

Notice of Audit and Governance Committee



Date: Thursday, 27 July 2023 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 M Andrews
Cllr B Castle
Cllr A Chapmanlaw

Cllr E Connolly
Cllr R Herrett
Cllr M Phipps

Cllr J Salmon
Cllr C Weight

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=5591>

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 July 2023

**DEBATE
NOT HATE**



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. **Election of Chair**

To elect a Chair of the Audit and Governance Committee for the 2023/24 municipal year.

4. **Election of Vice-Chair**

To elect a Vice-Chair of the Audit and Governance Committee for the 2023/24 municipal year.

5. **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.

6. **Confirmation of Minutes**

To confirm and sign as a correct record the minutes of the Meeting held on 09 March 2023.

9 - 18

7. **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.

8. Treasury Management Monitoring Outturn 2022/23 and update for Quarter 1 2023/24

19 - 34

This report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2022 to 31 March 2023.

A surplus of £1.9m has been achieved through a reduced need to carry out temporary borrowing due to high cash balances as well as increasing interest rates earned on the Council's investments.

In addition, the report also sets out the Quarter One performance for 2023/24 which forecasts an underspend of £665k due to the increase in interest rates.

Further to the standard update the report seeks approval to decrease our borrowing headroom.

9. Risk Management – Corporate Risk Register Update

35 - 68

This report updates councillors on the position of the council's Corporate Risk Register. The main updates are as follows:

- CR4 – Loss or disruption to IT Systems and Networks from cyber attack – The title of this risk has been updated.
- CR8 - Inability to run an election/referendum was removed during the quarter.
- CR11 – Ability of the council to function and operate efficiently in the delivery of single services across the area of BCP was removed during the quarter.
- CR14 – Continuity of Public Health arrangements for health protection – The title of this risk was updated and the content of this risk is currently under review.
- CR15 – Effective People Strategy – This risk has been reviewed and the net risk score updated.

Material updates to the risks are summarised at section 8.

10. Appointment of Independent co-opted members to Audit & Governance (A&G) Committee

69 - 76

Although not a legislative requirement, best practice and a '2022 position statement' by the Chartered Institute of Public Finance & Accountancy (CIPFA) endorsed by the Department for Levelling Up, Housing and Communities recommend that audit committees in local government should include at least two co-opted independent members.

Informal discussions, including at a recent BCP Council Audit & Governance Committee induction event, has shown there is widespread agreement that the principle of co-opted independent members is supported.

There are a number of local decisions required to enable suitable recruitment, through open advertisement, to the BCP Council Audit & Governance Committee.

The recommendations in this report will help shape that recruitment process, with an aim to have two co-opted members in place later in this

calendar year.

11. Internal Audit - 1st Quarter, 2023/24, Audit Plan Update

77 - 92

The 2023/24 Internal Audit Plan, including the Core Audit Plan and Anti-Fraud and Corruption Plan, have been developed, including detailed plans for quarter 1 and 2.

There are currently vacancies in the team and recruitment of three apprentices is underway to address this. As a result, the high-level Resource and Allocation Plan presented to Audit & Governance Committee in March 2023 has been revised, resulting in 260 less planned days on Core Audit and Assurance Work for this year only.

This reduction, 16%, presents a significant challenge for the Chief Internal Auditor to provide both sufficient good quality in year assurance and a similarly robust overall year end opinion. Through a range of contributing adjustments and actions, such as risk based prioritisation, flexibility and goodwill of the internal audit team, reasonable use of alternative forms of assurance and other tactics, it is anticipated that these challenges can be managed in the short term.

Progress made on delivery of the 2023/24 Audit Plan for the period April to June 2023 (inclusive) highlights that:

- 5 audit assignments have been completed, of which there were 4 'Reasonable' and 1 'Partial' audit opinions;
- 16 audit assignments are in progress.

11 high priority recommendations have not been implemented by the initially agreed target date and are reported to Audit & Governance Committee as required by the Audit Charter.

Some work undertaken during the quarter related to completion of the 2022/23 Audit Plan, in cases where audits straddled the financial year end of 22/23 and the start of 23/24. The 'Chief Auditor's Annual Report 2022/23' contains the outcome of this work which is being reported separately to this Committee.

12. Annual review of Declarations of Interests, Gifts and Hospitality by Officers for 2022/23

93 - 96

An annual review and update of the Council's Declaration of Interests, Gifts & Hospitality (for officers) Policy took place in February 2023 and the revised policy was approved by Audit & Governance Committee (16 February 2023).

Some changes were made to the Policy including a clearer statement that the Council requires all employees to consider their specific job role, not just their Council employment and personal circumstance when deciding whether to make a declaration. Guidance was added on the Council giving/receiving donations and also clarification made for giving/receiving sponsorship.

Through the completion of recent exercises, Internal Audit are able to provide reasonable assurance that officers have made appropriate

declarations of interests, gifts and hospitality.

There have been no internal or external identified instances, whistleblowing or reports by any other means where an undeclared interest by officers has led to any disciplinary action or led to reputational damage.

13. Use of Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Annual Report for 2022/23 financial year

97 - 100

Following an annual review process, the Regulation of Investigatory Power Act (RIPA) and Investigatory Powers Act (IPA) Policy was updated with some minor changes to include reference & links to Home Office Code of Practices for Covert Surveillance and Property interference (Aug 2018), Interception of Communications (Dec 2022) and Covert Human Intelligence Sources (Dec 2022) and other relevant legislation.

BCP Council has not made use of powers under RIPA or IPA during the 2022/23 financial year.

BCP Council has completed and sent its statutory nil-return for the 2022 calendar year to the Investigatory Powers Commissioner's Office (IPCO).

14. Annual Breaches & approved Waivers of Financial Regulations Report for 2022/23

101 - 112

This report sets out the breaches and waivers of Financial Regulations (the Regulations) which have occurred during the 2022/23 financial year.

Whilst no breaches of Financial Regulations is the preferable position, the relatively low number of breaches suggests a good level of understanding of the requirements amongst managers and officers in the majority of service directorates and has resulted in general compliance with the Regulations.

Whilst full compliance can never be guaranteed and 'under-reporting' of breaches, in particular, is an inherent possibility, arrangements were in place to detect instances of non-compliance

The Chief Finance Officer, or formally delegated representatives, have agreed 47 waivers totalling £3.2m.

For 2022/23, the lower number (47) of approved waivers shows a reassuring drop from the exceptional covid19 impacted 2020/21 year (116) and the partially covid impacted 2021/22 year (77). The comparison by £ value is more reassuring again as significantly less Council expenditure is now subject to an approved waiver, this means that a greater proportion of the Council's total expenditure is subject to the full requirements set out in the Council's Financial Regulations.

An effective and transparent breaches and waiver governance process maximises the chances of the Council achieving value for money and complying with UK Procurement Legislation (Public Contract Regulations 2015 (PCR15)) principles when procuring goods, services or works under PCR15 thresholds.

15. Chief Internal Auditor's Annual Opinion Report 2022/23

113 - 128

It is the opinion of the Chief Internal Auditor that during the 2022/23 financial year:

- 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;
- the systems and internal control arrangements were effective and that agreed policies and regulations were generally complied with;
- adequate arrangements were in place to deter and detect fraud;
- there was an appropriate and effective risk management framework;
- managers were aware of the importance of maintaining internal controls and accepted recommendations made by Internal Audit to improve controls;
- the Council's Internal Audit service was effective and compliant with all regulations and standards as required of a professional internal audit service;
- 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".

16. Annual Governance Statement (AGS) 2022/23 and Annual Review of the Local Code of Governance

129 - 198

The Accounts and Audit Regulations 2015* require councils to produce an Annual Governance Statement (AGS) to accompany its Statement of Accounts.

The AGS concludes that BCP Council **"has effective and fit-for-purpose governance arrangements in place in accordance with the governance framework"**.

After considering all the sources of assurance (for governance arrangements), BCP Council Corporate Management Board identified that the following significant governance issues existed:

- BCP Council Assurance Review
- Dedicated Schools Grant
- BCP FuturePlaces Ltd
- Delay in the completion of the 2021/22 External Audit
- Mandatory Training

An action plan to address these significant governance issues has been produced and is being implemented. An update against the action plan will be brought to Audit and Governance Committee in January 2024.

*and as amended by the Accounts and Audit (Amendment) Regulations 2022

The Local Code of Governance has been amended to keep pace with the Council's changing governance arrangements and framework as required. The latest amendments are minor in nature.

17. Appointment of the Constitution Review Working Group	199 - 202
<p>The Audit and Governance Committee is responsible for maintaining an overview of the Council's Constitution and governance arrangements.</p> <p>The use of a Working Group since 2020 has proved to be effective in undertaking an agile approach to reviewing provisions of the constitution and considering matters raised by councillors. The committee is therefore asked to confirm the continuation of the Working Group, consider potential revisions to the terms of reference and approve the membership.</p>	
18. Forward Plan - Refresh for the 2023/24 municipal year	203 - 206
<p>This report sets out the list of reports to be considered by the Audit & Governance Committee for the 2023/24 municipal year in order to enable it to fulfil its terms of reference.</p>	

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.

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 09 March 2023 at 6.00 pm

Present:-

Cllr J Beesley – Chairman

Cllr L Fear – Vice-Chairman

Present: Cllr M F Brooke, Cllr M Cox, Cllr M Howell, Cllr T Johnson and
Cllr M Phipps

185. Apologies

There were no apologies for absence.

Councillors D Butt and A Filer were present at the meeting on a virtual basis (without entitlement to vote).

The Leader of the Council, Councillor P Broadhead, was present at the meeting.

Councillor J Butt (Chair of Licensing Committee) and D Kelsey (Chair of Planning Committee) were present at the meeting on a virtual basis.

186. Substitute Members

There were no appointed substitutes.

187. Declarations of Interests

There were no declarations of interest.

188. Confirmation of Minutes

RESOLVED that the Minutes of the meeting of the Committee on 16 February 2023 be confirmed as a correct record.

The Chair of the Licensing Committee had been invited to the current meeting of the Committee and had also attending the meeting of the Committee on 16 February 2023. She observed that her comments at the meeting with reference to the Licensing Committee were not recorded in the Minutes of that meeting. The Chairman referenced the importance of being able to obtain full value from meetings including particularly the contributions made by invited non-Members of the Committee on specific discussion items. It was agreed that the Minutes should reflect the subject of the valuable contribution made to the work of the Committee by other invited Members.

189. Public Issues

The Monitoring Officer advised that following receipt of additional information, there was now one public statement received for submission to the Committee.

Public Statement from Julie Redman

In response to my question about the Bounce Back Challenge Fund at a Council meeting in November 2022, Councillor Broadhead said "Recent independent analysis of this array of support has been highly positive". A FOI request was submitted asking for a copy of the "Recent independent analysis". After at least 10 follow-up emails, we found out "Recent independent analysis" was referring to an internal audit report at least a year old. The charts and graphs in your report pack do not contain any customer feedback. 10 emails for an answer, wastes everyone's time. Customer satisfaction 0 out of 10.

The Chairman referred to emails from Councillor Phipps relating to matters contained in the Public Statement and informed the Committee that he was preparing a response to the points raised and that copies of his replies would be circulated to all members of the Committee with the objective of providing responses before the end of the current Council.

190. Review of the Constitution - Recommendations of the Constitution Review Working Group

As requested at its previous meeting, the Committee received a further report from the Constitution Review Working Group regarding provisions within the Constitution relating to the scheme of delegation to the Planning Committee. It was explained that, after the previous meeting, the Working Group had met again on 01 March 2023 to further review the matter in the light of discussion at the Committee on 16 February 2023. The options developed for discussion were included within a full report which had been circulated to the Committee prior to the meeting within an Agenda Supplement. The Chairman of the Planning Committee and senior Planning and Legal Officers had been closely involved in bringing together options for a complex range of issues and were present at the meeting to advise the Committee and respond to detailed questions.

It was explained that the first of these key areas was the representation referral process which, if the threshold were met, would require a planning related application to be considered by Planning Committee provided the intended Officer decision was contrary to 20 or more relevant representations relating to that application. The second area was the mechanism relating to the ability of a Councillor to call-in an application to Planning Committee but specifically within that, the time period within which a Councillor could exercise that call-in.

The Committee received advice about the effect and implications of a range of options.

RECOMMENDED that: -

- (a) the amendments in the Constitution identified in option 2 and Appendix 2 as set out in item 6 of the agenda of Audit and Governance Committee dated 9 March 2023 be adopted subject to:**
- (i) the replacement of paragraph 2.2.8 as below but in relation to sub-paragraph (f) of that replacement paragraph either option 1 or option 2;**
- (ii) the addition of a new paragraph 2.7 as below; and**
- (iii) further amending part of the wording of paragraph 2.5.2 b) as below.**

The wording of those further changes being as follows:

- (i) Add replacement 2.2.8 with (f) being either as option 1 or option 2:**

2.2.8 applications where there have been 20 or more representations from third parties provided that to count toward that number, a representation must:

- (a) identify on the representation that it has come from a residence which is believed by the case officer (at the time of deciding whether the matter needs to go to Planning Committee) to be within one mile of any point measured from the relevant application site red line boundary;**
- (b) be received by the Council within the initial or any subsequent representation period as identified on the posted planning site notice relating to that application or any other related representation period provided by the Council if no planning site notice is posted;**
- (c) identify one or more issues that the case officer considers to be of material planning relevance to the application to which it relates;**
- (d) not have been withdrawn by the person making the representation prior to the time of deciding whether the matter needs to go to Planning Committee;**
- (e) be contrary to the intended case officer recommendation; and**

Option 1 (no change from current restriction in the Constitution):

- (f) not come from the same residence;**

Option 2 (scope for further multiple representations from the same household to count toward 20 representation total)

(f) provided that any additional representation from the same residence may be counted if in the opinion of the relevant senior planning officer in consultation with the Chair of Planning it raises any different relevant material planning issues to those already contained in other representations from that residence;

(ii) And new 2.7 as follows:

2.7 For the avoidance of doubt, for the purposes of the 20 representation process identified in 2.2.8 above, a representation that identifies more than one name on it (including a petition) shall only be counted as one representation in calculating whether the 20 representation trigger has been reached.

(iv) Amend part of wording to 2.5.2 b) as follows:

2.5.2 b) ... is received no later than 4pm on the seventh calendar day after”

(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.

191. External Audit - 2020/21 ISA260 Audit Findings Report

The Committee received a report from the Council’s External Auditors, Grant Thornton, setting out the findings of the Auditors following their audit of the Council’s statement of accounts for 2020/21. A copy of the Auditor’s full report had been circulated to the Committee prior to the meeting within an Agenda Supplement.

The Auditor reported that his work was now substantially complete and that he expected to be in a position very shortly to issue an unqualified opinion. It was explained that, following identification, adjustment and correction of a number of issues within the revised financial statements, there remained no outstanding issues requiring modification of the audit opinion. Throughout the period of lengthy delay the Committee had been closely involved and kept informed on how matters had progressed. The Committee was therefore already aware that the delay primarily arose from the need to await resolution of a national infrastructure issue for which a statutory override was not in place together with delays in receipt of the Pension Fund auditor’s letter of assurance.

It was accepted that the accounts of the BCP Council were complex as a result of bringing together three legacy Councils which had meant that the

accounts were not straightforward and presented a number of challenges. Having said that, a number of areas for improvement had been identified for action as part of the audit and, going forward, new financial systems in the process of implementation were expected to improve the necessary focus.

The External Auditor highlighted particularly the audit approach to materiality and explained that the materiality thresholds for the audit remained at the initially reported levels. The report also set out a schedule of 'significant risks' which, in the Auditor's judgement, required special audit consideration and included an informative commentary against each risk for consideration by Members. Under the heading of 'Financial Statements – key judgements and estimates' the report provided audit comments and a summary of the management approach together with a formal audit assessment against each item. There was also assessment of the internal controls in place.

The Committee also received the outcome of the 'Value for Money' ('vfm') as reported and presented to the Committee in October 2022.

In an Appendix to the report there was set out a detailed breakdown of the External Audit fees and the increased level of fees reflected the additional work required to prepare reports to the Committee on an 'exception' basis.

The Chief Finance Officer thanked those involved in the considerable amount of work undertaken to achieve an 'unqualified' audit opinion and to comply with the requirements of Local Government accounting. This had taken place during what had been an exceptional year for the community and just the second year of BCP Council. He provided reassurance for the Committee that the statutory requirements were taken very seriously and that the Council was constantly striving to address the issues raised within the audit.

There was also reference to the recently completed budget setting process which had been undertaken in accordance with traditional Local Authority approaches and the External Auditor confirmed that he was content with the reassurances provided by Officers and with further information provided by to him by the new Leader of the Council. The Leader updated the Committee on the process of providing a balanced budget without the need for a 'capitalisation direction' and recognising the greater rigour that was required going forward in areas, for example, such as delivery and implementation of the transformation agenda. The Chairman thanked the new Leader for his level of engagement with the Audit and Governance Committee and for his involvement in discussions with the External Auditor.

The External Auditor advised that previously reported issues relating to resources within his Organisation had been resolved so that work on the delayed audit for 2021/22 could recommence in early July 2023 and, immediately thereafter, audit work on the 2022/23 audit would also commence. In parallel, the 'Value for Money' ('vfm') audits for 2021/22 and for 2022/23 would take place simultaneously and would be reported to the Committee within a single report during Summer of 2023. In response to

questions, the Chief Finance Officer confirmed that resources were in place internally to deliver this programme although this would also need to be done in the context of the simultaneous delivery and implementation of a new financial management system.

The External Auditor and financial Officers responded to a range of detailed questions from Members of the Committee. Responses were also provided to questions about deficits within the Dedicated Schools budget and the ever increasing demands on this particular budget were a concern shared by Councils nationally and this was confirmed by the External Auditor.

Clarity was also provided about the role of the BCP Council Internal Audit team and it was explained that the external audit process cannot place reliance upon Internal Audit testing and findings.

In conclusion, the Chairman thanked Grant Thornton for the way in which they had engaged with him as Chairman of the Audit and Governance Committee and with the wider Committee and Officers of the Council.

RESOLVED that the Audit and Governance Committee

- a) Notes the anticipated audit opinions and findings of the Council's external auditor included as Appendix 1 in the report to the Audit and Governance Committee, following the audit of accounts 2020/21;**
- b) Approves the 2020/21 financial statement included at Appendix 2 in the report to the Audit and Governance Committee;**
- c) Approves the signing of the Statement of Responsibilities and the Letter of Representation by the Chair of the Audit and Governance Committee and the Section 151 Officer once the audit work is complete at the end of March.**

Voting: Unanimous

192. Information Governance Update

The Team Leader of Information Governance presented a report, a copy of which appears at Appendix 'A' to these Minutes in the Minute Book.

The report provided performance management information relating to Freedom of Information Act 2000 (FOIA), Environmental Information Regulations (EIRs), Data Protection Act 2018 (DPA) requests and other agency disclosure requests. There was a broadly steady trend with little overall change in comparison with previously presented information. The report also provided tabulated information about Internal Reviews and complaints.

The work of the Information Governance Board was described including the close working with senior Officers when required to provide oversight in

specific areas. There was a desire to be able to work on an even closer basis with Officer teams across the Council and, to support the function, initial consideration was being given to a more advanced case management system which would be the subject of a future report.

It was reported that the 2021-22 Final Internal Audit report of March 2022 gave a Reasonable Assurance Audit opinion and that a follow-up review was currently underway as part of the 2022/23 Internal Audit Plan.

Whilst this review was not yet finalised, five of the 11 medium recommendations in the report have been confirmed as fully implemented with actions to implement the remaining recommendations in progress.

RESOLVED that the Audit and Governance Committee

- a) notes the Information Governance (IG) performance management information (PMI) for 2022/23(Q1 to Q3 – December 2022) including requests received under the Freedom of Information Act 2000 (FOIA), Environmental Information Regulations (EIRs), Data Protection Act 2018 (DPA) and other agency disclosure requests;**
- b) notes the current composition of the Information Governance Team;**
- c) notes that currently a review is underway on the Final Internal Audit report of March 2022.**

Voting: Unanimous

193. Risk Management – Corporate Risk Register Update

The Risk and Insurance Manager presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'B' to these Minutes in the Minute Book.

The Committee received an interim update on the Council's Corporate Risk Register for Quarter 4 of 2022/23 with material updates highlighted and listed for the Committee. Whilst routine review continued to be undertaken on a planned basis by the Corporate Management Board, a more strategic review was taking place in the next few days and the outcome of that review would be reported to the meeting of the Committee in July. It was explained that the strategic review would provide an opportunity to discuss and test each risk in more detail taking account of learning from within the Council and of best practice elsewhere. The review would also aim to ensure that risks were worded in such a way that they were as assessable as they could be and this was specifically welcomed by Members.

RESOLVED that the Audit and Governance Committee note the update provided relating to Corporate Risks.

Voting: Unanimous

194. Internal Audit - Audit Charter & Audit Plan 2023/24

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'C' to these Minutes in the Minute Book.

The report set out the Internal Audit Charter and Members were reminded that approval of the Charter by the Audit and Governance Committee was a requirement of the Public Sector Internal Audit Standards (PSIAS).

The Committee was informed that a new Internal Audit Data Analytics Strategy (Annexe 6 of the Charter), which set out how Internal Audit would increase its use of data analytics to provide a greater level of assurance, to increase testing coverage and improve efficiency, had been added, together with a number of minor changes.

The Core Audit Plan, Anti-Fraud and Corruption Audit Plan, and detailed Quarter 1 and Quarter 2 plans would be brought to the next scheduled Audit and Governance Committee in July 2023. It was explained that this was later than normal due to the rearranging of the Committee calendar during the Pre-Election period ahead of the May 2023 local elections.

For awareness and, as an interim measure for the current year only, the Head of Audit and Management Assurance advised that he would circulate the Core Audit Plan, Anti-Fraud and Corruption Audit Plan, and detailed Quarter 1 plan to members of the Audit and Governance Committee in April for awareness.

In response to questions, more information was provided about the intention to increase the use of Data Analytics by Internal Audit over the next three years to support the effective and efficient delivery of assurance.

In response to questions about the proposed reduction in time allocated towards audit activity in respect of the Council's transformation programme, it was explained that partial alternative assurance (to internal audit) of this programme was being undertaken by the Transformation Board itself. In addition, the Overview and Scrutiny Committee had requested a cross-party scrutiny group and this was intended to facilitate additional involvement, test and challenge and to provide assurance to Councillors in relation to the transformation programme. Members were assured that, despite this, the way in which audit days were allocated included sufficient flexibility to ensure it remained possible at any stage to refocus the allocation as necessary.

RESOLVED that Audit and Governance Committee

- a) approves the Internal Audit Charter, including the Internal Audit Data Analytics Strategy, and agree that the Chair of the**

Committee signs the document to record this approval (this may be a virtual sign off using email);

- b) notes that the 2023/24 detailed Core Internal Audit Plan will be presented at the July 2023 Audit and Governance Committee;**
- c) notes the 2023/24 budget for the Internal Audit service as approved by Council as part of the 2023/24 Council Budget setting and Medium Term Financial Plan update in February 2023**

Voting: Unanimous

195. Internal Audit - 4th Quarter interim Audit Plan Update

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'D' to these Minutes in the Minute Book.

The report detailed progress made on delivery of the 2022/23 Audit Plan for the period January to February (inclusive) 2023. The report highlighted that seven audit assignments had been completed with six 'Reasonable' audit opinions and one 'Consultancy' audit review. Thirty-three audit assignments were reported to be in progress. Implementation of audit recommendations was satisfactory and none have required escalation to Audit and Governance Committee.

The Head of Audit and Management Assurance reported that attempts to appoint to a vacant Auditor post continued to be unsuccessful but, through careful management of reduced resource covering the high risk areas in the Audit Plan, he was still expecting to be able to provide the overall 'annual opinion' on the adequacy of the internal control environment. In response to questions, it as confirmed that the annual opinion report would include for the Committee a year- on-year comparison of audit coverage areas, individual assurance opinions and the number and type of recommendations made.

RESOLVED that Audit and Governance Committee note progress made and issues arising on the delivery of the 2022/23 Internal Audit Plan.

Voting: Unanimous

196. Forward Plan - Indicative for the 23/24 municipal year

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'E' to these Minutes in the Minute Book.

This report set out the indicative list of reports to be considered by the Audit and Governance Committee for the 2023/24 municipal year to enable it to

fulfil its terms of reference. It was explained that the Plan was indicative at this stage with the opportunity, after the elections, for the new Committee to itself identify subjects for the 'extra' meetings of the Committee. It was also confirmed that if any matters arose for the attention of the Committee during the interim period when there were no meetings of the Committee, these items would be circulated to members by email.

It was, however, agreed that during the period whilst the new Committee established its priorities going forward, an 'extra' meeting on 8th June 2023 would be premature and should be removed from the Forward Plan for this municipal year.

RESOLVED that subject to the removal of the proposed 'extra' meeting on 8 June 2023, the Audit and Governance Committee approves the indicative forward plan set out at Appendix A.

Voting: Unanimous

Concluding remarks

As this was the last meeting of the Committee during the current Council, the Chairman recorded his thanks to all Members for their support during the period of his Chairmanship. He thanked Members for their significant and constructive engagement in the process of discharging so effectively the function of audit and governance. He also recorded his thanks to the Officers involved in supporting the process.

The Committee noted that Councillor Mike Brooke was not seeking re-election to the Council and tribute was paid to his considerable contribution to the work of the Committee over many years.

The meeting ended at 9.34 pm

CHAIRMAN



Audit & Governance Committee

Report Subject	Treasury Management Monitoring Outturn 2022/23 and update for Quarter 1 2023/24
Meeting date	27 July 2023
Status	Public
Executive summary	<p>This report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2022 to 31 March 2023.</p> <p>A surplus of £1.9m has been achieved through a reduced need to carry out temporary borrowing due to high cash balances as well as increasing interest rates earned on the Council's investments.</p> <p>In addition, the report also sets out the Quarter One performance for 2023/24 which forecasts an underspend of £665k due to the increase in interest rates.</p> <p>Further to the standard update the report seeks approval to decrease our borrowing headroom.</p>
Recommendations	<p>It is recommended that Audit & Governance Committee:</p> <ol style="list-style-type: none"> 1) note the reported activity of the Treasury Management function for 2022/23 2) note the reported activity of the Treasury Management function for April to June of 2023/24. 3) note and endorse the update on borrowing set out in paragraph 20. 4) approve and recommend to Council the revised prudential indicators set out in table 10.
Reasons for recommendations	<p>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.</p> <p>Council is required to approve any changes to the prudential indicators based on a recommendation from the Audit & Governance Committee.</p>
Portfolio Holder	Councillor Mike Cox, Portfolio Holder for Finance
Corporate Director	Ian O'Donnell, Interim Director of Corporate Resources
Service Director	Adam Richens - Chief Financial Officer

Classification	For information and recommendation
Report author	Annalie Muirhead, Finance Manager - Technical ☎ 01202 123730 ✉ annalie.muirhead@bcpcouncil.gov.uk 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 (Link Treasury Services)

5. In June 2023, the Bank of England's Monetary Policy Committee (MPC) voted by a majority of 7-2 to raise the Bank Rate from 4.50% to 5.00%. In May, the Bank of England released a new set of forecasts, which saw the largest ever upside revision to growth since the Bank gained independence in 1997. The Bank of England's revised view now erases past expectations that the UK will enter a recession this year and that the real economy will be 2.25% bigger by mid-2026. The change was predicated on plunging gas prices, additional fiscal support, and more resilient consumers.
6. The UK latest inflation rate was 8.7% in April and May 2023, down from the peak of 11.1% in October. The rate is still much higher than the Bank of England's 2% inflation target, however CPI inflation is expected to fall significantly further during the course of the year, in the main reflecting developments in energy prices.
7. Food prices appear to have replaced energy prices as a key concern, and although that is now expected to have peaked, any shift down is likely to be slow due to high energy prices and hedging strategies in the food supply chain. On wages, survey data suggests that wage growth could ease further later this year, with signs that employees are moving jobs less frequently and employers are getting more applications for job vacancies.

8. The Bank of England now expects prices to fall to 5.1% by the close of this year, compared to 3.9% seen in February, with price pressures now expected to cool more slowly, however the outlook is for inflation to get back below its 2% target in two years, when based on current market forecasts.
9. The MPC has not committed to raising rates again or suggested that 50bps rises are now the norm. However, it looks highly probable, given the on-going strength of inflation and employment data, that the Bank will need to raise rates to at least 5.5% and to keep rates at their peak until the mid-point of 2024. Link Treasury Services believe it is only a matter of time before the rise in rates weakens the economy sufficiently to push it into recession. That is why instead of rising to between 6.00%-6.25%, as is currently priced in by markets, they consider rates are more likely to peak between 5.50-6.00%.

Interest Rates

10. Table 1 below, 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 Treasury Services)

Interest Rate Forecasts								
Bank Rate	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Link	5.50%	5.50%	5.50%	5.25%	4.75%	4.25%	3.75%	3.25%
Cap Econ	5.25%	5.25%	5.25%	5.25%	4.75%	4.50%	4.00%	3.50%
5Y PWLB RATE								
Link	5.60%	5.30%	5.10%	4.80%	4.50%	4.20%	3.90%	3.60%
Cap Econ	5.10%	4.80%	4.60%	4.40%	4.20%	4.00%	4.00%	3.90%
10Y PWLB RATE								
Link	5.20%	5.00%	4.90%	4.70%	4.40%	4.20%	3.90%	3.70%
Cap Econ	5.00%	4.80%	4.60%	4.50%	4.30%	4.10%	4.00%	3.90%
25Y PWLB RATE								
Link	5.40%	5.20%	5.10%	4.90%	4.70%	4.50%	4.20%	4.00%
Cap Econ	5.20%	5.10%	4.90%	4.70%	4.50%	4.30%	4.30%	4.20%
50Y PWLB RATE								
Link	5.10%	5.00%	4.90%	4.70%	4.50%	4.30%	4.00%	3.80%
Cap Econ	4.90%	4.90%	4.80%	4.60%	4.40%	4.30%	4.20%	4.10%

Treasury Management Performance 2022/23

11. Table 2 below shows the final overall treasury management position for 2022/23. Investment income overachieved the budget set for 2022/23 by £1.8m. This was due to increasing interest rates, much higher than originally forecast, being earned on the Council investments as well as having higher cash balances than forecasted.
12. The interest paid on borrowing was £143k under budget. This is due to a lower level of short-term borrowing being required than expected, due to increased cash balances. No long-term borrowing was taken out in 2022/23.

Table 2: Treasury Management Performance 2022/23

	Actuals 2022/23 £'000	Budget 2022/23 £'000	Variance 2022/23 £'000
<u>Expenditure</u>			
Interest Paid on Borrowings	3,196	3,339	(143)
<u>Income</u>			
Investment Interest Received	(1,808)	(45)	(1,763)
Total	1,388	3,294	(1,906)

Borrowing

13. The Council has adopted a two-pool approach to debt management, separating the debts of the General Fund (Pool 1) and the Housing Revenue Account (HRA) (Pool 2). The HRA pool is a combination of both the Poole and Bournemouth Neighbourhood HRA accounts.
14. Table 3 below shows the closing level of borrowing for the Council's two loans pool.

Table 3: Council Borrowings as at 31 March 2023

Initial Loan Value £'000	Interest Rate	Balance as at 31 March 23 £'000	Maturity Date	General Fund Pool £'000	HRA Pool £'000	Source
Short Term Borrowing						
10,000	4.00%	10,000	31-Jul-2023	10,000	-	North Somerset Council
2,000	3.93%	2,000	31-Jul-2023	2,000	-	South Derbyshire District Council
208	2.66%	208	22-Aug-2023	-	208	PWLB loan 509032 (EIP)
3,000	4.00%	3,000	01-Sep-2023	3,000	-	Tendring District Council
5,000	4.00%	5,000	14-Sep-2023	5,000	-	Vale of White Horse Council
3,673	0.00%	64	01-Apr-2023	64	-	Salix
23,881	3.72% <i>Average Rate</i>	20,272		20,064	208	
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	15,514	17-Oct-2039	15,514	-	Prudential Assurance Co
49,000	2.83%	48,231	24-May-2068	48,231	-	Phoenix Life Limited
284,402		272,913		145,809	127,104	

15. Table 4 below shows the closing level of the Council Capital Financing Requirement and how that is made up of actual external borrowing and what the level of under borrowing.

Table 4: Council Capital Financing Requirement 31 March 2023

	General Fund £000	HRA £000	Total £000
External Borrowing	145,809	127,104	272,913
Internal Borrowing (under borrowing)	212,121	5,599	217,720
Capital Financing Requirement	357,930	132,703	490,633

Investments

16. During the year, cash surpluses are invested by the Treasury Management team through direct dealing or money brokers with approved counterparties. The Council's counterparty list i.e., the list of organisations that it has been agreed that the Council can invest with has become increasingly restricted in recent years due to the economic climate and the criteria used to select appropriate organisations.
17. A full list of investments held by the authority as of 31 March 2023 is shown in Table 5 below.

Table 5: Investment Summary as at 31 March 2023

Investments	Maturity Date	Principal Amount £	Interest %
<u>Fixed Term Deposits</u>			
Bury Metropolitan Council	13-Apr-2023	6,000,000	4.40%
Wokingham Borough Council	24-Apr-2023	10,000,000	4.40%
Telford & Wrekin Council	11-Sep-2023	10,000,000	4.70%
Sub Total		26,000,000	
<u>Call Account</u>			
HSBC Sterling Liquidity Fund	Instant access	9,400,000	4.13%
Total		35,400,000	

18. The Treasury Management function achieved average returns of 2.00% for the period 1 April 2022 to 31 March 2023 for its combined investment compared to the SONIA average rate of 2.24%. The reason for lower average returns than the SONIA average rate is due to the fact more investments were held in the first half of the financial year, when interest rates were much lower than the second half of the year. From 1 April 2022 to 30 September 2022, average returns were 1.22% compared to SONIA average rate of 1.18%.

Treasury Management Performance 2023/24

19. Table 6 below shows the overall treasury management position for 2023/24. The current forecast is a surplus of £665k on interest receivable budgets reflecting the increase in interest rates.

Table 6: Treasury Management performance 2023/24

	Forecast 2023/24 £'000	Budget 2023/24 £'000	Variance 2023/24 £'000
<u>Expenditure</u>			
Interest Paid on Borrowings	3,483	3,483	0
<u>Income</u>			
Investment Interest Received	(3,200)	(2,535)	(665)
Total	283	948	(665)

Borrowing

20. Table 7 below shows the closing level of borrowing for the Council's two loans pool.

Table 7: Council Borrowings as at 30 June 2023

Initial Loan Value £'000	Interest Rate	Balance as at 31 March 23 £'000	Maturity Date	General Fund Pool £'000	HRA Pool £'000	Source
Short Term Borrowing						
10,000	4.00%	10,000	31-Jul-2023	10,000	-	North Somerset Council
2,000	3.93%	2,000	31-Jul-2023	2,000	-	South Derbyshire District Council
208	2.66%	208	22-Aug-2023	-	208	PWLB loan 509032 (EIP)
3,000	4.00%	3,000	01-Sep-2023	3,000	-	Tendring District Council
5,000	4.00%	5,000	14-Sep-2023	5,000	-	Vale of White Horse Council
20,208	3.72% Average Rate	20,208		20,000	208	
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	15,318	17-Oct-2039	15,514	-	Prudential Assurance Co
49,000	2.83%	47,968	24-May-2068	48,231	-	Phoenix Life Limited
231,729		272,390		145,745	127,104	

Investments

21. A full list of investments held by the authority as at 30 June 2023 is shown in Table 8 below.

Table 8: Investment Summary as at 30 June 2023

Investments	Maturity Date	Principal Amount £	Interest %
<u>Fixed Term Deposits</u>			
Stockport Metropolitan Borough Council	05-Jul-2023	10,000,000	4.75%
Telford & Wrekin Council	11-Sep-2023	10,000,000	4.70%
Goldman Sachs International Bank	17-Oct-2023	12,000,000	4.77%
Lloyds Bank Corporate Markets	03-Nov-2023	10,000,000	5.00%
Lloyds Bank Corporate Markets	17-Nov-2023	4,000,000	5.00%
Close Brothers	17-Nov-2023	10,000,000	5.00%
Lloyds Bank Corporate Markets	01-Dec-2023	8,000,000	5.30%
Goldman Sachs International Bank	07-Dec-2023	11,500,000	5.25%
Sub Total		75,500,000	
<u>Call Account</u>			
Aberdeen Standard Liquidity Fund	Instant access	12,250,000	4.83%
Total		87,750,000	

22. The Treasury Management function has achieved returns of 4.37% for the period 1 April 2023 to 30 June 2023 for its combined investment, in line with the SONIA overnight rate of 4.37%.

Prudential Indicators and Member Training

23. The Treasury Management Prudential Code Indicators were set as part of the 2022/23 & 2022/23 Treasury Management Strategy. It can be confirmed that all indicators have been complied with during all of 2022/23 and the period 1 April 2022 to 31 June 2023.
24. Reporting to members is to be done quarterly. Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital and balance sheet monitoring.

25. Appendix 1 has been attached to this report showing the Council's new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement.
26. Given new members have joined the Audit & Governance Committee, full training will be given with optional invites to all members. Possible dates will be sent out after this meeting.

Compliance with Policy

27. 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.
28. 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 2022/23 and the period 1 April 2022 to 30 June 2023.

Decrease the Councils Debt Threshold (Capital Financing Requirement)

29. As part of the financial strategy supporting the development of the 2023/24 budget the council in November 2022 approved a revision to its self-imposed debt threshold, see table 9 below. The decision was to move our debt threshold to 257% of our NRE which would move the council to the mid-point average and support a debt level of £855m. The decision to increase the Council debt threshold to £1.334bn represented 387% of our NRE. This moved the council's threshold from the mid-point range compared to upper tier authorities including metropolitan boroughs to the top of the 3rd quarter. There were two main drivers for extending the Council's debt threshold.

1) To enable service-based capital expenditure to be financed from debt with the cost spread over the time-period that will benefit from the expenditure.

2) To support the big plan objectives of the previous administration, including the delivery of regeneration and housing business cases which will provide an ongoing resource base for the authority, as a minimum, once the borrowing is repaid.

Table 9: Previously agreed Treasury Indicators: limits to borrowing activity

	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Operational boundary	855	1,334	1,334	1,334
Authorised limit	905	1,384	1,384	1,384

30. The previous approach resulted in concerns around the risk associated with higher debt levels and the robustness and accountability for any underlying business cases. The recommendation of this report is to now reduce the debt threshold to £755m based on the current committed level via the approved capital strategy, plus a 5% variance which equates to approximately £30m. This approach does not reduce the ambition of the council. It will though mean that Audit & Governance Committee will also need to consider the debt obligation associated with any significant new business cases which are underpinned by the use of borrowing which will strengthen the governance arrangements around the robustness of any proposal.
31. The approach to reduce the debt threshold is in line with the method the council has in the past adopted and it accords with a prudent, traditional approach to local government finance. This includes consideration of the duty to demonstrate value for money and the ability to ensure the security of funds raised via any business case.
32. The advantage of the recommend approach is that it strengthens governance and improves the transparency round any new significant business cases. It will though add an extra procedural process which may extended the timeline for a business cases approval depending on the timing within the Councils approved calendar of meetings.
33. Self-imposed debt levels are set against the Councils Capital Financing Requirement (CFR). Such levels are a requirement of the CIPFA Prudential Code and link into the prudential indicators agreed by Council based on recommendations of the Audit and Governance Committee who are responsible for the Treasury Management Strategy.
34. The recommended new indicators are as follows:

Table 10: Revised Treasury Indicators: limits to borrowing activity.

	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Operational boundary	855	755	755	755
Authorised limit	905	785	785	785

Summary of Financial/Resource Implications

35. Financial implications are as outlined within the report.

Summary of Legal Implications

36. There are no known legal implications.

Summary of Equalities and Diversity Impact

37. 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

38. 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

39. 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

40. 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

41. 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

42. 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

43. 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

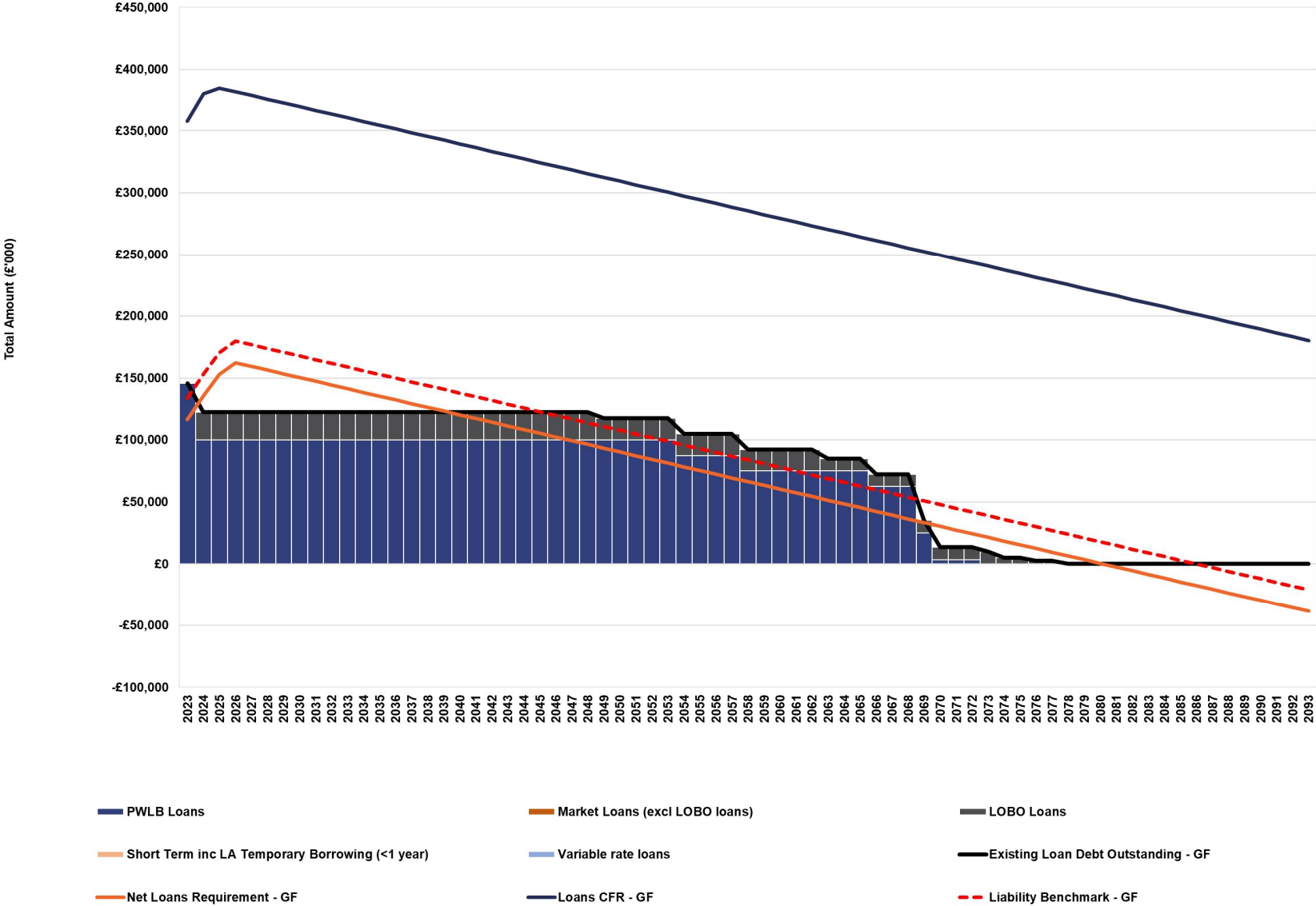
44. Treasury Management report to Full Council on 22 February 2023
<https://democracy.bcpccouncil.gov.uk/documents/g5032/Public%20reports%20pack%2021st-Feb-2023%2019.01%20Council.pdf?T=10>

Appendices

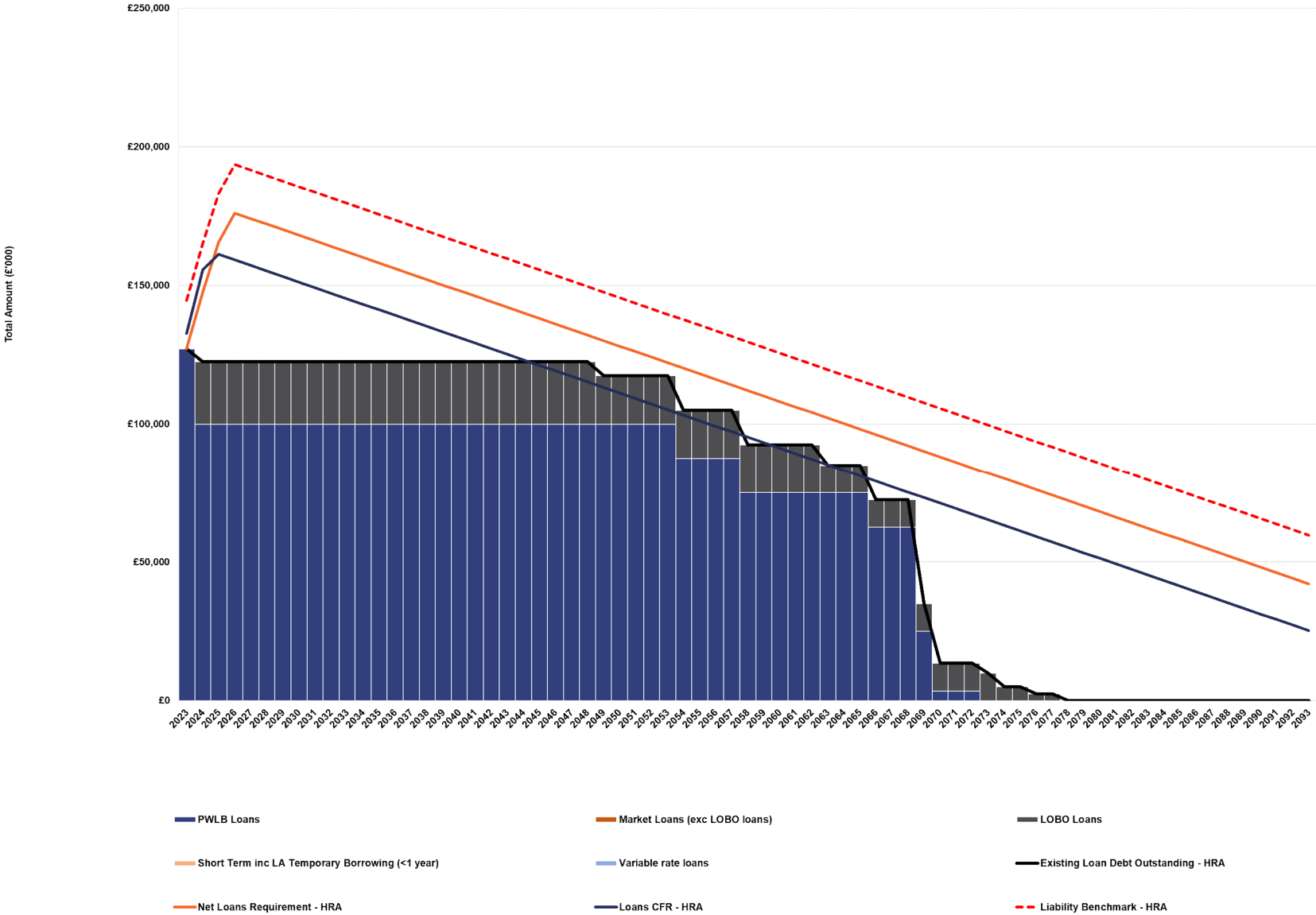
Appendix 1 – BCP Liability Benchmarking

Appendix 2 – Details of capital commitment against the debt ceiling

Appendix 1 - Liability Benchmark - General Fund



Appendix 1 - Liability Benchmark - HRA



Appendix 2 - Approved Capital Schemes and known commitments

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Regeneration schemes					
Carter's Quay	25,504	4,868			30,372
Winter Gardens					0
Holes Bay	697				697
Pokesdown Station	700	1,900			2,600
Smart Places Gigabit Fibre	2,840	2,833			5,673
Wessex Fields highways works	5,600				5,600
Sub-total	35,342	9,601	0	0	44,943
Housing Council Newbuild & Acquisitions Strategy (CNHAS)					
Temporary accommodation	6,288	1,680	2,610		10,578
CNHAS - residential street properties	207				207
CNHAS - Care Experience Young People (CI)	3,674				3,674
CNHAS - Private Rented Sector (PRS)	13,051	21,285	1,591		35,927
CNHAS Alma Road (former GP surgery)	2,090	1,710			3,800
CNHAS Oakdale	350	1,400	2,620		4,370
CNHAS Roeshot Hill PRS	6,095				6,095
CNHAS Crescent Road	1,623				1,623
CNHAS Princess Road (hostel and PRS)	8,500	5,074			13,574
CNHAS HRA Moorside Road	28				28
CNHAS HRA Cabbage Patch	28				28
CNHAS HRA Wilkinson Drive	743				743
CNHAS HRA Northbourne					0
CNHAS HRA Craven Court	2,965				2,965
CNHAS HRA Templeman House	1,309				1,309
CNHAS HRA Mountbatten Gardens					0
CNHAS HRA Princess Road	4,208	9,000			13,208
CNHAS HRA Duck Lane	988	800			1,788
CNHAS HRA Surrey Road	406	966			1,372
CNHAS HRA 43 Bingham Road	370				370
CNHAS HRA Roeshot Hill (shared and afford)	4,304				4,304
CNHAS HRA Cynthia House	1,599				1,599
CNHAS HRA Herbert Avenue	328				328
CNHAS HRA Hillbourne	4,417	1,916	475	153	6,961
CNHAS HRA Oakdale	3,143	4,494			7,637
CNHAS HRA Egmont Road	956				956
CNHAS HRA Redhorn Close	798	553			1,351
CNHAS HRA Dale Close	295	144			439
CNHAS HRA Lake Avenue	348	303			651
CNHAS HRA Junction Road	332	156	12		500
CNHAS HRA Cavan Crescent / Sopers Lane	798	308			1,106
Luckham Road					0
Alma Road	8	12			20
Constitution Hill	46				46
Purchase & Repair	2,100	2,100	2,100	2,100	8,400
Project Admiral	285				285
Sub-total	72,681	51,901	9,408	2,253	136,243
Seafront development					
Bistro on the beach (Southbourne)	5,986				5,986
Canford Cliffs - new beach huts	3,118				3,118
Canford Cliffs - pavilion	1,142				1,142
Mudeford Beach House Café	956				956
Festival Coast Live	169				169
Various other seafront	82				82
Sub-total	11,454	0	0	0	11,454
Other					
Cleaner, Greener, Safer	403				403
Highways maintenance - capitalised	1,000	1,000	1,000	1,000	4,000
BIC medium term refurbishment	1,654				1,654
Muscliff natural burial ground					110
Cleaner Greener Safer - additional CCTV	101				101
Cleaner Greener Safer - safer improvements	40				40
Automated toilet - Old Orchard Poole					0

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
ICT investment plan	642				642
Various other coast protection					112
St Stephen's homelessness hub					679
Sub-total	3,840	1,000	1,000	1,000	7,739

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Schemes underway					
Fleet replacement	10,067	6,463			16,530
Poole Park Railway					200
BCP civic centre	2,204				2,204
Transformation programme (capital)					960
Libraries ICT investment	192	65			257
Estates maintenance (Bmouth pier, Russell Cotes, minor other)					126
Skills & Learning (relocation to Dolphin Centre)					743
Parkway House					329
Street lighting investment					320
Various Children's (Hillbourne and Carter)	646				646
Various transportation incl £40k Carter works in TCF					40
Various other environment (King's Prk athletics, Lwr Gdns Aviary)					63
Honeycombe Chine					25
Various other adults					3
Sub-total	13,109	6,528	0	0	22,446
Schemes leveraging in significant external funding					
Poole Bay beach management plan			2,282	1,758	4,040
Upton Country Park Discovery Project	214				227
Rossmore & Two Rivers Meet artificial pitch					727
Poole Museum - Our Museum Project					793
Scaplen's Court					180
Russell Cotes urgent repair works	213				213
Poole & Bournemouth Crematoria					546
Fernheath playing fields					100
Sub-total	427	0	2,282	1,758	6,826
Total approved prudential borrowing	136,852	69,030	12,690	5,011	229,651

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Capital Financing Requirement Balance B	490,633	670,075	723,167	717,505	
Regeneration schemes	35,342	9,601	0	0	59,850
Council Newbuild & Acquisitions Strategy (Cf	72,681	51,901	9,408	2,253	182,875
Seafront development	11,454	0	0	0	11,973
Other	3,840	1,000	1,000	1,000	9,685
Schemes underway	13,109	6,528	0	0	32,094
Schemes leveraging in significant external fu	427	0	2,282	1,758	6,826
Total approved prudential borrowing	136,852	69,030	12,690	5,011	303,304
Other known commitments					
IFRS16 - Leases changes estimate	59,000	3,000	1,000	1,000	64,000
Sub-total	59,000	3,000	1,000	1,000	64,000
Total Approved and committed borrowing	195,852	72,030	13,690	6,011	367,304

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AUDIT AND GOVERNANCE COMMITTEE



Report subject	Risk Management – Corporate Risk Register Update
Meeting date	27 July 2023
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"> • CR4 – Loss or disruption to IT Systems and Networks from cyber attack – The title of this risk has been updated. • CR8 - Inability to run an election/referendum was removed during the quarter. • CR11 – Ability of the council to function and operate efficiently in the delivery of single services across the area of BCP was removed during the quarter. • CR14 – Continuity of Public Health arrangements for health protection – The title of this risk was updated and the content of this risk is currently under review. • CR15 – Effective People Strategy – This risk has been reviewed and the net risk score updated. <p>Material updates to the risks are summarised at section 8.</p>
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):	Councillor Mike Cox, Portfolio Holder for Finance
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 Policy, 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.
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. 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.
7. 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.

Changes in Risk During Quarter 1 – 2023/2024

8. 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 – Loss or disruption to IT Systems and Networks from cyber attack – The title of this risk has been updated from “Failure to provide adequate IT and cyber security”. This change is included to better articulate the risk being managed. The risk information has been updated for the quarter.

CR8 – Inability to run a fair and open election/referendum – This risk is escalated to the Corporate Risk Register during periods when elections are planned. Outside of this period CMB have previously concluded that the level of residual risk can be managed within the appropriate service risk management arrangements. Consequently, risk CR8 is now removed from the risk register.

CR11 - Ability of the council to function and operate efficiently in the delivery of single services across the area of BCP – This risk is now being considered at service level where systems have not yet been integrated.

CR14 – Continuity of Public Health arrangements for health protection – The title of this risk was updated, and the content of this risk is currently under review. This reflects the management of this risk settling into a business-as-usual pattern. Further updates to this risk will be reported in due course as it re-focuses on the risks around health protection.

CR15 – Effective People Strategy – This risk has been reviewed and updated. The net risk score has been increased as part of the quarter update and the impacts of the deferment of the Pay and Reward programme are noted in the update.

9. 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.
10. During this quarter in addition to the review of individual risks, the connectivity of risks continues to be 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.
11. As part of the continuing development in terms of the reporting of risk registers, the format of the report for this committee continues to include a section for each risk which outlines the link to the relevant Corporate Objective(s).
12. Full details of the updates for this quarter can be found in Appendix 1.

Dynamic Risk Review Process

13. 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.
14. This 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.
15. 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.
16. As the new Corporate Strategy Framework develops and moves forward the corporate risks will be reviewed in the context of this framework and the Corporate Objectives.

Service Development

17. 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.

18. 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;
- Circulating information on the Protect Duty Draft Legislation.

Summary of financial implications

Financial implications relevant to risks are detailed within the relevant risk registers.

Summary of legal implications

There are no direct legal implications from this report.

Summary of human resources implications

There are no direct human resources implications from this report.

Summary of sustainability impact

There are no direct sustainability implications from this report.

Summary of public health implications

There are no direct Public Health implications from this report.

Summary of equality implications

There are no direct equality implications from this report.

Summary of risk assessment

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 9 March 2023

Appendices

Appendix 1 – Corporate Risk Register Update Q1 – 2023/2024

Audit and Governance Committee – July 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	Loss or disruption to IT Systems and Networks from cyber attack	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 2023
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	Risk removed Q1 2023
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 for health protection	Corporate Risk
CR15	Effective people strategy	Corporate Risk
CR16	Blank record	
CR17	Risk to Reputation of Place & Council if summer arrangements are not managed	Risk Removed Q3 2022
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	Adaptation and mitigation of the negative impacts of climate change including sea level rises and weather pattern changes on BCP's communities	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

July 2023

CORPORATE RISK REGISTER UPDATE Q1 – 2023/24

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

Links to Corporate Objective(s): Brighter Futures and Connected Communities

Risk Information

Corporate Context

Safeguarding is the responsibility of all members and corporate 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 Directorate

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 Special Educational Needs and Disabilities (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 (inspecting local authority children's services) inspection Dec 2021 and was rated inadequate.

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 Directorate

- 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 the capacity to meet the rising demands of need across the services and to have the assurance of the quality of practice through new governance processes
- There is a Children's Services 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 is a SEND Improvement Board which is chaired by a DfE Adviser and the Board holds service, council and partners accountable for the delivery of the improvement plan
- There is an Education Improvement Board which is chaired by the Director of Children's Services and the Board holds service, council and partners accountable for the delivery of the improvement plan
- DfE support is given to the WSoA through the Delivering Better Value programme
- BCP Children's has had 3 Monitoring Visits by Ofsted all reporting improvements in service delivery and the DfE Adviser reports cautious optimism on the improvements in the service
- Sector Led Improvement Partner carries out Assurance Auditing as an independent review to assure the service and DfE of the quality of practice
- A Quality Assurance Framework has been embedded into Children's Social Care practice giving the assurance that improvements are being made. Practice Learning Reviews (audits) now evidence practice consistently at requires improvement with an increasing number of good demonstrated. Governance processes introduced in 2022 continue to review practice and give increasing assurance that children are safeguarded. It is too early to remove this risk currently from the corporate review.

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)

- The relevant actions for this risk are set out in the Children's Services Improvement Plan and the WSoA. Progress on delivery of the action is reported to a robustly functioning Children's Services Improvement Board, SEND Board and Education 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

The council has had 3 Ofsted monitoring visits, one for the Front Door service and one for Child Protection Services and Children in Care. They have commented on progress being made. Hampshire County Council is the Sector Led Improvement Partner commissioned by the DfE to support children's social care and they are supporting our route out of inadequate.

An inspection of the Pan Dorset Youth Justice Service rated this service as Good in September 2022.

The DfE Adviser in his second report has lifted his RAG rating of service from RED to AMBER stating that the increasing stability in the service and growing traction from senior managers to the improvement is starting to give this assurance.

Written Statement of Action - Bedford is our Sector Led Improvement Partner support our improvement work through the WSOA. DfE support is given to the WSoA through the Delivering Better Value programme.

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 CR4 - Loss or disruption to IT Systems and Networks from cyber attack

Risk Owner – Director IT & IS

Links to Corporate Objective(s): Modern, Accessible, Accountable Council

Risk Information

BCP Council relies heavily on digital technology and online capability, including in the delivery of essential and public-facing services.

The COVID-19 pandemic has emphasised BCP Council's reliance on digital technologies, both through personal communication and through the council's ability to work remotely in support of the local and national response.

While there are huge opportunities and benefits for the council by continuing to actively leverage technology in support of the transformation agenda, our vulnerabilities become greater as we increasingly rely on cyberspace.

A loss or disruption to IT systems, specifically those caused by cyber attacks, can incapacitate essential networks, for example, by encrypting or destroying data on which vital services depend. Such attacks could cause a variety of real-world harm if services like Social Care, Housing or Place (Highways etc) are impacted.

Financial loss is the most common impact through both direct loss of funds as well as recovery costs and reputational impacts.

As a whole, public confidence may be affected if the council is not able to adequately protect its IT systems and networks against loss or disruption, whether caused accidentally or intentionally.

The UK had the highest number of cybercrime victims per million internet users at 4783 in 2022 – up 40% over 2020 figures.

Key Mitigations & Actions

- BCP Council has strong legacy IT infrastructure and work continues to migrate to a single BCP core infrastructure – this has been greatly improved, for example, by the consolidation of the local and wide area networks and move to a single datacentre in 2022.
- Physical premises security improved through co-locating to a single datacentre.
- Physical data security improved through co-locating to a single datacentre.
- Now utilizing a common central Security Information & Event Management solution.
- Strong encryption enforced on all end-user devices.
- Regular scanning of devices and IT infrastructure alerts us to new threats and vectors.
- Regular patching and upgrades of all supported key systems.
- Dedicated cyber security officers (2).
- Monthly review of key metrics held at board level within IT&IS.
- Mandatory bitesize training provided to ALL staff monthly. Completion levels are low, however (see "Near Future Key Actions" section).
- Multi Factor Authentication enforced to protect data at rest within the council's Microsoft365 environment.
- NCSC (National Cyber Security Centre) recommended password complexity/length criteria introduced to ensure good practice by end-users.
- Restrictions on ability to transfer data out of council applications/datasets to non-secure applications when being accessed through personal devices.
- Utilising appropriate IT resiliency where cost-effective to do so. For example, keys system (D365) hosted in BCP Council's virtual datacentres (Azure) are replicated across two regionally separate datacentres in London and Cardiff.
- The move to Microsoft365 itself has provided much needed additional data resiliency. Providing staff with much more agile, secure access to data held within the ecosystem (Teams, OneDrive, SharePoint).

Near Future Key Actions (next 3-6 months)

Target Date for Action

1 April 2024

As we fundamentally redesign and transition the enterprise architecture in partnership with our Strategic Implementation Partner (SIP), we will continue to ensure that the infrastructure is built to leading-edge security standards and that appropriate resiliency is applied where cost effective to do so.

User Training will be a priority over the next 3-6 months. The weakest link in a layered security posture is the end-user. This is especially true when staff are busy or rushed, often leading to mistakes or lapses of otherwise good judgement.

Currently staff completion rates are low across the entire council for all previously published mandatory courses (see below), with even the most adopted course still only at 50% completion rate.

Activity is therefore underway to target specifically those who have not completed these short-form courses to drive up these rates.

June 2023 Update - Completion rates risen slightly but still more work to do to drive up completion rates (still sub 50% for most courses)

MetaCompliance - MyCompliance						
Course	Publish Date	State	Complete - Users	Complete - Percentage	Not Complete - Users	Not Complete - Percentage
GDPR Data Protection v1.0	07/06/2023	PUBLISH	1091	20.38%	4261	79.62%
BCP 2023 - May Best practices v1.0	03/05/2023	PUBLISH	2308	43.12%	3044	56.88%
BCP 2023 - Cyber Attack v1.0	05/04/2023	PUBLISH	2600	48.58%	2752	51.42%
BCP 2023 - Scams v1.1	01/03/2023	PUBLISH	2414	45.1%	2938	54.9%
BCP 2023 - insider threats2 v1.1	01/02/2023	PUBLISH	2508	46.86%	2844	53.14%
BCP 2022: cyber-criminal use the information v1.0	02/11/2022	PUBLISH	3065	57.27%	2287	42.73%
BCP 2022: cyber-Security the essentials v1.0	07/12/2022	PUBLISH	2976	55.61%	2376	44.39%

Quarter Update

As described above, end-user training remains a key focus with the provision of bite-sized training on the most common and pervasive threats. Despite being well received by many, the course completion rate is worryingly low and therefore work is about to commence to specifically target non-compliant individuals.

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	3	2	6			

Risk CR9 – Failure to maintain a safe and balanced budget for the delivery of services

Risk Owner – Director of Finance

Links to Corporate Objective(s): Modern, Accessible, Accountable Council

Risk Information

The 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 2023/24 Budget and Medium-Term Financial Plan (MTFP) covering the period to 31 March 2027 was approved by Council on 21 February 2023. There were three main aspects to this report.

A) 2022/23 Financial Year:

- Requirement to deliver a £10.6m surplus.
- Need to take all necessary steps to avoid drawing down on a capitalisation direction which would enable the transformation investment programme and the Children's services improvement revenue expenditure to be financed by borrowing. Normally borrowing can only be used to finance capital expenditure.

B) 2023/24 Financial Year budget was based on the following:

- 4.99% Council Tax increase (2.99% basic and 2% Social Care Precept) in line with the maximum threshold for upper tier authorities.
- £34m of savings, efficiencies, increases to fees and charges, and service reductions.
- A £30m application of one-off reserves to underpin the budget as approved (of which £10.6m is being generated via the 2022/23 estimated outturn).
- £1.9m investment into unearmarked reserves to ensure they represent 5% of Net Revenue Expenditure as a minimum in line with good practice.



















C) 2024/25 Financial Year:

- The funding gap for 2024/25 is £44.4m excluding any previously assumed savings or efficiencies. This is on the basis that the previously assumed savings were either unidentified against a specific budget line of the council or the public had not been transparently made aware of or engaged as to their deliverability.

The February 2023 Budget report also highlighted that the council was predicting that it will have negative reserves of £33m as at the 31 March 2024 due to the accumulating deficit on the Dedicated Schools Grant (DSG) as pertaining to the growing annual deficit on the High Needs Block.







Key Mitigations & Actions

- Quarterly budget monitoring reports to Cabinet.
- Monthly budget monitoring information provided to budget holders.
- Regular meetings between Cabinet Members and Senior Officers in respect of the financial strategy and the budget position.
- New Microsoft Dynamics Enterprise Resources System being implemented in April 2023 to improve the provision of financial management information underpinned by the principle of self-service.
- The 2023/24 approved budget agreed a recommendation to implement a control to strengthen commissioning, procurement, and contract management arrangements in support of the delivery of third party spend transformation savings.
- Extension by government of the statutory override that allows the council to ignore the deficit on the DSG up until 31 March 2026.
- BCP Council is part of a dialogue with government around its DSG deficit as part of its engagement in the Delivering Better Value in SEND programme.

Near Future Key Actions (next 3-6 months) a) Financial Outturn 2022/23 b) MTFP Update and Financial Strategy 2024/25 c) Quarter 1 2023/24 Budget monitoring Report d) MTFP Update Report	Target Date for Action July 2023 July 2023 September 2023 October 2023																										
Update The Council approved a budget for 2023/24 built in line with traditional and conventional approaches to local government finance. The report and associated s25 statement of the Chief Finance Officer set out the key financial risks which will need to be carefully and regularly monitored. Financial Outturn Report – July 2023 Cabinet – Highlights: <ul style="list-style-type: none">Required £10.6m surplus was achieved.Council managed to avoid the capitalisation direction in 2022/23 due to a combination of asset sales and Children’s Services managing their improvement expenditure within their quarter 3 forecast.Part mitigation of the financial risk associated with the working capital loan facility advanced to BCP FuturePlaces Ltd.DSG funding deficit as at the 31 March 2023 is £35.8m growing to £62.9m on 31 March 2024. Overall position is that the council is now predicted to have negative reserves of circa £22m. MTFP Update Report – July 2023 Cabinet – References: <ul style="list-style-type: none">Budget timetable, process and financial strategy supporting the legal requirement to balance the 2024/25.Recommendation to Audit and Governance Committee to ask Council to reduce the debt threshold to £755m from £1.334bn.Recommendation to Council to disposal of assets which will enable 2024/25 revenue transformation costs to be funded via the Flexible Use of Capital receipts.Recommendation to Council to reduce the working capital loan facility to BCP FuturePlaces Ltd to £6m (from £8m). The quarter 1 MTFP Update report to September Cabinet will provide a key update regarding the delivery of the 2023/24 assumed savings and efficiencies and any variations relating to the cost-of-living crisis.																											
Risk Scores <table><tr><th>Assessment Level</th><th>Impact (I)</th><th>Likeli-hood (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)	Likeli-hood (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)	Likeli-hood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter	Risk Strategy																					
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





Risk CR12 – Failure to achieve appropriate outcomes and quality of service for young people	
Risk Owner – Corporate Director of Children's Services	
Links to Corporate Objective(s): Brighter Futures and Connected Communities	
Risk Information <p>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.</p> <p>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 (DfE), Chief Executive and Cabinet members are monitoring and enabling progress and keeping accountable officers on task.</p> <p>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.</p>	
Key Mitigations & Actions <ul style="list-style-type: none"> • 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) <ul style="list-style-type: none"> • Improvement plan in place managed by the Improvement Board • The Special Educational Needs and Disabilities (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 Sector Led Improvement Programme (SLIP) 	Target Date for Action <p>There is no target date for this risk as it is considered a continuous intrinsic risk</p>
Quarter Update <p>The council has had 3 Ofsted monitoring visits, one for the Front Door service and one for Child Protection Services and Children in Care. They have commented on progress being made. Hampshire County Council has been confirmed as the Sector-Led 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-Led Partner to support our WSOA. DfE support is given to the WSoA through the Delivering Better Value programme.</p>	

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	
Links to Corporate Objective(s): Modern, Accessible, Accountable Council	
Risk Information <p>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: 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.</p>	
Key Mitigations & Actions <ul style="list-style-type: none"> • Strong programme governance and engagement with key stakeholders during the design and implementation of all required changes. • Identification of funding sources and the development of a Financial Strategy to support the programme. • Clear identification and specification of our requirements while working with our Strategic Implementation Partner. • Robust and effective procurement process to identify and engage the right suppliers to support application consolidation and service redesign. • Effective programme management and performance monitoring of the delivery. 	
Near Future Key Actions (next 3-6 months) <p>The programme, its governance architecture and all workstreams have completed vision and validate and are now moving towards 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.</p>	Target Date for Action <p>1 April 2024</p>
Quarter Update <p>Progress since December 2022:</p> <p>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. These will continue to evolve as the programme continues.</p> <p>Implementation of the Enterprise Resource Planning (ERP) system which completely replaces our finance and human resources systems into a single system. Release one is now live across the council with further releases due later in the year. This involves key personnel from HR, Finance, IT & Programmes with 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 and fully adopted.</p> <p>Funding for the implementation of the Customer Digital Front Door (Dynamics CE) had been agreed and the initial development sprints are underway.</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	3	12			
Target Score	4	1	4			

Risk CR14 – Continuity of Public Health arrangements for health protection		
Risk Owner – Chief Executive		
Links to Corporate Objective(s): Connected Communities, Fulfilled Lives and Modern, Accessible, Accountable Council		
Risk Information <p>Under the Living with COVID strategy announced in February 2022 there is no longer a requirement for local outbreak management plans. 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. Health protection response work is led by the regional UK Health Security Agency team, working closely with Public Health Dorset through its locality consultants. However, there remains a day response team providing advice to local settings in response to outbreaks. The epidemiology situation and local risk of outbreaks continues to be monitored through the EpiCell, with regular briefings to system leaders and tactical groups supporting winter planning and resilience.</p>		
Key Mitigations & Actions <ul style="list-style-type: none"> • Guidance for schools, healthcare and care settings about how to live with COVID-19 has been produced and updated over the course of 2022– 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 autumn booster doses for older, vulnerable adults and clinically vulnerable 5-11 year olds. • Focus on an expanded offer for the flu vaccination programme. • 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 and PPE for people providing frontline patient or direct personal care to vulnerable groups. • COVID-19 specific Health Protection Board and local outbreak management plans stood down in April 2022. The Dorset-wide health protection network has been reinstated to have oversight and ensure plans are in place to prevent and respond to health protection issues, including infectious diseases. • BCP Council continues to hold a contingency budget for outbreak response, should the situation change. 		
Near Future Key Actions (next 3-6 months) <p>Prevalence of COVID infection locally is now cycling between 1 and 3% on a regular basis, in a change to the previous pattern of large waves of infection. A peak is forecast of around 3.5% at the end of March 2023. Influenza activity and admissions have fallen. There are currently no significant health protection incidents being managed on a regional basis. The public health team is continuing to run its day response team for Acute Respiratory Infections, particularly COVID and Flu to support local settings with risk assessment and changes to the guidance announced by Government. We are looking to review the decision to continue to run this team in April 2023 – it is likely we will return to a business as usual model, with UK Health Security Agency leading on health protection work in our region. 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. Current focus of work of the health protection network is to undertake a baseline assessment of health protection risks, and our ability as a system to respond working closely with NHS Dorset and other partners.</p>		Target Date for Action <p>April 2023 – completed risk assessment and gap analysis to inform decision about day response team and future ways of working</p>

Quarter Update







No change to the above updated 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 – Director of People and Culture	
Links to Corporate Objective(s): Modern, Accessible, Accountable Council	
Risk Information <p>The council's first 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 was impacted by the need to refocus on the support and wellbeing of the workforce during the response to the pandemic. Now that we have emerged from the full response phase of the pandemic, we have shifted our focus 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. The initial strategy also came to the end of its natural 4 year cycle and a refreshed strategy focusing on the needs of the organisation and future ambitions for our people has been developed. This is still in the early stages of consultation to ensure that we are focusing our efforts on those things that will have the biggest and most successful impact for the organisation.</p> <p>The previous decision to defer the implementation of the Pay & Reward programme has meant that the organisation is exposing itself to increased risks with regard to equal pay for longer than had been anticipated or planned for. This risk remains very real and present in addition to the significant difficulties in staff morale that this decision has had.</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"> A new staff engagement survey has been undertaken to highlight those areas of most concern to colleagues and this highlights the areas we can focus our efforts to try and address. Clear correlation between the key themes of the People Strategy and the design and implementation of the transformation programme. The new HR Target Operating Model, if implemented, will align the team to effectively continue the delivery of the People Strategy over the coming years. 	
Near Future Key Actions (next 3-6 months) <p>Progress the development of our behaviors and values campaign on our journey to our desired culture.</p> <p>Implement delivery action plans against the new People Strategy and to mitigate the risks outlined above.</p> <p>Consider how best to respond to the results of our latest staff engagement survey.</p> <p>Progress with the Pay and Reward project towards implementation at the earliest opportunity so as to eradicate equal pay risk.</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. The trade unions have expressed concerns with the proposals put forward which we are continuing to try and work through but should this fail, then significant risk for the organisation could follow in trying to implement alternative options.</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 CR18 – Failure in customer interface	
Risk Owner – Director Customer & Business Delivery	
Links to Corporate Objective(s): Connected Communities and Modern, Accessible and Accountable Council	
Risk Information <p>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.</p> <p>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 having been undertaken during the Covid pandemic. Data is now available across all telephone contact lines within the corporate Customer Contact Centre, but there remains much less robust data in respect of the lines that continue to be managed within services. This reflects the current fragmented customer contact picture, which the transformation process is designed to simplify through the introduction of new customer contact technology and the consolidation of customer contact staff (as far as practicably possible) into a single council front door.</p>	
Key Mitigations & Actions <ul style="list-style-type: none"> 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 for additional agency staff to support the volume of telephone contact the council is receiving. This has had a significant and positive impact on performance in 2022/23, but the temporary funding ends in March 2023, at which point the service will lose approximately 20 staff, and the additional call handling capacity they have provided. We are now monitoring performance of all service lines within the corporate Customer Contact Centre and are seeing sustained improvements in all but one area (council tax and benefits line) as a result of the interventions. The implementation of the council's target operating model along with streamlined technology and processes is anticipated to mitigate the loss of temporary funding, but it is anticipated that there will be pressure on capacity in the interim. 	
Near Future Key Actions (next 3-6 months) <p>Work is currently underway to optimise current call handling processes and website information, to support more effective digital services and reductions in call volumes. This work will also place the service in a better position to take on additional customer contact activity, as part of the council's transformation programme.</p> <p>Service redesign will continue with the aim of establishing improved customer journeys which are as digitally enabled as possible. This work will lead to reduced telephone contact over time so improvements will emerge incrementally.</p>	Target Date for Action <p>September 2023</p> <p>September 2023</p>
Quarter Update <p>The removal of temporary additional funding for customer services, made available only for 2022/23, is now translating into lower telephone call response times. This demonstrates the positive impact that the additional funding made whilst it was available, but with the benefits of organisational transformation not anticipated during 2023/24 it is considered that a quick return to 2022/23 performance levels will be challenging. Efforts are being made to identify interim actions regarding call handling processes and website information to reduce call demand, but it is expected that any changes of this kind will only have a limited impact in the short term.</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	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**Links to Corporate Objective(s):** Dynamic Places and Modern, Accessible and Accountable Council**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	2022/2023
Majors	60%	83%	83%
Minors	70%	79%	78%
Others	70%	85%	87%

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 continues to monitor performance and to ensure mitigations are on track.
- A weekly Emergency Planning approach has been introduced in summer 2023 to monitor and manage the planning caseload backlog. This approach has begun to have a positive impact on the older cases being dealt with.
- A temporary senior officer has been appointed to assume responsibility for managing this backlog of older cases.
- Recruitment – vacant posts continue to be advertised and filled where possible, but it is recognised that there is a national shortage of suitably qualified and experienced planning staff. The permanent staff have been supplemented by agency staff, but gaps in service provision have remained due to lack of availability of suitable interim staff.
- Single Planning System – The implementation of the integrated DEF Mastergov system has been delayed due to a lack of suitably experienced staff resources. A Board oversees this work.
- A new performance management framework has been introduced by the interim Head of Planning Operations to focus on outputs, enabling managers to more effectively monitor and manage caseloads.

Near Future Key Actions (next 3-6 months)

The targeted approach to managing and reducing the backlog of planning applications will be monitored for the remainder of 2023. This will be twin tracked with ongoing service improvements aimed to restore 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

December 2023

Quarter Update

The Emergency Planning approach to monitor and manage the caseload backlog will continue to target a reduction in outstanding cases, the results of which will be monitored and reported.

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 – Adaptation and mitigation of the negative impacts of climate change including sea level rises and weather pattern changes on BCP's communities

Risk Owner – Corporate Director of Resources

Links to Corporate Objective(s): Sustainable Environment

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 arms-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

- 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

Q4 2021-2022

Q3 2022

Q4 2022

Q4 2022-2030

Q4 2022

Q3 2022

Q4 2022

Q4 2022

Q1-Q3 2022

Quarter Update







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.

To date in the quarter the following activities are underway:

- In the final phases of supporting the Local Plan team to ensure sustainability and climate agendas are sufficiently covered in the new Local Plan, including a quantitative assessment of the policies that will provide sustainability benefits to the BCP Area
- Continuing with the development and implementation of a Climate Change strategy and policy to set the direction and guidelines for climate action across the council
- Refreshed the climate action plan to ensure its comprehensive nature and that it can get BCP Council and the BCP area to Net Zero in the required timeframes
- Re-established the governance and management control structure to ensure better transparency and accountability: the Place Overview and Scrutiny Committee will focus exclusively on climate and ecology; we have launched a pilot of the Climate Action Network to test the approach in ASC; have developed actions for the Services to deliver and will pass responsibility as well as the resources for delivery to the appropriate places (paper to be approved by CMB in August 2023)
- Have developed business cases for many of our high energy use buildings to increase energy efficiency and generate renewable energy which will come to CMB for approval in September 2023

- Are in procurement for the Local Area Energy Plan to identify supply and demand options for energy infrastructure and use to help the BCP area get to Net Zero by 2050
- Through the Asset Disposal Register, are identifying properties and assets that will be expensive and hard to retrofit which can be sold to reduce emissions and generate capital receipts for the council
- SALIX funded energy saving schemes delivery nearing completion saving an estimated 250t GHGe per annum
- Have supported the new corporate strategy to ensure sustainability is at the heart of the vision and actions for the new administration's term, including developing a sustainability framework, strategy and action plan to ensure ambitions can be turned into reality
- Have supported the emerging tree and woodland strategy to ensure opportunities to increase tree canopy cover and provide equal benefits to residents throughout the BCP area
- Applications have been successfully made to the Green Futures Fund to cover energy efficiency works in Two Rivers Meet Leisure Centre and Russell-Cotes Museum
- Working with Poole Harbour Commissioners, RNLI, Sunseeker and Bournemouth University to develop a joint decarbonisation plan for the port area and associated business clusters which aims to deliver the "greenest port in the UK" upon successful delivery
- An application to InnovateUK is underway and will be assessed by September 2023
- Initiated a councillor training session on Climate last year which is in the process of being updated for the new cohort of councillors. The training documentation is intended to form the core of a public climate engagement programme that will be delivered across the BCP area to groups of organisations such as schools/colleges/universities, community groups and businesses

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**Links to Corporate Objective(s):** Modern, Accessible and Accountable Council**Risk Information**

Several global conflicts have required a humanitarian response/offer of refuge to those fleeing and in each case the UK government has set out its policy for accommodating and resettling refugees in every local authority area. The schemes in operation are:

- UK Refugee Resettlement (UKRS - previously known as the Gateway Scheme/Syrian Resettlement scheme)
- Afghan Resettlement (ACRS/ARAP)
- Homes for Ukraine/ Ukraine Family scheme

In addition to these schemes the Home Office also accommodates all who arrive and apply for asylum in the UK, and if granted refugee status these households require access to accommodation and support with community integration. Due to the exponential increase in the volume of asylum seekers arriving in the UK, the government has become reliant on contingency accommodation (nightly let hotels). BCP currently has hotels who are contracted by the Home Office to provide this accommodation while those housed await their asylum decision.

Risks related to asylum and refugee resettlement include:







- Lack of required support for those seeking asylum and those who are already refugees
- Safeguarding risks to asylum seekers/refugees as well as to staff or the public not being mitigated
- Pressure on the BCP housing market which is already inhospitable and unable to meet demand of BCP families
- Pressure on Primary, Secondary and Community NHS services from these cohorts of new patients
- Pressure on social care services (notably Children's Services as a result of Unaccompanied Asylum Seeking Children)
- Pressure on schools to provide education and related support to refugee children
- A detrimental impact on the tourism economy in BCP, as hotels in use are a significant portion of the available rooms (impact anticipated more in summer months)
- Concerns around community cohesion and tensions in relation to asylum and refugee resettlement
- Increase in activity of extremist groups

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
- Strategic leadership from BCP in relation to asylum accommodation and refugee resettlement, identifying need for collaboration with all stakeholders and progressing with impact assessment for the council and its partners of asylum and refugee resettlement
- Additional grant funded resource recruited to manage this new programme and case manage households now resident in the BCP area and enable proactive preventative support
- Engagement with the Home Office and their contracted providers to discuss and deliver dispersed asylum accommodation in the community
- Work with the voluntary and community sector (VCS) to address gaps in support required across all schemes
- Appropriate use of tariff incomes to incentivize hosting sustainment and access to move-on accommodation for Ukrainian refugees
- Participation in Local Authority Housing Fund programme (government grant funded) to mitigate the risk of homelessness for Ukrainian and Afghan refugees while adding to housing portfolio of BCP Council longer term

Near Future Key Actions (next 3-6 months)	Target Date for Action
Review staffing resources and anticipated capacity needed into financial year 2024/2025	30 September 2023
Maintain dynamic impact assessment for BCP Council and stakeholders of asylum accommodation and across all UK Resettlement programmes; amending or adding required data to monitor needs and using this to inform services procured as well as to inform discussions with central government	Ongoing
Delivery of housing units as agreed within Local Authority Housing Fund Programme	31 March 2024
Continue to build on prevention agenda and positive move-on to minimize impact on homeless presentations	Ongoing
<p>Quarter Update</p> <p>The Home Office retains the same amount of hotel accommodation in the borough to house asylum seeking individuals. BCP has lead a strategic group in raising concerns about the volume and concentration of asylum accommodation in the borough and the impact this has on healthcare systems, social care, the VCS, communities and tourism.</p> <p>The national plan for equitable asylum dispersal in the community has been slow in delivery and the Home Office contracted provider Clearsprings Ready Homes continues to endeavour to procure units of accommodation in the private rented sector to be able to re-accommodate those in hotels. The local housing market does not have suitable affordable units to meet the demand alongside that of all others in housing need.</p> <p>In April 2023 all Afghan households in bridging accommodation nationally were served with a 3 month notice to end their hotel provision. Local authority teams are working alongside partners in DWP, Home Office and the voluntary sector to support Afghans to move out into their own accommodation as soon as possible, to reduce the risk of homelessness when the hotel accommodation is ended. Additional funding per person has been made available to facilitate moves, as well as funding when homelessness duties are owed to bridging guests, and a second round of Local Authority Housing Fund programme funding. However nationally there remain over 5000 Afghans in bridging hotels who have no identified housing option before notices end dates which run 29 July to 31 August 2023.</p> <p>BCP Council has committed to ongoing assistance in resettling UKRS and Afghan households with wraparound support. Support provision remains contracted out to ICN.</p> <p>As at July 2023, approximately 320 families have arrived in the BCP area through the Homes for Ukraine scheme with new arrivals slowing significantly. This includes 605 individuals (217 children including 3 unaccompanied minors).</p> <p>Use of tariff funding continues to financially assist hosts to continue to accommodate their guests as well as for use to incentivize move-on into the private rented sector.</p> <p>There have been 169 households leaving the scheme (includes return to Ukraine, move-on into own accommodation etc.) Prevention of homelessness and use of temporary accommodation has been prioritized (offer of interim accommodation being a rematch on the scheme where suitable).</p>	




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	
Links to Corporate Objective(s): Fulfilled Lives	
<p>Risk Information</p> <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 demand 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> <p>June 2023 update:</p> <p>This situation has seen a great improvement since January 2023 with the Homecare Framework able to provide the capacity to meet the demand thus the waiting list has reduced from 3407 hrs waiting to be sourced in April 2022 to 1059 hrs in April 2023. In addition, the Rapid Response services, and the increase in reablement capacity have positively impacted in the timely discharges from hospital. The challenge remains with securing care homes placements within the BCP ceiling rates. Robust mechanisms are in place with the Brokerage Team to challenge these rates from the Market.</p>	
<p>Key Mitigations & Actions</p> <ul style="list-style-type: none"> Contract Monitoring and the Service Improvement Team provide personalised support to providers and provide an early insight into any escalating challenges which specific providers may be facing Review of Protected Hours policy to ensure optimum flow through the system and capacity is released in an efficient way to support discharges Additional capacity added through rapid response has been re-purposed to become Discharge to Assess (D2A) community resource to enhance timely discharges from hospital Further development of Reablement Service (bedded and community) to reduce need for long term care following period of ill health/injury Care home strategy and extra care housing strategies have been developed and Homecare strategy and review of Homecare operation model in progress Embedded practice for pre-placement checklists for care home placements are business as usual Review of Proud to Care (P2C) initiative to support the wider workforce 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 	
<p>Near Future Key Actions (next 3-6 months)</p> <ul style="list-style-type: none"> Working with Integrated Care System partners to agree continuing priorities using the Discharge and Capacity grants funding available for 2023/24 Continue voluntary sector funding Community Action Network and sector to provide support at emergency departments and community hospital sites 	<p>Target Date for Action</p> <p>Sept 2023</p> <p>Sept 2023</p>

<ul style="list-style-type: none"> Completion of Capacity Plan to be submitted to the Department of Health & Social Care by 30 June 2023 	June 2023
<p>Quarter Update</p> <p>There has been a positive move in terms of providers picking up additional hours from Brokerage waiting lists.</p> <p>June 2023 update:</p> <p>Cost of Care and Market Sustainability Plan:</p> <ul style="list-style-type: none"> Cost of Care exercise completed Autumn 2022 Market Sustainability Plan completed and signed off by Department of Health & Social Care Feb 2023 (on BCP Council website March 2023) Market Capacity and availability template and Metrics submission June 2023 <p>Adult Social Care Discharge Grant:</p> <p>The grant will be absorbed into the Better Care Fund (BCF) and the schemes to be funded for 2022/23 are:</p> <ul style="list-style-type: none"> D2A interim beds at Figbury Lodge and Coastal Lodge Rapid Response Transitional Flats in Extra Care Housing Additional reablement capacity includes occupational therapy resource to act as a Trusted Assessor (TA) Self-funders support TA standalone service <p>Voluntary Sector Support:</p> <p>Community Action Network are now working to support people out of hospital and reduce need for care. Schemes are extending from January 2023 to work with the community hospital sites as well. In addition, a further voluntary sector offer will be starting January 2023 to support people presenting in the emergency departments which is now up and running.</p> <p>Recruitment:</p> <p>Overseas recruitment is now being funded via the Winter Discharge Grant and will support 69 new whole time equivalent workers into the local market. An Integrated Care System joint bid with Dorset Council has been submitted to the Association of Directors of Adult Social Services (ADASS) for funding to deliver support to providers for local international recruitment.</p> <p>The 2022 P2C campaign has been well received across social media platforms and other P2C initiatives will continue via BCF funding throughout 2023.</p> <p>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.</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	4	2	8		↓	
Target Score	3	2	6		↓	

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AUDIT AND GOVERNANCE COMMITTEE

Report subject	Appointment of Independent co-opted members to Audit & Governance (A&G) Committee
Meeting date	27 July 2023
Status	Public Report
Executive summary	<p>Although not a legislative requirement, best practice and a '2022 position statement' by the Chartered Institute of Public Finance & Accountancy (CIPFA) endorsed by the Department for Levelling Up, Housing and Communities recommend that audit committees in local government should include at least two co-opted independent members.</p> <p>Informal discussions, including at a recent BCP Council Audit & Governance Committee induction event, has shown there is widespread agreement that the principle of co-opted independent members is supported.</p> <p>There are a number of local decisions required to enable suitable recruitment, through open advertisement, to the BCP Council Audit & Governance Committee.</p> <p>The recommendations in this report will help shape that recruitment process, with an aim to have two co-opted members in place later in this calendar year.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <ol style="list-style-type: none"> 1. Two independent members are co-opted to the BCP Council A&G Committee. 2. The term of appointment will be for an initial 2 years with an option for a further 2 years if mutually agreed. 3. An initial allowance of £1,084 per annum for each independent member is agreed. This initial figure is subject to review by the Council's independent remuneration panel, any changes may be backdated should this be recommended and agreed. 4. A selection and recruitment panel be created, comprising of the Chairman of the A&G Committee and two other A&G Committee elected members. The panel will be supported by the Head of Audit & Management Assurance. 5. Following the recruitment process, a report from the panel is presented to the next available A&G Committee, which outlines the process and the panel's recommendations. This report will be endorsed by the A&G Committee and a formal recommendation agreed for full Council to consider.

	<p>6. A&G Committee agrees to delegate to the Head of Audit & Management Assurance, in consultation with the Chair of A&G Committee,</p> <ul style="list-style-type: none"> • any changes to the role profile and person specification required; • operational details associated with recruitment, shortlisting and interviews; <p>following the approved recommendations 1 to 5 above and in accordance with BCP Council policies.</p>
Reason for recommendations	<p>Best practice suggests the appointment of two independent member(s) to local Authority audit committees, to enhance the effectiveness and knowledge base of such Committees.</p> <p>Legislation is likely to follow, in England, which will require local authorities to include two independent members when forming their audit committees.</p>
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Ian O'Donnell, Corporate Director for Resources
Report Authors	<p>Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk</p>
Wards	Council-wide
Classification	For Decision

Background

1. Many local authorities include independent members on their audit committees (or similar) as this is seen as strengthening the internal control and governance of the authority. Independent members with appropriate skills and experience can supplement those of elected members and improve the effectiveness of such committees.
2. Released in 2022, a 'position statement' by the Chartered Institute of Public Finance and Accountancy (CIPFA), endorsed by the Department for Levelling Up, Housing & Communities, the Home Office and other public sector bodies, recommends that audit committees in local government (and police bodies) should include at least two co-opted independent members to provide appropriate technical expertise.
3. In time many commentators suggest this requirement will be established in legislation in England, as it already is in Wales.
4. Informal discussions, including at a recent BCP Council Audit & Governance Committee induction event, has shown there is widespread agreement that the principle of co-opted independent members is supported. The Leader of the Council has also been consulted and is supportive as is the portfolio holder for Finance.

Independent member(s) appointment

5. Independent members are non-councillors who are suitably qualified with experience in the area of audit/governance and bring specialist knowledge and insight to the workings and deliberations of the committee to inter alia provide:
 - An effective independent assurance of the adequacy of the risk management framework.
 - Independent review of the Council's financial and non-financial performance.
 - Independent challenge to, and assurance over, the Council's internal control environment.
6. Independent members would **not** have a vote in the same way as an elected councillor of the committee and will be part of the committee in an advisory and consultative manner.
7. Independent members would have 'co-opted' legislative status under the power to co-opt in the Local Government Act 1972 and further described under section 13 of the Local Government & Housing Act 1989. Co-opted members can be elected Chair and have similar rights (to elected members) to access information and they would have obligations under the Code of Conduct for Members.
8. A draft role description, skills, competencies and person specification is attached as Appendix A for information. This has been constructed using template suggestions from best practice guidance and other local authorities. It contains specific best practice definitions and eligibility criteria for individuals to be reasonably considered independent, in the context of this role.
9. A BCP Council recruitment and selection Panel will be created to oversee the process. This Panel will present a report to the next available (after the process has provisionally concluded) A&G Committee and make a recommendation on the appointments. A&G Committee will need to make a further recommendation for full Council to formally agree the co-opted independent members to the Audit and Governance Committee, as required by the Constitution.
10. A communication strategy to advertise the roles will include BCP Council website and social media platforms. BCP Council also has access to BCP business community social media platforms and (business) opt in newsletter facilities where the roles will also be highlighted.

Decisions and Options

11. **Decision 1** – To agree the number of co-opted independent members.

Recommendation - Best practice and CIPFA's 'position statement' **suggests two co-opted members**, this could become a legislative requirement in England, as it already is in Wales, in due course.

Reason for recommendation – BCP Council could choose any number of independent members, and indeed choose not to have any at all. It makes intuitive sense to align with best practice and CIPFA's 'position statement', this will put BCP Council ahead of, and in compliance with, likely future legislative requirements in England.

12. **Decision 2** – To agree the term of appointment.

Recommendation – Initial 2 years, with the option to extend for a further 2 years.

Reason for recommendation - Best practice and CIPFA's 'position statement' does not make any definitive suggestions as to the length of terms of any appointments.

The matter is locally nuanced and should fit with BCP Council's relevant customs and practice. It would be inefficient and time consuming to seek annual appointments. Appointments for too long a period are not recommended in best practice given this may erode the concept of independence. A 2+2 year appointment strikes a pragmatic balance.

13. **Decision 3** – To agree an initial attendance allowance/fee payable to each independent member.

Recommendation – **An initial allowance of £1,084 per municipal year is agreed**, payable to each independent member.

Reason for recommendation - This figure has been set by an independent remuneration panel and is comparable with other independent members on other BCP Council committees. This figure will be reviewed by the independent remuneration panel, taking into account the specific nature of this role and may change and may be backdated should the panel recommend this.

Informal benchmarking shows that English Councils pay a wide range of allowances/fees to independent members of Audit committees, ranging from £0 (nil) to as much as £10,000 per municipal year (/m.y). The vast majority are in the lower range with an average around £2,000/m.y. Larger unitary councils appear to average slightly higher at about £2,500/m.y. The allowance should be fair and reasonable but not so large that it may compromise the independence of the individual receiving it.

No specific budget exists within BCP Council for this allowance. However the Head of Audit & Management Assurance has limited but sufficient flexibility to manage and pay for this relatively small additional cost from within existing budgets.

14. **Decision 4** - To agree the construct of the Panel, to shortlist and interview. The technical competence of any candidate may be evaluated prior to formal interview.

Recommendation - **A panel of three** comprising:

- The Chair of the Audit and Governance Committee
- Two further Audit & Governance Committee elected members, who are either volunteers or to be selected by the Committee.

The Panel would be supported by the Head of Audit & Management Assurance

Reason for recommendation – It is fair and reasonable for Audit & Governance Committee to select the suitable individuals to augment the elected members of the committee with independent members; for full Council to agree. The Head of Audit & Management Assurance will provide the Panel with support throughout the process.

Summary of financial implications

15. See decision 3. The full year cost if the recommendation at decision 3 is agreed would initially be circa £2,200. Should the independent remuneration panel adjust the fee in line with benchmarking results the fee may potentially rise to circa £5,000 per municipal year.
16. No specific budget exists within BCP Council for this allowance. However the Head of Audit & Management Assurance has limited but sufficient flexibility to absorb this relatively small additional cost within existing budgets on an ongoing basis, so no additional budget allocation is required.

Summary of legal implications

17. There is currently no statutory requirement for an independent person to be appointed to the Audit Committee in England.
18. A council's audit committee is established further to the Local Government Acts 1972 and 2000 and its purpose is to give assurance to elected Members and the public about the governance, financial reporting and performance of the Council.
19. The decision in principle to appoint an independent member(s) to the Audit and Governance Committee is for Council to approve, the actual appointment will also need to be endorsed by Council.
20. Independent members would have 'co-opted' legislative status under the power to co-opt in the Local Government Act 1972 and further described under section 13 of the Local Government & Housing Act 1989.

Summary of human resources implications

21. Independent member(s) will need to agree to comply with the Council's Code of Conduct for Members, which sets out standards of behaviour expected from all members. Additionally, they will be required to complete a Declaration of Interests form on an annual basis.

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

24. Applications for the position(s) of Independent member(s) to the Audit Committee will be open to all residents over the age of 18 in BCP Council and will be carried out in accordance with the Council's duties under the Equality Act 2010.

Summary of risk assessment

25. Subject to adequate vetting procedures and adherence to the Person Specification, this initiative should augment the Audit and Governance Committee's independence, provide additional expertise, and provide an opportunity for the community to play an enhanced role in the governance of the Council.

Background papers

CIPFA Publication 2022 - Audit committees: practical guidance for local authorities and police

Appendices

Appendix A – DRAFT Audit & Governance Committee Independent Member Role Profile and person specification

DRAFT Audit & Governance Committee Independent Member Role Profile and Person specification

Do you have the time and skills to make a positive and independent contribution to Bournemouth Christchurch and Poole Council's Audit and Governance Committee?



Background:

Bournemouth Christchurch and Poole (BCP) Council is currently looking for two independent members to join its Audit & Governance Committee from approximately October 2023. The Committee is a key component of the Council's corporate governance framework. The Committee provides assurance and high-level focus on risk management, governance, financial controls, annual accounts and the work of internal and external audit.

As an independent member you will serve a term of 2 years, the option to renew for a further 2 year term may be mutually agreed. Thereafter the Council will seek to appoint a new independent member. All appointments and terms are subject to full Council agreement / decision.

You will receive an annual allowance of £1,084 (current rate, 23/24) payable monthly in arrears. This figure is set by an independent remuneration panel and may be subject to change. Any changes can be backdated should the panel recommend this.

Notice of intent to resign from the role can be given at any time, no 'period of notice is required'.

As an independent member you will be required to sign an undertaking to comply with the Council's Code of Conduct for Members, which sets out standards of behaviour expected from all members. Additionally, you will be required to complete a Declaration of Interests form on an annual basis.

The estimated time commitment required to undertake the role will vary, on average it would involve attendance at up to 8 early evening meetings a year. Typically, these meetings will start at 6pm and last approximately 2 to 4 hours. There will be a need for associated reading of the prepared reports and papers. Meetings will tend to be in person at the BCP Council Bournemouth Civic Centre. There may be very occasional meetings held electronically*.

*As independent members have no voting rights it will be possible to attend meetings electronically, some attendance in person is preferred.

Please note BCP Council A&G Committee meetings are live streamed.

Brief Role Description:

- To be an independent non-voting member of the Audit & Governance Committee, providing external challenge and support.
- To assist the Committee in delivering on the Committees' Terms of Reference.
- To receive and consider reports to the Committee from internal and external auditors and other Council Officers.
- To have an affinity with the values of public service.
- To be politically aware without political affiliations or memberships.
- To apply strategic thinking to reports from across the Council.
- To provide challenge and ask questions that draw out relevant facts and explanations.
- To get to the facts while maintaining positive relationships.
- To seek understanding and provide solutions.
- To evaluate information based on evidence presented without political bias.
- To weigh up differing views and be able to come to an evidence-based conclusion.

Person Specification**Experience:**

- In a business management environment working at a senior level in a large or complex organisation or hold an appropriate qualification
- To have knowledge of corporate governance arrangements in either the public, private or charity sectors.
- Alternatively, you may have sat on an Audit Committee in a large organisation or had other experience which would give similar benefits/understanding.

Skills:

- Good analytical, communication and interpersonal skills.
- A high level of integrity inspiring public confidence.
- Ability to constructively challenge and hold to account Council officers.
- Good IT skills including the ability to access reports and information electronically.
- An understanding of confidentiality requirements.
- The ability to work as part of a team and contribute to the work of the Committee.
- Able to understand the importance of accountability and probity in public life.
- Ability to see and focus on the 'big picture' and to avoid being drawn into 'detail'.
- Able to reconcile the ideal with reality and practicality and to balance risk, reward and response.
- Able to analyse and assess evidence and come to a rational conclusion.
- Able to demonstrate objectivity, integrity and discretion in decision making.

Eligibility:

To be eligible to become a BCP Council Independent member of the A&G Committee you should:

- Not be active in local or national politics.
- Not be a member of a political party, pressure group or a member of an organisation or association which is not open to the public without formal membership and/or commitment of allegiance and/or has secrecy about rules or membership or conduct.
- Not have a close relationship with any Councillor or Officer of the Council.

- Not have current or previous business dealings with the Council, such as providing works, goods or services, which the Council considers to be significant.

The following persons cannot be an independent member:

- You must not be a BCP Council councillor or officer or have been so in the preceding five years prior to appointment.
- You must have no unspent criminal convictions.
- You must not be declared undischarged bankrupt.

Application

If you are interested in being considered, please send an email (no more than 1000 words) detailing your skills, knowledge and experience that are applicable to the role to audit@bcpcouncil.gov.uk

Please also include your own contact details and those of one referee.

BCP Council promotes equal opportunities, applications are welcome from all sections of the community irrespective of race, gender, gender reassignment, age, disability, sexuality, religion or belief.

The Terms of Reference for the BCP Council A&G Committee are attached to this advert. Other information is available on request from the Director of Law & Governance (Monitoring Officer) or Head of Audit & Management Assurance on 01202 128784.

A&G Committee information and previous agendas can be viewed here:

[BCP Council – Democracy](#)

For an informal chat about the role please contact the Head of Audit & Management Assurance on 01202 128784

The closing date for receipt of applications is 31 August 2023. A short-listing exercise and interviews will follow shortly afterwards.

Any interview panel will comprise:

- The Chairman of the A&G Committee (or their delegate)
- Plus two other members of the A&G Committee

The Head of Audit & Management assurance will support the interview panel as required during shortlisting and interviews.

AUDIT AND GOVERNANCE COMMITTEE

Report subject	Internal Audit - 1st Quarter, 2023/24, Audit Plan Update
Meeting date	27 July 2023
Status	Public Report
Executive summary	<p>The 2023/24 Internal Audit Plan, including the Core Audit Plan and Anti-Fraud and Corruption Plan, have been developed, including detailed plans for quarter 1 and 2.</p> <p>There are currently vacancies in the team and recruitment of three apprentices is underway to address this. As a result, the high-level Resource and Allocation Plan presented to Audit & Governance Committee in March 2023 has been revised, resulting in 260 less planned days on Core Audit and Assurance Work for this year only.</p> <p>This reduction, 16%, presents a significant challenge for the Chief Internal Auditor to provide both sufficient good quality in year assurance and a similarly robust overall year end opinion. Through a range of contributing adjustments and actions, such as risk based prioritisation, flexibility and goodwill of the internal audit team, reasonable use of alternative forms of assurance and other tactics, it is anticipated that these challenges can be managed in the short term.</p> <p>Progress made on delivery of the 2023/24 Audit Plan for the period April to June 2023 (inclusive) highlights that:</p> <ul style="list-style-type: none"> • 5 audit assignments have been completed, of which there were 4 'Reasonable' and 1 'Partial' audit opinions; • 16 audit assignments are in progress. <p>11 high priority recommendation have not been implemented by the initially agreed target date and are reported to Audit & Governance Committee as required by the Audit Charter.</p> <p>Some work undertaken during the quarter related to completion of the 2022/23 Audit Plan, in cases where audits straddled the financial year end of 22/23 and the start of 23/24. The 'Chief Auditor's Annual Report 2022/23' contains the outcome of this work which is being reported separately to this Committee.</p>

Recommendations	<p>It is RECOMMENDED that:</p> <p>Audit & Governance Committee:</p> <ul style="list-style-type: none"> • Note the changes to the High-Level audit resource plan • Note the recruitment plans underway to address vacancies • Note the audits planned for Quarter 2 • Note progress made and issues arising on the delivery of the 2023/24 Internal Audit Plan • Note the explanations provided (Appendix 1) and determine, in the case of High Priority recommendations not implemented by the initially agreed date, if further explanation and assurance from the Service / Corporate Director is required.
Reason for recommendations	<p>To communicate progress on the delivery of the 2023/24 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 Mike Cox, Finance
Corporate Director	Ian O'Donnell, Corporate Director for Resources
Report Authors	<p>Nigel Stannard</p> <p>Head of Audit & Management Assurance</p> <p>☎01202 128784</p> <p>✉ nigel.stannard@bcpcouncil.gov.uk</p>
Wards	Council-wide
Classification	For Decision and Information

Background

1. This report updates the High-Level Resource and Allocation Audit Plan for 2023/24 to reflect changes in staff resource. It also provides a summary of progress against the Core Audit Plan for quarter 1 and a summary of the proposed planned work for quarter 2.
2. It details Internal Audit's progress against the 2023/24 Audit Plan for the period April 2023 to June 2023 inclusive and reports the audit opinion of the assignments completed during this period.

3. It also provides an update on any significant issues arising and implementation of internal audit recommendations by management.
4. Some audit fieldwork has 'straddled' both the 2022/23 and 2023/24 Audit Plan years, in other words work began in quarter 4 and was completed in quarter 1; these audits are shown with the following description '2022/23/24'.

Internal Audit and Plan Update

5. The Resource and Allocation Plan presented to Audit & Governance Committee in March 2023 was based on 13.5 full time equivalent staff (shown in column A on the table below). However, the team currently has two vacancies, one level 3 (senior) Audit post has remained vacant despite several recruitment exercises and unsuccessful use of agency staff. Following an internal promotion, the Assistant Auditor post is also vacant.
6. Given the difficulty in recruiting, and for succession planning purposes, the recruitment of three higher level apprentices is underway. Two are for 'core' audit apprentices, who will study for the Level 4 Chartered Institute of Internal Auditors Internal Audit Practitioner, and one is for a counter fraud apprentice, who will be studying for the Level 4 Chartered Institute of Public Finance and Accountancy Counter Fraud Investigator Apprenticeship. It is hoped these roles will be filled from September. Anecdotally, many local government Internal Audit teams are facing a similar recruitment situation and have similarly embarked upon use of apprenticeships, some commentators are suggesting a crisis in the audit sector and a significant skills shortage gap.
7. These apprentice posts can be funded from within the existing budget. The apprenticeship levy will be used to fund the formal apprenticeship training. The posts are fixed term for two years.
8. The impact on the Resource and Allocation Plan is shown below:
 - Column B - Without filling the two vacant positions, there would be a total decrease of 520 days on the plan, 390 of which are direct core audit days.
 - Column C - However, by recruiting the 2 audit apprentices (from September), there would be 300 days of resource, 110 of which would be direct core audit days.
 - Column D - The fraud apprentice would bring 150 days resource, with 45 days available for counter fraud work.

Overall, under the proposals there would be 260 core audit days, (16%) less than the original plan, but 130 days more than with 2 vacancies.

9. For next year 2024/25 (full year), it is anticipated that there would be approximately 1,485 core audit days available with the three apprentices, which is 100 days less than the original 2023/24 budget.

AUDIT ACTIVITY <i>*Figures rounded to nearest 5 days</i>	A	B	C	D	E	F
	2023/24 ORIGINAL PLAN DAYS - March '23 *	Loss of Auditor & Audit Assistant for whole year *	Addition of 2 core audit apprentices for 7 months *	Addition of 1 counter fraud apprentice for 7 months *	2023/24 REVISED PLAN DAYS - June '23* 3 apprentices (A+B+C+D)	Difference (Days) (A-E)
CORE AUDIT & ASSURANCE WORK						
HIGH LEVEL RISKS	700	-215	+20	0	505	-195
KEY FINANCIAL SYSTEMS	200	-70	+40	0	170	-30
KEY ASSURANCE FUNCTIONS	195	-65	+50	0	180	-15
COUNTER FRAUD RISKS	160	-30	0	+20	150	-10
SCHOOLS	60	0	0	0	60	0
PLANNING, ADVICE, FOLLOW UP	270	-10	0	0	260	-10
TOTAL	1,585	-390	+110	+20	1,325	-260
OTHER AUDIT WORK						
INVESTIGATIONS	100	0	0	0	100	0
CONTINGENCY WORK	20	0	0	0	20	0
GRANT CERTIFICATION WORK	45	0	0	0	45	0
FINANCIAL REGULATIONS COMPLIANCE	20	0	0	0	20	0
TRANSFORMATION & EFFICIENCY	35	0	0	0	35	0
TOTAL	220	0	0	0	220	0
CORPORATE ASSURANCE WORK						
CORPORATE FRAUD	125	0	0	+45	170	+45
FREE EARLY EDUCATION	70	0	0	0	70	0
FUNDING AUDITS	30	0	0	0	30	0
OTHER CORPORATE ASSURANCE WORK	225	0	0	+45	270	+45
TOTAL						
GOVERNANCE WORK						
CORPORATE MANAGEMENT & LIAISON	70	0	0	0	70	0
MEMBER LIAISON	65	0	0	0	65	0
AGS (Annual Governance Statement)	75	0	0	0	75	0
TOTAL	210	0	0	0	210	0
IA SERVICE MANAGEMENT WORK - TOTAL including: 1-2-1s, recruitment, performance management, audit development	410	-25	+35	+10	430	+20
NON-PRODUCTIVE TIME						
LEAVE	550	-80	+40	+20	530	-20
SICK/DOWNTIME	55	-10	+5	0	50	-5
TRAINING & CPD	135	-15	+110	+55	285	+150
TOTAL	740	-105	+155	+75	865	+125
TOTAL DAYS	3,390	-520	+300	+150	3,320	-70

10. The Public Sector Internal Audit Standards, as embodied in the BCP Council Internal Audit Charter, require the Chief Internal Auditor to report to Audit & Governance Committee 'on any resource concerns that my impact upon the delivery of the annual audit opinion'.
11. A reduced core audit resource will undoubtedly be a significant challenge to provide both sufficient good quality in year assurance and a similarly robust overall year end opinion. Through a range of contributing adjustments and actions, such as risk based prioritisation, flexibility and goodwill of the internal audit team, reasonable use of alternative forms of assurance and other tactics, it is anticipated that these challenges can be managed in the short term.
12. The option of a formal 'Limitation of Scope' annual opinion is available to the Chief Internal Auditor, but this is very much a last resort and has serious knock on consequences in terms of public reporting. Such an opinion is unlikely at this stage, the remedial actions and adjustments outlined above should be sufficient to avoid such a scenario. Future quarterly reports will keep the A&G Committee apprised of the situation going forward.

Delivery of the 2023/24 Internal Audit Plan – Quarter 1 review

13. 5 audit assignments have been fully completed in quarter 1 of 2023/24 (Apr-Jun 23) as outlined below:

2023/24 Audits Completed

	Service Area	Audit & scope	Assurance Opinion	Recommendations		
				High	Med	Low
1	Environment	Coroner & Mortuary Service Review (2022/23/24 audit) ➤ Governance arrangements, including compliance with Agreement ➤ Financial & Budget Management	Reasonable	0	0	3
2	Adult Social Care	Brokerage (2022/23/24 audit) – Homecare, Residential & Hospital Discharges ➤ Brokerage process including <ul style="list-style-type: none"> ○ Notification of case ○ Fairness of allocation ○ Capacity checks ○ Use of block contracts ○ Declared rate ○ Decision record ○ Authorisation ➤ Placements outside of the procured suppliers register ➤ Placement end dates ➤ System access	Partial	2	7	1

3	Adult Social Care	Corporate Safeguarding (2022/23/24 audit) <ul style="list-style-type: none"> ➤ Vetting processes (Councillors) ➤ Safeguarding arrangements for Partners, Volunteers and Commissioned Services 	Reasonable	0	4	0
4	Commercial Operations	Civil Enforcement <ul style="list-style-type: none"> ➤ Civil Enforcement Officer (CEO) Personal Safety ➤ CEO Personal Welfare Facilities ➤ Use of Body Worn Cameras ➤ Allocation of CEO resources ➤ CEO Induction & training ➤ Raising of Concerns 	Reasonable	0	7	8
5	Finance	Housing Benefit and Council Tax Reduction Scheme <ul style="list-style-type: none"> ➤ Changes to legislative requirements ➤ Overpayments ➤ Follow up of outstanding recommendation re reconciliation 	Reasonable	0	1	0
Total Recommendations				2	19	12

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.

14. There was one 'Partial' assurance audit report issued during the quarter as follows:

Adult Social Care – Brokerage Procurement - note – reported in summary as part of the Chief Internal Auditors Annual Opinion; further details reported below:

Ten recommendations (2 high, 7 medium and 1 low) were made in this Audit Report which resulted in a 'Partial Assurance' audit opinion. The following issues were found:

- There were some instances of Residential Care placements where social workers had by-passed the Brokerage Service and had liaised directly with providers to make placements (high).
- Homecare Booking forms & Residential Care Letters of Agreements were not always completed or signed (high).
- There is no ASCC Brokerage Strategy/Policy to clearly outline the Services objectives, the approach for selecting providers for placements, roles, and responsibilities and how the service are linked to delivering the Adult Social Care Strategy and the wider Corporate Strategy (medium).

- Procedures do not state how the service seeks to fairly select providers for placements where multiple providers are available. Old procedures are still retained on the network area. Some specific improvements to procedures could be made (medium).
- The Scheme of delegation does not include authorisation requirements for off-framework placements or spot purchases over the agreed BCP rates. Authorisation was not always in place to support that additional expenditure (medium).
- The approved rates for Block Bed Bookings (BBB) are significantly higher than the approved BCP Rates for spot purchasing bookings (medium).
- There is no central record of daily waiting list emails sent to providers (medium).
- SharePoint or officer outlook inbox's, which may result in inefficiencies in gathering the relevant information needed to make a placement (medium).
- Legacy Care Director information is not always attached to relevant Mosaic file (medium).
- Mosaic is not used to drive processes as there is heavy use of spreadsheets and use of specific folders within outlook to manage information (low).

Recommendations to address the issues have all been agreed with management and target dates have been set to ensure implementation.

15. The status of further audits in progress (Apr-Jun 2023) is outlined below:

2023/24 Audits In Progress (Quarter 1 Plan)

	Service Area	Audit	Progress
	Planning & Destination	Developer Contributions (2022/23/24)	Draft report
	Children's Services	Business Planning & Performance Management – Children's (2022/23/24)	Draft report
	Housing & Communities	BCP Homes Governance Review (2022/23/24 audit)	Drafting report
	Adult Social Care	Managing Other People's Money (2022/23/24)	Drafting report
	Environment	Bereavement Services Income	Fieldwork
	Corporate Parenting	Care Leavers Offer	Fieldwork
	Commissioning	Brokerage and Contracts	Fieldwork
	IT & Programmes	Disaster Recovery	Fieldwork
	People & Culture	Scheme of Delegation Compliance	Fieldwork
	Finance	Council Tax (Data Analytics Review)	Fieldwork
	Finance	Financial Assessment	Scoping
	Children's Services	Agency Staffing	Scoping

	Housing & Communities	Housing Tenancy (Counter Fraud)	Scoping
	Finance	Council Tax (KFS)	Scoping
	Finance	Non Domestic Rates (KFS)	Scoping
	Adult Social Care	Health and Safety and Fire Safety (KAF)	Scoping

Key:

- **KAF** - Key Assurance Function
- **KFS** – Key Financial System

16. Quarter 2 planned audits are shown below. As the audit plan is risk-based, it may be that the plan is amended, for example, following emergence of higher risk areas.

**2023/24 Audits Planned for Quarter 2
(July-Sept 23) - Provisional**

	Service Area	Audit
	Corporate Parenting	Agency Staffing (commenced)
	Corporate Parenting	Section 17 (commenced)
	Finance	Business Continuity (Core KAF) (commenced)
	Finance	Treasury Management
	Finance	Treasury Management (Counter Fraud)
	Adult Social Care	Hospital Discharge Service (D2A)
	Finance	Financial Management (Core KAF)
	People & Culture	HR (Core KAF)
	Finance	Main Accounting (KFS)
	IT & Programmes	Network Security – PSN & Cyber
	People & Culture	Payroll
	Schools	Mudeford Infants
	Customer, Arts & Property	Business Planning & Performance Management – Customer Services (KAF)
	Infrastructure	Road Safety
	Commercial Operations	Seafront Recruitment
	Finance	Creditors
	People & Culture	Employee Claims Analysis (Data Analytics Review)
	Marketing, Communications & Policy	Environmental Sustainability (Core KAF)
	IT & Programmes	Project Management (Core KAF)

Significant Issues Arising and Other Work

17. The Council's Annual Governance Statement (AGS) for 2022/23 has been compiled, which is being presented separately to this Committee (within the Council's Statement of Accounts), and the Local Code of Governance has been updated.
18. Internal Audit have carried out work to provide assurance on compliance with the Declaration of Interests, Gifts & Hospitality Policy, specifically the necessary completion of Form 2's by Tier 4 and above officers. This is being reported separately to the Audit & Governance Committee at this same meeting under the 'Annual Review of Register of Declarations of Interests, Gifts and Hospitality by Officers Report 2022/23' report.
19. The internal audits for the Charter Trustees for Bournemouth and the Charter Trustees for Poole were completed during the quarter. These are reported directly to the respective Charter Trustees Committees in June, who are asked to consider the internal audit report and the management response to recommendations. The internal audit also forms part of their wider Annual Governance and Accountability Return (AGAR).
20. The team has completed six Early Education Funding audits, where the nurseries are reviewed to ensure compliance with the Code of Practice as required by their provider agreement. Recommendations have been made to ensure full compliance with the agreement, but no significant issues have been identified.
21. Work has commenced on the Single Person Discount (SPD) project to increase Council Tax yield by systematically reviewing all National Fraud Initiative (NFI) data matches that may indicate fraud or error in relation to residents claiming SPD. Discounts will be removed where fraud or error is found, and the national penalty charge (£70) will be levied for failure to notify the Council of a change in circumstances. Progress on this project will be reported to future meetings of A&G Committee.
22. There was 1 significant investigation, led by Internal Audit, undertaken at the request of the Chief Operations Officer. The investigation was requested following financial losses sustained by the Council of approximately £175,000 in a restaurant pop up venture during part of the summer of 2022. The title of the investigation was:

Commercial Operations - Seafront: Review of Pop-Up / Temporary Activities Incorporating Bayside Restaurant

Eighteen recommendations were made. Due to the nature of the review, assurance ratings were given across the sixteen agreed scope areas as follows - Minimal (3), Partial (11), and Reasonable (1)

(utilising the agreed assurance ratings adopted by Internal Audit in line with the agreed Audit Charter).

It should be noted that the investigation found no evidence of fraud.

The final investigation report has only recently been issued and service management are in the process of implementing the agreed recommendations and considering any further actions that may be necessary. Once any further management actions are determined, A&G committee will receive a further update which will include a summary of the issues found and how the implementation of recommendations has progressed.

Implementation of Internal Audit Recommendations

23. Following an update to the Audit Charter, which was agreed by this Committee, it is now a requirement that all High Priority recommendations that have not been implemented by the initially agreed target date will be reported to the Audit & Governance Committee. There were eleven recommendations across seven audits which met the criteria, they are shown in detail in Appendix 1.
24. This update to the Audit Charter and transparent reporting of outstanding High Priority recommendations was recommended to ensure the Committee is fully appraised of the speed of implementation to resolve, by priority, the most significant weaknesses in systems and controls identified.
25. In all cases, Internal Audit have received assurance that work is on-going to address the risks highlighted by the recommendations and reasonable explanations, explaining delays, have been received. Audit & Governance Committee are asked to review Appendix 1, along with the explanations and the revised timescales. Relevant Directors can be asked for further explanations as required, explanations can be in written or verbal form, as the Committee deems appropriate for each individual circumstance.
26. All remaining High Priority recommendations followed up during the period (in line with the agreed action plan) were found to have been satisfactorily implemented by management.
27. The Audit Charter also requires any management proposed revisions to the implementation dates of Medium Priority recommendations to be agreed by the Chief Internal Auditor, who will report to Audit & Governance Committee any such requests considered unreasonable. There are no such instances this quarter.

Options Appraisal

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

Summary of financial implications

29. The BCP Internal Audit Team budgeted cost for 2023/24 is £742,600 (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.
30. The net impact of the staff vacancies and recruitment of apprentices in 2023/24 will be a forecast underspend of about £25,000. Full year costs in 2024/25 of the proposed apprentices can be met from within the existing MTFP base budget.

Summary of legal implications

31. This report gives an opinion on the adequacy and effectiveness of the risk, control, and governance systems in place.

Summary of human resources implications

32. The BCP Internal Audit Team is budgeted to consist of 13.5 FTE for the 2023/24 financial year. As explained above, two FTE posts are vacant and recruitment for three apprentices is underway.

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

36. The risk implications are set out in the content of this report.

Background papers

None

Appendices

Appendix 1 – High Priority recommendations – original target date for implementation not met.

Appendix 1 - Table showing High Priority recommendations where the original target date for implementation was not met

Recommendation	Original Target Date	Explanation from Director	Revised Target Date	Internal Audit Comments
Finance – Debtors (KFS) 2022/23				
<p>The reasons behind differences in outstanding debt between council debt management systems are used to inform decisions about future debt management processes, including no longer using Radius for new debts and the development of any new system.</p> <p>A targeted plan to address older debts on Radius should be enacted.</p> <p>Undertake a cost-benefit analysis of deploying additional resources to the recovery process.</p>	30/3/23	<p>The target date and proposed actions were superseded by the Quote to Cash delivery project. The go live date for MS Dynamics is now September 2023 with debt in legacy systems being reviewed prior to conversion.</p> <p>A targeted plan to reduce debt & write off old debt is in hand with approval from S151 officer.</p> <p>The debtors' teams for legacy Bournemouth and SVPP have been brought together in one service – BCP Income & Debtors with a Service Head as from 17 April. Through the development and implementation of the MS Dynamics system aligned recovery processes will be embedded and the debt policy for BCP will be shared with service areas in communications during implementation and reviewed further during 2023/24.</p>	30/9/23	<p>Actions underway to reduce risk.</p> <p>Revision to target date necessary due to implementation timescale for the new system.</p>
Adult Social Care – Social Work Standard of Practice 2022/23				
<p>Management should ensure that annual appraisals are carried out for all staff.</p>	29/4/23	<p>All Head of Service and Service Managers have been reminded that all staff require a year end review. Assurances are currently being collated that all end of year reviews have been completed.</p>	31/7/23	<p>Assurance is being sought that all appraisals have been completed.</p>
Education & Skills - Alternative Provision (AP) 2022/23				
<p>The Council must ensure that all needs assessments and intervention plans are carried out, retained, and reviewed for all AP placements.</p>	30/5/23	<p>A workstream is being developed on SCM which will enable improved quality assurance of needs assessments and intervention plans. Service redesign will further review and improve systems relating to needs assessment and intervention plans at time of placement.</p> <p>In the interim, use of Education Health & Care Plans (EHCP)/ Placement agreements to record needs of Child, although quality of assessments needs improving.</p>	31/8/23	<p>Full service redesign is underway to address the risk.</p> <p>Interim actions are in place to help mitigate the risk.</p>

Recommendation	Original Target Date	Explanation from Director	Revised Target Date	Internal Audit Comments
<p>The adequacy of placement monitoring should be reviewed in order to be able to confirm that a young person placed in Alternative Provision is receiving an equivalent education to that of mainstream schools.</p>	30/5/23	<p>Through the service redesign, we will ensure that all placements are monitored regularly and thoroughly.</p> <p>In the interim, staff have been redeployed staff to increase capacity in AP team. However, need more capacity to fully achieve recommendation. All pupil's attendance is reviewed. Children placed at AEP schools / Pupil Referral Unit (PRU) who are identified as at risk or who are not successfully engaging with their placement are reviewed in detail with the AEP on a termly basis. Weekly reports are received from unregistered AEP regarding children placed with them. Whilst it is recognised this is not sufficient, given current capacity limitations the approach to prioritise has been chosen whilst a service review is underway</p>	31/8/23	<p>Full service redesign is underway to address the risk.</p> <p>Interim actions to are in place to prioritise children identified as risk or non-engaging.</p>
<p>The need for the multiple recording of data across systems should be reviewed and plans to consolidate systems should be expedited.</p> <p>In the meantime, the High Needs Spreadsheet should be reconciled to Synergy on a regular basis and all Alternative Provision data ensured to be consistent across all systems.</p> <p>In particular, cases where the start date is later on Synergy than on the High Needs Spreadsheet should be reviewed to ensure that there have been no overpayments.</p>	29/4/23	<p>SCM workflows to ensure all data is held on synergy and is accurate are being developed. Longer term, working with Commissioning and Finance Teams to undertake at full migration to Synergy.</p> <p>In the interim, reconciliations between Synergy and the HNS are undertaken periodically to confirm accuracy.</p>	31/8/23	<p>Full service redesign is underway to address the risk.</p> <p>Interim actions are in place to help mitigate the risk.</p>
<p>The budget assumptions for the number of placements at Christchurch Learning Centre should be reviewed to ensure they are reasonable.</p> <p>The contractual arrangements between the Council and Christchurch Learning Centre should be reviewed to ensure that the Centre is incentivised to take the young people it receives funding for.</p> <p>The need to pay the local top up should be reviewed in light of the actual numbers of pupils placed compared to</p>	30/5/23	<p>A review of sufficiency and commissioning arrangements will be undertaken as part of the service redesign by our commissioning team and arrangements put in place to ensure the effective monitoring and efficient utilisation of AEP places.</p> <p>In the interim, operational processes are in place to monitor the number of pupils at AEP Academy / PRU at any time. The number of places at the AEP Academies are reviewed on an annual basis. Our finance officer will request that the DfE adjust base funding accordingly.</p>	31/8/23	<p>Full service redesign is underway to address the risk.</p> <p>Interim actions are in place to help mitigate the risk.</p>

Recommendation	Original Target Date	Explanation from Director	Revised Target Date	Internal Audit Comments
central government funding for all Alternative Provision settings.				
Children's Services – Capital Programme 2021/22				
<p>The Children's Service Capital Programme Strategy should be updated to ensure it considers the following:</p> <ul style="list-style-type: none"> • Aims & objectives. • Roles, responsibilities and accountabilities. • How it links to the Council's Big Plan and other relevant corporate strategies. • Governance arrangements, including oversight of the Capital Programme Board linking into the corporate capital and reporting processes • Links to policies such as condition survey, including frequency and grading criteria used and impact on budget setting process, Capital Project Methodology. • How it links to the SEND Strategy and any other additional funding received. 	30/6/22	<p>Now entering phase 2 of improvement project which includes the following aims:</p> <ul style="list-style-type: none"> • Recruitment of a permanent team of client-side project professionals. • Embedding new ways of working and in particular the management of change, maintaining project control and setting expectations working with our school partners • Intensifying the pace and momentum in the development of schemes • A programme development plan in order to manage, execute and control various programmes of work that make up the capital programme with an emphasis on SEND Programme of Expansion and Planned Maintenance. <p>Phase 2 was due to be complete in May 2023 though delays with the work to restructure the team mean that interim arrangements for the management of schemes are continuing. The restructure will be considered by SLT at the end of July 2023 and includes provision for a Programme Manager, School Project Officer and Assistant roles and a SEND Capital Lead. The roles that make up the team will be evaluated in July 2023. It is planned that the new structure will be implemented as soon as the formal approval of the structure and HR activities are complete.</p>	31/8/23	Improvement project underway to address the risks.
<p>The Service should ensure that the following improvements to the programme governance arrangements are made:</p> <ul style="list-style-type: none"> • Determination of a Programme Manager responsible for the delivery of the Children's Services Capital Programme. • Implement a standard capital project methodology which should include a business case / feasibility study, a project gateway process and a clear approval process. • Formalisation for the commissioning of project managers. • Clarifying the Team / Board responsible for 	30/6/22	<p>Phase 2 will help create the right conditions for the work identified in the Delivering Better Value programme. There are further actions that are funded by DBV that will help support the delivery of the SEND programme of expansion, the graduated support schemes, reactionary SEND schemes and schemes that promote inclusion practice in our mainstream schools.</p>	31/8/23	

Recommendation	Original Target Date	Explanation from Director	Revised Target Date	Internal Audit Comments
receiving regular capital programme and project updates and in what format.				
Finance - Estates (Asset Management KAF) 2021/22				
<p>It is recommended that the assets identified from the results of the Estates Framework Project should be transferred to the Technology Forge System within a defined and reasonable timescale that is approved by Corporate Property Group.</p> <p>It is recommended that once the asset information is updated within Technology Forge, regular reconciliations are undertaken between Technology Forge and other Council systems which hold asset information.</p> <p>It is recommended the process for Estates receiving relevant asset information is clarified and services are informed of their responsibilities. Non-compliance should be escalated accordingly.</p>	29/9/22	<p>Significant progress has been made on this recommendation since our audit and the project to transfer legacy Poole data to TF Cloud is complete but resourcing challenges have caused delays.</p> <p>Additional resource will need to be recruited to enable the remaining data (legacy Christchurch) to be transferred to Technology Forge Cloud. Progress on this action is being monitored through regular meetings of the Virtual Corporate Landlord Group comprising the Director of Finance (Corporate Property Officer), Director of Customer, Arts & Property, Head of Estates and Asset Investment Manager.</p>	29/9/23	Progress is now being monitored via the Virtual Corporate Landlord Group.
Customer, Arts & Property – Bournemouth Neighbourhood Housing Assets Health & Safety Compliance 2021/22				
<p>R1. Asset Register & Compliance Record Keeping Systems</p> <p>(a) Develop a single housing asset register and associated centralised repository for supporting documentation.</p> <p>(b) Replace paper forms with e-forms to reduce manual data input. Ensure that automatic interfaces are in place for existing e-forms to minimise manual intervention.</p> <p>(c) Clarify and strengthen data ownership and control arrangements for third party portals as required, including measures to minimise potential loss of data.</p> <p>(d) Review, update and document system access permissions and arrangements, restricting access to the</p>	30/3/23	<p>The intention is to put a single Housing system in place but this will need to be fully tendered so is unlikely to be implemented before April 2025. Keystone is being used in the meantime (albeit that the Bournemouth and Poole neighbourhoods use it for different purposes) and a decision will be made as to its future as part of the new system project.</p> <p>Progress against this action is being tracked via regular meetings of the Virtual Corporate Landlord Group which include the Director of Finance (Chief Property Officer), the Director of Customer, Arts & Property, the Head of Estates and the Asset Investment Manager in collaboration with the Director of Housing & Communities.</p>	29/4/25	Progress is now being monitored via the Virtual Corporate Landlord Group.

Recommendation	Original Target Date	Explanation from Director	Revised Target Date	Internal Audit Comments
<p>minimum required for each role and ensuring that appropriate cover arrangements are in place.</p> <p>(e) Consult with ICT on the ongoing corporate transition to Surface Pro laptops and put arrangements in place for pre-rollout testing of existing systems and applications.</p>				
Customer, Arts & Property - Facilities Management (Asset Management KAF) 2020/21				
<p>(a) A building manager (and deputy) is formally appointed for each corporate building as 'strategic owner' to act as the single point of contact and liaison with the corporate FM Team and oversee the operation of building-related H&S compliance activities and associated budgeting and record keeping;</p> <p>(b) Assurance statements are developed for completion by building managers to clarify buildings-related H&S compliance requirements, ensure that they are met and identify any gaps which need to be addressed; and</p> <p>(c) Proportionate and robust compliance record-keeping arrangements are put in place including onward reporting to the corporate FM Team to allow asset register records to be updated and facilitate collation, analysis and reporting at corporate level;</p> <p>(d) A process is put in place whereby services can escalate any significant and/or urgent issues relating to the buildings under their management to the FM Team for resolution and onward reporting to Corporate Property Group as appropriate.</p>	30/10/21	<p>Progress has been made on developing a single point of responsibility for corporate buildings and a number of staff involved in property management have now transferred from Children's Services to Facilities Management.</p> <p>Record keeping is now centrally held in TechnologyForge Cloud (with the exception of legacy Christchurch properties, the data for which is currently in the process of being transferred) and processes are in place to liaise with key building contacts that remain in services.</p> <p>There is still work to do to centralise property budgets and work is underway to progress this in conjunction with Finance and individual services.</p> <p>Progress on this action is being tracked via regular meetings of the Virtual Corporate Landlord Group which includes the Director of Finance (Chief Property Officer), the Director of Customer, Arts & Property, the Head of Estates and the Asset Investment Manager.</p>	31/10/23	<p>Whilst this recommendation is outstanding from 2020/21, progress is now being monitored via the Virtual Corporate Landlord Group.</p>

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Annual review of Declarations of Interests, Gifts and Hospitality by Officers for 2022/23
Meeting date	27 July 2023
Status	Public Report
Executive summary	<p>An annual review and update of the Council's Declaration of Interests, Gifts & Hospitality (for officers) Policy took place in February 2023 and the revised policy was approved by Audit & Governance Committee (16 February 2023).</p> <p>Some changes were made to the Policy including a clearer statement that the Council requires all employees to consider their specific job role, not just their Council employment and personal circumstance when deciding whether to make a declaration. Guidance was added on the Council giving/receiving donations and also clarification made for giving/receiving sponsorship.</p> <p>Through the completion of recent exercises, Internal Audit are able to provide reasonable assurance that officers have made appropriate declarations of interests, gifts and hospitality.</p> <p>There have been no internal or external identified instances, whistleblowing or reports by any other means where an undeclared interest by officers has led to any disciplinary action or led to reputational damage.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>Audit & Governance Committee note the annual review of Declarations of Interests, Gifts & Hospitality by Officers (2022/23).</p>
Reason for recommendations	To provide Audit & Governance Committee with assurance on the adequacy and robustness of the Council's arrangements for the declaration of interests, gifts and hospitality by officers.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Ian O'Donnell, Corporate Director for Resources
Report Authors	<p>Nigel Stannard Head of Audit & Management Assurance ✉ nigel.stannard@bcpcouncil.gov.uk ☎ 01202 128784</p>
Wards	Council-wide
Classification	For Information

Background

1. A new BCP Council Declaration of Interests, Gifts and Hospitality Policy (for officers) was introduced on 1 April 2020 and has thereafter been subject to annual evolutionary changes. Officers are responsible for maintaining their declarations in as near to real-time as is practical, in other words officers will not be waiting to make declarations on an annual basis.
2. The purpose of the Policy is to protect the Council and employees against conflicts of interest and allegations of impropriety. The public must be confident that decisions made by employees of whatever nature are made in the interests of BCP Council and the community it serves and are not influenced inappropriately by the interests of individual employees, their relatives or friends.
3. This report aims to provide Audit & Governance Committee with assurance on the adequacy and robustness of the Council's arrangements for the declaration of interests, gifts and hospitality by officers.

Annual Review of BCP Declaration of Interests, Gifts and Hospitality Policy

4. An annual review of the Council's Declaration of Interests, Gifts & Hospitality Policy took place in February 2023 and the revised policy was approved by Audit & Governance Committee (16 February 2023).
5. Several changes were made to the policy as part of the annual evolution including:
 - A clearer statement that the Council requires all employees to consider their specific job role, not just their Council employment and personal circumstance when deciding whether to make a declaration (also added to the Appendix B flowchart).
 - Guidance added on the Council giving/receiving donations and clarification made for giving/receiving sponsorship.
 - Additional clarification made of terms used re officer tiers.
6. As in previous years, a corporate communication on the updated Declaration of Interests, Gifts and Hospitality Policy along with other Finance Policies was issued to all staff including senior managers (in April 2023).
7. The completion of mandatory training by all employees (in particular the Fraud Awareness module) will further improve Policy awareness.
8. The Head of Audit & management Assurance has delivered several bespoke training and questions and answer sessions on the Policy across Council services.

Internal Audit work on Declaration of Interests, Gifts and Hospitality

9. Internal Audit have reviewed data matching results provided by the National Fraud Initiative on BCP Council employees matched to Companies House directors (which also included payments made to those companies). In most cases appropriate declarations had been made however in a minor number of cases employees were reminded of the need to declare such interests under the Council's Policy.
10. Internal Audit carried out an exercise recently to check that 'Form 2's' had been completed by all Tier 4 and above officers. Some forms did require chasing however the current position is that over 95% of senior officers had completed and returned these forms to the Monitoring Officer. However staff who worked at BCP in the previous period will have their declarations carried forward so the missing 5% represents a large part of the new employees. Further work is being undertaken to ensure the few outstanding forms are submitted to the Monitoring Officer in line with the Policy.

11. During an unrelated Internal Audit investigation, which straddled the financial years 2022/23 and 2023/24, it was identified that insufficient regard was given to the identification and approval of measures or mitigating actions that would prevent actual or perceived conflicts of interest occurring.
12. Declarations have subsequently been amended and mitigating actions agreed. Internal Audit found no evidence of actual fraud or corruption in this case.
13. The Head of Audit & Management Assurance has sent a reminder to all Directors requesting them to check the adequacy of agreed mitigation and actions where an officer has made a declaration (Appendix 1), as part of the lessons learnt from this case.

Declaration of Interests, Gifts and Hospitality Policy Enforcement and Sanctions

14. Employees must comply with the requirements of the Policy and any failure to do so is a disciplinary matter, and disciplinary action may be taken regardless of whether the actions amount to a criminal offence.
15. During the 2022/23 financial year there have been no internal or external identified instances, whistleblowing or reports by any other means where an undeclared interest has led to any disciplinary action or led to reputational damage.

Options Appraisal

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

Summary of Financial Implications

17. There are no direct financial implications from this report.

Summary of Legal Implications

18. The Bribery Act 2010 makes it an offence for an employee to give advantage to someone in return for favours in relation to the Council's business.
19. Section 117 of the Local Government Act 1972 requires that employees notify the authority in writing of any direct or indirect financial interests which they have in any Council contracts, or proposed contracts, of which they become aware. Breach of Section 117 is a criminal offence subject to a fine.

Summary of Human Resource Implications

20. There are no direct environmental implications from this report.

Summary of Environmental Impact

21. There are no direct environmental implications from this report.

Summary of Public Health Implications

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

Summary of Equality Implications

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

Summary of Risk Assessment

24. There are no direct risk management implications from this report.

Background Papers

None

Appendices

Appendix 1 - Copy of Internal email to Directors
BCP Declaration of Interests, Gifts & Hospitality (for officers) - [Internal access link](#)

Appendix 1 – Copy of internal email to Directors

From: Nigel Stannard <nigel.stannard@bcpcouncil.gov.uk>
Sent: Monday, June 26, 2023 11:58 AM
To: BCP Directors

Declaration of Interest, Gifts & Hospitality Form 2

Hi All,

I need your help. A recent investigation has identified some weaknesses in the declarations process.

Have all your Heads of Service, particularly any new heads of service appointed in the past year or so, completed a Declaration of Interest form? Remember it is mandatory for all tier4 and above colleagues to complete a declaration even if the declaration is nil.

Equally importantly have you agreed, in part B of the form, any mitigations necessary to protect the employee, you and the Council from accusations of a conflict of interest (or perception of)?

Please can you check with your Heads of Service, especially if you've been part of any restructuring, that they have completed a declaration Form2 since the inception of BCP Council. Please also remember there is no need to complete a form annually. The first declaration is known as the 'base' declaration and thereafter only needs updating if there is something to add or take off from the base declaration.

Once you have approved any declarations, you should send them to monitoring.officer@bcpcouncil.gov.uk.

(for the purposes of the Policy: Tier 1 = Chief Exec, Tier 2 = Corporate Directors, Tier 3 = Directors, Tier 4 = Heads of Service)

Thanks for your help.

Nige



Nigel Stannard

Head of Audit & Management Assurance

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AUDIT AND GOVERNANCE COMMITTEE

Report subject	Use of Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Annual Report for 2022/23 financial year
Meeting date	27 July 2023
Status	Public Report
Executive summary	<p>Following an annual review process, the Regulation of Investigatory Power Act (RIPA) and Investigatory Powers Act (IPA) Policy was updated with some minor changes to include reference & links to Home Office Code of Practices for Covert Surveillance and Property interference (Aug 2018), Interception of Communications (Dec 2022) and Covert Human Intelligence Sources (Dec 2022) and other relevant legislation.</p> <p>BCP Council has not made use of powers under RIPA or IPA during the 2022/23 financial year.</p> <p>BCP Council has completed and sent its statutory nil-return for the 2022 calendar year to the Investigatory Powers Commissioner's Office (IPCO).</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>Audit & Governance Committee note that the Council has not made use of powers under the Regulation of Investigatory Powers Act or the Investigatory Powers Act during the 2022/23 financial year.</p>
Reason for recommendations	To ensure transparency in respect of the Council's use of its powers under the Regulation of Investigatory Powers Act and the Investigatory Powers Act.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Ian O'Donnell, Corporate Director for Resources
Report Authors	<p>Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk</p> <p>Susan Zeiss Monitoring Officer, Law & Governance ☎01202 817856 ✉ susan.zeiss@bcpcouncil.gov.uk</p>
Wards	Council-wide
Classification	For Information

Background

1. The Regulation of Investigatory Powers Act (RIPA) was enacted in 2000 to regulate the manner in which certain public bodies may conduct surveillance and access a person's electronic communications and to ensure that the relevant investigatory powers are used in accordance with human rights. The provisions of the Act include:
 - the interception of communications;
 - the acquisition of communications data (e.g. billing data);
 - intrusive surveillance (on residential premises/in private vehicles);
 - covert surveillance in the course of specific operations;
 - the use of covert human intelligence sources (agents, informants, undercover officers); and
 - access to encrypted data.
2. The Investigatory Powers Act (IPA) is the main legislation governing the access to or acquisition of communications data. It does not fully replace all pre-existing RIPA requirements but does introduce some important and significant variations to authorisation and regulatory oversight in particular.
3. There are various codes of practice, updated periodically, which broadly cover the specific bullet points above. These help public authorities assess and understand whether, and in what circumstances, it is appropriate to use covert techniques. The codes also provide guidance on what procedures need to be followed in each case and identifies **as a matter of best practice that elected members of an authority should review the authority's use of RIPA and IPA at least once a year**. The purpose of this annual report is to set out the level and nature of BCP Council's use of covert surveillance under RIPA and acquisition of communications data under IPA.

BCP RIPA and IPA Policy Annual Evolution

4. An annual review of the Council's Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Policy took place in early 2023 and the revised policy was approved by Audit & Governance Committee (16 February 2023).
5. A few minor changes have been made to the policy as part of the annual evolution as summarised below:
 - Added reference and links under Section 8 to Home Office Code of Practices for Covert Surveillance and Property interference (Aug 2018), Interception of Communications (Dec 2022) and Covert Human Intelligence Sources (Dec 2022).
 - Added links to Regulation of Investigatory Powers Act 2000 (RIPA) and RIPA (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 (and as amended 2012) and Investigatory Powers Act (IPA) 2016 which came into force on 11 June 2019.
 - Added links to the European Convention on Human Rights (ECHR), RIPA (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 Statutory Instrument 2010 No. 521 and The Protection of Freedoms Act 2012.
6. The updated policy was communicated to officers during April 2023 via corporate communications.

Use of RIPA/IPA by the Council

7. The BCP Council RIPA & IPA Policy states that overall responsibility for the use of RIPA & IPA lies with the Senior Responsible Officer (SRO) who is the Director of Law & Governance (& Monitoring Officer). The deputy SRO is the Chief Executive.

8. The Regulatory Services Manager, Director of Housing & Communities, Chief Executive and Corporate Directors are the Council's Authorising Officers in respect of both RIPA and IPA applications which are then subject to judicial approval in the local Magistrates' Court. For internally authorised IPA applications, approval for the acquisition of communications data must be granted by the Office for Communications Data Authorisations (OCDA) which National Anti-Fraud Network (NAFN) arrange on behalf of the Council. The Head of Audit & Management Assurance is the RIPA Administrator and is responsible for maintaining a central register of authorisations applied for.
9. The use of covert surveillance techniques can assist councils in delivering objectives in areas such as crime, anti-social behaviour and licensing. As a result of complying with RIPA, the Council only invokes these powers as a last resort where overt surveillance is not possible.
10. During the 2022/23 financial year, the Council has **not** made use of powers under RIPA or IPA. The Council's RIPA/IPA Authorising Officers have not approved the use of covert surveillance techniques or requests to access communications data in any cases.
11. All entities able to use RIPA/IPA are required to complete a statutory return to the IPCO for the preceding calendar year. The Council completed and sent off this return within the required timeframes (in January 2023).

Options Appraisal

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

Summary of financial implications

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

Summary of legal implications

14. The Council must follow Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) requirements should it wish to enact covert surveillance.

Summary of human resources implications

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

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

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

Background papers

None

Appendices

None

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AUDIT AND GOVERNANCE COMMITTEE



Report subject	Annual Breaches & approved Waivers of Financial Regulations Report for 2022/23																																	
Meeting date	27 July 2023																																	
Status	Public Report																																	
Executive summary	<p>This report sets out the breaches and waivers of Financial Regulations (the Regulations) which have occurred during the 2022/23 financial year and highlights the following:</p> <table border="1"> <thead> <tr> <th></th><th colspan="2">2022/23</th><th colspan="2">2021/22</th><th colspan="2">2020/21</th></tr> <tr> <th></th><th>Breaches</th><th>Waivers</th><th>Breaches</th><th>Waivers</th><th>Breaches</th><th>Waivers</th></tr> </thead> <tbody> <tr> <td>Total (count)</td><td>11</td><td>47</td><td>4</td><td>77</td><td>5</td><td>116</td></tr> <tr> <td>Total (£ value)</td><td>£1,172,738</td><td>£3.2m</td><td>£1,347,429</td><td>£6.3m</td><td>£870,561</td><td>£12.6m</td></tr> </tbody> </table> <p>Whilst no breaches of Financial Regulations is the preferable position, the relatively low number of breaches suggests a good level of understanding of the requirements amongst managers and officers in the majority of service directorates and has resulted in general compliance with the Regulations.</p> <p>Whilst full compliance can never be guaranteed and ‘under-reporting’ of breaches, in particular, is an inherent possibility, arrangements were in place to detect instances of non-compliance</p> <p>The Chief Finance Officer, or formally delegated representatives, have agreed 47 waivers totalling £3.2m.</p> <p>For 2022/23, the lower number (47) of approved waivers shows a reassuring drop from the exceptional covid19 impacted 2020/21 year (116) and the partially covid impacted 2021/22 year (77). The comparison by £ value is more reassuring again as significantly less Council expenditure is now subject to an approved waiver, this means that a greater proportion of the Council's total expenditure is subject to the full requirements set out in the Council's Financial Regulations.</p> <p>An effective and transparent breaches and waiver governance process maximises the chances of the Council achieving value for money and complying with UK Procurement Legislation (Public Contract Regulations 2015 (PCR15)) principles when procuring goods, services or works under PCR15 thresholds.</p>							2022/23		2021/22		2020/21			Breaches	Waivers	Breaches	Waivers	Breaches	Waivers	Total (count)	11	47	4	77	5	116	Total (£ value)	£1,172,738	£3.2m	£1,347,429	£6.3m	£870,561	£12.6m
	2022/23		2021/22		2020/21																													
	Breaches	Waivers	Breaches	Waivers	Breaches	Waivers																												
Total (count)	11	47	4	77	5	116																												
Total (£ value)	£1,172,738	£3.2m	£1,347,429	£6.3m	£870,561	£12.6m																												

Recommendations	It is RECOMMENDED that: The Audit & Governance Committee note the breaches & waivers of Financial Regulations that occurred during 2022/23.
Reason for recommendations	To comply with Financial Regulations which requires that all breaches & waivers are considered annually by the Audit & Governance Committee.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Ian O'Donnell, Corporate Director for Resources
Report Authors	Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Information

Background

- Financial Regulations (the Regulations) set out the procedures and standards for financial management and control, and specifically:
 - the purpose of each section in the relevant Part of the Regulations (why it is important);
 - the standards and controls that must be observed (how the Regulations serve to facilitate the good governance and the proper administration of the Councils financial affairs);
 - the specific roles and responsibilities of Councillors, the Chief Executive, the Chief Financial Officer (CFO) / S151 Officer, the Monitoring Officer and other named Officers in relation to doing so (the accountability framework); and
 - detailed procedure notes and relevant financial thresholds where these apply (what must be done and in what way).
- The Regulations require that all breaches and waivers of financial regulations are reported to the CFO / S151 Officer or their delegated officer along with details of any management action to address the issues arising. A combination of the Internal Audit and Strategic Procurement Teams maintained a record of all breaches and waivers to enable full, transparent and accurate reporting to Audit & Governance Committee.
- It should be noted the details of breaches and waivers in this report are all recorded under the named service directorates operating at the commencement of the 2022/23 financial year. Several service directorate name changes have occurred, due to corporate restructuring, at the end of 2022/23 for example the Destination & Culture service directorate has been replaced predominantly with the new Commercial Operations service directorate.

Breaches of Financial Regulations

4. During the 2022/23 financial year eleven breaches of Financial Regulations have been identified, totalling £1,172,738 (compared to four breaches, totalling £1,347,429 in 2021/22). Details of the eleven breaches are outlined below:

➤ Br1, Destination & Culture, £94,444

A museum roof project was carried out, which was expected to exceed £25,000 (£10k for design and £84k for building works), without involving the Strategic Procurement Team.

A waiver for the works under the 'limited suppliers in the market' category was not obtained.

Financial Regulation training has been provided to all relevant staff to prevent a recurrence and the Strategic Procurement Team will be involved on all projects expected to exceed £25,000.

➤ Br2, Growth & Infrastructure, £13,473

Waivers were in place to continue with existing planning software systems whilst a new consolidated planning software contract for BCP was being procured.

However, the procurement process was delayed and a further waiver to cover the extended period was not sought.

The Officer who undertook the extension is now aware of necessity to complete waiver form for all contract extensions and a waiver was completed to cover all remaining payments for the legacy system software until the new system is in place.

➤ Br3, Communities, £39,125

A wellbeing experience project funded by European Regional Development Funding (ERDF) was carried out without involving the Strategic Procurement Team.

A waiver to cover the project was not sought as the officer involved believed that procurement rules had been followed through the ERDF funding process.

The officer has been reminded of Financial Regulations requirements and to involve the Strategic Procurement Team for any contracts exceeding £25k.

➤ Br4, Housing, £30,939

As part of an Internal Audit review it was identified that a purchase order was raised for a contract covering 'quality control gas audit inspection and report' for which the contractor was understood to be the only available supplier at the time.

There was no waiver sought, nor had there been any Strategic Procurement Team involvement as required by Financial Regulations.

Management have issued reminders to the team to ensure that waivers/procurement decision records are completed under the guidance of the Strategic Procurement Team.

➤ Br5, Housing, £118,000

As part of an Internal Audit review it was identified that more than £118k has been paid to an external consultant for carrying out fire risk assessments and inspections.

There was no evidence of a contract or waiver on file, nor had there been any Strategic Procurement Team involvement as required by Financial Regulations.

Management have agreed to work with Strategic Procurement Team to ensure that appropriate arrangements are put in place to manage this type of work and this should prevent a recurrence.

➤ Br6, Housing, £89,000

As part of an Internal Audit review it was identified that a purchase order was raised for £89k to carry out annual water hygiene inspections and testing.

Although a contract was previously in place with the supplier, this had expired and no formal extension had been agreed with the Strategic Procurement Team.

The service has now been brought in-house for Housing assets. Options are being explored to put a corporate water quality contract in place in liaison with the Strategic Procurement Team.

➤ Br7, Housing and other service directorates, £250,000

As part of an Internal Audit review it was identified that payments totalling approximately £250k have been made across the Council to an asbestos services supplier.

This amount largely comprised of many small-scale asbestos removal jobs and individual property surveys commissioned by officers across various Housing teams, however no waiver or extension was put in place following the expiry of the contract in 2021. The absence of a single point of oversight for this arrangement meant that procurement thresholds were breached when considered in aggregate terms.

A 'Centre of Property Excellence' is being defined including the planned implementation of Corporate Landlord model. This will help to coordinate activities / spend with individual suppliers across all compliance functions.

➤ Br8, Housing, £34,557

As part of an Internal Audit review it was identified that a purchase order was raised in respect of an asbestos surveying programme.

However there was no current contract in place with the supplier nor did the Strategic Procurement Team have involvement in this case in contravention of Financial Regulations. Officers believed that the procurement was part of a framework agreement which was later found to be incorrect.

A Centre of Property Excellence is being defined including implementation of a 'Corporate Landlord model' which will help to improve procurement arrangements across all compliance functions. Officers will be reminded of the need to confirm individual contractors' participation in frameworks prior to purchase.

➤ Br9, Destination & Culture, £43,200

A process was undertaken to procure interpretation services for a museum project.

An administrative oversight meant that procurement approval documents (i.e. waiver /PDR) were prepared but not signed before the contract was awarded.

A checklist has been created to ensure paperwork has been completed in advance of proceeding, following tender exercises.

➤ Br10, Communities, £35,000

A formal extension letter was issued to the existing supplier for the operation of Christchurch Street Market. However the Strategic Procurement Team were not involved and formal approval records (waiver/PDR) were not completed.

Management will work together with the Strategic Procurement Team to ensure the full re-tender is completed.

Staff training will be put in place to ensure this does not happen in future.

➤ Br11, Destination & Culture, £425,000 (rounded)

A Procurement Decision Record (PDR) was appropriately created for an initial £25,000 to commission a strategy and action plan for the project. A commissioning officer wrongly assumed this PDR then covered further work associated with delivering the strategy and action plan, and further purchase orders were raised over a period of about 9 months.

The Head of Service is currently investigating the detail of this breach, supported by the new Director of Commercial Operations.

A further update will be presented to the A&G Committee when this investigation has been concluded and the outcomes are clear. In the interim the Head of Audit & Management Assurance was asked by the Director, and has delivered, a training and awareness session covering BCP Council Financial Regulations and Public Contract Regulations 2015 requirements for commissioners within the new Commercial Operations Directorate.

5. The five breaches that occurred in the Housing service directorate (BR4,5,6,7&8) were all identified as a result of an Internal Audit review on Housing Assets – Health & Safety Compliance 2021/22. Management have agreed to work with the Strategic Procurement Team to ensure future compliance with Financial Regulations.
6. Whilst no breaches of Financial Regulations is the preferable position, the relatively low number of breaches in overall context, although higher than last year, suggests a good level of understanding of the requirements amongst managers and officers in the majority of service directorates and has resulted in general compliance with the Regulations.
7. While it is not possible to say that there have been no further breaches, at the current time none have been brought to the attention of, or have been identified by, the Head of Audit & Management Assurance or the Head of Strategic Procurement for the reporting period considered here. Should previous period ‘breaches’ be identified, they will always be reported to the Audit & Governance Committee during the next available reporting period.

Waivers of Financial Regulations

8. Sometimes circumstances mean that it may not be possible for Senior Responsible Officers to comply with a specific part of the Council’s Financial Regulations.
9. As a result, the Regulations allow for a request to be made to the CFO / S151 Officer (or formally delegated representative) to waive normal practice requirements. The ability of the CFO to approve waiver requests was limited at all times to the specific requirements of UK legislation and/or directives. Consequently, some requests were declined, and the Regulations were followed in full.

10. The CFO (or formally delegated representative) may approve a waiver in the following procurement circumstances:
- Accelerated procurement (in the case of urgency for example) where the Council would suffer significant negative impact if the full operational or strategic procurement approach is applied.
 - Limited suppliers in the market (did not invite or could not obtain 3 quotes or tenders).
 - Propose not to use an available Corporate Contract or available and existing in-house service.
 - Payments in advance for goods and services exceeding £25,000 or six months (and also over £1,000) ((except where T&C's approved by Legal Services apply).
 - Any payment in advance for works (except where T&C's approved by Legal Services apply).
11. During the period 1 April 2022 to 31 March 2023, a total of 47 waiver requests were approved by the CFO. The contract value of these waivers totalled £3.2M (this is a rounded figure).
12. A summary by classification type of waivers approved by the CFO is set out in the table below and more details of each waiver is set out in Appendix 1.

Waiver Type	Total 2022/23	Total 2021/22	Total 2020/21
a) Accelerated procurement including urgency	19	27	34
b) Limited supplier- could not invite 3 quotes	19	50	81
Limited supplier - did not invite 3 quotes	9		
c) Not use an available Corporate Contract	0	0	0
d) Payments in advance for works, goods or services	4*	0	1
Total	47*	77	116
Total (£ value in £M)	£3.2	£6.3	£12.6

*The payment in advance waivers are not included in the total as they were additional elements to waivers already counted in lines a, b or c.

It was reported this time last year, for years 2020/21 and 2021/22, that a significant number of waivers were materially due to the impact of the covid19 pandemic. During the pandemic, particularly the early stages in the spring and summer of 2020, the number of 'Limited supplier' waivers (did not invite or could not obtain 3 quotes or tenders) increased because a significant number of suppliers were asked but could not supply a quote, or supply the goods, services or works to the Council. Some suppliers closed completely as a result of the Government's 'furlough' scheme whilst others were running at reduced capacity.

13. For 2022/23, the lower number (47) of approved waivers shows a reassuring drop from the exceptional covid19 impacted 2020/21 year (116) and the partially covid impacted 2021/22 year (77). The comparison by £ value is more reassuring again as significantly less Council expenditure is now subject to an approved waiver, this means that a greater proportion of the Council's total expenditure is subject to the full requirements set out in the Council's Financial Regulations.
14. There continues to be an impact on waiver numbers caused by 'Transformation Programme' activity where some incumbent supplier contracts have been extended to allow time for redesign, for new procurement processes to take place and to align the end date of legacy Council contracts to the same date. Where incumbent suppliers have been awarded extended contracts, these are shown in the 'Limited suppliers – Could not invite 3 quotes' category.
15. If a member of this Committee has a question pertaining to any specific waiver in the Appendix 1, then it may be necessary to answer the question outside of the committee meeting as the Head of Audit & Management Assurance may not have detailed explanations to hand for all 47 records.

Procurement Decision Records (PDRs)

16. Various different Procurement Decision Records are necessary at set 'gateways' to document the approach and decisions taken in the stages of the procurement process for contracts exceeding £5,000. There is a more complex formal process for contracts exceeding £25,000.
17. PDRs are completed by officers responsible for the procurement process and authorised by the senior responsible officer, normally the director and the Head of Strategic Procurement.
18. A copy of the PDR is sent to the Strategic Procurement Team to arrange for the details therein to be uploaded to the Council's Contract Register.

Options Appraisal

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

Summary of financial implications

20. An effective and transparent breaches/waivers governance process maximises the chances of achieving value for money when procuring goods, services or works.

Summary of legal implications

21. An effective and transparent breaches/waivers governance process maximises the chances of complying with Public Contracts Regulations 2015 (UK law).

Summary of human resources implications

22. There are no direct human resource implications arising from this report.

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

25. There are no direct equality implications from this report

Summary of risk assessment

26. Failure to have appropriate financial regulations and procurement rules which ensures accountable and transparent processes are in place puts the Council at risk of challenge.

Background papers

None

Appendices

Appendix 1 - Waivers of Financial Regulations 2022/23

Appendix 1 – Waivers of Financial Regulations 2022/23

Count	Waiver Ref.	Project Title	Supplier	Waiver Type	Waiver Value
Adult Social Care					
1	W2229	Three Conversations Model	Partners4Change	Limited suppliers – Could not obtain 3 quotes, specialist contractor	£40,000
Total					£40,000
Children's Services					
2	W2244	Children's Service Recruitment and Retention Programme	MA Education	Accelerated Procurement	£80,000
3	W2204	Provision of Youth Work in Bournemouth Town Centre & Townsend	YMCA	Limited suppliers – Could not obtain 3 quotes, specialist contractor	£48,000
4	W2201	Skills & Learning Brochure Design and Print	LA Digital	Accelerated Procurement	£32,768
5	W2252	National Consortium for Examination Results Online Platform	National Consortium for Examination Results	Limited suppliers – Could not obtain 3 quotes, specialist contractor	£53,475
6	W2231	St Edward's School - Educational Chaplain	Youth for Christ	Limited suppliers – Could not obtain 3 quotes, specialist contractor	£42,000
Total					£256,243
Destination & Culture					
7	W2255	Christmas Event at Highcliffe Castle	Colour Project LTD	Accelerated Procurement	£24,000
8	W2258	Poole Museum Redevelopment – Early Works with HE funding	Greendale Construction Limited	Accelerated Procurement	£45,000
9	W2220	Airships Orchestra Arts Installation	Giant Gallery Ltd	Limited suppliers – Could not obtain 3 quotes, specialist contractor	£87,000
10	W2202	Beach Diner	Universal Building Co South Ltd	Accelerated Procurement	£44,380
11	W2226	Catering Services for Summer Hospitality Provision at Bournemouth Beach	Gideon Hitchin	Limited suppliers – Did not obtain 3 quotes	£65,000
12	W2224	Drink Supplies for Summer Hospitality Provision at Bournemouth Beach	J & A Drinks Ltd	Limited suppliers – Did not obtain 3 quotes	£30,000

Appendix 1 – Waivers of Financial Regulations 2022/23

13	W2225	Drink Supplies for Summer Hospitality Provision at Bournemouth Beach	Templar Wines Ltd	Limited suppliers – Did not obtain 3 quotes	£30,000
14	W2223	Staffing for Summer Hospitality Provision at Bournemouth Beach	Slick Events Ltd	Limited suppliers – Did not obtain 3 quotes	£125,000
15	W2211	Supply of Food Packaging	Chinastack Catering Equipment Limited	Accelerated Procurement	£120,000
Total					£570,380
Development					
16	W2238	Asset Valuation Service for General Fund and Housing Revenue Account 2022/2023	Wilks Head & Eve LLP	Limited suppliers – Did not obtain 3 quotes	£50,870
17	W2257	Internet Connection for Smart Place Hub	MLL Telecom Ltd	Accelerated Procurement	£42,000
18	W2213	Towns Fund Digital Connectivity Phase 2 – Pokesdown extension	CCN Communications Ltd	Accelerated Procurement	£76,815
Total					£169,685
Environment					
110 19	W2212	Asset Management System to enable highways inspections and commercial waste operations	Yotta Limited	Accelerated Procurement	£71,976
20	W2253	Asset Management System to enable highways inspections and commercial waste operations	Causeway Technologies Limited	Accelerated Procurement	£170,239
21	W2210	Repairs & Maintenance Service for Material Handler	Service Machinery Trucks	Limited suppliers – Could not obtain 3 quotes, specialist contractor	£53,700
22	W2217	Supply of Automated Toilets	Sanitronics International B.V & Pop-Up Toilet Company	Limited suppliers – Could not obtain 3 quotes, specialist contractor & Payments in advance for good or services exceeding £25,000	£190,832
23	W2221	Supply of Ceremonial Furnishings for Poole Crematorium Refurbishment	Treske Limited	Limited suppliers – Could not obtain 3 quotes, specialist contractor	£42,272
24	W2207	The Quomps Splash Park Maintenance	Bluewater Swimming Pools Ltd	Limited suppliers – Could not obtain 3 quotes, limited supplier response to quote or tender request	£36,551

Appendix 1 – Waivers of Financial Regulations 2022/23

					Total	£565,570
Finance						
25	W2230	Aviation Insurance – Air Festival	Arthur J Gallagher (UK) Limited	Limited suppliers – Could not obtain 3 quotes, specialist contractor		£67,200
26	W2206	SVPP - Civica Collections – Enforcement Software	Civica UK Limited	Limited suppliers – Could not obtain 3 quotes, specialist contractor & Payment in advance for goods and services exceeding £25,000		£59,960
					Total	£127,160
IT & IS						
27	W2237	Disaster Recovery Services	Daisy Corporate Services Trading Limited	Limited suppliers – Did not obtain 3 quotes		£31,666
28	W2243	Enterprise Automation Platform for BCP Council	UiPath Limited	Accelerated Procurement		£73,000
29	W2254	Geographic Information System Web Mapping Tool: Corporate GIS Software	StatMap Ltd	Accelerated Procurement		£25,849
30	W2245	Pupil Tracking Software Subscription	FFT Education Ltd	Limited suppliers – Could not obtain 3 quotes, specialist contractor		£100,351
31	W2251	Software Defined Storage Solution 'DataCore SANsymphony'	Virtual Effect UK Ltd	Accelerated Procurement		£30,030
32	W2235	Wi-Fi Internet Line	British Telecom PLC	Limited suppliers – Could not obtain 3 quotes, specialist contractor		£34,980
33	W2215	AutoDesk Software Subscription	Graitec	Accelerated Procurement & Payments in advance for good or services exceeding £25,000		£35,695
34	W2209	IT Development Work for ADX Portal to Power Portal	KPMG LLP	Limited suppliers – Could not obtain 3 quotes, specialist contractor		£129,795
35	W2205	Support & Maintenance for Dell eMC VNX 5200 & 5600 Flash Storage Arrays	MTI Technology Group LTD	Limited suppliers – Could not obtain 3 quotes & Payments in advance for good or services exceeding £25,000		£37,941
36	W2232	Cyber Security Awareness Training and Compliance Software	MetaCompliance	Accelerated Procurement		£69,260


Appendix 1 – Waivers of Financial Regulations 2022/23

37	W2233	Streetlights and Signs Asset Management and Works Control System (Bournemouth and Poole)	Forest Rock Systems Limited	Limited suppliers – Did not obtain 3 quotes	£105,440
Total					£674,007
Law & Governance					
38	W2227	Westlaw and PLC Legal Text Subscription	Thomson Reuters	Limited suppliers – Could not obtain 3 quotes, specialist contractor	£56,257
Total					£56,257
Regeneration					
39	W2242	Royal Arcade Project – HLF Bid preparation service	Perfect Moment	Accelerated Procurement	£23,175
Total					£23,175
Transport & Engineering					
40	W2246	Body Worn Video Cameras	Pinnacle Response Ltd	Accelerated Procurement	£63,420
41	W2239	Transport and Engineering	Penna Plc	Limited suppliers – Did not obtain 3 quotes	£70,500
112 42	W2228	BCP Entrance Kerbs	Aggregate Industries	Limited suppliers – Could not obtain 3 quotes, specialist contractor	£92,642
43	W2222	Benthic Ecology Survey	Eco Marine Consultants Ltd	Limited suppliers – Could not obtain 3 quotes, specialist contractor	£43,094
44	W2208	Expert Quantity Surveyor Services for NEC4 ECC Option C with X22 Contracts	Hampshire County Council	Limited suppliers – Did not obtain 3 quotes	£174,928
45	W2203	Marine Environmental Impact Assessment (EIA) for Poole/Christchurch Bay Dredge Licence Application	MarineSpace Ltd	Limited suppliers – Could not obtain 3 quotes, specialist contractor	£75,000
46	W2234	Planning Software System (2 x legacy system contracts for Christchurch and Bournemouth)	DEF Software Limited	Accelerated Procurement	£26,946
47	W2214	Support & Maintenance, Licences and Replacement of Access Points	Trustmarque Solutions Ltd	Accelerated Procurement	£164,460
Total					£710,990
Grand Total					£3,193,467

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Chief Internal Auditor's Annual Opinion Report 2022/23
Meeting date	27 July 2023
Status	Public Report
Executive summary	<p>It is the opinion of the Chief Internal Auditor that during the 2022/23 financial year:</p> <ul style="list-style-type: none"> • 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; • the systems and internal control arrangements were effective and that agreed policies and regulations were generally complied with; • adequate arrangements were in place to deter and detect fraud; • there was an appropriate and effective risk management framework; • managers were aware of the importance of maintaining internal controls and accepted recommendations made by Internal Audit to improve controls; • the Council's Internal Audit service was effective and compliant with all regulations and standards as required of a professional internal audit service; <p>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>
Recommendations	<p>It is RECOMMENDED that:</p> <p>the Audit & Governance Committee note the Chief Internal Auditor's Annual Report and Opinion on the overall adequacy of the internal control environment for BCP Council.</p>
Reason for recommendations	The Chief Internal Auditor's Annual Report and Opinion for BCP Council provides assurance on the effectiveness of the Council's control environment as required by the Public Sector Internal Audit Standards.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Ian O'Donnell, Corporate Director for Resources
Report Authors	<p>Nigel Stannard</p> <p>Head of Audit & Management Assurance</p> <p>☎01202 128784</p>

	 nigel.stannard@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Information

Background

1. The Chief Internal Auditor's Annual Report and Opinion for BCP Council was produced in compliance with the Public Sector Internal Audit Standards 2017 (PSIAS), which requires the Head of Audit & Management Assurance, in his role as Chief Internal Auditor, to report annually on:
 - the adequacy and effectiveness of the internal control environment; and on
 - conformance by the Internal Audit Section to the PSIAS.
2. The Audit & Governance Committee must consider the Council's Chief Internal Auditor's Annual Report and Opinion before its consideration of the Council's Annual Governance Statement.
3. It should be noted that the title 'Chief Internal Auditor' is interchangeable with the terms 'Head of Internal Audit', 'Chief Audit Executive' and 'Head of Audit & Management Assurance' used in this report or in other relevant publications, guidance or standards.

The Chief Internal Auditor's Consideration & Opinion Summary

4. The Chief Internal Auditor's Annual Report & Opinion 2022/23 for BCP Council is provided at Appendix A.
5. In summary it is the opinion of the Chief Internal Auditor for BCP Council that:
 - 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;
 - the systems and internal control arrangements were effective and that agreed policies and regulations were generally complied with;
 - adequate arrangements were in place to deter and detect fraud;
 - there was an appropriate and effective risk management framework;
 - managers were aware of the importance of maintaining internal controls and accepted recommendations made by Internal Audit to improve controls;
 - the Council's Internal Audit service was effective and compliant with all regulations and standards as required of a professional internal audit service;
 - the arrangements at the Council 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".

Options Appraisal

6. An options appraisal is not appropriate for this report.

Summary of financial implications

7. The total actual net cost, for the 2022/23 financial year, of the Internal Audit section was £670,233; compared against the budget of £748,800, this resulted in a net underspend of £78,567 which was mainly due to the vacancy of an Auditor post for which recruitment was not successful. The costs above were inclusive of the Head of Audit & Management Assurance who managed several other teams and an Auditor who specialises in corporate fraud investigation, detection and prevention.

Summary of legal implications

8. The Public Sector Internal Audit Standards (2017), which encompass the mandatory elements of the Chartered Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), require that the Council's Chief Audit Executive provides an annual report and opinion on the adequacy and effectiveness of the internal control environment to those charged with governance of the organisation.

Summary of human resources implications

9. There were 12.4 full-time equivalent (FTE) Internal Audit staff members employed across the Council during 2022/23. This compared to the plan (budget) which was 13.53 FTE, the variance arising as a consequence of team vacancies, principally 1 Auditor vacancy. This resource is inclusive of the Head of Audit & Management Assurance who manages several other teams and an Auditor who specialises in corporate fraud prevention, detection and investigation. It is the opinion of the Chief Internal Auditor that these resources were sufficient to provide Audit & Governance Committee and the Council's Corporate Management Board with the assurances outlined in this report.

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

13. The risk implications are set out in the content of this report.

Background papers

None

Appendices

Appendix A – Chief Internal Auditor's Annual Report & Opinion 2022/23
Including Annexe 1, 2 and 3

Chief Internal Auditor's Annual Report & Opinion 2022/23

Introduction

- 1 This annual report is produced in compliance with the Public Sector Internal Audit Standards 2017 (PSIAS). The PSIAS encompasses the mandatory elements of the Chartered Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows: Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing. The PSIAS require the Chief Internal Auditor to report annually on the adequacy and effectiveness of the internal control environment; this report covers the period 1 April 2022 to 31 March 2023.
- 2 The scope of the Council's internal control environment that the Chief Internal Auditor is required to provide an opinion on is set out in the Council's Assurance Framework. The opinion given by the Chief Internal Auditor assists the Audit & Governance Committee in forming their view on the Annual Governance Statement.

Chief Internal Auditor's Audit Opinion 2022/23

- 3 The establishment of adequate and effective control systems is the responsibility of management. Internal Audit reviews were conducted using risk-based scoping, planning and sampling methodology; consequently, not every Council activity, transaction or project has been reviewed in-year by Internal Audit. It therefore follows that the Chief Internal Auditor is unable to provide absolute assurance that the internal control environment is operating adequately and effectively.
- 4 Based on the work undertaken by Internal Audit during 2022/23, it is the opinion of the Chief Internal Auditor that:
 - a 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;
 - b the systems and internal control arrangements were effective and agreed policies and regulations were generally complied with;
 - c adequate arrangements were in place to deter and detect fraud;
 - d there was an appropriate and effective risk management framework;
 - e managers were aware of the importance of maintaining internal controls and accepted recommendations made by Internal Audit to improve controls;
 - f the Council's Internal Audit service was effective and compliant with all regulations and standards as required of a professional internal audit service;
 - g 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".
- 5 This opinion is a professional judgement based on the results of the Internal Audit work undertaken and reported upon during 2022/23. Whilst some internal control weaknesses and non-compliance with policies were identified during Internal Audit reviews, the context and overall materiality relative to the Council's wider control environment was a vital consideration in the overall judgement. Corrective actions have been agreed with management and this willingness to respond to and correct issues raised during audit reviews is a further key aspect in the Chief Internal Auditor giving an 'unqualified opinion'.

Basis of the Chief Internal Auditor's Opinion – A summary of work undertaken in 2022/23

Regularity Audit Work

- 6 The work of Internal Audit is designed to provide an annual opinion on the adequacy and effectiveness of the internal control environment. The work carried out in 2022/23 to provide the annual opinion was agreed by the Audit & Governance Committee.
- 7 The work has taken into account the strategies, objectives and risks of the Council as part of the audit planning process.
- 8 All Service directorates had some form of audit coverage during 2022/23 and a high percentage (86% - 67 out of 78 audits) of the original audit plan was completed. This was slightly under the 90% target. This was mainly due to an Auditor vacancy not been filled during the year due to challenging market conditions. Additional time was also spent on:
- Supporting corporate networks and reviewing ill health retirement disputes submitted under the local government pension scheme.
 - Preparing for a pilot to review single person discounts identified as potential fraud or error through the National Fraud Initiative (NFI) data matching process.
 - Repeated unsuccessful recruitment processes.

While the overall opinion will always be a matter of professional judgement for the Chief Internal Auditor the amount and type of work and risk-based approach carried out on the audit plan was sufficient for this overall Chief Internal Auditor's opinion to be robustly evidenced. A list of all audits completed during 2022/23 is attached at Annexe 1.

- 9 Each audit report provides an overall level of assurance on the adequacy of the management arrangements to manage the identified risks within the area reviewed. The assurance level definitions are as follows:

Assurance Level Definitions	
Substantial	There is a sound control framework which is designed to achieve the service objectives, with key controls being consistently applied.
Reasonable	Whilst there is basically a sound control framework, there are some weaknesses which may put service objectives at risk.
Partial	There are weaknesses in the control framework which are putting service objectives at risk.
Minimal	The control framework is generally poor as such service objectives are at significant risk.

- 10 The list of 67 audits carried out during 2022/23 in Annexe 1 also details the assurance level given for each review.

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.

In summary, 1 'Substantial', 49 'Reasonable' and 7 'Partial' assurance level opinions were given during the year. Additionally 8 consultancy and 2 follow up reviews were also carried out during 2022/23. There were no Minimal assurance opinions given for any of the audits. Whilst the 'Partial' opinion audits are reported during the quarterly reporting to Audit & Governance Committee it is good practice to summarise and state these again in this annual report, they were:

	Audit	High Priority recommendations to improve controls covering:
1	Adult Social Care - Direct Payments (Live in Carers)	Compliance with processes set out in the Direct Payments Practitioner Guidance to allow same address carers to be adequately identified, recorded, authorised and monitored.
2	Children's Services - Information Governance (KAF)	A formal information governance framework within Children's Services.
3	Children's Services – Highcliffe St Mark School	Procurement processes and regulations compliance for school major contracts.
4	Education - Alternative Provision	Needs assessments and risk assessments for placements commissioned by the Council where statutory guidance requires them. Compliance with placements into Alternative Provision within statutory timescales. Reconciliation of data held on the High Needs Spreadsheet and related Social Care systems. Ensuring placements at Learning Centres are fully utilised.
5	Finance – Debtors (21/22/23)	Level of outstanding debt held on the Radius debtor management system.
6	IT & IS - ICT Infrastructure, Hardware Procurement & Asset Management	Location of ICT assets. ICT asset register completeness and accuracy. Reconciliation and accuracy of the 'System Centre Configuration Manager' (used to log hardware that is on the network).
7	Commissioning - Brokerage Procurement (22/23/24)	Compliance with process to use the Brokerage Service for all residential care placements. Homecare Booking forms & Residential Care Letters of Agreements.

- 11 Regularity Audit work undertaken in 2022/23 covered a range of systems in different service areas and schools and included an audit of the Council's fundamental financial systems, including Main Accounting, Creditors, Debtors, Housing Rents, Housing Benefits, Treasury Management, Social Services Financial Assessments, Payroll, Council Tax and NDR systems as set out in Annexe 2.
- 12 The Council's Assurance Framework set out at Annexe 3 has been populated to show Internal Audit coverage during 2022/23 over the significant risks facing the Council which has been carried out through Key Assurance audit reviews.
- 13 Recommendations were made throughout the year across all service areas and schools and action plans detailing management actions to mitigate the risks and control weaknesses identified have been agreed in all cases.
- 14 For all audits finalised during the period April 2022 to March 2023, a total of approximately 250 recommendations were made. 100% of these recommendations have been accepted by management. The establishment of robust follow-up procedures has provided assurance that the implementation of audit recommendations is high. The quarterly update report to this committee provides on ongoing status of recommendations and any that require escalation.

- 15 Outstanding actions in response to all recommendations have been noted; these have been subject to pragmatic revisions to previously agreed dates, on a risk basis, mainly to take account of service restructures and the Council's transformation programme. It has therefore not been necessary to instigate the audit recommendation escalation policy agreed with the Audit & Governance Committee.
- 16 Auditees score individual areas of the audit process resulting in a combined total client satisfaction score (5-Very Good, 4-Good, 3-Satisfactory, 2-Poor, 1-Very Poor). The following average auditee satisfaction scores were received during 2022/23

Audit completed within expected Timescales	Adequately consulted and able to highlight concerns/risks	Helped to manage risks, improve controls and governance	Report clear, concise, well presented and understandable	Overall
4.17	4.29	4.17	4.58	4.30

- 17 The overall average score of 4.30, illustrates a high level of satisfaction with the way in which audits are conducted. Importantly management perceive that Internal audit are adding value, providing clear independent advice on the establishment and adequacy of the control environment.

Counter Fraud Work

- 18 Counter Fraud work was undertaken during 2022/23 to further improve the Council's arrangements for combating fraud & corruption. This work included reviewing selected fraud risk areas such as identity fraud, grant award, declaration of interests (councillors), right to buy, housing tenancy data matching, criminal finances act requirements and anti-money laundering requirements.
- 19 Ongoing proactive counter fraud work is carried out which includes obtaining information on frauds that have occurred in other local authorities (through sources such as the National Anti-Fraud Network). The information is assessed for risk exposure within BCP Council and assurances are sought that existing controls would prevent the fraud occurring (e.g. bank mandate attempted fraud).
- 20 Internal Audit have continued to provide specialist investigative resource to support management with high risk fraud areas (housing applications/tenancies, right to buy and blue badges). Work was also carried out on coordinating the annual Cabinet Office National Fraud Initiative (NFI) data matching exercises.
- 21 Some residual assurance work was carried on Covid-19 grants as required by government guidance and/or requirements using government promoted tools e.g. Spotlight for business trading status and the NFI for bank account validation and trading status.
- 22 Internal Audit carried out proportionate investigations during the year in response to every identified or suspected case of financial irregularity.
- 23 Outcomes of the 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 2023 Audit & Governance Committee meeting.

Risk Management Framework

- 24 An annual audit review of the key assurance function Risk Management was carried out and resulted in an 'Reasonable' audit opinion, demonstrating the adequacy of the risk management framework.
- 25 There is a Risk Management Policy and the Audit & Governance Committee receive, on a quarterly basis, an update on the Council's corporate risk register. Recommendations were made to further improve corporate arrangements including addressing gaps in production of risk registers in services and key assurance areas.

Governance Work

- 26 Internal Audit completed some specific governance reviews during the year:
- Major Events Governance – Reasonable Audit Opinion
 - Local Authority Companies Governance Review – Consultancy Review
 - BCP Homes Governance Review (22/23/24 audit) – Drafting Report
- Where applicable, recommendations were made to improve internal control and governance arrangements.
- 27 The Local Code of Governance update is being taken to this Committee meeting as part of the Annual Governance Statement report.
- 28 Progress made against actions arising from the 2021/22 Annual Governance Statement has been reviewed and was presented to the Audit & Governance Committee in January 2023.
- 29 Work has been undertaken to compile the 2022/23 Annual Governance Statement for inclusion in the Council's statement of accounts. The preparation of the statement included reviewing the Management Assurance Statements (evaluation on the adequacy and robustness of management controls) completed by Corporate and Service Directors.

Other Work

- 30 Department for Transport (DfT) grant certification work was carried out during the year resulting in returns being successfully sent to the DfT.
- 31 Assurance work was also carried out on the disabled facilities and Supporting Families government grants.
- 32 Assurance was carried out in the year on Aspire (European grant) funding. This was a fee chargeable service.
- 33 Internal Audit carried out internal audits of the Charter Trustees of Bournemouth and the Charter Trustees of Poole as requested to support their Annual Governance and Accountability Returns (AGAR). This was a fee chargeable service.
- 34 Assurance on funds allocated to nurseries and pre-schools was provided during the year.
- 35 A light touch review of government issued guidance on the making and disclosure of special severance payments was carried out during the year. Some actions to improve arrangements were agreed and have been implemented.
- 36 Ongoing support and advice has been provided on financial regulations breaches and waivers which is included in a separate report to this committee meeting.
- 37 Internal audit also provided support on the independent review for Local Government early retirement (on the grounds of ill health) appeals.
- 38 Time was also spent on supporting corporate groups such as equalities and the women's network.

Compliance with Professional Standards

- 39 The Public Sector Internal Audit Standards (PSIAS) require the Council to put in place a quality assurance and improvement programme in respect of Internal Audit, which must include both external and internal assessments.
- 40 CIPFA concluded that the BCP Internal Audit Team conformed with the PSIAS following their external assessment in 2021/22. An external assessment is required to take place every 5 years under PSIAS and is therefore next due in 2026/27.
- 41 An annual internal self-assessment was carried out during the year which demonstrated all standards were met.

- 42 In undertaking all audit reviews officers have acted independently, objectively and ethically at all times. All Auditors sign an annual declaration of the Institute of Internal Auditor's (IIA) code of ethics, which confirms that they will remain independent and will report any conflicts of interest to the Chief Internal Auditor or Head of Finance.
- 43 In accordance with the Audit Charter, the Deputy Chief Internal Auditors have overseen all audit engagements for functions that are managed by the Chief Internal Auditor (Emergency Planning, Business Resilience, Risk Management, Insurance and Health & Safety) and reports have been provided direct to the Head of Finance.
- 44 The CIPFA publication "The Role of the Head of Internal Audit in Public Sector Organisations" demonstrates the Head of Internal Audit's (HIA) critical role in delivering the organisation's strategic objectives. An annual self-assessment has been carried out in respect of the five principles contained in this document, which states that the HIA:
- a should promote good governance, assess the adequacy of governance and management of existing risks, and advise on proposed developments;
 - b should give an objective and evidence based opinion on all aspects of governance, risk management and internal control;
 - c must be a senior manager with regular and open engagement across the organisation with the Leadership Team and the external auditor;
 - d must lead and direct an internal audit service that is resourced to be fit for purpose; and
 - e must be professionally qualified and suitably experienced.
- 45 The Chief Finance Officer (CFO) has confirmed, through regular 1:1 meetings and a formal annual appraisal, that the Council's Chief Internal Auditor is compliant with all of these five principles.

Conclusion

- 46 It is the opinion of the Chief Internal Auditor that the Internal Audit Team complies with professional standards and has completed sufficient and appropriate work to provide assurance on the adequacy and effectiveness of the Council's internal control environment.

Appendices

Annexe 1	2022/23 Audits Completed
Annexe 2	Key Financial System Audit Opinions
Annexe 3	BCP Council Assurance Framework 2022/23

Annexe 1: 2022/23 Audits Completed

	Service Area	Audit	Assurance Opinion
	SERVICE DIRECTORATE AUDITS		
1	Adult Social Care	Social work Standard of Practice and Professional Leadership	Reasonable
2	Adult Social Care	Financial Management - Key Assurance Function (KAF)	Reasonable
3	Adult Social Care	Direct Payments (Live in Carers)	Partial
4	Adult Social Care	Partnerships (KAF)	Reasonable
5	Children's Services	Purchasing Cards	Reasonable
6	Children's Services	Financial Management (KAF)	Reasonable
7	Children's Services	Information Governance (KAF)	Partial
8	Education	SEND (21/22/23)	Reasonable
9	Education	Alternative Provision	Partial
10	Destination & Culture	Programme & Project Management (2021/22/23 audit)	Reasonable
11	Destination & Culture	Seafront Cash Checks	Reasonable
12	Destination & Culture	Leisure Contract Management	Reasonable
13	Destination & Culture	Major Events Governance	Reasonable
14	Transport & Engineering	SEND Passenger Transport	Consultancy
15	Transport & Engineering	Health & Safety (CDM)	Reasonable
16	Planning	KAF's Overview	Consultancy
17	Communities	Safeguarding (KAF)	Reasonable
18	Environment	Climate and Ecological Action and Sustainable Environment (KAF)	Reasonable
19	Housing	Trade Cards Accounts	Reasonable
20	Finance	Insurance	Reasonable
21	Development	Smart Places (21/22/23)	Reasonable
22	Development	ARG Grants	Reasonable
23	IT & IS	ICT Infrastructure, Hardware Procurement & Asset Management	Partial
24	IT & IS	IT Risk Review	Consultancy
25	Law & Governance	Procurement & Management of External Legal Advice	Reasonable
26	Corporate	Local Authority Companies Governance Review	Consultancy
	KEY ASSURANCE FUNCTION AUDITS		
27	Development	Asset Management	Follow Up
28	Customer & Business Delivery	Facilities Management	Follow Up
29	Finance	Business Continuity	Reasonable
30	Finance	Financial Management (with Main Accounting KFS)	Reasonable
31	Finance	Health & Safety	Reasonable
32	Customer & Business Delivery	Fire Safety	Reasonable
33	HR & Organisational Development	Human Resources	Reasonable
34	IT & IS	ICT Policies	Reasonable
35	Law & Governance	Information Governance	Reasonable
36	Finance	Procurement	Reasonable
37	IT & IS	Project & Programme Management	Consultancy

	Service Area	Audit	Assurance Opinion
38	Finance	Risk Management	Reasonable
39	Policy & Research	Business Planning & Performance Management	Reasonable
40	Corporate	Partnerships	Consultancy
41	Corporate	Corporate Safeguarding	Reasonable
42	KEY FINANCIAL SYSTEMS AUDITS		
42	Finance	Housing Benefits	Reasonable
43	Finance	Council Tax (21/22/23)	Reasonable
44	Finance	NDR (21/22/23)	Reasonable
45	Finance	Main Accounting	Reasonable
46	Finance	Creditors	Reasonable
47	Finance	Debtors (21/22/23)	Partial (Radius system only)
48	Finance	Treasury Management	Reasonable
49	Finance	Social Care Financial Assessments (21/22/23)	Reasonable
50	Finance	Payroll	Reasonable
51	Housing	Housing Rents	Reasonable
52	SCHOOL AUDITS		
52	Children's Services	St Edwards School	Reasonable
53	Children's Services	The Priory School	Reasonable
54	Children's Services	Burton Primary School	Reasonable
55	Children's Services	St Josephs School	Reasonable
56	Children's Services	Highcliffe St Mark School	Partial
57	COUNTER FRAUD AUDITS		
57	All service areas	Identity Fraud (Counter Fraud)	Reasonable
58	All service areas	Grant Award	Reasonable
59	Law & Governance	Declaration of Interests (Councillors)	Reasonable
60	Housing	Right to Buy	Reasonable
61	Housing	Housing Tenancy Data Matching	Consultancy
62	Finance	Criminal Finances Act Requirements	Substantial
63	Finance	Anti-Money Laundering Requirements	Reasonable

Audits Carried Out Across 2022/23/24			
	Service Area	Audit	Status
Completed			
64	Children's Services	Business Planning & Performance Management (KAF)	Draft report issued – Consultancy
65	Commissioning	Brokerage Procurement	Final report issued – Partial
66	Environment	Coroner & Mortuary Service Review	Final report issued – Reasonable
67	Planning	Developer Contributions	Draft report issued – Reasonable
Finalising			
68	Adult Social Care	Managing Other People's Money	Drafting report
69	Housing	BCP Homes Governance Review	Drafting report

Audits Deferred for Consideration in 2023/24			
	Service Area	Audit	Comment/rationale
70	Public Health	Public Health	Responsibility for auditing the Public Health partnership itself rests with South West Audit Partnership as a Dorset Council hosted service. We have assessed BCP's own governance risks as low and therefore a formal audit review is not required.
71	Communities	Port Health	Postponed until 2023/24 due to still awaiting clarification of legislative requirements from Government
72	Communities	Asset Management – Health & Safety Compliance	Postponed until 2023/24 due to awaiting completion of review on community & youth assets by the programme & project management officer team.
73	Customer & Business Delivery	Customer Service (Reorganisation of Services)	Following discussion with management on the status of the customer centre project (now complete and no issues have arisen) this audit has been removed and resource has been allocated to higher risk audits.
74	HR & Organisational Development	Recruitment & Retention of Staff	Postponed until 2023/24 due to current HR team priority work on new HR system (due to be implemented April 2023). Assurance provided on retention element through review of honorariums and market supplements in 2022/23 Payroll audit.
75	Finance	Business Continuity	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.
76	Customer & Business Delivery	Business Continuity (KAF service review)	As above for Finance Business Continuity.
77	Development	Economic Development Strategy Review	Postponed until 2023/24 and replaced with high risk audit review on ARG Monitoring (see audit ref 29 in table above).
78	Children's Services	Hillbourne School	Audit removed from plan as school has converted to an academy.

Annexe 2: Key Financial Systems Opinions

Assignment Title	Service Area	2022/23 Opinion	2021/22 Opinion	2020/21 Opinion
Council Tax	Finance	*Reasonable	*Reasonable	Reasonable
NDR	Finance	*Reasonable	*Reasonable	Reasonable
Housing Benefits	Finance	Reasonable	Reasonable	Not reviewed
Debtors	Finance	*Partial**	*Partial**	Reasonable
Main Accounting	Finance	Reasonable	Reasonable	Reasonable
Creditors	Finance	Reasonable	Reasonable	Reasonable
Payroll	HR	Reasonable	c/fwd to 22/23	Reasonable
Treasury Management	Finance	Reasonable	Reasonable	Substantial
Housing Rents	Housing	Reasonable	Reasonable	Partial
Social Services Financial Assessments	Finance	*Reasonable	*Reasonable	Reasonable

Notes

* Audits carried out across 2021/22/23

** Debtors - Recommendations were made to improve controls over outstanding debt (Radius system) & debt monitoring and reporting.

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.

Annexe 3

BCP Assurance Framework 2022/23

INTERNAL SOURCES OF ASSURANCE	
Source of Assurance	Internal Audit Assurance Work
Internal Audit	<ul style="list-style-type: none"> • All Service Directorates audited during 2022-23 • 67 out of 78 Audits completed (see Annexe 1 for list of audits) • 1 Substantial, 49 Reasonable and 7 Partial Assurance Level opinions were given during the year. 8 consultancy reviews and 2 follow up reviews were also carried out • There were no Minimal assurance opinions.
Counter Fraud	<ul style="list-style-type: none"> • Audit assignments carried out during 2022/23 have considered the risk of fraud including targeted high fraud risk reviews • Corporate Fraud Officer has provided support to service directorates on high risk external fraud areas (including housing allocation/tenancy) • Several investigations carried out and recommendations made to improve controls • Participated in National Fraud Initiative (NFI) data matching exercise.
Asset Management (Estate Management)	<ul style="list-style-type: none"> • Internal Audit carried out an annual assurance review on asset management (estates) to follow up on recommendations previously made. Action is being taken to address the issues.
Asset Management (Facilities Management)	<ul style="list-style-type: none"> • Internal Audit carried out an annual assurance review on asset management (facilities management) to follow up on recommendations previously made. Action is being taken to address the issues.
Business Continuity	<ul style="list-style-type: none"> • Regular reporting took place during the year on corporate emergency planning arrangements to Audit & Governance Committee • Corporate Resilience Strategy and Emergency Planning & Business Continuity Governance Framework are in place • Internal Audit carried out an annual assurance review on Business Continuity ('Reasonable' audit opinion).
Business Planning & Performance Management	<ul style="list-style-type: none"> • Corporate performance reporting to Cabinet took place during the year • Internal Audit carried out an annual assurance review ('Reasonable' audit opinion) • Suggested improvements arising from a Local Government Association Peer Review and External Audit during 2022/23 are being considered and actioned.

INTERNAL SOURCES OF ASSURANCE

Source of Assurance	Internal Audit Assurance Work
Financial Management	<ul style="list-style-type: none"> Regular reporting took place in year to Cabinet and Council Internal Audit review of Main Accounting system undertaken during the year ('Reasonable' audit opinion).
Health & Safety	<ul style="list-style-type: none"> Reporting of arrangements to Audit & Governance Committee took place in the year Internal Audit carried out an annual assurance review on corporate Health & Safety arrangements ('Reasonable' audit opinion).
Fire Safety	<ul style="list-style-type: none"> Reporting of arrangements to Audit & Governance Committee took place in the year Internal Audit carried out an annual assurance review on corporate Fire Safety arrangements ('Reasonable' audit opinion).
Human Resources	<ul style="list-style-type: none"> Audit review carried out on corporate Human Resources arrangements covering strategies, policies, corporate oversight, corporate training, and risk management arrangements ('Reasonable' audit opinion).
Information Communication Technology	<ul style="list-style-type: none"> Internal Audit carried out an annual assurance review focussing on asset management and corporate ICT policies ('Partial' audit opinion for asset management).
Information Governance	<ul style="list-style-type: none"> Information Governance Board in place and regular meetings occurring Internal Audit carried out an annual assurance review on Information Governance ('Reasonable' audit opinion).
Partnerships	<ul style="list-style-type: none"> Internal Audit carried out a consultancy review on corporate Partnerships arrangements.
Procurement	<ul style="list-style-type: none"> Internal Audit review of Procurement carried out ('Reasonable' audit opinion) See separate Annual Report on Breaches and Waivers reported to this committee.
Project & Programme Management	<ul style="list-style-type: none"> Internal Audit carried out a consultancy review on corporate project and programme management arrangements Specific programme/project management review carried out in Destination & Culture service across 21/22/23.
Risk Management	<ul style="list-style-type: none"> Corporate Risk Management Strategies and frameworks in place Regular risk management reporting took place during the year to Audit & Governance Committee and Senior Management Audit review carried out on current arrangements for risk management ('Reasonable' audit opinion).

INTERNAL SOURCES OF ASSURANCE	
Source of Assurance	Internal Audit Assurance Work
Safeguarding	<ul style="list-style-type: none"> Internal Audit carried out an annual assurance review on corporate safeguarding arrangements ('Reasonable' audit opinion).
Management Assurance Statements	<ul style="list-style-type: none"> Received from Corporate and Service Directors Any potential significant issues raised were considered for inclusion on the Annual Governance Statement.
EXTERNAL SOURCES OF ASSURANCE	
External Audit	Quality / Accreditation Schemes
External Reviews & Inspections	External Benchmarking
Regularity Bodies	Peer Reviews

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Annual Governance Statement (AGS) 2022/23 and Annual Review of the Local Code of Governance
Meeting date	27 July 2023
Status	Public Report
Executive summary	<p>The Accounts and Audit Regulations 2015* require councils to produce an Annual Governance Statement (AGS) to accompany its Statement of Accounts.</p> <p>The AGS concludes that BCP Council “has effective and fit-for-purpose governance arrangements in place in accordance with the governance framework”.</p> <p>After considering all the sources of assurance (for governance arrangements), BCP Council Corporate Management Board identified that the following significant governance issues existed:</p> <ul style="list-style-type: none"> • BCP Council Assurance Review • Dedicated Schools Grant • BCP FuturePlaces Ltd • Delay in the completion of the 2021/22 External Audit • Mandatory Training <p>An action plan to address these significant governance issues has been produced and is being implemented. An update against the action plan will be brought to Audit and Governance Committee in January 2024.</p> <p><small>*and as amended by the Accounts and Audit (Amendment) Regulations 2022</small></p> <p>The Local Code of Governance has been amended to keep pace with the Council’s changing governance arrangements and framework as required. The latest amendments are minor in nature.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <ol style="list-style-type: none"> The ‘pre-audited’ Annual Governance Statement 2022/23 is approved. The annual update of Local Code of Governance is approved. If in-year material amendments are required, the Head of Audit & Management Assurance is delegated to make these in consultation with the Chair of Audit &

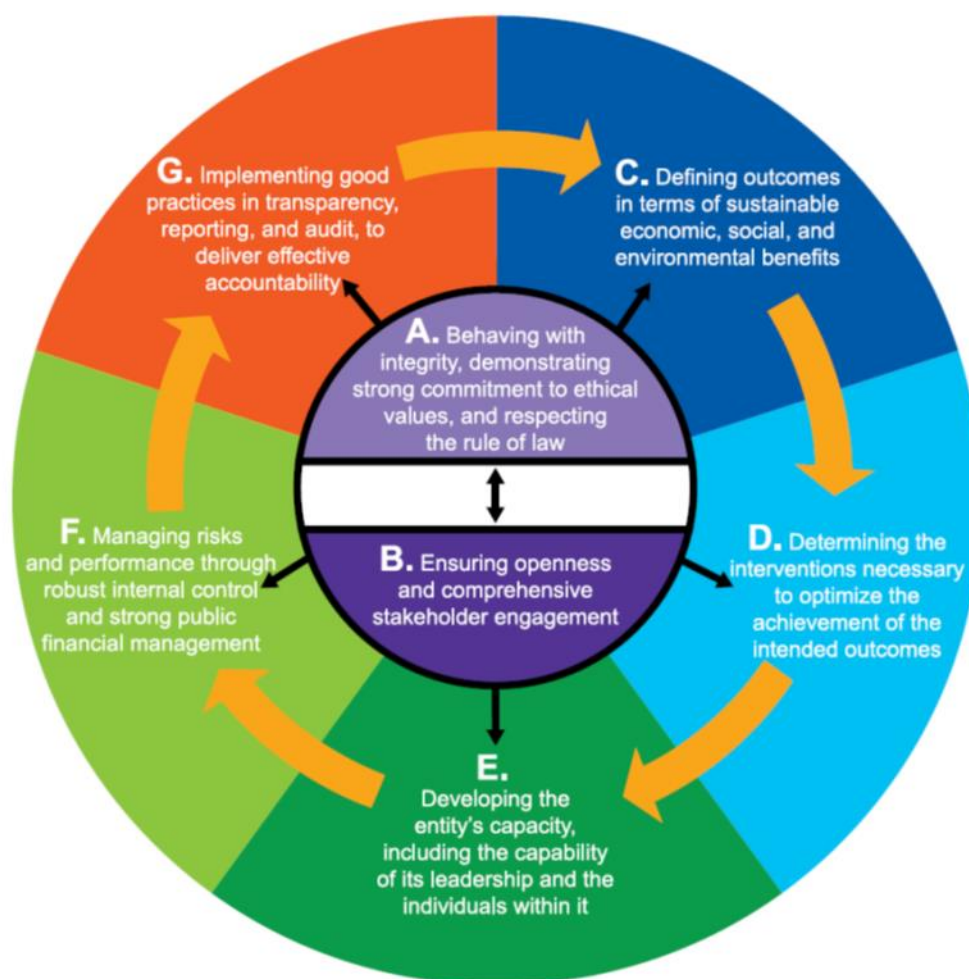
	Governance Committee and the Leader.
Reason for recommendations	Accounts and Audit Regulations 2015* require authorities to conduct a review at least once a year of the effectiveness of its governance arrangements and, following the review, approve an AGS which must accompany and be published with the Council's Statement of Accounts.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance ✉ nigel.stannard@bcpcouncil.gov.uk Ruth Hodges ✉ ruth.hodges@bcpcouncil.gov.uk Audit Manager (Deputy Chief Internal Auditor)
Wards	Council-wide
Classification	For Decision

Background

1. The Accounts and Audit Regulations 2015 require the Council to produce an Annual Governance Statement (AGS) following review of its governance framework. This review is carried out in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework and guidance.
2. The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled, and by which it is accountable to, engages with and leads the community.
3. BCP Council's Local Code of Governance describes the Council's governance framework using the seven principles of governance identified by best practice, shown in diagram 1 below.
4. The AGS comments on the effectiveness of these arrangements and identifies any significant issues (weaknesses) for the Council to address.
5. The draft AGS was published as part of the Statement of Accounts statutory public inspection period from 1st June 2023 to 14 July 2023, where the public had the right to inspect, make an objection to, or ask the external auditor questions about the accounts. An individual has made it known to the Council that they may wish to make comments or observations pertaining to the draft AGS, however at the time of writing this report no such comments or observations have been received.

6. Once approved by A&G Committee the AGS will then become the 'pre-audited version' that is submitted within the Statement of Accounts to the External Auditors. At this stage it is also required to be signed by the Chief Executive and Leader, who must be satisfied that the document is supported by reliable evidence.
7. The final audited AGS is published within the Council's Statement of Accounts.
8. The Audit & Governance Committee is required to review the AGS and monitor the Council's response to the issues identified in the action plan.

Diagram 1, taken from the 'International Framework: Good Governance in the Public Sector'.



Process for Compiling the AGS

9. The AGS is compiled from a wide range of evidence sources across the Council, including in-year elements and a year-end assessment which includes:
 - Completion of Management Assurance Statements by service directors and for group entities;

- The Chief Executive's governance review – BCP Council Assurance Review
 - Internal documentation and reports;
 - Chief Internal Auditor's Annual Report 2022/23 (reported separately to this Committee);
 - Findings from internal and external reports (e.g. external audit, OFSTED);
 - Follow up of the previous year's AGS Action Plan; and
 - Consideration of any matters arising from the public inspection period.
10. A range of potential issues was identified during the evidence gathering process and was considered by BCP's Corporate Management Board (CMB). CMB recognise whether an issue constitutes a significant governance issue is one of judgement rather than fact, however, the criteria below provides a framework for those judgements:
- has/may seriously prejudice or prevent achievement of a principal Council objective or priority;
 - has/may result in a need to seek additional funding to allow it to be resolved, or has/may result in a significant diversion of resources from another service area;
 - has/may led to a material impact on the accounts;
 - has/may attract significant public interest or has/may seriously damage the reputation of the Council;
 - has/may be publicly reported by a third party (e.g. Grant Thornton, Ofsted) as a significant governance issue; or
 - has/may result in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

AGS Conclusion and areas requiring improvement

11. The AGS concludes that BCP Council **"for the year ended 31st March 2023 and to the date of the publication of the Statement of Accounts, it has effective, fit-for-purpose governance arrangements in place in accordance with the governance framework."**
12. Whilst overall governance arrangements are considered sound, the Council has identified five significant governance issues, where improvements are required, as follows:
- **BCP Council Assurance Review**
 - **Dedicated Schools Grant**
 - **BCP FuturePlaces Ltd**
 - **Delay in the Completion of the 2021/22 External Audit**
 - **Mandatory Training**
13. Of the three issues raised last year, the Council considered that sufficient progress had been made to governance arrangements to remove two of these from this year's AGS. These were Governance of Children's Social Services and Governance Arrangements with External Bodies.

14. Whilst the remaining issue from last year, Delay in the Completion of the 2020/21 External Audit, had been addressed, a similar issue with the 2021/22 audit has now occurred, and is therefore included again.
15. An action plan to address four of the issues has been put in place and high-level progress against these actions will be reported to Audit and Governance Committee in January 2024. However, the Delay in Completion of the External Audit is a national issue, principally caused by wider sector problems with auditor capacity and increased complexity of audit requirements. Consequently, whilst the Council has not produced an internal action plan to resolve this issue, officers continue to liaise with the External Auditor and engage in the national consultation to seek a resolution.
16. Of the remaining potential issues considered by CMB, there were others which were either risks, operational concerns or minor governance weaknesses. Whilst these are not included in the AGS as significant governance issues, actions are in place to manage these areas. For example, urgent action was taken to resolve the three improvement notices issued to the Council by the Health & Safety Executive.
17. As required by best practice, the AGS considers the **impact of Covid-19 on the Council's governance arrangements** and reports on progress towards **compliance with the Financial Management Code (FM Code)**.
18. No significant remaining impacts on the governance framework from the pandemic were identified.
19. The FM Code provides guidance for good and sustainable financial management. The updated self-assessment against the FM Code concluded that BCP Council was compliant. Opportunities for further improvement remain and are monitored via an action plan.

BCP Council – Local Code of Governance

20. The BCP Local Code of Governance is regularly reviewed to keep it as up to date as practicable. Since the inception of BCP Council, regular revisions have been necessary to reflect the evolution of the Council's governance arrangements. As such, a revised version is attached at Appendix 2 for approval.
21. Minor amendments were required this year as follows:
 - Inclusion of reference to the Nolan Principles, Transparency Code and Freedom of Information and Subject Access Requests
 - Deletion of reference to the Big Plan and Smarter Structures
 - Mandatory Training, Capital Investment Board, Benchmarking and Health & Safety
22. Following the local election in May 2023, it is likely that the Council's new political administration may wish to make changes to some governance arrangements as currently outlined in the Local Code of Governance. It is recommended that the Head of Audit & Management Assurance be delegated, in consultation with the Chair of Audit & Governance Committee and the Leader, to make any material in year changes to the Local Code of Governance as required to reflect any changes agreed.

Options Appraisal

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

Summary of financial implications

24. The AGS is part of the annual Statement of Accounts and is reviewed by Grant Thornton, the External Auditor, to ensure it is consistent with their understanding of the organisation. Consequently, failure to produce an AGS and / or failure to properly disclose any matter known to the organisation would be reported by Grant Thornton.

Summary of legal implications

25. The Accounts and Audit Regulations 2015 require the Council to produce an AGS. Failure to comply would result in the Council not meeting its statutory requirements.

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 impacts from this report.

Summary of public health implications

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

Summary of equality implications

29. In respect of the Local Code of Governance, an Equality Impact Assessment Screening Tool has been completed and reviewed. The Council's equality & diversity policy, supporting equality & diversity governance framework and equality impact assessment processes, which are part of the Local Code of Governance, are in place to ensure and promote positive equality outcomes for everyone.

Summary of risk assessment

30. There is a risk that failure to prepare the Annual Governance Statement in line with proper practice would breach the requirements of the Accounts and Audit Regulations 2015.

31. If timely actions are not taken to address the issues in the Action Plan arising from the AGS, then there is a risk that the Council's governance arrangements may not be adequate or consistent with good practice.

Background papers

None

Appendices

Appendix 1 – BCP Council AGS 2022/23

Appendix 1 – Annex 1 – BCP Council Assurance Review

Appendix 2 – Local Code of Governance (June 2023 update)

BCP Council
Annual Governance Statement
2022/23
Pre-audited

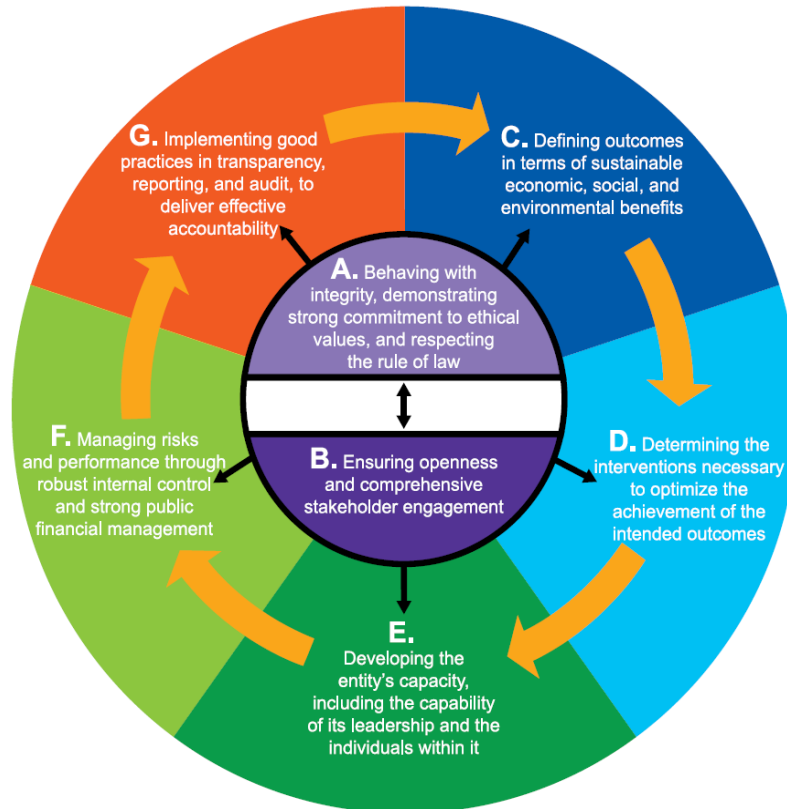
July 2023 — *This pre-audited draft will be presented to Audit & Governance Committee for approval.*

Scope of Responsibility

- 1 BCP Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and accounted for and used economically, efficiently and effectively.
- 2 In discharging this overall responsibility, BCP Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arranging for the management of risk.
- 3 To this end, BCP Council has adopted a Local Code of Governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of this Code is available on the [Council's website](#).
- 4 The Annual Governance Statement (AGS) explains how BCP Council complied with the Code and met the requirements of the Accounts and Audit Regulations 2015 (and as amended by the Accounts and Audit (Amendment) Regulations 2022) in relation to its preparation, approval and publication.

The Purpose of the Governance Framework

- 5 The governance framework comprises of the systems and processes, culture and values by which the authority is directed and controlled, and by which it accounts to, engages with and lead its communities. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether those objectives led to the delivery of appropriate services and value for money.
- 6 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It does not eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood and potential impact of those risks being realised; and to manage them efficiently, effectively and economically.
- 7 The key elements of the Council's governance framework are identified in the [Local Code of Governance](#) which is consistent with the seven best practice principles of the *International Framework: Good Governance in the Public Sector* (CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*) as shown in the diagram below.



- 8 BCP Council's governance framework was in place for the year ended 31st March 2023 and up to the date of the approval of the Statement of Accounts.

Review of Effectiveness of the Governance Framework

- 9 BCP Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including how it meets the principles above and the effectiveness of the system of internal control. This includes how its vision, priorities and objectives, as articulated in the corporate Strategy and Big Plan, are delivered, effectiveness of decision making, and governance of partnerships and group entities.
- 10 The AGS is the method by which we record the outcome of this review. The AGS also includes the Council's group entities as identified in its Statement of Accounts.
- 11 As part of the review, the Council considers both in-year, continuous elements and year-end review processes.
- 12 Many of the elements identified in the Local Code of Governance provided on-going review of the effectiveness of the governance framework during the 2022/23 financial year including:
- Democratic processes, such as Full Council, Cabinet, Overview and Scrutiny functions, which operated in line with the Council's Constitution.

- The Audit and Governance Committee which provided independent assurance to the Council on the effectiveness of governance arrangements, risk management and the internal control environment.
- Established arrangements for senior officers to meet as part of Corporate Management Board, Transformation Board and Directors Strategy Group.
- Statutory Officers Group, comprising of the Chief Executive, Monitoring Officer and Chief Financial Officer, which met regularly throughout the year. The Head of Audit & Management Assurance also attended these meetings.
- The role of the Chief Financial Officer (CFO) in terms of non-statutory codified professional practice, legislative and statutory responsibilities, and corporate governance requirements is set out in the Council's Constitution. The Council's financial management arrangements conformed to the governance requirements of the CIPFA Statement of the Role of the Chief Financial Officer in Local Government (2016). The Director of Finance is designated as the Council's CFO.
- The Council's assurance arrangements also conformed to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019). The Head of Audit & Management Assurance was designated as the Council's Head of Internal Audit.
- The Director of Law & Governance has been designated as the Monitoring Officer, whose functions include a duty to keep under review the operation of the Constitution to ensure it is lawful, up to date and fit for purpose.
- Review of and changes to the Constitution following the work of the Constitution Review Working Group and Monitoring Officer.
- The Council reached a good level of performance against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. This means the organisation has put in place effective arrangements across many aspects of the counter-fraud code and undertook positive action to manage its risks.
- Internal Audit, who provided an independent appraisal function and assurance on the adequacy of internal controls and of risks to the Council's functions and systems.
- External Audit, to whom the Council provides support, information and responses as required, and ensures findings and recommendations are appropriately considered.
- Regular scrutiny of financial monitoring reports by Councillors and Officers.
- External reviews and inspections, the results of which are reported and acted upon as appropriate. These included, for example:
 - Local Government Association Peer Review / progress report
 - Department for Levelling Up, Housing and Communities (DLUHC) letter (Jan 23)
 - Grant Thornton – Auditor's Annual Report on BCP Council 20/21 (Sept 22)
 - Health and Safety Executive (HSE) Improvement Notices
 - Judicial review of Sexual Entertainment Venue licencing policy
 - Children's services Ofsted & others e.g. Inspecting Local Authority Children's Services (ILACS) Monitoring Visit Letters
 - Safeguarding Review for Adult Social Care
 - DLUHC Assurance Review – commenced in the year but not yet completed or reported

- 13 A year-end assessment of the effectiveness of the governance arrangements was undertaken, using sources of evidence including:
- Completion of Management Assurance Statements by all Service Directors
 - Self-assessments for group entities
 - Internal Audit documentation and reports
 - Chief Internal Auditor's Annual Report
 - Findings from internal and external reports
 - Follow up of the 2021/22 AGS action plan
- 14 The Chief Executive undertook a governance review during 2022/23 for which the BCP Council Assurance Review report was produced, and a series of recommendations raised.

Covid-19 – Impact of Pandemic on the Governance Framework

- 15 There were no significant remaining impacts on the governance framework from the Covid 19 pandemic during 2022/23.
- 16 However, the pandemic has had long lasting impacts on some areas of the BCP community, the economy and wider public services, which Council teams are continuing to support, often in partnership with other organisations, such as through the Economic Development team. The impacts on health services are particularly strong and ongoing and that has affected priorities and objectives around social care and hospital discharges.
- 17 There remain some operational and financial impacts on the Council itself, which are now managed by through the Council's normal governance arrangements.
- 18 No significant on-going governance issues caused by the pandemic have been identified.

Financial Management Code

- 19 The Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities to provide assurance that authorities are managing resources effectively.
- 20 As required by best practice, senior finance officers at BCP Council have undertaken self-assessments against the FM Code. Following the initial self-assessment in 2020/21, an action plan was produced and monitored with a mid-year update going to Audit & Governance Committee.
- 21 An updated self-assessment for 2021/22 concluded that BCP Council was compliant with the FM Code. Progress against all the actions has been made, with a number of opportunities for further improvement remaining. Audit & Governance Committee were most recently updated in January 2023 and the table below shows the current position:

	Issue	Recommendation	Update at June 2023
1	The children's services capital strategy is under-developed with no new projects included in the 2021/22 programme and a residual programme of less than £1million in future years.	A children's services capital strategy and detailed plan to be prepared - aiming for Cabinet in July 2021 and going forward to be refreshed annually as part of the February budget report.	Implemented (as reported June 2022)
2	An analysis of the overall capital requirements of the council's estate is not yet in place to inform a capital strategy or estate management arrangements. This is in progress supported by consultants.	The physical estate needed to support future service delivery and corporate objectives should be established alongside future estate management arrangements to determine an appropriate corporate landlord model for the council. Capital strategy to be informed by the review.	In progress – The Council is now committed to creating a Corporate Landlord Model. The restructure of the Corporate Leadership Team puts in place the structure to enable the Council to take the next important step towards successful implementation.
3	The council involves a range of stakeholders in setting the annual budget, this includes specific consultation on service-based savings plans but not general consultation with residents.	Consideration of whether the budget process would be enhanced by any additional consultation processes.	Implemented - Consultation with residents was launched in November 2022. The public survey was available on the council's consultation and engagement platform and hard copy surveys were available at local libraries. This will be repeated for 24/25 budget setting.
4	The Council undertakes regular reporting of key elements of the balance sheet such as projected reserves and transformation costs in quarterly Cabinet reports. Collection fund, bad debt provision and collection rates are reviewed periodically.	Determine if further balance sheet and other items (e.g. procurements undertaken) should be monitored by CMB.	In progress – The transformation programme is progressing with the new financial system implemented from April 2023. Financial reporting requirements are under review during the first quarter of 2023/24 with an agreed suite of reports expected to be available in the second quarter.
5	The detail of fixed assets for accounting purposes is maintained on spreadsheets	The main accounting systems, including for fixed asset recording, is	In progress - The new system implementation from 1 April 2023 includes a

	with the inherent risk of data corruption or loss going undetected with little system reliance. There is no link with the subsidiary systems that provide other asset management information.	an early work package for the strategic investment partner and will take time to implement.	fixed asset accounting module. The records held on spreadsheets as at 31 March 2023 have been migrated to the new system where they will be maintained going forward.
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Evaluation, Conclusion and Significant Governance Issues

- 22 Following review and evaluation of governance arrangements, BCP Council considers that, **for the year ended 31st March 2023 and to the date of the publication of the Statement of Accounts, it has effective, fit-for-purpose governance arrangements in place in accordance with the governance framework.**
- 23 The Council's Corporate Management Board (CMB) considered the effectiveness of the governance arrangements, including potential significant governance issues arising from the review, using the following criteria as a guide:
- The governance issue may, or has, seriously prejudice/d or prevent/ed achievement of a principal Council objective or priority;
 - The governance issue may, or has, result/ed in a need to seek additional funding to allow it to be resolved, or may, or has, result/ed in a significant diversion of resources from another service area;
 - The governance issue may, or has, led to a material impact on the accounts;
 - The impact of the governance issue may, or has, attract/ed significant public interest or seriously damage/ed the reputation of the Council;
 - The governance issue may, or has, be/en publicly reported by a third party (e.g. external audit, Information Commissioner's Office) as a significant governance issue;
 - The governance issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.
- 24 The Chief Executive's BCP Council Assurance Review highlighted a series of governance issues, including those relating to culture and leadership, political and financial governance and capacity and capability to improve. The Review has been included as Annex 1 to this report and the implementation of the recommendations raised within it included as part of the Action Plan monitoring process.
- 25 Three further specific issues have been identified as significant governance concerns and have been included in the Action Plan, relating to the management and risks posed by the:
- Dedicated School Grant (DSG)
 - BCP FuturePlaces Ltd, wholly-owned company
 - Poor completion rates of mandatory training by officers, a persistent issue

- 26 In addition, DLUHC are currently undertaking a governance review in response to the Council's application for a capitalisation direction during 2022/23, which has subsequently not been required due to changes in the financial strategy. The findings of the DLUHC review have not yet been finalised, however the Cabinet and CMB are committed to addressing any governance concerns identified.
- 27 There were also a series of other potential issues identified for inclusion in the AGS. Whilst these were undoubtedly issues for the Council, they did not meet the Council's significant governance issue criteria, for example, they may have been governance related weaknesses, but in a relatively narrow scope of the Council's business, or they may have been operation concerns rather than governance issues. Some of these are shown below as follows:
- The Health and Safety Executive issued three improvement notices during 2022/23, each of which have now been resolved following urgent response by the Council.
 - The Council was subject to a Judicial review of Sexual Entertainment Venue licencing policy in respect of the evidence analysis and review of the equality impact assessment.
 - Work to rectify a historic site licence breach as identified with the Environment Agency is on-going and further dialog and work will be required.
 - Seafront pop-up restaurant – the Council incurred a financial loss of circa £175,000.
- 28 The 2021/22 AGS identified three significant governance issues as outlined below, for which an action plan was produced and monitored. A detailed follow up report was presented to the Audit and Governance Committee in January 2023, and a further update as at May 2023 is summarised below:

2021/22 Significant Governance Issue	Progress as at May 2023
Governance of Children's Social Services	This issue is being removed from the AGS – the Council considers that it now has robust governance arrangements in place to deliver the sustained improvements required in Children's Services. This includes Children's Improvement Board and associated action plans, SEND Board, regular reporting to CMB and Children's Overview & Scrutiny, regular inspection by Ofsted.
Governance Arrangements with External Bodies a) Parks, charities and trusts b) Partnerships	This issue is being removed from the AGS – a) Only one item now remains outstanding in relation to parks governance review work, which is due to be presented to Cabinet by September. This no longer meets the Council's criteria as a significant governance issue b) Partnership guidance has been produced and compilation of the Corporate Partnership Register is in process.

<p>Delay in the completion of the 2020/21 external audit</p>	<p>This issue remains on the AGS but has been updated for relevant dates – Although the 2020/21 external audit has now been completed, a similar issue has now occurred with the 2021/22 audit, which is outstanding as of May 2023. Therefore, this has been included as a significant governance issue. There is a plan in place with external audit to conduct both the 2021/22 and the 2022/23 audits during the same period, summer/autumn 2023.</p>
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Table 1 - 'Significant Governance Issues' and Action Plan

1	BCP Council Assurance Review – the review (see Annex 1) identified a range of governance areas where improvements could be made. Recommendations were made in the following areas: <ul style="list-style-type: none"> • Council meetings and decision making • Cabinet and leadership • Councillor behaviour • Further issues to address: <ul style="list-style-type: none"> • BCP FuturePlaces Ltd • Subsidiary Companies • Finance • DSG 		
	Action Points	Responsible Officer	Target Date
	CMB to oversee implementation of recommendations raised in the BCP Council Assurance Review.	Chief Executive (CMB)	September 2023
2	Dedicated School Grant (DSG) - The overall level of council reserves is of concern because of growing deficit on the Dedicated Schools Grant (DSG) budget is taken into consideration. At 31 March 2023 the Council is predicted to have a DSG deficit of £37m which is particularly impacted by the expenditure on the High Needs block and support for Education, Health, and Care Plans (EHCPs) for young people. The budget for 2023/24 assumes this deficit will grow to £64m by 31 March 2024 at which point the Council will have overall negative reserves. The presence of a statutory instrument allows the Council to ignore this deficit until the 2026/27 financial year at which point the deficit is currently forecast to have increased to around £160m without corrective action. Whilst the long-term impacts are potentially significant, the short-term effects are also impacting on the Council's budgets because of the cost to the Council of managing the cashflow of the payments, at an estimated annual revenue cost of around £2.5m for 2023/24 and growing in future years. This is causing an effective cut of service provision to that degree. Although part of the DfE Delivering Better Value in SEND programme the Council is no clearer as to how this deficit will be funded. The Council should consider how best to manage the future risks and current costs associated with this significant issue. <i>(Extract from BCP Council Assurance Review)</i>		
	Action Points	Responsible Officer	Target Date
	The Council should consider how best to manage the future risks and current costs associated with the issue of continued and growing DSG overspend. Councillors and officers need to consider the options for DSG provision and determine the most appropriate strategy, through liaison with the DfE.	Chief Executive and Director of Children's Services	September 2023

3	<p>BCP FuturePlaces Ltd - The governance of BCP FuturePlaces Ltd, the Council's URC (Urban Regeneration Company) has been a matter of significant local concern. The Leader and Deputy Leader were both appointed to the Board in the formative stages and have only recently been able to step back from the Board as a very strong team of the independent Chair and new non-executive directors have been appointed. New ongoing consultative arrangements with a cross-party group of councillors have been established. The Council has appointed the Chief Executive to be the Shareholder Representative on the board and other Council officers attend board meetings in an advisory capacity including the S151 officer, Monitoring Officer and Director of Infrastructure.</p> <p>The commissioning arrangements are established but scope creep is a danger, and some projects have become wider and less focussed than originally intended, increasing the financial risk to both the Council and BCP FuturePlaces Ltd. There is, as a result, reduced focus on the core projects which means they are taking longer to deliver than first envisaged.</p> <p><i>(Extract from BCP Council Assurance Review)</i></p> <p>Both the (former) Leader and Deputy Leader have now resigned from the Board and four independent non-executive directors have now been appointed.</p>		
	Action Points	Responsible Officer	Target Date
	<p>Review the operation of the governance arrangements following the appointment of the non-executive directors to ensure governance and structure is effective and fit-for-purpose.</p> <p><i>(action point based on CMB/Assurance Review)</i></p>	<p>The Chair/non-executives</p> <p>Chief Executive / CMB</p>	<p>September 2023</p>
	<p>The adopted funding regime for BCP FuturePlaces Ltd contains risk for both parties, which could be reduced by a mixed model of funding.</p> <p>The Council should consider working with BCP FuturePlaces Ltd to identify a new, mixed, funding regime for 2023/24 which would directly cover more of the costs as they are incurred to reduce future risk.</p> <p><i>(from Assurance Review)</i></p>	<p>Chief Executive and Director of Finance</p>	<p>September 2023</p>
	<p>The Council and BCP FuturePlaces Ltd should work together to consider the scope of regeneration projects being pursued to bring the core projects more into focus and to programme non-core schemes further out to balance the projected workload and pipeline more evenly.</p> <p>The governance and workload review of BCP Future places to be carried out by the new Board will address this issue.</p> <p><i>(from Assurance Review)</i></p>	<p>The Chair/non-executives</p> <p>Chief Executive / CMB</p>	<p>September 2023</p>

Appendix 1

4	<p>Delay in the completion of the 2021/22 External Audit – The Council considers that the delay to the completion of the external audit of the 2021/22 statement of accounts to be a governance weakness as this is a key source of assurance. The delay is principally caused by wider sector problems with both auditor capacity and the increase complexity of recent audit requirements.</p> <p>There is a plan in place with external audit to conduct both the 2021/22 and the 2022/23 audits during the same period, summer/autumn 2023. This plan has been, and will continue to be, agreed and reviewed by the Audit & Governance Committee, consequently no AGS Action Points are necessary.</p>
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5	Mandatory Training - Less than 50% of officers have completed their mandatory training.		
	Action Points	Responsible Officer	Target Date
	<p>Managers to review the mandatory training dashboards in SkillGate to ensure full compliance.</p> <p>Managers to provide teams dedicated work time to complete any outstanding mandatory training.</p> <p>Managers whose teams have completed their mandatory training will show as compliant on SkillGate.</p> <p>Managers whose teams who have not completed their mandatory training will show as non-complaint on Skill-Gate.</p> <p>Regular reports on managers compliance will be shared with senior leadership team to ensure that BCP Council is compliant.</p>	Corporate Directors, Directors & SLN	December 2023

This statement explains how BCP Council has complied with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* and also meets the requirements of the Accounts and Audit Regulations 2015.

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit and Governance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

G Farrant - Chief Executive of BCP Council

Date

Cllr V Slade - Leader of BCP Council

Date

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BCP Council Assurance Review

Graham Farrant – Chief Executive, BCP Council

March 2023

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Foreword

This assurance review has been produced to help to meet the needs of DLUHC who have been due to commission an assurance review of BCP Council since the application for a capitalisation direction was agreed in principle.

The Leader of the Council and I have agreed that, as Chief Executive of the Council I should prepare an assurance review covering all of the issues that I am aware of in order to facilitate the process. In doing that I may have given a more detailed report than would be possible for an external reviewer, but this gives the Council a detailed set of recommendations to implement over the coming months, and particularly from the elections in May.

Many of the recommendations are either under way already or will be implemented after the local elections in May 2023, given the short timescale left for the Council with its current membership. Where the recommendations are for implementation after the elections, all appropriate preparatory work will be carried out so that the recommendations can be implemented as soon as possible after the election of the new Council.

I would like to thank all those who have contributed to this review, especially Sophie Bradfield who has co-ordinated all of the input and helped to deliver the report promptly.

Graham Farrant
Chief Executive BCP
Council

16 March 2023

Introduction

About BCP Council

Formed in April 2019, BCP Council is a local authority that is home to over 400,000 residents. Comprising the towns of Bournemouth, Christchurch and Poole (BCP), the local authority has areas of natural beauty, scientific interest and opportunities for all residents. Like many places the BCP area has areas of contrast, including some of the most affluent and most deprived areas in the country.

When BCP Council was formed on 1 April 2019, it was the most complex local government reorganisation seen in the country for over 40 years, bringing together district and county level services, each from three different sources, across four preceding councils. The creation of the Council was not supported by all of those Councils and the decision was uncertain until the summer of 2018, resulting in the restructure being completed in a year less than other LGR's, and some of the friction lives on in the Council and in the local politics.

Prior to LGR the respective councils in Bournemouth, Christchurch and Poole were each led by Conservative administrations with majority control. Following the election in May 2019 there is a much more mixed political representation which is explored further below.

Less than a year after the new Council was formed the world encountered the Covid19 pandemic which changed the way that people worked and created huge pressures for the public sector. The pandemic helped to shape the way that the Council performed during those 18 months from March 2020 and had a lasting effect by delaying some of the transformation and culture change that was necessary to fully integrate the services from four preceding councils.

The following papers give more detail on the impacts of Covid-19 on the Council:

- [Covid Impact Evidence - Briefing Paper - April 2021 \(bcpCouncil.gov.uk\)](https://www.bcpCouncil.gov.uk/covid-19/briefing-paper)
- [COVID impact on Children and Young People - Evidence summary - Insight Briefing May 2021 \(bcpCouncil.gov.uk\)](https://www.bcpCouncil.gov.uk/covid-19/evidence-summary)

BCP Council is the 10th largest urban local authority, the 13th largest unitary council by population and the largest urban authority that does not have an upper tier of combined or regional governance above it. The Council is not engaged in any formal discussions regarding a potential devolution deal.

Parliamentary Constituencies: There are 5 parliamentary constituencies across the BCP area, all held by Conservative MP's since 2019: [Bournemouth East](#) BC; [Bournemouth West](#) BC; [Christchurch](#) CC; [Mid Dorset and North Poole](#) CC; and [Poole](#) BC.

[Appendix 1](#) contains key facts about the economy and population.

Political Governance

The Constitution

The Council's Constitution was developed by a councillor working group under the Shadow Authority arrangements, from the constitutions of the three principal preceding councils. A cross-party Constitutional Review Working Group has been set up to undertake a continual review making recommendations through the Audit & Governance Committee (A&G) for further referral to Council for any changes to be made.

A thorough review was undertaken during 2021, concentrating on the Articles and Procedure Rules, followed by the adoption by the Council of the LGA model Code of Conduct for Councillors and a refresh of Part 3 Delegations. The Part 5 Finance Procedure Rules are subject to an annual review and the Monitoring Officer has made recommendations that this part be integrated more fully into the constitution and particularly that a standalone Budget and Policy Framework be developed.

See [recommendation](#) 32.

The Council is administered under a strong Leader and Executive model. In addition to Council and Cabinet, decisions are made through Audit & Governance, Standards, Planning, Licensing and Appeals Committees. Following a review in May 2022, Overview and Scrutiny now takes the form of four separate committees with specific remits:

- Corporate and Community
- Place
- Health and Adult Social Care
- Children's Services

Overview and Scrutiny Committees are heavily involved in considering many, but not all policy issues prior to consideration by Cabinet and have not been as actively engaged in policy development as they could have been in most areas. There are some notable examples of good practice around Climate Strategy and the development of the Local Plan, but these examples have not been followed everywhere. This has been an area of concern for some time and will need further development.

See [recommendation](#) 3.

Political Movements

BCP Council is made up of 76 councillors, representing 33 wards. At the time of writing, the Cabinet is made up of the Leader of the Council, Councillor Philip Broadhead, and seven portfolio holders, including a Deputy Leader. There is a Cabinet+ approach to utilise a wide range of member skills and an additional six non-executive lead members have been appointed with specific responsibilities such as homelessness and Levelling Up and skills. The Leader of the Council, Cllr Philip

Broadhead was elected unopposed, at the Council meeting on 21 February, following the resignation of the former Leader, Cllr Drew Mellor.

The political environment has been very mobile over the last four years, with a very large number of movements between party groups and some deaths of councillors in service, resulting in changes to the political balance. These changes are more common in a No Overall Control environment, but the degree of movement is notable and probably unprecedented in a new council. Since the elections in May 2019 there have been 10 political balance reviews triggered by various events, three votes of no confidence, and changes to the political leadership, plus the current administration starting as a minority administration (36/76) moving to a position of overall majority control (41/76) and now being back in minority administration (35/76). These movements are set out in the table attached as [Appendix 2](#).

At the start of BCP Council, following the local elections in May 2019, six political groups were established with two unaligned councillors; but no single political party had overall control. The Unity Alliance was formed, comprising councillors elected to represent the Liberal Democrats, Christchurch Independents, Poole People, Labour, other Independents, Green, and Alliance for Local Living, held the administration until September 2020, when a second Vote of No Confidence in the leadership resulted in a Conservative minority administration taking control. That minority administration moved to a majority Conservative administration in October 2021 and then reverted to being a minority administration in a No Overall Control council from June 2022 when four councillors left the Conservative group, and then established their own Poole Engage party (initially called Poole Local).

In addition to the large number of movements between parties, BCP Council is unusual in the number of local-interest parties that have been established in the area, and which make up a significant portion of the Council. This brings a different dynamic to the more traditional larger political national parties. There are political groups representing:

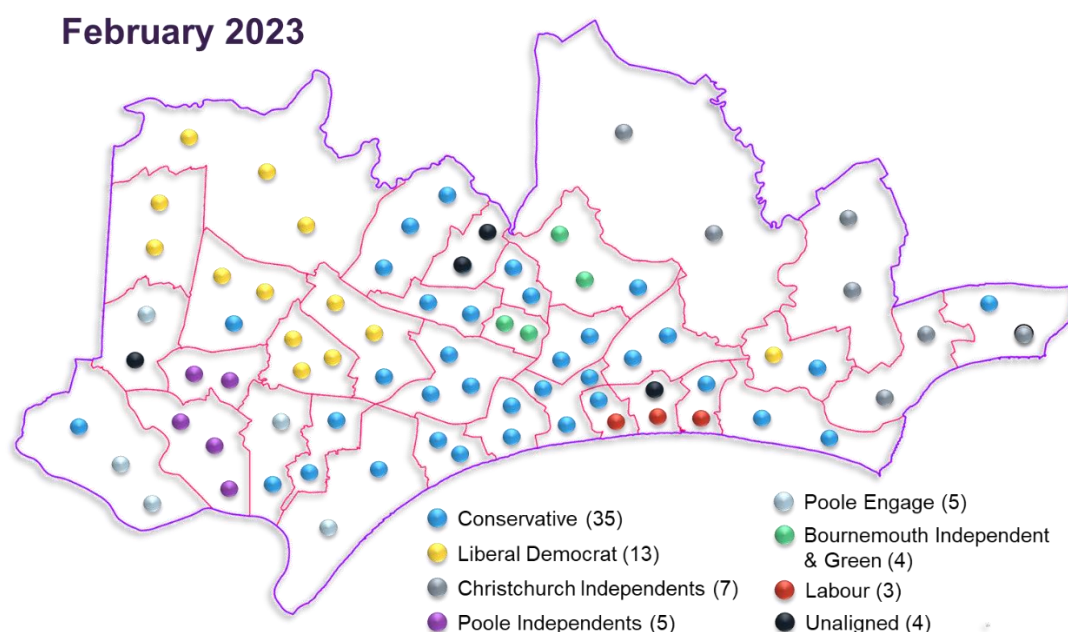
- Christchurch - Christchurch Independents
- Poole - Poole Independents, which itself is made up of four councillors elected to represent the Poole People Party and one representing the Alliance for Local Living, and a second local group, Poole Engage, which is made up of four councillors elected as Conservatives and one elected as Poole People Party
- Bournemouth - Bournemouth Independents which is made up of two councillors elected to represent the Green Party and two independent councillors.

In addition, the three other national parties, Conservatives, Labour, and Liberal Democrats are all represented on the Council and there are a number of unaligned councillors.

This very unusual mix of national and local parties plays into the very complex web of political representation on the Council and committees and makes the political

balance calculations extremely complex and volatile as almost any movement of councillors between party's results in a complex amendment to the political balance calculations.

The current political make-up of the Council is shown in the illustration below, which also demonstrates the locality focus of some of the political groups:



With three Leaders of the Council, and three Leaders of the Opposition there has been an unprecedented amount of political change in a newly formed Council, and this has led to an impression of political instability and lack of consistent direction, despite the longevity and stability of the Council's Corporate Strategy and the Big Plan. The external perception of the instability of the political leadership, seen in sharp contrast to the stability of neighbouring Dorset Council, has deterred public sector partners from establishing long-lasting relationships with the political leadership, and has hampered the Council's ability to engage fully in strategic partnerships, an area which needs to be addressed.

It is important that, after the local elections, the new political leadership team engage strongly with the LGAs Peer teams and their national party structures. They will need to use the facilities of mentors and coaches which the LGA and others will make available to stabilise the new council and ensure that the new Cabinet has sufficient capacity and support to clarify the long-term objectives and priorities for the Council and to manage the budget process going into 2024/25.

It is suggested that this will need to include stronger engagement and communications with all councillors across the political parties to include:

- 1 Establishment of cross-party working groups to oversee:
 - a. the transformation programme,
 - b. budget process and
 - c. other key corporate priorities such as climate action
- 2 Re-establishing a regular (weekly or fortnightly) email update to all councillors on developing policy and forthcoming decisions, which has already been reinstated by the new Leader.
- 3 Maintaining an open Q&A approach for all councillors, engaging with senior officers alongside the Cabinet.
- 4 Similar engagement for key public sector partners and community representatives.

Increased diligence should be established so that leading councillors only attend formal meetings with external parties with an officer present to make notes of any discussions and any policy outcomes, and that all subsequent correspondence is produced in line with the Constitution.

See [recommendations](#) 17, 18, 23 and 24.

Partnership Working

BCP Council has proactively explored opportunities to work collaboratively with other organisations at a strategic and operational level and work closely with neighbouring authorities and partners.

Many of the Council's ambitions, actions and activities are shared with partners in the public, private and third sector and are included in partnership strategies and plans. Advantage has been taken of new partnership arrangements that have arisen over the last 18 months to establish the Council's position more firmly on the regional and national partnership infrastructure.

BCP Council is a major partner with the NHS in the Dorset Integrated Care System (ICS) which covers the BCP and Dorset Council areas. As part of this the Council is a key member of the Integrated Care Partnership (ICP) helping with place-based plans for prevention and integration, working with the NHS and wider partners through the ICP. The Council's Health and Wellbeing Board also works closely with Dorset's Health and Wellbeing Board to consider its role in supporting a strong and vibrant Integrated Care System Strategy, with a focus on improving outcomes particularly in the more deprived communities and delivering the ambition for better health, better care, and better value from a collective use of our combined resources.

The Dorset Public Services Forum is now chaired by the BCP Council Chief

Executive, and this will be supplemented by a new BCP Public Services Executive Board that has now been established. The purpose of these forums will be diverted towards a more strategic approach to public service provision across the area, both for the wider Dorset and for the BCP area.

The Council needs to determine its preferred approach to sub-regional partnerships and to decide whether it will push for a Dorset-wide, or wider South West configuration, or partner more formally with areas to the east through a Central South configuration.

LGA Peer Challenge

In line with the statutory requirement to continually improve the Council, an LGA Corporate Peer Challenge (CPC) was carried out in November 2021. This enabled a review of progress two years after the formation of BCP Council.

The CPC recognised that, whilst much work had been done to create this new influential and large-scale unitary council, the Council still had a significant job to do to consolidate policy, practice, and procedure. Some significant challenges remained, including the harmonisation of pay and reward to bring together all staff onto a common pay scale and with common terms and conditions. There was also a recognised need to balance the leadership's ambitious visions for the place of BCP against an ability to deliver a sustainable medium term financial plan.

The Council responded appropriately to the recommendations of the CPC with an action plan and revisited this at their progress visit a year later. However, comments made about the financial sustainability did not reach through to the political leadership which have continued to describe the financial position as being in a better position to other comparable councils. In reality, the future budget, which appears to be balanced over the MTFP, is heavily dependent on achieving some stretching cost-reduction targets through transformation and service-based improvements and efficiencies in Children's and Adults services.

Senior officers have continued to engage with the Peer Challenge team, especially on strategic finance issues and that is encouraging, providing valuable external support to the finance team. This external support for senior officers will be continued post-election.

Governance

Strategic Vision and Direction

The Council has established a clear vision for the place with "The Big Plan" and a Corporate Strategy which is underpinned by a series of deliverable objectives set out clearly and succinctly, alongside a comprehensive suite of key performance

indicators and measures. These documents are strong but were not produced sequentially as the Big Plan came after the Corporate Strategy. As a result, after the local elections, the Cabinet and Corporate Management Board will be engaged in bringing the Big Plan and the Corporate Strategy into a single document which will set out the vision for the place and the key objectives for the Council to deliver. This will simplify the strategic framework of the Council and will help to guide the key priorities for services and for the budget.

The Transformation Programme sets out the ambitious plans for creating a new, single operating model which will help the Council achieve its strategic vision. However, the structures have not been established to encourage and enable an appropriate and sufficient level of councillors' engagement with the Transformation Programme. Two new mechanisms are being established, a Cabinet working party to lead on key areas of transformation and a new cross-party group of councillors to oversee and monitor the transformation programme.

See [recommendations](#) 15 and 16.

Decision-making

Formal decision-making is well documented, and the standard of reports is generally good, although some are too long, and the recommendations are not always as clearly worded as they might be.

The Cabinet is the principal decision-making body, and this works well. Decisions are clear and the meetings have been open, engaging and well managed. There is an open invitation for all councillors to speak on any item if they want to, plus open feedback from Overview and Scrutiny into Cabinet reports, and an opportunity for public statements at the start of each meeting. Some councillors attend the meeting on Microsoft Teams, although any decision-makers need to be in the room to vote. The hybrid structure of meetings has been used to good effect and the Democratic Officers supporting the Cabinet are skilled at their roles.

The Cabinet agenda has often been very full, primarily due to the large number of policies and strategies coming forward after local government reorganisation, many of which are still ongoing or being developed, although the stream of outstanding strategic consolidation requirements is nearly complete.

Overview and Scrutiny (O&S) has been the subject of political contention with the recent changes to the structure and frequency of meetings being particularly contentious. Much of the work of the Health and Adult Social Care, and Children's Services O&S Committees has been well recognised and is strong. These two O&S Committees seem to be well supported across the political parties.

The two new O&S Committees for Place and Corporate & Community are more contentious. The councillors on these two committees are more focussed on carrying out pre-Cabinet scrutiny and there is a need to move that agenda more into

development of policy and the overview aspects rather than pre-decision scrutiny, whilst encouraging opposition and backbench councillors to find appropriate mechanisms for challenging and reviewing Cabinet and portfolio holder decisions.

It has been noted that most of the decisions on the two new O&S Committees appear to be taken on party lines and this needs to be reviewed. This is an observation which needs to be watched carefully as the party whip should not be applied to O&S functions.

Council meetings have often been contentious and there have been some very acrimonious meetings and debates. There is a need to review how many recommendations need to go to the Council for decision and how they are managed and debated. The level of delegation should be reviewed and the procedure for proposing and seconding recommendations from the Cabinet and other Committees could be simplified.

Planning and Licensing Committees are generally well managed. No issues of concern have been identified to date although they have dealt with many contentious issues and applications. Planning is a big issue in the area, as it often is, but there is no evidence of mismanagement or major concerns, apart from delays in considering items for planning permission. The performance of the Planning team has been under scrutiny for some time and a Planning Improvement Board has been established, chaired by the Chief Executive, and involving the Chief Operations Officer and Cabinet members to drive performance improvements.

Policy reports are, generally, co-produced productively between officers and portfolioholders with detailed briefing of portfolioholders by officers being generally effective and well supported. At formal Cabinet meetings the reports are presented by councillors, who are briefed by officers. Use of the ModernGov system to produce reports has improved in recent months and where it is properly used it is effective, although can be cumbersome, especially for councillors who have may have devices other than the Council laptop.

The Director of Law and Governance has recently confirmed that the content of reports is in the ownership of the officers, with their role being to provide sufficient information to the Cabinet and other Committees, and for the councillors to consider the options and make a decision. Report writing training is currently being refreshed for report authors.

See [recommendations](#) 1-8 and 13.

Finances

The Council's finances have been the main point of contention over the last year and have been the key factor that has brought the Council to the attention of DLUHC and the Minister for Local Government.

The financial element of the November 2021 Corporate Peer Challenge was appropriately challenging and supported subsequent observations by DLUHC and others, including the external auditor, about the degree of financial risk embedded in the budgets and MTFP. Early observations included that BCP Council had a professional and experienced finance team who had enabled the Council to build a solid financial base having successfully navigated the creation of a large new unitary authority following the most complicated local government review process in England in 40 years, a global pandemic and the delivery of services with over £100m less in annual Revenue Support Grant from Government compared to 2010. They also reflected that the Council had a reasonable level of reserves.

Recommendations included suggestions that the Council:

1. note that the accumulated Dedicated Schools Grant high needs deficit is close to creating an overall negative reserve position.
2. continually assess the risks created by the overarching and ambitious programmes of regeneration and transformation and the potential to impact the resources necessary to support statutory and priority services.
3. ensures the affordability of new initiatives within the context of the MTFP timeline.
4. considers increasing unearmarked reserves beyond the current MTFP target to mitigate strategic and operational risks from ambitious programmes.

The annual revenue budget for 2022/23 was noted as containing significant risk, many of which moved against the Council during the year, including the failed strategy to fund the Transformation programme by selling the beach huts to an SPV and the severe effects of inflation during the year, which was not forecast.

See [recommendation](#) 30.

Council Tax

Residents of the preceding councils paid different amounts of council tax prior to LGR with the average (band D) for Poole residents being £1,439.38, Bournemouth at

£1471.30 and Christchurch £1,598.30. Two years on from the creation of BCP Council, council tax was harmonised from 1 April 2021, at £1,541.57 which was an average increase between years of 1.55% compared to the 4.99% maximum permitted increase for 2021/22. The allowable 3% social care precept was not applied in 2021/22 and instead carried forward to 2022/23.

In 2022/23 the administration did not support a full council tax increase and, despite a very strongly worded s25 statement from the Chief Finance Officer, the Council opted to apply a 4% council tax increase made up of the deferred social care precept from 2021/22 and the 1% social care precept for 2022/23. They did not apply the 1.99% increase in core council tax levels leading to a £4.5m per year reduction in potentially available resources from April 2022.

Council tax generates 79% of the net revenue budget for 2023/24, business rates generate 19% and just 2% comes from un-ringfenced government grants.

Reserves

BCP Council's strategy has been to build up its unearmarked reserves set aside to cover general day-to-day operating risks to £17.9m, which is 5% of Net Revenue Expenditure minimum benchmark level as recommended in the CIPFA Financial Management Code of Practice. The 2023/24 Budget achieves this with an injection of £1.9m. The MTFP allows for further annual increases of £0.7m each year in recognition of the upward movement in the net expenditure of the Council.

The level of earmarked reserves, which are reserves set aside for a specific purpose, have reduced significantly over the last few years, because the financial strategy has been to use such reserves to support the annual budgets of the Council. These reserves have in part been created from historically delivering positive financial outturns; from a fundamental review of how the capital programme and transformation programme are funded; and from ensuring Community Infrastructure Levy resources are being applied appropriately. The Council has endorsed the application of £96m of reserves in support of its last three approved budgets, £30m in 2021/22, £36m in 2022/23 and £30m in 2023/24. This is not sustainable as the forecast is that the remaining amount of earmarked reserves will total £12.8m on 31 March 2024.

The overall level of council reserves is of concern because of growing deficit on the Dedicated Schools Grant (DSG) budget is taken into consideration. At 31 March 2023 the Council is predicted to have a DSG deficit of £37m which is particularly impacted by the expenditure on the High Needs block and support for Education, Health, and Care Plans (EHCPs) for young people. The budget for 2023/24 assumes this deficit will grow to £64m by 31 March 2024 at which point the Council will have overall negative reserves. The presence of a statutory instrument allows the Council to ignore this deficit until the 2026/27 financial year at which point the deficit is currently forecast to have increased to around £160m without corrective action.

Whilst the long-term impacts are potentially significant, the short-term effects are also impacting on the Council's budgets because of the cost to the Council of managing the cashflow of the payments, at an estimated annual revenue cost of around £2.5m for 2023/24 and growing in future years. This is causing an effective cut of service provision to that degree.

Although part of the DfE Delivering Better Value in SEND programme the Council is no clearer as to how this deficit will be funded. The Council should consider how best to manage the future risks and current costs associated with this significant issue.

See [recommendation](#) 31.

Financial Governance

As stated, the 2021 Corporate Peer Challenge evidenced that the Council had a good solid financial base going into the 2020/21 budget setting cycle. The subsequent 2020 Covid-19 pandemic and the 2022 cost-of-living crisis then created pressures for the Council which have impacted its financial standing, but these are similar to those consistently being reported by other local authorities. However, for BCP Council there was the added dimension of an ambitious approach to regeneration, with the administration prepared to accept greater levels of operational and programme risk and prepared to test the boundaries of Treasury orthodoxy.

This manifested in August 2022 when DLUHC changed statutory the Flexible Use of Capital Receipts (FUCR) guidance which was a flexibility the Council had been intending to use to fund its £67m transformation programme. Government changed the guidance as it believed that the Council's proposal to create an SPV that would enable the commercialisation of its beach hut assets and, incidentally, generate a capital receipt for use through FUCR, was not in keeping with the spirit and intent of the legislation. The Council had, before including the proposal as part of its 2022/23 budget, obtained independent advice and guidance in developing the business case with KPMG and had received assurance from both CIPFA Consulting and its External Auditor that the scheme was within the guidance at the time of setting the budget.

Consequently the Council applied for a capitalisation direction to fund the entire Transformation programme (£76m) and received a "minded to" letter agreeing to allow it to fund the £20m revenue cost of its transformation programme in 2022/23 from borrowing. However, the letter from DLUHC encouraged the Council to eliminate the amount of exceptional support as much as possible and therefore it subsequently agreed additional assets sales, which assuming they can successfully be achieved by the 31 March 2023, will reduce the amount of the capitalisation direction to a much smaller sum being required in 2022/23, and possibly down to zero. A capitalisation direction of £1.9m is assumed in the 2023/24 budget and attempts are being made to reduce this requirement to zero.

There have been several changes in finance policy during the year, resulting from the failure to deliver the beach huts capitalisation and these have added to the impression of a council of concern to DLUHC. As a result, a number of letters have been sent to the Council directly by the relevant minister, an unusual event, and

these have kept the focus on the overall financial governance and direction of the Council. The apparently heightened risk appetite caused concern with external observers and CIPFA were engaged to advise the Director of Finance, alongside the continued engagement of the LGA Peer Review team. The focus on trying to bring in innovative financial models has been a source of contention within the Council and with DLUHC and has resulted in a diversion of senior resources away from more traditional financial management and distracted from the Cabinet and CMB working together to deliver a balanced budget made up from traditional local government resources.

From a governance perspective the Council's ongoing financial monitoring has been sound, with monthly monitoring reports to Cabinet replacing the normal quarterly budget monitoring with each such report being subject to pre-Cabinet scrutiny monitoring.

As part of the Council's Transformation Programme there is investment in a new Microsoft based Enterprise Resource Planning (ERP) system covering finance and HR systems to give a more comprehensive and intuitive system which brings together finance and structures and allows a greater degree of self service by budget holders. This will place greater emphasis on the skills of budget management being held by service managers and will accelerate the provision of accurate and timely budget monitoring information to services. This will also introduce commitment accounting and a structured approach to budget management and procurement requirements, as well as directly linking the staffing structures to budget management comprehensively.

See [recommendations](#) 9 and 33.

Regeneration capacity - BCP FuturePlaces

In May 2021, following an external review of the regeneration opportunities and the Council's capacity the Council approved the formation of BCP FuturePlaces Ltd, ("FuturePlaces") a wholly owned Urban Regeneration Company (URC), operating under the Teckal exemption. BCP FuturePlaces was created to drive "Place Making", regeneration and property market transformation at pace across key sites owned by the Council and the wider area to support the aspirations set out in the Council's Big Plan.

In October 2021 Cabinet approved a commissioning approach to provide oversight of all the regeneration and development activity undertaken for the Council, including by FuturePlaces, along with the company's first business plan. The commissioning plan sets out the strategic framework for overseeing the delivery of place making and regeneration services by the company with a small commissioning team performing an intelligent client role ensuring compliance with gateway process and the commissioning contract. Officers need to ensure

that the commissioning process is managed strongly, and that appropriate commissioning is maintained for every project.

The 2021/22 budget assumed FuturePlaces would provide development advice funded via an ongoing contractual agreement, with regular revenue payments to fund feasibility costs. However, following a review of similar practice applied by Be First, owned by London Borough of Barking and Dagenham (LBBD), an alternative mechanism was proposed which benefitted the Council's revenue budget.

A revised business plan was approved in July 2022 whereby FuturePlaces are provided with an up to £8m working capital loan from the Council to cashflow their feasibility activity, staffing costs and overheads prior to presenting individual business cases to the Council for approval, at which point FuturePlaces is paid for the work to date on each scheme, which will enable FuturePlaces to repay its debt to the Council. This approach enables the Council to acquire professional advice directly linked to a specific scheme or asset and capitalise the cost at appropriate stages, rather than incurring the feasibility and development cost in its revenue budgets. This arrangement has advantages but contains risk for the Council in terms of the repayment of the working capital loan, which, if not repaid will eventually crystallise as an in-year debt in-year and would need to be funded from the revenue budget of the Council at that point.

The governance of the URC has been a matter of significant local concern. The Leader and Deputy Leader were both appointed to the Board in the formative stages and have only recently been able to step back from the Board as a very strong team of the independent Chair and new non-executive directors have been appointed. New consultative arrangements with a cross-party group of councillors have been established.

The Council has appointed the Chief Executive to be the Shareholder Representative on the board and other Council officers attend board meetings in an advisory capacity including the S151 officer, Monitoring Officer and Director of Regeneration Delivery.

The commissioning arrangements are established but scope creep is a danger, and some projects have become wider and less focussed than originally intended, increasing the financial risk to both the Council and FuturePlaces. There is, as a result, reduced focus on the core projects which means they are taking longer to deliver than first envisaged.

FuturePlaces is required to produce an annual performance review, which was considered by Cabinet on 8 March 2023 and an annual business plan, next due in July 2023.

See [recommendations](#) 25-28.

Senior Leadership

There has been significant turnover amongst the senior leadership team as the Council has bedded in and as the structure has been adapted to respond to developing circumstances and pressures. The senior team is made up entirely of permanent appointments and has been in place for the last year. New appointments have improved the calibre of the team and there have been marked improvements in Marketing and Communications and HR & Organisational Development as well as many of the services. However, it is largely an inexperienced team and there is little experience of working in such a complex political environment. A strong development programme, including coaching and mentoring for all directors is being developed and will help to develop the skills base and experience.

The Chief Executive has recently completed a review of the corporate structure and recruitment to the vacant posts will be completed after the local elections in May 2023. This restructure is intended to increase the corporate capacity to work alongside the new health structures and to provide additional capacity for dealing with the complexity of the local political situation.

See [recommendation](#) 19.

Internal Processes

There is a strong structure of internal boards, some of which are subject specific such as the Future Investment Programme Board and some of which are more strategic such as the Statutory Officers Group and the Directors Strategy Group, most meeting monthly and with clear remit and actions. These boards have an appropriate mix of officer and councillor representation.

Decision-making is generally clear and well recorded with a strong structure of Officer Decision Records and Portfolioholder decision records, published where appropriate.

Procurement controls are generally strong, and the Council is setting up a specialist directorate to manage the commissioning and procurement process more professionally. There are no known significant issues around procurement or commissioning although there are significant targets for as yet unidentified savings from procurement and commissioning going into 2023/24.

HR systems and recruitment controls are well managed and there are no significant points of concern.

The Constitution does give the Chief Executive emergency powers which can be used between meetings of the Council as necessary, and these are used occasionally and appropriately, with prior consultation with the Leader of the Council and the Leader of the Opposition.

The Audit and Governance Committee has responsibility for oversight of the

Council's corporate governance arrangements and financial affairs and meets monthly, taking time to carry out in-depth reviews of specific issues. The Audit and Governance Committee is generally recognised as being well run and focussed on the right issues. The relationship with the external auditor is strong at both officer and councillor levels and the new Leader has attended the Committee and spoken separately with the Auditor.

There is a clear Target Operating Model in place which supports the Transformation Programme, and the key elements are well understood across the officer team. However, there have not been enough opportunities created for positive engagement with councillors on the transformation programme and, as the Council moves into delivering the new operating model, this needs to be broadened with a deeper understanding of the concepts and objectives by a wider range of councillors. A new cross-party group is being established to communicate the concepts more widely alongside a new Cabinet working group.

The MTFP is underpinned by an ambitious savings target through the implementation of the transformation programme so that will need to form a core element of the work programme for the new Council from May. The recent changes of leadership in the officer structure has helped to create a wider ownership amongst the Corporate Management Board (CMB) and this will help to support a wider and more productive dialogue with portfolioholders and backbench councillors.

Culture and Leadership

The relationship between the Cabinet and officers could be stronger. On an individual basis Cabinet members meet with the relevant directors and discuss upcoming Cabinet reports and policy matters, and the Leader has been holding weekly meetings with the Chief Executive. Regular meetings of the whole Cabinet and Corporate Management Board (CMB) have only happened in discussions about the budget since September 2022 and have now been scheduled for the remainder of the Cabinet's term.

There needs to be a better strategic relationship between the team of leading councillors and the senior leadership team with more regular meetings, preferably face-to-face, to discuss developing policies and priorities, throughout the term of the Council and not just for budget purposes. Previous arrangements have been too sporadic and irregular.

CMB meets regularly with the opposition group leaders and key shadow portfolio holders, which has been useful.

Leading up to the local elections these meetings will be essential to ensure that the new Council, however it is configured, can hit the ground running and move quickly to deliver the new agenda.

See [recommendations](#) 10-12 and 29.

The Standards Committee deals with the conduct of Councillors and is responsible for ensuring the arrangements the Council has to deal with complaints against Councillors are effective and that the Council operates to high ethical standards. Overall, the Standards Committee works well but there have been isolated cases of councillors refusing to abide by their findings, resulting in reports to the Council or apologies being requested, which have been challenged. This approach reduces the effectiveness of the Standards Committee and raises questions about the integrity of councillors externally.

Councillor's behaviour has generally been appropriate but there have been many complaints made about the way that social media is used by individual councillors and how they have dealt with potential breaches of the Code of Conduct, resulting in large numbers of individual complaints to the Standards Committee

See [recommendations](#) 20-22.

Good progress has been made in implementing the action plan supporting the People Strategy with key policies now updated to reflect the single employer and removing most of the preceding councils HR processes. However, Pay and Reward remains outstanding and is a massive project to anchor the salaries of all 5,000 staff onto a new single pay scale, and implementing new harmonised terms and conditions for all staff.

The Council has now embarked on the final year-long process of implementing the new salary scale and terms and conditions, which includes the requirement for formal trade union consultation and a ballot of members to be able to implement the new pay structure and terms and conditions from January 2024.

Regular staff engagement surveys are carried out and there is a strong culture of internal communications which has been accelerated under the new Head of HR&OD and the new Director of Marketing and Communications. These include:

1. More regular meetings of the Senior Leadership Network (top 200 managers)
2. A Conversation with Graham – monthly open comms with the Chief Executive
3. Weekly in-house newsletter
4. Regular blogs from the Chief Executive and corporate directors
5. SLN calls when required – to impart urgent news and information.
6. Monthly Directors Strategy Group – all directors and CMB
7. Directors visiting service units more frequently
8. Staff engagement survey and interim pulse surveys
9. Regular meetings with the senior Trades Unions officials

Services

There is no evidence that the quality of services has been impacted by any weaknesses in governance or the recent concerns over finances. There has been remarkably little direct measurable impact of the expenditure controls introduced in September, even though they have driven spend down by approximately £10m in year.

To date the Council has avoided some of the most difficult service-decisions that will be needed to balance the budget for the longer term, but these are being introduced now in the 2023/24 budget and more will be needed to balance the 2024/25 budget, on top of the significant transformation savings that are baked into the MTFP.

The Council will need to make clear decisions about which core services are critical to be maintained at the current level and which can be reduced in order to achieve the budget savings required, something which has not been necessary to date due to the continued use of reserves to balance the annual budget, which cannot continue, as described above.

See [recommendations](#) 14 and 15.

Performance

Performance measures, comparing outcomes and outputs with targets, goals and objectives are used across the Council to understand and manage service delivery and identify emerging business risks. The Corporate Strategy which underpins the Council's Big Plan, represents the strategic objectives that the Council has set out to achieve and is a vital framework for the Council's performance management.

The Corporate Strategy is underpinned by a series of Delivery Plans, one for each strategic community objective and one for the efficiency of the Council. The measures of success set out in the delivery plans inform quarterly corporate performance reports which are prepared for Cabinet and Corporate Management Board and published on the Council's website, promoting increased local transparency and accountability.

These quarterly reports tell a positive story of Council performance whilst picking up on areas of concern. Individual exception reports provide detailed explanations and set out planned actions to address areas in need of improvement. This open performance reporting process is strong and provides a good measure of the efficiency of the Council as the deliverer of key services to the local communities.

This could be an area for Overview and Scrutiny to put more focus into, to challenge the executive to ensure that the improvement plans are having an effect and improving the services that are missing their targets.

See [recommendation](#) 4.

Children's Services, including Social Care

Since the full ILACs inspection in December 2021, when Children's Services was judged "Inadequate", a permanent Director of Children's Services (DCS) was appointed in February 2022, a Statutory Direction was issued by the Department of Education (DfE), a new DfE Adviser appointed and a Sector Led Improvement Partner (SLIP), Hampshire County Council appointed in April 2022.

The new DCS has worked swiftly to put in place a permanent senior leadership team. There is confidence that this is the right team to deliver the necessary improvements and they are fully supported by BCP corporate leaders and councillors. This is further endorsed by positive outcomes from the first two Ofsted Monitoring Visits, and the DfE Advisers first report, dated October 2022.

The Ofsted Monitoring Visits reported that:

Children's Services management understand the areas for improvement and that they have put in place a sensible and sustainable plan to provide better quality services for Children and Young People. They understand what they need to do to improve.

They also said that Children's Services are making steady progress, the quality of social work is improving but not yet consistent and the service is where they expect it to be at this juncture of an improvement journey.

The new DfE Advisor and SLIP were appointed to create a strong framework to guide the improvements required, supporting the Council and Children's Services. This DfE intervention does not involve a formal commissioner role but does imply that structural governance of the service was an immediate issue. The DfE steer throughout has been clear that if progress is not effective in the short term, structural intervention, such as a Children's Trust could not be ruled out. The DfE Advisor made it clear in his first report, that there were two critical areas following his assessment for improvement, these were:

- The state of the services themselves and
- The corporate and political context in which the service operates.

He did, however, go on to report, there are *cautious grounds for optimism* about the future improvement of the service, if the pace of progress is maintained. He also stated that it should be feasible for the Council to lead its service to improvement, especially with the enhanced leadership capacity but the issues about corporate capacity could not be ignored.

Children's Services continues to improve with major milestones met for the resolution and implementation of a single case management system across the entire service and early implementation of the new pay structure for children's social work staff which has matched pay to local neighbouring authorities who are good

and outstanding. This commenced in January 2023 and there is already a noticeable improvement in the recruitment and retention of staff within the service. Both of these improvements are critical to sustained and embedded improvement.

The political management of the Children's Services improvement programme has been an example of good practice where the political leaders from all groups agreed, very early on in the process, not to make a political point of the Ofsted judgements. They have worked collectively to improve the way that Children's Services are delivered and to support the Corporate Director in her improvement programme. Regular bi-monthly meetings of the representatives of all political groups are held, attended by the DfE Advisor, Chief Executive, DCS and the Portfolio Holder, and communications have been open, and confidentiality respected. This is a good example of how the political leaders can work together to achieve a better outcome for the local communities rather than using the issue as a political football.

Adult Social Care

There have been unprecedented challenges with substantial levels of pressure for a sustained period, across health and social care services to reduce the number of patients who are ready to leave hospital, but who are waiting for appropriate care and support arrangements to be made. National hospital bed occupancy targets set by Government of 95% are difficult to meet and current internal targets across local hospitals focus on discharging around 120 people per day.

Organisations across the Dorset Integrated Care System are working hard to improve the situation with local system targets across all pathways per day including home care, residential care etc. Of those cases that are the responsibility of BCP Council progress is slowed by delays to people being referred or waiting on information from Wards and the availability of therapy and clinical services to support recovery. Patients being discharged into the social care system require 50% more care hours than was the case prior to 2020, putting further pressure on an already stretched system.

BCP Council has volunteered for a bespoke Safeguarding Practice Review in preparation for the CQC Assurance Framework. This review will look at the delivery of Adult Social Care (ASC) Safeguarding services within the Council. This is critical for ASC and the outcomes will be shared with CQC as part of their assurance visit, as well as with the LGA who have allocated consultancy funding to the Council.

A key consideration continues to be the exploration of opportunities for partnership working between Health and Social Care to deliver efficiencies and cost reductions across the system. The Council have recently agreed to the creation of a £17m pooled budget with NHS partners in respect of the free health and support available under the Mental Health Act after individuals leave hospital.

Capacity and Capability to Improve

The Council has consistently reached out to the LGA and taken advantage of the support networks available at a corporate or service level, however the Council needs to improve the speed of follow-up for the action planning to have maximum effect. The Corporate Peer Challenge (CPC) was a good example where the concept was embraced and adopted but the return visit was delayed, reducing the impact of the outcomes. However, there has been good levels of acceptance for the recommendations coming out of the CPC and other reviews, both internal and external.

The Council has volunteered for an early assessment for its Adult Social Care Services and has taken part in many other service-based reviews and challenges.

There is strong input into national networks and senior officers, and councillors are well connected and engaged, both nationally and regionally.

The exception, over the last year, appears to have been focussed on the financial direction of the Council. The Ministers letters and external auditors report on financial sustainability did not receive enough traction with the then Leader to stop work on finding alternative funding mechanisms, despite the strength of the advice given by senior officers, civil servants and Ministers. That has been corrected now with the setting of the 2023/24 budget based on traditional forms of local government finance albeit, with significant risk built into the budget, but those risks are identified and clear.

The approach to the final week of negotiations before setting the 2023/24 budget marked a shift in cross-party engagement and sets the foundations for the Council to normalise its behaviours and direction, which is very positive. The approach taken by the new Leader engaged opposition groups in the discussion and that administration adopted some of the suggestions made by the opposition group in their final budget amendment. Opposition group leaders and finance leads participated proactively in the discussions, and this is to be welcomed.

Transformation Programme

The transformation programme is the Council's main tool for driving improvement, creating capacity, identifying savings, and streamlining service delivery. It is an ambitious programme utilising up to £67m of investment to achieve annual run-rate savings of £45 million per year. The programme was initially approved by the first Unity Alliance Cabinet and has been a consistent shape since then, with the later administration adding to the cost and ambition.

The transformation programme has significantly tested the Council's capacity, whilst also presenting enormous opportunities to become the primary digital and data driven local authority in the UK. It does appear to have suffered from a lack of direct councillor oversight and leadership. The new Leader is already putting stronger Cabinet management arrangements into place to oversee the delivery of the Transformation Programme and officers are introducing a new cross-party working group at the request of the O&S Committee, all of which is appropriate given the scale of the programme, its ambitious outcomes, and the reliance of the MTFP of achieving the targets.

The programme's principal projects are as summarised in three workstreams:

New Organisational Design – In striving to become a digital leading authority BCP Council has designed and is implementing a new operating model that will help the council to become a single digital organisation, thinking and working as one to deliver better services where the focus is on what matters most to customers and adds the greatest value to their lives, utilising the most modern customer systems to deliver and modern back-office systems to support that outcome.

Supporting Colleagues – Integral to the transformation agenda is making sure colleagues' Pay and Grading terms and conditions are aligned. This is a hugely complex project and is supported by a clear People Strategy which has four priority elements:

- High performing Teams
- Delivering Potential
- Inspiring People and • Celebrating Success.

Where and How people Work – this plays a vital role in the Council's transformation to a modern accessible council for both customers and colleagues, improving the use of technology and adopting smarter, flexible ways of working has reduced the number of offices. The estates rationalisation strategy supports financial and environmental sustainability and will result in significant physical assets being released for redevelopment or sale.

The transformation programme will benefit from stronger Cabinet and cross-party ownership to review and oversee the overall programme. It is hoped that this would enable councillors to focus on the bigger strategic issues involved with the transformation programme and spend less time focussed on the future use of individual buildings and specific local issues.

See [recommendations](#) 9 and 16.

Recommendations

Key: Progress with recommendations	
Completed	
Progressing well	
Started	
No movement	

Council Meetings and Decision Making		
	Recommendation	Further detail
1	In a No Overall Control council it is useful to ensure there is a majority of opposition councillors on each Overview and Scrutiny Committee, giving them an opportunity to elect a Chair from outside of the administration, to ensure appropriate scrutiny and holding the Executive to account.	Opposition councillors have recently been given a majority of positions on the principal Overview and Scrutiny committees as a result of changes in the political balance calculations. Opposition councillors appear to be content to keep Conservative councillors as Chairs for the Committees where they are already in place, for the remainder of this Council term.
2	Overview and scrutiny committees are to be encouraged to take evidence and contributions from officers as well as portfolioholders, to ensure a more informed basis to O&S recommendations.	There is still a marked reluctance amongst the broader overview and scrutiny committees to ask questions directly of officers and there are regular comments that leading councillors do not give clear answers to questions, but other councillors do not seek that clarity from officers, which they could.
3	Overview and scrutiny committees should continue to increase their focus on policy development and engagement rather than pre-Cabinet scrutiny.	There has been little movement in the focus of the two new overview and scrutiny committees (Place and Corporate & Community) that have replaced the Corporate O&S Board, with an ongoing focus on pre-Cabinet scrutiny.

Council Meetings and Decision Making

	Recommendation	Further detail
4	Overview and scrutiny committees should consider putting more focus into corporate performance reporting, challenging the executive to ensure that improvement plans are having an effect and improving the services that are missing their targets.	There is an opportunity to strengthen the focus of O&S on performance management, through the overview and scrutiny committees.
5	Need to ensure the party whip is not applied to O&S functions.	This message needs to be reinforced and the situation monitored.
6	Leader to formally delegate to a Deputy whenever he is not available on leave.	Clarity needs to be given as to when the Deputy Leader can exercise the functions of the Leader in their absence on leave. This has been established with the new Leader.
7	All reports are to be published on the statutory date, with exceptions to be limited to emergency situations only. Portfolioholders will need to make themselves available to meet those timescales.	Very few late reports have been published recently and timescales for publication have been adhered to more strongly. Historically this has been an issue, but Democratic Services now understand their role in refusing to issue late reports without the express permission of the Chief Executive or Director of Law and Governance.
8	Review how many recommendations need to go to Council for decision and how they are managed and debated.	The next review of the Constitution should include a review of delegation limits and methods for simplifying the decisionmaking process for recommendations from Cabinet to the Council.

Cabinet and Leadership

	Recommendation	Further detail
9	Portfolios – establish one or two separate portfolios for finance and transformation, ideally to be held by someone other than the Leader, so that the Leader can concentrate on overall strategy and direction.	The new Leader is establishing a separate portfolio for finance and stronger arrangements for managing transformation, separating those functions from the Leader's portfolio.
10	Reinstate regular informal Cabinet and CMB meetings to agree strategic priorities and key issues.	Regular meetings were reinstated for budget planning purposes during late 2022. Regular meetings are now planned to discuss ongoing policy issues.
11	The Leader, or in their absence the Deputy Leader, should attend all regular Group Leaders meetings to represent the administration.	The new Leader has committed to attending Group Leader's meetings and has already demonstrated a willingness to work across the party groups in discussing the amendments to the core budget and other key issues.
12	Hold regular CMB and Shadow Cabinet briefings.	Regular briefings are held monthly. However, agenda planning is variable, and the agenda has been dominated by shortterm immediate issues and the budget challenges. These meetings will focus on pre-election preparations and potential new policies post-election, with both the shadow Cabinet and the Cabinet.
13	Clarity was required regarding the ownership of Cabinet reports and who is responsible for the content, between portfolioholders and officers.	This recommendation has been recently resolved as the Monitoring Officer has confirmed that it is the responsibility of officers to prepare an adequate report to support decision-making, which contains all the required and relevant information. Portfolioholders can suggest amendments but the final decision regarding content lies with the officer drafting the report.

Cabinet and Leadership

	Recommendation	Further detail
14	Members ambitions need to be clearly articulated and brought alongside the MTFP to re-establish the direct link between the budget and key priorities.	There has been a disconnect between the stated ambitions of the administration and the budget discussions, mainly due to gaps in articulation of the political priorities and what is not a priority, within the context of the budget discussions. This will be addressed post-election with the bringing together of the Big Plan and Corporate Strategy into a new single vision and objectives document.
15	The Big Plan and the Corporate Strategy need to be brought together into a single vision statement of the key priorities for the BCP area and how the Council will work to deliver to those priorities.	After May 2023 the new administration and CMB need to work up a combined Corporate Strategy and vision for the place and for the Council. That will clarify the key priorities for the Council and will guide the preparation of future budgets.
16	Set up a regular cross-party working group to oversee the transformation programme to get stronger cross-party ownership.	A cross-party working group is now being established although it has been requested previously through Overview and Scrutiny. There is little detailed knowledge of the Transformation Programme across the wider body of councillors and the outcomes that are being pursued. The new Leader is also establishing stronger arrangements to provide Cabinet leadership for the Transformation Programme.
17	Re-establish the weekly email from the Leader to all councillors updating on progress and key issues.	There has been no regular communication from the Leader to backbench councillors and a weekly email would help to fill some of the gaps in communications and increase trust. The new Leader has reintroduced the regular update and is considering other options to improve communications

Cabinet and Leadership

	Recommendation	Further detail
18	All Cabinet members, including the Leader and Deputy Leader should contract with formal coaches or mentors, who should be experienced local government leaders.	There are very few mentoring arrangements in place and this needs to be re-established after the local elections in May, working with the LGA.
19	Review Senior Leadership Team to increase corporate capacity to work alongside the new health structures and provide additional capacity for dealing with complex local politics.	The Chief Executive has completed a review of the corporate structure, and this was agreed by the Council on 21 February. Interim appointments will be made to the vacant posts but permanent recruitment to the new structure will be completed after the local elections in May 2023.

Councillor Behaviours

	Recommendation	Further detail
20	Standards Committee - Overall, the Standards Committee works well but there have been isolated cases of councillors refusing to abide by their findings, resulting in reports to the Council or apologies being requested, which have been challenged.	All outstanding cases from standards Committee should be attempted to be resolved before the elections in May to ensure trust in the system is not eroded.
21	Councillor complaints about councillors have historically been high in number.	Fewer complaints have been made recently and there is evidence of councillors seeking advice and guidance on the merits of submitting complaints about other councillors.

Councillor Behaviours

	Recommendation	Further detail
22	Councillor use of social media needs to be continually managed, and councillors need to be clearer about the context in which they are engaging in online debates.	This is an ongoing national issue which needs further development and cooperation from Group Leaders. This issue is likely to intensify in the run up to the local elections in May and all councillors need to exercise great care in their use of social media.
23	Leading councillors should only meet with external parties with an officer present and a note is to be kept of all discussions with external parties.	This has not been adopted as explicit policy and it is understood that some meetings may have been held with external parties, without a formal record being kept, which represents poor practice. All meetings with external parties should be attended by an officer who will keep a formal record of the meeting.
24	Councillors need to ensure that all correspondence with external parties is in accordance with the Constitution and the Member: Officer protocol.	The Constitution and Members: officer protocol contain clear guidance that all external correspondence should be sent from the officers and not by councillors other than under specific circumstances.

Further issues to address

	Recommendation	Further detail
25	The governance review of BCP FuturePlaces should be accelerated, and the alternative Shareholder briefings are to be commenced, including opposition councillors.	Both the Leader and Deputy Leader have now resigned from the Board and four independent non-executive directors have now been appointed. The Chair and non-executives will now carry out a review of the structure and governance of BCP FuturePlaces. Meetings with the cross-party councillors group commenced in early March.

Further issues to address		
	Recommendation	Further detail
26	The adopted funding regime for BCP FuturePlaces contains risk for both parties, which could be reduced by a mixed model of funding.	The Council should consider working with FuturePlaces to identify a new, mixed, funding regime for 2023/24 which would directly cover more of the costs as they are incurred to reduce future risk.
27	The Council and FuturePlaces should work together to consider the scope of regeneration projects being pursued to bring the core projects more into focus and to programme non-core schemes further out to balance the projected workload and pipeline more evenly.	The governance and workload review of BCP Future places to be carried out by the new Board will address this issue.
28	Governance review of all subsidiary companies to be carried out, removing officer or councillor representation to leave one or the other, not both, on the same board.	<p>A governance review, listing out all available director's representation to be prepared ready for the new administration to resolve in May 2023, with either officers or councillors on the Boards, but not both.</p> <p>This review will also consider the core functions of each company and whether the company structure is required for the longer term.</p>
29	Define more clearly and explicitly what is meant by a "member-led council" and the respective expectations of officers and councillors	A draft paper setting out the key principles was presented to the Leader in September 2022 but has not yet been formally taken forward. This issue will now be for discussion with the new Council to be elected in May 2023.

Further issues to address

	Recommendation	Further detail
30	Budget discussions and the MTFP need to be based on traditional methods of local government finance and working within existing rules and frameworks, not pushing the boundary.	<p>The budget for 2023/24 is entirely based on traditional methods of local government financing, but carries significant risk, which has been articulated in the covering report. This approach received cross-party support and was the basis for all options considered by the Council on 21 February.</p> <p>Any suggestions for alternative funding routes, based on regeneration proposals will be used to fund regeneration and those specific schemes, and not considered as possible means to support the mainstream revenue budget.</p>
31	The Council should consider how best to manage the future risks and current costs associated with the issue of continued and growing DSG overspend.	Councillors and officers need to consider the options for DSG provision and determine the most appropriate strategy, with DfE.
32	A set of standalone Budget & Policy Procedure Rules should be re-instated in Part 4 of the Constitution. These will complement the financial provisions already set out in the Financial Regulations.	The Monitoring Officer should bring forward recommended changes to enable this to be implemented as soon as possible.
33	Improve budget management with a greater emphasis on the skills being held by service managers and the provision of accurate budget monitoring information to services	As part of the Council's Transformation Programme, the Council is investing in a new comprehensive Microsoft based Enterprise Resource Planning (ERP) system to give a more comprehensive and intuitive system which brings together finance and HR and allows a greater degree of self-service by budget holders.

Appendix

Appendix 1 - Key characteristics of Employment and Population

Population: The BCP area has a population of 400,196. Driven by net migration, this is expected to grow by 2% by 2028. The population is ageing and by 2028, 24% of the local population will be aged 65+. Currently 62% of the total resident population are of working age. Overall health and wellbeing is generally good. The population has become more diverse since the last census and 80 languages are spoken across BCP. 82% of the population are from a White British background, and 18% from a non-'White British' background.

Deprivation: BCP Council has areas which are among the most and least deprived in the country. 4% of the population lives in the 10% most deprived areas in England and 11% in the 20% most deprived areas. In contrast, 21% of the population live in the 20% least deprived areas in England.

Housing & Affordability: House prices are higher than the national average with median house prices increasing at a higher rate than the median wage. Median annual pay for residents of the BCP area, and for people working in the BCP area, is slightly lower than the national average.

Of the total households (173,842) in BCP area in 2021, 63% are houses, 37% flats and 0.4% are other dwelling types. The current government methodology requires the delivery of approximately 2,800 new homes to be completed across the BCP geography every year. This is a challenging target to deliver compared with current completion rates and considering constraints across the area. In 2021-22, there was a net gain of 696 dwellings to the housing supply in the BCP area. 5 of these were classified as affordable housing.

Economy: The four largest sectors are: real estate activities, finance and insurance, health and care and the wholesale and retail trade, with leisure and hospitality a strong factor. The BCP area contributed approximately £10.5 billion to the UK economy (Gross Value Added, GVA 2020).

Around 88% of local businesses are microbusinesses. Large businesses account for less than 1% of all businesses; around 2% are medium business enterprises and around 9% small businesses.

The BCP area has a strong tourism economy - there were more than 10 million visitors to the area in 2021, spending more than £816m locally.

Education: There are 98 state-funded schools across BCP (66 primaries, 21 secondary schools, 4 all-through schools and 7 special schools). 89% of schools are rated by Ofsted as Good or Outstanding for overall effectiveness. There are also over 23,000 students registered at three universities in the BCP area.

Geography: The BCP area sits in an interesting position within the different geographies of strategic partnerships. It is on the eastern edge of the southwest, closer in geography and character to the more urban central south (Southampton and Portsmouth) than the southwest, and better linked, although not efficiently, to London than we are to Bristol and Exeter, by major road and rail. Until 1974 Bournemouth and Christchurch were both contained within Hampshire, before being transferred into Dorset whilst Poole has always been in Dorset.

There are 19 sites of special scientific interest (SSSI) and 15 miles of coastline in the BCP area. The Council manages around 2,500 hectares of greenspace.

Appendix 2 – Political Movements

Date	Events leading to political balance review
September 2019	Councillor Nigel Brooks (Highcliffe and Walkford Ward) resigned from the Christchurch Independents Group to become an unaligned member
December 2019	Councillors Julie Bagwell and Daniel Butt (both Hamworthy Ward) resigned from the Poole People and ALL Group to become unaligned members
June 2020	This was the annual review of the Political balance (delayed due to Covid-19), however, following the death of Councillor Colin Bungey, one seat in the Commons Ward became vacant reducing the Christchurch Independent Group seats. The vacancy could not be filled due to Covid-19 Restrictions.
June 2020	Vote of No Confidence Motion in the Leader. The Motion was lost.
September 2020	Following the death of Councillor Pete Parrish, one seat in the Canford Heath Ward became vacant reducing the Liberal Democrat Group seats. The Council now had two vacancies which could not be filled due to Covid-19 restrictions.
September 2020	Vote of No Confidence Motion in the Leader. The Motion was carried.
October 2020	Election of new Leader of the Council following the vote of no confidence. Councillor Drew Mellor (Conservative) was elected Leader of the Council.
November 2020	Councillors Pete Miles (Oakdale Ward) and Steve Baron (Parkstone Ward) both resigned from the Poole People and ALL Group to become unaligned members
May 2021	By-elections held in May 2021 to fill two vacancies in the Commons Ward and the Canford Heath Ward. The Canford Heath seat was won by Cllr Sean Gabriel (Conservative) and the Commons Ward by Councillor Vanessa Ricketts (Christchurch Independents). The Poole People and ALL Political Group also changed its name to Poole Independents and Councillor Pete Miles joined the Group from being unaligned.
October 2021	Four councillors joined the Conservative Group (3 previously unaligned and one liberal democrat). Councillor Danial Butt (unaligned) – Hamworthy Ward Councillor Steve Baron (unaligned) – Parkstone Ward

Date	Events leading to political balance review
	<p>Councillor Nigel Brooks (unaligned) – Highcliffe and Walkford Ward</p> <p>Councillor Toby Johnson (Liberal Democrat) – Alderney & Bourne Valley Ward.</p> <p>As a result of these changes, the Conservative Group held a majority administration until June 2022.</p>
May 2022	<p>Vote of No Confidence Motion in the Leader.</p> <p>The Motion was lost.</p>
June 2022	<p>Four councillors resigned from the Conservative Group and became unaligned and then, with one unaligned Councillor formed a new Political Group called 'Poole Local Group'.</p> <p>Councillor Julie Bagwell (unaligned) – Hamworthy Ward</p> <p>Councillor Danial Butt (Conservative) – Hamworthy Ward</p> <p>Councillor Judes Butt (Conservative) – Creekmoor Ward</p> <p>Councillor Steve Baron (Conservative) – Parkstone Ward</p> <p>Councillor Mohan Iyengar (Conservative) – Canford Cliffs Ward</p>
July 2022	<p>Following the death of Councillor Nick Geary on 8 July 2022, one seat in the Highcliffe and Walkford Ward became vacant reducing the Christchurch Independents Group seats. The political balance review would be undertaken following the election.</p>
October 2022	<p>Councillor Jackie Edwards (Redhill & Northbourne ward) resigned from the Conservative Group and became an unaligned Independent councillor.</p> <p>Councillor Andy Jones (Boscombe East & Pokesdown ward) resigned from the Conservative Group and became an unaligned Independent councillor.</p> <p>Following the by-election on 6 October 2022 the seat for Highcliffe and Walkford ward was won by Cllr Andy Martin (Christchurch Independents).</p>
November 2022	<p>'Poole Local' political group changed its name to 'Poole Engage'.</p>
February 2023	<p>Leader of the Council, Councillor Drew Mellor resigns as Leader.</p> <p>Election of Leader of the Council to take place at an Extraordinary Council Meeting on 21 February 2023.</p>



LOCAL CODE OF GOVERNANCE

Finance

Author: Ruth Hodges

Date: 27th July 2023

Document Control

Policy title	Local Code of Governance
Policy owner	Head of Audit & Management Assurance
Effective from date	1 st April 2019 (Original BCP Council Local Code of Governance, thereafter subject to annual evolution)
Current version	V2.6
Approval body	Audit & Governance Committee
Approval date	27 th July 2023
Review frequency	Annually
Next review due	June 2024

Revision History

Date	Version	Significant Changes
February 2019	v1	New BCP Council Policy created
October 2019	V2.2	Update to reflect the rapid changes in the new BCP Council and add in Section 6
November 2020	V2.3	Update to reflect ongoing changes in BCP Council governance framework
June 2021	V2.4	Update to reflect ongoing changes in BCP Council governance framework; Three Lines Model updated in line with best practice
July 2022	V2.5	Update to reference new policies implemented in 2021/22, including the Talent and Performance Enablement Policy
June 2023	V2.6	Minor updates – inclusion of Nolan Principles, Transparency Code & FOI/SARs, further details for a number of areas, deletion of reference to Big Plan & Smarter Structures

Minor Amendments and Editing Log

The Head of Audit & Management Assurance has primary responsibility for maintaining the Local Code of Governance. It is recognised there may be a need to clarify or update certain elements of the Local Code of Governance from time to time; this may require minor amendments or editing. Minor amendments and editing changes will be made by the Head of Audit & Management Assurance, and these will be logged in the table below. The Local Code of Governance is presented to Audit & Governance Committee annually.

Date	Description of amendments or editing	Page
-	-	-

Equalities Impact Assessment

Assessment date – June 2023	No equality implications have been identified from a review of the changes made as part of the annual refresh of the Local Code of Governance (LCoG). Any changes to the policies signposted within the LCoG will be reviewed through their own individual EIAs.
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1. Introduction

- 1.1 The Local Code of Governance demonstrates BCP Council's commitment to the highest standards of corporate governance. The Local Code sets out its governance arrangements in relation to the seven best practice principles in the CIPFA/IFAC 'International Framework: Good Governance in the Public Sector' (see Section 4) and as required by the CIPFA/SOLACE Delivering Good Governance in Local Government Framework.

1. What is Corporate Governance?

- 2.1 Corporate governance comprises of the arrangements put in place to ensure that the intended outcomes for service users and stakeholders are defined and achieved, while acting in the public interest at all times. It is about doing the right things, in the right way, for the right people, in a timely, inclusive, open, transparent, honest and accountable manner.

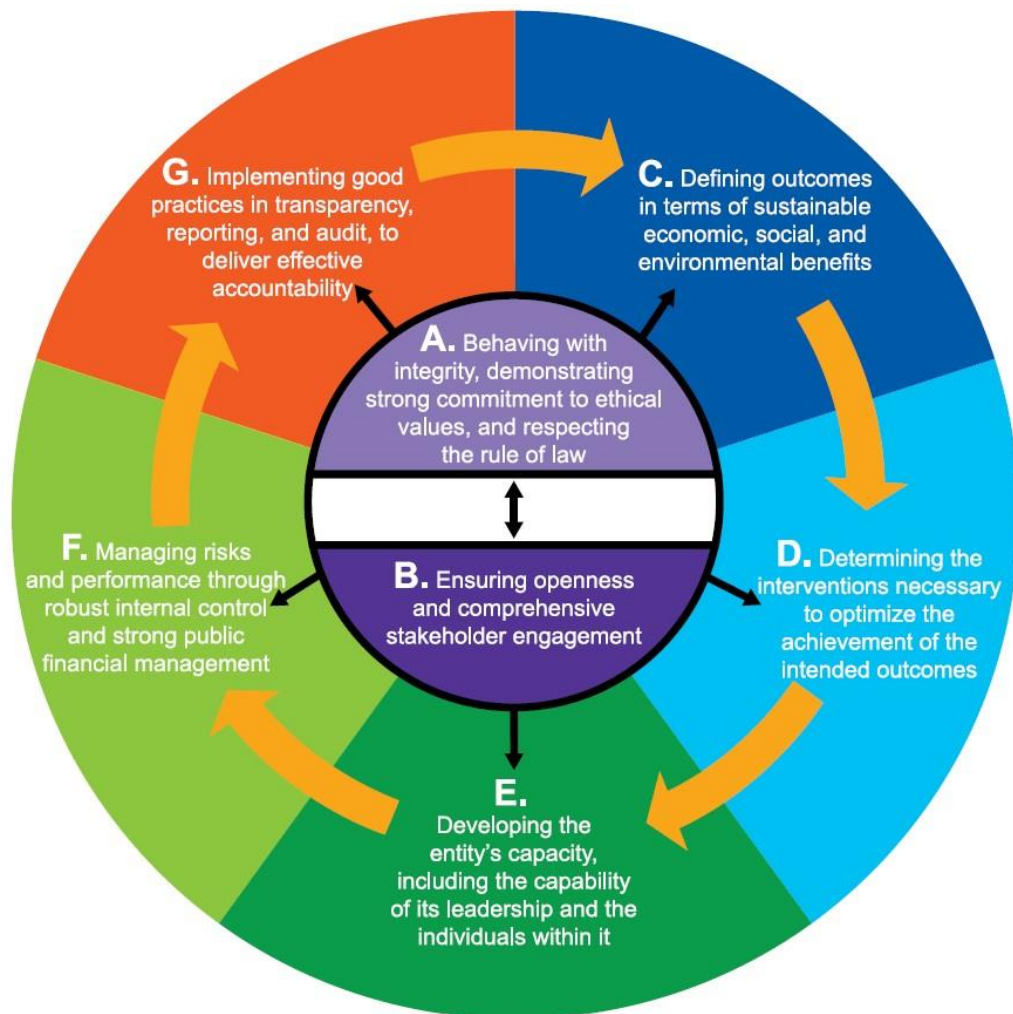
3. Responsibilities for Corporate Governance

- 3.1 All councillors and officers have a responsibility for upholding the principles of good governance. It is a key responsibility for the Leader of the Council and the Chief Executive.
- 3.2 The Statutory Officers Group, comprising of the Monitoring Officer, the Chief Financial Officer and the Chief Executive are responsible for the development, delivery and review of robust corporate governance arrangements.
- 3.3 The Audit & Governance Committee has responsibility for monitoring and reviewing the Council's corporate governance arrangements.
- 3.4 The Chief Auditor produces an Annual Report to Audit & Governance Committee on the adequacy and effectiveness of the Council's systems of internal control.
- 3.5 The Annual Governance Statement is produced following a review of the effectiveness of the Council's corporate governance arrangements, as outlined in this Code. Any significant governance weaknesses are highlighted, and an action plan produced to address these issues, and monitored by the Audit & Governance Committee.

4 The Governance Framework

- 4.1 The diagram below, taken from the International Framework: Good Governance in the Public Sector, illustrates the various principles of good governance in the public sector and how they relate to each other.

“Achieving the Intended Outcomes while acting in the Public Interest at all times”



- 4.2 BCP Council's Local Code of Governance is based on this framework, and the table in section 5 demonstrates the Council's governance arrangements in relation to it.

5 How BCP meets the Principles of Good Governance

Principles of Good Governance	How we meet these Principles
(A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	The Constitution (which is reviewed by the Constitution Review Working Group with any changes approved by Full Council)
	Member Code of Conduct
	Member-Member, and Member-Officer Protocols
	Decision making process for Committees and Members
	Committee forward plans, agendas, reports (including legal, financial, equalities and risk impact) and minutes (showing decisions taken and declaration of interests)
	Full Council and Cabinet
	Standards Committee
	Audit & Governance Committee
	Overview and Scrutiny Committee/s
	Member Registers of Interests and Registers of Gifts and Hospitality
	Member induction programmes and training plans
	Financial Regulations
	Statutory officers (including Monitoring Officer and Chief Financial Officer) fulfil duties in line with regulatory requirements, and who meet as the Statutory Officers Group
	Officer Code of Conduct
	Officer induction programmes
	Behavioural Framework
	Nolan Principles
	Mandatory training and learning including data protection, cyber, equality diversity & inclusion, fraud awareness, understanding of safeguarding
	Officer Declaration of Interests, Gifts and Hospitality Policy
	Scheme of Delegations to Officers
	Decision making process for Officers
	Record of Officer decisions
	Record of Chief Executive's Delegated Authority decisions
	Talent and Performance Enablement Policy and Reviews
	Corporate Complaints Procedure
	Equality and Diversity Policy and Governance Framework
	Recruitment and Selection Policy
	Anti-Fraud and Corruption Policy

	Whistleblowing Policy
	Compliance with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption
	Regulation of Investigatory Powers Act (RIPA) Policy and compliance
	Contractual arrangements
	Partnership Registers / Partnership Agreements
	Corporate Values
	Staff Surveys
	Local Plan / Local Development Scheme
	Council People Strategy
	Council Operating Model
	Agreements with subsidiaries, partners, and external providers

(B) Ensuring openness and comprehensive stakeholder engagement	Multi-channel public communications, including: email newsletters, BCP website, magazines, Facebook and Twitter
	Proactive publication and reporting
	Local Government Transparency Code 2015
	Responses to Freedom of Information and Subject Access Requests
	Online Council Tax information
	Corporate Strategy & Delivery Plan
	Decision making process for Committees and Members
	Committee forward plans, agendas, reports (including legal, financial, equalities and risk impact) and minutes (showing decisions taken and declaration of interests)
	Record of Officer decisions
	Record of Chief Executive's Delegated Authority decisions
	Corporate Complaints Procedure
	Social Care Statutory Complaints Procedure
	Public/residential surveys, including online
	Key national data. e.g. the Census and Indices of Deprivation
	Joint Strategic Needs Assessment
	Consultation Planning and Guidance
	<ul style="list-style-type: none"> - Public and officer consultations - Staff surveys - Local Forums
	Internal Communications Strategy
	Media Relations Protocol
	Branding Guidelines
	Social Media Policy
	Partnership Registers / Partnership Agreements
	Neighbourhood Plans
	Statement of Community Involvement

(C) Defining outcomes in terms of sustainable economic, social, and environmental benefits	Corporate Strategy & Delivery Plan
	Medium Term Financial Plan process
	Performance Monitoring Framework
	<ul style="list-style-type: none"> - Service business and action plans - Service performance monitoring - Corporate performance monitoring
	Joint Strategic Needs Assessment
	Consultation Planning and Guidance
	<ul style="list-style-type: none"> - Public and officer consultations - Staff surveys - Local Forums
	Risk Management Framework
	Capital Investment Strategy (Non-Treasury) 2020-2025
	Investment Strategy
	Decision making process for Committees and Members
	Committee forward plans, agendas, reports (including legal, financial, equalities and risk impact) and minutes (showing decisions taken and declaration of interests)
	Record of Officer decisions
	Record of Chief Executive's Delegated Authority decisions
	Equality and Diversity Policy and Governance Framework
	Corporate Management Board
	Directors Strategy Group
	Capital Investment Board to be relaunched during the year <i>(may be renamed)</i>
	Transformation Board
	Operational governance groups: <ul style="list-style-type: none"> - Corporate Property Group - Asset Investment Panel
	Local Plan
	Contractual arrangements
	Partnership Registers / Partnership Agreements

(D) Determining the interventions necessary to optimise the achievement of the intended outcomes	Decision making process for Committees and Members
	Committee forward plans, agendas, reports (including legal, financial, equalities and risk impact) and minutes (showing decisions taken and declaration of interests)
	Record of Officer decisions
	Record of Chief Executive's Delegated Authority decisions
	Performance Monitoring Framework
	<ul style="list-style-type: none"> - Service business and action plans - Service performance monitoring - Corporate performance monitoring
	Medium Term Financial Plan process
	Risk Management Framework
	Corporate Strategy & Delivery Plans
	Benchmarking and research
	Capital Investment Strategy (Non-Treasury) 2020-2025
	Youth Justice Plan
	Council Safeguarding Strategy
	Pan-Dorset Safeguarding Children Partnership
	Transforming the Council
	Equality Impact Assessment (EIA) Panels and EIA processes
	Corporate Parenting Board
	Health & Wellbeing Board

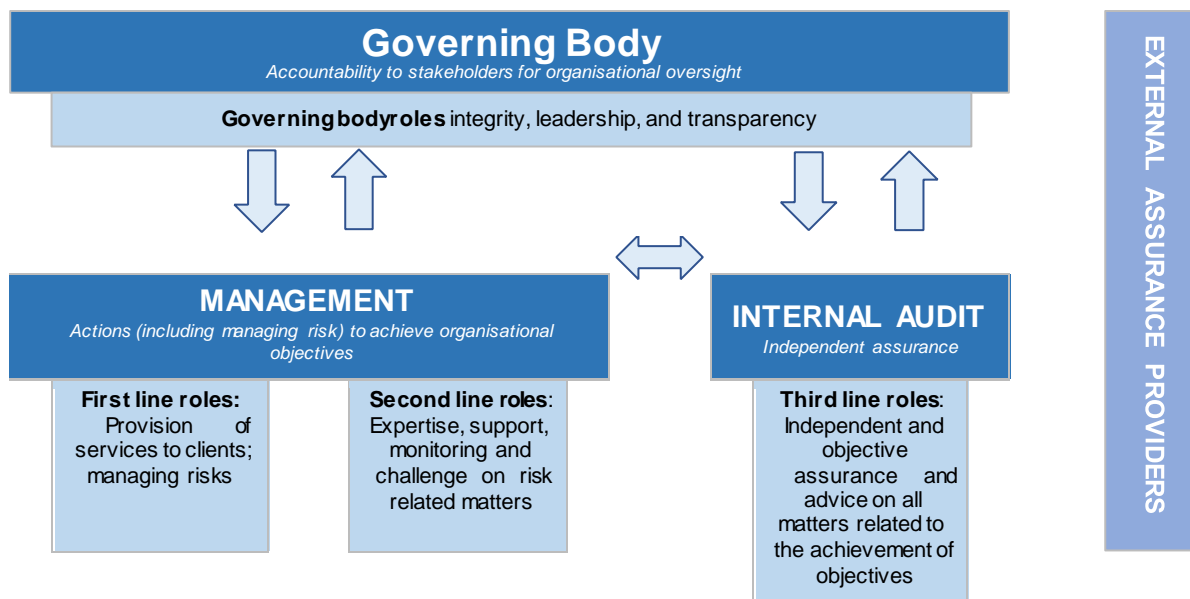
(E) Developing the entity's capacity, including the capability of its leadership and the individuals within it	Performance Monitoring Framework
	<ul style="list-style-type: none"> - Service business and action plans - Service performance monitoring - Corporate performance monitoring
	Benchmarking and research
	People Strategy
	Job descriptions for all employees
	Roles of Cabinet, individual Cabinet Members and all other Members and Committees defined
	Roles of statutory officers (Chief Executive, Chief Financial Officer and Monitoring Officer) and other senior officers defined
	Member-Member, and Member-Officer Protocols
	Scheme of Delegations to Officers
	The Constitution
	Member induction programmes and training plans
	Officer induction programmes
	Mandatory training and learning including data protection, cyber, equality diversity & inclusion, fraud awareness, understanding of safeguarding
	Talent and Performance Enablement Policy and Reviews
	Standards Committee
	Councillor Development Framework
	Public/residential surveys, including online
	Key national data. e.g. the Census and Indices of Deprivation
	Joint Strategic Needs Assessment
	Consultation Planning and Guidance
	<ul style="list-style-type: none"> - Public and officer consultations - Staff surveys - Local Forums
	Corporate and HR policies and procedures, including those to support health and wellbeing
	ICT guidance and processes
	Peer Reviews and Inspections
	Pay and Reward including Terms and Conditions
	Workforce Strategy for Children's Services

(F) Managing risks and performance through robust internal control and strong public financial management	Risk Management Framework
	Performance Monitoring Framework
	<ul style="list-style-type: none"> - Service business and action plans - Service performance monitoring - Corporate performance monitoring
	Corporate Complaints Procedure
	Benchmarking and research
	Overview and Scrutiny Committee/s
	Internal Audit Charter operating to Public Sector Internal Audit Standards (PSIAS)
	Risk-Based Annual Audit Plan and Key Assurance Work
	Chief Auditors Annual Report
	Anti-Fraud and Corruption Policy
	Whistleblowing Policy
	Compliance with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption
	Annual Governance Statement
	Audit & Governance Committee
	Information Governance Accountability Framework
	Medium Term Financial Plan process
	Financial Regulations
	Regular scrutiny of financial monitoring reports by Councillors and Officers
	Corporate Strategy & Delivery Plan
	Treasury Management Strategy
	Decision making process for Committees and Members
	Committee forward plans, agendas, reports (including legal, financial, equalities and risk impact) and minutes (showing decisions taken and declaration of interests)
	Record of Officer decisions
	Equality Impact Assessment (EIA) Panels and EIA processes
	Record of Chief Executive's Delegated Authority decisions
	Corporate and HR policies and procedures
	Health & Safety Policy / Fire Safety Policy and associated governance (including H&S Board, Safety Supporters Forum and Service and Team based meetings)
	Emergency planning and resilience and arrangements (corporate)
	Compliance with the Statement of the Role of the Chief Financial Officer in Local Government

(G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Multi-channel public communications, including: email newsletters, BCP website, magazines, Facebook and Twitter
	Proactive publication and reporting
	Local Government Transparency Code 2015
	Responses to Freedom of Information and Subject Access Requests
	Annual Financial Statements
	External audit reports: Audit Findings Report, Annual Audit Letter and Certification Report
	External reviews, including Ofsted and Peer Reviews
	Annual Governance Statement
	Internal Audit Function operating to Public Sector Internal Audit Standards (PSIAS)
	Risk-Based Annual Audit Plan and Key Assurance Work
	Internal Audit recommendation implementation reported to Audit & Governance Committee
	Compliance with CIPFA's Statement on the Role of the Head of Internal Audit
	Partnership Registers / Partnership Agreements

6 How BCP ensures Good Governance is delivered in practice

6.1 The Three Lines model is widely recognised across both the public and private sectors as a best practice approach to implementing effective risk management and corporate governance. It is designed to provide organisations with resilience in these areas, with each Line complementing the others, as summarised below:



Key:					
	Accountability, reporting		Delegation, direction, resources, oversight		Alignment, communication, coordination, collaboration

First Line: The First Line is responsible for the implementation of risk management and governance processes within the organisation. In BCP this is the responsibility of Management of all levels across all Services in the organisation.

Second Line: The Second Line is responsible for the provision of advice, guidance and policy in support of risk management and governance processes. This Line is also responsible for monitoring compliance with risk and governance requirements by services in the First Line. Typically, this role is fulfilled by corporate functions with defined governance and policy remits, for example:

- Emergency Planning
- Health and Safety
- Human Resources
- Information Governance
- Procurement
- Risk Management

Where there is no clear corporate function with responsibility for compliance, Corporate Management Board will pragmatically determine the need for this and who will act as the Second Line in a proportionate response to the scope and remit of the function.

Third Line: The Third Line is responsible for providing independent assurance to Senior Management and Members on the effectiveness of the first two lines. In BCP this is the responsibility of the Internal Audit Service.

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AUDIT AND GOVERNANCE COMMITTEE



Report subject	Appointment of the Constitution Review Working Group
Meeting date	27 July 2023
Status	Public Report
Executive summary	<p>The Audit and Governance Committee is responsible for maintaining an overview of the Council's Constitution and governance arrangements.</p> <p>The use of a Working Group since 2020 has proved to be effective in undertaking an agile approach to reviewing provisions of the constitution and considering matters raised by councillors. The committee is therefore asked to confirm the continuation of the Working Group, consider potential revisions to the terms of reference and approve the membership.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>(a) the Constitution Review Working Group be established comprising five councillors, including the Chair and Vice-Chair of the Audit and Governance Committee plus three other councillors;</p> <p>(b) the remit of the Working Group as detailed in paragraph 10 to this report be approved.</p>
Reason for recommendations	The continuation of the Constitution Review Working Group will provide an agile and efficient mechanism to consider changes to the Constitution and wider governance issues.

Portfolio Holder(s):	Councillor Viki Slade (Leader and Portfolio Holder for Dynamic Places)
Corporate Director	Ian O'Donnell (Corporate Director for Resources)
Report Authors	Richard Jones (Head of Democratic Services)
Wards	Not applicable
Classification	For Decision

Background

1. The Committee's Terms of Reference, as contained in the Council's Constitution, includes responsibility for maintaining an overview of the Council's Constitution in respect of financial regulations, working protocols and codes of conduct and behaviour (not otherwise reserved to the Standards Committee).
2. In undertaking previous reviews of the Constitution, the Committee established a Working Group to make a series of recommendations for the Committee to consider before recommending changes to full Council.
3. The Working Group has in general proved to be effective with sufficient agility to respond quickly to suggestions for change, although it should be acknowledged that the work and recommendations of the Working Group have not always been supported which has led to lengthy debate in committee and council meetings.
4. A number of significant changes are proposed to the governance structure for BCP including the creation of area planning committees and review of the decision-making options in relation to a cabinet or committee structure.

Working Group Arrangements

5. It is proposed that the Committee re-establish the Constitution Review Working Group comprised of five Councillors. Membership of the Working Group has previously included the Chair and Vice-Chair of Audit and Governance plus three other members of the council.
6. The Working Group is not a decision-making body and political balance provisions do not apply, however, cross-party representation would identify matters which may be more contentious before proceeding to the Committee or full Council.
7. Membership of the Working Group is not restricted to the Audit and Governance Committee if deemed appropriate. This may provide greater flexibility and input from the wider council membership.
8. The Working Group will meet as required to consider changes to the Constitution, consulting where necessary with internal stakeholders including the wider council membership and recommending changes to the Audit and Governance Committee to consider.
9. The Working Group may consider evidence from other local authorities in forming its proposals for recommendation by the Audit and Governance Committee.

10. The remit of the Working Group has previously focused on the content, interpretation and operational implementation of the Constitution, however, for clarity the Constitution defines how the council decision-making operates which includes the regulatory committees, overview and scrutiny functions and executive arrangements. It would therefore be appropriate to clarify that the Working Group could consider requests and make recommendations for changes to these matters and the overall governance model of the Council.

Options Appraisal

11. The Audit and Governance Committee has responsibility for maintaining an overview of the constitution and to make recommendations to full council. The Committee as a whole could perform the whole process, however, this will be time-consuming for the committee to consider the necessary detail and is likely to delay the implementation of changes.
12. The re-establishment of a Working Group will provide greater agility, will be capable of meeting more rapidly as required for important issues, and yet maintain transparency through the presentation of recommendations to the full committee and council.

Summary of financial implications

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

Summary of legal implications

14. The Council is required to maintain a Constitution which complies with legislation, statutory guidance and case law.

Summary of human resources implications

15. There are no direct additional implications arising from this report.

Summary of sustainability impact

16. There are no direct sustainability implications arising from this report.

Summary of public health implications

17. There are no direct public health implications arising from this report.

Summary of equality implications

18. There are no direct equality implications arising from this report.

Summary of risk assessment

19. There are no direct additional risks arising from this report.

Background papers

None

Appendices

There are no appendices to this report.

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AUDIT AND GOVERNANCE COMMITTEE

Report subject	Forward Plan - Refresh for the 2023/24 municipal year
Meeting date	27 July 2023
Status	Public Report
Executive summary	This report sets out the list of reports to be considered by the Audit & Governance Committee for the 2023/24 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 2023/24.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Ian O'Donnell, Corporate Director for Resources
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.
2. The 2023/24 Indicative Forward Plan was brought to the March 2023 Audit & Governance Committee.

The Forward Plan

3. The Forward Plan for 2023/24, as set out at Appendix A, has been produced to set 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.

4. 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.
5. Topics requiring this Committee's consideration within its terms of reference 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, and depending on their nature are usually added to a meeting marked 'extra'. These additional reports/presentations are made available to the public with the meeting minutes.

Options Appraisal

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

Summary of financial implications

7. There are no direct financial implications from this report.

Summary of legal implications

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

Summary of human resources implications

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

Summary of sustainability impact

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

Summary of public health implications

11. There are no public health implications from this report.

Summary of equality implications

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

Summary of risk assessment

13. 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 2023/24

Audit & Governance Committee – Forward Plan 2023/24

REPORT	27 JUL 2023	7 SEP 2023 (extra)	26 OCT 2023	30 NOV 2023 (extra)	11 JAN 2024	7 MAR 2024 (extra)	11 APR 2024
ANNUAL REPORTS							
Statement of Accounts 2021/22 & 2022/23		As required depending on External Audit timetable					
Annual Governance Statement 2022/23 and Annual Review of Local Code of Governance (<i>1 update on Action Plan only</i>)	✓				✓ ₁		
Chief Internal Auditor's Annual Opinion Report 2022/23	✓						
Annual Breaches & approved Waivers of Financial Regulations Report 2022/23	✓						
Annual Review of Declarations of Interests, Gifts & Hospitality by Officers 2022/23	✓						
Use of Regulation of Investigatory Powers Act and Investigatory Powers Act Annual Report 2022/23	✓						
Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2022/23			✓				
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 2024/25: - 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 2024/25.						✓	
QUARTERLY / HALF YEARLY REPORTS							
Internal Audit - Quarterly Audit Plan Update	✓		✓		✓		✓
Risk Management – Corporate Risk Register Update	✓		✓		✓		✓
Forward Plan (refresh)	✓		✓		✓		✓
Treasury Management Quarterly Monitoring Report	✓		✓		✓		
AD HOC / OTHER REPORTS							
Appointment of Independent member(s) to Audit & Governance Committee	✓						
Review of the Council's Constitution		As required following agreed working party or committee recommendations that need considering					
<i>Other reports to be agreed during the year</i>							
PRESENTATIONS (rather than formal reports)							
<i>Presentations to be agreed during the year</i>							
<i>Treasury management training and awareness</i>		Separate virtual session in Sept or Oct					
EXTERNAL AUDITS REPORTS							
External Auditor – Audit Plan 2022/23 (<i>3</i> 2023/24)			✓				✓ ₃
External Auditor – Audit Findings Report 2021/22 & 2022/23		As required depending on agreed timetable and national issues					
External Auditor – Auditors Annual Report 2021/22 & 2022/23)		As required depending on agreed timetable and national issues					
External Auditor – Audit Progress & Sector Update		As required depending on agreed timetable and national issues					

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