensive resources and training available to officers.

To reduce air pollution in the city, Bristol City Council has **launched a Clean Air Zone**.

Review of Compliance

Management assurances have confirmed a reasonable level of assurance that consideration is given to balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.

An **Internal Audit review of Social Value** arrangements has concluded 'Reasonable Assurance' regarding the effectiveness of processes for monitoring and reporting delivery of social value commitments through procurement activity.

An **Internal Audit consultancy review** of the effectiveness of the governance arrangements introduced to provide oversight and challenge of **Climate and Ecological Emergency (CEE)** actions has supported consideration of next step in improving governance of CEE Strategy.

Focus of Future Improvement:

CEE working groups to clarify their contribution to climate commitments and targets.

Ensure there is appropriate balance between top-down strategy and bottom-up implementation to reduce the risk of divergent or maligned delivery strategies for individual workstreams.

Development of specific measures and milestones for each strategic commitment.

Build consideration of environmental impacts into decision making through roll-out of the environmental assessment and capital sustainability framework.

Principle D – Determining the Interventions necessary to optimise the achievement of the intended outcomes.

Governance In Action (2022/23)

The single council-wide **Business Plan** - populated with selected content from departmental Service Plans - is approved by Corporate Leadership Board and presented to Cabinet annually for noting. 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.

An **annual Service Planning process** is the primary method of determining interventions, requiring managers to review policies, strategies, insights and other evidence in order to determine their priorities and interventions for the coming financial year. This is aligned (in terms of timing) to the annual budget setting process, with opportunities to review draft priorities and interventions in light of the financial envelope agreed at Full Council when the budget is set.

2022/23 saw the introduction of a **new performance management framework** which focuses on reporting on the Business Plan themes with directors leading performance review and monitoring in regular thematic performance clinics. The process includes action-planning with timed milestones, and reviews of KPIs and target-setting against agreed metrics.

The **Portfolio Management Office** (PMO) provides support to key programme and project boards by setting out a best practice framework for project and programme management with Programme and Project Management professionals appointed to all key programmes and projects. The PMO team separately reviews and assures Mandates and Business Cases before approval and quality assures reporting on delivery across all key programmes and projects. A new PPM tool to support more efficient and consistent portfolio, programme and project reporting has recently been procured.

Review of Compliance

Management assurances have confirmed a reasonable level of assurance that options appraisal is completed when determining interventions. Schemes of delegation are in place and decisions are recorded.

Year end performance reporting is currently being prepared to determine the extent to which planned interventions were successful in delivering outcomes.

An Internal Audit review of the new performance management framework is in progress at the time of drafting this statement

Focus of Future Improvement:

Creation of a Power BI dashboard in early 2023/24 that enables leaders to view key progress and performance against targets.

Completion of in-flight work on an interactive Organisational Scorecard product by the end of May 2023.

Explore development of a fully integrated performance hub in the longer term subject to funding and technical and staffing capacity.

Consider adopting the national Data Ethics Framework and associated development of internal frameworks for public value, ethical impact and data quality related to data-centric projects.

Principle E – Developing capacity including the capability of its leadership and the individuals within it.

Governance In Action (2022/23)

A **Workforce Strategy** was in place for the start of 2021/22 and is currently in the process of being updated for 23/24. This strategy sets out the actions we will take to support workforce and leadership development; our approach to workforce planning to address diversity and inclusion gaps and the type and level of skills needed for the future, how we attract, retain and develop talent within the organisation.

A comprehensive **leadership development programme** is in place to offer training and coaching at all levels include new and aspiring team management. This is being refreshed for 23/24 to take account of emerging development needs.

A **new senior leadership structure** has been in place since Autumn 2022 with the appointment of a new Chief Executive and the final vacant post currently being recruited to. To create greater capacity to focus on the challenges faced within the People Directorate, two separate directorate teams were created - Children's and Education Services and Adults and Communities. Use of interims for senior roles is limited to exceptional circumstances and for a defined period.

A **talent development programme** includes support for managers in identifying talent and succession planning, and guidance for colleagues on career development – including the '**Grow your Career**' hub, with advice on identifying skills, career development plans, application and interview skills. This work also includes **positive action development programmes** such as 'Diverse Voices' 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 with plans to make it an organisation-wide programme.

A **management capacity review** including a succession planning policy was introduced in 2022/23. At the same time as reducing costs, this aims to secure future managers for the council and provide leadership resilience going forward.

A range of quality management information is published monthly and included within the HR Dashboard which is available to heads of service, directors and executive directors. The **Workforce Diversity Dashboard** is also published monthly and is available to all staff. The details from these resources are used by managers to inform service plans, support business decisions and workforce planning, and develop plans for workforce change.

A **Strategic Partnering approach** has been introduced to several areas to support delivery. These include capital programme delivery, procurement and contract management, and internal audit services. During 2022/23, a **Digital Strategic Partner** has been procured to enhance capacity and skills to ensure the councils IT is resilient and support delivery of its digital ambitions.

Review of Compliance

The Director of Workforce and Change confirms that an effective management structure is in place with effective appraisals taking place.

Focus of Future Improvement:

Strengthen client function at the council to maximise delivery through council companies.

For 2023/24, a suite of mandatory performance objectives for managers will be introduced focussing on financial management, compliance and supporting our people.

Ensuring the council has sufficient capacity to deliver its key priorities.

Principle F – Managing risk and performance through robust internal control and strong public financial management.

Governance In Action (2022/23)

Managing Performance:

An **Annual Performance Framework** is compiled at the same time as Service and Business Planning for the year ahead, providing an opportunity for Heads of Service, Directors, Executive Directors, Cabinet Members and Scrutiny Members to review performance metrics and actions. All updates are highlighted for decision makers and require multiple levels of sign-off - Head of Service, Director, Executive Director, Cabinet Member and finally a formal decision made at Corporate Leadership Board.

At a corporate level, **performance metrics** are updated regularly and **actions** are tracked via quarterly Director returns. Every quarter, **thematic performance clinics** are held, each of which has a lead sponsoring Director who sets the agenda and chairs the Clinic, which cover the themes within the Corporate Strategy. Every quarter, corporate performance against the Performance Framework is reported to Corporate Leadership Board and Cabinet, plus Scrutiny Commissions and the Overview and Scrutiny Management Board. This includes all corporate measures and reports from all seven thematic performance clinics, with papers published publicly on the council's website.

At a service level there are a wide range of local activities in place to review and manage performance, including regular use of data and insights at departmental and divisional management meetings, and in some areas (such as within care services) there are localised performance clinics, reflective practice and a range in external reviews and inspections.

Twice a year managers and officers take part in **staff performance reviews** against a set of agreed objectives - which reflect the service plan and corporate strategy priorities

Managing Risk:

All service, directorate and corporate risks are reviewed regularly in line with the **risk management policy**. A new risk management system was implemented during 2021/22 and this continues to embed.

Policies and processes are in place for the management of **information governance risks**. The Information Governance Team works to identify and manage cyber security risks. This remains a high risk for the council due to the ever-changing nature of cyber threats. There is an escalation process for the approval of exceptions to information security policies, which is documented as part of the Risk Management Framework and risks will be escalated to the **Senior Information Risk Owner** as appropriate. The establishment of a **centralised disclosures team** this year brings

together expertise to improve the robustness in approach across the council to the effective management of data.

Strong Financial Management

A self-assessment against **CIPFA Financial Management (FM) Code** has been completed in 2022/23 and shows reasonable levels of compliance against many of the code's standards. The assessment recognises that more could be done to improve across principles, particularly in the areas of Leadership, transparency and sustainability. The assessment is provided at Appendix 1 of the Annual Governance Statement.

Development of a **Procurement Strategy** has taken place and work completed to better understand the reason for non-compliant breaches of procurement regulations. Further action is planned in 2023/24. A procurement breaches live dashboard was developed during 2022/23 to support closer monitoring in this area and have also incorporated the requirement for procurement compliance as a collective objective within individual's performance frameworks.

In year **budget monitoring** moved to quarterly detailed reports supported by exception reports in the intervening periods. The Medium-Term Finance Plan was regularly updated through the year to prompt early action as required. **Recruitment controls** were put in place in July 2022 to support management of budget pressures and included interims and other agency workers. **Benchmarking** approaches have been strengthened to support financial planning and decision making.

Governance over **capital projects** has again been reviewed and delivery is supported by a strategic partner. Work has been undertaken to review why the majority of capital spend occurs in the final quarter to ensure current practices are appropriate.

Review of Compliance

Management assurances have confirmed reasonable levels of assurance that significant risks to the delivery of objectives have been identified and appropriate mitigations are in place and monitored. There is less confidence from managers regarding savings delivery in the currently challenging financial circumstances.

The council's **Chief Finance Officer (CFO)** has confirmed it has not been necessary for any statutory reports to be made or considered during 2022/23 in their role as Section 151 Officer.

The FM Code self-assessment has also confirmed compliance with the **CIPFA Statement on the Role of the Chief Financial Officer** in Local Government. Work continues to evolve around the structure of the resources within the finance team, with continued focus on 'right sizing' the function, recruitment to vacant senior posts and retention of staff, to provide capacity and resilience in meeting business, audit and governance demand, the complexity of solutions required and to achieve best value for money.

The council's **Senior Information Risk Owner** has confirmed that there are no significant exceptions or breaches that have been identified in respect of compliance with the information security policies during 2022/23. **An Internal Audit review** of GDPR Compliance concluded reasonable assurance that controls are in place to support compliance by the council.

The **staff survey** has confirmed that in 2022, 71% of respondents to the staff survey reported they had their performance review and 67% said their performance review was helpful in giving clear priorities and feedback on their performance and development. The survey for 2022/23 is currently being undertaken.

An **Internal Audit review** of Risk Management concluded reasonable assurance that the council strategic risk management arrangements are effective.

An **Internal Audit review** concluded reasonable assurance that the self-assessment of compliance with the Financial Management Code (during 2021/22) was accurate and evidenced.

A programme of **internal audit reviews** in a sample of schools has confirmed there are reasonable arrangements for governance, risk and control. However, concerns were raised around the deteriorating situation in relation to increases in year deficits.

An **External review** of Bristol Operations Centre: Careline resulted in continued certification to the Quality Standards Framework.

Through management assurances, **Bristol Waste Company (BWC)** has identified some processes that require improvement to enhance the organisation's control, governance, risk, compliance and financial management arrangements. In addition, BWC has only agreed with the council a one-year Business Plan for 2023/24 so a longer-term Business Plan needs to be agreed in 2023/24. The company is already taking proactive action to strengthen its internal control, governance, risk and financial managements ensuring there are effective arrangements for managing common risks such as health and safety, cyber and fraud. Progress on these improvements will be regularly reported to the company's Audit, Assurance and Risk Committee. An annual internal audit plan has been agreed that will provide assurance on the adequacy and effectiveness of these arrangements in 2023/24.

Focus of Future Improvement:

Improve the consistency with which business continuity plans are maintained and reviewed at service level.

Work to reduce the deficit in relation to school reserves, in particular the nursery school deficit.

Further strengthen IT and Cloud resilience and Cyber security arrangements.

Further work to effectively capture and manage service level information security risks.

Work to Improve control processes when disposing of council assets.

The council and BWC to agree a longer-term financial plan in 2023/24

Principle G – Implementing good practices in the transparency, reporting and audit to deliver effective accountability.

Governance In Action (2022/23)

The Council has a **decision pathway** that is used to manage the production of reports for public meetings. Reports are published in accordance with the statutory timelines exceptions to which must be agreed with the chair of committees. Papers 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 five working days of the date of the Cabinet meeting although there are occasions when this time frame is not met.

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.

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. The Committee have undertaken two development workshops to enhance both effectiveness and explore compliance improvements relating to new best practice guidance issued by CIPFA (the Chartered Institute of Public Finance and Accountancy).

During 2022/23, **Audit, Risk and Assurances Committees** were established for each of the two subsidiary companies of Bristol Holding Ltd.

Review of Compliance

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 2022/23 accounts is awaited. In addition, the external auditors are required to consider the council's arrangements to secure economy, efficiency and effectiveness in its use of resources. Their value for money report covering 2022/23 is awaited.

The **Chief Internal Auditor** has provided an annual opinion. The Chief Internal Auditors' opinion is overall, **Reasonable Assurance** can be provided that in 2022/23, the systems of internal control, governance and risk management designed to meet the council's objectives were adequate and operating effectively. This opinion means that whilst there are generally sound risk management, internal control and governance processes in place, there are some weaknesses which may put organisational objectives at risk.

In line with the requirement of the Public Sector Internal Auditing standards, an **external review of the Internal Audit service** is required every 5 years. A review of the service concluded that the service complies with the requirements of the professional standards expected with only one recommendation being made for improvement.

Focus of Future Improvement:

Agreed improvement actions arising from Internal Audit work to be implemented. Adult Social Care transformation programme, contract management, health and safety and IT are some of the key areas requiring improvement in 2023/24

5. Significant Governance Issues 2022/23

- 5.1 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.

5.2 The actions being taken to effectively manage these issues are detailed in the table below:

Item	Issue	Key Actions
Significant Issues Remaining Open from 2022/23		
1	<p>Dedicated Schools Grant (DSG)</p> <p>Bristol's DSG has reported an annual net deficit for several years, with a cumulative deficit of £39.7m as at 31 March 2023. The key financial pressure in the DSG is within the High Needs Block (HNB) where Bristol has been unable to deliver local need within the budgets available.</p> <p>Whilst many actions have already been taken to address this, the total deficit is increasing. Further actions are planned.</p> <p>(Reference item 5 below re Children's Services).</p>	<p>For 2023/24, the activity and programmes that have a contributing role to managing the DSG HNB deficit are being brought together into a single cohesive programme of work under a single governance structure to achieve the objectives.</p> <p>Formal consultation is estimated to commence in the summer term 2023, with options being tested with stakeholders and recommendations ready to present to Cabinet in the Autumn term. Schools Forum will be asked to endorse these recommendations at September's Schools Forum and provide their feedback to include in the Cabinet report following that meeting</p> <p>Monitoring and oversight will be through:</p> <ul style="list-style-type: none"> • Regular updates to Bristol Schools Forum • Our Families Transformation Board • DfE Delivering Better Value in SEND
2.	<p>Procurement Breaches</p> <p>Since 2020/21, the number of breaches of the council's procurement regulations continue to significantly increase rising to 342 (16% of procurements) in 2022/23.</p> <p>Further analysis undertaken indicates that the majority of non-compliance relates to:</p> <ol style="list-style-type: none"> 1) extending or entering into a new contract without first seeking the signoffs required under BCC's internal procurement rules 2) extending or awarding a new contract via direct award when BCC's internal procurement rules require competition <p>Whilst this does not evidence whether better value would have been achieved had an alternative course of action been followed, it does however indicate a weakness in internal control and risk that best value may not be achieved.</p>	<p>It is recognised that more needs to be done to improve compliance with our standards and an action plan is in place to address this. Compliance will be part of the mandatory performance objectives for Heads of Service in 2023/24. In addition, the following actions are proposed:</p> <ul style="list-style-type: none"> • Quarterly DMT (by request) & EDM attendance by procurement Business Partners • Additional specific quarterly reports on procurement compliance to EDMs, CLB and CMB will start in Q1 FY2023/24 • Overview of future procurement activity as part of Induction for new officers with commissioning responsibilities • Greater Executive Director accountability for compliance • Explore system development and Power BI reporting to increase visibility of contract end dates and spend <p>Monitoring and oversight in 2023/24 will be through:</p> <ul style="list-style-type: none"> • CLB oversight • ongoing review by the Internal auditors • further updates to be provided to the Audit Committee
3	<p>Savings</p> <p>The council continues to face challenges in delivering required savings. The savings programme agreed by Full Council in March 2022 included 2022/23 savings totalling £18.0m. These combine with £6.2m of savings carried forward from prior years still requiring delivery, to bring the total savings delivery target for 2022/23 to £24.2m.</p> <p>Of these £16m (66%) were delivered on a recurrent basis with £8.2m (34%) not being achieved in year as planned. The</p>	<p>The development of detailed plans and activity is being closely monitored by Governance Boards, CLB and Delivery Executive and details will be included in the quarterly Finance reports to Scrutiny and Cabinet and ongoing review by the internal auditors in 2023/24.</p>

	<p>impact of initial propositions not being achieved has been partially mitigated during the year utilising £4.1m of the savings / optimism bias contingency.</p>	
<p>Significant Issue Emerging from 2022/23 Review</p>		
<p>4</p>	<p>Children Services Children, Families and Community Safety services are operating in a complex and challenging environment. An ILACS inspection during 2022/23 identified the need for essential improvements to move the service from 'Requiring Improvement' to 'Good'.</p> <p>At the same time, there has been increased demand for services, cost of living impacts, insufficient supply of alternative supported housing provision for our young people, a significant overspend in placements, reliance on agency staff due to recruitment and retention issues and savings not delivered during 22/23. This has resulted in a significant overspend by the service in 2022/23.</p> <p>(Reference item 1 above regarding DSG also)</p>	<p>The service is embarking on a significant transformation programme called the 'Our Families Programme.' The programme aims to enable the service to deliver the improvements required, now and in the long term, within budget and recognising the likely increasing future demand. It will also address performance, compliance and quality assurance across the service by:</p> <ul style="list-style-type: none"> • Delivering sustainable, long-term improvements to our services, through a new operating model ensuring resources are deployed efficiently and effectively, with decisions on service development informed by insight, quality and cost analysis • Developing more effective working relationships with key stakeholders and partners • Strengthening the capacity and capability of our own workforce through recruitment and retention initiatives <p>Develop an Ofsted action plan, enabled through an enhanced diagnostic commissioned by the DfE to deliver upon the improvements as outlined in the Ofsted recommendations. The actions will sit alongside the 'Our Families Programme' to ensure a single view of all changes. The Enhanced Diagnostic analysis will inform further actions to deliver better value in Children's to feed into the Our Families Programme.</p> <p>Our governance to oversee these improvements is the implementation of Our Families Programme Board, quarterly assurance reporting to Corporate Leadership Board via Executive Directorate Meeting, plus SEND Improvement Board for our local area SEND monitoring (including DfE).</p>

5.3 The progress relating to the significant governance issues identified in 2021/22 was presented to the Audit Committee in May 2023 through. The Annual Governance Statement 2021/22 - Progress Update Report.

5.4 Progress in relation to the improvement areas identified in this statement will be reported to and monitored by the Audit Committee.