

Notice of Audit and Governance Committee



Date: Thursday, 27 October 2022 at 6.00 pm

Venue: Committee Room, First Floor, BCP Civic Centre Annex, St Stephen's Rd, Bournemouth BH2 6LL

Membership:

Chairman:

Cllr J Beesley

Vice Chairman:

Cllr L Fear

Cllr M F Brooke
Cllr D Butt
Cllr M Cox

Cllr A Filer
Cllr M Howell
Cllr T Johnson

Cllr M Phipps

All Members of the Audit and Governance Committee are summoned to attend this meeting to consider the items of business set out on the agenda below.

The press and public are welcome to view the live stream of this meeting at the following link:

<https://democracy.bcpCouncil.gov.uk/ieListDocuments.aspx?MIId=5006>

If you would like any further information on the items to be considered at the meeting please contact: Democratic Services on 01202 096660 or email democratic.services@bcpCouncil.gov.uk

Press enquiries should be directed to the Press Office: Tel: 01202 118686 or email press.office@bcpCouncil.gov.uk

This notice and all the papers mentioned within it are available at democracy.bcpCouncil.gov.uk

GRAHAM FARRANT
CHIEF EXECUTIVE

19 October 2022



Available online and
on the Mod.gov app

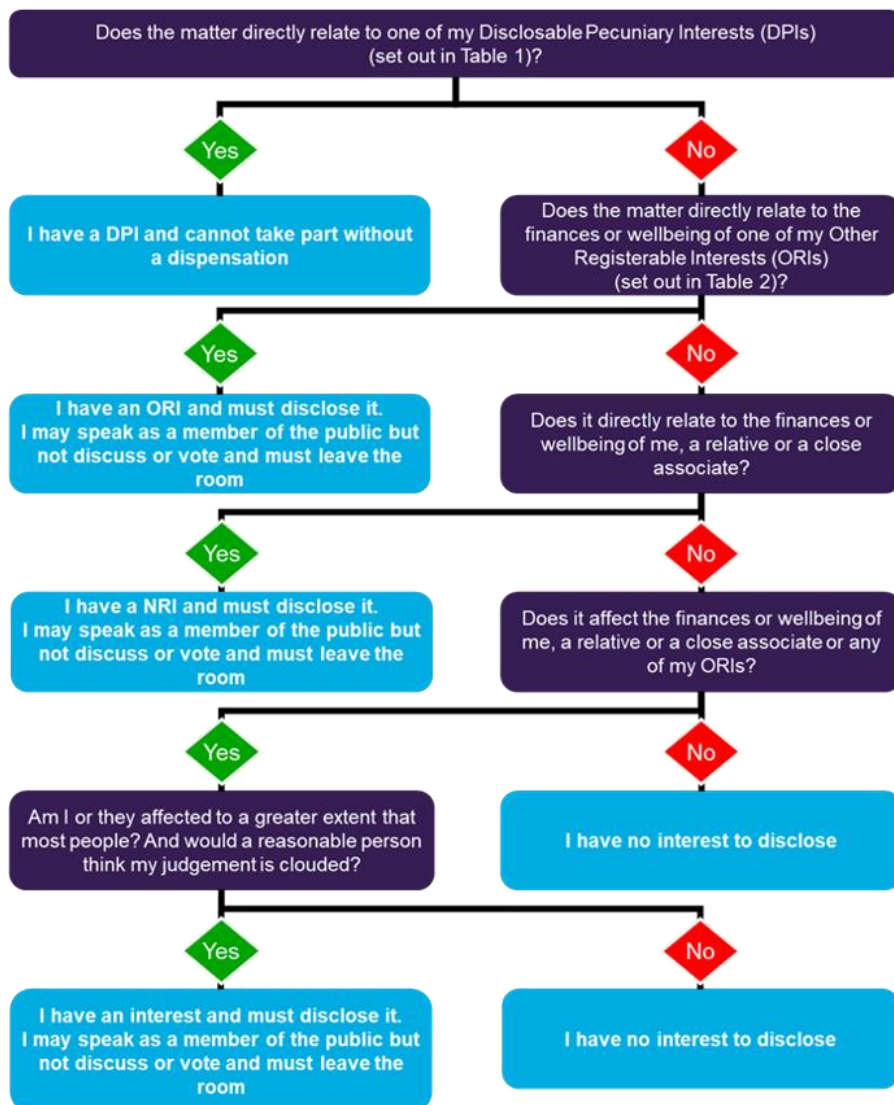


Maintaining and promoting high standards of conduct

Declaring interests at meetings

Familiarise yourself with the Councillor Code of Conduct which can be found in Part 6 of the Council's Constitution.

Before the meeting, read the agenda and reports to see if the matters to be discussed at the meeting concern your interests



What are the principles of bias and pre-determination and how do they affect my participation in the meeting?

Bias and predetermination are common law concepts. If they affect you, your participation in the meeting may call into question the decision arrived at on the item.

Bias Test

In all the circumstances, would it lead a fair minded and informed observer to conclude that there was a real possibility or a real danger that the decision maker was biased?

Predetermination Test

At the time of making the decision, did the decision maker have a closed mind?

If a councillor appears to be biased or to have predetermined their decision, they must NOT participate in the meeting.

For more information or advice please contact the Monitoring Officer
(susan.zeiss@bcpcouncil.gov.uk)

Selflessness

Councillors should act solely in terms of the public interest

Integrity

Councillors must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships

Objectivity

Councillors must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias

Accountability

Councillors are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this

Openness

Councillors should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing

Honesty & Integrity

Councillors should act with honesty and integrity and should not place themselves in situations where their honesty and integrity may be questioned

Leadership

Councillors should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs

AGENDA

Items to be considered while the meeting is open to the public

1. **Apologies**

To receive any apologies for absence from Councillors.

2. **Substitute Members**

To receive information on any changes in the membership of the Committee.

Note – When a member of a Committee is unable to attend a meeting of a Committee or Sub-Committee, the relevant Political Group Leader (or their nominated representative) may, by notice to the Monitoring Officer (or their nominated representative) prior to the meeting, appoint a substitute member from within the same Political Group. The contact details on the front of this agenda should be used for notifications.

3. **Declarations of Interests**

Councillors are requested to declare any interests on items included in this agenda. Please refer to the workflow on the preceding page for guidance.

Declarations received will be reported at the meeting.

4. **Confirmation of Minutes**

To confirm and sign as a correct record the minutes of the Meeting held on 20 October 2022 – to follow.

5. **Public Issues**

To receive any public questions, statements or petitions submitted in accordance with the Constitution. Further information on the requirements for submitting these is available to view at the following link:-

<https://democracy.bcpccouncil.gov.uk/ieListMeetings.aspx?CommitteeID=151&info=1&bcr=1>

The deadline for the submission of public questions is 4 clear working days before the meeting.

The deadline for the submission of a statement is midday the working day before the meeting.

The deadline for the submission of a petition is 10 working days before the meeting.

6. **External Auditor - Audit progress and sector update**

Grant Thornton, as the Council's appointed External Auditors, have produced a report (Appendix A) which provides an update to Audit & Governance Committee on their progress to date in delivering their responsibilities. The report includes an update on both their 2020/21 and 2021/22 audit work.

The report also includes a summary of emerging national issues and developments that may be relevant to the Council.

7. External Auditor - 2021/22 Audit plan	29 - 130
<p>The attached report at Appendix A sets out the work that the Council's External Auditor, Grant Thornton, plan to undertake for the audit of the Council's Statement of Accounts in respect of 2021/22.</p> <p>As part of risk assessment procedures, Grant Thornton are required to obtain an understanding of management processes. A series of questions relating to this and the responses received from BCP Council's management is included at Appendix B.</p> <p>Also attached, at Appendix C, is a letter from Grant Thornton regarding commencement of their 2021/22 VFM review.</p>	
8. Review of the Council's Constitution – Recommendations of the Constitution Review Working Group	131 - 170
<p>The report summarises the issues considered by the Constitution Review Working Group and sets out a series of recommendations arising from the Working Group for consideration by the Committee.</p> <p>Any recommendations arising from the Committee shall be referred to full Council for adoption.</p>	
9. Governance of Corporate Health & Safety and Fire Safety	171 - 176
<p>This report details progress made on the delivery of Health & Safety and Fire Safety governance arrangements for BCP Council and highlights:</p> <ul style="list-style-type: none"> • Implementation of Governance framework • Reporting to the Health and Safety and Fire Safety Board • Covid 19 response and the recovery • An overview of service delivery 	
10. Emergency planning and business continuity update report	177 - 188
<p>Emergency planning and business continuity activity in BCP Council over the reporting period has been focused on getting back on track following the significant response to COVID and the disruption this caused to the planning side of resilience. Significant progress has been made in business continuity and the council's response arrangements have been put to the test with numerous large scale emergency responses. These have been dominated by extreme weather and fires and evacuations. At a national level the resilience agenda continues to evolve and the impacts of this are being looked at and incorporated into planning and response activities locally.</p>	
11. Treasury Management Monitoring update for Quarter 2 2022/23	189 - 196
<p>The report sets out the Quarter two performance for 2022/23.</p>	

12. Risk Management – Corporate Risk Register Update	197 - 230
This report updates Councillors on the position of the Council's Corporate Risk Register.	
13. Internal Audit - Quarterly Audit Plan Update	231 - 238
This report details progress made on delivery of the 2022/23 Audit Plan for the period July to September (inclusive) 2022. The report highlights that:	
<ul style="list-style-type: none"> • Seven audit assignments have been completed, all of which were 'Reasonable' audit opinions; • Twenty four audit assignments are in progress; • Implementation of audit recommendations is satisfactory and none have required escalation to Audit & Governance Committee; 	
BCP internal audit arrangements have been assessed against the questions posed in the recent CIPFA publication 'Internal Audit untapped potential' and found to be robust.	
14. Forward Plan (refresh)	239 - 242
This report sets out the reports to be considered by the Audit & Governance Committee for the 2022/23 municipal year in order to enable it to fulfil its terms of reference.	
15. Annual Report of Internal Audit Counter Fraud work and Whistleblowing referrals 2021/22	243 - 256
This report details counter fraud work carried out by Internal Audit to provide assurance on the Council's response to combating fraud and corruption. Internal Audit have investigated all allegations of suspected fraud or financial irregularity in a proportionate manner. Two formal whistleblowing referrals for the Council were received and investigated by Internal Audit during 2021/22.	
[PLEASE NOTE: Should the Committee wish to discuss the detail within the Confidential Appendix of this report, the meeting will be required to move into Confidential (Exempt) Session]	

No other items of business can be considered unless the Chairman decides the matter is urgent for reasons that must be specified and recorded in the Minutes.

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AUDIT AND GOVERNANCE COMMITTEE



Report subject	External Auditor - Audit progress and sector update
Meeting date	27 October 2022
Status	Public Report
Executive summary	<p>Grant Thornton, as the Council's appointed External Auditors, have produced a report (Appendix A) which provides an update to Audit & Governance Committee on their progress to date in delivering their responsibilities.</p> <p>The report includes an update on both their 2020/21 and 2021/22 audit work. Key points of note are:</p> <ul style="list-style-type: none"> • 2020/21 Financial Statements Audit – two issues (infrastructure assets and work undertaken by the auditor of Dorset Pension Fund) are continuing to cause the delay in completing the 2020/21 audit opinion. • 2020/21 Value for Money – the Auditors Annual Report for 2020/21 was presented to a special meeting of the Audit & Governance Committee on 20 October 2022. • 2021/22 Financial Statements Audit – planning and interim work is in progress. The deadline of 20 November 2022 for completing their work will not be met due to the significant delay in completing the 2020/21 audit. • 2021/22 Value for Money – the auditors are proposing to delay the commencement of their review until early 2023 as the 2020/21 VFM Auditors Annual Report was only finalised in September 2022. <p>The report also includes a summary of emerging national issues and developments that may be relevant to the Council.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>Audit & Governance Committee notes the External Auditor's progress to date in delivering their responsibilities and the sector update provided.</p>
Reason for recommendations	<p>To update Audit & Governance Committee on the External Auditor's progress to date in delivering their responsibilities.</p> <p>To advise Audit & Governance Committee of emerging national issues and developments that maybe relevant to the Council.</p>
Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council

Corporate Director	Graham Farrant, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Information

Background

1. During 2017, Public Sector Audit Appointments (PSAA) awarded contracts for audit for a five-year period beginning on 1 April 2018. This year is the fourth year of that contract, Grant Thornton are the appointed External Auditors for Bournemouth, Christchurch and Poole Council.
2. Grant Thornton, as the Council's External Auditors, have a responsibility to provide regular updates to those charged with governance (Audit & Governance Committee) on progress made in delivering their responsibilities.

External Audit Progress Report

Progress at October 2022

3. The attached report (Appendix A) details progress made by Grant Thornton in delivering their responsibilities as external auditors.
4. The report includes an update on the following areas for their 2020/21 work:
 - Financial Statements Audit – two issues (infrastructure assets and work undertaken by the auditor of Dorset Pension Fund) are continuing to cause the delay in completing the 2020/21 audit opinion.
 - Value for Money – the Auditors Annual Report for 2020/21 was presented to a special meeting of the Audit & Governance Committee on 20 October 2022.
 - Other Areas - Certification of claims and returns (work has been completed), Whole of government accounts (a return is required to be certified), and Meetings and Events.
 - Audit Fees – proposed variations to the Scale Fee set by Public Sector Audit Appointments have been discussed with the s151 Officer.
5. The report also includes an update on the following areas for their 2021/22 audit work:
 - Financial Statements Audit – planning and interim work is in progress. The deadline of 20 November 2022 for completing their work will not be met due to the significant delay in completing the 2020/21 audit.
 - Value for Money – the auditors are proposing to delay the commencement of their review until early 2023 as the 2020/21 VFM Auditors Annual Report was only finalised in September 2022.

- Other Areas – Certification of claims and returns and meetings details are provided.
- Audit Deliverables – planned dates and statuses of each area of work are included.
- Results of Interim Audit Work – details are provided.

Sector Update

6. The report also includes a summary of emerging national issues and developments that may be relevant to the Council (as a local authority) which includes:
 - Response to local audit consultation – Department for Levelling Up, Housing and Communities
 - The Value of Internal Audit – CIPFA
 - Audit and Risk Assurance Committee effectiveness tool – National Audit Office
 - Guide for audit and risk committees on financial reporting and management during COVID-19 – National Audit Office

Options Appraisal

7. An options appraisal is not applicable for this report.

Summary of financial implications

8. The proposed 2021/22 BCP Council Audit fee is £213,875.

Summary of legal implications

9. There are no direct legal implications from this report.

Summary of human resources implications

10. There are no direct human resources implications from this report.

Summary of sustainability impact

11. There are no sustainability impact implications from this report.

Summary of public health implications

12. There are public health implications from this report.

Summary of equality implications

13. There are no direct equality implications from this report.

Summary of risk assessment

14. There are no risk implications from this information report.

Background papers

None

Appendices

Appendix A – Grant Thornton – BCP Audit Progress Report and Sector Update

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BCP Council Audit Progress Report and Sector Update

Year ending 31 March 2022

October 2022



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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Your key Grant Thornton team members are:



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This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at October 2022

2020/21 Financial Statements Audit

At the July meeting of the Audit and Governance Committee we provided an update on progress in completing the 2020/21 BCP opinion audit.

The Committee were advised that two main issues were continuing to cause delay in sign off, specifically:

- Infrastructure assets
- Pension Liability IAS 19 letter of assurance from the Dorset Pension Fund auditor.

Since July's committee the infrastructure issue has evolved with CIPFA currently considering a solution in the form of a 'statutory override', that if approved would take infrastructure outside of the scope of audit. We expect to receive an update on this in December 2022.

In addition, on 10 October 2022 we received the letter of assurance from the auditor of Dorset Pension Fund in respect of the pension fund net liability disclosure in the balance sheet. This letter is now being reviewed by the audit team.

However, due to an issue identified by another audit supplier we have decided that we need to reissue our letter to Deloitte to request additional assurances. This approach is consistent with that of other audit firms and should not delay concluding the 2020/21 audit.

Objection to the accounts

We have received an objection to the 2020/21 accounts including observations and references to alleged 'systematic deficiencies' in how the Council records its group fixed assets and their monetary reconciliations with the balance sheets.

We have considered the points raised by the elector and on 14 October 2022 issued our decision and letter of explanation letter dismissing the objection and the request for a public interest report.

2020/21 Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements.

Our work Auditor's Annual Report for 2020/21 was presented to a special meeting of the Audit and Governance Committee on 20 October 2022.

Progress at October 2022 (cont.)

2020/21 - Other areas

Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work for the 2020/21 claim began in November. DWP extended the deadline for reporting the findings of this work to 28 February 2022. We completed our work and reported to DWP on 20 January 2022.

We certify the Authority's annual Teachers' Pensions return in accordance with procedures agreed with Teachers' Pensions. The certification work for the 2020/21 return began in October, and was completed on 15 December 2021.

We also certify the Authority's annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Department for Levelling Up, Communities and Housing ("DLUCH"). The deadline for completion and reporting of the certification work for the 2020/21 return was 4 February 2022. We issued our final report to DLUCH on 2 February 2022.

Meetings

We met with Finance Officers regularly as part of our monthly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Other areas

Whole of government accounts

The Council is required to complete a return to the Department for Levelling Up, Communities and Housing ("DLUCH"), which we are required to certify. The Group Audit Instructions to auditors have now been issued and we will complete this work once the audit opinion has been issued.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Accounts Workshop in January and February 2022, where we highlighted financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

Progress at October 2022 (cont.)

2020/21 Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2021/22 is the fourth year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in the period 2018/19 to 2021/22 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the “few improvements needed” (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Audit and Governance Committee. We will review the final fees for the 2020/21 audit on completion of our work.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Progress at October 2022

2021/22 Financial Statements Audit

Our planning and interim work for 2021/22 is in progress and our Audit Plan is included on the agenda of this meeting.

The Accounts and Audit (Amendment) Regulations 2022 were laid in parliament on 30 June 2022 and are expected to come into force on 22 July 2022. The amendment moves the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts and will set the publication deadline at 30 September for subsequent years up to 2027/28.

Given the significant delay in completing our 2020/21 audit it will not be possible for us to complete the 2021/22 by the 20 November 2022 deadline. However, it will be our aspiration to bring forward significantly the completion of the 2021/22 audit.

We have progressed our detailed planning for 2021/22 and are currently in discussion with management regarding the timing of the 2021/22 post-statements audit visit

Value for Money

Our planning for the 2021/22 VFM work is underway.

Given that we finalised our 2020/21 VFM Auditors Annual Report in September 2022 we are proposing to delay the commencement of our 2021/22 VFM review until early 2023.

The National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we now expect to publish our 2021/22 Auditor's Annual Report, including our commentary on arrangements to secure value for money no later than July 2023.

We wrote to the Chairman of the Audit and Governance Committee on 28 July 2022 to this effect.

We have set out the results of our initial Value for money risk assessment in our Audit Plan, which is on the agenda of this meeting.

Progress at October 2022 (cont.)

2021/22 - Other areas

Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work for the 2021/22 claim began in August. The deadline for reporting the findings of this work is 31 January 2023.

We certify the Authority's annual Teachers' Pensions return in accordance with procedures agreed with Teachers' Pensions. The deadline for the completion of this work is 30 November 2022. Our central team carry out this work, and have requested the audit evidence from the Council's pension team.

We also certify the Authority's annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Department for Levelling Up, Communities and Housing ("DLUCH"). The 2021/22 procedures have not yet been issued.

Meetings

We met with Finance Officers regularly as part of our monthly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Audit Deliverables

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2020/21 Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Authority's 2021/22 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.	July 2021	Complete
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	October 2021	Complete
Audit Findings Report The Audit Findings Report will be reported to the Audit and Governance Committee.	31 December 2022 (revised target)	
Response to the objection Our work in this area is complete and our response has been shared with both the objector and the Council.	30 September 2022 (revised target)	Complete
Auditor's Report This includes the opinion on your financial statements.	31 December 2022 (revised target)	
Auditor's Annual Report This Report communicates the key issues arising from our Value for Money work.	31 October 2022 (revised target)	Complete

Audit Deliverables

2020/21 Audit-related Deliverables

Teachers Pensions Scheme – certification

Planned Date

Status

30 November 2021

Complete

This is the report we submit to Teachers Pensions based upon the mandated agreed upon procedures we are required to perform.

Housing Benefit Subsidy – certification

31 January 2022

Complete

This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.

Pooling of housing capital receipts - certification

4 February 2022

Complete

This is the report we submit to the Department for Levelling Up, Communities and Housing (“DLUCH”). based upon the mandated agreed upon procedures we are required to perform.

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2021/22 Deliverables

Planned Date

Status

Audit Plan

October 2022

Complete

We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Authority’s 2021/22 financial statements and the Auditor’s Annual Report on the Authority’s Value for Money arrangements.

Interim Audit Findings

October 2022

Complete

We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.

Audit Findings Report

TBC

The Audit Findings Report will be reported to the Audit and Governance Committee.

Auditors Report

TBC

This includes the opinion on your financial statements.

Auditor’s Annual Report

TBC

This Report communicates the key issues arising from our Value for Money work.

Results of Interim Audit Work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusions and recommendations
Internal audit	We have reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.	Our review of internal audit work has not identified any weaknesses which impact on our audit approach.
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.
Review of information technology controls	Our information systems specialist are performing a high level review of the general IT control environment, as a follow up to the issues identified in the 2020/21 IT audit report.	We will report on the findings of the IT audit follow up work in the Audit Findings Report.

	Work performed	Conclusions and recommendations
Walkthrough testing	<p>We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a significant risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Council in accordance with our documented understanding.</p>	Our work has not identified any weaknesses which impact on our audit approach.
Journal entry controls	We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.	Our testing of journal entries will be carried out as part of the final accounts audit.

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Response to local audit consultation – Department for Levelling Up, Housing and **Communities (“DLUHC”)**

The Department for Levelling Up, Housing and Communities (“DLUHC”) has published its response to the local audit consultation. This follows the “Redmond Review”, which reported in September 2020.

The response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

Ahead of ARGA’s establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022.

The consultation response also announces:

- Plans to make audit committees compulsory for all councils, with each audit committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.
- ARGA will take over statutory responsibility for preparing and issuing the Code of Audit Practice (from the National Audit Office).
- A post-implementation review of the new Value for Money arrangements. The Code is a key part of the local audit system, and it is important to ensure that it helps to facilitate effective local audit. To allow time for the new arrangements to bed in the response proposes this is completed within three years.

The full response can be found here:

[Government response to local audit framework: technical consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-local-audit-framework-technical-consultation)



The Value of Internal Audit – CIPFA

One of the key elements of good governance is an independent and objective internal audit service. Some organisations engage fully and reap significant benefits from the assurance, insight and expertise they bring whilst others pay lip-service to them and see their work as an administrative burden.

CIPFA's recent report, Internal Audit: Untapped Potential, lifts the lid on internal audit in public services. For some chief financial officers and chief executives, this report confirms the value and contribution of internal audit teams with 87% of respondents recognising the contribution internal audit makes to their organisation. However, some leadership teams saw internal audit as providing a basic service at minimal cost.

Getting the most out of the function requires honest conversations and long-term planning. Maintaining appropriate skills and knowledge within the function is necessary to ensure high quality internal audit in public services are retained.

Culture and governance

The Audit Committee should monitor the delivery of internal audit and their output will be a key part of the annual work-plan. However, internal audit is not a substitute for risk management and should enhance the overall assurances received by management. Executives and Officers should engage with internal audit recommendations to ensure the organisation gains maximum value from reviews.

Capacity

Reducing internal audit days can lead to a lack of 'corporate grip' and not identifying issues at an early stage. This report raises concerns over the capacity of internal audit across the public sector. The profession needs to be valued and invested in to make it more attractive to new blood and for bodies to be able to attract the best candidates to their service.

Expectations

To maximise the impact of internal audit, a clear and aligned strategic audit plan and annual audit plan should be in place. This should be agreed with all stakeholders.

Future plans

Internal audit needs to adapt to the changing landscape, including risks such as climate change, digital and technological developments, cyber-security and ongoing financial and service pressures within their planning processes. For financial resilience and medium- and long-term financial strategies internal audit can provide vital independent assurance to decision makers to allow them to take on more risk and be more ambitious. Leadership teams need to be clear on what assurances they will require going forward.

For more information, Rob Whiteman share his views on this report.



Audit and Risk Assurance Committee effectiveness tool – NAO

The National Audit Office (NAO) has published this tool which supports Audit Committees in assessing their effectiveness.

The NAO comment “Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm’s-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

Against this background, the NAO’s effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The NAO’s effectiveness tool is a comprehensive way for ARACs to assess their effectiveness on a regular basis.”

The tool covers:

- Membership, independence, objectivity and understanding
- Skills and experience
- Roles and responsibilities
- Scope
- Communication and reporting

Although the tool is designed for central government Audit Committees it is also relevant to local government.



The guide can be found here:

[Audit and Risk Assurance Committee effectiveness tool - National Audit Office \(NAO\) Report](#)

Guide for audit and risk committees on financial reporting and management during COVID-19 – NAO

The National Audit Office (NAO) has published this guide which aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak

The NAO comment “Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.”

The guide includes sections on:

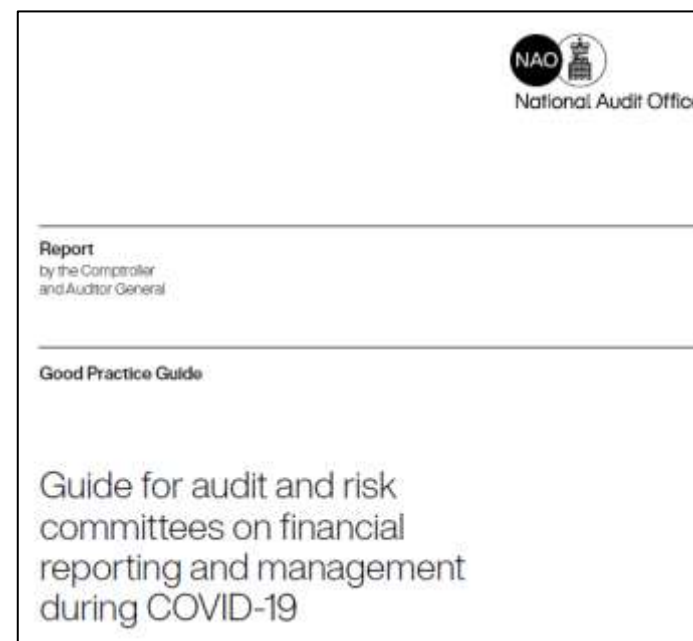
- Annual reports
- Financial reporting
- The control environment
- Regularity of expenditure

The guide can be found here:

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>

The guide includes a number of key questions covering areas such as:

- Property valuations
- Pension scheme valuations
- Completeness of liabilities
- Events after the reporting period
- Control environment
- Fraud and error





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AUDIT AND GOVERNANCE COMMITTEE



Report subject	External Auditor - 2021/22 Audit plan
Meeting date	27 October 2022
Status	Public Report
Executive summary	<p>The attached report at Appendix A sets out the work that the Council's External Auditor, Grant Thornton, plan to undertake for the audit of the Council's Statement of Accounts in respect of 2021/22.</p> <p>The External Auditor plans to give an opinion on whether the accounts give a true and fair view and whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.</p> <p>As part of risk assessment procedures Grant Thornton are required to obtain an understanding of management processes and the Audit and Governance Committee's oversight of the following areas: General Enquiries of Management, Fraud, Laws and Regulations, Related Parties, Going Concern, and Accounting Estimates. A series of questions on each of these areas and the response we have received from BCP Council's management is included at Appendix B for Audit and Governance Committee to consider.</p> <p>Also attached to this report, at Appendix C, is a letter from Grant Thornton explaining that due to their 2020/21 VFM Auditors Annual report only being finalised this month, they are proposing to delay the commencement of their 2021/22 VFM review until early 2023.</p>
Recommendations	<p>It is RECOMMENDED that Audit & Governance Committee:</p> <ul style="list-style-type: none"> • notes the Grant Thornton External Audit Plan 2021/2022 for the Council. • consider whether the management responses in Appendix B in the are consistent with its understanding and whether there are any further comments it wishes to make.
Reason for recommendations	To advise the Audit & Governance Committee of the External Audit annual plan for the Council for the audit of the 2021/22 Statement of Accounts.
Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive

Report Author	Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉nigel.stannard@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Information

Background

1. During 2017, Public Sector Audit Appointments (PSAA) awarded contracts for audit appointments for a five-year period beginning on 1 April 2018. This year is the fourth year of that contract, Grant Thornton are the appointed External Auditors for Bournemouth, Christchurch and Poole Council.
2. The External Auditor performs the audit of the financial statements in line with the Code of Practice issued by the National Audit Office (NAO) and International Standards on Auditing (UK).
3. The External Auditor gives an opinion on whether the accounts give a true and fair view and whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

External Auditor – Audit Plan 2021/22

4. The attached report at Appendix A (BCP Audit Plan) sets out the planned scope and timing of the statutory audit of the Council's Statement of Accounts, in respect of 2021/22, for those charged with governance.
5. The contents of the report include:
 - Financial Reporting Council's Annual Report
 - Key Matters
 - Introduction & Headlines
 - Group audit scope and risk assessment
 - Significant risks identified
 - Accounting estimates & related disclosures
 - Other matters
 - Materiality
 - IT Audit Strategy
 - Value for Money arrangements
 - Risks of significant VFM weaknesses
 - Audit logistics and team
 - Audit Fees
 - Independence and non-audit fees
 - Digital Audit

6. As part of risk assessment procedures Grant Thornton are required to obtain an understanding of management processes and the Audit and Governance Committee's oversight of the following areas: General Enquiries of Management, Fraud, Laws and Regulations, Related Parties, Going Concern, and Accounting Estimates.
7. A series of questions on each of these areas and the response we have received from BCP Council's management is included at Appendix B. The Audit and Governance Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.
8. Also attached to this report, at Appendix C, is a letter from Grant Thornton explaining that due to their 2020/21 VFM Auditors Annual report only being finalised this month, they are proposing to delay the commencement of their 2021/22 VFM review until early 2023. Further detail is contained within the letter.

Options Appraisal

9. An options appraisal is not applicable for this report.

Summary of financial implications

10. The fee for the External Audit programme of work is set out in the attached Appendix A. The proposed 2021/22 fee is £213,875 for the BCP Council.

Summary of legal implications

11. There are no direct legal implications from this report.

Summary of human resources implications

12. There are no direct human resource implications from this report

Summary of sustainability impact

13. There are no direct sustainability impact implications from this report

Summary of public health implications

14. There are no direct public health implications from this report.

Summary of equality implications

15. There are no direct equalities implications from this report.

Summary of risk assessment

16. There are no direct risk implications from this report.

Background papers

None

Appendices

Appendix A - Grant Thornton – BCP Audit Plan Year Ending 31 March 2022

Appendix B – Grant Thornton – Informing the audit risk assessment for BCP Council 2021/22

Appendix C – Grant Thornton – 2021/22 VFM arrangements letter

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Bournemouth, Christchurch and Poole Council indicative audit plan

Year ending 31 March 2022

33 Bournemouth, Christchurch and Poole Council
17 October 2022



Contents



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Section

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Significant improvements from the Financial Reporting Council's (FRC) quality inspection

On 29 October, the FRC published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here: [FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our results over the past three years are shown in the table below:

Grade	Number 2018/19	Number 2019/20	Number 2020/21
Good with limited improvements (Grade 1 or 2)	1	1	6
Improvements required (Grade 3)	2	5	3
Significant improvements required (Grade 4)	1	0	0
Total	4	6	9

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis. As auditors we have had to show compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Significant improvements from the Financial Reporting Council's (FRC) quality inspection (cont.)

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

Conclusion

Local audit plays a critical role in the way public sector audits an society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

Key matters

Factors

Reorganisation and transformation

The savings derived from the transformation programme are a key element of the Council's Medium Term Financial Strategy (MTFS). The transformation programme forms the single largest and most comprehensive response to addressing the budget pressures identified in the Council's MTFS, realising benefits through streamlining services, reducing third party spend and harmonising fees and charges. However, the costs of the transformation programme have risen from an estimated £29.5m in the initial proposals in 2019 to £67.9m in February 2022. The Council has applied for a capitalisation direction for £75m over three years after the original plans for funding the increased costs of the programme were unsuccessful.

Recovery from Covid 19 pandemic

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The Council continues to operate in a post Covid-19 environment which includes additional challenges such as bringing services back to pre pandemic efficiency, and staff shortages.

2020/21 Financial Statements

The audit of the financial statements for the year ended 31 March 2021 remains on-going at the date of drafting this audit plan. This is due, in the main, to the national issue in respect of infrastructure assets which are material in the Council's accounts. CIPFA are currently considering a solution in the form of a 'statutory override', that if approved would take infrastructure outside of the scope of audit. We have also been awaiting a letter of assurance from the auditor of Dorset Pension Fund in respect of the pension fund net liability disclosure in the balance sheet. This letter was received on 10 October 2022 and is now being reviewed by the audit team. This matter has been previously discussed with the Audit and Governance Committee.

We continue to work with the Council to conclude on these issues.

2021/22 Financial Statements

We have progressed our detailed planning for 2021/22 and are currently in discussion with management regarding the timing of the 2021/22 post-statements audit visit. We are committed to bringing forward the completion of the 2021/22 audit but also recognise the importance of concluding 2020/21 before completing 2021/22 detailed testing on areas outstanding from the previous year.

Our response

- We will consider your arrangements for service and structural transformation and your plans for delivering a balanced financial positions in the medium term as part of our work in completing our Value for Money work.
- We will continue to provide you with sector updates via our Audit Committee updates.
- We have identified an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to increasing financial pressures. We have identified a significant risk in regards to management override of controls – refer to page 9
- The Council has engaged a new external valuer to value some of its general fund assets. This will necessitate a greater level of scrutiny to consider how this change impacts of the valuation methods and processes undertaken.
- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further on page 21 & 22 of this plan is based on our current assessment of the work required to discharge our responsibilities. We continue to liaise with the Section 151 Officer regarding fees for both 2021/22 as well as the ongoing 2020/21 audit.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Bournemouth, Christchurch and Poole Council (BCP) ['the Council'] for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of BCP Council]. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance Committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of Russell-Cotes Art Gallery and Museum Charitable Trust, The Five Parks Charity and the Lower Central Gardens Trust.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuations of land, buildings and investment properties.
- Valuation of the pension fund liability.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £13.5m (PY £11.56m) for the group and £13.3m (PY £11.50m) for the Council, which equates to 1.4% of your gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £700k (PY £600k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money remains in progress, however, based on our VFM planning work to date we have identified the following risks of significant weakness:

- The Council's arrangements and progress in addressing the weaknesses identified by OFSTED in its focussed inspection of children's services.
- The Council's arrangements for setting a balanced Medium-Term Financial Strategy and achieving financial sustainability, including:
 - the costs and associated savings of the Council's transformation programme,
 - options for funding of programme including by asset disposals

As part of our 2021/22 VFM work we will follow up all the key and improvement recommendations arising from our VFM work in the previous year.

Once our VFM planning work is complete we will revisit the risks in this area and update the Audit and Governance Committee in our Audit Findings Report should the risks change.

Introduction and headlines cont.



Audit logistics

Our planning and interim visit took place in June and October 2022. We are currently in discussion with management regarding the timing of the 2021/22 post-statements audit visit. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our fee for the audit will be £213,875 (more detail is provided on pages 21 & 22), for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
BCP Council	Yes		<ul style="list-style-type: none"> See pages 9 to 11 	Full scope audit performed by Grant Thornton UK LLP
The Russell Cotes Art Gallery and Museum Charitable Trust	No		<ul style="list-style-type: none"> None 	Specified procedures on one more classes of transactions, account balances or disclosures in the group financial statements.
Five Parks Charity	No		<ul style="list-style-type: none"> None 	Specified procedures on one more classes of transactions, account balances or disclosures in the group financial statements.
The Lower Central Gardens Trust	No		<ul style="list-style-type: none"> None 	Specified procedures on one more classes of transactions, account balances or disclosures in the group financial statements.

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to risks of material misstatement of the group financial statements
- Analytical procedures at group level

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
ISA240 revenue risk	Council	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including BCP Council, mean that all forms of fraud are seen as unacceptable 	No specific work is planned as this presumed risk has been rebutted.
Management over-ride of controls	Council	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings including council dwellings and investment properties	Council	<p>The Council revalues its land and buildings on a rolling five-yearly basis. In addition council houses, investment property and the top 20 by value assets are revalued annually. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value for surplus assets and investment properties at the financial statements date, where a rolling programme is used</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation experts used • discuss with and write to the valuers to confirm the basis on which the valuation was carried out • challenge the information and assumptions used by the valuers to assess completeness and consistency with our understanding and engage our own valuer to assess the instructions to the Council's valuers, the Council's valuers' report and the assumptions that underpin the valuation • test revaluations made during the year to see if they had been input correctly into the Council's asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Pension Fund Liability	Council	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtain assurances from the auditor of Dorset Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Governance Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2022.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings, council dwellings and investment properties
- Depreciation
- Year end provisions and accruals
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- **What the assumptions and uncertainties are;**
- **How sensitive the assets and liabilities are to those assumptions, and why;**
- **The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and**
- **An explanation of any changes made to past assumptions if the uncertainty is unresolved.**

Planning enquiries

As part of our planning risk assessment procedures we have made inquiries of management. The responses to these inquiries are included as an appendix to the audit plan that will be presented at Audit Committee.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £13.5m (PY £11.56m) for the group and £13.3m (PY £11.5m) for the Council, which equates to 1.4% of your forecast gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £16k for senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

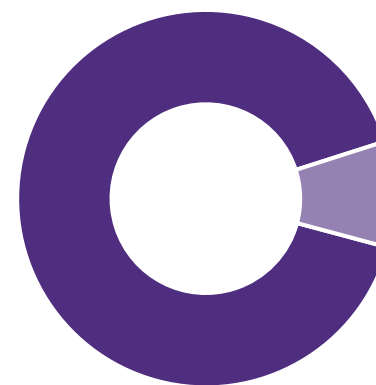
Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £700k (PY £600k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.

Gross operating costs

£962m Group

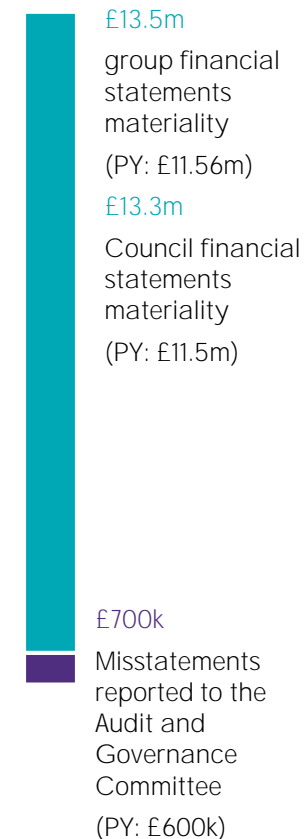
£952m Council



■ Gross operating costs

■ Materiality

Materiality



IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. Based on the level of assurance required for each IT system the assessment may focus on evaluating key risk areas ('streamlined assessment') or be more in depth ('detailed assessment').

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Oracle Fusion	Financial reporting, ERP	<ul style="list-style-type: none"> Detailed ITGC assessment (design) – Follow up of 2020/21 issues
Civica Open Revenues	Revenues and Benefits	<ul style="list-style-type: none"> Detailed ITGC assessment (design) – Follow up of 2020/21 issues
Capita Academy	Revenues and Benefits	<ul style="list-style-type: none"> Detailed ITGC assessment (design) – Follow up of 2020/21 issues

Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office (NAO) issued updated guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Risks of significant weakness

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.



Children's Services

The findings of a focussed inspection of the Council's children's services reported in November 2020 identified significant failings. This is indicative of weaknesses in how the Council delivers this service.

We will consider the actions that the Council has taken to respond to these findings and review evidence to support any improvements reported.



Financial sustainability

There is a risk to the future financial sustainability of the Council as the original option for funding the transformation programme, key to the delivery of service efficiencies was prevented by the government. At the time of drafting this audit plan, the preferred option of a capitalisation direction has not been approved in full. This uncertainty and the absence of a fully costed detailed alternative to balancing the finances into the medium term is a significant risk to the Council.

We will consider the progress made by the Council in identifying options to balance its medium term financial plan and achieving financial sustainability. This will include the costs and associated savings of the Council's transformation programme and whether options for asset disposals to fund the programme are being considered.

We will follow up our key and improvement recommendations included within our 2020/21 Auditor's Annual Report.

Our 2021/22 VFM planning work has not been concluded at the time of drafting this audit plan and therefore we will keep our risk assessment open and provide an update as to any further risks identified once our work has concluded.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit logistics and team



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Peter Barber, Key Audit Partner

Peter is responsible for the overall delivery of the audit. He will meet regularly with senior management of the Council and will attend Audit and Governance Committee meetings.



Mark Bartlett, Audit Manager

Mark plans, manages and leads the delivery of the audit, is your key point of contact for your finance team and is your first point of contact for discussing any issues.



Becky Greaves, Audit Incharge

Becky is responsible for the day to day delivery of the audit, ensuring the audit is delivered effectively and efficiently. She supervises and co-ordinates the on-site audit team.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of items for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees

In 2019, PSAA awarded a contract of audit for BCP to begin with effect from 2019/20. The fee agreed in the contract was £130,000. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2021/22 audit.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as detailed on page 12 in relation to the updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting.

The pandemic has led to considerable changes to how we all work and how we have carried out our audits over the last two years. Many local government bodies are exploring new ways of working to support its officers, through use of remote and hybrid working environments. We see the positive benefits this can bring to entities, and their workforce, both in providing more flexibility and reducing its environmental impact.

Whilst there are many efficiencies to remote working, having the ability to work together with officers face to face in conducting our audit work provides many advantages to the timely progression of the audit; both in minimising inefficiencies in gathering audit evidence, and in discussing key issues with officers and resolving and concluding outstanding queries.

With Covid restrictions now lifted, we have considered our on-site working arrangements. We have been discussing this with PSAA and propose that where local government bodies continue to have a preference to undertake audits remotely, either fully or in part, that audit fees would be uplifted to reflect the inefficiencies that this would cause. For BCP, we estimate this uplift to be in the region of £10,000.

We continue to discuss these fees with the Section 151 Officer. Our proposed work and fee for 2021/22, as set out below, is detailed overleaf.

	Proposed Fee 2020/21*	Proposed fee 2021/22
BCP Council Audit	£130,000	£130,000
Additional fees at the planning stage	£70,500	£83,875
Total audit fees (excluding VAT)	£TBC*	£213,875

* The audit of the 2020/21 financial statements and the value for money work remain on-going at the date of drafting this audit plan. The proposed fee for 2020/21 is as per the 2020/21 audit plan and does not include any additional fees that might be incurred over and above those identified at the planning stage.

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of financial statements, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

Scale fee published by PSAA		£130,000
<i>Ongoing increases to scale fee</i>		
Increased challenge		£6,250
Materiality reduction		£5,000
PPE Valuation (audit team)		£6,250
PPE Valuation (use of an auditors expert)		£5,000
Pensions IAS19		£4,375
Additional VFM		£20,000
Impact of ISA540		£6,000
Journals / Grants testing		£7,000
Local risk factors – including use of multiple systems		£7,500
FRC and quality reviews		£1,500
Remote working		£10,000
Infrastructure Assets		£5,000
Total estimated audit fees (excluding VAT)		£213,875

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Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

In this context, we disclose the following to you:

Dan Povey, a former deputy section 151 officer of Council, has taken up employment with Grant Thornton. In respect of Dan we have considered the ethical implications of this change of employment and we have ensured that appropriate safeguards have been in place since his commencement of employment with us.

These safeguards include the following:

- Dan not having any involvement (covered person) in the BCP Council audit or its affiliates - this will be for a minimum of 2 years
- Dan will not be a people manager in his new role, he will therefore not people manage any of the BCP team and is therefore not able to exert influence over anyone who works on the audit
- Restricting Dan's access to any files or documents relating to BCP or its affiliates, and ensuring he is not present at any meetings where audit issues are discussed.
- Confirming that Dan has resigned from the role as Director of Finance for Seascope Group Ltd, a company wholly owned by the council and companies house is aware of this.

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Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Independence and non-audit services

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

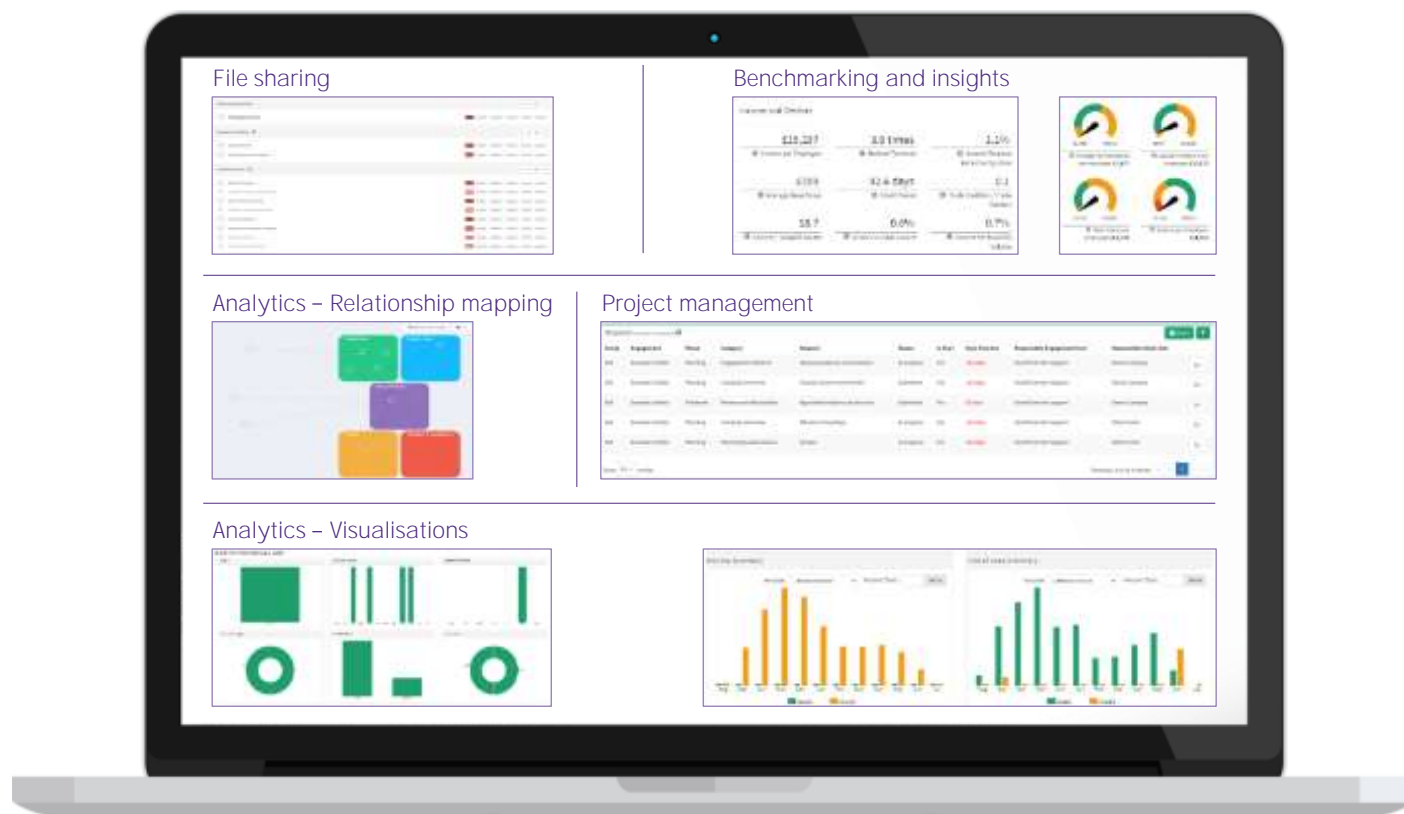
None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Certification of Housing Capital receipts grant	5,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £7,500 in comparison to the total fee for the audit of £213,875 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Benefits Subsidy return	25,300	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £25,300 in comparison to the total fee for the audit of £213,875 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Teachers Pensions return	7,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £7,500 in comparison to the total fee for the audit of £213,875 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			
CFO Insights Data analytics subscription service	10,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £213,875 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total	50,300		

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Function	Benefits for you
Data extraction	Providing us with your financial information is made easier
File sharing	An easy-to-use, ISO 27001 certified, purpose-built file sharing tool
Project management	Effective management and oversight of requests and responsibilities
Data analytics	Enhanced assurance from access to complete data populations



Grant Thornton's Analytics solution is supported by Inflo Software technology

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Info Software technology. This tool has a number of key functions within our audit process:



Data extraction

- Real-time access to data
- Easy step-by-step guides to support you upload your data



File sharing

- Task-based ISO 27001 certified file sharing space, ensuring requests for each task are easy to follow
- Ability to communicate in the tool, ensuring all team members have visibility on discussions about your audit, reducing duplication of work



Project management

- Facilitates oversight of requests
- Access to a live request list at all times



Data analytics

- Relationship mapping, allowing understanding of whole cycles to be obtained quickly
- Visualisation of transactions, allowing easy identification of trends and anomalies

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How will analytics add value to your audit?

Analytics will add value to your audit in a number of ways. We see the key benefits of extensive use of data analytics within the audit process to be the following:

Improved fraud procedures using powerful anomaly detection

Being able to analyse every accounting transaction across your business enhances our fraud procedures. We can immediately identify high risk transactions, focusing our work on these to provide greater assurance to you, and other stakeholders.

Examples of anomaly detection include analysis of user activity, which may highlight inappropriate access permissions, and reviewing seldom used accounts, which could identify efficiencies through reducing unnecessary codes and therefore unnecessary internal maintenance.

Another product of this is identification of issues that are not specific to individual postings, such as training requirements being identified for members of staff with high error rates, or who are relying on use of suspense accounts.

More time for you to perform the day job

Providing all this additional value does not require additional input from you or your team. In fact, less of your time is required to prepare information for the audit and to provide supporting information to us.

Complete extracts from your general ledger will be obtained from the data provided to us and requests will therefore be reduced.

We provide transparent project management, allowing us to seamlessly collaborate with each other to complete the audit on time and around other commitments.

We will both have access to a dashboard which provides a real-time overview of audit progress, down to individual information items we need from each other. Tasks can easily be allocated across your team to ensure roles and responsibilities are well defined.

Using filters, you and your team will quickly be able to identify actions required, meaning any delays can be flagged earlier in the process. Accessible through any browser, the audit status is always available on any device providing you with the information to work flexibly around your other commitments.



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Informing the audit risk assessment for BCP Council 2021/22

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between BCP Council's external auditors and Audit and Governance Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit and Governance Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit and Governance Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit and Governance Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit and Governance Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit and Governance Committee and supports the Audit and Governance Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Audit and Governance Committee's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from BCP Council's management. The Audit and Governance Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response – Single entity	Management response – Group
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2021/22?</p>	<p>The main issues that will have a significant impact on the 2021/22 financial statements will be the ongoing pressures from Covid-19 and service pressures from Children's services. These factors were partially offset by additional income and grants and savings on other services as follows:-</p> <ul style="list-style-type: none"> • Service pressures of £9.4m Children's services • Loss of Transformation savings and other corporate service pressures of £2.1m <p>These pressures were offset by savings as follows:-</p> <ul style="list-style-type: none"> • Adult Social Care (£3.5m) • Place Operations (£13.8m) • Release of funding (£1.0m) <p>This produced a net saving overall of £6.8m</p> <p>The effect on Reserves will have a significant impact on the Financial Statements including the increase in the Dedicated Schools grant from £7.8m to £20.3m</p> <p>Other effects on reserves include the release of earmarked NNDR and Covid funding £31m and £10m financial resilience reserve</p> <p>During the year a release of £12.7m from HRA earmarked reserves to contribute towards ring-fenced HRA Capital schemes.</p>	<p>The main issues affecting the Group Accounts would be largely the same as for the single entity but added impacts would be the business impact and loss of income resulting from Covid-19 and the supply chain effect also resulting from Covid-19 within Procurement.</p>

General Enquiries of Management

Question	Management response – Single entity	Management response – Group
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2021/22?</p>	<p>Continued:</p> <p>With grant income funding of £23.355m supporting the Community and businesses in respect of additional covid-19 as follows, some of which is included within services and others included within Taxation and non specific grant income:</p> <ul style="list-style-type: none"> • Covid-19 tranche un-ringfenced funding of £9.9m • Contain Outbreak management additional surge funding of £2.5m • Infection Control grants totalling £5.7m • Welcome back fund of £0.4m • Additional home to school transport grant of £0.186m • Winter grant scheme of £0.622m and Local Council tax support funding of £3.8m <p>Additionally the remainder of the Sales, Fees and Charges compensation grant totalling £3m was received</p> <p>A remainder of the 2020/21 allocation for Contain Outbreak Management funding was received during 2021/22 in respect of additional surge and test and trace totalling £2.55m and the remainder of Covid grant funding of £12.45m.</p> <p>NNDR Section 31 grant received during the year was £32.5m</p> <p>The impact on Council Tax and NNDR (particularly Appeals) bad debt provisions</p> <p>The local tax income guarantee grant totalled £1m during the year to compensate irrecoverable losses of 75% for both Council tax and NNDR</p> <p>The effects on Asset valuations , particularly within the Investment category continue to impact on the Council's income streams.</p>	

General Enquiries of Management

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Question	Management response – Single entity	Management response – Group
2. Have you considered the appropriateness of the accounting policies adopted by BCP Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	The Accounting Policies are reviewed annually and as such reviewed as part of the 2021/22 Statement of Accounts process. There have been no changes since 2020/21.	The Group Accounting Policies are reviewed annually and as such reviewed as part of the 2021/22 Statement of Accounts process. There have been no changes since 2020/21.
3. Is there any use of financial instruments, including derivatives? If so, please explain	The Council invests in financial Instruments in accordance with the Treasury Management Strategy and in line with guidelines of the Security, Liquidity and Yield protocols. The Council does not invest in derivatives as it does not comply with the Council's Treasury Strategy and Risk Assessments	The Council, as a group, invests in financial Instruments in accordance with the Treasury Management Strategy and in line with guidelines of the Security, Liquidity and Yield protocols. The Council does not invest in derivatives as it does not comply with the Council's Treasury Strategy and Risk Assessments
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	There are no significant transactions outside of the normal course of business	There are no significant transactions outside of the normal course of business

General Enquiries of Management

Question	Management response – Single entity	Management response - Group
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	As part of the Valuation process for revaluation of Assets annually as at the 31 March, an impairment review is included within the Valuation report. There are no changes in circumstances that would lead to impairment during the year	As part of the Valuation process for revaluation of Assets annually as at the 31 March, an impairment review is included within the Valuation report. There are no changes in circumstances that would lead to impairment during the year
6. Are you aware of any guarantee contracts? If so, please provide further details	No	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	Note 36 within the Statement of Accounts for 2021/22 'Contingent Liabilities' discloses the potential impact that Business Rate Appeals may affect the financial statements and Note 19 includes a provision for both Business Rate Appeals and Insurance	Note 36 within the Statement of Accounts for 2021/22 'Contingent Liabilities' discloses the potential impact that Business Rate Appeals may affect the financial statements and Note 19 includes a provision for both Business Rate Appeals and Insurance
8. Other than in house solicitors, can you provide details of those solicitors utilised by BCP Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	A list of the invoices processed by Legal Services and which relate to commissioned legal services has been sent to External Audit under separate cover	

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General Enquiries of Management

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Question	Management response – Single entity	Management response – Group
9. Have any of the BCP Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No reports from Service Providers	No reports from Service Providers
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Treasury Management Advisors – Link Asset Services Insurance Marsh Ltd CIPFA Toolkit LG Futures Ltd – Business Rates and Local Government Finance Pixel Financial Management Ltd – Local Government Finance KPMG – Financial Systems – full ERP System	Treasury Management Advisors – Link Asset Services Insurance Marsh Ltd CIPFA Toolkit LG Futures Ltd – Business Rates and Local Government Finance Pixel Financial Management Ltd – Local Government Finance KPMG – Financial Systems – full ERP System
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Note 15 within the Financial Statements 'Nature and extent of risks arising from Financial Instruments' includes a calculation of the Expected Credit Losses which were non-material to make any provision or impairment adjustment in accordance with IFRS 9	Note 15 within the Financial Statements 'Nature and extent of risks arising from Financial Instruments' includes a calculation of the Expected Credit Losses which were non-material to make any provision or impairment adjustment in accordance with IFRS 9 Additionally for the Group, the consolidated Balance sheet will include companies which have been prepared on Charities SORP

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit and Governance Committee and management. Management, with the oversight of the Audit and Governance Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit and Governance Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As BCP Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit and Governance Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit and Governance Committee oversees the above processes. We are also required to make inquiries of both management and the Audit and Governance Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from BCP Council's management.

Fraud risk assessment

Question	Management response – Single entity	Management response – Group
<p>1. Has BCP Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>72 How do the Council's risk management processes link to financial reporting?</p>	<p>The Council's Website holds a number of strategies, plans and policies and also the Financial Regulations. Those included within this category are:</p> <p>BCP Anti-Fraud and Corruption Policy</p> <p>Risk Management Strategy/Fraud Risk Register</p> <p>An annual Counter fraud report to Audit and Governance Committee</p> <p>Specialist investigative resource to support management with certain aspects of external fraud to the Council is provided via the Corporate Fraud Specialist</p> <p>Internal Audit are part of the a number of Counter-Fraud networks which the Council becomes aware of and responds to new emerging risks.</p> <p>All allegations are reported to the Chief Internal Auditor and Chief Finance Officer (as required under Financial Regulations) and appropriate investigations carried out.</p> <p>The Council promptly investigates potential cases of fraud or corruption using suitably trained and skilled staff or passes cases onto appropriate parties eg. Police/DWP.</p> <p>The annual counter-fraud report to the Audit & Governance Committee (scheduled October 2021) details the outcomes. Every instance of fraud or financial irregularity is thoroughly investigated, which includes passing to the police for criminal investigation if appropriate.</p> <p>The risk of material misstatement in the Financial Statements due to fraud is considered low.</p> <p>Risk management is in active use in all service areas and is used as a management tool for the prioritisation of limited resources.</p> <p>All decision reports requesting Councillor approval require risk management implications to be stated.</p> <p>The risk registers include financial risks and mitigating controls.</p> <p>Clear communication to senior officers that their role is to ensure councillors are aware of the facts and associated risks for any decision, and for Councillors to make the decision.</p> <p>Corporate Risk Register update quarterly to Audit & Governance Committee.</p>	<p>Response as per the entity – additionally the Charity Trusts are consolidated into the Group Accounts due to their materiality but any fraud risks will be the same as the reporting lines for the entity.</p>

Fraud risk assessment

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Question	Management response – Single entity	Management response – Group
2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	<p>The internal audit fraud risk assessment identifies service areas most at risk to fraud. The Annual audit plan is informed using this risk assessment.</p> <p>As part of the Audit Plan for 2021/22 the following :- Housing Tenancy, Direct payments, Corporate fraud such as housing allocation, tenancy, Right to buy and Blue Badges, Procurement, NFI data matching support & investigation, Serious and organised crime 160 days</p>	Same as for the entity
3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within BCP Council as a whole, or within specific departments since 1 April 2021? If so, please provide details	Not aware of any instances of fraud other than those mentioned below relating to Covid19 grants, the next report for reporting cases will be submitted to Annual and Governance Committee during October 2022.	Same as for the entity

Fraud risk assessment

Question	Management response – Single entity	Management response – Group
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	The management team communicate risk issues via the Audit and Governance Committee (the latest being the 26 July 2022) which includes an update to the Corporate Risk Register and is monitored quarterly and updated for any new risks. An annual report includes instances of fraud and whistleblowing	Same as for the entity
74 5. Have you identified any specific fraud risks? If so, please provide details Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within BCP Council where fraud is more likely to occur?	None other than those within the Corporate Risk Register and outlined below. * There were concerns during the pandemic in 2020/21 and partly into 2021/22 of which are outlined below. * During 2020/21 and partly in 2021/22 there were fraudulent applications for Covid19 grants. Some of which partly recovered and others subject to national scale and via National Investigation Service within the Police.*	Same as for the entity
6. What processes do BCP Council have in place to identify and respond to risks of fraud?	A counter fraud and anti corruption policy which contains whistleblowing, anti-money laundering, Bribery Act, Fraud response plan and Schools guidance are all in place. Risk Management/Fraud Risk Register in place An annual counter fraud report is reported to the Audit and Governance Committee Specialist investigative resource to support management with certain aspects of external fraud to the Council is reported via the Corporate Fraud Specialist Counter fraud networks are reported through the Internal Audit to ensure the Council becomes aware of and responds to new and emerging risks All allegations are reported to the Chief Internal Auditor and Chief Finance Officer as required under the Financial Regulations and appropriate investigations carried out The Council promptly investigates all potential cases of fraud and corruption using skilled and trained staff or passes cases to the Police/DWP or relevant authority	Same as for the entity

Fraud risk assessment

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Question	Management response – Single entity	Management response – Group
<p>7. How do you assess the overall control environment for BCP Council, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Internal Audit review the effectiveness of the system of internal controls through delivery of the approved Internal Audit Plan. The Chief internal Auditors annual report to the Audit and Governance Committee provides assurance on the effectiveness of the internal audit function. The report of the 26 July 2022 stated:</p> <p>It is the opinion of the Chief Internal Auditor that during the 2021/22 financial year:</p> <ul style="list-style-type: none"> <input type="checkbox"/> arrangements were in place to ensure an adequate and effective framework of governance, risk management and control (internal control environment) and that where weaknesses were identified there was an appropriate action plan in place to address them; <input type="checkbox"/> the systems and internal control arrangements were effective and that agreed policies and regulations were complied with; <input type="checkbox"/> adequate arrangements were in place to deter and detect fraud; <input type="checkbox"/> there was an appropriate and effective risk management framework; <input type="checkbox"/> managers were aware of the importance of maintaining internal controls and accepted recommendations made by Internal Audit to improve controls; <input type="checkbox"/> the Council's Internal Audit service was effective and compliant with all regulations and standards as required of a professional internal audit service; and that <input type="checkbox"/> the arrangements, in respect of the Chief Internal Auditor, were consistent with all of the five principles set out in the CIPFA publication "The Role of the Head of Internal Audit in Public Sector Organisations". <p>Other controls in place are mentioned above in Question one</p> <p>No known areas for override of controls or inappropriate influence over the financial reporting process.</p>	<p>Same as for the Entity</p>

Fraud risk assessment

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Question	Management response – Single entity	Management response – Group
8. Are there any areas where there is potential for misreporting? If so, please provide details	No known areas for misreporting.	No known areas for misreporting
9. How does BCP Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?	Employees are communicated through the Staff induction process, Employee Code of Conduct, the Constitution within Financial Regulations, and the Anti-fraud and corruption policy.	Same as for the Entity
How do you encourage staff to report their concerns about fraud?	A specific E-learning module has been set up and is included within the Induction process	
What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details	Staff are encouraged to report concerns through the Anti-fraud and corruption policy and also the Council's Whistleblowing policy. No significant issues have been reported, however the outcomes of this counter fraud work (including concluded investigations and NFI results) are incorporated into the Internal Audit Counter Fraud Work and Whistleblowing Referrals annual report which will be presented to the October 2022 Audit & Governance Committee meeting.	

Fraud risk assessment

Question	Management response – Single entity	Management response – Group
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>High-risk posts would be those that have access to financial systems that enable the user to make a fraudulent payment or misuse of income if controls were over-ridden e.g. Treasury Management, Debtors, Creditors and Income Collection. Senior Officers engaged in major contracts and procurement would also be considered as high-risk.</p> <p>Risks relating to these posts are identified through Controls such as Segregation of Duties, Panel evaluation process, involvement by the Strategic Procurement team in all purchases greater than £25,000. All Senior Officers at Tier 4 and above have up-to-date Declaration of Interest, gift and hospitality form2 logged with the Monitoring Officer.</p> <p>Annual Audits of key Financial Systems consider the key controls which include this risk of fraudulent activity.</p>	<p>Same as for the Entity</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No known Related Party relationships that could give rise to instances of fraud</p> <p>Formal governance arrangements are in place for each partnership/organisation including boards and formal agreements and documented roles/responsibilities.</p>	<p>The Consolidated Group Financial Statements contain that of the Entity and 3 Charitable Trusts 100% under the Control of BCP Council.</p> <p>There are no known Related Party relationships that could give rise to instances of fraud.</p> <p>Formal governance arrangements are the same of that of the Entity.</p>

Fraud risk assessment

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Question	Management response – Single entity	Management response – Group
<p>12. What arrangements are in place to report fraud issues and risks to the Audit and Governance Committee?</p> <p>How does the Audit and Governance Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Internal Audit produce an Annual Counter-fraud and corruption risk assessment and corresponding work programme</p> <p>Any significant investigations are reported to the Chair of the Audit Committee on an adhoc basis.</p> <p>An Annual Counter-fraud report is presented to the Audit and Governance Committee</p> <p>The annual Counter-fraud report to the Audit and Governance Committee will be presented in October 2022 and will detail the outcomes.</p> <p>A list of audit investigations is sent to the External Auditors.</p>	<p>Same as for the Entity</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>Annual report to Audit and Governance Committee on counter-fraud work includes outcomes of any whistleblowing referrals. The internal audit response to referrals is included in a confidential appendix.</p>	<p>Same as for the Entity</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No reports were made under the Bribery Act during 2021/22.</p>	<p>No reports made</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit and Governance Committee, is responsible for ensuring that BCP Council's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit and Governance Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

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Impact of laws and regulations

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Question	Management response – Single entity	Management response – Group
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does BCP Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>All reports for decision have a section considering legal implications.</p> <p>All reports for Council/Cabinet decision require sign-off from the Monitoring Officer.</p> <p>Senior Officers have sufficient knowledge and experience to ensure compliance with laws and regulations within their service areas.</p> <p>There are no changes to the Council's Regulatory environment that may have a significant impact on the Council's Financial Statements.</p>	<p>These arrangements and assurance aspects are no different from the Entity</p> <p>No changes as per the Entity</p>
<p>2. How is the Audit and Governance Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The Audit and Governance Committee ensures that all relevant laws and regulations have been complied with, through the work of internal audit, the Annual Audit and Inspection letter from External Audit and the Council's Annual Governance Statement.</p>	<p>As per the Entity</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2021 with an on-going impact on the 2021/22 financial statements? If so, please provide details</p>	<p>There are no known significant non-compliance of laws/regulations that would have any material impact on the 2021/22 Financial Statements.</p>	<p>Same as for the Entity</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>The specific details of potential claims will be sent to External Auditors.</p>	<p>Same as for the Entity</p>

Impact of laws and regulations

Question	Management response – Single entity	Management response – Group
5. What arrangements does BCP Council have in place to identify, evaluate and account for litigation or claims?	Decision reports to Members include Financial and Legal implications. The Risk Register would include any significant pending litigation or claims. The Statutory Officer Group (SOG) receive an approximate 6 weekly update of all major insurance claims and the Monitoring Officer reports similarly on all major litigations. The Chief Finance Officer (CFO) determines the necessary accounting treatment, assumptions or disclosure notes for such claims.	Same as per the Entity
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No. HMRC are currently conducting a VAT audit.	No.

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Related Parties

Matters in relation to Related Parties

BCP Council are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by BCP Council;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any body that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Council's perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

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Question	Management response – Single entity	Management response – Group
<p>1. Have there been any changes in the related parties including those disclosed in BCP Council's 2020/21 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and BCP Council whether BCP Council has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	No changes to related parties including those disclosed in Note 31.	No changes to related parties
2. What controls does BCP Council have in place to identify, account for and disclose related party transactions and relationships?	All Councillors, Directors and Employees are required to report Declarations of Interest, Gifts and hospitality. Failure to comply is subject to a disciplinary offence.	All Councillors, Directors and Employees are required to report Declarations of Interest, Gifts and hospitality. Failure to comply is subject to a disciplinary offence.

Related Parties

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Question	Management response – Single entity	Management response – Group
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	<p>Significant transactions must be approved in accordance with the Financial Regulations , Cabinet and Council approval for transactions exceeding £0.5m and £1m respectively.</p> <p>The Council realises the potential conflict of interest in relation to organisations over which the Council exerts Control, for example companies and charities, and always ensures that Members and Officers on the Board are withdrawn from any negotiations and decisions by the Council. The CFO remains independent of Charity and Subsidiary Boards in order to maintain Segregation of Duties.</p>	Same as per the entity
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	Significant transactions outside the normal course of business are identified either by Corporate Management Board, through reports for decision by Cabinet or Council, or as part of Treasury Management. Additional controls put in place as required.	

Climate Change and Wider Global Issues

Matters in relation to Climate Change and Wider Global Issues

In addition to the issues outlined in other sections, the audit team have deemed it appropriate to include inquiries regarding the impact of climate change, and wider global issues such as the Russian invasion of Ukraine, may have on the Council's financial statements. These global issues are increasingly impacting the environment of local government bodies, and the inquiries in the following page relate to how these issues are expected to impact the Council's financial statements, risk management assessment, and medium term financial plan.

Climate change and Wider Global Issues

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Question	Management response – Single entity	Management response – Group
1. Has BCP Council considered the impact that climate change, and particularly the Council's declaration of a climate emergency, on the Council's financial statements during current year and future years?	The narrative Statement within the Financial Statements outlines proposals for climate change and Children's services, as an example, includes a service budget for impact on climate change in page 8 of the Financial Statements.	As per the Entity
2. How has the impact of climate change, and other global issues, been taken into account by the Council as part of it's medium term financial plan? Additionally, how have these issues been considered as part of the Council's risk management arrangements?	The medium term financial plan includes a budget for climate change impact. The Council's Risk Management arrangements includes reference CR20 which refers to risk information relating to Climate Emergency and the associated key mitigations in place.	As per the Entity
3. Are increasing levels of insurance premiums as a result of climate change likely to materially impact the Council's financial statements?	CR20 within the Council's Risk Management Plan indicates increasing levels of insurance premiums as an indirect physical risk .	Same as per the Entity
4. How has the Council factored the risk of changing borrowing rates available to the Council, as a result of global issues, into it's cashflow forecasting and treasury management strategy?	The Treasury Management update report outlines the risk to the changing borrowing rates available to the Council. A monthly update on Investments and borrowing is sent to the relevant Councillor and CFO and Assistant CFO by the Treasury Accountant.	As per the Entity

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

8 For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

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Question	Management response – Single entity	Management response – Group
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by BCP Council will no longer continue?	<p>In considering what has been highlighted in this report the Council remains a “going concern”, and the Council’s accounts for 2021/22 have appropriately been prepared on this basis.</p> <p>Despite the financial challenges it faces, and the global pandemic in 2020/21 impacting partly on 2021/22, its financial position is compatible with the status of a going concern. This assessment will be undertaken annually in the course of preparing the Council’s financial statements for each year.</p>	<p>In considering what has been highlighted in this report the Group remains a “going concern”, and the Group accounts for 2021/22 have appropriately been prepared on this basis.</p> <p>Despite the financial challenges it faces, and the global pandemic in 2020/21 impacting partly on 2021/22, its financial position is compatible with the status of a going concern. This assessment will be undertaken annually in the course of preparing the Council’s Group financial statements for each year.</p>
2. Are management aware of any factors which may mean for BCP Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	Management are not aware of any factors which will impact on continuation of provision of statutory services or funding will be discontinued.	Management are not aware of any factors which will impact on continuation of group activity
3. With regard to the statutory services currently provided by BCP Council, does the Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for BCP Council to cease to exist?	The MTFP is refreshed annually and outlines a balanced budget for 2021/22. Statutory services will continue for the foreseeable future.	The Group will continue to deliver the services and activities contained within the group for the foreseeable future.

Going Concern

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Question	Management response – Single entity	Management response – Group
<p>4. Are management satisfied that the financial reporting framework permits BCP Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?</p>	<p>Management are satisfied that the financial reporting framework permits BCP Council to prepare its financial statements on a going concern basis and that they provide a faithful representation of the items in the financial statements.</p> <p>Management continually monitors its financial position, given that the significant reduction in funding for local government in recent years and the potential threat this poses to the ongoing viability of one or more councils, it is essential that the Council not only monitors performance management reporting but also its reserves, valuation of assets and provisions are reviewed on a regular basis including financial and non-financial assets.</p>	<p>As per the Entity</p>

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Governance Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit and Governance Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response – Single entity	Management response – Group
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Valuation of Property Plant & Equipment (PPE) Fair value estimates of Investment Properties Fair value estimates of Financial Instruments Accruals of income and expenditure Valuation of the Pension Fund Assets & Liabilities Bad Debt provision estimates & expected credit losses including estimation techniques used in Business Rate Appeals Provision	As per the Entity – BCP has 100% control over the 3 charitable trusts consolidated into the Financial Statements
2. How does the Council's risk management process identify and address risks relating to accounting estimates?	Risks are identified through a combination of measures such as: Communication through bulletins from professional organisations for example Actuarial statements and Estimates from the Pension Actuaries and the Valuation Office in respect of Business Rate Appeals and the use of RICS registered Valuers in estimating Property Valuations. Statistical data such as Trends in CPI and RPI can identify early risks relating to accounting estimates. Online technical updates/ briefings from bodies such as CIPFA, Grant Thornton workshops and other professional advisors such as Link Asset Services Review of Council and Cabinet Reports for identifying financial risks	As per the Entity
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	The methods, assumptions and source data will vary and depend on the type of accounting estimate as set out in Appendix A	As per the Entity

Accounting Estimates - General Enquiries of Management

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Question	Management response – Single entity	Management response – Group
4. How do management review the outcomes of previous accounting estimates?	<p>Management review the outcomes of previous accounting estimates through any trends in previous accounting periods , for example, such as a change in the Yield Bond Curve on the Pension fund investments will change year on year and impact on the Pension Liability and Assets and the net Liability.</p> <p>Accounting estimates are reviewed annually as part of the Annual Audit and will set a precedence for the future years accounting estimates. The management review will vary depending on the type of accounting estimate as set out in Appendix A.</p>	As per the Entity
5. Were any changes made to the estimation processes in 2021/22 and, if so, what was the reason for these?	<p>No changes were made to the estimation processes in 2021/22 as a few changes /improvements were already implemented further the 2020/21 Annual Audit in respect of PPE and investment property valuations surrounding floor and land areas and a change in Valuer. Different Valuers use different assumptions and therefore this can impact on estimation techniques particularly that of the fee percentages applied to valuations. A pragmatic approach was adopted for 2021.22 in order to align fee percentages against market averages.</p> <p>In relation to the Pension Actuaries, changes to mortality rates were changed during the year as a knock on effect since the pandemic.</p>	No changes made to the Estimation processes for the Group in 2021/22
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	The Council procures the expertise and skills of professional RICS valuers for the valuation of the Council's Non-Current Assets and also professional Actuaries for the Pension Fund annual Actuarial Statement. During 2021/22 the Council procured a new RICS Valuer for the valuation of PPE and other Non-current assets.	As per the Entity

Accounting Estimates - General Enquiries of Management

Question	Management response – Single entity	Management response – Group
7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	Control activities vary according to the nature of the accounting assumption. Generally they comprise of management review of results and assumptions used , advice from specialists and review by external audit.	As per the Entity
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Monitoring the operation of Control activities again varies according to the nature of the accounting assumptions. Generally they comprise of management review of results and assumptions used , advice from specialists and review by external audit.	As per the Entity
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	A summary of the accounting methods and techniques used by management in the financial statements is presented to Audit and Governance Committee for overview and scrutiny. This summary is presented at the same meeting as the external auditor's plan is presented to the Audit and Governance Committee for approval , to give assurance that the audit plan identifies all relevant risk areas.	As per the Entity
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	None other than those disclosed in Appendix A	None other than those disclosed in Appendix A

Accounting Estimates - General Enquiries of Management

Question	Management response – Single entity	Management response – Group
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	The management are satisfied that their arrangements for the accounting estimates are reasonable, whilst there will almost always be inherent risks within certain categories of estimation assumptions, all other assumptions are based on Professional Valuers that are highly skilled and trained in their assumptions and techniques used to base their estimates upon.	The management are satisfied that their arrangements for the accounting estimates are reasonable, whilst there will almost always be inherent risks within certain categories of estimation assumptions, all other assumptions are based on Professional Valuers that are highly skilled and trained in their assumptions and techniques used to base their estimates upon.
12. How is the Audit and Governance Committee provided with assurance that the arrangements for accounting estimates are adequate ?	The arrangements for accounting estimates are provided for scrutiny to the Audit and Governance Committee at the same time as the External Audit Plan is considered.	As per the Entity

Appendix A - Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	Valuations are carried out by a professional RICS registered Valuer in accordance with IFRS asset categories and the CIPFA code of practice and RICS Red book	Management agree clear terms of engagement with the External Valuer and Estates team. These set out for the valuer a schedule of the assets that require valuation, the basis, standards, timescales, format of reports plus all other relevant information relating to the properties to be valued	Yes RICS Registered Valuer	To ensure that valuations of Land & Buildings complies with the CIPFA code of practice, in that for all assets carried at current value i.e. Operational PPE must be valued with sufficient regularity to ensure that the carrying amount does not significantly differ from that of current value. Those assets which are significantly volatile to changes in current value should be valued more frequently in accordance with IAS16 PPE. The Code accepts that as a minimum assets should be revalued every 5 years. The 80% that are not revalued will be indexed using market indices to check that they do not significantly differ from current value.	No Actions have been taken to improve the valuations process
Depreciation	For those assets subject to depreciation a straight line basis has been used and applied with useful estimated life obtained from Estates or from the Valuer.	Standard asset lives used. An Analytical review is carried out of the amount of depreciation charged.	Suitably qualified Estates Surveyors advise on Asset lives	Straight line method of depreciation used by applying standard asset lives as advised by Estates Department	No

Appendix A - Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
96 Council dwelling valuations	A RICS registered Valuer carries out the Valuations annually in line with CIPFA Code of practice, RICS and guidance from Central government on Stock Valuation for resource accounting.	Management agree clear terms of engagement with the External Valuer and Estates team. These set out for the Valuer timescales, standards, basis for valuation . All valuations will be subject to robust scrutiny by Management.	Yes – An External Valuer for Poole and internal valuer for Bournemouth	Council dwellings are valued at Current Value based on EUV-SH and a beacon approach adopted to assess the type of property and whether vacant or occupied. Methodology as set out in the Stock Valuation for resource accounting : Guidance for Valuers 2016. A RICS registered Valuer carries out the Valuations annually.	No Actions have been taken to improve the valuations process
Investment property valuations	Valuations are carried out by a professional RICS registered Valuer in accordance with IFRS asset categories and the CIPFA code of practice regarding Fair Value and RICS Red book	Management agree clear terms of engagement with the External Valuer and Estates team. These set out for the Valuer timescales, standards, basis for valuation . All valuations will be subject to robust scrutiny by Management.	Yes – A RICS Registered External Valuer	Based on Fair Value hierarchy i.e. highest and best use and rental income streams. Other factors and risks are achieving market yields and rent review patterns, as well as length of terms. Ground rents also considered as to be low or high risk dependent on the type of property.	No Actions have been taken to improve the valuations process

Appendix A - Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of defined benefit net pension fund liabilities	<p>The Actuary sends a pre report and post report with the methods and assumptions used.</p> <p>Key financial assumptions include the discount rate , linked to high quality corporate bond yields, and the rate of future inflation.</p> <p>As required under IAS 19 and FRS102 standards, the Actuary has used the projected unit credit method of valuation.</p> <p>The Actuarial valuation supplied for the accounts is accompanied by the assumptions & methods used on the Balance Sheet figures. The report is reviewed by management.</p>	<p>Management consider the pre and post march briefing notes supplied by the Actuary to consider issues raised & to attend the Pension fund briefing where approaches to Employer contributions & addressing pension deficits can be agreed.</p> <p>The Actuary engages early with admitted bodies to discuss the need for reasonable assumptions for individual organisations & to ensure data is up to date.</p>	Yes. Pension Fund Actuary	<p>Inherent risk present due to materiality and uncertainty.</p> <p>Management consider whether to apply bespoke assumptions rather than the Actuary's approach by reviewing the Actuarial pre-briefing notes in the lead up to the year end period and to the potential impact to the Council.</p> <p>Management did not consider any changes to the standard demographic or financial assumptions were required.</p> <p>The Actuary provides a sensitivity analysis with the valuation report that calculates the financial impact of changes in key assumptions such as longevity, salary increases and the discount rate.</p> <p>This is published in the Statement of Accounts.</p>	No

Appendix A - Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Fair value estimates – Financial Instruments	The requirements in accounting for Financial Instruments is prescribed by IFRS 9 and also IFRS 13 (Fair Value Measurement)	Future projections are supplied by our Investment advisors and source data is readily available such as market information in maintaining the Council's Investment Portfolio. The estimates are reviewed by Management and External Audit.	Yes. The Council's current treasury advisors 'Link Asset Services' provide information and calculations on fair value estimates	No particular risks other than those inherent risks with financial instruments such as market rate risk, liquidity and credit risk. An expected credit loss estimate is provided within the Financial Statements. Such risks are generally managed through the Council's treasury management policy which is approved annually by the Audit and Governance Committee.	No
Accruals	An accruals process is included within the Year end timetable and closedown process with deadlines and in accordance with standard Accruals accounting. This is distributed to all staff involved in accounts preparation and budget holders before year end process commences.	Dependent on the value of accruals they will be reviewed by a Finance Manager, Chief Finance Officers or Assistant Chief Finance Officers on a weekly basis during closedown.	No specialist skills or knowledge used apart from Budget Holders whom have a service knowledge base of the relevant accrual.	No risks identified relating to the material accuracy of the accruals. A list of automated accruals is sent round early in the process by the Financial Management Systems Team to avoid duplication of accruals	No

Appendix A - Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions - NDR	Methodology used will be based on the Valuation Office (VO) data downloaded as at the end of March with the IPP Appeals listings – the amount outstanding is still in the 3 Legacy Councils and is therefore totalled up before it progresses to the next stage. There are still two listings one from the 2010 lists and the 2017 lists (the latter being subject to CCA appeals ie Check Challenge and Appeal) All duplicate appeals must be stripped out from the IPP lists ATM's have been adjusted for during the year due to the overturn on the court of appeal ruling back in May and backdated to 2010.	The NNDR Appeals Provision is reviewed by the Chief Finance Officer and the Assistant Chief Finance Officer for completeness.	The VO office are experts in this field and we use their site to download VO appeals data. Also the Business Rates Officers are IRRV qualified professionals.	Since the 2017 listings were based on Check Challenge and Appeal basis, there has been some uncertainty surrounding the 2017 element of the Appeals provision therefore inherent risk in calculating estimates. The 2010 list has been closed in respect of new appeals but further to Covid-19 during 2021 and filtering through to 2022, a material change in circumstances (MCC) appeals but this now creates the potential for ATMs to be lodged further to the court ruling that these cash machines be included as part of the retail development rather than a separate valuation.	No

Appendix A - Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Credit loss and impairment allowances	An impairment loss allowance is set aside equal to 12 month ECL (expected credit losses) except where it is equal to lifetime ECL's i.e. when credit risk has increased significantly since initial recognition or where the simplified approach has been used.	Source data available from accounts receivable and the revenues system combined with expert knowledge from Service Managers. ECL's on Investments obtained default percentage from Treasury Advisors – a calculation of which is contained with the disclosures in the Financial Statements. Debt is monitored as part of the quarterly revenue budget monitoring : Quarterly reports on outstanding debt at cost centre level are provided to Service Accountants, regular write off of bad debts are approved as per the financial regulations, depending on the total value.	Yes – for ECL's a Treasury Advisor within Link Asset services. For all other impairment losses no	Further to Covid-19 in 2020/21 and 2021/22 , increased credit losses surrounding NNDR and Council tax arrears increased the risk of uncertainty. Provisions based on a percentage of outstanding debt and aged debt profiling involved an increase in provisions for Council tax and NNDR to reflect the reduction in collection.	No.

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28 September 2022

Dear Cllr Beesley

2021/22 VFM arrangements

The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest.

Given that we finalised our 2020/21 VFM Auditors Annual Report for BCP today we are proposing to delay the commencement of our 2021/22 VFM review until early 2023. The National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we now expect to publish our 2021/22 Auditor's Annual Report, including our commentary on arrangements to secure value for money no later than July 2023.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours sincerely



Peter Barber
Director

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Bournemouth, Christchurch and Poole Council indicative audit plan

Year ending 31 March 2022

Bournemouth, Christchurch and Poole Council

17 October 2022



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Significant improvements from the Financial Reporting Council's (FRC) quality inspection

On 29 October, the FRC published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here: [FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our results over the past three years are shown in the table below:

Grade	Number 2018/19	Number 2019/20	Number 2020/21
Good with limited improvements (Grade 1 or 2)	1	1	6
Improvements required (Grade 3)	2	5	3
Significant improvements required (Grade 4)	1	0	0
Total	4	6	9

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis. As auditors we have had to show compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Significant improvements from the Financial Reporting Council's (FRC) quality inspection (cont.)

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

Conclusion

Local audit plays a critical role in the way public sector audits an society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

Key matters

Factors

Reorganisation and transformation

The savings derived from the transformation programme are a key element of the Council's Medium Term Financial Strategy (MTFS). The transformation programme forms the single largest and most comprehensive response to addressing the budget pressures identified in the Council's MTFS, realising benefits through streamlining services, reducing third party spend and harmonising fees and charges. However, the costs of the transformation programme have risen from an estimated £29.5m in the initial proposals in 2019 to £67.9m in February 2022. The Council has applied for a capitalisation direction for £75m over three years after the original plans for funding the increased costs of the programme were unsuccessful.

Recovery from Covid 19 pandemic

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The Council continues to operate in a post Covid-19 environment which includes additional challenges such as bringing services back to pre pandemic efficiency, and staff shortages.

2020/21 Financial Statements

The audit of the financial statements for the year ended 31 March 2021 remains on-going at the date of drafting this audit plan. This is due, in the main, to the national issue in respect of infrastructure assets which are material in the Council's accounts. CIPFA are currently considering a solution in the form of a 'statutory override', that if approved would take infrastructure outside of the scope of audit. We have also been awaiting a letter of assurance from the auditor of Dorset Pension Fund in respect of the pension fund net liability disclosure in the balance sheet. This letter was received on 10 October 2022 and is now being reviewed by the audit team. This matter has been previously discussed with the Audit and Governance Committee.

We continue to work with the Council to conclude on these issues.

2021/22 Financial Statements

We have progressed our detailed planning for 2021/22 and are currently in discussion with management regarding the timing of the 2021/22 post-statements audit visit. We are committed to bringing forward the completion of the 2021/22 audit but also recognise the importance of concluding 2020/21 before completing 2021/22 detailed testing on areas outstanding from the previous year.

Our response

- We will consider your arrangements for service and structural transformation and your plans for delivering a balanced financial positions in the medium term as part of our work in completing our Value for Money work.
- We will continue to provide you with sector updates via our Audit Committee updates.
- We have identified an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to increasing financial pressures. We have identified a significant risk in regards to management override of controls – refer to page 9
- The Council has engaged a new external valuer to value some of its general fund assets. This will necessitate a greater level of scrutiny to consider how this change impacts of the valuation methods and processes undertaken.
- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further on page 21 & 22 of this plan is based on our current assessment of the work required to discharge our responsibilities. We continue to liaise with the Section 151 Officer regarding fees for both 2021/22 as well as the ongoing 2020/21 audit.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Bournemouth, Christchurch and Poole Council (BCP) ['the Council'] for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of BCP Council]. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance Committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of Russell-Cotes Art Gallery and Museum Charitable Trust, The Five Parks Charity and the Lower Central Gardens Trust.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuations of land, buildings and investment properties.
- Valuation of the pension fund liability.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £13.5m (PY £11.56m) for the group and £13.3m (PY £11.50m) for the Council, which equates to 1.4% of your gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £700k (PY £600k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money remains in progress, however, based on our VFM planning work to date we have identified the following risks of significant weakness:

- The Council's arrangements and progress in addressing the weaknesses identified by OFSTED in its focussed inspection of children's services.
- The Council's arrangements for setting a balanced Medium-Term Financial Strategy and achieving financial sustainability, including:
 - the costs and associated savings of the Council's transformation programme,
 - options for funding of programme including by asset disposals

As part of our 2021/22 VFM work we will follow up all the key and improvement recommendations arising from our VFM work in the previous year.

Once our VFM planning work is complete we will revisit the risks in this area and update the Audit and Governance Committee in our Audit Findings Report should the risks change.

Introduction and headlines cont.

Audit logistics

Our planning and interim visit took place in June and October 2022. We are currently in discussion with management regarding the timing of the 2021/22 post-statements audit visit. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our fee for the audit will be £213,875 (more detail is provided on pages 21 & 22), for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..



Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
BCP Council	Yes		<ul style="list-style-type: none"> See pages 9 to 11 	Full scope audit performed by Grant Thornton UK LLP
The Russell Cotes Art Gallery and Museum Charitable Trust	No		<ul style="list-style-type: none"> None 	Specified procedures on one more classes of transactions, account balances or disclosures in the group financial statements.
Five Parks Charity	No		<ul style="list-style-type: none"> None 	Specified procedures on one more classes of transactions, account balances or disclosures in the group financial statements.
The Lower Central Gardens Trust	No		<ul style="list-style-type: none"> None 	Specified procedures on one more classes of transactions, account balances or disclosures in the group financial statements.

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to risks of material misstatement of the group financial statements
- Analytical procedures at group level

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
ISA240 revenue risk	Council	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including BCP Council, mean that all forms of fraud are seen as unacceptable 	No specific work is planned as this presumed risk has been rebutted.
Management over-ride of controls	Council	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings including council dwellings and investment properties	Council	<p>The Council revalues its land and buildings on a rolling five-yearly basis. In addition council houses, investment property and the top 20 by value assets are revalued annually. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value for surplus assets and investment properties at the financial statements date, where a rolling programme is used</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation experts used • discuss with and write to the valuers to confirm the basis on which the valuation was carried out • challenge the information and assumptions used by the valuers to assess completeness and consistency with our understanding and engage our own valuer to assess the instructions to the Council's valuers, the Council's valuers' report and the assumptions that underpin the valuation • test revaluations made during the year to see if they had been input correctly into the Council's asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Pension Fund Liability	Council	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtain assurances from the auditor of Dorset Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Governance Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2022.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings, council dwellings and investment properties
- Depreciation
- Year end provisions and accruals
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- **What the assumptions and uncertainties are;**
- **How sensitive the assets and liabilities are to those assumptions, and why;**
- **The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and**
- **An explanation of any changes made to past assumptions if the uncertainty is unresolved.**

Planning enquiries

As part of our planning risk assessment procedures we have made inquiries of management. The responses to these inquiries are included as an appendix to the audit plan that will be presented at Audit Committee.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £13.5m (PY £11.56m) for the group and £13.3m (PY £11.5m) for the Council, which equates to 1.4% of your forecast gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £16k for senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

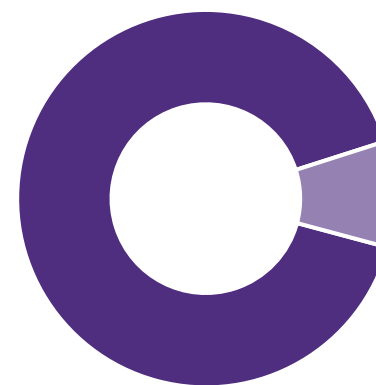
Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £700k (PY £600k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.

Gross operating costs

£962m Group

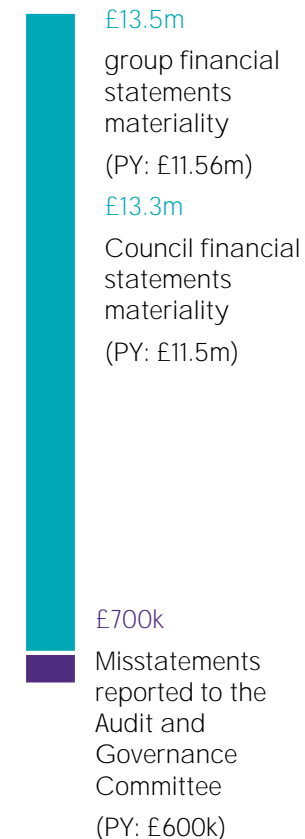
£952m Council



■ Gross operating costs

■ Materiality

Materiality



IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. Based on the level of assurance required for each IT system the assessment may focus on evaluating key risk areas ('streamlined assessment') or be more in depth ('detailed assessment').

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Oracle Fusion	Financial reporting, ERP	<ul style="list-style-type: none"> Detailed ITGC assessment (design) – Follow up of 2020/21 issues
Civica Open Revenues	Revenues and Benefits	<ul style="list-style-type: none"> Detailed ITGC assessment (design) – Follow up of 2020/21 issues
Capita Academy	Revenues and Benefits	<ul style="list-style-type: none"> Detailed ITGC assessment (design) – Follow up of 2020/21 issues

Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office (NAO) issued updated guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Risks of significant weakness

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.



Children's Services

The findings of a focussed inspection of the Council's children's services reported in November 2020 identified significant failings. This is indicative of weaknesses in how the Council delivers this service.

We will consider the actions that the Council has taken to respond to these findings and review evidence to support any improvements reported.



Financial sustainability

There is a risk to the future financial sustainability of the Council as the original option for funding the transformation programme, key to the delivery of service efficiencies was prevented by the government. At the time of drafting this audit plan, the preferred option of a capitalisation direction has not been approved in full. This uncertainty and the absence of a fully costed detailed alternative to balancing the finances into the medium term is a significant risk to the Council.

We will consider the progress made by the Council in identifying options to balance its medium term financial plan and achieving financial sustainability. This will include the costs and associated savings of the Council's transformation programme and whether options for asset disposals to fund the programme are being considered.

We will follow up our key and improvement recommendations included within our 2020/21 Auditor's Annual Report.

Our 2021/22 VFM planning work has not been concluded at the time of drafting this audit plan and therefore we will keep our risk assessment open and provide an update as to any further risks identified once our work has concluded.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit logistics and team

Planning and
risk assessment

Audit
committee
27 Oct 2022

Audit Plan

Year end audit
Oct 22 to March 23

Audit
committee
TBC

Audit Findings
Report

Audit
opinion

Audit
committee
TBC

Auditor's
Annual
Report

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Peter Barber, Key Audit Partner

Peter is responsible for the overall delivery of the audit. He will meet regularly with senior management of the Council and will attend Audit and Governance Committee meetings.



Mark Bartlett, Audit Manager

Mark plans, manages and leads the delivery of the audit, is your key point of contact for your finance team and is your first point of contact for discussing any issues.



Becky Greaves, Audit Incharge

Becky is responsible for the day to day delivery of the audit, ensuring the audit is delivered effectively and efficiently. She supervises and co-ordinates the on-site audit team.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of items for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees

In 2019, PSAA awarded a contract of audit for BCP to begin with effect from 2019/20. The fee agreed in the contract was £130,000. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2021/22 audit.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as detailed on page 12 in relation to the updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting.

The pandemic has led to considerable changes to how we all work and how we have carried out our audits over the last two years. Many local government bodies are exploring new ways of working to support its officers, through use of remote and hybrid working environments. We see the positive benefits this can bring to entities, and their workforce, both in providing more flexibility and reducing its environmental impact.

Whilst there are many efficiencies to remote working, having the ability to work together with officers face to face in conducting our audit work provides many advantages to the timely progression of the audit; both in minimising inefficiencies in gathering audit evidence, and in discussing key issues with officers and resolving and concluding outstanding queries.

With Covid restrictions now lifted, we have considered our on-site working arrangements. We have been discussing this with PSAA and propose that where local government bodies continue to have a preference to undertake audits remotely, either fully or in part, that audit fees would be uplifted to reflect the inefficiencies that this would cause. For BCP, we estimate this uplift to be in the region of £10,000.

We continue to discuss these fees with the Section 151 Officer. Our proposed work and fee for 2021/22, as set out below, is detailed overleaf.

	Proposed Fee 2020/21*	Proposed fee 2021/22
BCP Council Audit	£130,000	£130,000
Additional fees at the planning stage	£70,500	£83,875
Total audit fees (excluding VAT)	£TBC*	£213,875

* The audit of the 2020/21 financial statements and the value for money work remain on-going at the date of drafting this audit plan. The proposed fee for 2020/21 is as per the 2020/21 audit plan and does not include any additional fees that might be incurred over and above those identified at the planning stage.

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of financial statements, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

Scale fee published by PSAA		£130,000
<i>Ongoing increases to scale fee</i>		
Increased challenge		£6,250
Materiality reduction		£5,000
PPE Valuation (audit team)		£6,250
PPE Valuation (use of an auditors expert)		£5,000
Pensions IAS19		£4,375
Additional VFM		£20,000
Impact of ISA540		£6,000
Journals / Grants testing		£7,000
Local risk factors – including use of multiple systems		£7,500
FRC and quality reviews		£1,500
Remote working		£10,000
Infrastructure Assets		£5,000
Total estimated audit fees (excluding VAT)		£213,875

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Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

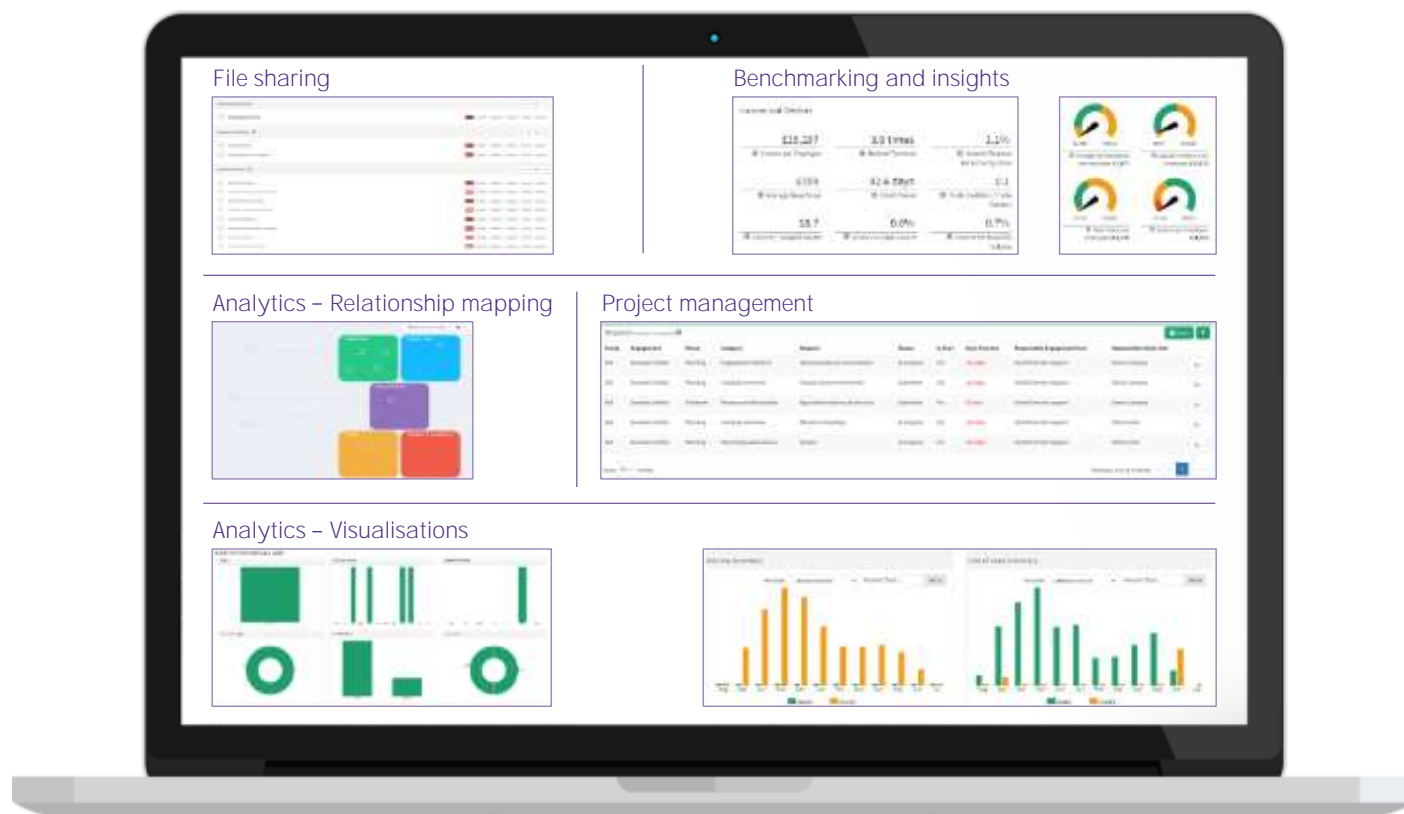
None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Certification of Housing Capital receipts grant	5,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £7,500 in comparison to the total fee for the audit of £213,875 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Benefits Subsidy return	25,300	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £25,300 in comparison to the total fee for the audit of £213,875 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Teachers Pensions return	7,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £7,500 in comparison to the total fee for the audit of £213,875 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			
CFO Insights Data analytics subscription service	10,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £213,875 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total	50,300		

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Function	Benefits for you
Data extraction	Providing us with your financial information is made easier
File sharing	An easy-to-use, ISO 27001 certified, purpose-built file sharing tool
Project management	Effective management and oversight of requests and responsibilities
Data analytics	Enhanced assurance from access to complete data populations



Grant Thornton's Analytics solution is supported by Inflo Software technology

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Info Software technology. This tool has a number of key functions within our audit process:



Data extraction

- Real-time access to data
- Easy step-by-step guides to support you upload your data



File sharing

- Task-based ISO 27001 certified file sharing space, ensuring requests for each task are easy to follow
- Ability to communicate in the tool, ensuring all team members have visibility on discussions about your audit, reducing duplication of work



Project management

- Facilitates oversight of requests
- Access to a live request list at all times



Data analytics

- Relationship mapping, allowing understanding of whole cycles to be obtained quickly
- Visualisation of transactions, allowing easy identification of trends and anomalies

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How will analytics add value to your audit?

Analytics will add value to your audit in a number of ways. We see the key benefits of extensive use of data analytics within the audit process to be the following:

Improved fraud procedures using powerful anomaly detection

Being able to analyse every accounting transaction across your business enhances our fraud procedures. We can immediately identify high risk transactions, focusing our work on these to provide greater assurance to you, and other stakeholders.

Examples of anomaly detection include analysis of user activity, which may highlight inappropriate access permissions, and reviewing seldom used accounts, which could identify efficiencies through reducing unnecessary codes and therefore unnecessary internal maintenance.

Another product of this is identification of issues that are not specific to individual postings, such as training requirements being identified for members of staff with high error rates, or who are relying on use of suspense accounts.

More time for you to perform the day job

Providing all this additional value does not require additional input from you or your team. In fact, less of your time is required to prepare information for the audit and to provide supporting information to us.

Complete extracts from your general ledger will be obtained from the data provided to us and requests will therefore be reduced.

We provide transparent project management, allowing us to seamlessly collaborate with each other to complete the audit on time and around other commitments.

We will both have access to a dashboard which provides a real-time overview of audit progress, down to individual information items we need from each other. Tasks can easily be allocated across your team to ensure roles and responsibilities are well defined.

Using filters, you and your team will quickly be able to identify actions required, meaning any delays can be flagged earlier in the process. Accessible through any browser, the audit status is always available on any device providing you with the information to work flexibly around your other commitments.



AUDIT AND GOVERNANCE COMMITTEE



Report subject	Review of the Council's Constitution – Recommendations of the Constitution Review Working Group
Meeting date	27 October 2022
Status	Public Report
Executive summary	<p>The report summarises the issues considered by the Constitution Review Working Group and sets out a series of recommendations arising from the Working Group for consideration by the Committee.</p> <p>Any recommendations arising from the Committee shall be referred to full Council for adoption.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <ul style="list-style-type: none"> (a) the proposed amendments to the Constitution, as detailed in the appendices to this report, be approved; (b) any necessary and consequential technical and formatting related updates and revisions to the Constitution be made by the Monitoring Officer in accordance with the powers delegated.
Reason for recommendations	To make appropriate updates and revisions to the Constitution following consideration by the Working Group

Portfolio Holder(s):	Not applicable
Corporate Director	Graham Farrant (Chief Executive)
Report Authors	Richard Jones (Head of Democratic Services)
Wards	Not applicable
Classification	For Recommendation

Background

1. The Terms of Reference of the Audit and Governance Committee include 'Maintaining an overview of the Council's Constitution and governance arrangements in all respects'.
2. In discharge of this responsibility the Committee established a Constitution Review Working Group of five of its Councillors. The current members of the Working Group are Councillor Fear (Chairman), Councillor D Butt (Vice-Chairman) and Councillors Beesley, Brooke and Cox.
3. Since its establishment, the Working Group has continued to meet on a regular scheduled basis and completed the first phase of its work at the end of 2021. The Group receives advice from the Monitoring Officer and from the Head of Democratic Services. From time to time, as required, Officers and Members with specialist responsibility have been invited to have an involvement.
4. The Working Group has considered suggestions received from a wide variety and range of sources including input from Councillors and from Officers. Prior to commencement of its work, the Chair of the Audit and Governance Committee wrote to all members of Council asking them to submit items for discussion and consideration. This invitation has been repeated from time to time as the Group has progressed through its programme of work.

Format

5. Requests from Councillors and officers previously considered by the Working Group, referenced to the Audit and Governance Committee and, where appropriate, debated and approved by Council have been incorporated into the Constitution.
6. The current version of the Constitution was last updated to reflect any changes agreed by the Council on 10 May 2022.
7. A number of further proposed changes have subsequently been considered by the Working Group and are now brought before the Committee for consideration. If supported these will be recommended to Council for adoption.
8. The proposed changes are shown with track changes (in red) to assist in identifying the proposed changes. Text shown in blue shows consequential formatting changes only and do not require consideration by the Committee.

Issue 1 - Powers of the Head of Paid Service in relation to contracted workers

9. The Working Group considered a request deferred from the first review relating to the scheme of delegation and in particular the extent to which it applied to contract and agency workers.

10. The Constitution provides in Part 3B (Scheme of Delegation to Officers) [from page 3-26] specific delegations to the Chief Executive in relation to Human Resources issues [page 3-33]

Human Resource matters

16. *To deal with all matters relating to the paid employment of Council officers.*
17. *To determine any change to the whole or any part of the employee establishment / structure of the Council including power to incur expenditure subject to prior consultation with the Section 151 Officer.*
18. *To determine the composition of any panel required to consider any employee issue, subject to consultation with the Officer responsible for Human Resources.*
19. *To determine the grading and regrading of posts provided that funding for any associated costs is available.*
11. By contrast, contractors and agency workers are governed by the contractual arrangements under which they are appointed. Their employment will be regulated by the terms of those contracts and not under the powers granted to the Chief Executive as 'Head of Paid Service' that govern staff directly employed by BCP Council.
12. NO CHANGES to the Constitution were considered necessary in response to this matter.

Issue 2 - Issues around standing to speak at Council and associated etiquette

13. The Working Group considered matters relating to the conduct and behaviours of Councillors in formal meetings
14. Article 2.3.7 (Role of Councillors) in Part 2 of the Constitution [page 2-5] sets out, amongst other key responsibilities of Councillors, the responsibility to:-
- 2.3.7. *Maintain the highest standards of conduct and ethics and observe the Council's Code of Conduct for Elected Councillors.*
15. More specifically, Article 5.4 of Part 2 [page 2-11] sets out the powers of the Chairman of Council at Council meetings as follows:

Article 5 Role of the Chair of Council

5.4. Council Role

5.4.1. The Chair shall have the following responsibilities:

- a) *upholding and promoting the purposes of this Constitution and interpreting it, taking into account appropriate advice when necessary;*
- b) *presiding over meetings of the Full Council to ensure that business is carried out transparently, efficiently and effectively whilst preserving the rights of Councillors and the interests of members of the public;*
- c) *ensuring that at Council meetings matters of concern to local communities can be debated through the appropriate mechanisms;*

- d) *ensuring that Councillors who are not on the Cabinet or who do not hold the Chair of a main Committee are able to hold those office holders to account;*
- e) *promoting public involvement in the Council's affairs and acting as a contact between members of the public and organisations and the Council;*
- f) *undertaking such other roles as may be placed upon the Chair from time to time by the Council.*

16. Part 4D [Meeting Procedure Rules] makes the following provision within Rule 24 [page 4-54] for responding to instances of disorderly conduct by Councillors

24. *Disorderly conduct by Councillors*

24.1. *If at a meeting any Councillor, in the opinion of the person presiding, misconducts themselves in any way, the person presiding shall warn them. If the misconduct continues, the person presiding or any other Councillor may move "That the Councillor be not further heard for the item being debated" or "That the Councillor be not further heard for the remainder of the meeting". The motion, if seconded, shall be put and determined without discussion.*

24.2. *If the Councillor continues the misconduct after a motion under the Rule 24.1 of this Part 4D has been carried, the person presiding may: either move "That the Councillor do leave the meeting" (in which case the motion shall be put and determined without seconding or discussion); or adjourn the meeting.*

24.3. *In the event of general disturbance by Councillors at any meeting which, in the opinion of the person presiding, renders the due and orderly dispatch of business impossible, the person presiding, will have the power to adjourn the meeting.*

17. The Working Group were of the view that the existing provisions provided a framework that was sufficient for purpose and that NO CHANGES to the Constitution were necessary at this time.

Other etiquette issues

18. The Working Group further considered other etiquette related issues including the entering and exiting of Councillors during meetings, the requirement to stand and the consumption of refreshments within the Chamber.

19. Although no specific changes were proposed to limit Councillors from leaving, entering or consuming refreshments during meetings, as this could have equality implications for medical or other personal reasons, it was felt that such actions should be discrete and courteous to the Chair. Furthermore, it was considered that the introduction of scheduled comfort breaks may provide assistance to Councillors.

20. There is a very specific provision in Part 4D Rule 13.4 within the Constitution [page 4-47] relating to standing to speak at Council meetings. If a Councillor, for any reason has limited mobility and was unable to stand, the Chair would have to exercise their discretion to grant leave to remain seated. For the avoidance of doubt it is suggested that the additional words, underlined, be added to Rule 13.4

13.4. *When speaking at the Council meeting a Councillor shall stand, if they are able, and address the Chair. While a Councillor is*

speaking the other Councillors will remain seated, unless rising on a point of order or in personal explanation.

21. It is RECOMMENDED that :-

- a. the amendment to Procedure Rule 13.4 (Only one Councillor to stand at a time), as set out above, be approved;
- b. a new procedure rule 6 be inserted into the Part 4D (Meeting Procedure Rules) relating to duration of meetings to read:

“6.1 Upon a meeting duration reaching two hours without a previous adjournment, the Chair shall, unless in their opinion it is expedient to continue to the end of remaining business, adjourn the meeting at the end of the item under discussion for a short adjournment the duration of which is at the Chair’s discretion but must not exceed 30 minutes.”

“6.2. Rule 6.1 does not preclude a Motion without Notice being moved under Procedure Rule 10 to adjourn a meeting.”

Issue 3 - Process for interpretation of Procedure Rules - who has the final say

22. This issue was raised in the previous stages of the review and was carried forward.

23. Part 4D (Meeting Procedure Rules) makes the following provision within Rule 21[page 4-53]:

21. Interpretation of Procedure Rules

The ruling of the person presiding as to the construction or application of any of these Procedure Rules, or as to any proceedings of the Council, shall not be challenged at any meeting.

24. Article 11.3 in Part 2 of the Constitution (Functions of the Monitoring Officer) [page 2-23] sets out, amongst other functions of the Monitoring Officer, the function of providing advice:

11.3 (f) providing advice. The Monitoring Officer will provide advice to the Council on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues and will support and advise Councillors and Officers in their respective roles;

25. It is suggested that these existing provisions provide a framework that is sufficient for purpose but for the avoidance of doubt it is suggested that the additional words, underlined below, be added to Rule 21. This change reflects the role of the Monitoring Officer as identified in Article 11.

21. Interpretation of Procedure Rules

Subject to taking advice from the Monitoring Officer or their nominated representative, *the ruling of the person presiding as to the construction or application of any of these Procedure Rules, or as to any proceedings of the Council, shall not be challenged at any meeting.*

26. It is **RECOMMENDED** that the amendment to Procedure Rule 21 (Interpretation of Procedure Rules) of Part 4D, as set out above, be approved.

Issue 4 - Question by Councillors at Council Meetings - Clarification about time-limits for asking and responding to supplementary questions

27. In Part 4D (Meeting Procedure Rules) Rule 11 [page 4-40] there are set out nine sub-rules about questions by Councillors at Council meetings. The Chairman of the Council (in consultation with the Monitoring Officer) has a range of powers which are set out in sub-rule 11.4 whereby he or she may reject a question. Additionally, sub-rule 11.7 provides that

11.7. Following the answer to each question, the questioner may ask a supplementary question which relates to the initial answer. A reply may not be given if the question is: not related to the initial answer; is unduly lengthy; or is inappropriate. The Councillor answering the supplementary question will decide whether or not to reply.

28. Although the principal elements of this rule was considered sufficient, it was felt that the supplementary question requirements could be re-enforced.
29. The Working Group also considered that the 3 minutes time limit for the length of speeches should also be applied to the responses to questions.
30. With a couple of minor changes which are shown in the appendices to this report, it was considered by the Working Group that the existing rule 11 was sufficient to allow for proper control, particularly by the Chair, over how these questions are dealt with at a meeting.

31. It is RECOMMENDED that:-

- a. Procedure rule 11.7 (General Questions by Councillors at Council meetings) be amended to read:

“11.7. Following the answer to each question, the questioner may only ask one supplementary question which must relate to the initial answer. A reply may not be given if the question is: not related to the initial answer; is unduly lengthy; or is inappropriate. The Councillor answering the supplementary question will decide whether or not to reply.”

- b. Procedure rule 13.5 (Content and Length of Speeches, Question and Responses to Questions) be amended to read:-

“13.5. A Councillor will confine their speech to the question under discussion, a personal explanation or a point of order. Except as indicated below, in the case of speeches made by Councillors when the Council is agreeing a budget, or where the Council, Committee or Sub-Committee otherwise agrees, no speech, or question or response to a question will exceed three minutes.”

Issue 5 – Arrangements for enabling voting from the gallery in the Bournemouth Civic Centre Council Chamber to ensure that voting is clearly visible to the public

32. In normal circumstances, outside of special and exceptional situations such as the pandemic, it was acknowledged that best practice would be for participating

Councillors to be in the well of the Council Chamber and there should be no need for the provision of 'overflow' seating for Councillors in a gallery.

33. The ongoing refurbishment of the physical democratic meeting arrangements within the Civic Centre campus (including improved seating and audio visual) will greatly improve the position moving forward.
34. The planned improvements will also potentially include the facility for transparent electronic voting from fixed 'delegate units'. At that time voting by this method would not be available from within the public gallery.
35. The Working Group considered that the current arrangements whereby Councillors may sit within the public gallery space, should continue until the new systems are installed. NO CHANGES to the Constitution were considered necessary at this time.

Issue 6 - Categories of Officers falling within the definition of 'Senior Officers' for disciplinary rules purposes

36. The Working Group was advised of an identified inconsistency within the Constitution in defining the categories of those officers who fall within the disciplinary hearing rules for Senior Officers.
37. This could be resolved by bringing into line the terms of reference of the Investigatory Disciplinary Committee in Part 3 (Responsibility for Functions) Paragraph 8 [page 3- 18] and the Appeals Committee in Part 3 (Responsibility for Functions) Paragraph 7 [page 3-18] and aligning these provisions within the definitions to the 2001 Regulations (as amended) within Part 4E (Officer Employment Procedure Rules) Rule 5 [page 4-63].
38. **It is RECOMMENDED that the terms of reference for the Appeals Committee and the Investigation and Disciplinary Committee be amended to include the words “, as defined in The Local Authorities (Standing Orders)(England) Regulations 2001 (as amended)”, after the references to ‘relevant Statutory Officers’.**

Issue 7 – Thresholds/Levels of Financial Delegation

39. The Working Group considered a request to review the financial approval limits within the Financial Regulations.
40. The Working Group was advised that these matters were the subject of an annual review of the Financial Regulations and it was considered appropriate to include this specific request as part of that separate review process.
41. NO CHANGES to the Constitution were considered necessary at this time.

Issue 8 – Public Participation - Public Questions and Statements

42. Rule 12 of the Part 4D (Meeting Procedure Rules) sets out the rules for public participation at meetings. It deals with Public Questions (Rule 12.4) [page 4-42]; Public Statements (Rule 12.5) [page 4-43] and with petitions (Rule 12.6) [page 4-44].
43. Experience of the application of this Rule has given rise to a number of issues and points of clarification and these were discussed at length by the Working Group. Although the majority view is reflected in the recommendations, there was not a consensus within the Working Group on all the points raised.

44. The issues upon which changes to the Constitution are recommended relate to the following points:-
- (a) Clarity regarding who may respond to questions;
 - (b) The revision of the deadline for the submission of questions by the public to allow additional time;
 - (c) Formalised extension to the deadline for the submission of questions where a report is delay in publication;
 - (d) Clarity and consistent application regarding the matters to which questions and statements may relate at cabinet, committees and sub-committees and associated limits;
 - (e) Clarity regarding the application of the 100 word count limit for questions and statements;
 - (f) Clarity and consistency regarding the nomination of others to read questions and statements;
 - (g) Clarity regarding the submission of petitions to meetings other than Council;
 - (h) The removal of the petition organisers right of reply, which has proved impracticable at recent Council meetings where formal Motions have been submitted.

45. It is RECOMMENDED that the changes to the Public Participation rules, as detailed, in the appendices submitted to this report, be approved.

Issue 9 – Access to document – Overview and Scrutiny Board and Committees

46. The Working Group was advised that the right of the Chair, or in the absence of the Chair, the Vice-Chair of an Overview and Scrutiny Committee to see papers in relation to private decisions of the Cabinet before the decision is made should be subject to Part 4A Rule 24.5 [page 4-17].
47. This provides that, where the Leader so determines, a member of the Overview and Scrutiny Committees will not be entitled to any document that is in draft form or to the advice of a political advisor.
48. Due to the previous redrafting of the Constitution and the introduction of a new sub-heading these provisions had become disjointed and required the cross-reference to provide clarity.
49. For information, Rule 24.4 enables members of an Overview and Scrutiny Committee to be able to see information relevant to their work of overview and scrutiny albeit that it is exempt or confidential.

50. It is RECOMMENDED that Procedure Rule 24.3 (Part 4A) be amended to read:-

24.3 Subject to Rule 24.4 and 24.5 of this Part 4A the Chair, or in the absence of the Chair, the Vice-Chair of the Overview and Scrutiny Committee is entitled to see papers in relation to private decisions of the Cabinet before the decision is made.

Issue 10 – Prevent Channel – Statutory functions to be included within Constitution

51. The Working Group was advised that the Council's Community Safety professionals were recommending that best practice was to reference within the Constitution the Council's responsibilities in relation to counter-terrorism and to the 'Prevent' channel. National benchmarking now looks to establish whether these functions are established within a Council's governance framework.

52. Home Office advice states that:-

“Constitutions should 'normally list or detail (at a high level) the statutory functions of the Local Authority and any delegations made to fulfil those requirements (Local Government Act 2000). Each Constitution is structured differently, so we are asking Local Authorities to take a view on the most appropriate place to reflect Prevent/Channel statutory functions and for this to feature within any scheduled update/review of the Constitution. There is no requirement to initiate an update to the Constitution outside of this normal scheduled cycle of review.”

53. Article 12.1 in Part 2 of the Constitution (Decision Making) [page 12-1] sets out a list of principles which should apply and underpin decisions made by the Council at every level of the decision-making process. It was suggested that the general responsibilities under the Prevent and counter-terrorism agenda be added to the list as a new part (j) to read:-

j) take into account the Council's statutory duties and responsibilities relating to counter-terrorism, prevention of violent extremism and the Prevent channel.

54. It is RECOMMENDED that Article 12.1 (Decision Making Principles) be amended to include the general responsibilities under the Prevent and counter-terrorism agenda as detailed above.

Issue 11 - Co-opted and other non-Councillor members of Children's Services Overview and Scrutiny Committee (including Young People members)

55. The Working Group was advised that the Chair of the Children's Services Overview and Scrutiny Committee had requested that, although non voting, the significant role of Youth Parliament representatives in the work of the Committee should be formally recognised within the Constitution.

56. To recognise the role of the Youth Parliament representatives, it was proposed to make appropriate changes to Part 2 (Article 6 – Overview and Scrutiny) in relation to the Children's Services Overview and Scrutiny Committee, and Part 3A (Responsibility for Functions) for the Committee. Details of the proposed changes are shown within the appendices to this report in the respective parts.

57. It is RECOMMENDED that the changes to Part 2, Article 6 and Part 3A, relating to the Children's Services Overview and Scrutiny Committee, as detailed, in the appendices submitted to this report, be approved.

Issue 12 – Planning process governance issues

58. Councillor Brooke had highlighted a number of practical issues relating to the planning process and these were set out for the Working Group.

59. However, it was accepted that these were not matters which related directly to specific sections of the Constitution although Part 6 (Codes and Protocols) includes at Schedules 3 [from page 6-24] the Local Code of Best Practice relating to Planning Matters and at Schedule 5 [from page 6-32] the Local Protocol for Speaking and Statements at Planning Committee.
60. The Head of Audit and Management Assurance provided an update on action taken in response including updates to the planning portal.
61. The Working Group expressed satisfaction with the way that this was being progressed and the proposal that this should be a subject for future discussion at the Audit and Governance Committee. NO CHANGES to the Constitution were considered necessary at this time.

Issue 13 – Voting by Councillors who have not been present for the whole of the relevant discussion and debate

62. The Working Group was advised that a Councillor had suggested that in all decision making meetings a Councillor should only be able to vote on an item if they have been present for the entirety of the debate on that particular item. The member highlights recent council meetings which attracted significant press attention.
63. Part 4 (Procedural Rules) includes various provisions about voting practice and procedures, however, none of these make specific reference to attendance requirements.
64. The Working Group was advised that there was no legislative requirement for a Councillor to be present in the chamber/meeting room for the whole of the debate on an item for any ordinary meeting of Council, Cabinet or non-regulatory committees. There is a responsibility placed on each Councillor, however, to properly inform themselves and ensure that they are sufficiently apprised of any matter before voting.
65. Whether or not to include such a requirement in the BCP Council Constitution would therefore be a matter for local choice.
66. The Monitoring Officer and Head of Democratic Services had canvassed their respective professional groups and all those who responded confirm that the Constitutions of their councils did not include such a provision for all meetings. Although it is acknowledged that some other councils may have such a provision in their Constitutions. The Working Group was advised that those Monitoring Officers who responded have cautioned against such a provision for the following reasons:-
 1. Requiring a Councillor to be present for the whole of the debate or be barred from voting could disenfranchise Councillors who may arrive at the meeting a few minutes late due to unforeseen circumstances, for example, trouble finding parking.
 2. An item under discussion would need to be interrupted each time a Councillor needed to exit the room for whatever reason, thereby prolonging meetings and interrupting the flow of debate.
 3. The business of the Council might be slowed down, if political groups wanted to ensure that certain Councillors would and could be present for the whole of meetings, especially if they are adjourned and reconvened at a later date.
 4. In a council of the size of BCP, it would be difficult for officers to track arrivals and departures to the level of detail required.

5. Any of the above may be susceptible to manipulation for political reasons.
67. The Working Group did not support the introduction of restrictive rules relating to voting, however, it wished to re-enforce the need for Councillors to be properly informed and proposed the insertion of a new rule under voting to read:-
- “It is the responsibility of each Councillor to properly inform themselves and ensure that they are sufficiently apprised of any matter before voting.”*
- 68. It is RECOMMENDED that Part 4D (Voting) be amended to include the procedure rule as detailed above.**

Issue 14 – Attendance of Councillors at Meetings

69. The Working Group was advised that a Councillor had submitted a request to consider issues relating to attendance, how non-attendance is recorded, whether reasons for absence should be captured, the application of substitution representation and potential imbalance of representation.
70. Part 4D (Meeting Procedure Rules) includes a single reference to records of attendance which requires the Monitoring Officer to keep a record of Councillors attending any meeting of the Council, the Cabinet, any Committee, or Sub-Committee.
71. Attendance at meetings is recorded in the Committee Management system and statistical data is produced for each Councillor on the web site. Prior to all meetings, members of that meeting will be shown as ‘Expected’. Following the meeting, the attendance records are updated for the production of the minutes and are typically marked as one of the following from a drop-down list.
- Present, as expected
 - Present, as expected, virtual
 - Present, as substitute
 - In attendance
 - In attendance, virtual
 - Apologies
 - Apologies, sent representative
 - Apologies due to Council Business
 - Absent
72. There are other options available for pre- and post-meeting status but these are infrequently or never used for Councillors. The system is capable of recording specific reasons for absence via a further drop-down list, however, this would be an additional burden on the Democratic Services team, is not a requirement of any regulations and would serve little or no benefit to council business.
73. The Working Group was advised that where a Councillor does not present their apologies for a meeting, the attendance records will be recorded as ‘Absent’. Where Councillors are substituted, the substitute Councillor will be recorded as ‘Present, as substitute’ and the original member will be recorded as ‘Apologies, sent representative’.
74. The remaining points raised related to the consequences of political balance rules which is prescribed by regulations and cannot be over-ridden by the Constitution. NO CHANGES to the Constitution were proposed by the Working Group.

Issue 15 – Cabinet Plus / Lead Members on Scrutiny

75. A member requested the Working Group to review the arrangements for Lead Members serving on the Overview and Scrutiny Committees, and the potential conflict of roles.
76. Part 2, Article 6 (Overview and Scrutiny), paragraph 6.4.2 [page 2-13] relating to membership, states that *“As they have no delegated powers to take individual decisions, Lead Members of the Cabinet may be a member of the Overview and Scrutiny Committees only where there is no conflict between their Cabinet support work and the matters under consideration by Overview and Scrutiny.”*
77. The Working Group considered that the existing provisions provided sufficient clarity and NO CHANGES to the Constitution were proposed.

Issue 16 Eligibility for election of office

78. Part 4D, Rule 22 (Substitute Members), paragraph 22.3 [page 4-53], states that “The outgoing member shall cease to be the Political Group’s representative on that Committee or Sub-Committee for the duration of that meeting or any adjournment of it, and that substitute Councillor shall become the representative on the Committee or Sub-Committee for the same period.”
79. As a consequence of this provision, a Councillor who is substituted for a meeting is not a voting member of the relevant body for the duration of the meeting and as such is not eligible for election to the position of chair or vice-chair of that body.
80. Part 4D, Rule (Election of Chair and Vice-Chair) [page 4-36], does not include any reference to eligibility and it is proposed that a new paragraph be added as follows:-
 - 2.5 *The meeting may elect, from among the voting members, a Councillor to the office of Chair and Vice-Chair. For the avoidance of doubt, a Councillor who is absent and substituted for the meeting at which the election takes place is not eligible for nomination.*
 - 2.6 *In the event that an ineligible Councillor is elected to office, that Councillor shall not be permitted to take office and the candidate with the second-highest number of votes, where a ballot is conducted, shall be duly elected.*
81. **It is RECOMMENDED that Part 4D (Election of Chair and Vice-Chair) be amended as detailed in the appendices to this report.**

Issue 17 – Planning Committee Delegations

82. The Working Group was advised that the Council’s Constitution at Part 6 (Code of Conduct and Protocols), included at Schedule 3, a Local Code of Best Practice relating to Planning Matters.
83. This Code includes specific reference to the importance of early engagement of Councillors in planning issues relating to a potential planning application and how this can be a positive contribution to helping ensure the sustainable development of the area meeting the need of the community.
84. Despite this provision, no delegated authority exists to initiate this engagement and the Working Group received a request to amend Part 3A (Delegation of Functions) to grant authority to the Planning Committee deal with these matters. The proposed

changes to the Constitution are set out in Part 3A, paragraph 2.4 in the appendices to this report.

- 85. It is RECOMMENDED that the proposed amendment to add a paragraph to Part 3A, paragraph 2.4 to the responsibilities of the Planning Committee, as detailed in the appendices to this report, be approved.**

Summary of financial implications

86. There are no financial implications arising from this report.

Summary of legal implications

87. The Constitution of the BCP Council complies with relevant legislation.

Summary of human resources implications

88. There are no human resource implications arising from this report.

Summary of sustainability impact

89. There are no sustainability implications arising from this report.

Summary of public health implications

90. There are no public health implications arising from this report.

Summary of equality implications

91. The Constitution of the BCP Council sets out the rights of public access to the democratic process.

Summary of risk assessment

92. The Constitution is a legally required document which prescribes the procedural and democratic arrangements for the proper governance of the Council.

Background papers

None

Appendices

Draft Revision Extracts to Parts 2, 3 and 4 of the Constitution.

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PART 2

ARTICLES OF THE CONSTITUTION

6.4.3. The Chair and Vice-Chair of the Audit and Governance Committee may not be a member of any Overview and Scrutiny Committee. This will maintain independence between the two functions of audit and scrutiny, in line with good practice.

6.5. Substitutes

If a member is unable to attend a meeting their Group may arrange for a substitute to attend in their place in accordance with Part 4 of this Constitution.

6.6. Members of the Public

6.6.1. Members of the public can be invited to attend and contribute to meetings as required to provide insight to a matter under discussion. This may include but is not limited to subject experts with relevant specialist knowledge or expertise, representatives of stakeholder groups or service users. Members of the public will not have voting rights.

6.7. Children's Services Overview and Scrutiny Committee

6.7.1. As the functions and duties of the Children's Services Overview and Scrutiny Committee include making decisions in relation to the Council's education responsibilities, the Committee must include two church and two parent governor representatives as voting members in addition to the Councillors. Parent governor membership shall extend to a maximum period of four years and no less than two years. These co-opted education representatives are entitled to vote on any item relating to education.

6.7.2. The Children's Services Overview and Scrutiny Committee may also co-opt one representative from the Academy Trusts within the local authority area, to attend meetings and vote on matters relating to education.

~~6.7.2.~~6.7.3. The Children's Services Overview and Scrutiny Committee may also co-opt on to the Committee two representatives of The Youth Parliament and, although they will not be entitled to vote, will ensure that their significant contribution to the work of the Committee is recognised and valued.

6.8. Conduct of Overview and Scrutiny Committee meetings

Conduct of the proceedings at Overview and Scrutiny Committee meetings shall be in accordance with the Procedure Rules as set out in Part 4C of this Constitution.

6.9. Commissioned Work

6.9.1. In addition to committee meetings, the Overview and Scrutiny Committees may commission work to be undertaken in the following ways as it considers necessary after taking into account the availability of resources, the work programme and the matter under review. Each Committee is limited to two commissions at a time to ensure availability of resources.

- a) **Working Groups** – a small group of Councillors and Officers gathered to consider a specific issue and report back to a full

Article 12 - Decision Making

12.1. Principles of Decision Making

When the Council makes a decision it will:

- a) be clear about what the Council wants to happen and how it will be achieved;
- b) ensure that the decision and the decision-making process are lawful;
- c) consider the Public Sector Equality Duty and its obligations under the Human Rights Act;
- d) consult properly and take professional advice from Officers;
- e) have due regard to appropriate national, strategic, local policy and guidance;
- f) ensure the action is proportionate to what the Council wants to happen;
- g) ensure the decisions are not unreasonably delayed;
- h) explain what options were considered and give the reasons for the decision; ~~and~~
- i) make the decision public unless there are good reasons for it not to be; and
- h)i) take into account the Council's statutory duties and responsibilities relating to counter-terrorism, prevention of violent extremism and the Prevent channel.

12.2. Responsibility for Decision Making

The Council will prepare and keep up to date a Functions Scheme. The Functions Scheme will show what types of decisions can be made and who or which part of the Council can make them.

12.3. Types of Decision

12.3.1. Decisions Reserved to the Full Council

Decisions reserved to Full Council in the Functions Scheme will be made by Full Council only. Other non-executive decisions are delegated to Council Committees, Sub-Committees and to Officers as set out in the Functions Scheme.

12.3.2. Key Decisions

A Key Decision, which must be included in the Cabinet Forward Plan, is a Leader or Cabinet decision which is likely to meet one or more of the following criteria:

- a) it will result in the Council on its own or in partnership with other organisations spending or saving £500,000 or more, with the exception of operational expenditure or savings identified within the agreed Service Plan and Budget; and/or

PART 3A

RESPONSIBILITY FOR FUNCTIONS

2.3. The call-in protocol referred to at 2.2.7 above is as follows:

- 2.3.1. a formal referral request must be submitted on the Council Planning Committee referral form;
- 2.3.2. all parts of the planning committee referral request form must be completed for the request to be considered as valid and compliant with the provisions set out in paragraph 2.2.7 of Part 3A of the Constitution;
- 2.3.3. the form must set out the material planning reasons for the referral that warrant the application being considered by Planning Committee;
- 2.3.4. the ward Councillor must have first discussed the planning application with the planning case officer before submitting a Planning Committee referral form. This discussion should take place within the initial planning application notification period. In these discussions, and prior to submitting the form, the ward Councillor must advise the officer whether they are considering submitting a Planning Committee referral request form so the officer can update the ward Councillor on progress before a recommendation is made.
- 2.3.5. to ensure resilience that the planning committee referral requests are formally received by the case officers, request forms should be submitted by email to both the case officer and the relevant office inbox as follows:
 - a) planning.bournemouth@bcpcouncil.gov.uk
 - b) planning.christchurch@bcpcouncil.gov.uk
 - c) planning.poole@bcpcouncil.gov.uk
- 2.3.6. Once the notification period has expired and the officer has not had any contact from a ward Councillor in respect of a potential planning committee referral, Councillors are to be aware that officers are able to make decisions on planning applications under delegated powers in accordance with the Council scheme of delegation.

2.4. The Planning Committee has power to receive and provide comment on presentations relating to pre-application planning proposals that the relevant senior planning officer considers appropriate having regard to the Council's Local Code of Best Practice relating to Planning Matters and any extant guidelines agreed by the Planning Committee.

3. Licensing Committee

- 3.1. All matters relating to Licensing functions as set out in the relevant legislation are delegated to Officers pursuant to the Chief Executive's Scheme of Delegation to determine other than those matters set out below which shall be the responsibility of the Licensing Committee.

- recommendations to the Council or the Cabinet to assist in the development of future policies and strategies;
- 4.1.5. assisting the Council in the development of the Budget and Policy Framework by in-depth analysis of policy issues;
- 4.1.6. monitoring the implementation of decisions to examine their effect and outcomes;
- 4.1.7. referring to full Council, the Cabinet or appropriate Committee/Sub-Committee any matter which, following scrutiny, the Overview and Scrutiny Committee determines should be brought to the attention of the Council, Cabinet or the Committee or Sub-Committee;
- 4.1.8. preparation, implementation, monitoring and review of a work programme;
- 4.1.9. establishing such commissioned work as appropriate after taking into account the availability of resources, the work programme and the matter under review;
- 4.1.10. maintaining oversight and establishing priorities for the training needs of the Committee.

Health and Adult Social Care Overview and Scrutiny Committee

- 4.2. The Health and Adult Social Care Overview and Scrutiny Committee will carry out those duties as outlined in 4.1.1 to 4.1.10 above, in relation to matters regarding health, adult social care, public health, community care and any other issues relating to the delivery of health services by health service providers and NHS bodies affecting the residents of Bournemouth, Christchurch and Poole.
- 4.3. This Committee carries out all the Council's overview and scrutiny functions relating to health as required by legislation.

Children's Services Overview and Scrutiny Committee

- 4.4. The Children's Services Overview and Scrutiny Committee will be responsible for carrying out those duties as outlined in 4.1.1 to 4.1.10 above, in relation to matters which relate to the delivery of services for children in Bournemouth, Christchurch and Poole.
- 4.5. Education co-optees will be appointed to this Committee in line with legislation, and as set out within Article 6 of this Constitution.

Place Overview and Scrutiny Committee

- 4.6. The Place Overview and Scrutiny Committee will be responsible for carrying out those duties as outlined in 4.1.1 to 4.1.10 above, in relation to matters such as regeneration, strategic planning, house building, homes, environment, cleansing, waste, transport and sustainability.
- 4.7. This Committee carries out all the Council's overview and scrutiny functions relating to flood risk management as required by legislation.

- 6.1.1. monitoring the Code of Conduct and arrangements for dealing with complaints against Councillors and making recommendations to Full Council on any changes to the Code;
- 6.1.2. promoting and maintaining the Council's responsibilities for ethical governance and high standards of conduct;
- 6.1.3. ensuring that appropriate advice and training is provided to Councillors in respect of ethical governance and the Code of Conduct;
- 6.1.4. supporting the Monitoring Officer in discharging their duties in relation to the conduct and behaviour of Councillors;
- 6.1.5. promoting the observance of the ethical governance agenda within Parish and Town Councils in its area;
- 6.1.6. considering the outcome of investigations undertaken pursuant to the arrangements for dealing with allegations of a breach of the Code of Conduct;
- 6.1.7. making arrangements for suitable liaison as appropriate with the statutory Independent Persons in the course of dealing with an allegation of breach of the Code of Conduct; and
- 6.1.8. considering an Annual Report on Gifts and Hospitality Registers relating to Councillors.

7. Appeals Committee

- 7.1. The Appeals Committee will have responsibility for determining:
 - 7.1.1. appeals by parents and students against the Council's decision in relation to student awards;
 - 7.1.2. appeals by parents against the Council's decision on boarding education matters and other pupil benefits;
 - 7.1.3. appeals by parents against the Council's decision in relation to the provision of transport in cases of need, special circumstance or safety;
 - 7.1.4. appeals against the Council's decision on the provision of transport to denominational schools and colleges; and
 - 7.1.5. appeals relating to disciplinary action against, and in respect of, the relevant Statutory Officers, as defined in The Local Authorities (Standing Orders)(England) Regulations 2001 (as amended).

8. Investigation and Disciplinary Committees

Investigation and Disciplinary Committee (IDC)

- 8.1. The Investigation and Disciplinary Committee will have responsibility for disciplinary and dismissal matters which relate to the relevant statutory officers, as defined in The Local Authorities (Standing Orders)(England)

Regulations 2001 (as amended). The relevant officers being the Head of Paid Service; Chief Finance Officer and Monitoring Officer.

- 8.2. The IDC shall undertake the responsibilities required pursuant to the relevant 2015 Regulations agreed Guidance and Model Procedure issued by the relevant national JNC or other relevant body that may exist in future.
- 8.3. The IDC is to be a Committee consisting of six councillors and must include the Leader of the Council and another member of the Cabinet.
- 8.4. In the case of a complaint against:
 - 8.4.1. a relevant Officer, the decision whether to refer the matter to the Investigating and Disciplinary Committee will be delegated to the Monitoring Officer or Chief Finance Officer;
 - 8.4.2. the Head of Paid Service, the decision to refer the matter to the IDC will be delegated to the Head of Paid Service; and
 - 8.4.3. the Monitoring Officer or the Chief Finance Officer, the decision to be made in consultation in every case with the Head of Human Resources and Organisational Development.
- 8.5. The IDC will have delegated responsibility for the suspension of the relevant Officers. In the event of the need for urgency, this function is delegated to the Head of Paid Service (in the case of the Monitoring Officer or Chief Finance Officer) or the Monitoring Officer (in the case of the Head of Paid Service) in consultation with the Chair of the IDC.
- 8.6. The relevant officers will be given the same right to be accompanied at any disciplinary hearing as all Council employees. Additionally, this will include the right to be accompanied by a legal representative at their own cost.

Independent Panel

- 8.7. The three Independent Persons appointed by the Council pursuant to the Localism Act requirements shall act as the Independent Panel in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001 (as amended by the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015).

9. Leader and Cabinet – Executive Functions

Discharge of Executive Functions

- 9.1. All executive authority flows through the Leader who retains the authority to make any executive decisions and subject to this may delegate decision-making to:
 - 9.1.1. the Cabinet;
 - 9.1.2. a member of the Cabinet;
 - 9.1.3. a Committee of the Cabinet;

PART 4A

ACCESS TO INFORMATION PROCEDURE RULES

- 23.6. As soon as reasonably practicable after an Officer has made a decision under an express delegation from Full Council, its Committees, Sub Committees or any Joint Committee in which the Council is involved or under a general delegation from one of these bodies where the effect of the decision is to grant a permission or licence, affect the rights of an individual or award a contract or incur expenditure, which in either case materially affects the Council's position, a written statement will be prepared including:
 - 23.6.1. a record of the decision including the date it was made;
 - 23.6.2. a record of the reasons for the decision;
 - 23.6.3. details of any alternative options considered and rejected by the Officer when making the decision; and
 - 23.6.4. a record of the name of any Councillor or local government body who has declared an interest (for decisions taken under an express delegation).
- 23.7. Any record prepared in accordance with Rule 23.6 of this Part 4A together with any background papers considered by the Officer and relevant to the decision will be available for public inspection on the Council's website.
- 23.8. Rules 23.6 to 23.7 of this Part 4A do not apply to:
 - 23.8.1. routine administrative and organisational decisions;
 - 23.8.2. decisions on operational matters such as day to day variations in services;
 - 23.8.3. decisions if the whole or part of the record contains Confidential or Exempt Information; or
 - 23.8.4. decisions that are already required to be published by other legislation, provided the record published includes the date the decision was taken and the reasons for the decision.

24. Access to documents - Overview and Scrutiny Committees

Right to Copies of Documents

- 24.1. Subject to Rule 24.3 of this Part 4A, any member of the Overview and Scrutiny Committees is entitled to copies of any document which is in the possession or control of the Leader, the Cabinet including its Committees and Sub-Committees, and which contains material relating to:
 - 24.1.1. any business transacted at a public or private meeting of the Cabinet including any of its Committees and Sub-Committees;
 - 24.1.2. any decision taken by an individual member of the Cabinet; or
 - 24.1.3. any executive decision taken by an Officer in accordance with Part 3 of this Constitution.
- 24.2. Where a member of an Overview and Scrutiny Committee (including its Sub-Committees) requests a document which falls within Rule 24.1 of this Part 4A the Leader must provide that document as soon as reasonably practicable and

in any case no later than 10 clear working days after the Leader receives the request.

- 24.3. Subject to Rule 24.4 [and 24.5](#) of this Part 4A the Chair, or in the absence of the Chair, the Vice-Chair of the Overview and Scrutiny Committee is entitled to see papers in relation to private decisions of the Cabinet before the decision is made.
- 24.4. Overview and Scrutiny Committee members will be entitled to any such document or part of a document that contains Exempt or Confidential Information unless the Monitoring Officer determines that the information is not relevant to an action or decision they are reviewing or scrutinising or any review contained in any programme of work of the Overview and Scrutiny Committees.

Limits on Right to Copies

- 24.5. Where the Leader so determines, a member of the Overview and Scrutiny Committees will not be entitled to:
 - 24.5.1. any document that is in draft form; or
 - 24.5.2. the advice of a political advisor.
- 24.6. Where the Leader or Monitoring Officer determines that a member of the Overview and Scrutiny Committees is not entitled to a copy of a document or part of any such document, under Rule 24.4 and Rule 24.1 of this Part 4A, the Leader or Monitoring Officer as applicable must provide the relevant Overview and Scrutiny Committee with a written statement setting out their reasons for that decision.

25. Additional rights of access for Councillors

- 25.1. All Councillors will be entitled to inspect any document which is in the possession or under the control of the Leader and/or the Cabinet, including its Committees or Sub-Committees, and contains material relating to:
 - 25.1.1. any business to be transacted at a public meeting;
 - 25.1.2. any business previously transacted at a private meeting;
 - 25.1.3. any decision made by a Portfolio Holder; or
 - 25.1.4. an Executive decision by an Officer;unless in the opinion of the Monitoring Officer it contains Confidential or Exempt Information or it contains the advice of a political advisor.
- 25.2. All Councillors will be entitled to inspect any document (except those available only in draft form) in the possession or under the control of the Leader or the Cabinet including its Committees and Sub-Committees which relates to any Key Decision unless Rule 24.4 of this Part 4A applies.

PART 4D

MEETING PROCEDURE RULES

D. Meeting Procedure Rules

1. Schedule of meetings

- 1.1. Full Council will determine the annual schedule of meetings for the Council, Cabinet, Committees and Sub-Committees, including the date, time and location. Where practicably possible, the month of August should be avoided when scheduling meetings, briefings, workshops, training and extraordinary meetings. There will be a general presumption against alterations to the date, time and venue for meetings.

Local
Government Act
1972, Schedule
12, Part 1, (S.3)

- 1.2. An Extraordinary Meeting of the Council can be called by the Chair, or five Councillors can ask the Chair, in writing, to call an Extraordinary Meeting. If the Chair does not agree, then those Councillors can call the meeting by giving written notice to the Monitoring Officer. The Monitoring Officer, in consultation with the Chair, may also call an Extraordinary Meeting.

Council

- 1.3. When it is necessary to alter the date, time and/or location of the Cabinet, a Committee or Sub-Committee meeting, or to arrange a special meeting of the Cabinet, a Committee or Sub-Committee, the Monitoring Officer or appropriate Democratic Services Officer will consult the Leader/Chair of the relevant Cabinet, Committee or Sub-Committee before any action is taken. The Leader/Chair of the Cabinet, Committee or Sub-Committee will then determine the matter.

Cabinet,
committees and
sub-committees

2. Election of Chair and Vice-Chair

- 2.1. At the Annual Meeting, the Council will elect its Chair and Vice-Chair.

Council

- 2.2. At the first meeting of a Committee or Sub-Committee following the annual meeting of the Council, the Committee or Sub-Committee will elect its Chair and Vice-Chair.

Committees and
sub-committees

- 2.3. The Chair, or in their absence the Vice-Chair (who will have the same powers and duties as the Chair), will preside at meetings. Where both the Chair and Vice-Chair are absent, the meeting will appoint another Councillor, other than a member of the Cabinet, to chair the meeting, who will have the same powers and duties as the Chair.

Council,
committees and
sub-committees

- 2.4. The Chair of the relevant meeting for the preceding year, or in their absence the Vice-Chair, shall preside over the election of Chair. In the absence of both the preceding Chair and Vice-Chair for a Committee or Sub-Committee, the Chair of the Council, or in their absence the Vice-Chair of the Council, shall preside over the election of Chair. Where both the Chair and Vice-Chair of the Council are absent, the membership shall agree, prior to the commencement of the formal meeting, another Councillor from the membership to preside over the election of Chair. The person presiding over the election of Chair shall be entitled to a casting vote in the event of an equality of votes.

Council,
committees and
sub-committees

- 2.5. The meeting may elect, from among the voting members, a councillor to the office of Chair and Vice-Chair. For the avoidance of doubt, a councillor who is

Council,
committees and
sub-committees

absent and substituted for the meeting at which the election takes place is not eligible for nomination.

2.6. In the event that an ineligible councillor is elected to office, that councillor shall not be permitted to take office and the candidate with the second-highest number of votes, where a ballot is conducted, shall be duly elected.

3. Records of Attendance

The Monitoring Officer will keep a record of Councillors attending any meeting of the Council, the Cabinet, any Committee, or Sub-Committee.

4. Quorum

4.1. No business shall be dealt with at the Council meeting if there are fewer than one quarter of Councillors who are members of that body present at the meeting. Where the meeting has started, and the number of Councillors present is fewer than one quarter of the number of Councillors, the Chair will adjourn the meeting. Where the Chair does not give a date and/or time for the consideration of the remaining business, all business not completed will be considered at the next meeting.

Council

4.2. The quorum of a meeting of the Council's Committees and Sub-Committees will be one third of the number of voting members or three voting members, whichever is the greater, except for the Cabinet which will be three to include the Leader or in their absence, the Deputy Leader. The quorum for the Childrens Services Overview and Scrutiny Committee shall be one third of members of the Committee excluding the voting co-optees.

Cabinet,
committees and
sub-committees

5. Order of business

Business shall be dealt with in the order in which it is set out in the agenda unless the Chair or the meeting decides otherwise.

6. Duration of meetings

6.1. Upon a meeting duration reaching two hours without a previous adjournment, the Chair shall, unless in their opinion it is expedient to continue to the end of remaining business, adjourn the meeting at the end of the item under discussion for a short adjournment the duration of which is at the Chair's discretion but must not exceed 30 minutes.

6.2. Rule 6.1 does not preclude a Motion without Notice being moved under Procedure Rule 10 to adjourn a meeting.

6.7. Urgent Business

6.1.7.1. Business cannot be dealt with at a meeting unless it is included in the agenda and made available for public inspection at least five clear working days before the meeting or, where the meeting is convened at short notice, from the time the meeting is convened.

- ~~40.1.16.~~11.1.16. suspending Procedure Rules, in accordance with Procedure Rule 20 of this Part 4D;
- ~~40.1.17.~~11.1.17. motion under Section 100A(4) of the Local Government Act 1972 to exclude the press and public;
- ~~40.1.18.~~11.1.18. that a Councillor named under Procedure Rule 24 of this Part 4D should not be heard further;
- ~~40.1.19.~~11.1.19. by the Chair under Procedure Rule 24 of this Part 4D, that a Councillor do leave the meeting; and
- ~~40.1.20.~~11.1.20. giving consent of the Council where consent of the Council is required by these Procedure Rules.

11.12. General Questions by Councillors at Council meetings

Council

- ~~41.1.12.1.~~11.1.12.1. A Councillor may ask the Chair, the Leader, a Portfolio Holder or the Chair of a Committee any question about a matter which the Council, the Cabinet or the Committee has powers, duties or responsibilities.
- ~~41.2.12.2.~~11.2.12.2. Questions must be sent in writing to the Monitoring Officer or their nominated representative at least five clear working days before the meeting. In calculating the period the date of the meeting and the date of submission of the question are not included in the calculation.
- ~~41.3.12.3.~~11.3.12.3. The Chair may agree to take urgent questions where they consider that it has not been possible for a Councillor to give the required notice, provided that a copy of the question is given to the Monitoring Officer before the meeting starts.
- ~~41.4.12.4.~~11.4.12.4. A question will be rejected by the Chair in consultation with the Monitoring Officer where it:
 - ~~41.4.1.12.4.1.~~11.4.1.12.4.1. does not relate to a matter for which the Council has a responsibility, or which affects the Council's administrative area;
 - ~~41.4.2.12.4.2.~~11.4.2.12.4.2. is defamatory, frivolous, offensive, vexatious, unlawful, solely or mainly rhetorical or otherwise improper;
 - ~~41.4.3.12.4.3.~~11.4.3.12.4.3. requires the disclosure of Confidential or Exempt Information as defined by the Access to Information Procedure Rules;
 - ~~41.4.4.12.4.4.~~11.4.4.12.4.4. names or identifies individual service users, Officers or members of staff of partner agencies;
 - ~~41.4.5.12.4.5.~~11.4.5.12.4.5. is considered to be inappropriate for the particular meeting; or
 - ~~41.4.6.12.4.6.~~11.4.6.12.4.6. duplicates a question that has been asked within the preceding six months.
- ~~41.5.12.5.~~11.5.12.5. A Councillor may ask no more than two questions at any meeting, but the Councillor may not ask their second question until other Councillors, if any, have asked their first questions, subject to the Chair's discretion.

~~41.6.~~12.6. Subject to Rule 11.5 of this Part 4D, questions will be asked in the order of receipt and answered without discussion. In replying, the Councillor answering the question will use their reasonable endeavours to address the matters raised in the question. The Councillor to whom the question is addressed may decline to answer any question or may: reply direct, refer the question to another appropriate Councillor to respond, reply by reference to a publication, reply by written answer with a copy to such other Councillors as the Council agrees, or refer the question to an appropriate Committee or to the Cabinet.

~~41.7.~~12.7. Following the answer to each question, the questioner may only ask a one supplementary question which must relate to the initial answer. A reply may not be given if the question is: not related to the initial answer; is unduly lengthy; or is inappropriate. The Councillor answering the supplementary question will decide whether or not to reply.

~~41.8.~~12.8. Where a question submitted under this Rule relates to a matter that appears on the Agenda for that meeting, the question shall be put and answered in accordance with this Procedure Rule, at the start of the consideration of that matter, and the time taken to deal with such questions will not form part of the 30 minutes set aside for General Questions.

~~41.9.~~12.9. The time allowed for Councillors to ask questions under this Rule will be a maximum of 30 minutes but is otherwise a matter for the discretion of the Chair who, in exercising their discretion, will have regard to the business to be transacted at the meeting and the objective of ensuring that the meeting is managed efficiently.

~~42.~~13. **Public participation at meetings**

~~42.1.~~13.1. The following procedures enable members of the public to submit questions, make statements and present petitions at ordinary meetings of the Council, Cabinet, Committees and Sub-Committees.

~~42.2.~~13.2. The time for questions, statements and petitions from members of the public shall normally commence immediately after the item 'Declarations of Interest' on the agenda for the meeting and shall be restricted to a total of 15 minutes, although, at the discretion of the Chair of the Council or the Chair of the meeting, this time may be extended. Where a question to which an answer is to be given is not reached within the time limit, a written answer shall be provided to the questioner within two working days of the meeting and a copy e-mailed to all Councillors.

~~42.3.~~13.3. This procedure does not apply to Planning Committee, Licensing Committee or Appeals Committee. Separate protocols establish the arrangements for public representations at Planning and Licensing Committees. Such protocols are reviewed and approved by the respective Committee, included within Part 6 of the Constitution and published on the website.

Council,
Cabinet,
Committees and
Sub-Committees
(except
Planning,
Licensing and
Appeals
committees)
unless otherwise
stated

Public Questions

~~12.4.~~13.4. Members of the public may ask questions at meetings of the Full Council, Cabinet, Committees and Sub-Committees of the Council. The protocol for questions is as follows:

13.4.1. subject to the requirements of this Protocol, a member of the public who lives or works in the area of the Council may submit a written question to the Leader of the Council, a Portfolio Holder or the Chair of the Council or of a Committee of the Council;

~~12.4.1.~~13.4.2. the person to whom the question is submitted shall respond to the question at the relevant meeting unless the matter is of such a specialist nature that it requires a response from the Head of Paid Service, Monitoring Officer or Section 151 Officer, or a specialist officer nominated by one of those officers.

13.4.3. a person wishing to ask a question shall submit the question in writing which must be received by the Monitoring Officer or their nominated representative by mid-day threefour clear working days before the meeting at which it is to be asked. The person's name and address must be included. In calculating this period the date of the meeting and date of submission are to be excluded;

~~12.4.2.~~13.4.4. where a report is not published five-clear days before the meeting, the deadline for the submission of questions, as defined in 13.4.3, shall be adjusted accordingly by the number of days that the publication of the report is delayed;

~~12.4.3.~~13.4.5. a question at Council shall relate to Council business, shall not exceed 100 words in length and shall be so framed as to elicit information rather than make a statement;

13.4.6. a question at a Committee, Sub-Committee or at the Cabinet shall relate to an item of business as defined on the agenda of the meeting at which the question is asked and shall not exceed 100 words in length;

~~12.4.4.~~13.4.7. for the avoidance of doubt, headings, abbreviations, acronymns and grammatical symbols substituting words shall count towards the 100 word limit, whilst a singular date shall be counted as one word;

13.4.8. at Full Council no member of the public may ask more than four questions in any one Municipal Year;

~~12.4.5.~~13.4.9. no member of the public may ask more than one question on any individual item of business as defined on the agenda of the meeting;

~~12.4.6.~~13.4.10. questions shall be provided to Councillors electronically prior to the commencement of the meeting and hard copies made available for members of the public attending the meeting. No discussion shall be allowed upon questions or answers;

Council

Cabinet,
Committees and
Sub-Committees

Council

~~12.4.7.~~13.4.11. the person asking the question may attend the meeting to read out their question or nominate another member of the public only person to read out the question on their behalf, and to hear the answer. If someone is unable to attend and fails to nominate someone to attend on their behalf, the question will not be read out, but will be responded to by way of written answer;

~~12.4.8.~~13.4.12. if questions are unsuitable in form, frivolous, defamatory, derogatory or relate to a matter which the Council would be likely to consider in the absence of the press and public, the Chair shall have the right to rule the question out of order;

~~12.4.9.~~13.4.13. in exceptional cases members of the public who do not live or work in the administrative area of the Council but who are directly affected by a decision or potential decision of the Council can submit a question in accordance with the above protocol. In such cases, the Monitoring Officer will determine the validity or otherwise of the question in consultation with the appropriate Chair.

Public Statements

~~12.5.~~13.5. Members of the public may make statements at meetings of the Full Council, Cabinet, Committees and Sub-Committees of the Council. The protocol for statements is as follows:

~~12.5.1.~~13.5.1. subject to the requirements of this protocol, a member of the public who lives or works in the area of the Council may submit a written statement to the Council, Cabinet, Committee or a Sub-Committee of the Council;

~~12.5.2.~~13.5.2. a person wishing to make a statement under this protocol shall submit the statement in writing which must be received by the Monitoring Officer or their nominated representative by midday the day before the meeting at which it is to be raised. The person's name and address must be included;

~~12.5.3.~~13.5.3. a statement at Council shall relate to Council business and shall not exceed 100 words in length. At Full Council no member of the public may submit more than four statements in any one Municipal Year;

13.5.4. a statement at Committee, Sub-Committee or Cabinet shall relate to an item of business as defined on the agenda of the meeting at which the statement is made and shall not exceed 100 words in length;

~~12.5.4.~~13.5.5. for the avoidance of doubt, headings, abbreviations, acronyms and grammatical symbols substituting words shall count towards the 100 word limit, whilst a singular date shall be counted as one word;

13.5.6. at Full Council no member of the public may make more than four statements in any one Municipal Year;

Council

Cabinet,
Committees and
Sub-Committees

Council

13.5.7. no member of the public may make more than one statement on any individual item of business as defined on the agenda of the meeting;

12.5.5.13.5.8. statements shall be printed in order of receipt and circulated electronically to Councillors prior to the commencement of the meeting and hard copies made available for members of the public attending the meeting. No discussion shall be allowed upon statements;

12.5.6.13.5.9. the person making the statement ~~shall~~ may attend the meeting to read out their statement or nominate another member of the public only to read out the statement on their behalf. If someone is unable to attend and fails to nominate someone to attend on their behalf, the statement will not be read out~~normally attend the meeting to read out their statement. However, persons may, if they prefer, ask for an officer of the Council to read out their statement;~~

12.5.7.13.5.10. if statements are unsuitable in form, frivolous, defamatory, derogatory or relate to a matter which the Council would be likely to consider in the absence of the press and public, the Chair shall have the right to rule the statement out of order;

12.5.8.13.5.11. in exceptional cases, members of the public who do not live or work in the administrative area of the Council but who are directly affected by a decision or potential decision of the Council can submit a statement in accordance with the above protocol. In such cases, the Monitoring Officer will determine the validity or otherwise of the statement in consultation with the appropriate Chair.

Petitions

12.6.13.6. Anyone who lives, works or studies in the Council's area may sign or organise a petition and trigger a response. This includes anyone under the age of 18. This petition scheme explains the rules that the Council will apply to any petition it receives.

12.7.13.7. Petitions submitted to the Council under this scheme must:

12.7.1.13.7.1. include a clear and concise statement covering the subject of the petition;

12.7.2.13.7.2. state what lawful action the petitioners wish the Council to take;

12.7.3.13.7.3. be signed by at least 20 people supporting the petition;

12.7.4.13.7.4. include the name and address (in a legible format) and signature of any person supporting the petition together with their connection with the Council's area (i.e., lives, works or studies); and

~~42.7.5.~~~~13.7.5.~~ contact details, including name, address, telephone number (and where possible, an e-mail address) of the petition organiser.

~~42.8.~~~~13.8.~~ The petition organiser is the person the Council will contact to explain how it will respond to the petition. The contact details of the petition organiser will not be placed on the Council's website.

~~42.9.~~~~13.9.~~ An electronic petition system is available on the Council's website.

~~42.10.~~~~13.10.~~ If a petition does not include all of the information required by this scheme it may not be accepted by the Monitoring Officer. In that case, the Council will write to the petition organiser to explain the reasons why.

Petitions not included in this scheme

~~42.11.~~~~13.11.~~ The Council will not take action on any petition which the Monitoring Officer considers to be vexatious, abusive or otherwise inappropriate and will explain the reasons for this in the acknowledgement of the petition.

~~42.12.~~~~13.12.~~ This petition scheme does not apply to:

~~42.12.1.~~~~13.12.1.~~ any petition which is not about a matter for which the Council has a responsibility, or which affects its area;

~~42.12.2.~~~~13.12.2.~~ any petition relating to a planning or licensing application or decision (which will be referred by the Monitoring Officer to the relevant officer/committee so that it can be considered in accordance with arrangements that the relevant committee has agreed);

~~42.12.3.~~~~13.12.3.~~ a statutory petition (for example requesting a referendum);

~~42.12.4.~~~~13.12.4.~~ a petition that is related to confidential staffing matters; or

~~42.12.5.~~~~13.12.5.~~ a petition relating to a matter where there is already an existing recourse to a review or right of appeal, such as council tax banding and non-domestic rates, where other procedures apply.

~~42.13.~~~~13.13.~~ In addition, any petition on the same or similar topic as one that the Council has received and dealt with in the previous six months is excluded.

~~42.14.~~~~13.14.~~ Details of petitions affecting particular wards that have been excluded will be sent to the Councillors representing those wards.

~~42.15.~~~~13.15.~~ In exceptional cases, members of the public who do not live, work or study in the Council's area but who are, nevertheless, affected by a decision or potential decision of the Council can submit a petition in accordance with this scheme and the Monitoring Officer will determine the relevance of such a petition in consultation with the Chair of Council or with the Chair of the appropriate Committee.

Guidelines for submitting a petition

~~12.16.~~13.16. Petitions can be submitted in paper format or electronically through the Council's e-petition portal.

~~12.17.~~13.17. Paper petitions can be submitted to the Monitoring Officer at the main office of the Council.

~~12.18.~~13.18. The Council will accept e-petitions hosted by third parties which meet the requirements of this scheme, in particular those required by Rule 12.7 of this Part 4D.

~~12.19.~~13.19. If the appropriate threshold is met, petitions can also be presented to a meeting of the Council or its Committees or to the Cabinet. Where the threshold is met for debate at a meeting of Council the petition organiser should contact the Monitoring Officer at least 10 working days before the meeting.

How the Council will respond to a petition

~~12.20.~~13.20. The Council will acknowledge receipt of a petition within 10 working days setting out what the Council plans to do with the petition. The acknowledgment will let the petition organiser know what the Council plans to do with the petition and when they can expect to hear from the Council again. The petition will be published on the Council's website, except in cases where this would be inappropriate. Where the subject matter of the petition affects particular wards, the Councillors representing those wards will be notified of the receipt of the petition.

~~12.21.~~13.21. If paragraph 3.3 applies to the petition, then the Council's acknowledgement will include details of any previous petition on the same topic. If the Council is still considering a petition on the same or similar topic, the acknowledgement will tell the petition organiser that the new petition has been amalgamated with the first petition.

~~12.22.~~13.22. The Council's response to a petition will depend on what a petition asks for, but may include one or more of the following:

~~12.22.1.~~13.22.1. taking the action requested in the petition;

~~12.22.2.~~13.22.2. considering the petition at a meeting of the Council or Cabinet;

~~12.22.3.~~13.22.3. holding an inquiry into the matter;

~~12.22.4.~~13.22.4. holding a public meeting;

~~12.22.5.~~13.22.5. holding a meeting with petitioners or the petition organiser;

~~12.22.6.~~13.22.6. undertaking research into the matter;

~~12.22.7.~~13.22.7. writing to the petition organiser setting out the Council's views about the request in the petition;

~~12.22.8.~~13.22.8. referring the petition to an Overview and Scrutiny Committee or another Committee of the Council for consideration;

~~12.22.9.~~13.22.9. referring the petition, in the first instance, to another formal body of the Council where the subject matter of the petition falls within the scope of the terms of reference of that body.

~~12.23.~~13.23. The Council's response may also depend on the number of people who have signed the petition. The table below sets out the thresholds:

Number of signatories	Response
20 – 49	Response from relevant director / service head (treated as standard correspondence)
50 – 1,999	Response from relevant Cabinet member
2,000 +	Referred for debate at a meeting of Full Council

~~12.24.~~13.24. If the Council is able to do what a petition asks, the acknowledgement to the petition organiser may confirm that the Council has taken the action requested and the petition will be closed.

~~12.25.~~13.25. Where the petition is referred to the relevant Cabinet member for a response, the petition organiser will be invited to make a written statement in support of the petition (if one has not already been included in the petition).

~~12.26.~~13.26. If the petition has enough signatures to be referred to trigger a debate at a meeting of the Full Council, then the acknowledgment will confirm this and inform the petition organiser when and where the relevant meeting will take place. The Council will try to consider the petition at its next meeting, although on some occasions this may not be possible, and consideration will then take place at the following meeting.

Council

~~12.27.~~13.27. Where the petition is referred to the Full Council, the petition organiser (or any person authorised by them) will, if they so wish, be given a period not exceeding three minutes to present the petition at the meeting and unless the petition is referred to the Overview and Scrutiny Committee or another Committee or Sub-Committee for consideration without debate; the petition will be debated by members. Members may ask questions of the petition organiser. ~~The petition organiser (or any person authorised by them) will be granted a right of reply for a further period not exceeding three minutes at the end of the debate and before a final decision or vote is taken.~~

Council

~~13.14.~~14. Rules of Debate

Motions and Amendments

~~13.1.~~14.1. No motion or amendment shall be discussed unless it has been proposed and seconded. Where required by the Chair, motions or amendments shall be put in writing and handed to the Chair before they are further discussed or put to the meeting.

~~13.2.~~14.2. At meetings other than those of the Full Council, the Chair of that meeting may, at their discretion, allow a motion or amendment to be put which is not in writing, provided that the Chair has concluded that the wording of the motion or amendment is understood by all members of the body concerned. This requirement does not apply to motions submitted under Procedure Rule 9 of this Part 4D.

Cabinet,
committees and
sub-committees

Seconders's Speech

~~13.3.~~14.3. When seconding a motion or amendment a Councillor may advise the Chair that they will reserve their right to speak until a later period in the debate.

Only One Councillor to Stand at a Time

~~13.4.~~14.4. When speaking at the Council meeting a Councillor shall stand if they are able and address the Chair. While a Councillor is speaking the other Councillors will remain seated, unless rising on a point of order or in personal explanation.

Council

Content and Length of Speeches, Questions and Responses to Questions

~~13.5.~~14.5. A Councillor will confine their speech to the question under discussion, a personal explanation or a point of order. Except as indicated below, in the case of speeches made by Councillors when the Council is agreeing a budget, or where the Council, Committee or Sub-Committee otherwise agrees, no speech, ~~or~~ question or response to a question will exceed three minutes.

~~13.6.~~14.6. In advance of the meeting at which the Council is due to agree a budget, the Council's Political Groups may agree a protocol which makes provision for a limited number of speeches to be made on behalf of each Political Group, and which exceed the three minute limitation contained in these Rules. The Chair will have discretion as to how such a protocol will be implemented at the meeting and, where no agreement can be reached between the Political Groups, whether and (if so) how any extension of the three minute limitation might be permitted to operate.

Council

When a Councillor may speak again

~~13.7.~~14.7. At the Council meeting a Councillor who has spoken on any motion shall not speak again whilst it is the subject of debate, except:

Council

~~13.7.1.~~14.7.1. to speak once on an amendment moved by another Councillor;

~~13.7.2.~~14.7.2. if the motion has been amended since they last spoke, to move a further amendment;

~~13.7.3.~~14.7.3. if their first speech was on an amendment moved by another Councillor, to speak on the main issue, whether or not the amendment on which they spoke was carried;

~~13.7.4.~~14.7.4. in exercise of a right of reply;

Scrutiny Committees where the item is within the remit of that particular body. It should be read in conjunction with the Overview and Scrutiny Procedure Rules set out in Part 4C of this Constitution. The restrictions in Rule 15.3 of this Part 4D on the number of items shall not apply.

16.17. Disclosure of Confidential/Exempt Matters

~~16.1.~~17.1. No Councillor shall disclose to any person the whole or any part of the contents of any agenda, report or other document which is marked “confidential” or “not for publication” unless and until the document has been made available to the public or the press by or on behalf of the Council, the Cabinet, a Committee or Sub-Committee.

~~16.2.~~17.2. No Councillor shall disclose to any person other than a Councillor any matter arising during the proceedings of the Council, the Cabinet, any Committee, or Sub-Committee and which comes to their knowledge by virtue of their office as a Councillor where such disclosure would prejudice the interest of the Council or would be contrary to law.

~~16.3.~~17.3. No Councillor shall disclose to any person any decision or proceedings of that body except when one of the following applies (provided that nothing in this paragraph shall authorise disclosure which would contravene Rule 16.1 or Rule 16.2 of this Part 4D):

~~16.3.1.~~17.3.1. a report on the matter has been circulated to the Council by that body;

~~16.3.2.~~17.3.2. the decision has become public knowledge; or

~~16.3.3.~~17.3.3. the matter comes within the powers of that body and a final decision has been made upon it.

17.18. Voting

18.1. It is the responsibility of each councillor to properly inform themselves and ensure that they are sufficiently appraised of any matter before voting.

~~17.1.~~18.2. Voting will be by a show of hands or where practical and the means are available to those present, by electronic means. Where there is a clear majority in favour of a proposal the person presiding will ask if any Councillor wishes to vote against or abstain from a proposal.

~~17.2.~~18.3. When a Councillor asks for a recorded vote to be taken, and one quarter of Councillors present support the request, the vote will be recorded to show whether each Councillor voted for or against the motion or abstained.

~~17.3.~~18.4. A recorded vote will not be taken if the vote has already begun to be taken by a show of hands.

~~17.4.~~18.5. A Councillor may require, after a vote is completed, that the minutes of the meeting record how they voted or abstained.

~~17.5-18.6.~~ Where there are equal votes cast for a motion or amendment the Chair or the person presiding will have a second or casting vote.

~~18-19.~~ Offices and Appointments

~~18.1-19.1.~~ A secret ballot will be held to elect the Chair and Vice-Chair of the Council, Committees and Sub-Committees, or Councillors to any office or position where more than one person is nominated.

~~18.2-19.2.~~ If a secret ballot is held and no person receives more than half of the votes cast, the name of the person with the least number of votes will be withdrawn. Further ballots will be held until one person receives a clear majority.

~~18.3-19.3.~~ The Chair, or person presiding, will have a second or casting vote where the votes are equal.

~~19-20.~~ Variation and revocation of Procedure Rules

Any motion under Procedure Rule 9 (Motions on Notice) of this Part 4D, to vary or revoke these Rules shall, when proposed and seconded, stand adjourned without discussion to the next ordinary meeting of the Council.

Council

~~20-21.~~ Suspension of Procedure Rules

~~20.1-21.1.~~ Any of the Procedure Rules may be suspended to the extent permitted within the Rules and the law in respect of any business at a meeting of the Council, Cabinet, a Committee or Sub-Committee where its suspension is moved.

~~20.2-21.2.~~ A motion to suspend Procedure Rules shall not be moved without notice (that is under Procedure Rule 10 of this Part 4D) unless there shall be present at least one-half of the Members of the Council or that Cabinet, Committee or Sub-Committee respectively. The extent and duration of the suspension will be proportionate to the result to be achieved taking into account the purposes of the Constitution set out in Article 1.

~~21-22.~~ Interpretation of Procedure Rules

Subject to taking advice from the Monitoring Officer or their nominated representative, The ruling of the person presiding as to the construction or application of any of these Procedure Rules, or as to any proceedings of the Council, shall not be challenged at any meeting.

~~22-23.~~ Substitute Members

Committees and sub-committees

~~22.1-23.1.~~ A Political Group may, by notice to the Monitoring Officer or their nominated representative, appoint a substitute member from within its Group for a meeting of a Committee or Sub-Committee.

~~22.2-23.2.~~ Members of the Cabinet shall not be nominated as substitutes for any Overview and Scrutiny Committee or Regulatory Committee.

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AUDIT AND GOVERNANCE COMMITTEE

Report subject	Governance of Corporate Health & Safety and Fire Safety
Meeting date	27 th October, 2022
Status	Public Report
Executive summary	<p>This report details progress made on the delivery of Health & Safety and Fire Safety governance arrangements for BCP Council and highlights:</p> <ul style="list-style-type: none"> • Implementation of Governance framework • Reporting to the Health and Safety and Fire Safety board • Covid 19 response and the recovery • An overview of service delivery
Recommendations	<p>It is RECOMMENDED that:</p> <p>(a) Health & Safety and Fire Safety on-going governance arrangements continue to be reported to the Audit and Governance Committee annually.</p> <p>(b) Audit and Governance Committee notes the continued progress in implementing the Health and Safety and Fire Safety governance arrangements and the operational updates.</p>
Reason for recommendations	<p>An update twelve months after the October 2021 Audit & Governance Committee meeting was requested, to provide continued reassurance that Health & Safety and Fire Safety Governance arrangements are being implemented to an acceptable standard.</p> <p>The Audit & Governance Committee terms of reference include the following in the 'Other functions' section - To consider arrangements for health and safety and fire safety.</p>

Portfolio Holder(s):	Drew Mellor
Corporate Director(s):	Health & Safety – Graham Farrant Fire Safety – Julian Osgathorpe
Report Authors	Rebecca Lawry (Health and Safety Manager) Phillip Lawrence (Fire Safety Manager)
Wards	Not applicable
Classification	For Decision

Background

1. The service provided by the Corporate Health & Safety and Fire Safety teams is to ensure competent, specialist and risk-based advice and guidance is afforded to the Council to enable it to carry out statutory duties regarding both the Health & Safety at Work etc Act 1974 and the Regulatory Reform (Fire Safety) Order, 2005 and to promote a positive safety culture throughout BCP Council.
2. The BCP Council Health, Safety and Welfare Policy (reviewed July 2021) and the Fire Safety Policy (reviewed April 2022) sets out the roles and responsibilities that places the Health & Safety and Fire Safety Board at the centre of strategic oversight and performance monitoring.
3. The BCP Council Health & Safety and Fire Safety governance framework details the governance arrangements including the Health and Safety and Fire Safety Board, Service Directorate Health and Safety and Fire Safety meetings and the Safety Supporters Forum.

Ongoing Governance arrangements

4. Health & Safety and Fire Safety Board meetings continue to take place quarterly with members attending remotely, via Microsoft Teams. Attendance at these meetings by Service Directors (or their representative) since the time of the last report to this Committee has been good.
5. Service Directorate Health & Safety and Fire Safety meetings take place quarterly, via Microsoft Teams. These meetings remain a key part of the Health and Safety and Fire safety governance.
6. The Health & Safety and Fire Safety Forum, comprising of Safety Supporters from the Service Directorates, Corporate Health & Safety and Fire Safety teams and Union representatives commenced in December 2020 and meets quarterly. The forum provides a means for consultation with all employees as per statutory requirements. Colleagues are able to share best practices and issues at the workplace and operational level and provides a means for communication between employees and the Board. A Microsoft Teams channel facilitates communication in-between forums.
7. A Microsoft Teams channel has been set up, to allow appointed and trained Local Fire Safety Co-ordinator's a forum to discuss and share best practices across premises and Service Directorates concerning Fire Safety.

Reporting to the Board

8. Quarterly health and safety and fire safety reports are provided to each Board meeting, providing information on such matters as audit programme planning, policy & governance implementation, formation of BCP Council H&S procedures, staff training & communications, Fire Risk Assessments, significant accidents & incidents, contact with enforcement bodies and accident and near-miss data for health and safety and fire incidents.
9. A Corporate Health & Safety and Fire Safety Risk Register is established and reviewed at the quarterly Board meetings. This contains Service Directorate high level risks that are considered to

need further mitigation measures to reduce the current risk level. These are raised at the Board to agree on necessary risk reduction measures.

COVID-19 Response

10. The government has lifted all legal requirements, guidance now refers to 'Living safely with respiratory infections including COVID-19'. The focus remains on vaccination, ventilation and good hygiene, with optional use of face coverings.

Operational updates

Health and Safety

11. Following the outcome of Smarter Structures, the Corporate Health & Safety team have moved from Communities to the Finance Directorate, reporting to the Head of Audit and Management Assurance.
12. The BCP Council Corporate H&S team comprises of a Corporate H&S manager, four H&S Practitioners and one Training and Business Support officer. Two of these posts have been vacant for most of the year, with the Training and Business Support Officer also become vacant more recently. The vacancies have impacted on the speed of delivery of some objectives.
13. Attempts to recruit permanently to the vacant posts have been unsuccessful. One practitioner post has been temporarily filled until Christmas, with the view to this becoming permanent. Should this happen, two vacant posts will remain. It is widely acknowledged that recruitment of health and safety professionals within the public sector remains challenging.
14. Provision of Covid-19 advice and support from the team has declined with the lifting of all domestic restrictions by the government.
15. The team have continued to provide the Events team with support in the form of attendance at the monthly Safety Advisory Group (SAG) meetings, review of event documentation and site walkarounds.
16. Work with the DACT (Drug and Alcohol Commissioning Team) on the provision of naloxone has progressed and kits can now be issued to trained colleagues. Administering naloxone can be a life-saving medication which reverses the effects of an opiate overdose which some of our frontline colleagues encounter during the course of their duties.
17. Work continues on establishing a single supplier for lone working device solutions for colleagues in higher risk service areas. It is anticipated that this will be in place from April 2023, in the meantime lone working devices can still be obtained from existing suppliers.
18. BCP accident and near-miss reporting system is working well. The system can be accessed by all colleagues via the intranet homepage and H&S pages. Further enhancements to the system have started and will include a back-office function to allow analysis by the team of Corporate and Service Directorate data from all BCP service areas.
19. Development of a BCP cautionary contact system (CCS) by ICT is in progress with a draft test system being evaluated currently. Legacy systems continue to be used until the BCP system goes live (anticipated early 2023). These legacy systems are 'safe' but are administratively cumbersome.
20. Final BCP versions of most of the corporate procedures for H&S have been agreed and implemented following the procedure approval process. These include Managing Stress at Work, COSHH (Control of Substances Hazardous to Health) and Safer Driving for Work procedures. Further procedures, such as Accident and Near Miss investigation, Working Outdoors and Confined Spaces are in development.
21. Due to the impact of Covid and staffing resource issues, work is still being carried out to develop a Corporate H&S audit plan, visiting Council owned and operated buildings and other assets to ensure compliance with Policies. It's anticipated that the audit program will focus on the higher risk areas initially such as depots.
22. A training plan has been developed that covers all essential H&S training that needs to be delivered by external training providers. The portfolio has recently been expanded to include Construction Design Management (CDM) Awareness and CDM Client training. These seek to highlight the

responsibilities of colleagues whose work falls under the Construction (Design and Management) Regulations; this includes all building, civil engineering and engineering construction works.

23. The HSE (Health and Safety Executive) made an unannounced visit to a Highways construction site recently. The main focus of the inspection was to review the safety controls on site and the council's management of occupational health risks arising from construction work. The site inspection did not identify any on site issues but some paperwork follow up questions have shown some areas require improvement such as setting up a formal health surveillance and clarity over the Action or Limit Values for noise and vibration.
24. The implementation of a Health surveillance program for workers due to their occupational exposure to identified hazards is in its very early stages. Initial work has been undertaken to try to identify the numbers from each Service Directorate who may be affected. Work can then commence on producing a matrix identifying which roles and which type of surveillance is required and establish a process for implementation.

Fire Safety

25. The Fire Safety team for BCP Council is comprised of one full-time Fire Safety Manager, one full-time and one part-time (3 days per week) Fire Safety Advisor, 2.6FTE in total.
26. Following the outcome of Smarter Structures, in late 2021, the Corporate Fire Safety team have delivered the service from within the Facilities Management (FM) structure, falling within the Customer and Business Delivery Service, having relocated from Regulatory Services, within Communities.
27. The Corporate Fire Safety team has experienced an acute reduction in resource between April – October 2022 due to adverse ill-health effecting two team advisors, both requiring long term sick leave cover. A reduction of 1.6 occurred, made up of a full-time and part-time advisor.
28. This resource reduction impacted overall service delivery, resulting in an offset of proactive work streams and focus on reactive support to services. The service delivery workplan was revised and reprioritised in wake of this resource impact and an external consultant was contracted to assist with elements of service delivery during this period. Fire Risk Assessments (FRA), Dangerous Substances and Explosive Atmospheres Regulations (DSEAR) assessments, and Arson prevention surveys continue through this time.
29. The summer of 2022 continued the steep rise in events taking place throughout BCP. Support was provided through the established Safety Advisory Group (SAG), event site visits and liaison with partner agencies, including our enforcing authority, Dorset and Wiltshire Fire and Rescue Service (DWFRS). The Bournemouth Air Festival (BAF) event was fully supported throughout.
30. On July 1, 2022, BCP Homes was formed, combining previously separate housing services from legacy Poole and Bournemouth areas into one service. BCP Homes have a dedicated Fire Safety team. Discussions surrounding service delivery and structures are underway.
31. On 28 April 2022, the Building Safety Bill received Royal Assent to become the Building Safety Act 2022. Described as 'an important milestone', the 264-page Act aims to pave the way for a major change in the way residential buildings are constructed and maintained in the UK while protecting the rights of leaseholders. Working parties continue to meet and discuss the evolution and implementation of this legislation to prepare BCP Council for the changes the legislation shall require. Updates continue to be provided to the Health & Safety and Fire Safety Board surrounding relevant legislative changes and their cumulative impact on BCP Council.
32. Support continues to Local Authority maintained schools on localised fire safety arrangements and mitigation plans following their Fire Risk Assessments, or subsequent reviews.
33. The appointment and training of persons to undertake the role of Local Fire Safety Coordinator continues. In most cases, this is not a new appointment as individuals are already undertaking the associated duties required to ensure local level fire safety risks are identified and mitigated appropriately, along with providing direct liaison with the Corporate Fire Safety team.
34. The Fire Safety team maintained contact with operational service areas. Where required, resource has been allocated to specific high-risk areas to develop a deeper understanding into day-to-day practice. The knowledge gained continues to result in improved support and advice offered by the

corporate team. Advice is given to all Service Directorates and schools on many different aspects, including risk assessments.

35. The Fire Safety Policy has received its annual review, requiring only minor amendments. Several procedures have been created and reviewed, along with supplementary guidance materials to assist with fire safety management arrangements.

Summary of financial implications

36. The 2022-23 budget for Health and Safety is £280,900 and for Fire Safety it is £113,900. Some underspending is expected in Health and Safety taking into account part year vacancies.
37. No financial implications are arising from the specific recommendations of this report.
38. There are potential financial risks associated with inadequate or non-compliant Health, Safety and Welfare or Fire Safety practices that could lead to financial penalties and losses. The governance arrangements outlined in this report will help to mitigate these.

Summary of legal implications

39. No legal implications are arising from the specific recommendations of this report.
40. The Council is legally obliged to have adequate Health and Safety and Fire Safety arrangements in place, the current governance arrangements support in demonstrating compliance with these obligations.

Summary of human resource implications

41. No human resource implications are arising from the specific recommendations of this report.
42. Where necessary, HR are contacted to ensure that HR implications of any H&S management actions are considered

Summary of environmental impact

43. There are no environmental impacts arising from the specific recommendations of this report.

Summary of public health implications

44. There are no public health implications arising from the specific recommendations of this report.

Summary of equality implications

45. No equalities implications are arising from the specific recommendations of this report.
46. Where necessary, the Corporate H&S team work alongside HR to ensure that both equality and H&S aspects are considered, to ensure that equality aspects such as disability are suitably actioned.

Summary of risk assessment

47. Failure to report annually would leave the Committee unaware of continuing governance arrangements. This increases the risk of ongoing governance falling below acceptable standards.
48. Annual reporting to this Committee is considered appropriate. However, there should remain the option for exception reporting if relevant officers or members are concerned that governance arrangements require more frequent review.

Background papers:

49. [Health and Safety Policy \(internal link only for Councillors and officers\)](#)
50. [Fire Safety Policy \(internal link only for Councillors and officers\)](#)

Appendices

None

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AUDIT AND GOVERNANCE COMMITTEE

Report subject	Emergency planning and business continuity update report
Meeting date	27 October 2022
Status	Public Report
Executive summary	<p>Emergency planning and business continuity activity in BCP Council over the reporting period has been focused on getting back on track following the significant response to COVID and the disruption this caused to the planning side of resilience. Significant progress has been made in business continuity and the council's response arrangements have been put to the test with numerous large scale emergency responses. These have been dominated by extreme weather and fires and evacuations.</p> <p>At a national level the resilience agenda continues to evolve and the impacts of this are being looked at and incorporated into planning and response activities locally.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>Audit and Governance Committee is asked to note:</p> <ul style="list-style-type: none"> a) The emergency planning and business continuity activity that has taken place during the monitoring period b) The significant progress in delivering the business continuity management programme c) The ongoing development of resilience governance arrangements including the process for debriefing, capturing learning and monitoring the implementation of recommendations d) The national level update on resilience and the implications of this
Reason for recommendations	<p>It is a statutory requirement for BCP Council to have effective emergency planning and business continuity arrangements in place in accordance with the Civil Contingencies Act 2004 and to therefore ensure it can provide assistance to the communities of the BCP Council area in the event of disruption.</p>

Portfolio Holder(s):	Cllr Drew Mellor
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Alyson Whitley Emergency Planning and Resilience Manager 07584 490684 alyson.whitley@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For update and information

Background

1. This report provides an update on the emergency planning and business continuity arrangements in place across BCP Council and related activity during the period of this annual monitoring report from November 2021 to October 2022.
2. It is a statutory requirement for BCP Council to have effective emergency planning and business continuity arrangements in place in accordance with the duties placed on BCP Council as a category 1 responder under the Civil Contingencies Act 2004 (CCA).
3. As part of the council's statutory duties it has to come together under the multi-agency partnership of the Local Resilience Forum (LRF) to plan, prepare and train for emergencies. The LRF is not a legal entity; it is a partnership comprising the category 1 and category 2 responder organisations that operate within the footprint of Dorset LRF which is coterminous with the Dorset Police boundary. LRF members have to plan together to be able to use their collective resources in the most effective way in the event of an emergency. BCP Council is a constituent, accountable member of the partnership. LRF planning and activity should therefore not be seen as something separate and discrete to BCP Council. The council has a duty to ensure that it is fully engaged in both the development of multi-agency emergency plans and planning and, in the event of an emergency, responding alongside partner agencies, drawing on the full range of council resources to deliver both aspects.
4. Dorset LRF has a dedicated team funded by LRF partner agencies to facilitate multi-agency planning in line with the requirements of the CCA. This is called the Dorset Civil Contingencies Unit (CCU). The team has no legal responsibilities under the CCA. The accountability remains with the category 1 and 2 responder organisations who essentially pay the CCU to assist with delivering these CCA multi-agency planning responsibilities.
5. Within BCP Council emergency planning and business continuity are council wide responsibilities with all services having a role to play in planning and preparation and responding when an incident occurs.
6. In summary, there are two modes of activity: planning and preparation and response and recovery and these are carried out at two different levels, BCP Council (single agency) and Dorset LRF (multi-agency). The BCP Council Emergency Planning and

Resilience Team supports the council in driving resilience work forward in both modes and at both levels and acts as the everyday interface with the LRF partnership.

Resilience Overview

7. A key focus over the past year has been the introduction and embedding of the new resilience governance framework for emergency planning and business continuity. The framework has been in place for about 18 months now with the two key groups, the BCP Resilience Governance Board – strategic level, and the BCP Resilience Forum – operational/tactical level, continuing to meet periodically, gradually finding their feet and settling into their respective roles. The Board was originally scheduled to meet twice a year, but this has been revised and is now meeting quarterly as there is a lot of material to cover. The Forum meeting schedule has remained at quarterly, wrapping around the Board meetings. These two groups constitute the backbone of the monitoring and co-ordination of emergency planning and business continuity activity supported by the Emergency Planning Team that leads on driving work forward and helping the organisation to deliver its statutory duties.
8. Topics that have been discussed over the past year include:
 - Business impact analysis and business continuity planning
 - Loss of drinking water and the emergency planning and business continuity planning consequences of this
 - Loss of ICT
 - Cyber attacks
 - Extreme weather: flooding, wildfire, storms, extreme heat and drought
 - Debrief reports, learning and recommendations from incidents
 - Insurance in relation to business continuity planning and preparedness
9. In line with the requirements of the council's statutory duties under the CCA there is a need to ensure that all those with a role in responding are trained and familiar with their roles. The turnover in staff across the council has been impacting all three duty levels (Gold, Silver and Bronze) and work has been underway to recruit internally and train new or incoming staff to ensure that the duty and command structure arrangements remain robust. Funding has also been included within the draft 2023/24 budget to introduce a Local Authority Liaison Officer and Loggist duty scheme to ensure that there are robust arrangements for these. Learning from several recent incidents has demonstrated that current arrangements for these are not as robust as they need to be. There could, however, still be an issue in recruiting volunteers to these roles if there is a lack of willingness by staff to take on these additional responsibilities.
10. There is a further requirement to ensure that staff keep their response skills and training current and as a result of this, BCP Council has introduced a new mandatory training course for all three duty levels on decision making in emergencies. The training is being delivered by a barrister who has significant experience in emergency response and public inquiries.
11. Both BCP Council and Dorset LRF work to a prioritised work programme. However, these have been significantly disrupted over the past couple of years due mainly to COVID but also in response to other incidents and national priorities. At both a BCP Council and Dorset LRF level work is starting to get back on track, but like many

agencies there is a significant backlog that is having to be dealt with as well as new and emerging priorities and so work is constantly having to be reprioritised.

12. Emergency response is also an integral part of the work and when incidents occur, they are very time consuming, not only in the immediate response but in the recovery and follow up and they likewise delay the undertaking and completion of planning activity. As outlined in the Emergency Response section below, it has been a busy year in this respect for the council and this has impacted on the work programme. There is, however, an upside to this as the number of incidents, including a global pandemic, means that the council's generic emergency planning arrangements have been well and truly put through their paces and presented opportunities for review and learning.
13. The BCP Council work programme is inextricably linked with the LRF work programme which is set by collective agreement and as LRF priorities change, the BCP Council work programme has to be adjusted accordingly to ensure it can meet both the main BCP Council planning priorities as well as the LRF ones.
14. As resource becomes more stretched across the council, the engagement from services in the planning side of emergency planning and business continuity is becoming more and more pressured. This means that it is harder to progress work and that the timeframes for completing work are becoming longer.
15. The above notwithstanding, significant progress has been made in emergency preparedness and business continuity throughout the past year with a lot of developmental work taking place.

Emergency Response

16. The past year has been quite a busy period with a significant number of larger scale emergency responses required by the council as outlined below.
 - a. COVID – command structures were in place for COVID until April 2022 when the Tactical Co-ordinating Group and Strategic Co-ordinating Group finally stood down followed by the Health Protection Board and the COVID Recovery Co-ordinating Group (RCG). Arrangements are in place should the need arise to re-establish a multi-agency response as part of normal emergency planning procedures. Learning from COVID at both a BCP Council and LRF level is being incorporated into work going forward.
 - b. Storms Eunice and Franklin - February 2022 – southern England experienced a few days of intense storms between 18th and 20th February 2022 which resulted in parts of BCP Council being covered by a red Met Office weather warning, the first time that this has happened. The council proactively stood up its Incident Management Team to co-ordinate preparedness and the response to the storm alongside multi-agency structures. It was a significant, whole council response. The storm resulted in a number of residents in the Hurn area being without power for 5 days. The council mobilised staff and the voluntary sector to the area to check on and support those affected. This was the first time that such a significant storm has taken place for a considerable time and it has thrown up quite a few issues and learning that both BCP Council and the LRF are taking forward, particularly around working with the electricity companies, accessing accurate data on areas affected and those who are on the electricity company priority service register due to some form or vulnerability.

- c. Wellington Court fire – December 2021 – a significant fire broke out in a block of private residential retirement flats which resulted in the need to evacuate about 60 residents to the nearby Premier Inn hotel. Emergency Planning, Social Care and Housing staff were deployed to the hotel to manage the response which posed quite a few challenges, particularly as this was during a heightened level of COVID infection. The fire caused considerable damage to the property to the extent that residents were not able to return to their houses for around 9 months. Staff from Adult Social Care have continued to support the residents for the entirety of this period.
- d. Alexandra House fire – May 2022 – the council became involved in the response to a fire and potential evacuation of a residential and dementia care home in Poole. The nature of the circumstances caused significant challenges for Adult Social Care and partners and again has given rise to a significant amount of learning. It has also highlighted the existing requirement for private care homes to have robust business continuity plans in place.
- e. Extreme heat - July and August 2022 with associated drought - for the first time since extreme heat warnings were introduced by the Met Office in 2021 there were two extreme heat warnings issued for the BCP Council area, one in July and then a further one in August. There were also red alerts issued under the UK Health Security Agency heatwave plan. This meant that a level 4 national heat emergency had been triggered covering all parts of England with the risk to life for those more vulnerable to heat and a general risk to everyone. Some areas of the country had a red warning with the BCP Council area being at the amber warning level, but it still experienced some very high temperatures. The council again proactively stood up its Incident Management Team to co-ordinate preparedness and the response. This is a relatively new area as this level of extreme heat has not been experienced before and some further planning work is going to be undertaken on drought preparedness and what this means for the council and its operations. Until now drought planning has not really been undertaken at a BCP Council level. The Environment Agency declared an environmental drought covering the BCP Council area but there were no temporary use bans (TUBs) put in place by the water companies and the public were asked to use water sensibly, but use was not restricted in any way. There is the need for careful consideration of what might technically be allowed under temporary usage restrictions for business compared to what is the right thing to do and how the public might perceive this.
- f. Wildfire risk – the wildfire risk has been elevated for much of the summer and has led to a number of wildfires occurring. Two significant ones for BCP Council have been the Canford Heath fire and evacuation in April 2022 and the Studland Peninsula heath fire and evacuation on 12th August 2022.
- g. Operation London Bridge September 2022 – the council's plan for the death of the monarch, along with the LRF plan, had to be invoked on 8th September 2022 and was used to co-ordinate the response during the mourning period. The debriefing process has commenced internally with feedback from those involved being sought which will feed into a debrief meeting scheduled for November. A multi-agency debrief is also being scheduled. Learning from these debriefs will inform any planning for the coronation which is to take place on 6th May 2023.

17. In line with good practice in emergency management a debrief process is worked through following all incidents to ensure that any learning is captured and any issues can be investigated. Written debrief reports are collated for larger incidents which include a series of recommendations to address the issues identified and these are taken to the BCP Resilience Governance Board for review and sign off. For smaller incidents feedback from those responding is sought and recommendations made if there is an issue that needs to be addressed. All recommendations are then added to a recommendations tracker spreadsheet maintained by the Emergency Planning and Resilience Team to monitor implementation of the recommendations across the council. The tracker is reviewed at both the BCP Resilience Forum and Resilience Governance Board with strategic intervention from the Board if there are any significant issues that are not being addressed. This is a fairly new process as part of the evolving governance arrangements and the tracker and two debrief reports (Wellington Court fire and Alexandra House fire) were taken to the September Board meeting.
18. The tracker is not exclusively for BCP Council initiated learning. It will also be used for recommendations arising from national learning such as public inquiries or other significant emergencies elsewhere across the country as well as Dorset LRF generated recommendations that are applicable and require action from BCP Council.
19. A theme that has emerged from planning work and response over the past year is a low level of general awareness across the council of the council's duties in relation to emergency planning and business continuity and how this practically translates into the organisation. As a result, an awareness session is being delivered to the Senior Leadership Network in January 2023 to help to redress this.

Emergency Planning Update

20. Key emergency planning development and activity has been progressing in the following areas:
 - BCP Council cyber response plan – a draft plan is out for consultation with BCP Forum members with an exercise scheduled for 22nd November.
 - Wildfire response plan – BCP Council Emergency Planning has been working with council services and with Dorset and Wiltshire Fire and Rescue Service to develop the council's wildfire response plan including GIS mapping of at-risk areas. Following multi-agency debriefing in light of numerous wildfires across the Dorset RLF area this summer, the LRF wildfire plan is also being reviewed and updated. A multi-agency proposal is being taken to the LRF Business Management Group for a piece of work to look at evacuation plans for Studland and Hengistbury Head following recent incidents and risk assessments. Whilst Studland lies within the Dorset Council area, evacuation is likely to be to Poole and BCP Council would experience the impacts and be an integral part of a response in the event of an evacuation as was demonstrated in August this year.
 - Severe weather response plan - The BCP Council severe weather response plan has been updated with learning from Storm Eunice and the two episodes of extreme heat this summer and will go for Board approval in November. An appendix on drought planning and response will be added in due course.
 - The council's Operation Bridges plan outlining arrangements for the death of the monarch or other senior member of the royal household was reviewed, approved by CMB and tested through an exercise in the first half of 2022. The planning and testing meant that the plan was able to be activated swiftly when the need did arise this

September. The Emergency Planning Team led the planning work on behalf of the council as it has the experience and expertise in pulling together complex multi-disciplinary plans. The Operation Bridges plan is, however, different to other emergency plans as the event itself was not an emergency and it was the one plan that everyone knew would have to be invoked at some point.

- An awareness raising session was delivered to the Council's Director's Strategy Group on the national power outage risk. This is an existing risk on the national security risk assessment with a government led resilience planning programme having been in place since early 2021 and is separate to the energy security issues that have arisen globally as a result of the war in the Ukraine. All LRFs have been required to hold an LRF level exercise to explore the risk and initiate multi-agency planning. Issues being explored are resilient communications and resilient buildings with sufficient back-up power to enable staff to co-ordinate a response from for a prolonged period of no power.
- Bournemouth Airport is reviewing its emergency plan for supporting survivors of an air crash within the confines of the airport and will be testing the plan in February 2023. Holding an exercise is a requirement of the Civil Aviation Authority and the airport's licence to operate. The exercise will involve BCP Council staff who would be called to support a Survivors' Reception Centre run by Dorset Police and also a Friends and Family Reception Centre. The Emergency Planning and Resilience Team is working with the airport, council services and partners to update the current plan and staff will be participating in the exercise. This is a new responsibility for BCP Council having previously been a Dorset County Council responsibility prior to local government reorganisation.
- BCP Council has been a key player in the development of the LRF Poole Harbour Islands Evacuation Plan. This risk was identified a few years ago following an exercise and a number of incidents. Whilst the harbour islands sit chiefly within the Dorset Council area, evacuees would be brought to Poole and therefore BCP Council would be responding and supporting the evacuees with the assistance of Dorset Council. The plan has just been out for consultation and will soon be going through the LRF approval process.

Business Continuity Update

21. As part of planning for the new BCP Council it was agreed that a business continuity management programme would be developed and implemented within 18 months to two years of the new authority. This was severely affected by the onset of the global COVID pandemic, but work has been underway to get this back on track. There has been significant progress in this area of work over the past year.
22. A key element of the programme was the development and introduction of a business continuity strategy level document for the organisation setting out the strategic importance of business continuity and the council's overall approach to delivering it. The Resilience Governance Board approved the BCP Council Business Continuity Framework and Guidance document at its September meeting following an internal consultation period. This is a significant piece of work and lays the foundation for business continuity activity across the council. The framework will be launched across the organisation with appropriate staff comms to support it.

23. A parallel piece of work also part of the programme and forming the basis of service level and corporate level planning is the completion of BIAs or a business impact analysis. All services have been required to complete the BIA process by 31st October. A business impact analysis is a process of analysing business functions and the effect that a business disruption might have upon them, the timeframe for recovery and determining what minimum resources would be needed to deliver the agreed level of service.
24. As the world and council services continue to evolve we are all becoming more and more reliant on technology. Systems are largely no longer locally based and data is no longer generally held in on-premises servers but by external providers and in the cloud. This means that the council has less control over accessing systems and data and how they might be recovered in the event of disruption. This places ever greater importance on services planning and preparing for how they will deliver critical services in the event of a loss of ICT. The council requirement is that services prepare for a minimum of 4 days without ICT. This is an area of planning work still very much under review and development and where some practical testing may be required by services. The Emergency Planning and Resilience Team has delivered a scenario-based discussion exercise to a couple of services so far to help them to explore a loss of ICT incident and what layers of mitigation and planning they may need to put in place to respond to this risk.

Internal Audit Review

25. An internal audit of BCP Council's emergency planning and business continuity and its compliance with its statutory duties under the CCA has recently been undertaken. The audit has provided reasonable assurance of arrangements. Within the risks identified, it has been recognised that most of the issues were already known to the Emergency Planning and Resilience Team and are incorporated into the work programme going forward.

LRF and Dorset Civil Contingencies Unit (CCU) Update

26. Over the past six months Dorset LRF partners, facilitated by the Dorset CCU, have been taking an amended approach to its risk assessment process which is being keenly watched by other areas. Instead of concentrating directly on each individual risk, the focus has moved to looking more at the generic consequences of incidents and the capabilities required to respond so that the LRF is better prepared all round. There are about 16 capabilities identified and each month a capability is reviewed to look at where the LRF is in terms of its plans and actual capability to deliver in line with those plans alongside how well plans have been tested and staff trained. In line with this, LRF partners are considering work prioritisation and looking to address significant gaps arising from this review process along with emerging priorities rather than necessarily undertaking a review of a plan just because its three-year review is due. One key area identified through this process is the human aspects response. Local authorities are the lead co-ordinators and planners for this workstream and BCP Council is looking to secure some of the recent LRF funding for a post dedicated to taking this piece of multi-agency work forward.
27. In 2021/22 all LRFs were given some pilot funding by government to look at enhancing the work of LRFs. In February 2022 Lord Greenhalgh, Minister for State for Building Safety and Fire, wrote to all LRF Chairs to confirm that the government would continue to fund LRFs beyond this funding pilot for a further three years. This money is designed to support enhancing LRF strategic capacity and capabilities in support of the wider

HMG objectives set out in the Integrated Review (March 2021) and the forthcoming national resilience strategy. There are conditions placed on the use of the money and the LRF has to submit periodic reports on how the money is being spent and progress made. The LRF Executive has approved this year's expenditure and principles for its use. Examples of how the money is being used are an allocation to support training and the delivery of a live multi-agency exercise, a Community Resilience Co-ordinator, and an LRF project manager.

28. LRFs exist in each police force area and there are 5 in the South West region. These LRFs are now working collectively under a new South West collaboration. The aim is to identify where multi-agency working can be made more efficient and effective rather than everything necessarily being done 5 times, but only where this is appropriate and enhances arrangements. A pooled budget has been created with each LRF having put an equal sum of money in. Specific sub groups have been set up, an example of which is the South West Training Group. This is chaired by the Training and Exercising Co-ordinator from the Dorset LRF. Through this group standardised structured debrief training across the region has been organised as well as a series of MAGIC (Multi Agency Gold Incident Command) lite training days for strategic commanders. These were harder to deliver at an individual LRF level and have been made possible through collaborative working across the region.

National Update

29. The two-yearly review of the national security risk assessment (NSRA) that combines hazards (non-malicious) and threats (malicious) has just been released to emergency planners. The last full risk assessment was in fact issued in 2019. It sets out the risks, consequences and planning assumptions that LRFs are required to consider and plan for at a local level. An in-depth review will be required to ascertain changes and any new and emerging risks, but the risk landscape overview shows that the assessed likelihood of the risks covered by the NSRA has generally increased since the last iteration. The updated NSRA will feed into the ongoing LRF risk and capability reviews to ensure that LRF partner agencies and multi-agency planning are in a good place to respond to the consequences of a wide range of incidents.
30. Back in July 2021 the Government announced the vision that the UK would become 'the most resilient nation in the world' and this would be underpinned by a new national resilience strategy. The strategy has been long awaited and is now expected after Christmas. This will have a significant impact on emergency planning and preparedness and may well introduce new requirements as well as a need for greater engagement with our communities and businesses.
31. The five-yearly post implementation review of the Civil Contingencies Act required by law was undertaken early this year with all agencies having the opportunity to provide feedback. The overall outcome of the review is that the act is still generally fit for purpose with four key themes arising, three of which will be addressed by changes to the CCA (to be proposed) and one that will be picked up by the national resilience strategy (NRS) (see paragraph above). The four themes and linked recommendations are:
 - the need for enhanced accountability for the multi-agency preparedness activities conducted by local resilience arrangements (will be developed through non CCA routes - national resilience strategy)
 - assurance - an obligation should be placed on categorised responders (category 1 and 2 responders) to set out publicly how they comply with their responsibilities under the CCA; there is a demonstrable gap in the assurance of multi-agency preparedness

beyond voluntary assessment; and the National Resilience Standards that have been developed over the past few years should be put on a statutory footing. (through CCA changes and other avenues)

- categorisation and duties on responder organisations - no changes to the set of duties for responders, but the Met Office and The Coal Authority are to become category 2 responders. Also, under this theme the requirement to produce a community risk register (CCR) should be strengthened and will require responders to consider community demographics, particularly vulnerable groups, when undertaking local risk assessments. (through CCA changes and possibly other avenues such as the national resilience strategy)
 - Part 2 of the CCA - Emergency Powers and Regional National Co-ordinators - the ability to use emergency powers should be retained with the triple lock protections, but the Regional Nominated Co-ordinator role and requirement for this should be removed (through CCA changes). It is interesting to note that Part 2 of the CCA was not used in response to the COVID pandemic.
32. The key development for BCP Council is the assurance piece and the likelihood of more formal assurance requirements to publicly demonstrate the council's compliance in future.
33. Two high-profile public inquiries, the Manchester Arena attacks and the Grenfell fire, have been running over the period of this report. These have now been joined by the COVID inquiry which started in October. It is very likely that there will be some significant recommendations for emergency planning and preparedness arising when further reports are published, some due later this autumn, and this may well include the training of staff.
34. Also awaited is the full detail of the PROTECT duty which will require publicly accessible venues of a certain size to have contingency plans in place. Depending on the detail, this may place a significant undertaking on council-owned venues and local authorities may well also be given enforcement duties.

Forward Look

35. The next few months over winter could once again be very challenging due to a number of cumulative effects. The base level of individual LRF responder capabilities is already highly pressured. This could result in them becoming overwhelmed more quickly and by lesser circumstances than usual in the event of an emergency. This in turn may place more of a strain on partner agencies trying to manage the collective response. The ongoing energy security issue and cost of living crisis, if combined with severe weather such as a recurrence of the Beast from the East or Storm Arwen or Eunice, could be very difficult for LRF partners supporting our communities. There is also a risk posed by the dual impacts of COVID and flu this season.
36. The cyber threat is also very real and could again be an additional source of disruption and would challenge any individual and multi-agency response.

Summary of financial implications

37. There are no direct financial implications of this report. The council's Emergency Planning and Resilience Team has an operating budget of £237,600 for 2022/23. This budget provides the funding for 5 staff as well as standby and call out payments for the pool of Emergency Planning Duty Officers (Bronze). Gold and Silver duty holders are not paid to be on call or if called out, this having been evaluated within the pay and grading

of their core roles. There is also a £70,000 budget for the council's contribution to the Dorset CCU as described in paragraph 4.

Summary of legal implications

38. Failure to have in place effective emergency planning or business continuity arrangements may result in the council not meeting its statutory requirements under the Civil Contingencies Act.

Summary of human resources implications

39. As the organisation faces resourcing challenges with a reducing workforce the engagement from services in planning for emergencies and business continuity becomes more and more limited as it is not seen as an immediate risk or challenge compared to everyday activity. It also means that the timescales required to complete planning activity are very much increased.

Summary of sustainability impact

40. There is no direct sustainability impact from this report. However, it should be noted that the frequency of emergencies related to severe weather, be it extreme heat, drought, wildfires, storms or flooding, is likely to increase over coming years as a result of climate change.

Summary of public health implications

41. There are no direct public health implications from this report. Having emergency and business continuity plans in place in line with the council's statutory duties means that it will be better placed to respond to public health emergencies or public health consequences of incidents as and when they occur.

Summary of equality implications

42. There are no direct equality implications from this report.

Summary of risk assessment

43. Failure to have in place effective emergency planning and business continuity arrangements could result in the Council not being able to effectively respond to an emergency affecting Bournemouth, Christchurch and Poole or not being able to deliver critical services in the event of disruption. The forward look in the main body of this report looks at the potential risk landscape over the coming months.

Background papers

None

Appendices

None

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Audit & Governance Committee



Report Subject	Treasury Management Monitoring update for Quarter 2 2022/23
Meeting date	27 October 2022
Status	Public
Executive summary	The report also sets out the quarter two performance for 2022/23 which forecasts an underspend of £1.5m due to the increase in interest rates.
Recommendations	It is recommended that Audit & Governance Committee: 1) note the reported activity of the Treasury Management function for April to September 2022
Reasons for recommendations	It is a requirement under the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice that regular monitoring of the Treasury Management function is reported to Members. Council are required to approve any changes to the prudential indicators based on a recommendation from the Audit & Governance Committee.
Portfolio Holder	Councillor Drew Mellor, Leader, Finance & Transformation
Corporate Director	Graham Farrant, Chief Executive
Service Director	Adam Richens - Chief Financial Officer
Classification	For information and recommendation
Report author	Matthew Filmer, Assistant Chief Financial Officer ☎ 01202 128503 ✉ matthew.filmer@bcpcouncil.gov.uk

Background Detail

1. Treasury Management is defined as the management of the Council's cash flows, its borrowings and investments, the management of the associated risks and the pursuit of the optimum performance or return consistent with those risks.
2. The Treasury Management function operates in accordance with The Chartered Institute of Public Finance and Accountancy (CIPFA) 'Treasury Management in the Public Services' Code of Practice (2011).

3. The Treasury Management function manages the Council's cash flow by exercising effective cash management and ensuring that the bank balance is as close to nil as possible. The objective is to ensure that bank charges are kept to a minimum whilst maximising interest earned. A sound understanding of the Council's business and cash flow cycles enables funds to be managed efficiently.
4. This report considers the treasury management activities in relation to the Treasury Management Strategy. Also included is a summary of the current economic climate, an overview of the estimated performance of the treasury function, an update on the borrowing strategy, investments and compliance with prudential indicators.

Economic Background

5. CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%.
6. However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases, typically, to £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
7. Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.
8. The new Prime Minister and Chancellor have appeared to make a step change in government policy. The government's huge fiscal loosening from its significant tax cuts will add to these domestic inflationary pressures and will leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6th November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
9. Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3rd November and the

government will lay out a credible medium-term plan in the fiscal statement on 23rd November. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.

10. Since the fiscal event, there is expectation the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023 (up from our previous forecast peak of 2.75%). The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means it is expected the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% priced into the financial markets at present.
11. Gilt yields rose sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14th October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
12. Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.
13. There is a possibility that the Bank continues with QE at the long-end beyond 14th October or it decides to delay quantitative tightening beyond 31st October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.
14. The S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

Interest Rates

15. Table 1 below which is produced by the authority's treasury consultants Link Asset Services sets out their current projection of interest rates over the medium term.

Table 1: Interest rate projection (Link Asset Services)

Bank Rate	Interest Rate Forecasts							
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Link	4.00%	5.00%	5.00%	5.00%	4.50%	4.00%	3.75%	3.25%
Cap Econ	4.25%	5.00%	5.00%	5.00%	5.00%	4.75%	4.25%	3.75%
5Y PWLB RATE								
Link	5.00%	4.90%	4.70%	4.50%	4.20%	3.90%	3.70%	3.50%
Cap Econ	5.20%	5.00%	4.90%	4.70%	4.50%	4.30%	4.20%	4.00%
10Y PWLB RATE								
Link	4.90%	4.70%	4.60%	4.30%	4.10%	3.80%	3.60%	3.50%
Cap Econ	5.10%	4.90%	4.80%	4.70%	4.60%	4.40%	4.20%	4.00%
25Y PWLB RATE								
Link	5.10%	4.90%	4.80%	4.50%	4.30%	4.10%	3.90%	3.70%
Cap Econ	5.10%	5.00%	4.90%	4.90%	4.80%	4.60%	4.50%	4.30%
50Y PWLB RATE								
Link	4.80%	4.60%	4.50%	4.20%	4.00%	3.80%	3.60%	3.40%
Cap Econ	4.90%	4.90%	4.90%	4.80%	4.80%	4.60%	4.50%	4.30%

Treasury Management Performance 2022/23

16. Table 2 below shows the overall treasury management position for 2022/23. The current forecast is an underspend of £1.5m on interest receivable budgets reflecting the increase in interest rates and still being in receipt of a number of significant grants from central government.

Table 2: Treasury Management performance 2022/23

	Forecast 2022/23 £'000	Budget 2022/23 £'000	Variance 2022/23 £'000
<u>Expenditure</u>			
Interest Paid on Borrowings	3,199	3,199	0
<u>Income</u>			
Investment Interest Received	(1,560)	(45)	(1,515)
Total	1,639	3,154	(1,515)

Borrowing

17. Table 3 below shows the closing level of borrowing for the Council's two loans pool.

Table 3: Council Borrowings as at 30 September 2022

Initial Loan Value £'000	Interest Rate	Balance as at 30 Sept 2022 £'000	Maturity Date	General Fund Pool £'000	HRA Pool £'000	Source
Short Term Borrowing						
2,000	8.00%	2,000	25-Nov-2022	-	2,000	PWLB
3,673	0.00%	128	01-Apr-2023	128	-	Salix
5,000	2.66%	417	22-Aug-2023	-	417	PWLB
10,673		2,545		128	2,417	
Long Term Borrowing						
5,000	4.45%	5,000	24-Sep-2030	-	5,000	PWLB
5,000	4.45%	5,000	24-Nov-2031	-	5,000	PWLB
5,000	4.75%	5,000	24-Sep-2032	-	5,000	PWLB
5,000	4.45%	5,000	24-Nov-2032	-	5,000	PWLB
5,000	4.75%	5,000	24-Sep-2033	-	5,000	PWLB
5,000	4.60%	5,000	23-Feb-2035	-	5,000	PWLB
5,000	4.72%	5,000	22-Aug-2036	-	5,000	PWLB
5,000	2.80%	5,000	20-Jun-2041	5,000	-	PWLB
5,000	2.80%	5,000	20-Jun-2041	5,000	-	PWLB
10,000	1.83%	10,000	22-Jul-2046	10,000	-	PWLB
2,500	6.75%	2,500	06-Mar-2056	-	2,500	PWLB
1,500	6.75%	1,500	13-Mar-2057	-	1,500	PWLB
1,500	5.88%	1,500	07-Mar-2058	-	1,500	PWLB
42,488	3.48%	42,488	28-Mar-2062	-	42,488	PWLB
43,908	3.48%	43,908	28-Mar-2062	-	43,908	PWLB
17,000	1.54%	17,000	17-May-2068	17,000	-	PWLB
12,500	1.56%	12,500	16-Aug-2068	12,500	-	PWLB
12,500	1.55%	12,500	16-Aug-2069	12,500	-	PWLB
188,896		188,896		62,000	126,896	
22,625	2.26% + RPI Annually	15,904	17-Oct-2039	15,904	-	Prudential Assurance Co
49,000	2.83%	48,491	24-May-2068	48,491	-	Phoenix Life Limited
271,194		255,836		126,523	129,313	

Investments

18. A full list of investments held by the authority as at 30 September 2022 is shown in Table 4 below.

Table 4: Investment Summary as at 30 September 2022

Investments	Maturity Date	Principal Amount £	Interest %
<u>Fixed Term Deposits</u>			
Landesbank Hessen Thuringen	14-Oct-2022	6,800,000	2.25%
National Bank of Canada	11-Nov-2022	10,000,000	1.57%
Goldman Sachs International Bank	12-Dec-2022	15,000,000	2.10%
Standard Chartered Bank	05-Jan-2023	20,000,000	2.08%
Landesbank Hessen Thuringen	05-Jan-2023	15,000,000	2.28%
Goldman Sachs International Bank	16-Feb-2023	12,000,000	2.58%
Sub Total		78,800,000	
<u>Call Account</u>			
HSBC Sterling Liquidity Fund	instant access	17,050,000	2.15%
Total		95,850,000	

19. The Treasury Management function has continued to achieve higher average returns of 1.21% for the period 1 April 2022 to 30 September 2022 for its combined investment compared to the SONIA overnight rate of (1.18%).

Prudential Indicators

20. The Treasury Management Prudential Code Indicators were set as part of the 2022/23 Treasury Management Strategy. It can be confirmed that all indicators have been complied with during the period 1 April 2022 to 30 September 2022.

Compliance with Policy

21. The Treasury Management activities of the Council are regularly audited both internally and externally to ensure compliance with the Council's Financial Regulations. The recent internal audit in August 2022 rated the Treasury Management function as "Reasonable" assurance which means that there is a sound control framework which is designed to achieve the service objectives, with key controls being consistently applied.
22. The Treasury Management Strategy requires that surplus funds are placed with major financial institutions but that no more than 25% (AA- Rated Institutions) or 20% (A to A- Rated) of the investment holding is placed with any one major financial institution at the time the investment takes place. It can be confirmed

that the Treasury Management Strategy has been complied with during all of 2021/22 and the period 1 April 2022 to 30 September 2022.

Summary of Financial/Resource Implications

23. Financial implications are as outlined within the report.

Summary of Legal Implications

24. There are no known legal implications.

Summary of Equalities and Diversity Impact

25. The Treasury Management activity does not directly impact on any of the services provided by the Council or how those services are structured. The success of the function will have an impact on the extent to which sufficient financial resources are available to fund services to all members of the community.

Summary of Risk Assessment

26. The Treasury Management Policy seeks to consider and minimise various risks encountered when investing surplus cash through the money markets. The aim in accordance with the CIPFA Code of Practice for Treasury Management is to place a greater emphasis on the security and liquidity of funds rather than the return gained on investments. The main perceived risks associated with treasury management are discussed below.

Credit Risks

27. Risk that a counterparty will default, fully or partially, on an investment placed with them. There were no counterparty defaults during the year to date, the Council's position is that it will invest the majority of its cash in the main UK Banks which are considered to be relatively risk adverse and have been heavily protected by the UK Government over the last few years. The strategy is being constantly monitored and may change if UK Bank Long Term ratings fall below acceptable levels.

Liquidity Risks

28. Aims to ensure that the Council has sufficient cash available when it is needed. This was actively managed throughout the year and there are no liquidity issues to report.

Re-financing Risks

29. Managing the exposure to replacing financial instruments (borrowings) as and when they mature. The Council continues to monitor premiums and discounts in relation to redeeming debt early. Only if interest rates result in a discount that will benefit the Council would early redemption be considered.

Interest Rate Risks

30. Exposure to interest rate movements on its borrowings and investments. The Council is protected from rate movements once a loan or investment is agreed as the vast majority of transactions are secured at a fixed rate.

Price Risk

31. Relates to changes in the value of an investment due to variation in price. The Council does not invest in Gilts or any other investments that would lead to a reduction in the principal value repaid on maturity.

Background papers

32. Treasury Management report to Full Council on 22 February 2022
<https://democracy.bcpccouncil.gov.uk/documents/g4812/Public%20reports%20pack%2022nd-Feb-2022%2019.00%20Council.pdf?T=10>

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Risk Management – Corporate Risk Register Update
Meeting date	27 October 2022
Status	Public Report
Executive summary	<p>This report updates councillors on the position of the council's Corporate Risk Register. The main updates are as follows:</p> <ul style="list-style-type: none"> • The reporting of the Register continues in the updated format for this quarter; • Five risks have been updated to reflect a new risk owner; • No new risks were added during the quarter; • No risks were removed during the quarter; • Material updates to the risks are summarised at sections 11-16.
Recommendations	<p>It is RECOMMENDED that:</p> <p>Members of the Audit and Governance Committee note the update provided in this report relating to Corporate Risks.</p>
Reason for recommendations	To provide assurance that corporate risks are being managed effectively and continue the development of the council's arrangements for Risk Management and enhance its governance framework.

Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant – Chief Executive
Report Authors	Fiona Manton Risk & Insurance Manager ☎01202 127055 fiona.manton@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Update and Information

Background

1. Risk can be broadly defined as the possibility that an action, issue or activity (including inaction) will lead to a loss or an undesirable outcome. It follows that Risk Management is about the identification, assessment and prioritisation of risks followed by co-ordinated control of the probability and impact of that risk.
2. In accordance with the Financial Regulations and the Risk Management Strategy, the Audit and Governance Committee are specifically responsible for ensuring appropriate and effective risk management processes. In practice, this means that the committee members must assure themselves that the council's Risk Management framework is appropriate and operating effectively. The council's Corporate Risk Register is an important element of this framework and is reviewed and updated on a quarterly basis.
3. In line with the decision-making framework in place for BCP Council it was agreed that, effective from day one, BCP Council would, as an interim measure, adopt the legacy Bournemouth Risk Management framework. The scoring matrix in this framework was adjusted to reflect the increased remit of the new authority. A revised Risk Management framework for BCP Council is being finalised and is currently being consulted upon.
4. In addition to the quarterly reviews, in immediate practical terms, the Corporate Management Board (CMB) continues to monitor risks and ensure appropriate and proportionate mitigating actions continue and evolve as risks change.

Corporate Risk Review

5. Members will recall from the previous updates that the Corporate Risk Register was established at the commencement of BCP Council. It has been routinely reviewed on a quarterly basis.
6. Following feedback from the April meeting of this Committee an alternative format for the reporting of risk is included at Appendix 1. The new format contains identical information to that provided previously but seeks to include a clearer quarterly update and a direction of travel for risk scoring.

7. In addition to the above points, the risk response strategy is now included in the risk summary. This defines the strategies being adopted to deal with a particular risk and the four categories are shown below:

Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.

Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.

Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.

Tolerate/accept: There may be limited ability to do anything about some risk, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.

8. Work is on-going to refine risk strategies in the consideration of the Corporate Risk Register and in future you may see a combination of strategies being reported against risk mitigations and controls.
9. Members will be aware that each risk is given a unique identifying number so where risks have been removed from the register the numbers will no longer run sequentially. To assist the Committee a table of the full risks is shown at the beginning of Appendix 1.
10. In order to consider the risks sitting just below corporate level, those risks considered as Key Assurance Risks are reviewed. These include Information Governance, Emergency Planning and Business Continuity and Health and Safety and Fire Safety. A review of the Board level risk took place, and it was confirmed they continue being managed at Board level.

Changes in Risk During Quarter 2 – 2022/2023

11. During the quarter, the risks on the risk register have been reviewed and in addition to the updates to each risk, the material updates to the register are as follows:

CR4 – Failure to provide adequate IT and cyber security – the risk owner for this risk has been updated from the Corporate Director Transformation & Resources to the Director IT & IS.

CR13 – Failure to deliver the transformation programme – the risk owner for this risk has been updated from the Corporate Director Transformation & Resources to the Director IT & IS.

CR15 – Effective People Strategy - the risk owner for this risk has been updated from the Corporate Director Transformation & Resources to the Head of HR & Organisational Development.

CR18 – Failure in customer interface - the risk owner for this risk has been updated from the Corporate Director Transformation & Resources to the Director of Customer & Business Delivery.

CR22 – Failure of local care market to meet increasing demand - the risk owner for this risk has been updated from the Chief Executive to the Director of Adult Social Care and the Director of Commissioning.

12. No new risks were added during this review period. During the next quarter risk CR8 - Inability to run an election/referendum will be escalated to the Corporate Risk Register in preparation for the local arrangements for 2023. The risk is currently managed at a service level, but it is usual to escalate it to the corporate level in the period prior to any elections.
13. As part of each risk review, consideration is given as to whether any of the risks should be removed during the quarter, but no risks were removed during this reporting period. Risk CR17 – Risk to Reputation of Place & Council if summer arrangements are not managed – will be removed during the next review period as the summer season was successfully delivered and demands managed. This risk will revert to service level and be considered in terms of escalation back to corporate level in early 2023.
14. Whilst it may be noted that many of the risk scores have not changed, this is not reflective of management action or inaction. Risks will continue to be influenced by a number of factors including national impacts and operational environment changes. During each quarter risk owners routinely review the allocated scores along with further discussion by CMB.
15. During this quarter in addition to the review of individual risks, the connectivity of risks was also considered in relation to the Corporate Risk Register. CMB will continue to be mindful of the accumulation of risk. New risk causes, such as inflation, may impact across several risks and in turn compound the overall risk position for the council in a negative way.
16. Full details of the updates for this quarter can be found in Appendix 1.

Dynamic Risk Review Process

17. Recognising the rapidly changing environment and the increasingly complex interaction between some of the Corporate Risks, a standard agenda item has been added to CMB to add a further layer to the risk review process.
18. This new process allows for more dynamic consideration of the immediate responses required to some of the corporate risks, which will help the Corporate Risk Register to be considered, managed and communicated through the organisation.
19. The consideration of the risks in this way will also inform the regular quarterly reviews that continue to take place in a more timely manner, by flagging changes in risk profile ahead of the regular reviews with risk owners, which will continue to take place in individual meetings.

Service Development

20. In addition to the reviews of Corporate Risks, the Risk Management Team continues to be engaged in the refresh of service risk registers. This includes engaging with services to understand their current risk arrangements, how these can be improved to deliver a proactive and dynamic Risk Management environment and how the Risk Management Team can support them in this to deliver a consistent and embedded approach to Risk Management throughout the council. This work is progressing well.

21. In conjunction with IT a project has been underway for the last 12 months to develop an application for the collation of all risk registers. This process is nearing conclusion with a soft launch in April 2022 of initial functionality. Utilising the soft launch process, some minor system updates are in progress to allow the process of the addition of all risk registers to commence. This test process is nearing conclusion and all service risk registers will be added to the system by April 2023. This will provide an increased ability to monitor and report on the risk registers and provide greater oversight of service level risks.
22. Work is concluding on finalising the draft of a new Risk Management framework for BCP Council. Consideration will need to be given to the council's risk appetite by CMB and the processes for managing risk consistently across the council. This builds on the current position and seeks to enhance the mechanisms for risk reporting and risk escalation. The updated Risk Management Policy for the council is currently being consulted upon and will be reported to this Committee as soon as this process is complete.
23. As part of the role of the team, continuous "horizon scanning" is undertaken to identify issues that may give rise to risk for the council. When matters are identified, these are raised with the relevant Corporate / Service Director for review and consideration of any necessary action. Examples during this quarter include:
- Routinely reviewing the outcomes of internal audit reports to raise risk issues with the relevant service risk champion to ensure, if appropriate, they are suitably reflected and captured in the service risk register.
 - Facilitation of Water Safety Strategy Workshop arranged in liaison with one of the council's insurers.

Summary of financial implications

24. Financial implications relevant to risks are detailed within the relevant risk registers.

Summary of legal implications

25. There are no direct legal implications from this report.

Summary of human resources implications

26. There are no direct human resources implications from this report.

Summary of sustainability impact

27. There are no direct sustainability implications from this report.

Summary of public health implications

28. There are no direct Public Health implications from this report.

Summary of equality implications

29. There are no direct equality implications from this report.

Summary of risk assessment

30. The risk management implications are set out within the content of this report.

Background papers

Risk Management – Corporate Risk Register Update Report to the Audit and Governance Committee on 28 July 2022

Appendices

Appendix 1 – Corporate Risk Register Update Q2 – 2022/2023

Corporate Risk Register – Risk Table

Risk Ref	Risk Title	Risk Status
CR1	Failure to respond to the needs arising from a changing demography.	Risk removed Q4 2022
CR2	Failure to deliver effective safeguarding arrangements for children – Children & Communities	Corporate Risk
CR3	Failure to ensure adequate Information Governance – now Key Assurance – Information governance Board Risk	Risk removed Q2 2020
CR4	Failure to provide adequate IT and cyber security	Corporate Risk
CR5	Failure to plan effectively for EU Transition	Risk Removed Q2 2020
CR6	Failure to adequately respond to an incident involving the activation of the emergency plan– now Key Assurance – Resilience Governance Board Risk	Risk Removed Q2 2020
CR7	Failure to provide adequate services as a result of an incident requiring a business continuity response– now Key Assurance – Resilience Governance Board	Risk Removed Q2 2020
CR8	Inability to run an election/referendum	Risk removed Q1 2021
CR9	Failure to maintain a safe and balanced budget for the delivery of services	Corporate Risk
CR10	Failure to deliver effective health and safety to protect staff, councillors including the public	Risk removed Q3 2020
CR11	Ability of the council to function and operate efficiently in the delivery of single services across the area of BCP	Corporate Risk
CR12	Failure to achieve appropriate outcomes and quality of service for young people	Corporate Risk
CR13	Failure to deliver the transformation programme	Corporate Risk
CR14	Continuity of Public Health arrangements and evolution of outbreak management plan	Corporate Risk
CR15	Effective people strategy	Corporate Risk
CR16	Blank record	
CR17	Risk to Reputation of Place & Council if summer arrangements are not managed	Corporate Risk
CR18	Failure in customer interface	Corporate Risk
CR19	Failure to determine planning applications within statutory timescales, or within agreed extensions of time (EOT)	Corporate Risk
CR20	Failure to adequately deliver the ambitions of the climate emergency declaration	Corporate Risk
CR21	Impact of global events causing pressure on BCP Council & increase in service requirements	Corporate Risk
CR22	Failure of local care market to meet increasing demand	Corporate Risk




AUDIT AND GOVERNANCE COMMITTEE

October 2022

CORPORATE RISK REGISTER UPDATE Q2 – 2022/23

1.1 Mitigation actions and significant changes this quarter are detailed below.

1.2 The table below is a key to arrow directions in relation to individual risk scoring.

RISK DIRECTION OF TRAVEL STATUS	
	Risk impact or likelihood has <u>increased</u> since last review.
	Risk impact or likelihood has <u>decreased</u> since last review.
	There is <u>no change</u> to the risk impact or likelihood

Risk CR2 – Failure to deliver effective safeguarding arrangements for children - CHILDREN & COMMUNITIES

Risk Owner – Chief Executive

Risk Information

Corporate Context

Safeguarding is the responsibility of all members and officers, and this is reflected in the Corporate Safeguarding Strategy which was agreed by Cabinet in September 2019.

All relevant partners have worked across Children's and Adults' Safeguarding and Community Safety Partnerships to establish effective governance arrangements post Local Government Review which meet all required statutory requirements. As a relatively new Council covering a population of 400,000, BCP Council must ensure that it is working with all partners in the most effective way to identify, assess and respond to safeguarding and community safety issues, particularly those which cut across children's, adults' and community safety.

Children's Services

The pan-Dorset Safeguarding Partnership is now working, and a BCP delivery arm is in place to link the safeguarding partnership closer to the BCP operational safeguarding service.

- BCP had a SEND inspection in June 2021 which identified significant gaps in services which are being addressed through Written Statement of Action (WSoA)
- BCP had an Ofsted ILACS inspection Dec 2021 and was rated inadequate
- Audits continue to review practice. There is still some way to go before sufficient assurance can be given to remove this risk from the corporate overview.

Communities

Key consideration for the Communities directorate in discharging the range of duties provided across a range of services, community safety and domestic abuse in particular.



















Key Mitigations & Actions

Children's Services

- Focus on the Children's Services improvement journey and WSoA plan to ensure core services are safer for vulnerable children and young people
- The strongest mitigation is to have an effective front-door service which can respond in an agile and flexible way to unforeseen demands and changes in the pattern of safeguarding demands. The service is struggling to maintain an adequate level of service due to a rise in demand for assessments and considerable ongoing staffing difficulties
- There is an Improvement Board which is chaired by a Department for Education (DfE) Adviser and the Board holds service, council and partners accountable for the delivery of the improvement plan.
- There have been 2 Monitoring Visits from Ofsted which have evidenced some progress




Communities

- Safeguarding processes in place - working in partnership across the council and other key agencies, particularly in regard to risks presented in high risk domestic abuse cases.
- All relevant staff are trained, and referral processes are clear.
- The refreshed BCP Community Safety Partnership Board have five strategic groups:
 - Domestic Abuse Strategic Group
 - Violence Reduction Strategic Group
 - Vulnerable Adult & Child Exploitation Group
 - Safer Communities Strategic Group
 - Reducing Harm from Substance Misuse Strategic Group

Near Future Key Actions (next 3-6 months) <ul style="list-style-type: none">• The relevant actions for this risk are set out in the Children’s Services Improvement Plan. Progress on delivery of the action is reported to a robustly functioning Improvement Board• Domestic Abuse Strategy approved and being implemented. Community Safety Partnership refreshed and working well with clearly defined structure leads and governance.	Target Date for Action March 2024																										
Quarter Update <p>The council have had a monitoring visit to Front Door service by Ofsted and they have commented on progress being made. Hampshire County Council has been confirmed as the Sector Lead Partner commissioned by the DfE to support children’s social care and they are supporting our route out of Inadequate.</p> <p>Written Statement of Action (WSOA) - Bedford has agreed to be our Sector Lead Partner to support our WSOA.</p>																											
Risk Scores																											
<table><tr><th>Assessment Level</th><th>Impact (I)</th><th>Likelihood (L)</th><th>Risk Score (IxL)</th><th>Risk Matrix</th><th>Movement during Quarter</th><th>Risk Strategy</th></tr><tr><td>Gross Score</td><td>4</td><td>4</td><td>16</td><td></td><td></td><td rowspan="3">Treat</td></tr><tr><td>Net Score</td><td>4</td><td>3</td><td>12</td><td></td><td></td></tr><tr><td>Target Score</td><td>4</td><td>2</td><td>8</td><td></td><td></td></tr></table>	Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy	Gross Score	4	4	16			Treat	Net Score	4	3	12			Target Score	4	2	8			
Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy																					
Gross Score	4	4	16			Treat																					
Net Score	4	3	12																								
Target Score	4	2	8																								

Risk CR4 - Failure to provide adequate IT and cyber security	
Risk Owner – Director IT & IS	
Risk Information <p>This risk continues as a corporate risk and includes the additional considerations of the pandemic including the increase in remote working. It is also reflective of the increasing dependency on the IT infrastructure. The changes to the external environment that has evolved over the last 12 months with publicly reported increases in phishing and an increase in the sophistication of cyber-attacks are relevant to the scoring of this risk.</p>	
Key Mitigations & Actions <ul style="list-style-type: none"> • Each legacy Council has a strong infrastructure and work continues to migrate to a single BCP core infrastructure • Physical premises security • Physical data security • Encryption • Regular scanning • Multi layered security approach • Active security incident response team • Constant review of latest threats and their vectors • Regular patching and upgrades • Dedicated cyber security officer • Monthly review of key metrics • Continue to run 'internal' Phishing tests and use the data to target training and awareness for staff • Forced Multi Factor Authentication introduced in September 2021 • New Password criteria introduced to ensure complex password use • Restrictions on ability to transfer data out of Council applications/datasets to non-secure applications when being accessed through personal devices 	
Near Future Key Actions (next 3-6 months) <p>As we fundamentally redesign and transition the enterprise architecture in partnership with our Strategic Implementation Partner (SIP) we will ensure that the infrastructure is built to leading edge security standards.</p> <p>March 2022</p> <p>While we are seeing an increase in activity, the security measures in place around our infrastructure are performing as expected, though we are undertaking increased monitoring in some areas to supplement the measures.</p> <p>Enhanced infrastructure security measures and internal monitoring capabilities are now available to us through our new enterprise licensing arrangements with Microsoft and these are being implemented and/or reviewed in order to deploy them most effectively against the current threat and risk matrix.</p>	Target Date for Action <p>1 April 2024</p>
Quarter Update <p>No change in the risk.</p>	

Risk Scores

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy
Gross Score	4	3	12		↔	Treat
Net Score	3	2	6		↔	
Target Score	3	1	3		↔	

Risk CR9 – Failure to maintain a safe and balanced budget for the delivery of services

Risk Owner – Director of Finance

Risk Information

Council has a legal responsibility to ensure it can balance its budget. As part of this framework, it is not permitted to have negative reserves.

The 2022/23 Budget and Medium-Term Financial Plan (MTFP) covering the period to 31 March 2027 was approved by Council on 22 February 2022.

The statutory section 25 report from the Chief Financial Officer (CFO) associated with the budget highlighted numerous risks each of significant value. Consequentially the CFO suggested an alternative budget configuration which he considered would better support the Council in 2022/23 and future years. By virtue of the fact that Councillors are required to consider the advice of the CFO before making their decision the assumption is that they duly considered and rejected the recommendations of the CFO.

Key Mitigations & Actions

- The position is reviewed on a regular basis by the Leader, Deputy Leader and several key Officers of the Council.
- Quarter Budget Monitoring reports are presented to Cabinet with mitigation strategies and action plans developed to correct any identified matters.
- Regular Medium Financial Plan Update reports are presented to Cabinet.

Near Future Key Actions (next 3-6 months)

- a) Finance Strategy Update Report
- b) Finance Strategy Update Report
- c) Budget Café
- d) Quarter 2 2022/23 Budget Monitoring Report
- e) MTFP Update Report

Target Date for Action

October 2022
November 2022
November 2022
December 2022

December 2022

Quarter Update

Cabinet on the 22 June, 7 and 28 of September, and the 26 October 2022 have received reports which recognised a change in the risk profile of the council's finances and recommended appropriate mitigation to maintain a balanced budget for 2022/23 and to ensure the delivery of a balanced budget for 2023/24. These reports provided an update on these key risks which included a reflection that:

- A) Significant additional cost pressures caused by the cost-of-living crisis in both 2022/23 and future years of the Council's medium term financial plan (MTFP). These pressures are current estimated to be around £25m in 22/23 and £30m for 2023/24. Collectively a £55m impact over the two-year period since the 22/23 budget was set in February 2022. It should be emphasised that these pressures are wholly consistent with those being reported by other local authorities nationally.
- B) Work by Cabinet, to develop and implement a cost-of-living mitigation strategy via a series of Budget Challenge meetings in April and May 2022 with senior officers.
- C) High levels of current financial planning uncertainty caused by the cost-of-living crisis and constant changes and variations to the costs of goods, materials and services required to deliver council operations.
- D) A change to the risk profile of the council's current and future years' budgets because of changes to the Flexible Use of Capital Receipts (FUCR) statutory




guidance which left the council with a significant shortfall in the funding of its approved transformation programme.

- E) A letter from the DLUHC Secretary of State to all Council Leaders on the 1 August 2022 which set out that they will not hesitate to act where the spirit and intent of law is not fully observed and where they believe councils are engaging in practices that put local taxpayers at unacceptable risk.
- F) A “minded” to offer of a £20m Capitalisation Direction for 2022/23 as set out in a letter from Paul Scully MP, the then Minister of State at the Department for Levelling Up, Housing & Communities (DLUHC) on the 2 September 2022. This capitalisation direction could help the council mitigate the risk to the funding of the transformation programme caused by the change to the FUCR statutory guidance by Government.
- G) A series of weekly meetings between Cabinet and Senior Officers in September and October 2022 to develop, agree and implement a revised financial strategy for 2023/24.
- H) Inclusion in the financial strategy of an in-year control on expenditure designed to generate additional in-year savings which can be used to support the 2023/24 budget. Additionally, it included removal of major debt commitments from the capital programme and a review of earmarked reserves.
- I) The presentation as part of the 26 October Financial Strategy Update report to Cabinet that further good progress has been made in prudently positioning the Council to deliver a balanced budget for 2023/24.

The challenge now will be translating the work done to date into a detailed implementation workstream associated with the savings, efficiencies, additional income and services reductions needed to balance the 2023/24 budget. These will need to be strength tested to demonstrate the deliverability of the assumptions.

It should always be borne in mind that the Council has an accumulated and growing deficit on its the dedicated school's grant which by the 31 March 2024 will be greater than the total reserves available to the council. Unless the current regulation that allows the council to ignore this position are extended this will mean the councils s151 Officer, and probably may others nationally, will be required to issue a s114 notice for 2023/24.

Risk Scores

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy
Gross Score	4	4	16		↔	Treat
Net Score	4	3	12		↔	
Target Score	4	2	8		↔	

Risk CR11 – Ability of the council to function and operate efficiently in the delivery of single services across the area of BCP**Risk Owner** – Chief Executive**Risk Information**

This risk was clarified with the title being reviewed and changed to ensure it captured the relevant detail. This risk recognises the complex reorganisation that created the new council from 1 April 2019, the need to provide harmonised services across the entire area and the ambitious transformation programme taking place with the on-going challenges of a pandemic.

Key Mitigations & Actions

- Training and development programme
- Regular liaison between Cabinet and Corporate Management Board (CMB)
- Mentoring
- Bedding down period for service re-structures
- Member's toolkits
- Six working groups of officers and members put in place to develop high-level delivery plans for the Corporate Strategy
- A forward plan for harmonising the council's major service strategy and policy documents
- Cabinet's forward plan has been agreed
- Agreement of Corporate Strategy, People Strategy, Equalities Policy and Action plan leading to delivery plan will give some certainty
- Corporate Strategy delivery plan actions reviewed by Cabinet and CMB to align with ambitions of the Big Plan and to reflect impact of Covid on priorities
- The Overview and Scrutiny function has an associated skills and knowledge development programme in place to support members and ensure effective implementation of the function, which was developed in consultation with the Centre for Public Scrutiny (CfPS) as the body of excellence for scrutiny support to councils.
- Extensive engagement with the Local Government Association (LGA) to provide support for members as required, including making arrangements for mentoring and coaching and the LGA Peer Challenge in Nov 2021
- Regular internal communication

Near Future Key Actions (next 3-6 months)

- Continued monitoring of the harmonisation legacy policy and strategy documents







Target Date for Action

31/03/2023

Quarter Update

Some services are still operating using three different operating systems but these are being reduced as the transformation programme gathers pace. The planned implementation of a fully functioning Enterprise Resource Platform from April 2023 will underpin the single HR and Finance systems that we need and enable the single view of the Council as a whole on which we need to build.

Risk Scores

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy
Gross Score	3	3	9			Treat
Net Score	2	2	4			
Target Score	1	1	1			

Risk CR12 – Failure to achieve appropriate outcomes and quality of service for young people

Risk Owner – Corporate Director of Children's Services

Risk Information

Ofsted inspection of BCP Council's Children's Services confirms the safety and quality of services is inadequate which indicates significant risk of the service not providing safe or quality services to children, young people and their families.

An improvement plan is in place which is being managed and supported by the newly revised Improvement Board. Senior Leadership Team in Children's Services, the Department for Education, Chief Executive and Cabinet members are monitoring and enabling progress and keeping accountable officers on task.

The likelihood is that demands on children's services will increase more than predicted due to post covid impact and economic issues taking more families into poverty.

Key Mitigations & Actions

- Develop robust early help services to drive down demand for Children's Social Care
- Development of further placements in house and efficient commissioning activities to meet needs
- Assessments and visiting happens within statutory requirements managed by Quality and Performance structures
- The quality of the casework is audited and supported to increase quality of work
- Workloads are managed across the directorate to ensure caseload management
- Improvement plan is managed at pace with partners
- Workforce recruitment and retention strategy to be in place to build and stabilise the work force

Near Future Key Actions (next 3-6 months)

- Improvement plan in place managed by the Improvement Board
- The SEND action plan which also has an Improvement Board
- Intensive work to achieve stronger staff engagement and support
- Improvement programme supported by Hampshire County Council (rated outstanding for children's services), through the SLIP

Target Date for Action

There is no target date for this risk as it is considered a continuous intrinsic risk

Quarter Update

The council have had a monitoring visit to Front Door service by Ofsted and they have commented on progress in the right direction. Hampshire County Council has been confirmed as the Sector Lead Partner commissioned by the DfE to support children's social care. There has been a second monitoring visit by Ofsted and their findings evidence progress.

Written Statement of Action (WSOA) - Bedford has agreed to be our Sector Lead Partner to support our WSOA.

Risk Scores

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy
Gross Score	4	3	12		↔	Threat
Net Score	4	3	12		↔	
Target Score	4	2	8		↔	

Risk CR13 - Failure to deliver the transformation programme**Risk Owner** – Director IT & IS**Risk Information**

The future efficiency and effectiveness of the Council, our reputation as a service provider and our ability to continue to deliver a balanced financial position within the Medium Term Financial Plan horizon are fundamentally linked to the delivery of our transformation objectives. Delivering a programme with the complexity, scale and pace as set out by the Council will be challenging on a number of levels including: Identifying the correct partner(s) to support the delivery of the programme; effectively engaging the organisation in the vision of the future; committing to the achievement of challenging benefits realisation targets; ensuring the appropriate level of funding to support the resources required to deliver the programme.

Key Mitigations & Actions

- Strong design and engagement with key stakeholders to the business case
- Identification of funding sources and the development of a Financial Strategy to support the programme
- Strong identification and specification of our requirements while reflecting the extremely dynamic technology/data environment within which we will need to deliver the programme
- Robust and effective procurement process to identify and engage the right partner(s) to support the Council in the delivery of the programme
- Effective programme management and performance monitoring of the delivery.

Near Future Key Actions (next 3-6 months)

The programme, its governance architecture and all workstreams have now been fully designed and are being implemented. There is very strong coordination of all workstreams and effective integration between the Strategic Implementation Partner and BCP teams working across the programme. The benefits are being constantly reviewed and reinforced across all aspects of the programme.

Target Date for Action

1 April 2024




Quarter Update

Progress since July 22

Good progress has been made with all key workstreams moving into their “Construct” phase, a number of key deliverables have been signed off for the base builds of the Customer Digital “Front Door” and the Master Data Management software forming part of the Data & Insights technology.

In respect of the Enterprise Resource Planning (ERP) system we are now embarking on the implementation of the new ERP system which completely rewrites both finance and human resources systems and also all financial interfaces with all other departmental systems, for March 2023. This involves key personnel from HR and Finance in the configuration, data migration and testing required before go live within very tight deadlines. Change management activity is planned as all managers and budget holders across the council will be required to adopt the new ways of working and move away from legacy spreadsheet workarounds that have been implemented. This constitutes a significant risk for the council until the new system is implemented, embedded.

Risk Scores

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy
Gross Score	4	4	16		↔	Treat
Net Score	4	3	12		↔	
Target Score	4	1	4		↔	

Risk CR14 – Continuity of Public Health arrangements and evolution of outbreak management plan**Risk Owner** – Chief Executive**Risk Information**

On 21 February the Prime Minister announced the new Living with COVID strategy which removed the previous approach to testing, contact tracing and breaking chains of transmission and subsequently universal access to testing ended 1 April along with contact tracing. Support will continue to be offered by local public health teams to higher risk settings where outbreaks occur, but this has been scaled back considerably, as part of return to business as usual health protection work. There is no longer a requirement for local outbreak management plans and COVID-19 is now being considered like any other respiratory virus, with general public health guidance for settings replacing the previous test and trace approach. We remain ready to stand back up should the current situation change.

Key Mitigations & Actions

- New updated guidance for schools, healthcare and care settings about how to live with COVID-19 has been produced – overall the aim is to move to treating this infection like any other respiratory infection
- Widespread access to testing has been replaced with general guidance to stay home and not mix with people if symptomatic – no requirement to seek a test to confirm
- Continued vaccination offer for COVID-19 – including further roll outs of booster doses for older, vulnerable adults and clinically vulnerable 5-11 year olds
- Ongoing surveillance nationally via ONS infection survey, supported by genomic analysis of PCR testing undertaken in NHS inpatient settings
- Ongoing provision of lateral flow testing for people providing frontline patient or direct personal care to vulnerable groups
- Health Protection Board and local outbreak management plans now stood down, with COVID-19 now dealt with via local health protection network
- BCP Council continues to hold a contingency budget for outbreak response, should the situation change





Near Future Key Actions (next 3-6 months)

Although infections are at a very high level currently, with an increase in hospital admissions, the severity of disease is much less than previous waves. Infections are forecast to fall over the next 2-3 weeks as the current Omicron BA.2 wave recedes. The public health team is continuing to run its day response team for COVID-19 to support local high risk settings with risk assessment and changes to the guidance announced by Government. We continue to hold a contingency in reserve that can be deployed for a step up in outbreak response, should the current situation change e.g. with identification of any new variant. Currently although disruption to frontline services is considerable, the overall risk in terms of increased mortality and morbidity is decreasing and is not considered as serious as previous waves.

Target Date for Action**Quarter Update**




No change to the above position.

Risk Scores

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy
Gross Score	4	4	16			Treat
Net Score	3	3	9			
Target Score	-	-	-			

Risk CR15 – Effective People Strategy	
Risk Owner – Head of HR & Org Development	
Risk Information <p>The Council's People Strategy was developed and launched during 2019/2020 - immediately prior to the impact of the Covid-19 pandemic. A significant amount of the anticipated work within the strategy has been impacted by the need to refocus on the support and wellbeing of the workforce during the response to the pandemic. As we emerge from the full response phase of the pandemic, focus is now shifting to rechecking the key elements of the Strategy against the changed workforce/workplace and the wider transformation programme objectives, including a very strong focus on the identification and development of the culture for the Council and its translation into a performance management framework for the organisation and its people.</p> <p>March 2022</p> <p>With the decision to defer the implementation of the Pay & Reward programme until April 2024, the organisation is exposing itself to increased risks with regard to equal pay for longer than had been anticipated or planned for. In addition, the decision presents significant difficulties in staff morale with some colleagues being asked to tolerate the inequity caused by the situation being extended materially.</p> <p>In conjunction with the increase in the cost of living, as well as the enhanced mobility around many employment models as a result of the Pandemic, the Council is experiencing difficulties in many areas (severe in some services) around recruiting and/or retaining experienced staff.</p>	
Key Mitigations & Actions <ul style="list-style-type: none"> • Strong analysis and reaction to the key themes emerging from the Employee Engagement Survey • Clear correlation between the key themes of the People Strategy and the design and implementation of the transformation programme 	
Near Future Key Actions (next 3-6 months) <p>Progress the development of our behaviours and values campaign on our journey to our desired culture.</p> <p>Sign off new strategies for Talent enablement, Talent acquisition and wellbeing as part of progress on our People Strategy and to mitigate the risks outlined above.</p> <p>Develop and explore alternative pay and grading models that will minimise the financial implementation costs and impact on colleagues but still meet the desired outcome to eradicate equal pay risk.</p> <p>Explore options to enable the earlier introduction of Pay and Reward</p>	Target Date for Action <p>1 April 2024</p>
Quarter Update <p>The impact of the deferment of the Pay & Reward programme continues to cause significant pay and morale issues for the organisation. Potential alternative approaches and/or solutions are being considered at both an organisational and service level.</p> <p>Notwithstanding this, all other aspects of the People Strategy are continuing to be developed and implemented and a recent progress review of the commitments within the strategy show much progress has been made.</p>	

Risk Scores

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy
Gross Score	4	4	16		↔	Treat
Net Score	4	4	16		↔	
Target Score	2	1	2		↔	

Risk CR17 – Risk to Reputation of Place & Council if summer arrangements are not managed

Risk Owner – Chief Operations Officer

Risk Information

Following the easing of the lockdown in 2020 and the unprecedented numbers of visitors along with residents to our parks, open spaces and beaches the Council faced significant strain on its public services and a major incident was declared through the Local Resilience Forum (LRF).

The risk for the Council facing spring and summer in 2022 was that BCP is a primary tourist destination that has seen ongoing increase in day visitors year on year. With some residual nervousness on international travel, economic climate and a large events calendar for summer 2022, visitor numbers were expected to increase. Given this context it was likely that the BCP area faced at least as many visitors as last year during warm weather, and it was important for the reputation of the Council that our services were stepped up to manage the impact of the visitor numbers and ease potential tensions with residents, to generate a positive and welcoming experience and establish BCP as a world-class destination, and to minimise negative publicity. There were also related risks that the Council's programme of events and hospitality offer provided through Festival Coast Live, and supported events, added to the complexity of what was being managed and the specific risks associated with this needed to also be managed appropriately.

Key Mitigations & Actions

- Cabinet decided that following the success of seasonal response delivery in 2021 and ongoing predicted demand, further support and investment of £1.69m would be given to seasonal response plans for 2022
- Continuation of the Multi-Agency Command Centre with clear multi-agency plan and associated enhanced resources within key services.
- Weekly forward-looking risk management meetings within BCP senior leadership in place.
- Partnership agreements in place with key partners
- Established Safety Advisory Group and Licensing Committee to take an overview of relevant events and activities.

Near Future Key Actions (next 3-6 months)

- Implementation of the investment outlined in the summer response plan including recruitment of staff, ongoing analysis and oversight through the Multi-Agency Command Centre and planning.
- Weekly tactical summer response review to assess risk and agree further actions required







Target Date for Action

15 Sept 2022

Quarter Update

The Summer season was successfully delivered and demands managed. A review of the seasonal peaks, Seasonal Response and enhancement of services has been completed. The season was without significant incident and learning is being applied to future consideration of delivery options.

Risk Scores

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy
Gross Score	3	4	12			Treat
Net Score	3	3	9			
Target Score	2	2	4			

Risk CR18 – Failure in customer interface

Risk Owner – Director Customer & Business Delivery

Risk Information

While full scale transformation of the Council is underway, there is a risk that our current customer service capabilities, capacity, systems and processes fail to provide the level of responsiveness that our communities and residents expect. This risk is specifically focused on the short-term capabilities of the Council.

Full baselining and data monitoring of the corporate customer contact centre is now possible with the significant upgrade to the Council's legacy telephony arrangements haven been undertaken during the Covid pandemic. Data is currently being produced and analysed in order to provide the basis of identifying and supporting a range of intervention and improvement projects over the course of the next three months.

March 2022

Data from November 2021 has now been baselined and shows a c25% increase in the volume of telephone contact from before the Pandemic. This clearly demonstrates a faster and more significant shift in channel between face to face activity to telephone through (and now beyond) the Pandemic than was expected, and while this was manageable during the Pandemic with the reallocation of staff from other parts of the organisation, with the return to normal Council operations it has resulted in issues within the Corporate Customer Contact Centre.

Specifically, we are seeing enormous demand within the Council Tax and SVPP service areas (the initial contact and triaging for which are handled by the Corporate Customer Contact Centre) as a result of not just the impact on people of the Pandemic but also the extraordinary demands placed on that service by the successive grant initiatives released from central government intended to support our residents through the Pandemic and its consequences.

Key Mitigations & Actions

- Additional funding has been provided to the Customer Contact Centre on a transitional basis in the budget adopted by the Council in February 2022. This funding has been provided to increase the capacity of the channels (lines) into the Centre as well as additional agency staff to support the volume of telephone contact the Council is receiving.
- We are now monitoring performance of all service lines within the Corporate Customer Contact Centre and are seeing improvements in all but one area as a result of the interventions.

Near Future Key Actions (next 3-6 months)

To be defined once analysis is complete. Interventions are likely to include significant increase in available resources across all channels in order to support improvements in outcomes pending the full transformation programme outcomes.

March 2022 - Continue to deploy additional/transitional resources and monitor improved performance while continuing the transformation programme activity to support the design and delivery of a new Digital Front Door for the Council.




Target Date for Action

1 April 2024

Quarter Update

Contact Centre performance continues to improve, with 16 of the 19 corporate Contact Centre telephone lines showing call answer rates in excess of 80% with 10 of those lines in excess of 90%. Three lines are performing at between 74 and 79%, the most notable of which is the council tax and benefits line which continues to experience high call numbers and associated wait times due to the complexity of customer enquiries and changes to government requirements. Average wait times across the majority of lines are now below the target time of 5 minutes. Recruitment, utilising additional resources, continues but is often off-set by natural staff turnover in the service's establishment workforce.

Risk Scores

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy
Gross Score	4	3	12		↔	Treat
Net Score	3	3	9		↔	
Target Score	2	1	2		↔	

Risk CR19 – Failure to determine planning applications within statutory timescales, or within agreed extensions of time (EOT)**Risk Owner** – Chief Operations Officer**Risk Information**

The risks associated with CR19 relate both to the reputation of the Council and being put into special measures by the Government if performance falls below 60% for Major planning applications and 70% for non-major planning applications. The Planning Service is presently performing as follows:

Category	Government Intervention level	2021/2022	October 2022
Majors	60%	83%	88%
Minors	70%	79%	83%
Others	70%	85%	92%

As can be shown from the above statistics, there is no risk of the Council being put into special measures as a result of planning applications performance. The performance since 2021/22 has consistently been at a reasonable level, well above intervention by government. It is recognised that the above statistics include use of Extensions of Times as per Government guidelines. Whilst this is accepted at Government level and can be a pragmatic way of engaging with customers to resolve issues, the Council wants to ensure the Planning service performance moves to making decisions within the statutory timeframes.

Key Mitigations & Actions

A Planning Improvement Board and Programme has been established. This includes a number of workstreams all framed towards providing the best possible planning service in terms of speed and quality of outcomes. These workstreams have been instrumental in the upward trajectory of performance and further work continues including:

- Recruitment – new planners are being brought in to add capacity (8 new recruits started in October 2022)
- Single Planning System – This is expected to be launched in February 2023, with implementation being overseen by a Board
- Interim structure in place to organise the staff into supported groups with clear lines of control
- Use of agency staff has added further capacity to bring the workloads within deliverable tolerance
- New performance management framework introduced to focus on outputs
- New streamlined Section 106 process recently introduced in September.

Near Future Key Actions (next 3-6 months)

These measures will continue to be implemented. A new structure will be implemented by April 2023. This will in turn continue to build the Council's reputation in respect of its Planning Service and support wider objectives around community and investor confidence, supporting economic growth and the sustainable planning of the area.




Target Date for Action

April 2023

Quarter Update

Creation of interim Development Management (DM) teams to better target performance of planning applications and reduce backlog.

Risk Scores

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy
Gross Score	3	4	12		↔	Treat
Net Score	3	3	9		↔	
Target Score	3	2	6		↔	

Risk CR20 – Failure to adequately deliver the ambitions of the climate emergency declaration

Risk Owner – Chief Operations Officer

Risk Information

A detailed risk assessment is being developed and agreed but the information below represents a summary of this draft document.

The International Panel on Climate Change's 5th report has robustly concluded that climate change is unequivocally real and caused by human activity such as the burning of fossil fuels and destruction of habitats releasing greenhouse gases in unprecedented levels and limiting the earth's ability to reabsorb them.

The UK Government has committed to achieving 'net zero' greenhouse gas emissions by 2050, and a challenge of this scale will require transformative change to the UK economy. BCP Council has declared a climate and ecological emergency committing the Council and Region to decarbonising the economy and society by 2030 and 2050 respectively.

There are a number of departments across BCP Council that are central to the response to climate change. However, the all-encompassing nature of achieving net zero means that all Council bodies, including departments and arm's-length bodies, have a role to play. In order to be more resilient to the threat posed by climate change – in addition to meeting the challenges of achieving net zero – it is vital that all of BCP and its organisations effectively manage climate change risks.

Climate change risks should not be considered in isolation and should be clearly integrated into the strategy of an organisation. It is vital for organisations to recognise that the potential impacts of climate change are not only to do with the physical effects on people and the environment, but also to do with the effects of the transition to a changing climate and the adaptation and mitigation work involved. Similarly, the impacts of climate change should not only be considered as long term risks.

Physical risks:

- **Acute:** The physical risks of climate change can affect organisations in different ways. Specific weather-related events such as floods will have a significant impact on infrastructure, causing damage to buildings and wide-scale disruption to service delivery.
- **Chronic:** Meanwhile, the more gradual impact of rising temperatures, such as sea level rise and coastal change, will pose risks to certain communities and organisations, and changes in temperature and rainfall will place additional pressures on infrastructure.
- **Indirect:** As well as direct damage costs, both acute and chronic physical risks can also lead to indirect economic and social impacts through supply chain disruptions, subsequent impacts from infrastructure damage (for example, lack of transport, communication, manufacturing) or market shifts (such as increases in insurance premiums, changes in the need for government support, consumer attitudinal and expectation changes).




Key Mitigations & Actions

Physical risks mitigations in place:

- **Acute:** Some service areas have well established strategies and plans which seek to incorporate climate change projections to ensure service and business continuity such as Flood and Coastal Erosion Risk Management and Transport. However without quantified local climate change risks, no standard way of developing adaptation plans and no centrally agreed risk profile that we need to mitigate or adapt to, there is likely to be large variance in the completeness of responses across the organisation.
- **Chronic:** As strategies and plans are not currently mandated to include climate risk planning there is no consistent or regular way of ensuring their completeness or relevance. As such we cannot be confident on the severity of the risk we currently face and whether existing emergency management and resilience forums can scale to the extent of the physical risks of extreme weather events predicted by climate change into the future.
- **Indirect:** it is currently unknown the extent to which our supply chains, the broader economic environment or our local market are vulnerable to climate change.

Near Future Key Actions (next 3-6 months)	Target Date for Action
<ul style="list-style-type: none"> Quantify/ qualify climate risk through a climate change risk assessment across key thematic/ service areas such as Environment, Flood & Coastal Risk, Transport, Business, Health, Homes, Buildings Ensure Councillors and Senior Officers are aware of the Climate Risk, understand its consequences and are actively engaged in mitigation and adaptation planning Integrate risk and vulnerabilities into service plans, Business Continuity Plans and Health Plans to identify vulnerable and sensitive receptors Act to reduce exposure, severity and the vulnerabilities of sensitive receptors within Services and the Region Ensure Local Resilience Forum understand severity and likelihood of climate risks and has plans for all eventualities Enhance our sustainable procurement policy to ensure it incorporates the risk of supply chain disruption from climate change Working with the business community, we have initiated a Local Climate Partnership with significant and strategic organisations to identify measures that can provide greater business resilience in relation to energy security and price volatility by developing a Local Area Energy Plan (LAEP). However, the LAEP is on pause due to our current financial context. We hope to commission this study in Q4 2022 Review existing plans and strategies to ensure consistency with the climate declarations, make changes where appropriate and consensus allows Develop a climate policy, and climate strategy that will make explicit the transformation required and the impact to other policies, strategies, plans and programmes 	<p>Q4 2021-2022</p> <p>Q3 2022</p> <p>Q4 2022</p> <p>Q4 2022-2030</p> <p>Q4 2022</p> <p>Q3 2022</p> <p>Q4 2022</p> <p>Q4 2022</p> <p>Q1-Q3 2022</p>
<p>Quarter Update</p> <p>BCP Council has declared a climate and ecological emergency committing the Council and Region to decarbonising the economy and society by 2030 and 2050 respectively. To achieve these targets a sustained long-term programme of investment, resourcing, projects and partnership working is required if the Council is to meet the targets as set out. An annual Council report is produced to report on the work the Council has undertaken throughout the calendar year.</p> <p>To date in Quarter 2 the following activities are underway:</p> <ul style="list-style-type: none"> Successfully accessed an Energy Performance Framework through Cambridgeshire County Council to access the scale and depth of expertise required to help us reach our Net Zero goals Initiated the development of a portfolio to get our Corporate estate to net zero, including the identification of the top 10 renewable energy generating sites, and the worst performing 10 buildings and assets to focus energy efficiency efforts on, business cases now in development Working with the business community, we have initiated a Local Climate Partnership with significant and strategic organisations to identify measures that can provide greater business resilience in relation to energy security and price volatility by developing a Local Area Energy Plan (LAEP). However, the LAEP is on pause due to our current financial context. We hope to commission this study in Q4. Supporting the Local Plan team to ensure sustainability and climate agendas are sufficiently covered in the new Local Plan Completed a Local Climate Change Risk Assessment to inform our Adaptation Plan Continuing with the development of a Climate Change strategy and policy to set the direction and guidelines for climate action across the Council Launched the Green Futures Fund which is currently being accessed for energy efficiency measures across our corporate and service area estates Orders placed for further electric vehicles as per the adopted Council Sustainable Fleet Strategy SALIX funded energy saving schemes delivery nearing completion Green Infrastructure Strategy was approved by Cabinet on 7 September 2022 and is now live and can be found here: Green Infrastructure Strategy (bcpcouncil.gov.uk) 	

Risk Scores

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy
Gross Score	4	4	16		↔	Treat
Net Score	4	4	16		↔	
Target Score	2	4	8		↔	

Risk CR21 – Impact of global events causing pressure on BCP Council & increase in service requirements

Risk Owner – Chief Operations Officer

Risk Information

The war in Ukraine has led to a government policy for settling refugees in the UK. A significant and uncapped number of Ukrainians will be moving into the BCP area at pace - an urgent multi-agency response is required to support this which will have short, medium and long term resource implications on local services.

Risks include arrivals unsupported, safeguarding risks not mitigated, inappropriate housing placements enabled, resulting impact on services not realised, reputational risk of not implementing what is required, unbudgeted strain on services.

Key Mitigations & Actions

- Multi-agency partnership working and governance framework in place, communication channels in place e.g. briefings, webpages, dedicated staff team established, links with government agencies.
- Additional grant funded resource is being recruited to manage this new programme and case manage households now resident in the BCP area and enable proactive preventative support
- Move options are being developed to mitigate homelessness

Near Future Key Actions (next 3-6 months)

Complete recruitment to dedicated refugee posts to ensure ongoing and consistent resourcing

Secure move on options when host placements finish.

Target Date for Action

31 March 2023

Quarter Update

As at October 2022, approximately 190 families have arrived in the BCP area through the Homes for Ukraine scheme and further increases are slow. Plans are underway to use the funding tariffs to establish a more settled staff team to replace secondments to support the families with what is necessary. The scheme is being extended to include unaccompanied minors but no cases locally. Safeguarding and homelessness being mitigated as much as possible. Operating within budget currently.

Nationally, the Department for Levelling Up, Housing and Communities (DLUHC) is leading an assessment of long term housing options and their impact on local housing markets, which BCP Council was engaged in to help shape. These proposals have stalled. Surveys of hosts have shown a lack of long-term capacity which will need to be addressed through local housing solutions to avoid homelessness. This will put increased pressure on our ability to re-house local families. Replacement hosts are secured, private landlord relationships are in place to aid move on, guidance sessions are being delivered to help families source their own move on and financial incentives have been agreed with current hosts to retain families for longer over the winter period.

Risk Scores

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy
Gross Score	3	3	9		↔	Treat
Net Score	3	2	6		↔	
Target Score	3	1	3		↔	

Risk CR22 – Failure of local care market to meet increasing demand	
Risk Owner – Director of Adult Social Care, Director of Commissioning for People	
Risk Information <p>Adult Social Care</p> <p>Despite additional care capacity it is challenging to identify sufficient care resource to meet the continuing high demand for hospital discharge and within the community. The capacity shortfall in the care sector is further exacerbated by the increased needs of individuals leaving hospital.</p> <p>Workforce capacity within the local care market is also a national issue. This was exacerbated by Covid, staff seeking alternative employment and recruitment difficulties and the trend of staff leaving the care sector continues.</p> <p>The lack of market capacity impacts timely hospital discharge, drives up the cost of care placements and limits choice for individuals.</p>	
Key Mitigations & Actions <ul style="list-style-type: none"> Contract Monitoring and the Service Improvement Team provide personalised support to providers and provides an early insight to any escalating challenges which specific providers may be facing Additional capacity added through rapid response and block contract purchasing during the pandemic is continuing until at least March 2023 Care home strategy and extra care housing strategies have been developed Staff tasks re-prioritised to ensure speedy completion of covid checklists for care home suspensions Recruitment campaigns are operational and targeted at domiciliary care across multi-media platforms, including social media, radio and editorial promotions under the 'Proud to Care' banner Free childcare for BCP framework domiciliary care providers is available in school holidays Free parking permits for BCP framework providers have been issued for use in difficult parking areas across the BCP Council area and free bike hire is available to care staff as an alternative to driving 	
Near Future Key Actions (next 3-6 months) <ul style="list-style-type: none"> Undertake market sustainability review Undertake cost of care reviews to determine fair price for care locally Recruitment initiatives, including recruitment from abroad and the ICS scholarship programme Voluntary sector proposals are in development with the Community Action Network to have a Hospital Hub and deploy volunteers on the wards. This will support simple discharges where complex care packages are not required 	Target Date for Action <p>Sept 2022</p>
Quarter Update <p>At this stage the risk score remains the same. Many of the actions listed above are underway or complete and will start to have an impact later in the year but it is too early to say that they have had a material impact at this stage. Progress on the key actions is listed below.</p> <p>Cost of care and market sustainability review: The work is complete and has informed the draft sustainability plan submitted in October to the Department of Health and Social Care in order to secure additional funding for any in-year uplift to framework rates which will help to secure care within the market. However, the sustainability plan also needs to be affordable given the council's Medium Term Financial Plan position and a final version of the sustainability plan will be completed alongside the budget development for 2023/24.</p> <p>Recruitment: Commissioners continue to actively pursue opportunities to support the market including with overseas recruitment using system funding (s256). A new Proud to Care campaign was launched to help encourage</p>	




new entrants into the care market. Commissioners are working with colleagues in corporate communications on this campaign which will continue throughout the rest of the calendar year.

There is also a programme of targeted in-house recruitment particularly around professionally trained and skilled experienced staff in social work and occupational therapy. To do this we are working with HR and marketing. We are also taking full advantage of the apprenticeships available to us in occupational therapy and social work, however and the plan is to do this on an annual rolling basis which will provide a steady flow of new recruits.

Voluntary sector proposals:

The Community Action Network or (CAN) is still in the mobilisation phase with active recruitment of volunteers now underway. The CAN will use volunteers to help patients home who need a 'settling in period'. This should reduce overall need for domiciliary care.

Risk Scores

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy
Gross Score	4	4	16		↔	Treat
Net Score	4	3	12		↔	
Target Score	3	3	9		↔	

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Internal Audit - Quarterly Audit Plan Update
Meeting date	27 October 2022
Status	Public Report
Executive summary	<p>This report details progress made on delivery of the 2022/23 Audit Plan for the period July to September (inclusive) 2022. The report highlights that:</p> <ul style="list-style-type: none"> • Seven audit assignments have been completed, all of which were 'Reasonable' audit opinions; • Twenty four audit assignments are in progress; • Implementation of audit recommendations is satisfactory and none have required escalation to Audit & Governance Committee; <p>BCP internal audit arrangements have been assessed against the questions posed in the recent CIPFA publication 'Internal Audit untapped potential' and found to be robust.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>Audit & Governance Committee note progress made and issues arising on the delivery of the 2022/23 Internal Audit Plan.</p>
Reason for recommendations	<p>To communicate progress on the delivery of the 2022/23 Internal Audit Plan.</p> <p>To ensure Audit & Governance Committee are fully informed of the significant issues arising from the work of Internal Audit during the quarter.</p>
Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
Report Authors	<p>Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk</p>
Wards	Council-wide
Classification	For Decision and Information

Background

1. This report details Internal Audit's progress against the 2022/23 Audit Plan for the period July 2022 to September 2022 inclusive and reports the audit opinion of the assignments completed during this period.
2. The report also provides an update on any significant issues arising and implementation of internal audit recommendations by management.
3. Some audit fieldwork has 'straddled' both the 2021/22 and 2022/23 Audit Plan years, these audits are shown with the following description '2021/22/23'.

Delivery of the 2022/23 Internal Audit Plan – Quarter 2 review

4. Seven audit assignments have been fully completed in this quarter of 2022/23 (Jul-Sep 22) as outlined below.

2022/23 Audits Completed

	Service Area	Audit	Assurance Opinion	Recommendations		
				High	Med	Low
1	Education	SEND (2021/22/23 audit)	Reasonable	0	2	0
2	Development	Smart Places (2021/22/23 audit)	Reasonable	0	1	1
3	Children's Services	St Edwards School	Reasonable	0	6	4
4	Finance	Creditors	Reasonable	0	4	1
5	Finance	Payroll	Reasonable	0	2	0
6	Finance	Treasury Management	Reasonable	0	3	1
7	Various	Identity Fraud (Counter Fraud)	Reasonable	0	1	0
Total Recommendations				0	19	7

Key:

- **Substantial Assurance** - There is a sound control framework which is designed to achieve the service objectives, with key controls being consistently applied.
- **Reasonable Assurance** - Whilst there is basically a sound control framework, there are some weaknesses which may put service objectives at risk.
- **Partial Assurance** - There are weaknesses in the control framework which are putting service objectives at risk.
- **Minimal Assurance** - The control framework is generally poor and as such service objectives are at significant risk.

5. There were no 'Partial' or 'Minimal' assurance audit reports issued during the quarter. The status of other audits in progress (Jul-Sep 2022) is outlined below:

2022/23 Audits In Progress

	Service Area	Audit	Progress
1	Children's Services	Purchasing Cards	Draft Report

2	Housing	Trade Card Accounts	Draft Report
3	Finance	Business Continuity (Core KAF)	Draft Report
4	Destination & Culture	Seafront Cash Checks	Draft Report
5	Finance	Insurance	Draft Report
6	Education	Alternative Provision	Draft Report
7	Finance	Anti-Money Laundering Requirements (Counter Fraud)	Fieldwork
8	Planning	KAFs Overview	Fieldwork
9	Adult Social Care	Social work Standard of Practice and Professional Leadership	Fieldwork
10	Children's Services	Information Governance (KAF)	Fieldwork
11	Adult Social Care	Financial Management (KAF)	Fieldwork
12	Environment	Climate and Ecological Action	Fieldwork
13	IT & IS	IT Infrastructure & Hardware Procurement & Asset Management	Fieldwork
14	IT & IS	ICT (KAF)	Fieldwork
15	Finance	Financial Management (KAF)	Fieldwork
16	Finance	Main Accounting System	Fieldwork
17	Finance	Housing Benefits	Fieldwork
18	Various	Grant Award (Counter Fraud)	Fieldwork
19	Policy & Research	Business Planning & Performance (core KAF)	Scoping
20	Children's Services	Financial Management (KAF)	Scoping
21	Transport & Engineering	SEND Passenger Transport	Scoping
22	Communities	Safeguarding	Scoping
23	Delivery of Regeneration	Governance Review	Scoping
24	Environment	Sustainable Environment	Scoping

**2022/23 Audits Planned for Quarter 3
(Oct-Dec 22) - Provisional**

	Service Area	Audit
1	Adult Social Care	Direct Payments
2	Adult Social Care	Managing Other People's Money
3	Adult Social Care	Partnerships (KAF)
4	Children's Services	Business Planning & Performance Management
5	Children's Services	The Priory School
6	Children's Services	Burton Primary School
7	Communities	Partnerships (KAF)
8	Destination & Culture	Leisure Contract Management

9	Destination & Culture	Major Events Governance
10	Finance	Risk Management (KAF)
11	Housing	Right to Buy (Counter Fraud Review)
12	HR & Organisational Development	Human Resources (KAF)
13	IT & IS	IT Risk Review (specialist review)
14	Law & Governance	Procurement & Management of External Legal Advice
15	PMO & Major Change	Project & Programme Management (delayed from Quarter 2)
16	Transport & Engineering	Health & Safety (CDM Regulations)

2022/23 Audit Plan Changes

	Service Area	Audit	Comment/rationale
1	Communities	Port Health	Postponed until 2023/24 due to still awaiting clarification of legislative requirements from Government
2	Finance	Business Continuity (KAF Service review)	Core Business Continuity key assurance function audit completed. Corporately, work is being carried out to improve business resilience arrangements across the organisation including in service directorates. Audit postponed to 23/24
3	Customer & Business Delivery	Business Continuity (KAF Service review)	As above

Significant Issues Arising and Other Work

6. Temporary cover to assist with the completion of the 2022/23 Audit Plan was obtained using the Council's corporate agency contract. This has now ceased following the Cabinet decision on 7 September 2022 to implement revised control measures for recruitment and people-related spend.
7. This will result in a slightly lower level of overall audit days available within the Plan however with careful management and refocussing of resource on the high risk areas in the Plan this is not expected to impact significantly on the ability of the Chief Internal Auditor to provide the annual overall opinion on the internal control environment. However this is subject to no significant events occurring that would require internal audit resource (e.g. significant investigations or internal control failures).
8. As reported to the last Audit & Governance Committee meeting, CIPFA have produced the report 'Internal Audit untapped potential' as they believe internal audit has a vital role to play in supporting public service organisations to achieve their goals. An appendix was contained in the report 'Maximising the impact of internal audit – Ten questions to ask your internal auditors'. These questions have been reproduced at Appendix A along with BCP arrangements and potential further actions.
9. In summary BCP internal audit arrangements are generally robust however there are some opportunities to further improve.

Recommendations Implementation

10. The 2022/23 Audit Charter requires all High Priority recommendations that have not been implemented by the agreed target date to be reported/escalated to the Audit & Governance Committee. All High Priority recommendations followed up during the period (in line with the agreed action plan) were found to have been satisfactorily implemented by management and therefore none are required to be escalated to Audit & Governance Committee for non-implementation.
11. The 2022/23 Audit Charter also requires any management proposed revisions to the implementation dates of Medium Priority recommendations to be agreed by the Chief Internal Auditor. The Chief Internal Auditor is required to report to Audit & Governance Committee any such requests considered unreasonable and for the service to provide an explanation. There are no such instances this quarter.
12. As previously reported, work is being undertaken on using a new Microsoft technology application to provide real time management information on recommendation status for both clients and other stakeholders. Following a trial with one service directorate further work (in liaison with ICT Services) is required to ensure appropriate access controls are in place before being rolled out to all other directorates.

Options Appraisal

13. An options appraisal is not applicable for this report.

Summary of financial implications

14. The BCP Internal Audit Team budgeted cost for 2022/23 is £717,100 (subject to any final pay awards) which is inclusive of all direct costs including supplies & services but does not include the apportionment of central support costs (which are budgeted in aggregate and apportioned to services as a separate exercise). The budget cost above is inclusive of the Head of Audit & Management Assurance who manages other teams.
15. The Internal Audit Team was managing the vacancy of an Auditor post following a minor service restructure and internal promotion through temporary cover arrangements, however this has now ceased in line with new recruitment revised control measures. This is likely to result in a minor service underspend for the year.

Summary of legal implications

16. This report gives an opinion on the adequacy and effectiveness of the risk, control, and governance systems in place.

Summary of human resources implications

17. The BCP Internal Audit Team consists of 13.53 FTE for the 2022/23 financial year, however this is subject to a small variance due a minor service restructure and part compensating cover through the temporary use of Council's corporate agency contract.

Summary of sustainability impact

18. There are no direct sustainability impact implications from this report.

Summary of public health implications

19. There are no direct public health implications from this report.

Summary of equality implications

20. There are no direct equality implications from this report.

Summary of risk assessment

21. The risk implications are set out in the content of this report.

Background papers

None

Appendices

Appendix A - CIPFA Internal Audit: untapped potential publication

Maximising the impact of internal audit – Ten questions to ask your internal auditors

Question	BCP arrangements	RAG Status	Evidence	Further Action Required
Engagement with the organisation				
1. Does internal audit receive the right level of support and engagement from the audit committee?	Challenge and support from Audit & Governance Committee through regular core meetings and additional deeper dive meetings on specific subjects		Meeting records	-
2. Does internal audit get good engagement from across the organisation when it plans and conducts audits?	Good engagement from all service directorates. Opportunity for further improvement through use of new technology		Audit plan meetings. Audit survey results	Implement recommendation status power BI dashboards and reports across all directorates.
3. Do managers within the organisation seek advice or assurance from internal audit? What are the drivers of or obstacles to this?	Regular advice & assurance sought by service directorates however recognise in some areas opportunity to further promote value of Internal Audit.		Time spent on advice and other assurance work e.g. COVID grants	Embed quarterly meetings and two way conversations with service management teams.
4. Has the head of internal audit indicated that resources (capability or capacity) need to increase? What steps are being taken to address this?	Approved 2022/23 Audit Plan has sufficient resources. The head of internal audit makes specific reference to adequacy of resource in annual report linking this to delivery of the plan.		Approval of 2022/23 Audit Plan by A&G Committee	-
Quality, impact and continual improvement				
5. Does internal audit conform to PSIAS as demonstrated by an independent external quality assessment undertaken within the last five years? For local government organisations, this should also include conformance with the Local Government Application Note.	External assessment of PSIAS compliance undertaken by CIPFA June 2021 which showed full compliance.		CIPFA assessment report which was reported in full to the A&G Committee	-
6. What action is internal audit taking to continually improve its quality, engagement and impact for the organisation? Is internal audit considering the skills and competencies it will need in the future as well as now?	Quality Assurance and Improvement Plan in place. Further work on skills and competencies needed for the future to be considered.		Quality Assurance and Improvement Plan	Consider skills & competencies review for future service requirements
Assurance				
7. Is there a clear view of the assurance that internal audit does, and does not, provide? What assurance is provided by other functions or parties? Are there gaps in the assurance that management or the audit committee require?	BCP Assurance Framework in place. Opportunity to develop further with formal assurance mapping across BCP		BCP Assurance Framework	To progress development of BCP assurance mapping following guidance from CIPFA in Autumn 2022
8. How do internal audit plans map to the organisation's strategic priorities and risks?	Audit plan aligns to BCP Corporate strategies and risk registers as part of the planning process.		2022/23 Audit Plan report(s) to A&G Committee	-
9. How is internal audit developing its approach to providing assurance – for example, making greater use of data or undertaking audits with a more strategic focus?	Data analytics work on audits is currently undertaken however opportunity to develop this with a formal data analytics strategy.		Audit Process	Progress data analytics work via implementation of a strategy and liaison with other IA teams
Strategy				
10. What factors currently determine our internal audit strategy? Are we confident that the strategy will deliver our internal audit needs in the future?	Audit Charter and Plan refresh for each year provides audit strategy. Opportunity to consider longer term separate strategy document.		Audit Charter Audit Plan 2022/23	Consider need for formal IA Strategy

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AUDIT AND GOVERNANCE COMMITTEE

Report subject	Forward Plan (refresh)
Meeting date	27 October 2022
Status	Public Report
Executive summary	This report sets out the reports to be considered by the Audit & Governance Committee for the 2022/23 municipal year in order to enable it to fulfil its terms of reference.
Recommendations	<p>It is RECOMMENDED that:</p> <p>The Audit & Governance Committee approves the forward plan set out at Appendix A.</p>
Reason for recommendations	To ensure that Audit & Governance Committee are fully informed of the reports to be considered during 2022/23.
Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
Report Authors	<p>Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk</p>
Wards	Council-wide
Classification	For Recommendation Decision

Background

1. Good practice dictates that a forward plan should be agreed which sets out the reports to be considered by the Audit & Governance Committee over the next 12 months.

The Forward Plan

2. The Forward Plan set out at Appendix A has been developed through discussion with the Chair and Vice Chair of the Audit & Governance Committee, the S151 Officer, and the Council's External Auditors. The plan sets out proposals for the forward management of reports to be considered by the Audit & Governance Committee in order to enable it to fulfil its terms of reference.

3. The Audit & Governance Committee should note that the plan does not preclude extraordinary items being brought before the Committee in consultation with the Chair and Vice Chair as necessary and appropriate, thus ensuring that Audit & Governance Committee business is consistent with the terms of reference.
4. The Chairman regularly asks committee members for any topics requiring this Committee's consideration within its terms of reference and can be added at any time in the year or as they arise. These topics are generally shown in the 'Ad Hoc/Other Reports' or 'Presentations' sections of the Forward Plan, Appendix A. These additional reports/presentations are made available to the public with the meeting minutes.

Options Appraisal

5. An options appraisal is not applicable for this report.

Summary of financial implications

6. There are no direct financial implications from this report.

Summary of legal implications

7. There are no direct legal implications from this report.

Summary of human resources implications

8. There are no direct human resource implications from this report.

Summary of sustainability impact

9. There are no direct sustainability impact implications from this report.

Summary of public health implications

10. There are no public health implications from this report.

Summary of equality implications

11. There are no direct equality implications from this report.

Summary of risk assessment

12. Development and agreement of the Forward Plan by the Audit & Governance Committee enables it to fulfil its terms of reference.

Background papers

None

Appendices

Appendix A – Audit & Governance Committee - Forward Plan 2022/23

Audit & Governance Committee – Forward Plan 2022/23

REPORT	28 JUL 2022	8 SEP 2022 (extra)	20 OCT 2022 (extra)	27 OCT 2022	1 DEC 2022 (extra)	12 JAN 2023	Was 16 MAR 2023 (extra)	Was 13 APR 2023
<i>Last two meetings of the municipal year are rearranged to not fall within the purdah period for local elections 2023</i>							Now 16 FEB 2023 (extra)	Now 16 MAR 2023
ANNUAL REPORTS								
Statement of Accounts 2020/21 & 2021/22					✓	As timing requires		
Annual Governance Statement 2021/22 and Annual Review of Local Code of Governance (2 update on Action Plan only)	✓					✓ ₂		
Chief Internal Auditor's Annual Opinion Report 2021/22	✓							
Annual Breaches & approved Waivers of Financial Regulations Report 2021/22	✓							
Annual Review of Declarations of Interests, Gifts & Hospitality by Officers 2021/22	✓							
Use of Regulation of Investigatory Powers Act and Investigatory Powers Act Annual Report 2021/22	✓							
Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2021/22				✓				
Emergency Planning & Business Continuity Update				✓				
Health & Safety and Fire Safety Update				✓				
Treasury Management Strategy Refresh/Approval for next financial year						✓		
Assurance Framework & Internal Audit Planning Consultation						✓		
Information Governance Update								✓
Internal Audit Charter & Audit Plan for next financial year								✓
ANNUAL OR PERIODIC POLICY UPDATES								
Annual evolution of Policies for 2023/24: - Whistleblowing - Anti-Fraud and Corruption - Declaration of Interests, Gifts & Hospitality - Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA)							✓	
Financial Regulations - annual evolution for 2023/24.							✓	
QUARTERLY / HALF YEARLY REPORTS								
Internal Audit - Quarterly Audit Plan Update	✓			✓		✓		✓
Risk Management – Corporate Risk Register Update	✓			✓		✓		✓
Forward Plan (refresh)	✓			✓		✓		✓
Treasury Management Monitoring Report	✓			✓		✓		
AD HOC / OTHER REPORTS								
Review of the Council's Constitution – Recommendations of the Constitution Review Working Group				✓				
Risk Management Arrangements Review					✓			
PRESENTATIONS (rather than formal reports)								
<i>Presentations to be agreed during the year</i>								
Insurance Arrangements Review		✓						

Update on Corporate Risk 9 (Maintain a safe and balanced budget for the delivery of services)			✓					
Update on Corporate Risk 13 (Deliver the transformation programme)			✓					
EXTERNAL AUDITS REPORTS								
External Auditor – Audit Plan 2021/22 (s 2022/23)				✓				✓ ₃
External Auditor – Audit Findings Report 2020/21 & 2021/22					✓ As timings require			
External Auditor – Auditors Annual Report 2020/21 (4 2021/22)			✓		✓ ₄ As timings require			
External Auditor – Audit Progress & Sector Update	✓			✓		✓		✓

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Annual Report of Internal Audit Counter Fraud work and Whistleblowing referrals 2021/22
Meeting date	27 October 2022
Status	Public Report
Executive summary	<p>This report details counter fraud work carried out by Internal Audit to provide assurance on the Council's response to combating fraud and corruption.</p> <p>Internal Audit have investigated all allegations of suspected fraud or financial irregularity in a proportionate manner.</p> <p>Two formal whistleblowing referrals for the Council were received and investigated by Internal Audit during 2021/22.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>Audit & Governance Committee are asked to note the following:</p> <ul style="list-style-type: none"> a) The counter fraud work & investigations carried out by Internal Audit during 2021/22 b) The whistleblowing referrals received during 2021/22.
Reason for recommendations	To enable the Audit & Governance Committee to consider the effectiveness of the Council's governance arrangements surrounding counter fraud and corruption including whistleblowing.
Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
Report Authors	<p>Nigel Stannard</p> <p>Head of Audit & Management Assurance</p> <p> nigel.stannard@bcpcouncil.gov.uk</p>
Wards	Council-wide
Classification	For Decision and Information

Background

1. The purpose of this report is to inform the Audit & Governance Committee of counter fraud work undertaken by Internal Audit during the 2021/22 financial year for the Council.
2. This report also provides a summary of the number, nature and outcome of specific investigations and formal whistleblowing referrals received for the Council during the 2021/22 financial year.

Internal Audit Counter Fraud Work 2021/22

3. During the year, Internal Audit have carried out the following work to provide assurance on the Council's response to combating fraud & corruption:

Strategic

- The BCP Council's Corporate Fraud Risk Register was reviewed and updated during the year.
- The BCP Council Anti-Fraud & Corruption, Whistleblowing, Declaration of Interests, Gifts & Hospitality, and the Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act (IPA) policies were reviewed and updated in the year. All been assessed as performing effectively during 2021/22. These policies are subject to an annual evolutionary review and approval by the Audit & Governance Committee. *NOTE Links to these documents can be found at the end of this report under Appendices.*
- Further work was undertaken to develop the new investigation case management system including improved reporting and case management processes.

Culture

- Monitored general employee fraud awareness through completion of the BCP Council mandatory e-learning modules which covered fraud prevention, bribery and whistleblowing. In the last 12 months (Oct 21 to Sep 22) a total of 1872 officers completed the e-learning, which now results in 3493 officers having completed the training in the last 3 years. This shows that a large number of existing employees, in addition to new employees, completed the e-learning in the year (likely due to corporate reminders to complete all mandatory e-learning during the year).
- Targeted fraud awareness was provided to specific officers and senior management teams as required during the year.

Deterrence

- Published corporate fraud communications to promote fraud awareness and give guidance to staff on counter fraud policy/procedures.
- Issued specific 'Fraud Alerts' to relevant service areas (including schools) throughout the year. 'Fraud Alerts' come from a variety of sources including the Council's bank, local authority sector groups and central government entities.

Prevention & Detection

- Participated in the National Fraud Initiative (NFI) data matching exercises during 2020/21/22. Updated outcomes to report are as follows:
 - Duplicate creditor payment of £5,985.90 identified & subsequently recovered.
 - Matches to payroll and pensions datasets resulted in 5 cases of identified customer error and £5,388.79 of Housing Benefit/Council Tax Reduction being recovered.
 - Council Tax Single Person Discounts match (premium service) – 166 discounts with a total value of approximately £83,000 have been removed.

- Work is currently being undertaken on preparing for the 2022/23 main NFI exercise.
- Five high risk fraud areas were reviewed as part of the 2021/22 Audit Plan as detailed in the table below:

Fraud Risk Area	Outcome & Recommendations
Procurement (contract award)	Reasonable assurance audit opinion. Improvements to Financial Regulations/procurement guidance, waiver forms/guidance/supporting documentation, and purchase order to tendering system reconciliation processes were recommended.
Pre-Employment Checks	Reasonable assurance audit opinion. Improvements to processes covering qualification verification, medical questionnaires, and references were recommended.
Blue Badges	Reasonable assurance audit opinion. Improvements to the assessment and renewals process covering supporting evidence, policy content, and management checks were recommended.
Direct Payments	Reasonable assurance audit opinion. A minor improvement to the reporting of fraudulent activity process was recommended.
Serious and Organised Crime	Reasonable assurance audit opinion following self-assessment against Local Government Association checklist covering the following areas; Governance & Strategy; HR; Finance; Planning; Housing; Licensing; Procurement; and Insider Threat and in summary the risk appears to be adequately managed. Some recommendations to further improve arrangements were made.

- As part of the 2022/23 Audit Plan the following high-level fraud risk areas are planned to be reviewed; grant award, identity fraud, anti-money laundering requirements, criminal finance act requirements, housing right to buy, declaration of interests (Councillors) and housing tenancy data matching (c/fwd from 21/22).

Investigation

- Internal Audit have investigated all allegations of suspected fraud or financial irregularity in a proportionate manner. Details of investigations that have been carried out by Internal Audit during 2021/22 are detailed in Appendix A. This appendix involves exempt information and is submitted as a confidential paper to this report. An additional list of all thefts of Council equipment reported to the Insurance Team has also been included in Appendix A.

NOTE - Human Resources are responsible for supporting management with investigations into potential staff misconduct for matters which are non-financial related.

Corporate Counter Fraud Work

4. During 2021/22 Internal Audit have provided specialist investigative resource to support Management with high risk fraud areas.
Note - Single Fraud Investigation Service (DWP) are responsible for taking action regarding Housing Benefit fraud and BCP Revenues and Benefits or the Stour Valley and Poole Partnership (depending on legacy council locality) are responsible for taking action on Council Tax and NDR fraud.
5. Work was carried out with BCP Housing teams to assist in the validation of all Right to Buy and Housing Tenancy Applications. The results of this work are detailed below.

Fraud Risk Area	Total 21/22	Total 20/21	Total 19/20
Right to Buy Checks	80	75	68
Applications withdrawn	3	1	0
Cases Refused	0	0	0
Housing Application Checks*	691	953	1,089
Nominations withdrawn	7	24	33

*This check is carried out at the point of nomination to a property i.e. at the stage of being offered a property. The Housing Service provide similar checks at the application stage.

6. Work has also been carried out to assist with the investigation of Blue Badge and Housing Tenancy fraud referrals as detailed below:

Fraud Risk Area	Total 21/22	Total 20/21	Total 19/20
Blue Badge Referrals	21	9	40
Badges recovered	0	0	1
Warning letters issued	3	3	5
Housing Tenancy Referrals	49	36	30
Property recovered	1	1	0

COVID Grant Verification Work

7. Assurance work, including pre and post payment validation, continued to take place during 2021/22 on Covid-19 grants as required by government guidance or requirements (including 'Restart Business Grants'). This work included the use of government promoted tools e.g. Spotlight for business trading status and the NFI for bank account validation and trading status.
8. Additional work was required to review potentially fraudulent/erroneous claims identified via a national exercise using the NFI data matching system. BCP Council received 83 matches across various areas for example claims for both Small Business Grant Funding and Retail Hospitality Leisure Grants which are mutually exclusive. All matches were investigated and none were found to have any issues requiring further action.

COVID Grant Investigation Work

9. Some referrals were received during the year regarding specific grants to individuals/companies that were suspected as erroneous/fraudulent as detailed below:
 - One grant identified as paid into a suspected fraudulent bank account. This was passed to Action Fraud, the National Anti-Fraud Network (NAFN) and the National Investigation Service (NATIS) for further action.

- One grant claim was identified as potentially fraudulent based on supporting evidence supplied and therefore refused and reported to NAFN and Action Fraud.
- One case was reviewed and subsequently closed as no issue after further investigation.

Local Government Transparent Code 2015

10. The Transparency Code requires the annual publication of data relating to the Council's counter fraud work. The table below reproduces the information published on the Council's website (for information).

Mandatory Publication Level	2021/22	2020/21	2019/20
Number of occasions that powers have been used under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers.	1	0	0
Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud.	Headcount: 5 FTE: 2.1	Headcount: 6 FTE: 2.2	Headcount: 6 FTE: 2.2
Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists	Headcount: 3 FTE: 1.35	Headcount: 4 FTE: 1.45	Headcount: 4 FTE: 1.45
Total amount spent by the authority on the investigation and prosecution of fraud.	£110,712 (salary full costs).	£115,501 (salary full costs).	£115,347 (salary full costs).
Total number of fraud cases investigated.	206	132	159

11. The 206 total fraud cases investigated in 2021/22 is broken down by type in the table below:

Fraud Case Type	2021/22 Fraud Cases
Council Tax Discount – public tip off, usually anonymous	69
Housing Tenancy - public tip off, usually anonymous	46
Investigations as detailed In confidential Appendix A	35
Blue Badges - public tip off, usually anonymous	18
Fraud referrals not related to BCP Council (after initial investigation)	17
Housing Applications - public tip off, usually anonymous	6
Unpaid Non Domestic Rates - public tip off, usually anonymous	6
Direct Payments misuse - public tip off, usually anonymous	2
Other miscellaneous	7
TOTAL	206

Counter Fraud Best Practice

12. An annual assessment has been carried out to review the Council's arrangements on managing the risk of fraud and corruption using a tool provided by CIPFA.

13. The current assessment outcome states: *“The organisation is meeting the standard set out in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. The leadership has acknowledged its responsibilities for managing the risks and it has robust arrangements in place to identify and manage risks. It has a counter fraud strategy, backed up by the resources and arrangements in place to carry it out. The organisation is proactive in managing fraud and corruption risks and responds effectively. Stakeholders can be confident in the approach taken by the organisation and meeting the standards of the counter fraud code contributes to good governance. Whilst no organisation is ‘fraud proof,’ the organisation has taken robust steps to ensure its resilience. This high level of performance should be acknowledged within the organisation’s annual governance report.”*
14. An action plan is in place which considers best practice contained in this CIPFA assessment and also the “Fighting Fraud and Corruption Locally 2020” updated counter fraud and corruption strategy for local government.
15. The counter fraud resource available during 2021/22 has enabled the Council to achieve its goal of continually improving its resilience to fraud (as stated in the Anti-Fraud & Corruption Policy).

Whistleblowing Referrals 2021/22

16. A Whistleblowing Policy exists to ensure qualifying individuals are able to raise concerns they may have safely, without fear of harassment or victimisation. There are certain types of disclosure covered by a Whistleblowing Policy which are specified in the Public Interest Disclosure Act 1998.
17. The Council’s Whistleblowing Policy, approved annually by this Committee, requires a summary of the number, nature and outcome of Whistleblowing referrals investigated in the year to be presented to this Committee.
18. Two formal whistleblowing referrals were received and fully investigated during the last financial year (April 2021 - March 2022), details are included in Appendix A. Both of these cases were resolved in line with the Whistleblowing Policy.
19. Use of the BCP Whistleblowing Policy is promoted through reminders in ‘Fraud Bulletins’ to all staff, briefings at officer meetings and as part of the Fraud Prevention e-learning module on the Council’s intranet.
20. The Policy will continue to be subject to annual evolution and annual approval by this Committee.

Options Appraisal

21. An options appraisal is not applicable for this report.

Summary of financial implications

22. The Fighting Fraud & Corruption Locally 2020 strategy states “Every £1 that a local authority loses to fraud is £1 that it cannot spend on supporting the community”.
23. It is recognised that fraud against the Council harms residents and taxpayers of Bournemouth, Christchurch and Poole and for that reason fraud and corruption will not be tolerated.
24. The total amount spent by the Council on the investigation and prosecution of fraud is summarised in the Local Government Transparency Code 2015 table in paragraph 10 above.

Summary of legal implications

25. There are no direct legal implications from this report.

Summary of human resources implications

26. There are no direct human resource implications from this report.

Summary of sustainability impact

27. There are no direct environmental implications from this report.

Summary of public health implications

28. There are no direct public health implications from this report.

Summary of equality implications

29. There are no direct equality implications from this report.

Summary of risk assessment

30. The risk implications are set out in the content of this report.

Background papers

None

Appendices

Appendix A – Internal Audit Investigations and Thefts of Council Equipment reported to Insurance Team 2021/22 (Confidential)

BCP Council Anti-Fraud & Corruption Policy

[Internal access](#)

[External access](#)

BCP Whistleblowing Policy

[Internal access](#)

[External access](#)

BCP Declaration of Interests, Gifts & Hospitality (for officers)

[Internal access](#)

BCP RIPA and IPA Policy

[Internal Access](#)

[External access](#)

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By virtue of paragraph(s) 1 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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