

Notice of Audit and Governance Committee

Date: Thursday, 25 July 2024 at 6.00 pm

Venue: HMS Phoebe, BCP Civic Centre, Bournemouth BH2 6DY



Membership:

Chairman:

Cllr M Andrews

Vice Chairman:

Cllr E Connolly

Cllr S Armstrong

Cllr J Beesley

Cllr B Castle

Cllr R Herrett

Cllr M Phipps

Cllr M Tarling

Cllr C Weight

Independent persons:

Lindy Jansen-VanVuuren

Samantha Acton

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?MId=5973>

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

17 July 2024

**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
(janie.berry@bcpcouncil.gov.uk)

Selflessness

Councillors should act solely in terms of the public interest

Integrity

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

Objectivity

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

Accountability

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

Openness

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

Honesty & Integrity

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

Leadership

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

AGENDA

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

1. Apologies

To receive any apologies for absence from Councillors.

2. Substitute Members

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

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

3. Declarations of Interests

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

Declarations received will be reported at the meeting.

4. Confirmation of Minutes

To confirm and sign as a correct record the minutes of the Meeting held on 30 May 2024.

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5. Public Issues

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

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

The deadline for the submission of public questions is midday on Friday 19 July [midday 3 clear working days before the meeting].

The deadline for the submission of a statement is midday on Wednesday 24 July [midday the working day before the meeting].

The deadline for the submission of a petition is Thursday 11 July [10 working days before the meeting].

6. External Auditor - Auditor's Annual Report 2023/24 (Value for Money arrangements report)

The External Auditor, Grant Thornton for BCP Council, is required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness its use of resources.

Auditors are required to report their commentary under specific criteria, namely financial sustainability, governance and improving economy,

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efficiency and effectiveness. They are required to report on any significant weaknesses they identify.

The External Auditor has produced a 2023/24 Annual Report which has identified the following:

Criteria	2023/24 Auditor judgement on arrangements	
Financial sustainability	R	Two new key recommendations raised in 2023/24 relating to the plan to manage the Dedicated Schools Grant (DSG) deficit and the Council's cash position. One significant weakness from the prior year remains outstanding in respect of medium-term financial plan. Positively, the prior year key recommendation in respect of the control and management of the transformation programme, as well as the delivery of savings and management of costs has been removed. No new improvement recommendations made in 2023/24 but one improvement recommendation from the prior year remains open.
Governance	A	No significant weakness identified. The key recommendation from the prior year has been resolved and closed. We raised one improvement recommendation in 2023/24 and a further two improvement recommendations from the prior year remain outstanding.
Improving economy, efficiency and effectiveness	R	The key recommendation raised in the prior year relating to transformation and BCP Future Places is closed. We raise a new key recommendation on the Council's SEND provision. One key recommendation from the prior year relating to children's services remains open.

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Three key recommendations were made to address significant weaknesses (two covering financial sustainability and one covering improving economy, efficiency and effectiveness).

A further three improvement recommendations were made, and thirty-one previous recommendations from 2020/21, 2021/22 and 2022/23 were followed up (23 implemented and remaining 8 being addressed). The Council has provided the External Auditor with management responses to all the recommendations.

Grant Thornton anticipate concluding their opinion on the financial statements by the end of October 2024.

7. Treasury Management Outturn 2023/24 and Quarter 1 2024/25 Update

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This report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2023 to 31 March 2024.

A surplus of £789k has been achieved through a reduced need to carry out temporary borrowing due to high cash balances as well as increasing interest rates achieved on the Council's investments.

The report also sets out the Quarter One performance for 2024/25 which forecasts an overspend of £1.4m due to reduced investment income resulting from reducing cash balances.

8. Risk Management - Corporate Risk Register Update

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

- No new risks were added
- No risks were removed

Material updates for this quarter are outlined in sections 10 to 14.

9.	Internal Audit - 1st Quarter, 2024/25, Audit Plan Update	107 - 124
<p>This report details progress made on delivery of the 2024/25 Audit Plan for the 1st quarter – April to June (inclusive) 2024. This includes completion of audits from the 2023/24 Audit Plan. The report highlights that:</p> <ul style="list-style-type: none"> • 19 audit assignments have been finalised, including, 1 'Substantial', 9 'Reasonable' 4 'Partial' and 5 'Follow Up' / 'Consultancy' audit opinions; • 26 audit assignments are in progress, including 3 at draft report stage; • Total additional council tax yield of £404,935 has resulted, to date, from the Single Person Discount pilot project; <p>4 'High' priority audit recommendations have not been fully implemented by the original target date, and 4 'Medium' priority recommendations have not been fully implemented. Explanations from respective services have been provided and revised target dates have been agreed.</p>		
10.	Annual review of Declarations of Interests, Gifts and Hospitality by Officers for 2023/24	125 - 128
<p>An annual review and update of the Council's Declaration of Interests, Gifts & Hospitality (for officers) Policy took place in March 2024 and the revised policy was approved by Audit & Governance Committee (7 March 2024).</p> <p>Some minor changes were made to the policy as part of the annual evolution including adding the need to confidentially store declarations as part of the responsibilities of Service Directors and the Monitoring Officer. A new In Year Minor Amendments and Editing Log was also added.</p> <p>Internal Audit are able to provide reasonable assurance, through the completion of an annual exercise, 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>		
11.	Use of Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Annual Report for 2023/24 financial year	129 - 132
<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 a contents page, authorising officer title changes, expanding implications of not following correct procedures and adding a new in year minor amendments and editing log.</p> <p>BCP Council has used powers under IPA once during the 2023/24 financial year to assist with a trading standards investigation.</p> <p>BCP Council has not made use of powers under RIPA during the 2023/24 financial year.</p> <p>The BCP Council statutory return for the 2023 calendar year has been sent to the Investigatory Powers Commissioner's Office (IPCO).</p>		

12. Annual Breaches & approved Waivers of Financial Regulations Report for 2023/24

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This report sets out the breaches and waivers of Financial Regulations (the Regulations) which have occurred during the 2023/24 financial year and highlights the following:

	2023/24		2022/23		2021/22	
	Breaches	Waivers	Breaches	Waivers	Breaches	Waivers
Total (count)	7	35*	11	47	4	77
Total (£)	£15,417,745	£0.7m*	£1,172,738	£3.2m	£1,347,429	£6.3m

* direct comparison to previous years cannot be made due to changes in waiver categories as explained in paragraph 9.

Whilst no breaches of Financial Regulations is the preferable position, the relatively low number of breaches again 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 Director of Finance, or their formally delegated representative, has agreed 35 waivers totalling £0.7m.

For 2023/24, the lower number (35) of approved waivers compared to 2022/23 represents changes in waivers categories (in particular waivers could only be applied for <£25k) but also shows that 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.

13. Chief Internal Auditor's Annual Opinion Report 2023/24

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It is the opinion of the Chief Internal Auditor that during the 2023/24 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".

14. **Annual Governance Statement (AGS) 2023/24 and Annual Review of the Local Code of Governance**

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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**". This reflects the significant steps taken to improve governance following the council being issued with a best value notice.

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

- Best Value Notice
- Dedicated School Grant and Department for Education Statutory Direction for special educational needs and disability (SEND) services
- Delay in the completion of previous years' External Audit
- Mandatory Training

An action plan to address the 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 2025.

*and as amended by the Accounts and Audit (Amendment) Regulations 2024

Only minor amendments to the Local Code of Governance have been necessary to keep pace with the Council's changing governance arrangements.

15. **Audit & Governance Committee Annual Report 2023/24**

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Good governance is ultimately the responsibility of Council as the governing body of BCP Council.

This report provides assurance as to the way in which the Audit & Governance Committee has discharged its role to support Council in this responsibility. In addition, the report underpins the Annual Governance Statement, which is approved by the committee.

The attached report at Appendix A, Annual Report of the Audit &

Governance Committee 2023/24, demonstrates how the committee has:

- Fulfilled its terms of reference;
- Complied with national guidance relating to audit committees; and

Contributed to strengthening risk management, internal control and governance arrangements in BCP Council.

16. Forward Plan - For the 2024/25 municipal year

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This report sets out the list of reports to be considered by the Audit & Governance Committee for the 2024/25 municipal year in order to enable it to fulfil its terms of reference.

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 30 May 2024 at 6.00 pm

Present:-

Cllr M Andrews – Chair

Cllr E Connolly – Vice-Chair

Present: Cllr C Adams (In place of Cllr J Beesley), Cllr S Armstrong,
Cllr R Herrett, Cllr L Northover (In place of Cllr B Castle),
Cllr M Phipps, Cllr M Tarling, Cllr C Weight, Samantha Acton and
Lindy Jansen-VanVuuren

1. Apologies

Apologies were received from Cllr J Beesley and Cllr B Castle.

Apologies were also received the Leader of the Council, Cllr V Slade, and the Portfolio Holder for Finance, Cllr M Cox.

2. Substitute Members

Notification was received of the following substitute members for this meeting: Cllr C Adams for Cllr J Beesley and Cllr L Northover for Cllr B Castle.

3. Election of Chair

The Vice-Chair took the chair to preside over this item and sought nominations for the election of Chair. A nomination was received and seconded for Cllr M Andrews. No further nominations were received.

RESOLVED that Cllr M Andrews be elected as Chair of the Audit and Governance Committee for the Municipal Year 2024/25.

4. Election of Vice Chair

The Chair sought nominations for the election of Vice Chair. A nomination was received and seconded for Cllr E Connolly. No further nominations were received.

RESOLVED that Cllr E Connolly be elected as Vice Chair of the Audit and Governance Committee for the Municipal Year 2024/25.

5. Declarations of Interests

During the agenda item on 'Arrangements for the use of Consultants & Interim staffing' Cllr M Tarling declared for transparency that he worked for Mace, a company which provided architectural quantity surveying and other

professional advice to local authorities (though not in that office) and a direct competitor to WSP UK Ltd, a company referenced in the powerpoint presentation.

6. Confirmation of Minutes

The minutes of the meeting held on 11 April 2024 were confirmed as a correct record for the Chair to sign.

7. Public Issues

The Committee was advised of the receipt of four public questions and five public statements, as follows:

Public Questions from Mr Alex McKinstry (on Agenda Items 9 & 10)

Question 1.

Further to Item 9, the audit plan: can you confirm when the Council's draft accounts for 2023-4 (and accounting records) will be made available for inspection by "interested persons", pursuant to the provisions of Section 26 of the Local Audit and Accountability Act 2014? Moreover, in the run-up to the inspection period, could officers possibly consider the following:

- (i) providing a link to the NAO guidance, "Local Authority Accounts: a Guide to Your Rights", within the statutory notice;
- (ii) improving the timeliness of responses. I requested five items of account during the 2023 inspection period, but these only arrived after the deadline for raising queries or objections. (The statutory window is very tight, i.e. 30 working days.) I requested nine items of account during the 2022 inspection period but none of these documents were ever received or made available.

Response:

The statutory deadline to produce the draft 2023/24 accounts is the 31st May 2024. Alongside the publishing of the draft accounts the public inspection notice will be added to the council's website and the inspection period will be open from the 1 June to 12 July 2024. If the draft accounts are delayed the public inspection period will open the day after the draft accounts are published. We will consider adding the link to the National audit office guidance in the public inspection notice. The finance team will look to respond as timely as possible to requests but noting some requests take a significant amount of time to satisfy. The team will look into any requests which are believed to be outstanding from Mr McKinstry.

Question 2.

The report for Item 10 states (paragraph 1.8) that during 2022, seasonal food and beverage outlets along the beach - "pop-ups", as they became known - were given an informal green light by the planning directorate, "with the expectation that formal applications would be forthcoming". As far as I can make out however, it wasn't until October that year that outline applications were made for three "seasonal outdoor events spaces" along the seafront, each of which was in fact turned down. Can you confirm, then, whether any of BCP's seafront pop-up facilities operated with formal

planning permission during the summer of 2022, or indeed (with the exception of the West Beach dining area) the summer of 2023?

Response:

As mentioned in the report in paragraph 1.8, advice was received from the planning department that the temporary activities proposed along the BCP seafront area for 2022 were agreed with in principle, with the expectation that planning applications would be submitted. For 2023, the advice received from the planning department, as mentioned in paragraph 1.9, was that operations were acceptable provided planning applications were submitted and registered. In relation to the specific question of whether any of BCP's seafront pop-up facilities operated with formal planning permission during the summer of 2022, or the summer of 2023, I can advise that neither the one BCP Council temporary offer in 2022 or the two BCP Council temporary offers in 2023, operated with formal planning permission.

Public Questions from Mr Philip Gatrell on Agenda Item 8

Question 1.

The external auditor's draft Audit Findings Report for 2021/22 was presented to this regulatory Committee on 30 November 2023.

Report page 22 notes unspecified "assets" disposals recorded in the 2021/22 draft Statement of Accounts - presumably regarding "Long-Term Assets" - "had been disposed of in prior years but not accounted for in the year they were disposed in". Will a Finance Officer provide this meeting with the following information for each such asset item identified by the external auditor –

- Description.
- Financial year of actual disposal.
- Financial year any proceeds received.
- Where applicable the designation as a Bournemouth, Christchurch or Poole asset.
- Whether classified in the revised 2021/22 Accounts as a "Derecognition - Disposals" or "Derecognition - Other" or otherwise.
- Original acquisition cost or valuation, accumulated depreciation etc and net book value on disposal.
- Amount of any proceeds and
- Resultant loss or gain and to which specific ledger account that amount is now debited or credited.

Response:

There are two asset which were identified.

Asset 1

- Description. A338 - Wessex Fields Link Land
- Financial year of actual disposal. 2020/21
- Financial year any proceeds received. 2020/21
- Where applicable the designation as a Bournemouth, Christchurch or Poole asset. Bournemouth

- Whether classified in the revised 2021/22 Accounts as a "Derecognition - Disposals" or "Derecognition - Other" or otherwise. Derecognition - Disposals
- Original acquisition cost or valuation, accumulated depreciation etc and net book value on disposal. Original Cost - £2,352,000 Revised Valuation 2,935,000. No depreciation as land.
- Amount of any proceeds and £3,375,000
- Resultant loss or gain and to which specific ledger account that amount is now debited or credited. Other operating income and expenditure

Asset 2

- Description. Bournemouth Community Centre Community Arts
 - Financial year of actual disposal. 2020/21
 - Financial year any proceeds received. 2020/21
 - Where applicable the designation as a Bournemouth, Christchurch or Poole asset. Bournemouth
 - Whether classified in the revised 2021/22 Accounts as a "Derecognition - Disposals" or "Derecognition - Other" or otherwise. Derecognition - Disposals
 - Original acquisition cost or valuation, accumulated depreciation etc and net book value on disposal. Revalued figure was £290,000 with £3,590 in depreciation £286,410. Historic cost £129,775
 - Amount of any proceeds and £49,500
- Resultant loss or gain and to which specific ledger account that amount is now debited or credited. Other operating income and expenditure

Question 2

My two public statements to this Committee on 11th April 2024 are reproduced in the minutes but are not formatted as submitted; thus rendering them practically incomprehensible. Regarding the first of those previous statements -

- The identified £722,000 discrepancy regarding the 2021/22 draft Accounts is included on page 45 of the external auditor's adjustments dated 21st May 2024 presented to this meeting; although not shown in the previous draft Audit Findings Report presented on 30th November 2023.
- In the absence of mention in the auditor's Findings, will the Director of Finance - or their Deputy - explain the cause and its effect in monetary amount on each specified 2021/22 ledger account regarding the identified prior year discrepancy of £2,305,339 relating to 2020/21 adjusted in 2021/22?
- Assuming external auditor's consent will the Director or Deputy amend the published 2022/23 draft Accounts note by inserting "As Restated" over the 2021/22 comparative column and correcting the identified two 2021/22 comparative addition errors?

Response:

We are unable to decipher the actual question being asked and where the figure of £2,305,339 appears. We have no plans to adjust the draft 2022/23 accounts at this time.

Statement from Mr Philip Gatrell on Agenda Items 8 and 9

Local Audit and Accountability Act 2014 and registered Local Government electors' rights regarding Council Annual Draft Accounts:

Subsection 26(1) –

During an external audit anyone may inspect the relevant accounting records and documents and make copies.

26(2) - The auditor must give local electors or their representatives opportunity to question auditor about the accounting records.

Section 27 - Local electors can object to auditor regarding certain matters.

Accounts and Audit Regulations 2015: Information must be made available "on reasonable notice at all reasonable times" under Regulation 14 and within the public inspection period of Regulation 15. Thus ensuring the auditor's response to electors.

Despite the 2021 "Moss" case decision, there are Officer failures to provide information in time or at all. Information requests therefore require submission as soon as possible, with Officer commitment to timescale fulfilment on Council premises or electronically. Thereby avoiding local electors current experience where earlier years information remains outstanding.

Statement 1 from Mr Ian Redman on Agenda Item 6

To quote Cllr Slade; ""This administration will be based on the solid foundations of openness, transparency, accountability, honesty and integrity." The council will be welcoming to everyone, with decisions that are explained, questions answered, a place where challenge and scrutiny is embraced and encouraged." And yet two public statements submitted to the last meeting, clearly referencing agenda items, were not allowed and many of the answers to resident's questions are nonsensical or misleading.

Internal Governance say customer satisfaction can be judged, not by asking the customer for actual feedback but the by number of internal reviews requested. When it is suggested BCP follow best practise and publish all FOI requests on their website, the answer in effect is "the computer says no". If BCP wanted to, it could publish all FOI requests without a new system.

Statement 2 from Mr Ian Redman on Agenda Item 8:

Grant Thornton were made aware of concerns about Bounce Back Challenge Fund Grants but took no action and have not reported on the scheme. On 28th May 2024, a first Gazette notice for compulsory strike-off was issued against Adventure is Out There 365 Ltd for not filing their annual accounts. Virtually everybody said a £70,000 grant for the Lagoon water park was a waste of taxpayer's money but it was continuously defended by Nigel Stannard, Adam Richens and Graham Farrant. If it is not the external auditor who checks the checker.

Statement 1 from Mr Alex McKinstry on Agenda Item 10.

When the history of BCP Council is written, it'll be interesting to learn why there was such a rush to commercialise the beaches in 2022 - to the point where numerous protocols were bypassed, including, it now transpires, planning permission for seafront pop-up restaurants. These were structures

on land that stood for more than 28 days; as such they required formal planning consent under Section 57 of the Town and Country Planning Act 1990. These structures also stood in high-risk Flood Zone 3 as defined by the Environment Agency, and thus required flood risk assessments under Paragraph 173 of the National Planning Policy Framework. The Council should lead by example, and act lawfully. This lack of planning consent was a significant governance failing therefore, and ought to have been included in the audit report on seafront activities, presented to this Committee on 26 October 2023.

Statement 2 from Mr Alex McKinstry on Agenda Item 10.

Turning to the commercialisation of the beaches generally, it's hard to see how such a policy can flourish, given that most pop-up restaurants to date have been on Bournemouth's beaches; and as such, they conflict with CS31 of the Bournemouth Core Strategy (2012): "The Local Planning Authority will refuse planning permission for development that results in the loss of public and private open spaces ... which contribute to the recreational ... value of an area." The exception is where such land is "surplus" AND "the benefits arising from development outweigh the loss", and one can hardly posit that large areas of Bournemouth's beaches at the height of summer are "surplus". Similar restrictions would be imposed by NE7 of the draft BCP local plan. I'll be genuinely keen to see, therefore, how this commercialisation can be accommodated within the glare of the aforementioned planning strategies.

8. **External Audit - 2021/22 ISA260 Audit Findings Report and Statement of Accounts 2021/22**

Mr Peter Barber, representing Grant Thornton, the Council's External Auditor, presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'A' to these Minutes in the Minute Book.

Mr Barber advised that the External Auditor anticipated providing an unqualified opinion on the financial statements for the Council following its audit of accounts 2021/22. He explained that the External Auditor concurred with the Council's decision not to adjust the updated financial statements to reflect the overstatement in relation to the Council's IAS19 liability, an issue which had arisen following receipt of the Dorset Pension Fund auditor's response. He confirmed that there were no other significant issues since the statements were last considered by the Committee in November 2023.

Mr Barber explained that the External Auditor anticipated issuing a qualified "except for" value for money conclusion, due to the findings of Children's Services, the Council's financial sustainability and governance, as detailed in the report. The report also set out the final audit fee for 2021/22.

Mr Barber and the Deputy Chief Financial Officer (CFO) provided the following information in response to questions from the Committee:

- It was not unusual to include Management override of controls as a significant risk in public sector audit plans. There were no significant concerns to report.
- The Five Parks Charity was inherited from Bournemouth Borough Council and was included due to the high value of its assets
- The updated valuations of land and buildings referenced in the report had been reflected in the revised accounts
- The External Auditor had challenged the Council's approach to funding the Transformation programme using Housing Revenue Account (HRA) funds and had not found the amount transferred unreasonable.
- The External Auditor had previously reported on value for money in November 2023 and recommended the need for clear milestones in relation to the delivery of Transformation.
- The follow up of prior year recommendations would be followed up.

As previously reported the External Auditor had agreed with the Council to 'backstop' the 2022/23 opinion audit to enable a prompt start to the 2023/24 audit work. This arrangement was subject to final guidance from Government which although now delayed by the General Election on 4 July 2024 was still expected to be forthcoming. The Committee was assured that Officers were on track with the deadline to provide draft statements for 2023/24 and that the External Auditor was committed to a timely delivery of audit findings, being fully aware of the challenges involved.

RESOLVED that:

- (a) the anticipated audit opinion and findings of the Council's external auditor included as Appendix 1 to this report, following the audit of accounts 2021/22, be noted;**
- (b) the 2021/22 financial statement included at Appendix 2 be approved.**
- (c) the signing of the Statement of Responsibilities and the Letter of Representation by the Chair of the Audit & Governance Committee and the S151 Officer once the audit work is complete, be approved.**

9. External Auditor – Audit Plan 2023/24

Mr Peter Barber, representing Grant Thornton, the Council's External Auditor, 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 was referred to the Audit Plan enclosed with the report which set out the work which the External Auditor planned to undertake for the audit of the Council's Statement of Accounts in respect of 2023/24. Mr Barber explained in more detail the key elements of the Audit Plan, which followed a similar risk-based approach to that of 2021/22. He referred to the opening balances which although not identified as a significant risk in the plan, might require additional assurance procedures in the following year due to the backstop arrangement. He agreed to keep the Committee

updated on this matter. It was noted that consideration of the Council's value for money (VFM) arrangements remained focussed on the previous year's issues. The report also set out the audit fee for 2023/24 which had increased significantly for the reasons specified.

Mr Barber and the Chief Financial Officer (CFO) provided the following information in response to questions from the Committee:

- The implementation of IFRS 16 leases and related disclosures would need to be factored into the Council's statement of accounts for 2024/25. The External Auditor had discussed the implications of this with officers
- The Council's financial sustainability remained a significant VFM risk in the audit plan due to the Council's financial challenges and the previous year's position. As part of this work, the External Auditor had regard to the CFO's annual Section 25 statement and would examine the Medium Term Financial Plan to ensure it was reasonable and deliverable. VFM conclusions had been issued for 2021/22 and 2022/23 and it was hoped that the 2023/24 audit would reflect the Council's improved financial position.
- The Council was seeking guidance from a number of Government departments on how to manage its position regarding the Dedicated Schools Grant
- The External Auditor was able to use the Section 25 statement to review the different levels of contingency, including general base budget/revenue, savings specific and some service specific.
- National guidance permitted a cap of 70% of the audit fee for non audit services and it was pointed out that this could be a considerable amount bearing in mind the significant increase in fee. The Committee was advised that in reality the level of non audit work undertaken by the External Auditor was relatively small and would reduce further from 2023/24. It was noted that the Council could review its cap and set it at a lower percentage if it wished.
- The External Auditor had adopted the same escalation policy model for all its local government audits but hoped to avoid the need to use it. Details of the next level of report for each stage could be included if the Committee wished.

The Committee and the CFO placed on record their thanks to Mr Matthew Filmer, the Deputy CFO, and his team for their work in dealing with the various stages of the Council's accounts for a number of different financial years simultaneously.

RESOLVED that the Grant Thornton External Audit Plan 2023/2024 for the Council be noted.

10. Commercial Operations - Planning permissions approach

The Deputy Leader and Portfolio Holder for Connected Communities introduced 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. She explained that a review had been undertaken following concerns raised around the lack of planning permission for some activities across the seafront and other service areas within Commercial Operations. She reported on progress made over the last nine months in improving transparency and accountability, with the support of the Director of Commercial Operations and the new Director of Planning and Transport, to ensure that staff were now fully aware of planning requirements. The review of the Seafront Strategy also provided an opportunity to reconsider the previous emphasis given to the commercial activities on the seafront.

Committee Members expressed concern at the approach applied to these activities in 2022/23 by the then Head of Planning. The Director of Planning and Transport confirmed that the advice provided had not been in line with best practice and that such proposals should be dealt with no differently than other applications. Members asked why this issue had not featured in the October 2023 Committee report, a reference to the Internal Audit Update report which had included a review of pop up/ temporary activities incorporating Bayside restaurant. The Head of Audit and Management Assurance confirmed that planning had not been one of the agreed scope areas of the review. The Committee was advised that while changes to the Council's Constitution were still in progress the Director of Planning and Transport was referring all Council applications to the Planning Committee. A Committee Member also on the Planning Committee confirmed that a number of seafront/commercial applications had been determined by members in recent months, with all aspects thoroughly debated.

Committee Members stressed the importance of the seafront environment and the need for place-based planning and sought further assurance on procedures. The Deputy Leader welcomed the involvement of overview and scrutiny in the review of the Seafront Strategy. She explained that a revised strategy aimed to adopt a more holistic approach to the seafront, to reflect the Council's current priorities, while maintaining the need to be responsive to change. The Director of Commercial Operations assured members that staff now had a clear oversight of planning applications, with support from the Planning team on process and timescales.

The Chairman of the Overview and Scrutiny (O&S) Board thanked the Director of Commercial Operations and her team for responding to the issues he had raised, most of which had now been addressed. He thanked the Deputy Leader for the helpful context provided in her introduction. He explained the serious nature of his concerns regarding the use of public open space for commercial operations delivered by the council or leased to external operators without applying for or being granted planning permission. He had raised these concerns at the highest level politically and corporately. As it was deemed a governance matter, he was advised it had been referred to this Committee rather than the O&S Board.

The Committee discussed how the issues raised in the report could be kept under review. The Monitoring Officer advised on the mechanisms available to members, including the Committee's role in seeking assurance that good governance arrangements were now in place. The Deputy Leader had

heard the Committee's views and had provided assurance about the role of overview and scrutiny in adding value to the Seafront Strategy. The Head of Audit and Management Assurance confirmed that the issues raised around the seafront/commercial operations planning permissions would be included in the scope of internal audit work and would be reported to the Committee as part of the Internal Audit Plan 2024/25.

The Director of Planning and Transport reminded members that there were already policies in the draft BCP Local Plan around the need to protect and enhance the coastal environment as appropriate with direct reference to the Seafront Strategy.

The Monitoring Officer assured the Committee that as Director of Law and Governance, she and the Director of Planning and Transport were working closely with Internal Audit to review services, identify any concerns and support staff through advice, training and culture change.

RESOLVED that the previous position and new practices in relation to planning and licensing permissions on the seafront and the progress made across the seafront and wider Commercial Operations service area, be noted.

11. Arrangements for the use of Consultants & Interim staffing

The Committee received a joint presentation from the Director of People and Culture, the Director of Commissioning and the Head of Audit and Management Assurance which informed members about arrangements for the use of consultants and interim staffing at BCP Council. A copy of the presentation slides appears as Appendix 'D' to these minutes in the Minute Book.

The presentation covered the following key areas:

- Distinction between consultants/professional services providers and interim/agency staffing and the circumstances when each are used.
- Overview of corporate frameworks contracts for professional services
- Findings and recommendations from the internal audit of the use of interim/agency staff in Children's Services.
- The process for engaging interim staff, including the roles of Comensura (the Council's current contractor), HR and service areas.
- Details of active suppliers and number of bookings.
- Comensura's proposal to assist the Council's approach to reducing reliance on temporary agency workers.
- The process for engaging interim staff off contract and the approach to reducing this.
- Overall spend on and off contract for the last five years and next steps.

The Officer team responded to questions from the Committee on issues raised in the presentation. There was a discussion around the difficulty in recruiting social workers, the reasons why some preferred agency work and possible solutions. Members asked about staff succession planning and the benefits of recruiting and retaining staff with local knowledge and/or connection and it was noted that work was progressing in these areas as part of the Council's People Strategy. There was also a discussion about how to encourage the use of local businesses. Members were advised that around 90% of goods and services were local or locally employed and that the Council's approach in moving away from shorter term contracts was actually more beneficial for local providers

The Chair thanked the Officer team for their presentation and indicated that the Committee would welcome a written update on progress in 12 months' time.

RESOLVED that the arrangements for the use of consultants and interim staffing be noted.

The meeting ended at 9.17 pm

CHAIRMAN

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AUDIT AND GOVERNANCE COMMITTEE



Report subject	External Auditor - Auditor's Annual Report 2023/24 (Value for Money arrangements report)								
Meeting date	25 July 2024								
Status	Public Report								
Executive summary	<p>The External Auditor, Grant Thornton for BCP Council, is required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness its use of resources.</p> <p>Auditors are required to report their commentary under specific criteria, namely financial sustainability, governance and improving economy, efficiency and effectiveness. They are required to report on any significant weaknesses they identify.</p> <p>The External Auditor has produced a 2023/24 Annual Report which has identified the following:</p> <table border="1"> <thead> <tr> <th>Criteria</th><th>2023/24 Auditor judgement on arrangements</th></tr> </thead> <tbody> <tr> <td>Financial sustainability</td><td>R Two new key recommendations raised in 2023/24 relating to the plan to manage the Dedicated Schools Grant (DSG) deficit and the Council's cash position. One significant weakness from the prior year remains outstanding in respect of medium-term financial plan. Positively, the prior year key recommendation in respect of the control and management of the transformation programme, as well as the delivery of savings and management of costs has been removed. No new improvement recommendations made in 2023/24 but one improvement recommendation from the prior year remains open.</td></tr> <tr> <td>Governance</td><td>A No significant weakness identified. The key recommendation from the prior year has been resolved and closed. We raised one improvement recommendation in 2023/24 and a further two improvement recommendations from the prior year remain outstanding.</td></tr> <tr> <td>Improving economy, efficiency and effectiveness</td><td>R The key recommendation raised in the prior year relating to transformation and BCP Future Places is closed. We raise a new key recommendation on the Council's SEND provision. One key recommendation from the prior year relating to children's services remains open.</td></tr> </tbody> </table> <p> G No significant weaknesses in arrangements identified or improvement recommendation made. A No significant weaknesses in arrangements identified, but improvement recommendations made. R Significant weaknesses in arrangements identified and key recommendations made. </p> <p>Three key recommendations were made to address significant weaknesses (two covering financial sustainability and one covering improving economy, efficiency and effectiveness).</p> <p>A further three improvement recommendations were made, and thirty one previous recommendations from 2020/21, 2021/22 and 2022/23 were followed up (23 implemented and remaining 8 being addressed). The Council has provided the External Auditor with management responses to all the recommendations.</p> <p>Grant Thornton anticipate concluding their opinion on the financial statements by the end of October 2024.</p>	Criteria	2023/24 Auditor judgement on arrangements	Financial sustainability	R Two new key recommendations raised in 2023/24 relating to the plan to manage the Dedicated Schools Grant (DSG) deficit and the Council's cash position. One significant weakness from the prior year remains outstanding in respect of medium-term financial plan. Positively, the prior year key recommendation in respect of the control and management of the transformation programme, as well as the delivery of savings and management of costs has been removed. No new improvement recommendations made in 2023/24 but one improvement recommendation from the prior year remains open.	Governance	A No significant weakness identified. The key recommendation from the prior year has been resolved and closed. We raised one improvement recommendation in 2023/24 and a further two improvement recommendations from the prior year remain outstanding.	Improving economy, efficiency and effectiveness	R The key recommendation raised in the prior year relating to transformation and BCP Future Places is closed. We raise a new key recommendation on the Council's SEND provision. One key recommendation from the prior year relating to children's services remains open.
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Governance	A No significant weakness identified. The key recommendation from the prior year has been resolved and closed. We raised one improvement recommendation in 2023/24 and a further two improvement recommendations from the prior year remain outstanding.								
Improving economy, efficiency and effectiveness	R The key recommendation raised in the prior year relating to transformation and BCP Future Places is closed. We raise a new key recommendation on the Council's SEND provision. One key recommendation from the prior year relating to children's services remains open.								

Recommendations	It is RECOMMENDED that Audit & Governance Committee notes the findings, recommendations and management comments in relation to the External Auditor's Annual Report 2023/24 (Value for Money arrangements report).
Reason for recommendations	To ensure that the Audit & Governance Committee are fully informed of the findings of the Council's External Auditor following their Annual Report for the year ended 31 March 2024, as set out in the report (Appendix 1) attached.
Portfolio Holder(s):	Mike Cox, Portfolio Holder for Finance
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Information

Background

- Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), the External Auditor is required to report whether, in their opinion, the group and Council's financial statements:
 - give a true and fair view of the financial position of the group and the Council and of their income and expenditure for the year; and
 - have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.
- In addition, the External Auditor is required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. External Auditors report their findings in this area in their Auditor's Annual Report, sometimes referred to as the Value for Money conclusion, under the following three areas:
 - Financial Sustainability.
 - Governance
 - Improving Economy, Efficiency and Effectiveness.

Auditor's Annual Report 2023/24

Value for Money arrangements and key recommendations

- The Auditor's Annual Report for the year ended 31 March 2024 is attached at Appendix 1. It sets out the findings of Grant Thornton following their audit work to date. The External Auditor emphasises that the report is open to revision to the point at which the 2023/24 audits of the financial statements are concluded.

4. The conclusions of the External Auditor are summarised as follows:

Criteria	2022/23 Auditor judgement on arrangements	2023/24 Auditor judgement on arrangements	Direction of travel
Financial sustainability	R Two key recommendations on the transformation programme and the medium term plan. Three improvement recommendations made.	R Two new key recommendations raised in 2023/24 relating to the plan to manage the Dedicated Schools Grant (DSG) deficit and the Council's cash position. One significant weakness from the prior year remains outstanding in respect of medium-term financial plan. Positively, the prior year key recommendation in respect of the control and management of the transformation programme, as well as the delivery of savings and management of costs has been removed. No new improvement recommendations made in 2023/24 but one improvement recommendation from the prior year remains open.	↔
Governance	R One key recommendation made in relation to the Council entering in high-risk ambitious projects without due governance. Seven improvement recommendations raised.	A No significant weakness identified. The key recommendation from the prior year has been resolved and closed. We raised one improvement recommendation in 2023/24 and a further two improvement recommendations from the prior year remain outstanding.	↑
Improving economy, efficiency and effectiveness	R Two key recommendations raised around children's social care and BCP Future Places. One improvement recommendation raised in 2021/22 and 2022/23. Two improvement recommendations from 2020/21 remain open.	R The key recommendation raised in the prior year relating to transformation and BCP Future Places is closed. We raise a new key recommendation on the Council's SEND provision. One key recommendation from the prior year relating to children's services remains open.	↔

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

5. Appendix 1 also includes the Council's management responses to issues and recommendations made.

6. The following key recommendations were made by the External Auditor:

SW1 – Financial sustainability – Key Recommendation 1

The Council should continue to explore all opportunities to manage the Dedicated Schools Grant deficit in the medium term. This should include continued discussions with the Department for Education (DfE) and Ministry of Housing, Communities & Local Government (MHCLG), as well as other measures aimed at addressing the deficit.

SW2 – Financial sustainability – Key Recommendation 2

The Council must devise a plan to manage the cash shortfall expected to occur in 2025/26 and beyond. This plan should include consideration of the application for a capitalisation direction following liaison with Ministry of Housing, Communities & Local Government (MHCLG) to mitigate the forecast cash flow emergency.

SW3 – Economy, efficiency and effectiveness – Key Recommendation 3

The Council should address the weaknesses identified by a recent statutory direction in relation to the SEND (special education needs and disabilities) service.

- In addition three improvement recommendations were made, and previous recommendations from 2020/21, 2021/22 and 2022/23 were followed up. Of the 31 previous recommendations, 23 have been implemented or superseded and action is ongoing to address the remaining 8 recommendations.
- Management comments have been provided for all recommendations. Some of these comments may be enhanced given there has been limited time between receiving the report from External Auditor and the publication date for this Committee.

Opinion on the financial statements

- The Council's draft 2023/24 financial statements were produced by the 30 May 2024 deadline. The proposed application of the backstop for 2022/23 has enabled a prompt start on the 2023/24 post-statements audit. Grant Thornton anticipate concluding their work by the end of October 2024.

Options Appraisal

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

Summary of financial implications

11. A number of findings and recommendations directly relate to the financial sustainability of the Council and impact on future budget setting and MTFP development.

Summary of legal implications

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

Summary of human resources implications

13. There are no direct human resources implications from this report. The financial implications above may have a resulting impact on human resource levels.

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

17. The Auditor's Annual Report identified a number of risks which were considered as part of the management comments. Where appropriate, these will be further considered as part of the wider risk management review process and necessary mitigations agreed,

Background papers

None

Appendices

Appendix 1 – External Auditor – Auditor's Annual Report for the year ended 31 March 2024

Bournemouth, Christchurch & Poole Council

25

Interim Auditor's Annual Report for the
year ended 31 March 2024

17 July 2024



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive Summary



Value for money arrangements and key recommendations

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2023/24 is the fourth year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Council may set out actions to make improvements. Our conclusions are summarised in the table below.

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Criteria	2022/23 Auditor judgement on arrangements		2023/24 Auditor judgement on arrangements		Direction of travel
Financial sustainability	R	Two key recommendations on the transformation programme and the medium-term plan. Three improvement recommendations made.	R	Two new key recommendations raised in 2023/24 relating to the plan to manage the Dedicated Schools Grant (DSG) deficit and the Council's cash position. One significant weakness from the prior year remains outstanding in respect of medium-term financial plan. Positively, the prior year key recommendation in respect of the control and management of the transformation programme, as well as the delivery of savings and management of costs has been removed. No new improvement recommendations made in 2023/24 but one improvement recommendation from the prior year remains open.	↔
Governance	R	One key recommendation made in relation to the Council entering in high-risk ambitious projects without due governance. Seven improvement recommendations raised.	A	No significant weakness identified. The key recommendation from the prior year has been resolved and closed. We raised one improvement recommendation in 2023/24 and a further two improvement recommendations from the prior year remain open.	↑
Improving economy, efficiency and effectiveness	R	Two key recommendations raised around children's social care and BCP Future Places. One improvement recommendation raised in 2021/22 and 2022/23. Two improvement recommendations from 2020/21 remain open.	R	The key recommendation raised in the prior year relating to transformation and BCP Future Places is closed. We raise a new key recommendation on the Council's SEND provision. One key recommendation from the prior year relating to children's services remains open.	↔

- G

No significant weaknesses in arrangements identified or improvement recommendation made.
- A

No significant weaknesses in arrangements identified, but improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendations made.

Executive summary (continued)



Financial sustainability

In the prior year, we identified two significant weaknesses which gave rise to key recommendations in financial sustainability. One key recommendation was made in respect of the transformation programme and the second regarding the Council's medium-term plan and use of reserves. We believe that the Council has made good progress against the first key recommendation and this is no longer considered a significant weakness.

In terms of the the significant weakness in respect of the Council's medium-term plans for its General Fund Balances and Earmarked reserves, we note good progress over the last 12 months. Areas of improvement include returning to more conventional and traditional budget setting process combined with a more robust financial strategy underpinning the medium-term position.

Whilst the new administration clearly have a marked focus on financial rigour, it is our auditor judgement that the medium-term position and especially the 2024/25 budget, still contains significant risk. The Council's continued reliance on the sale of assets to fund a transformation programme means that the transformation journey is not complete and the underlying deficit not fully addressed.

The Council's reserves are at the lowest they have ever been since it was established as a unitary authority in April 2019. Whilst the unearmarked balance remains above the 5% net revenue expenditure mark, the Financial Resilience earmarked reserve has been fully depleted. The level of savings required for 2024/25 is unprecedented for the Council. We therefore conclude that this significant weakness and key recommendation remains outstanding for 2023/24. We will continue to monitor the Council's progress in this area.

We are reporting two new significant weaknesses giving rise to further key recommendations for 2023/24. Whilst included within our generic financial health key recommendation last year we now feel this area warrants separate reporting. The first relates to the Council's position with the Dedicated Schools Grant (DSG) deficit. The Council has been unable to secure an agreement with the DfE that would result in the systematic reduction of the DSG deficit to protect against the imminent expiry of the statutory override on 31 March 2026. The Council does not have a robust plan for when the statutory override elapses and will be technically insolvent on 31 March 2026 given the estimated general fund reserves and balance will be insufficient to offset the projected DSG deficit.

The second significant weakness, also primarily driven by the DSG deficit, relates to the Council's cash position. As a result of the accumulating deficit on the DSG, the Council is facing a severe cash shortage which is set to create a financial emergency before the current statutory override expiry date of the 31 March 2026. The Section 151 officer has stated that the Council will not be able to generate sufficient cash for the 2025/26 financial year to cover liabilities as they arise. It can continue to employ internal borrowing until Q2 of 2025/26 but from Q2 external debt will reach the Capital Financing Requirement (CFR) so the Council's internal borrowing flexibility will be exhausted, and at this point the Council will run out of cash. At present, the only option the Council has to mitigate this position is to apply for and be granted a capitalization direction which would allow the Council to externally borrow to fund its revenue budget. The cash position represents a significant weakness in arrangements to secure financial sustainability.



Financial Statements opinion

2023/24

Our work on the Council's 2023/24 financial statements is in progress. We anticipate concluding our work by the end of October 2024.



Executive summary (continued)



Governance

In the prior year, we identified a significant weakness and raised a key recommendation around the Council entering high-risk ambitious and challenging projects without proper or full consideration of governance arrangements. Since May 2023, the Council has had a new administration. We note a clear change in approach to decision making. Specifically, a more traditional and conventional one, avoiding high-risk or ambitious projects for transformation with proper regard to advice from statutory officers. On this basis we no longer consider this a significant weakness in governance arrangements.

The Council was issued with a Best Value Notice in August 2023 which mentioned two key governance issues relating to Member relationships and the development of the senior leadership team. Since the issuing of the notice, the Council has proactively pursued an action plan to address the recommendations made. There is evidence of significant progress, though this will be reviewed by MHCLG in August 2024.

The Council has appropriate risk management arrangements in place. There is an effective internal audit function in place to monitor and assess the operation of internal controls. The Council has made significant changes to its budget setting process to bring it in line with traditional and conventional approaches. This was in place for the 2023/24 and 2024/25 budget setting processes.

On this basis we are able to conclude that the Council's governance arrangements for 2023/24 to be effective and have reported no significant weaknesses in arrangements.

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Improving economy, efficiency and effectiveness

In the prior year, we identified two significant weaknesses in relation to Council's capacity to improve economy, efficiency and effectiveness in respect of children's services and the transformation programme. These gave rise to two key recommendations.

We note that the Council has made significant progress in implementing a robust decision-making process for decisions, BCP Future Places Ltd has come in-house and there has been a decisive change to scrutiny and the sale of assets to fund transformation. We consider this key recommendation to have been addressed. We commend the Council for their efforts in this area.

The second significant weakness related to children's services. The key recommendation was that the Council should address the weaknesses identified by Ofsted, and the Department for Education (DfE). We continue to identify a significant weakness in arrangements in this area, but recognise the effort that the Council has directed towards the improvement plan. The significant weakness remains in place due to the level of intervention the Council is in and the mixed progress toward improvement. The next Ofsted inspection is likely to be later this year providing a better indication of the Council's improvement journey.

The Council received a statutory direction in February 2024 following a monitoring visit in July 2023 by the DfE in respect of Special Educational Needs and Disabilities (SEND). The monitoring visit identified the Council has not demonstrated the impact and outcomes at the desired pace. This is judged to represent a significant weakness in arrangements for 2023/24. Whilst the Council is progressing with the improvement plan, it is clear from the action taken by the DfE, NHS England and Ofsted in respect of SEND that the Council is failing to provide a minimum core service standard and therefore not securing value for money.

We note in other areas the progress the Council is making to improving its arrangements for economy, efficiency and effectiveness. This has been demonstrated by the Council's improving data quality, with more accuracy and tailored information being provided to inform decision making. We have been satisfied by the Council's performance management system, frequent reporting and clear actions and documentation of owners helps the Council understand how it is performing. The new procurement function is currently being established as part of the transformation investment programme, and we will continue to monitor progress against this going forward. Furthermore, the Council is currently reviewing all partnership arrangements so it can clearly articulate who its key partners are and how best they can help facilitate service delivery.

Use of auditor's powers

We bring the following matters to your attention:

2023/24

Whilst our work on VFM for 2023/24 is well progressed we are still undertaking the detailed work on the audit of the Council's 2023/24 financial statements. Subject to the satisfactory completion of the financial statements we do not currently anticipate

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

- making any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

- issuing a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

- making an application to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

- issuing any advisory notices.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

- making an application for judicial review.

Key recommendations

Key Recommendation 1 (SW1)

The Council should continue to explore all opportunities to manage the Dedicated Schools Grant deficit in the medium term. This should include continued discussions with the Department for Education (DfE) and Ministry of Housing, Communities & Local Government (MHCLG) as well as other measures aimed at addressing the deficit.

Identified significant weakness in arrangements

The DSG deficit as at 31 March 2024 stood at £64m. But for the statutory override that removes the required for this deficit to be offset against general fund balances, this would have eliminated all currently available General Fund balance and reserves that totalled £65m at the same date. The DSG deficit is expected to rise to £92m by 31 March 2025, this exceeds the reserves balance and would make the Council technically insolvent should the statutory override elapse. The Council sought to secure a Safety Valve agreement with the DfE but was unable to agree to the proposed terms. From our wider sector experience, Councils with significant DSG deficits that have reached a Safety Valve agreement with the DfE are now benefiting both financially and operationally in addressing their deficits. As a result of the failure to secure a Safety Valve agreement, there is currently no comprehensive plan to manage the DSG deficit and mitigate the risk of technical insolvency if the statutory override elapses.

Criteria impacted by the significant weakness



Financial sustainability

Auditor judgement


Based on the work undertaken, we are not satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2023/24. We have therefore identified a significant weakness in arrangements in this area.

Management comments

In respect of the management of the DSG deficit the Council has implemented a 15-year recovery plan and is actively monitoring progress against its delivery via a SEND Improvement Board. Prior to the recent National Election, the Leader of the council wrote to the Secretaries of State for DLUHC and DfE further to an earlier motion to council.


The range of recommendations that external auditors can make is explained in Appendix B.

Key recommendations

Key Recommendation 2 (SW2)	The Council must devise a plan to manage the cash shortfall expected to occur in 2025/26 and beyond. This plan should include consideration of the application for a capitalisation direction following liaison with Ministry of Housing, Communities & Local Government (MHCLG) to mitigate the forecast cash flow emergency.
Identified significant weakness in arrangements	The Council is at risk of running out of cash soon.
Summary findings	As a result of the accumulating deficit on the DSG, the Council is facing a severe cash shortage which is set to create a financial emergency before the statutory override elapses on 31 March 2026. The Section 151 officer has stated that the Council will not be able to provide enough cash for the 2025/26 financial year. It can employ internal borrowing until Q2 of 2025/26 but from Q2 external debt will reach the Capital Financing Requirement (CFR) so the Council's internal borrowing flexibility will be exhausted, and the Council will run out of cash. The cash position is amounts to a significant weakness in arrangements to secure financial sustainability. At present, the only option the Council has to mitigate this position is to apply for a capitalization direction which would allow the Council to externally borrow to fund its revenue budget.
Criteria impacted by the significant weakness	 Financial sustainability
Auditor judgement	Based on the work undertaken, we are not satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2023/24. We have therefore identified a significant weakness in arrangements.
Management comments	The councils Director of Finance has formally written to his counterpart at DLUHC, copied to both Local Government Association, CIPFA and the External Auditor to commence the process of developing funding plan to manage/mitigate the cash shortfall.

The range of recommendations that external auditors can make is explained in Appendix B.

Key recommendations

Key Recommendation 3 (SW3)	The Council should address the weaknesses identified by a recent statutory direction in relation to the SEND (special education needs and disabilities) service.
Summary findings	The Council received statutory direction in relation to SEND from the DfE in February 2024 following a monitoring visit in July 2023. The review conducted by the DfE and NHS in July 2023 concluded that the established plan was not demonstrating the impact and outcomes desired and not at pace, resulting in the Statutory Direction for SEND issues in February 2024. The result of the statutory direction means that the Council will be appointed an Improvement Adviser who will support the Council in continuing to develop a robust, realistic and achievable plan to improve its SEND functions
Criteria impacted by the significant weakness	<div> Improving economy, efficiency and effectiveness</div>
Auditor judgement	Based on the work undertaken, we are not satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2023/24. We have therefore identified a significant weakness in arrangements.
Management comments	A SEND Improvement Board has been established to ensure the weaknesses are addressed.

The range of recommendations that external auditors can make is explained in Appendix B.

Securing economy, efficiency and effectiveness in the Council's use of resources

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Council, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Council's Annual Governance Statement and other publications



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 13 onwards.

The current LG landscape



National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on councils' General Fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for council services such as social care and homelessness. At the same time, the crisis impacted adversely on key areas of council income that were needed to service the increase in demand, for example fees and charges and the collection rates for council tax, business rates and rents.

For Housing Revenue Accounts, inflation in recent years led to cost increases often outstripping rent rises. In the coming years, new legal duties on landlords are expected to increase costs further, without there necessarily being any additional funding to cover the new costs. At the same time, high construction prices are making it harder for councils to invest in the new accommodation which might have helped make savings in the revenue account, for example on temporary accommodation and homelessness. Housing Revenue Accounts are under further pressure due to regulatory challenges in housing quality in the light of national issues in respect of cladding and damp/mould issues.

In January 2024, the UK government announced an additional £600 million for local government, but the Spring Budget for 2024 brought little in the way of any further support. Rising costs of delivering services, coupled with workforce shortages in key areas, supply chain fragility, and rising interest rates for servicing debt, brought a level of crisis to the local government sector perhaps never experienced before. Current warning signs of difficulty include:

- Seven councils issuing eleven section 114 notices between 2019 and 2023, compared with two councils issuing notices between 2001 and 2018, with an increasing number of other councils publicly warning of a section 114 risk;
- Twenty councils being with government approval for exceptional financial support during 2024/25, totalling approximately £1.5 billion. Only six of these councils had previously issued a section 114 notice.; and
- The Local Government Association warning that councils in England face a funding gap of £4 billion over 2023/24 and 2024/25.

Local government is coming under an increased spotlight in terms of how the sector responds to the financial challenge it faces. Since the start of 2024, the UK government has emphasised the need for increased productivity rather than increased funding. New plans were announced by the Chancellor in March 2024 for public sector productivity to deliver up to £1.8 billion worth of benefits by 2029. Councils have subsequently been asked to submit productivity plans, showing how they will improve service performance and reduce wasteful spend.

Given the recent General Election any changes to government policy as a result of the change in government relating to the sector are at present uncertain.

The current LG landscape (continued)



Local context & direction of travel

Bournemouth, Christchurch and Poole Council (BCP Council) was established in 2019 to replace the prior councils (Bournemouth Borough Council, Christchurch Borough Council, Borough of Poole Council and part of Dorset County Council), the joining of Councils provided greater opportunities for business, growth and prosperity across all three areas. BCP Council is bordered by Dorset Council.

The population of BCP is aging, with the number of residents aged 65 and over set to increase by 15% between 2018 to 2029, the aging population form a large portion of BCP's total population at 24%. The makeup of businesses in BCP area is very similar to the rest of England, where Micro Businesses (0-9 employees) make up most of the businesses in the area at 89% compared to 90% across England, whereas in BCP large businesses (250 employees +) make up a small number less than 1% of all businesses in the area.

Bournemouth has significant employers within the banking, finance and insurance sector. Large employers in the region include JPMorgan, Nationwide Building Society, Liverpool Victoria and Tata Consultancy Services including a wide range of Insurance companies in the region. Whereas in Christchurch the aviation and engineering sector provides large employment such as BAE Systems. Poole has a combination of both the finance and banking sector making up a significant amount of employer such as American Express alongside maritime industries such as Sunseeker yachts.

The Council is formed of 33 wards with 76 Councillors, upon its establishment in 2019 the Council was operated with a mixed administration with the largest party being Conservative (35/76). However, the most recent election in May 2023 changed the political landscape of BCP with the Liberal Democrats, as the largest party, working with a number of the smaller parties in coalition

Whilst the challenges facing the Council remain significant, especially in the areas of financial sustainability and children's services, we note a real commitment since the May 2023 elections to establish a more prudent, cautious approach to governance and decision making with a real focus on financial rigour.

Financial sustainability

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We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and Medium-Term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

2023/24 Financial Performance

The Council agreed the 2023/24 budget at the 21st February 2023 Full Council meeting. The budget agreed a net requirement of £308m with a council tax increase of 2.99% and adult social care precept of 2%. The budget was predicated on the delivery of £34m of savings.

The budget noted that the unearmarked reserves had dropped below the 5% net revenue expenditure benchmark, standing at 4.7% at the end of 2022/23. To counter this, the 2023/24 budget included an allocation of £1.9m to bring the reserves to the CIPFA recommended minimum of 5%.

The 2023/24 budget included the plan to use £33.8m of earmarked reserves to deliver financial balance. The planned reserves usage from 31 March 2023 to 31 March 2024 is outlined in the table below:

	31 March 2023 £'m	31 March 2024 £'m	Change
Unearmarked reserves	16	17.9	+1.9
Earmarked Reserves	46.61	12.8	- 33.81
Assumed 2022/23 surplus	10.1	0	-10.1
Total	62.6	30.7	-42.01

Table 1: Planned use of reserves for 2023/24

Source: February 2023 budget

In July 2023, the 2022/23 outturn was reported and the picture was, overall, better than the Council expected. The 2022/23 final outturn report caused the following changes to the reserves balances:

£m	31 March 2023 £'m
Unearmarked reserves	16
Earmarked Reserves	68.49
2022/23 surplus	10.6
Total	95.09

Table 2: 2022/23 outturn report

Source: Appendix B Earmarked Reserves as at 31 March 2022 and Financial Outturn Report 2022/23

The Council was therefore planning to heavily draw on earmarked reserves to balance the 2023/24 budget. The position became better than expected with the reporting of the 2022/23 outturn, nonetheless, there was still an expectation that reserves would need to be used to achieve balance. It is also worth noting that earmarked reserves are reserves that the Council has put aside for specific purposes. Often these specific purposes are dictated by statute, these types of reserves are known as 'ringfenced' reserves and they would sit in the earmarked reserves balance and cannot be used for any other purposes. However, the Council had an earmarked reserve called the 'Financial Resilience Reserve' which has been set aside with the purpose of supporting the general fund revenue budget.

Financial Sustainability

In this sense, this reserves functions in a similar way to the unearmarked reserves balance and therefore is used to fund general cost pressures on the Council’s revenue budget. While the Council was planning to contribute to the unearmarked reserves balance by £1.9m, there was also the corresponding plan to use the Financial Resilience Reserve balance by £10.7m.

At 2023/24 outturn, the Council reported a £7m underspend on the general fund revenue budget. The underspend was driven primarily by forecast demand not materializing in Wellbeing Services and Operations Services implementing mitigation measures and delaying expenditure.

The Council reported 94% delivery of savings with £32m of savings delivered against a plan of £34m. This level of savings delivery against plan is positive to note and demonstrates the Council’s efforts in securing a balanced position.

The reserves position as at 31 March 2024 (as per the 23/24 outturn report) were as follows:

	31 March 2023 £m	31 March 2024 £m	Change £m
Unearmarked reserves	16	26.1	+10.1
Earmarked Reserves	68.49	39	-29.49
Total	84.49	65.1	-19.39

Table 3: Actual reserves as at 31 March 2024

Source: 2023/24 outturn report

As can be seen from the table above, the reserves use is far better than was expected at February 2023 budget setting where the Council was planning to deplete the reserves balance in totality by £42m.

The Council ended up using £19m of reserves in total which is a far better position than was originally forecast.

However, it is important to note that while it may seem that the Council has increased its general unearmarked reserves balance by £10.1m, within the earmarked reserves balance lies the ‘Financial Resilience Reserve’ of which the Council used all £31.715m of in 2023/24. This earmarked reserve is now empty and the only reserve now available to service the revenue budget is the unearmarked reserve balance of £26.1m. This is above the CIPFA recommended 5% net revenue expenditure at 7.6% but nonetheless puts the Council in a vulnerable position for the medium term as the authority would not be able to draw on this balance to support 2024/25 to the same extent as it did for 2023/24 as this would fully deplete the unearmarked reserves.

2024/25 budget and the medium term

The Council approved the 2024/25 budget on 7 February 2024 with a net budget of £356.9m. The Council agreed an increase in council tax of 2.99% and 2% adult social care precept. The budget includes a plan to deliver savings of £38m for 2024/25.

The budget does not plan to use any unearmarked reserves and plans to increase earmarked reserves by £5.4m in the year. We are pleased to note this plan to replenish reserves rather than planning to use reserves. This marks a distinct change from our prior year reviews which saw heavy drawdowns on reserves to balance the budget.

The 2024/25 budget also saw the introduction of a spending freeze from 1 April 2024 for all non-essential expenditure. The Council implemented these control measures to provide Cabinet members with assurance that the ambitious savings target of £38m will be delivered.

The Council reported the medium-term financial plan (MTFP) at the same time as the 2024/25 budget but have since done an update to the MTFP which will be reported to Cabinet members in July 2024. The updated MTFP runs to 2027/28 and shows the Council to be forecasting a cumulative net funding gap of £9.3m at the end of the period.

Financial Sustainability

Outside of the £38m savings plan for 2024/25, the Council is forecasting the need to deliver savings totaling £10.3m, split as follows (as per the February 2024 budget):

	2025/26	2026/27	2027/28
	£'m	£'m	£'m
Savings target	3.6	4	3

Table 4: Savings target 2025/26 to 2027/28

Source: February 2024 Medium Term Financial Plan

Considering the scale of the Council’s savings delivery in 2023/24 and the ambition for 2024/25, these targets, appear realistic and achievable.

The MTFP shows reserves usage to 2026. It does not show planned reserves use for the whole period of the MTFP.

The Council is not planning to draw from unearmarked reserves from 2024/25 to 2025/26. However, the Council anticipates it will use £10.2m of earmarked reserves for the purposes they were set aside. This will reduce overall reserves and balances further into the medium term. The MTFP update has also revised the previous February 2023 budget assumption that the Council would replenish the earmarked reserves in 2024/25. The latest update is showing the reserves usage as follows:

£m	31 March 2024	31 March 2025	31 March 2026
Unearmarked reserves	26.1	26.1	26.1
Earmarked Reserves	38.8	37.4	27.2
	64.9	63.5	53.3

Table 5: Planned Reserves Usage Up to 2025/26

Source: July 2024 update to Medium Term Financial Plan

Table 5 shows that the Council is planning on using earmarked reserves in 2024/25 and 2025/26 to balance the budget. However, the table shows a significant decrease in reserves usage in comparison to 2023/24. Nonetheless, the MTFP shows that the Council is still dependent on reserves to reach a balanced position which is unsustainable.

Bournemouth, Christchurch and Poole Council was established on 1 April 2019 and at that point, reported £52.6m in earmarked reserves. 2020/21 represented an extraordinary year due to COVID grants from central government. As demonstrated in the graph below, the Council’s earmarked reserves are now at the lowest point they have ever been in the history of the Council since its inception in April 2019. We are conscious that, excluding the COVID years, the Council has been drawing on reserves heavily to sustain itself.

Earmarked Reserves

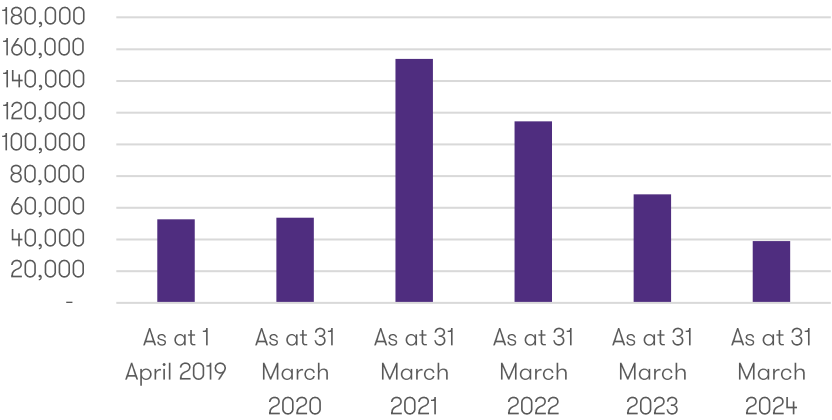


Table 6: Earmarked Reserves Movements since 1 April 2019

Source: Outturn Reports

Financial Sustainability

We found a significant weakness in arrangements in 2021/22 and 2022/23 around the Council’s medium term plan and the risks associated in that plan. The Council’s reserves are at the lowest they have ever been since the Council was established in April 2019, it is dependent on asset sales to fund transformation, it has to deliver an unprecedented level of savings in 2024/25 in order to deliver a balanced position and the only earmarked reserve set aside to fund revenue budget pressures (Financial Resilience Reserve) has been fully depleted.

The MTFP anticipates the will use £10.2m of earmarked reserves through to 2026 for the purposes they were set aside. This will reduce overall reserves and balances further into the medium term. This is without consideration of the use of reserves to 2028, which the Council has not publicly reported. There is therefore likely to be the need for more reserves to be used from 2026 to 2028 to achieve a balanced position. The use of reserves and the flexible use of capital receipts represent one off measures required to fund the revenue budget and these are not sustainable for long-term viability.

We recognise the significant strides toward improvement that the Council has made in the last 12 months. The approach to budget setting and financial strategy is noteworthy. The new administration appears to have a decisive approach to financial rigour. The return to a much more conventional and traditional view of budget setting represents a significant improvement. However, we still believe that there are risks associated with the Council’s financial sustainability. Our significant weakness and key recommendation on this matter from the prior year remain outstanding. We do not feel that there has been enough progress to warrant the removal of the significant weakness but do acknowledge the significant strides that the Council has made. We will continue to monitor the direction of travel and will continue to recognise the Council’s achievements and efforts.

Savings

At February 2023 budget setting, the Council assumed delivery of £34m of savings which included £9m unitemised transformation-based savings. The budget therefore carried a level of inherent risk. At quarter 1, the Council anticipated non-delivery of the whole £9m of unitemised savings and service budgets were reduced to reflect a more achievable level. The Council also put expenditure control mechanisms in place from September 2023 to minimize spend on non-essential activity and enable delivery of savings.

During 2023/24, the Council has managed to achieve significant savings in the direct operating costs of the Council through efficiencies generated by local government reorganization and the transformation programme.

As per the 2023/24 outturn report, the Council achieved 94% of the £34m savings budgeted. We are pleased to note this level of delivery against plan.

The 2024/25 budget assumes the delivery of £52m in savings over the medium-term period, of which £18m relates to transformation. Each saving is supported by a detailed delivery plan, and some are supported by the one-off application of resources to phase their implementation.

The Council is planning to deliver the following savings over the medium-term period:

	2024/25	2025/26	2026/27	2027/28
	£’m	£’m	£’m	£’m
Savings target	41.2*	3.6	4	3

Table 7: Savings Plan in the Medium Term Financial Plan

Source: February 2024 Medium Term Financial Plan

* Please note due to late funding announcement £41.2m for 2024/25 became £38m

The amount of savings for 2024/25 is significant. It is likely that this amount of savings may not be delivered in year just due to the sheer size. In this case, any failure to deliver savings in one year would impact the base budget of the successive year and would result in an ongoing gap. As the Council has a modest saving requirement from 2025/26 onwards, this is unlikely to cause severe disruption and the Council is still likely to be able to deliver. Particularly when we note the high level of savings delivery in 2023/24.

The Council state that they have only included the savings that have been identified in the MTFP. This means that if any additional savings are identified, they will be added to the requirement, which may increase depending on how the assumptions in the MTFP materialize.

Financial Sustainability

The 2024/25 budget also includes a £5.7m contingency to allow for the degree of uncertainty attached to a few high value savings proposals.

The Council has also continued to implement spending controls from 1 April 2024 to allow for the delivery of the £38m in the 2024/25 budget. The Council will monitor the progress of each individual saving at Corporate Management Board to provide assurance of their delivery.

The Council’s delivery of savings in 2023/24 provides confidence that the Council is capable of delivering savings to such a scale as it is planning for 2024/25. However, there continues to be significant risk in delivering the 2024/25 savings which represents 20% more than the 2023/24 savings that the Council managed. It is also worth noting that the Council is heavily reliant on these savings to achieve a balanced budget. Any failure to deliver savings may result in an increased reliance on reserves which are finite, and it is not advisable to use reserves to fund general revenue budget pressures. However, we note that the Council has hedged against this risk by creating the £5.7m contingency budget.

Overall, we are comfortable with the Council’s plans for savings in the medium-term plan but note the high reliance on savings to achieve a balanced position and also note the risk and uncertainty assumed within the MTFP. We believe the Council has implemented the appropriate mitigating arrangements to risk manage the savings delivery plan: for example, the spending controls, the contingency budget allocation and the governance arrangements around the savings plan to ensure rigorous monitoring and to provide the Cabinet with assurance.

Dedicated Schools Grant

The Dedicated Schools Grant (DSG) is a ring-fenced grant from the Department of Education to local authorities for spending on schools. The funding is split into four blocks for early years, mainstream schools, pupils with high needs and to support a small range of central council services.

All councils are currently benefitting from the statutory override that has been provided for DSG deficits which effectively allows local authorities to temporarily deviate from normal accounting practices and keep the DSG deficit off the balance sheet. In 2022, the government’s local government finance policy statement announced that the statutory override for the Dedicated Schools Grant (DSG) would be extended for the next three years from 2023-24 to 2025-26.

When the statutory override expires, councils will be expected to cover the cost of their DSG deficits themselves. This would likely have to be met from un-ringfenced general reserves. The risk arises when many councils consider that their general reserves balance may be close to or less than the amount required to fund their DSG deficit. Many councils have become dependent on the statutory override to continue functioning.

The High Needs Block (HNB) element of the Dedicated Schools Grant (DSG) has experienced significant pressure for local authorities across the country as demand for places and complexity of cases has increased.

For the Council the accumulated deficit on the DSG as at 31 March 2023 was £35.8m.

In July 2023, the Chief Executive wrote to the Secretary of State for Levelling Up, Housing and Communities regarding the DSG deficit. The letter outlined the following forecast for the accumulated deficit on the DSG.

£m	31/03/22 Actual	31/03/23 Actual	31/03/24 Forecast	31/03/25 Forecast	31/03/26 Forecast	31/03/27 Forecast
DSG deficit	(20.3)	(35.8)	(63.7)	(105.9)	(157.8)	(218.7)

Table 8: Forecast Dedicated Schools Grant Deficit 2022-27

Source: Letter to Secretary of State

The letter also outlined that the Council has been struggling with the growth in demand for EHCPs (Education, Health and Care Plan) and the costs increasing above the funding allocation for the High Needs Block. The Council acknowledges that it is totally reliant on the statutory override and has no reserves to cover the DSG deficit when the statutory override ends. The Council would at that point become technically insolvent. The Section 151 officer would strongly need to consider a Section 114 report, due to the inability to set a balanced budget for the forthcoming year (2026/27). Financing the DSG deficit is also currently costing the Council £1.25m per year in financing costs alone.

Financial Sustainability

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The Department for Education hosts the Delivering Better Value in SEND programme (DBV in SEND) aiming to support local authorities to improve the delivery of SEND and work toward financial sustainability. Bournemouth, Christchurch and Poole Council is one of the 55 local areas taking part in the programme. The involvement included a diagnostic where councils financial assumptions and forecast deficit growth were reviewed. The outcome for BCP was a relatively small increase compared with the council's projections for the accumulated DSG deficit with the diagnostic finding only minor savings possible from this higher position. No actual solutions to the funding gap were forthcoming.

In July 2023, the Council was invited to participate in the Safety Valve (SV) intervention programme. The programme aims to replace and build on the work already completed in the DBV programme. The Council was tasked with agreeing a package of reform to improve performance of the local high needs system and develop substantial plans for reform with support from the DfE to put them on a sustainable footing. If councils can agree with the DfE, the idea is that the local authority will be held to account for the delivery of their plans via quarterly reporting to the DfE. If the DfE is satisfied with performance, the local authority will receive incremental funding to support the elimination of historical deficits, spread over the lifetime of the agreement (generally five years). The arrangement relies on negotiation between the Council and the DfE.

In July 2023, the Council presented an update to the Medium-Term Financial Plan (MTFP) which highlighted the continuing financial challenge with the DSG. The update showed an assumed in-year deficit for 2023/24 of £27.1m which, once added to the accumulated deficit of £35.8m brought forward, brings the Council to a projected accumulated deficit of £62.9m as of 31 March 2024. The Council notes that this level of accumulated deficit is not sustainable and shows that the Council is predicting to have a negative reserve from 31 March 2024. The statutory override which runs to 31 March 2026 is currently protecting the general fund from this impact. The budget monitoring report for Q1 presented the same forecast.

In August 2023, the Council received a letter from the DfE regarding the Council's performance in the SEND service. The DfE was disappointed with the lack of pace and inconsistent improvement across the service.

In the Q1 monitoring report (September 2023), the Council noted data issues which were affecting the forecasts which were caused by delays in processing assessments for EHCPs and determining placements with funding. This is due to rising caseloads and staff shortages. This was also affecting the service as children were staying in mainstream schools for longer.

In the December 2023 update to the MTFP, the Council noted that, by April next year, the DSG deficit would be greater than the Council's total general fund reserves and, if the statutory override was not in place, would result in a Section 114 notice. The DSG deficit represents the most significant risk to the Council's financial sustainability.

In March 2024, the Council received an update from the DfE on the Safety Valve negotiations. The DfE noted that BCP's proposal did not meet the criteria for the Safety Valve programme and that the proposal included an ask of the Department that was significantly above the level which could be reasonably afforded in comparison to other agreements. The DfE resolved that the Department could therefore not enter into an agreement with the Council at this time.

The letter stated that the DfE proposed to continue working with the Council over the coming months to find an appropriate solution. The Department asked the Council to continue to develop plans to bring BCP to a more sustainable high needs system.

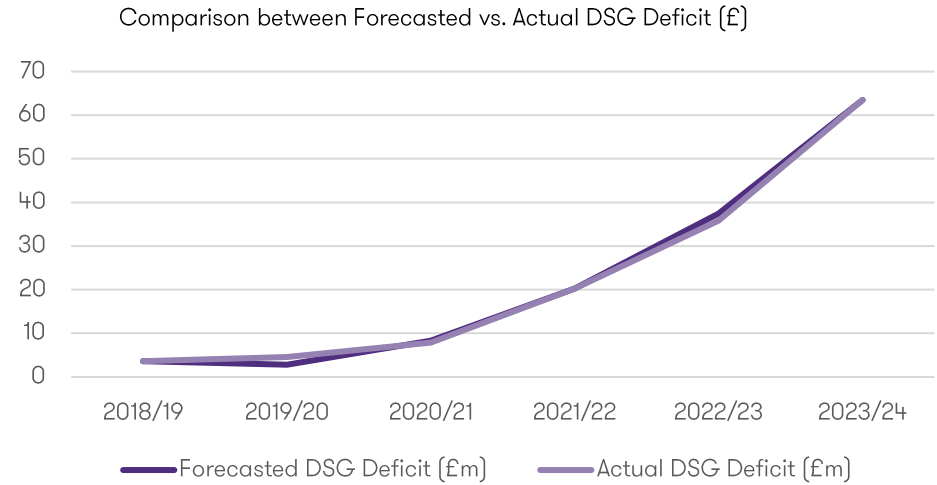
In May 2024, the Council wrote to the Ministry of Housing, Communities & Local Government (MHCLG) about the increasing concern surrounding the annual deficit on the DSG. The accumulated deficit was £64m as at 31 March 2024 – which is in line with the total available reserves of £65m. The deficit is also expected to rise to £92m by 31 March 2025. This clearly exceeds the available reserves and makes the Council technically insolvent as soon as the statutory override elapses. The letter notes that the Council's Safety Valve proposal was not endorsed by the DfE and that negotiations appear to have stalled. The DSG deficit is also causing a cash flow challenge which is discussed in greater detail below.

The challenges surrounding the DSG deficit represent a significant weakness in the Council's arrangements to secure financial sustainability. The Council is likely going to need to issue a Section 114 notice for the 2026/27 budget when the statutory override elapses if alternative arrangements are not forthcoming.

Financial Sustainability

We reviewed whether the Council was being overly pessimistic in its forecast by comparing forecast DSG deficits at February budget setting to actual end of year outturn reports since 2018/19. The graph below shows that the Council's forecasts tend to be close to accuracy and the Council is not typically overly optimistic nor pessimistic regarding DSG forecasts. This adds greater concern to the forecast highlighted in Table 9.

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We are disappointed to note that the Council was unable to secure a successful agreement for the Safety Valve programme as this represented the Council's only real hope of remedying the position before the end of the statutory override. From our wider sector experience, Councils with significant DSG deficits that have reached a Safety Valve agreement with the DfE are now benefiting both financially and operationally in addressing their deficits. The Council is significantly exposed to a likely Section 114 notice without the support of the Safety Valve programme. While the demand and costs on the DSG deficit are largely out of the Council's control, the negotiations with the DfE are within its gift and must be prioritized as a means of mitigating the position on the DSG. We believe that this is a significant weakness in arrangements and have raised a key recommendation accordingly.

Cash

As a result of the accumulating deficit on the DSG, the Council is facing a severe cash shortage which is set to create a severe financial emergency before the statutory override elapses on 31 March 2026.

The Council is currently reflecting an extremely under borrowed position. The Council has been using internal borrowing (reserves, balances and cash) to finance its expenditure for the high needs block for the Dedicated Schools Grant as a temporary measure. The DSG deficit has now ballooned to an unsustainable degree and the authority is finding itself in the position of potentially running out of cash. The Section 151 officer has stated that the Council will not be able to provide enough cash for the 2025/26 financial year. It can employ internal borrowing until Q2 of 2025/26 but from Q2 external debt will reach the Capital Financing Requirement (CFR) so the Council's internal borrowing flexibility will be exhausted and the Council will run out of cash.

The cash position is a significant weakness in arrangements to secure financial sustainability. At present, the only option the Council must mitigate this position is to apply for a capitalization direction which would allow the Council to externally borrow to fund its revenue budget. The CIPFA Prudential Code for Capital Finance in Local Authorities states that the Council must ensure that any temporary borrowing for revenue purposes must be within the headroom flexibility allowed between the external borrowing and the Capital Financing Requirement. The Council is coming close to the headroom between the two benchmarks running out, forcing the need to borrow for revenue purposes which is in breach of the Local Government Finance Act 2003. We believe that this is a significant weakness in arrangements and have raised a key recommendation accordingly.

Financial Sustainability

Flexible use of capital receipts

The delivery of the transformation programme is central to the Council’s plans to achieve financial sustainability through efficiencies and avoidance of significant cuts to its services. The bringing together of the three legacy authorities has resulted in multiple complex systems and perceived duplications within the inherited practices which the Council sought to address through the transformation programme. The core element of financing the transformation programme was the ability to use capital receipts to meet the revenue costs of transformation (Capital Flexibilities Initiative). The Capital Flexibilities Initiative is permitted by the statutory direction published by Ministry of Housing, Communities & Local Government (MHCLG) and allows the Council to use capital receipts to fund the revenue costs of transformation schemes which expect to reduce future demand and to generate revenue savings in the longer term.

44 The Council during the 2023-24 budget setting process agreed not to utilise the £20m Capitalisation Directive, but instead to use the Capital Receipts of assets to fund the transformation programme. At this point, we noted that the Council’s change in approach to avoid the use of the Capitalisation Directive seemed a more sensible approach to managing the Council’s finances.

At 2023/24 budget setting, the Council forecast the need to fund £16.061m of revenue expenditure via flexible capital receipts as follows:

(£8.342m)	31. 03.23 Brought Forward Capital Receipts
(£11.890m)	Forecast in-year capital receipts
£13.115m	Transformation Investment Programme expenditure
£0.760m	Children’s Services service specific transformation expenditure
£0.545m	Adult Social Care service specific transformation programme
(£5.812m)	31.03.24 Forecast Capital Receipts Carried Forward

Table 10: Flexible Use of Capital Receipts Plan for 2023/24

Source: February 2023 Budget

The Council did not meet its forecast in-year capital receipts of £11.89m and instead delivered £4.545m (a shortfall of £7.4m or 61%). However, the Council also did not spend as much as was originally forecast at budget setting. The net impact was as follows:

(£8.362m)	31. 03.23 Brought Forward Capital Receipts
(£4.545m)	Actual in-year capital receipts
£0.029m	Costs of disposal
£10.473m	Transformation Investment Programme expenditure
£0.656m	Children’s Services service specific transformation expenditure
£0.429m	Adult Social Care service specific transformation programme
(£1.32m)	31.03.24 Capital Receipts Carried Forward

Table 11: 2023/24 Flexible Use of Capital Receipts Actuals

Source: 2023/24 Outturn Report

Financial Sustainability

In 2024/25 the Council is planning to spend £17.553m of revenue expenditure on its transformation programme. The plan is as follows:

(£1.320m)	31. 03.24 Forecast Brought Forward Capital Receipts
(£16.384m)	Forecast in-year capital receipts
£0.057m	Costs of disposal
£14.610m	Transformation Investment Programme expenditure
£1.050m	Children’s Services service specific transformation expenditure
£1.893m	Adult Social Care service specific transformation programme
(£0.094m)	31.03.25 Forecast Capital Receipts Carried Forward

Table 12: Planned Flexible Use of Capital Receipts 2024/25

Source: 2023/24 Outturn Report

The Council is going to need to generate more capital receipts in order to fund the transformation programme. The authority is currently in the process of reviewing proposals to generate a healthy pipeline of capital receipts to secure the sustainability of the programme and this includes the potential disposal of Poole Civic Centre.

Using capital receipts has risks associated as it forces the Council to be reliant on asset sales to fund transformation. The Council has already shown that it struggled to sell the assets it needed to sell to meet the expenditure goals it had for 2023/24. While a legitimate means of funding transformation, dependence on asset sales to ultimately deliver savings is a strategy that is not without a high degree of risk.

The Council has hedged against this risk, partly by implementing governance arrangements around the asset disposal programme. The Council established a clear governance programme for asset disposals which includes the Councils Capital Briefing Board, Corporate Property Group, Cross Party Strategic Asset Disposals Working Group, the Cabinet. There is also a pipeline for disposals in place.

CIPFA Resilience Review and Best Value Notice

In August 2023, the Council was issued with a Best Value Notice from the Ministry of Housing, Communities & Local Government (MHCLG). The Best Value Notice is a formal notification that the Department has concerns regarding an authority and is a request that the authority engages with the Department to provide assurance of improvement. The Department expects authorities that have been issued with Best Value Notices to continue leading their own improvement. MHCLG recognised, within the Best Value Notice, that BCP were already taking steps to address the identified issues. The notice cited 4 main issues:

- 1. Member to member relationships and member to officer relationships
- 2. The robustness of the Medium Term Financial Plan
- 3. The governance and remit of BCP Future Places Ltd
- 4. The effectiveness of the officer leadership team

We address issue 1 and 4 in the Governance section of this report and issue 3 in the Improving Economy, Efficiency and Effectiveness section.

In terms of issue 2, the Department considered that the authority’s medium term financial plan was unrealistic and based on an overly ambitious transformation programme. The Council have since reviewed the transformation programme. We also recognise the concerns in the medium term position. This is acknowledged through our identification of a significant weakness in arrangements for 2023/24 on the medium term financial plan.

In February 2024, CIPFA finalised its external assurance review into BCP’s financial arrangements. The report raised 17 recommendations. There were no critical recommendations which needed to be addressed in the context of the Best Value Notice. The most recent progress summary as at April 2024 showed that the Council was progressing well with 30% of recommendations completed, 41% were progressing well and 29% had just been started. We will continue to monitor progress against Council’s action plan for the CIPFA financial review but are satisfied that the Council is pursuing the agreed recommendations.

Financial Sustainability

Conclusion

In the prior year, we identified two significant weaknesses which gave rise to key recommendations in financial sustainability. One key recommendation was made around the transformation programme and the second was around the Council's medium-term plan and use of reserves. We believe that the Council has made progress against the first key recommendation, and this is no longer considered a significant weakness.

We would like to commend the Council for the progress it has made in improving its position in relation to the second key recommendation. Significant improvement has been achieved in a twelve-month period, particularly in the Council's approach to budget setting, returning to more conventional and traditional budget setting arrangements and in the financial strategy underpinning the medium-term position. The new administration clearly have a marked focus on financial rigour.

In summary, it is our auditor judgement that the medium-term position and especially the 2024/25 budget, still contains significant risk. The Council's continued reliance on the sale of assets to fund a transformation programme means that the transformation journey is not complete and the underlying deficit not fully addressed. In addition, the Council continues to face significant cost pressures including the potential impact on ongoing revenue costs as a result of the 'Pay and Reward' project.

The Council's reserves are at the lowest they have ever been since it was established as a unitary authority in April 2019. While the unearmarked balance remains above the 5% net revenue expenditure mark, the Financial Resilience earmarked reserve has been fully depleted. The level of savings required for 2024/25 is unprecedented for the authority. This significant weakness and key recommendation remains outstanding. We will continue to monitor the Council's progress in this area.

We have identified two new significant weaknesses giving rise to key recommendations for 2023/24. The first new significant weakness relates to the Council's position with the Dedicated Schools Grant (DSG) deficit. The Council has been unable to secure an agreement with the DfE that would result in the systematic reduction of the DSG deficit to protect against the imminent expiry of the statutory override on 31 March 2026. The Council does not have a robust plan in place for when the statutory override elapses and will be technically insolvent on 31 March 2026 when the reserves balance will be depleted to serve the Dedicated Schools Grant deficit. We consider this to be a significant weakness in arrangements and raise a key recommendation.

The second new significant weakness relates to the Council's cash position. As a result of the accumulating deficit on the DSG, the Council is facing a severe cash shortage which is set to create a financial emergency before the statutory override elapses on 31 March 2026. The Section 151 officer has stated that the Council will not be able to provide enough cash for the 2025/26 financial year. It can employ internal borrowing until Q2 of 2025/26 but from Q2 external debt will reach the Capital Financing Requirement (CFR) so the Council's internal borrowing flexibility will be exhausted, and the Council will run out of cash. At present, the only option the Council has to mitigate this position is to apply for a capitalization direction which would allow the Council to externally borrow to fund its revenue budget. The cash position is amounts to a significant weakness in arrangements to secure financial sustainability.

We do not raise any new improvement recommendations in 2023/24. One improvement recommendation from 2022/23 remains open.

Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

Monitoring and assessing risk

The Council has arrangements in place to identify strategic risks, understand them, record them within the body's risk management system and assess/score them. The Council uses a matrix risk management process, which was legacy process from Bournemouth Council. The framework has been enhanced to reflect the increased remit of the authority.

At the level below the Corporate Risk Register, there are Service Risk Registers into which risks removed from the corporate list are placed and, with the involvement of the Risk Management Team, are continually reviewed and discussed as a part of routine risk review. At the January 2024 Audit and Governance Committee, it was noted that there was now a further layer to the risk review process focussing on dynamic risk.

The Council has arrangements in place to report risks to the Audit Committee, providing assurance that risks are being identified and appropriately managed. The arrangements enable the Audit Committee to focus on the key corporate risks, i.e. not reporting on too many risks. The latest available risk register (April 2024) included 13 corporate risks which is considered adequate. The Corporate Risk Register is updated and presented quarterly to the Cabinet and the Audit and Governance Committee. It includes the details of each risk, their likelihood and impact score. The quarterly reporting allows for members to challenge and to document changes in risks. It also provides a clear audit trail on when new risks are raised or when risks are closed.

The Cabinet also consider risks as part of their decision-making role on corporate policies, including the annual budget setting processes.

From our review the corporate risk register, we recommend that the Council include the key controls and sources of assurance in its reporting to further aid transparency and enable more scrutiny.

Internal Audit

The Council has adequate and effective internal audit function in place to monitor and assess effective operations of controls. It has shown it can deliver sufficient amount of its work.

The Internal Audit Plan for 2023/24 was presented to the March 2023 Audit and Governance Committee. This plan included a new Internal Audit Data Analytics Strategy which set out how internal audit intends to increase its use of data analytics to provide a greater level of assurance, to increase testing coverage and improve efficiency. Members approved the Internal Audit Charter at the same meeting which is in line with Public Sector Internal Audit Standards (PSIAS).

Internal audit updates to the Audit and Governance Committee noted recruitment and retention challenges which were causing significant challenges in completing the audit plan for 2023/24. The updates noted that these challenges could be mitigated in the short term. These recruitment and retention challenges are not uncommon in local government bodies.

At the time of writing, the internal audit function has yet to deliver their final 2023/24 report. However, reviewing the most recent quarterly report. We noted that as of quarter four report the Internal Audit function had delivered 37 audits and raised 176 recommendations, this is significantly higher when compared to the 134 recommendations raised in 2022/23. Reviewing the audits delivered, the level of assurance across the service lines were 'reasonable'.

Governance

Budget Setting Process

During 2022/23, the Council's budget setting approach emphasised driving the Council towards a more sustainable financial footing. This sustainable financial footing was intended to be delivered by increasing council tax as well as service-based and transformation-based savings. However, the Council aimed to establish a special purpose vehicle to generate capital receipts from the sale of beach huts to a wholly owned company. The proceeds would subsequently fund revenue costs of transformation under the use of flexible use of capital receipts. Following unseen representations made directly to MHCLG, the Council were informed in August 2022 that MHCLG had changed the flexible use of capital receipts guidance. While these changes would not prevent the Council from setting up a special purpose vehicle to commercialise its beach hut assets, they would prevent the use of capital receipts for such an arrangement to fund the transformation investment programme.

The initial proposals were predominately driven by the then-Leader of the Council with the aim of increasing income to maintain service provisions whilst minimising any need to increase council tax further. This may have well benefitted service recipients in the short term but the disposal of such an asset would have implications for future revenue streams and the ability to balance the budget in the long term. We raised our concerns that such decisions may not have full regard to the risk of the future council taxpayer and may be based on short-term benefits at the expense of long-term sustainability.

The 2023/24 approved budget was based on a traditional and conventional approach to local government finance, without any risky or innovative financial models that tested the boundaries of Treasury orthodoxy. The initial budget workshops were undertaken in November 2023, where all councillors were present and able to challenge/propose solutions. The budget setting engagement exercise closed in December 2023. After the engagement closed, the Audit and Governance committee established a clear treasury management strategy that aligned to the plan. The Council subsequently undertook another budget workshop in January 2024, where all councillors could engage. Although the Council had taken steps to improve the 2023/24 budget setting, there were still concerns surrounding the Council's arrangements.

In February 2023, we wrote to the Council to raise concerns about the arrangements in place to set the 2023/24 budget to be approved at Full Council on 21 February 2023. We were sufficiently concerned over the possibility of late amendments to the then 2023/24 indicative revenue budget proposals.

We were concerned about the possibility of a late stage alternative budget proposal from the then Leader. This potential late stage amendment posed governance and scrutiny concerns and financial sustainability concerns. Although, ultimately, no proposals were put forward, the episode nonetheless highlights the risks around decision-making and governance at the Council.

The 2024/25 budget was the first time where we did not find significant governance concerns. The approach was based on traditional and conventional approaches to local government finances, where a more prudent and typical approach was undertaken.

The Council's budget setting approach was more typical in terms of its timeline and involved members as part of the process. We could see from the budget setting timeline and the minutes from Cabinet and Audit Committee minutes that from November 2023 the budget engagement exercise opened in which members could demonstrate their views and challenge officers in establishing the budget. The budget setting engagement exercise then closed in late December 2024, for Audit and Governance Committee to review the Treasury Management Strategy to ensure it aligned with the proposed budget. In January 2024, the Council held a Budget Café where all Councillors could challenge the budget prior to developing the final proposed budget. The budget was also presented to representatives from local businesses to allow for wider stakeholder challenge, then finally the budget was presented to Cabinet in February 2024.

Furthermore, the Council undertook public consultation around the process for budget setting for 2024/25, as part of its commitment to being open and transparent. The Council undertook a consultation asking residents and stakeholders for their view on the importance of Council services and financial strategy. It also asked if they wanted to comment on specific proposals to address the budget gap for 2024/25. In total, the Council received 2,445 responses and the full analysis of the findings was included in the budget setting report. The 2024/25 budget was underpinned using a financial strategy that was focussed on value for money and the Council's financial health and ongoing sustainability. The budget recognised the £30m annual structural deficit it had to recognise further resources to deliver any of the £34m assumed savings. The budget had to recognise the acute pressures caused by prior years of reduction of central government funding, high inflation and the exceptional demand pressures.

Governance

We note the Council's progress from the 2022/23 budget setting, with improvement in 2023/24 (with governance concerns) and significant improvement in 2024/25. There is wider stakeholder engagement throughout the process, and the budgets themselves are far more traditional and more risk averse. The strategies themselves are underpinned on more traditional and prudent methods of finance (delivering budgets through savings and efficiencies etc.) compared to the higher risk, unconventional approach to the transformation investment programme.

Leadership and Governance

Prior to the elections in May 2023, the Council had a Conservative-led administration but without overall control (35/76). A new administration was placed into the Council on the 4 May 2023, the political make-up of the authority had changed to now have a Liberal Democrat (28), Conservative (12), Labour Party (11), Christchurch Independents (8), Green Party (5), Independents (5), Poole Engage – Action not Words (2) and Poole People – Independent and Local (5).

In previous reports we have identified concerns around the Council's governance arrangements specifically the member-to-member and officer-to-member relationships were assessed as adversarial. This was impacting on decision making, specifically we identified a significant weakness around the Council entering high-risk ambitious and challenging projects without proper or full consideration of governance arrangements.

However, through discussions with senior officers and selected members, we identified that the relationship between members and officers has improved with the new administration. We note that decisions are now being taken based on the full range of evidence having regard to offer advice where appropriate.

On this basis we no longer consider this a significant weakness in governance arrangements.

We did note that during 2023/24 the members register of interests still does not include a separation of interests where members or officer controls a separate entity rather than a standard employment relationship existing. This recommendation had already been raised during the 2020/21 audit, and the Council is keeping the recommendation under review. We have kept this prior year improvement recommendation open, improvement recommendation 9 on page 50.

There have been several complaints across the year about the behaviour of members. Code of conduct complaints are reviewed at every Standards Committee meeting and are reviewed to ensure that decisions and outcomes are suitable.

The reporting works on a cumulative basis where all complaints on the year are reported and remain as an audit trail to show historic decisions.

From our review in 2023/24 we noted that three of the 21 complaints raised were upheld meaning that it was concluded that the member had broken the code of conduct. The remaining complaints are still pending.

Whilst our discussions with senior officers have documented a positive trajectory with the new administration, there is still evidence that member behaviour needs to improve.

Best Value Notice

As mentioned in the Financial Sustainability section, the Council was issued with a Best Value Notice in August 2023. The notice cited 4 main issues:

1. Member to member relationships and member to officer relationships
2. The robustness of the Medium Term Financial Plan
3. The governance and remit of BCP Future Places Ltd
4. The effectiveness of the officer leadership team

We addressed issue 2 in the Financial Sustainability section of the report. Issue 3 is addressed in the Improving Economy, Efficiency and Effectiveness section.

With regard to issue 1 and 4, the notice mentioned that member relationships had been poor for a number of years. Meetings were acrimonious and a high number of complaints referred to the Standards Committee. The leadership, it stated in the notice, needed development and support in order to act more effectively as a strategic and corporate leadership team.

In terms of member relations, we note that the Council is still experiencing challenges in terms of a high number of complaints but that the member relationships have improved significantly since the change in administration. Officers note that there was a decisive change in relations following the change in administration and the elections offered a 'clean slate' to build new relationships between officers and members. The Best Value Notice is likely primarily referring to the old administration. Nonetheless, officers have taken on board the recommendations of the Best Value Notice and this is reflected in the Action Plan.

Governance

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The Best Value Notice stated that the Council's leadership team required strengthening. The leadership team needed development and support to act more effectively. There is evidence that the Council has progressed against this development point. In February 2024, the Chief Executive completed a review of the corporate structure and this was agreed by Council. Interim appointments have been made to vacant posts with permanent recruitment to the new structure underway for completion in September.

A Corporate Director of Wellbeing has been permanently recruited and has taken up her appointment. A Director of Planning and Destination has also been permanently recruited as a new started in December 2023. Recruitment to the Monitoring Officer has also been completed and the successful applicant started in December 2023. The Council has acknowledged the need to enhance the development offer for senior leaders with progress on relevant assessment tools to identify strengths, development of a shared leadership learning platform, identification of individual team skills requiring development, ongoing mentoring and coaching. This serves as evidence of the Council implementing the demands of the Best Value Notice.

The Best Value Notice will be reviewed in August 2024. MHCLG will therefore assess the Council's progress against the recommendations. The Council have currently self-assessed their progress as 93% completed in terms of the action plan. We will continue to monitor the organisation's progress in this area.

BCP FuturePlaces

BCP FuturePlaces was established in June 2021 with the aim of driving regeneration and economic growth in Bournemouth, Christchurch and Poole. In our most recent Annual Auditor Report we raised an improvement recommendations with regards to BCP FuturePlaces across financial sustainability and governance. From a governance perspective our improvement recommendation was for the Council to undertake a governance review of BCP FuturePlaces, with a specific focus on its role in delivering the Council's objectives, the balance of risk and reward between the two parties and the role of The Leader and Deputy Leader in the governance structure of the company.

In June 2023 the Council acted upon this recommendation and undertook a governance review of BCP FuturePlaces. This review concluded that Members were too involved in the day-to-day operational management and commissioning at BCP FuturePlaces, and that improvements needed to be made to ensure that the aims and objectives of both the Council and BCP FuturePlaces were aligned.

The review identified the need for an agreed statement of purpose, aims and objectives between both parties should be in place. It was also identified that there was also a lack of clarity and consistency around roles & responsibilities at BCP FuturePlaces, giving rise to frustration and the potential duplication of work.

Subsequent to this review a report was presented to Cabinet in September 2023, reviewing the future of BCP FuturePlaces. The report noted that the current economic environment has changed the mitigation of risks and how quickly projects could be capitalised. The report also identified that the operating model had become more difficult to manage with BCP FuturePlaces Ltd acting against the Shareholder Agreement and only release final reports to the Council on confirmation of payment of work. The report set out four options for consideration with regards to the future of BCP FuturePlaces and the Cabinet agreed on the closure of BCP FuturePlaces, and bringing in house development of the investment activities of the company.

By internalising and integrating the FuturePlaces function, the Council will be able to combine its current service teams (housing delivery, newbuild housing and acquisition and strategy team) with the legacy FuturePlaces employees. In recognition of the prior knowledge and skills in the FuturePlaces staff, an Investment and Development Advisory Board will be established oversee the remaining projects now under the Council's control with both independent and Council officer representation.

The Council have acted upon the improvement recommendations raised in our previous report and is currently in the process of bringing the functions of BCP FuturePlaces in-house. This addresses the historic concerns we have raised but we will continue to monitor the closure of BCP FuturePlaces and the bringing of these services in-house as part of our ongoing value for money work. We do not consider there to be any emerging concerns with regards to the Council's governance arrangements for BCP FuturePlaces.

The internalisation of BCP FuturePlaces also addresses the third issue highlighted in the Best Value Notice.

Governance

Corporate Strategy and the Big Plan

In our prior year report, we raised an improvement recommendation with regards to the alignment between “The Big Plan” and the Corporate Strategy established by the Council. Subsequently to this, the Council has developed a one single vision of key priorities and presented to Cabinet in May 2024 (“A shared vision for Bournemouth, Christchurch and Poole 2024-2029 strategy and delivery plan”). The updated strategy and delivery plan are aligned and represents a clear vision and mission for the Council. We have closed the prior year recommendation, as the new strategy and delivery plan aligns the prior “The Big Plan” alongside the Council’s Corporate strategy.

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The Transformation Plan

The Transformation Programme sets out the ambitious plans for creating a new, single, operating model which will help the Council achieve its strategic vision. From our discussions with senior officers, we note that there had been improved engagement and communication with Members with regards to the size, nature and risk associated with the programme. Furthermore, via an established governance process the members are aware of the process for asset disposals through Capital Briefing Boards, Corporate Property Groups and a Cross Party Strategic Asset Disposals Working group. Our review identified that during 2023/24 there had been improved reporting, monitoring and tracking of the transformation programme. There has also improved clarity around communication of the transformation programme to Members with the programme updates regularly appearing in Cabinet minutes.

Audit & Governance Committee

The Council’s Audit and Governance Committee consisted of nine members during 2023/24. CIPFAs guidance Audit Committee Practical Guide for Local Authorities and Police recommends that authorities should strive to have no more than eight. There is no evidence from our review that having a committee of nine has been ineffective in respect to governance arrangements.

In our prior report, we raised an improvement recommendation that the Council should appoint two independent members, the Council subsequently appointed them in October 2023. We have no concerns with regards to the Council’s governance arrangements in relation to the Audit & Governance Committee.

Capacity

Since the Council’s inception there has been significant turnover in senior officers at the Council and we have noted this in our reports historically. In 2023/24 the Council has a well-established cohort of permanent senior officers.

From our work it was highlighted that across a number of directorates the Council is facing challenges with regards to recruitment. This issue is not unique to the Council with a nation-wide recruitment challenges in local government. The risk that the Council may fail to have in place suitable talent attraction, retention and succession planning is reflected in the Corporate Risk Register. We note that the finance team is currently undertaking a recruitment process due to emerging vacancies within the team. On this basis we have kept an improvement recommendation open with regards to the capacity of the finance team and over reliance on individuals.

Governance

Conclusion

In the prior year, we identified a significant weakness and raised a key recommendation around the Council entering high-risk ambitious and challenging projects without proper or full consideration of governance arrangements. Since May 2023, the new administration has changed to approach to a more traditional and conventional one, avoiding high-risk or ambitious projects for transformation. In light of this, we consider this key recommendation resolved.

We do not consider the Council's governance arrangements for 2023/24 to be indicative of a significant weakness. The Council was issued with a Best Value Notice in August 2023 which mentioned two key governance issues relating to Member relationships and the development of the senior leadership team. Since the issuing of the notice, the Council has proactively pursued an action plan to address the recommendations made. There is evidence of significant progress, though this will be reviewed by MHCLG in August 2024.


The Council has appropriate risk management arrangements in place. There is an effective internal audit function in place to monitor and assess the operation of internal controls. The Council has made significant changes to its budget setting process to bring it in line with traditional and conventional approaches. This was in place for the 2023/24 and 2024/25 budget setting processes.

On this basis, we are able to conclude that the Council does now have effective arrangements in place to ensure effective governance.

We raise one improvement recommendation in 2023/24 in relation to risk reporting.



Improvement recommendations

Improvement Recommendation 02	The Council should consider as part of the corporate risk register the inclusion of documenting the key controls and sources of assurance.	
Improvement opportunity identified	From reviewing the Council's corporate risk register, we noted that the Council could improve their risk reporting by documenting alongside each respective risk the Council could include the key controls to mitigate the risk and the source of assurance (where are they getting assurance from)	
Summary findings	Whilst the Council's risk management process has been somewhat effective, we did note that throughout the risk registers whilst the matrix system is clear and easy to interpret. We feel that from a Member perspective, the inclusion of the key controls and the sources of assurance would give members further information about the risks the Council faces and the mitigations in place. Enabling them to challenge if required with more evidence to substantiate their challenge.	
Criteria impacted		Governance
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.	
Management comments	The councils risk management process has been developed since May 2023 based on engagement with Members. Where practical the documentation will be enhanced to reference key controls and sources of assurance.	

Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Performance management and areas for improvement

The Council has clear performance measures that compare outcomes against key performance indicators. Goals and objectives are used across the Council to understand and manage service delivery and identify emerging risks. The shared vision for Bournemouth, Christchurch and Poole represents the strategic objectives that the Council has set out to achieve and provides the framework for performance management.

We reviewed the 2023/24 corporate performance reports presented to Cabinet and, with the exception of Children's Services, the reports indicate that Council services are performing reasonably well. We do note that the performance indicators have a more traditional focus on services and minimal focus around regeneration.

From September 2024 the Council is planning to implement a centralised method of monitoring complaints. This is in response to a previous improvement recommendation we raised which remains open as there was no case wide management for complaints during 2023/24. We will continue to monitor the Council's progress in implementing these changes.

Service Performance: Children's

In our previous report, we raised a significant weakness in the Council's arrangements for securing value for money in relation to children's services. In December 2021, the local authority was judged 'inadequate' by Ofsted. As a result, the Secretary of State of Education issued a Statutory Direction in March 2022 and appointed a DfE Improvement Adviser to support the Council in their improvement of Children's Social Care Services. The Council had already been receiving external support from the Department for Education's improvement advisor following the original focused visit in October 2020, in which the report identified that there was serious and widespread weakness in the quality of children's service where many children referred to the service do not have their needs responded to fully, or in a timely manner.

Since December 2021, the Council has had six monitoring visits from Ofsted. We covered the outcomes of the first three monitoring visits in our last report.

The fourth monitoring visit happened in August 2023. The inspectors noted that significant progress had been made in establishing a plan for permanence for all children in care, there was evidence of purposeful leadership, the quality of social work was more consistent, and leaders now had the financial backing necessary to push forward with improvement. There was evidence of this improvement at Overview and Scrutiny Committee in September, where Members heard of the Quality Assurance Framework which had been developed. However, the Ofsted report noted permanence was yet to follow for just under half the children in care and too many still lived too far from BCP because of insufficient local choice. Social work remained predominantly reactive and this led to delays in the provision of service.

Improving economy, efficiency and effectiveness

In October 2023, children's services had a Department for Education Review to assess the progress being made. This review was conducted by the DfE Improvement Lead and the findings were presented to Overview and Scrutiny Committee.

In the fifth Ofsted report in December 2023, the inspectors noted that senior leaders at the Council knew the strengths and areas of development for the improvement plan. There is commitment to do better but not enough had been achieved since the last inspection. There was still a lack of alignment between the local authority and partner agencies and this was acting as a barrier to improvement. This was resulting in inconsistent improvement that was not necessarily matched to the children's needs.

55 The latest Ofsted inspection was in February 2024. The inspectors felt that senior leadership had a firm grip and understanding on the issues and a proper plan to improve. The quality assurance framework was described as very effective. There had been an increase in permanent staff which was having positive effects. The inspectors were complimentary of the Council's pace of improvement but noted that there was still more to do to ensure a cogent strategic approach to children most at risk.

The authority has been progressing with the Children's Services Improvement Plan since the December 2021 inspection. Overview and Scrutiny Committee receive regular updates on the Council's progress. The DfE Advisor also reviews the pace and progress of improvement at regular intervals to ensure it is sufficient and report on this to the Secretary of State.

During 2023/24, the Council was also in the midst of developing its Building Stronger Foundations (BSF) programme which aims to accelerate the required improvement's in children's services, achieve the recurrent savings necessary to safely manage the service and reduce the demand for statutory services. The Overview and Scrutiny Committee was presented a Business Case on the programme at the November 2023 meeting. The reported proposed a detailed business case for a new service delivery model for children's services to be implemented in October 2024. The transformation is expected to ensure the Council can meet its strategic and operational requirements and achieve financial efficiencies enabled by investment which was approved in July 2023.

In the 2023/24 budget, the Council demonstrated the financial commitment to the improvement journey by allocating £4.46m into the children's service to support the transformation programme.

The Council report quarterly on performance to Cabinet via the performance reports. The Brighter Futures priority relates to the Council's goals for children's. The performance reports echo the findings of Ofsted, demonstrating that the issues are known to the Council. There is evidence of mixed performance against the indicators. We can see from the Q1 report that the Council is not performing well under the indicator relating to distance of placements, this is also mentioned in the Ofsted reports. However, from the Q2 performance report, there is a positive direction of travel in the Safeguarding and Early Help indicator for Targeted Supported Assessments. The improvement is not consistent across indicators and demonstrates a mixed picture.

For the purposes of this review, we met with the DfE Improvement Adviser to ensure we understood the full picture of the Council's performance in children's social care. While the Ofsted inspections have shown mixed improvement, it is worth adding that the mix is improving. The DfE Improvement Adviser is optimistic about the Council's next Ofsted inspection later this year and believes that this should lead to a better rating than the previous 'Inadequate.' It is worth noting that this does not mean that the Council will leave intervention, but is the first step to the potential for intervention to end. The Council has also seen improvement in the national reporting indicators. The trajectory of improvement was initially slow but the Council has done very well in the last eighteen months, particularly in terms of leadership and staffing. However, due to the initial slow start, the Council are still carrying the effects of this time lag. It is worth commending the efforts of the Lead Member and the corporate centre in their appreciation of the improvement journey and responsiveness to the needs of children. This has been recognised by the DfE Improvement Advisor and is worth acknowledgement.

Overall, we continue to identify a significant weakness in arrangements for the Council's provision for children's services. However, we recognise the effort that the authority has directed towards the improvement plan and would like to commend the Council on its efforts. The significant weakness remains in place due to the level of intervention the Council is in and the mixed progress toward improvement.

Improving economy, efficiency and effectiveness

We are aware that the Council is currently under an intense level of scrutiny relating to its performance in children's and we are assured that the Council understand the areas for development and are in communication with Ofsted and the DfE regularly. We are assured that the Council are taking the necessary steps to improve. The next Ofsted inspection should be later this year so the results of that should give an indication of the Council's improvement journey.

SEND Services

BCP's SEND service was issued with a Written Statement of Action following the July 2021 inspection. In response, the Council developed the WSOA Improvement Plan. It included a number of workstreams and was overseen by the SEND Improvement Board chaired by the Local Government Association. Progress towards improvement and outcomes is monitored by the DfE through 3 monthly meeting monitoring meetings.

From September 2023, the DfE Advisor for Children's Social Care has also been supporting the SEND improvement work. He is now the Chair of the SEND Improvement Board. The Improvement Board monitors the Council's progress against the improvement programme and ensures delivery and has representation from across the partnership, including parent and carer representatives and schools. The improvement plan was co-produced with the parent carer organisation and schools and the Council continue to adapt and change to further improve the SEND service. The SEND inspection identified eight areas of significant weakness which need to be addressed. This resulted in a set of actions being put into the Written State of Action to address the weaknesses.

In September 2023, though the Council noted that improvement activity was underway, in the key area of statutory requirements, the service performance had decreased. This data put BCP as the fifth lowest performing authority in the country in terms of adhering to the statutory 20-week timescale for Education, Health and Care Needs Assessments and Plans. In September 2023, the Cabinet received a report from officers which recommended urgent investment in the SEND service on a short term basis to manage the backlog so that the service could meet its statutory duties. The Cabinet approved a £748k one off investment in the children's SEND service to manage the backlog funded from a specific earmarked reserve.

In November 2023, the Council noted that progress had been made in SEND but further was required and at pace. An Education Improvement Consultant had been engaged to support the Service Director for Education and Skills to accelerate improvement and ensure stability in the service. They were tasked with helping to finalise the Education Improvement Plan, coordinating the Education Improvement Board, supporting with creating a culture of accountability and performance across the function, supporting the work of school leaders and education providers and to provide advice on strategic and operational matters.

A review by NHS England and the DfE in July 2023 concluded that the Council's plan was not demonstrating the improvement or outcomes desired or at pace. In February 2024, BCP received a statutory direction in relation to SEND following a monitoring visit in July 2023. The document calls on all partners to work together at pace to improve services. The Council has created a new SEND Improvement Plan to ensure progress is made at pace and all partners in the SEND system are working together to ensure delivery. Progress had been made surrounding improved timeliness in the decision making process and requests for Education Psychology advice. A new DfE Improvement Adviser was appointed in April 2024, he is also currently the DfE Improvement Advisor in Children's Social Care. This will offer continuity across the whole of children's services.

It is worth noting that since the statutory direction, the Council has progressed its improvement plan and, particularly most recently, progress has accelerated. The DfE SEND Adviser reports a strengthened approach to the Improvement Board and the Council's ability to produce much better data based evidence for projections.

We consider the Council's performance in SEND to demonstrate a significant weakness in arrangements for 2023/24. We note that the Council is progressing with the improvement plan but it is clear from the action taken by the DfE, NHS England and Ofsted that the Council is failing to provide a minimum core service standard and therefore not securing value for money. We raise a key recommendation in this area.

Improving economy, efficiency and effectiveness

Data Quality

We considered how the Council gained assurance over the accuracy of the information reported to members. Our review identified the Council does not have an agreed and consistent approach. The Council does not have a data quality policy, although as part of the Transformation Plan delivery the Council has established a Data & Analytics Centre of expertise. The delivery of data quality is implemented at departmental level working level where data stewards review the data and ensure that its application and format (tabular or spatial, structured or unstructured) is suitable.

We still consider a data quality policy would be beneficial for the Council. It would set out an agreed approach to ensuring that the reliability and consistency of data quality is fully agreed across the Council. We have made an improvement recommendation on this.

Partnerships

The Council is unable to articulate clearly who their key partner are and how strategies align. Whilst the Annual Governance Statement documents the partnership arrangements, the Council is currently underway in reviewing all partnerships in line with the methodology used to review Council companies. We have kept the original improvement requirement open [improvement recommendation 12, page 52]. We will continue to monitor the Council's review of all partnerships, and how it communicates the relationships.

Learning from others

The Council needs to ensure that it is documenting and following up the recommendations from any external review. A historic example of this was the Corporate Peer Challenge (CPC), a good example where the concept was embraced by the Council. But the return visit was delayed, reducing the impact of the outcomes. There is also evidence of the Council accepting and following up recommendations from other bodies. In 2023/24 we observed delivery against recommendations set out in the Best Value Notice and the CIPFA Resilience Review. The Council is willing to work with others and seek improvements.

Procurement and contract management

During 2023/24, the Council did not have an agreed or publicised procurement strategy. Although, the Council does have procurement and contract processes within the financial regulations.

The Council is aware of this and is looking to improve its commissioning and procurement functions as part of the transformation agenda. The Council is in the process of establishing a centre of excellence and introducing a centralised procurement approach. From our review, we are not aware of any evidence which would indicate that the Council has failed to operate a fair procurement processes in 2023/24 or any of its significant contracts.

The table below shows the Annual Breaches & approved Waivers of Financial Regulations Report 2023/24 details contract waivers:

	2023/24		2022/23		2021/22		2020/21	
	Breaches	Waivers	Breaches	Waivers	Breaches	Waivers	Breaches	Waivers
Total Count	7	35*	11	47	4	77	5	116
Total Value (£)	£15,417,745	£0.7m*	£1,172,738	£3.2m	£1,347,429	£6.3m	£870,561	£12.6m

*direct comparison to previous years cannot be made due to changes in waiver categories.

Source: Annual Breaches & approved waivers of Financial Regulations Report for 2022/23 and 2023/24 provided by internal audit.

When comparing 2023/24 to 2022/23 we note that the total number of breaches has decreased, however the total value of breaches has increased.

In 2023/24 the total breaches value has increased significantly compared to 2022/23, the largest breach of £10 million, was in relation to the Council's passenger transport service that was originally commissioned using a framework contract and extended for a year. Due to capacity issues, the contract specification and terms and conditions were not finalised in time. A new off-contract arrangement was established, the process was allowable under the Public Contract regulations 2015, however it did not follow the internal processes. A new contract has been subsequently put in place and no further breachers have occurred.

Improving economy, efficiency and effectiveness

There was a further breach of £5m identified in relation to commissioning of 23 homecare suppliers over and above the Council's agreed Homecare framework contract. A total of 45 suppliers were identified providing off framework homecare services. This amounted to 22 further suppliers than the agreed waiver number. It was agreed by senior management that no further commissioning of homecare services from any off contracts would occur which ceased non-compliance with the agreed procurement process.

Whilst the breach value has increased the overall total number of breaches (7 during 2023/24) has decreased when compared to 2022/23 (11 breaches). In reviewing the breaches list, we identified that the Council has sought to take corrective action, and has either ceased the original contract which caused the breach or established a new contract which is compliant with the internal procurement process.

58 We have kept an historic improvement recommendation open in this (improvement recommendation 13, page 51).


Conclusion

In the prior year, we identified a significant weakness which gave rise to a key recommendation around improvement economy, efficiency and effectiveness. The key recommendation was that the Council should address the weaknesses identified by Ofsted, and the Department for Education (DfE). We continue to identify a significant weakness in arrangements for the Council's provision for children's services. However, we recognise the effort that the authority has directed towards the improvement plan and would like to commend the Council on its efforts. The significant weakness remains in place due to the level of intervention the Council is in and the mixed progress toward improvement. The next Ofsted inspection should be later this year so the results of that should give an indication of the Council's improvement journey.

The Council received a statutory direction in February 2024 following a monitoring visit in July 2023 by the DfE. The monitoring visit identified the Council has not demonstrated the impact and outcomes at the desired pace. We consider the Council's performance in SEND to demonstrate a significant weakness in arrangements for 2023/24. We note that the Council is progressing with the improvement plan but it is clear from the action taken by the DfE, NHS England and Ofsted that the Council is failing to provide a minimum core service standard and therefore not securing value for money. On this basis we consider this a significant weakness in arrangements and have raised a key recommendation in this area.

We note in other areas the progress the Council is making to improving its arrangements for economy, efficiency and effectiveness. This has been demonstrated by the Council's undertaking of improving data quality. Gaining assurance over the accuracy and presentation of information in its decision making. We have been satisfied by the Council's performance management system, frequent reporting and clear actions and clear documentation of owners helps the Council understand how it is performing. The new procurement function is currently being established as part of the transformation investment programme, and we will continue to monitor progress against this. Furthermore, the Council is currently reviewing all partnership arrangements so it can clearly articulate who its key partners are.

Improvement recommendations

Improvement Recommendation 03	The Council should develop and successfully implement a policy for data stewards to ensure that the data processed across directorates is consistent and accurate.
Improvement opportunity identified	The Council must ensure that data stewards within departments adhere to a consistent data & formatting policy.
Summary findings	The Council is currently undergoing a review in respect of the transformation programme in establishing a Data & Analytics Centre of Expertise, they are currently developing a data quality policy to document the support of the use of consistent data. The Council is currently working with data stewards in departments across the Council to ensure consistency, we recommend a specific policy for those data stewards to ensure consistency throughout in addition to the wider data quality policy.
Criteria impacted	 Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The recommendation is noted, and this will be explored as part of our work with the Information Governance transformation work programme.

Follow up of previous recommendations 2021/22 & 2022/23

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Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed?	Further action?
1 The Council must A)Undertake an urgent review of the Transformation Programme. Our review found inherent weaknesses in the control and management of the programme, as well as the delivery of savings and management of costs B)Ensure there is a robust methodology for monitoring and tracking operational and transformation savings and that reporting on actual performance against plan is more transparent C)Ensure that the transformation programme is fully financed before there are further commitments to the programme are made.	Key Recommendation	Financial Sustainability	August 2023	Further to the action outlined in the management comment section, the 2024/25 budget completely rebased the transformation investment programme with only clearly identified savings underpinned by robust delivery plans included in the budget and MTFP. In addition the Quarterly Budget Monitoring report to Cabinet has been enhanced to include a tacker which monitors actual delivery against the approved and budgeted savings. The Councils Transformation Programme is fully financed with the principle source being via the Flexible Use of Capital Receipts based on an agreed pipeline of asset disposals. A specific document (Appendix 6 to the 2024/25 Budget report) provides details on the background and context to the Transformation Investment Programme, movements in its budget, details of actual performance against both costs and savings, and provides details of the funding framework.	Yes	No further action required. Key recommendation closed.

Follow-up of previous recommendations 2021/22 & 2022/23

Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed?	Further action?
2 The Council must review the continued sustainability of Reserves and Balances and ensure the Medium- term Financial Plan (MTFP) demonstrates a realistic plan to replenish reserves and balance the budget gap in the Medium-Term	Key Recommendation (SW2)	Financial Sustainability	August 2023	BCP Council delivered a balanced budget for 2024/25 and balanced MTFP to 31 March 2028 without any draw down on reserves . A major achievement in delivering this balanced position was that it also addressed the £30m annual structural deficit in the base budget (via use of reserves) inherited from 2023/24 and budgeted to increase the level of unearmarked reserves to £21.9m which amounts to a 43% increase from their 31 March 2022 positions and equates to 6.1% of the net revenue budget. The budget report and s25 statements of the s151 continue to reference the concern with the growing DSG deficit. The financial outturn report for 2023/24 set out that the steps taken to improve the financial health of the authority further which has enabled unearmarked reserves to be increased to £26.1m as at 31 March 2024 which is 7.3% of NRE.	No	Remains open.

Follow-up on previous recommendations 2021/22 & 2022/23

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Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed?	Further action?
3 The Council must not enter into high-risk ambitious and challenging projects without the proper and full consideration of governance arrangements and ensure they are adhered to. Members must consider all advice from statutory officers and ensure they have the best technical, professional and legal support before considering any high-risk and challenging projects.	Key Recommendation (SW3)	Governance	August 2023	Since the time of the last annual report the council has not considered any high risk ambitious or challenging projects. Governance arrangements would require independent external advice to be taken should in the unlikely circumstances such a proposal arises in the future. The Cabinet are focused on the traditional and conventional approaches to local government finance.	Yes	No further action required. Key recommendation closed.
4 The Council should continue to address the weaknesses identified by Ofsted, and the Department for Education (DfE) to ensure all children have access to quality services which meet their needs in a timely manner.	Key Recommendation (SW4)	3E's	August 2023	Improving Children's Services continues to top a key priority for the council. There is growing confidence via the Children's Services Improvement Board and the feedback from the DfE Improvement Advisor that good progress is being made. Additional evidence is in the form of the "SEND Progress Update re SEND Improvement Plan and Safety Valve" report to Cabinet on the 22 May 2024.	No	Key recommendation remains outstanding.

Follow-up on previous recommendations 2021/22 & 2022/23

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Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed?	Further action?
<p>5 The Council must</p> <p>A)Ensure it has a robust decision making processes in place for specific initiatives including the transformation programme, BCP FuturePlaces and other service delivery models as well capital projects and small investments. The council must</p> <p>B)Ensure there is robust scrutiny and a sound business case for selling Council assets to the fund the transformation programme, This should include a fit for purpose mechanism for developing Business Case, financial appraisal models , and sufficient programme management support to ensure programme objectives are identified, project plan are developed, objectives are delivered, and risk /reward and issues are identified and mitigated/enhanced.</p> <p>C)Establish a regular cycle of reviewing business plans in relation to all its high value and high-risk investments including its subsidiary companies such as BCP FuturePlaces.</p>	Significant Weakness (SW5)	3E's	August 2023	BCP Future Places Ltd was closed down by BCP Council further to "The future of BCP FuturePlaces Ltd, investment and development" report to Cabinet in September 2023. Additionally, Council in September 2023 confirmed the decision to reduce the council's debt threshold. The governance process for asset disposals includes the councils Capital Briefing Board, Corporate Property Group, Cross Party Strategic Asset Disposals Working Group, Cabinet and Council with the ability of the any disposal also to be considered by the Overview & Scrutiny Board. Progress on delivering the action plan in respect of the internal and external governance report was presented to 6 September 2023 Cabinet in a "Responding to the Best Value Notice" report. Governance of Council Owned Companies was considered by a "Shareholder Governance Review" report to Cabinet on the 10 January 2024.	Yes	No further action required.

Follow-up on previous recommendations 2021/22 & 2022/23

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Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed?	Further action?
6 The Council should commission an external review of its financial resilience particularly in relation to the MTFP, the transformation programme and savings necessary to balance the budget, whilst ensuring Reserves and Balances are at sustainable levels.	Improvement Recommendation	Financial Sustainability	August 2023	In line with a recommendation of the External Governance Review the Council commissioned CIPFA to undertake a Financial Resilience Review. A final report from CIPFA was received in March 2024 and will be reported, along with an action plan, to Cabinet in July 2024 (via an MTFP Update report deferred from June due to the General Election). There were no critical risks identified that require immediate action by the Council just actions in line with the Council's general duty to improve.	Yes	No further action required.
7 The Council should re-evaluate the role of BCPF plays in delivering against the Council's Corporate objectives. As part of this, the Council should ensure there is an equal distribution of risk and reward between itself and BCP Futures, and that the work commissioned by the Council is clearly defined and there is no change in scope and objectives unless agreed full by the Council and supported with a clear Business Case.	Improvement Recommendation	Financial Sustainability	August 2023	BCP Future Places Ltd was closed down by BCP Council further to "The future of BCP FuturePlaces Ltd, investment and development" report to Cabinet in September 2023.	Yes	No further action required
8 The Council should robustly scrutinise any proposals to take on additional debt and ensure it is affordable, prudent, and sustainable. Debt repayment is the first call on any resources generated by the council, even before the provision of statutory services.	Improvement Recommendation	Financial Sustainability	August 2023	Council in September 2023 agreed to the recommendation of Audit & Governance Committee to reduce the Councils debt threshold from £1.334bn to £755m.	Yes	No further action required

Follow-up on previous recommendations 2021/22 & 2022/23

	Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed?	Further action?
9	The Council should consider being a part of the Central Government Safety Value initiative in relation to High Needs Placements to help mitigating the Dedicated schools grant deficit.	Improvement Recommendation	Financial Sustainability	August 2023	BCP Council agreed to participate in a Safety Valve conversation with representatives of DfE and their special advisors. Ultimately and agreement was not reached as the 15-year plan put forward by the council, which was deemed robust and realistic was outside DfE parameters that would have enabled an agreement to be reached. The councils Director of Finance wrote to MHCLG in May 2024 copying in DfE, CIPFA and the External Auditor looking for their advice and support in setting a legally balanced budget for 2025/26	No	This recommendation has been superseded by Key Recommendation 1 & 2 in this report
65 10	<p>The Council should :</p> <p>A)ensure that the transformation programme is clearly visible to Cabinet, Scrutiny and members, and progress on delivery of the programme , its associated costs, and savings delivered are reported to members on a quarterly basis</p> <p>B)Establish a separate portfolio for Transformation (including Council wide savings programme). Members need to have clear visibility on the programme and how it is progressing and tangible evidence that savings are being delivered, milestones are being achieved and a return on investment is being made.</p> <p>C)Ensure greater visibility and transparency in relation to delivery of savings particularly in the quarterly finance and performance reports to Cabinet and the annual MTFP report and budget setting process</p>	Improvement Recommendation	Governance	August 2023	Further to the outlined actions the cross party Transformation working group have met on the 5/10/23, 9/11/23, 11/1/24, 29/2/24, 5/5/24 and is scheduled to met on the 20/6/24 and every six weeks from September 2024 onwards. As previously referenced progress on all savings is included in the quarterly budget monitoring reports to Cabinet. A specific document reporting on the costs (be that one-off capital or one-off revenue or ongoing revenue) and the savings has been included in both the 2023/24 and 2024/25 budget reports, the 2022/23 financial outturn report (with a further update in the 2023/24 July 2024 financial outturn Cabinet report) as well as being reproduced for other Cabinet reports such as the "Transformation Programme Update" report to Cabinet on the 10 April 2024.	Yes	No further action required.

Follow-up on prior recommendations 2021/22 & 2022/23

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Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed?	Further action?
11 The Council needs to ensure all Cabinet members, have a rolling programme of induction and training. Further members should have contact with formal coaches or mentors, who should be experienced local government leaders.	Improvement Recommendation	Governance	August 2023	Linked to recommendations in the Best Value Notice Action Plan covering an ongoing Member training programme and LGA mentoring. Most if not all Cabinet members have attended multiple LGA training and development courses related to their area of responsibility. In-house training has been strengthened and reporting of non-attendance at training is being developed. This will need to be monitored as needs evolve.	Yes	No further action required.
12 The Council should ensure “The Big Plan” and the Corporate Strategy are aligned and there is one single vision statement of the key priorities for the BCP area and how the Council will work to deliver to those priorities.	Improvement Recommendation	Governance	August 2023	One single vision of the key priorities for the BCP Council area were presented to Cabinet in May 2024 via the “A shared vision for Bournemouth, Christchurch and Poole 2024-29 Strategy and Delivery Plan” report.	Yes	No further action required.
13 The Council should consider appointing one, ideally two co-opted appropriately qualified independent members to the audit and governance committee.	Improvement Recommendation	Governance	August 2023	Complete. Two independent Audit & Governance Committee members have served on the committee from October 2023 onwards.	Yes	No further action required.

Follow-up on prior recommendations 2021/22 & 2022/23

Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed?	Further action?
14 The Council should undertake a Governance review of BCP FuturePlaces. This should include a re- evaluation of the role BCP FuturePlaces plays in delivering against the Council's Corporate objectives and how going forward it ensures equal distribution of risk and reward between itself and BCP Futures. Consideration should also be given to removing officer or councillor representation to leave one or the other, not both, on the same board. The Leader and Deputy Leader should resign from the Board of BCP Future places and be replaced by a suitable independent Chair and Deputy Chair.	Improvement Recommendation	Governance	August 2023	BCP Future Places Ltd was closed down by BCP Council further to "The future of BCP FuturePlaces Ltd, investment and development" report to Cabinet in September 2023.	Yes	No further action required.

Follow-up on prior recommendations 2021/22 & 2022/23

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Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed ?	Further action?
<p>15 The Council should ensure:</p> <p>A) Overview and scrutiny committees should be encouraged to take evidence and contributions from officers as well as portfolio holders, to ensure a more informed approach to O&S recommendations.</p> <p>B) The Overview and Scrutiny it should focus on policy development and engagement rather than functioning as a pre cabinet scrutiny.</p> <p>C) Overview and scrutiny (O&S) committees should continue to increase their focus on policy development and engagement rather than pre-Cabinet scrutiny.</p> <p>D) Council needs to consider the mechanism by which recommendations go to Full Council for decision and how they are managed and debated.</p> <p>The level of delegation should be reviewed and the procedure for proposing and seconding recommendations from the Cabinet and other Committees should be simplified.</p>	Improvement Recommendation	Governance	August 2023	Since June 2023 there has been a noticeable shift in emphasis within the Council, with officers being invited to contribute on specific issues in Cabinet and this needs to be extended to O&S committees. A full Member induction programme was developed for the post-election period from May 2023 which included a session on Overview & Scrutiny as part of the essential training. The session covered a number of things including the purpose of scrutiny, the role of councillors and how to be a critical friend. There is also an ongoing programme of training for O&S. A full Member induction programme was developed for the post-election period from May 2023 which included a session on Overview & Scrutiny as part of the essential training. The session covered a number of things including the purpose of scrutiny, the role of councillors and how to be a critical friend. There is also an ongoing programme of training for O&S. The Council has reviewed the arrangements for O&S and Council approved changes at the meeting held on 12 September 2023. The review introduced changes to remit, frequency and names of the committees. The same Council meeting received the O&S Annual Report which included a comprehensive action plan incorporating and aligned to this action plan.	Yes	No further action required.

Follow-up on prior recommendation 2021/22 & 2022/23

Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed ?	Further action?
16 The Council should ensure that the risk register reflects the realistic position on the transformation programme and the Councils Financial sustainability	Improvement Recommendation	Governance	August 2023	The Councils Corporate Risk Register is reviewed quarterly by the Audit & Governance Committee. It includes risks such as CR09 We may fail to maintain a safe and balanced budget for the delivery of services and managing the MTFP, and CR23 Potential implications of the Dedicated Schools Grant financial deficit. Council completely refreshed both its approach to risk and the risk register as part of the priority planning days in February 2024 in conjunction with Cabinet Members, Corporate Management Board and Service Directors. Audit & Governance Committee also helped with the format and presentation of the risk register.	Yes	No further action required.
17 The Council should develop a Council Wide case management system for complains	Improvement Recommendation	3E's	August 2023	A new system for the centralised monitoring of complaints across the council is being planned, with expected implementation for September 2024. This work is being accompanied by the development of a centralised team of complaints specialists who will develop oversight, quality and consistency in complaints response across the organisation.	In Progress	Improvement recommendation remains outstanding.

Follow-up on prior recommendations 2020/21

Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed ?	Further action?
1 The council should urgently identify options to balance the books into the Medium-Term should the current Capital Direction proposal not be realised in part or full. Specifically scenario planning assessing what changes to service provision (both savings and income growth) would be necessary to enable the council to balance the budget	Improvement Recommendation	Financial Sustainability	September 2022	Council in February 2024 agreed not just a balanced budget for 2024/25 but a balanced Medium-Term financial plan to 31 March 2028. The June 2024 MTFP Update report to Cabinet (deferred to July because of the General Election) will present sensitivity analysis around the key assumptions and scenario plan for potential levels of additional savings the council will need to develop should there be any deviation from the original position.	Yes	No further action required.
2 The Council should also consider what additional assets could be disposed to fund transformation. Even if the current proposal on a Capitalisation Direction come to fruition, capital receipts will invariably form part of the strict conditions. If this direction is not awarded in full then even more capital receipts to fund transformation will be required	Improvement Recommendation	Financial Sustainability	September 2022	Via the established governance process for asset disposals which includes the councils Capital Briefing Board, Corporate Property Group, Cross Party Strategic Asset Disposals Working Group, Cabinet and Council a maturing capital disposal process has been established underpinned by a pipeline of assets for disposal. This enabled the council to avoid the use of the capitalisation direction in 2022/23 (year available for) and to fully finance the transformation investment programme from capital receipts in 2023/24.	Yes	No further action required.

Follow-up on prior recommendations 2020/21

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Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed ?	Further action?
3 The Council should provide more information on the increasing costs of the transformation programme alongside the associated savings, the proposed timelines for implementation and ongoing reporting of delivery against these milestones to ensure further slippage is minimised and savings and the associated improvements in the service provision are realised. The Council should also ensure that is periodical clear reporting is provided on the benefits realisation of the transformation programme against original expectations	Improvement Recommendation	Governance	September 2022	The cross party Transformation working group have met on the 5/10/23, 9/11/23, 11/1/24, 29/2/24, 5/5/24 and is scheduled to met on the 20/6/24 and every six weeks from September 2024 onwards. As previously referenced progress on all savings is included in the quarterly budget monitoring reports to Cabinet. A specific document reporting on the costs (be that one-off capital or one-off revenue or ongoing revenue) and the savings has been included in both the 2023/24 and 2024/25 budget reports, the 2022/23 financial outturn report (with a further update in the 2023/24 July 2024 financial outturn Cabinet report) as well as being reproduced for other Cabinet reports such as the "Transformation Programme Update" report to Cabinet on the 10 April 2024.	Yes	No further action required.
4 The Council should continue to address the weaknesses identified by Ofsted to ensure all children have access to quality services and meet their needs on a timely basis.	Improvement Recommendation	Governance	September 2022	Improving Children's Services continues to top a key priority for the council. This is growing confidence via the Children's Services Improvement Board and the feedback from the DfE Improvement Advisor that good progress is being made. Additional evidence is in the form of the "SEND Progress Update re SEND Improvement Plan and Safety Valve" report to Cabinet on the 22 May 2024.	No	Remains open.

Follow-up on prior recommendations 2020/21

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Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed ?	Further action?
5 The Council should ensure that both in year and outturn reports are clearer on delivery of savings against original budget. This becomes more critical given the greater reliance on delivery of savings via the transformation programme going forward	Improvement Recommendation	Financial Sustainability	September 2022	From 2023/24 onwards the in-year budget monitoring reports, including the financial outturn, has included information on delivery against the savings assumed as part of the original budget. This good practice will be continued into future years.	Yes	No further action required.
6 The Council should ensure that its risk management arrangement are capable of identifying capturing and monitoring innovation but often 'high risk' schemes such as the 'beach hut' proposals thus ensuring members are fully sighted on the underlying assumptions risk and rewards to allow course correction if such schemes are not delivering the intended benefits at planned time.	Improvement Recommendation	Governance	September 2022	Since the time of the last annual report the council has not considered any high risk ambitious or challenging projects. Governance arrangements would require independent external advice to be taken should in the unlikely circumstances such a proposal arise in the future. Council is now focused on the traditional and conventional approaches to local government finance. A completely refreshed approach to its risk register took as part of the priority planning days in February 2024 in conjunction with Cabinet Members, Corporate Management Board and Service Directors. Audit & Governance Committee also helped with the format and presentation of the risk register.	Yes	No further action required.

Follow-up on prior recommendations 2020/21

Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed ?	Further action?
7 The Council should consider aligning the risk reported in the risk register to the Council's Corporate Objectives	Improvement Recommendation.	Governance	September 2022	Via the priority planning days in February 2024 the council revised and extended the documentation presented to Audit & Governance Committee associated with its risk register.	Yes	No further action required.
8 The Council should consider the capacity of the finance team and its over reliance on a limited number of individuals. The Council should also implement a more thorough process of review of the financial statements to prevent material errors from arising including where an external expert such as a property valuer was engaged.	Improvement Recommendation.	Governance	September 2022	The Quality Assurance arrangements remain in place. Finance staff capability gaps are being established through regular one to one conversations and formal performance review processes with training and development plans and remedial actions put in place where necessary. However a significant number of senior staff in accountancy are due to leave the council by the end of July 2024 due to health, retirement, new job opportunities, or linked to performance. A recruitment drive is underway to fill these positions. However, it must be recognised that filling all these roles with suitably qualified and experienced staff will remain challenging and it is likely that development time will be needed for them to become fully effective in the roles	In progress	We will continue to monitor the capacity of the finance team.

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Follow-up on prior recommendations 2020/21

Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed ?	Further action?
9 The Council should consider separating the category 1 members interests between those where member or officer controls the entity rather than where a standard employment relationship exists.	Improvement Recommendation	Governance	September 2022	This recommendation is being kept under review.	In progress	We will continue to monitor.
10 The Council should provide more timely corporate reports for Cabinet.	Improvement Recommendation	3E's	September 2022	The performance dashboard is in development and due to be presented as part of the Q1 quarterly performance report. It will be reviewed and developed regularly.	Yes	No further action required.
11 The Council should agree a data quality policy	Improvement Recommendation	3E's	September 2022	Data quality forms part of our transformation delivery in establishing our Data & Analytics Centre of Expertise. Delivery is implemented at departmental level working with data stewards to ensure we consider its application is appropriate to the type of data (tabular or spatial, structured or unstructured). The condition of data is understood and continuously improved, based on factors such as accuracy, completeness, consistency, reliability, relevance and timeliness. The condition of data is understood and continuously improved, based on factors such as accuracy, completeness, consistency, reliability, relevance and timeliness. Data & Analytics strategy documents reflect current data maturity within the authority and support the Council's data driven ambition. A data quality policy will be documented in support of this, as well as using key tools such as 'Semarchy' to drive the automation and quality of our data.	No	Superseded by improvement recommendation 4, page 35.

Follow-up on prior recommendations 2020/21

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Recommendation	Type of recommendation	Category	Date raised	Progress to date	Addressed ?	Further action?
12 The Council should strengthen its partnership arrangements. This should include: Defining partnerships Defining the importance including those which directly contribute objectives of the partnership Agree the monitoring and assessment arrangements including the role of members for each partnership, agree a consistent template for the partnership register and consider expanding the content with information detailed above.	Improvement Recommendation	3E's	September 2022	No action required as completed as part of last years update. However the Council is reviewing all partnerships in line with the methodology used to review council companies - including governance, purpose, link to council strategic objectives etc.	In progress	We will continue to monitor this
13 The Council should develop and adopt a procurement strategy.	Improvement Recommendation	3E's	September 2022	The development of a Procurement Strategy has been delayed due to resource pressures and competing priorities, The recent departure of the Head of Strategic Procurement has further delayed the production of the strategy but is a priority for 2024/25, with an expected completion and presentation to Cabinet in Q3 of 2024/25.	In progress	We will continue to monitor this
14 The head of internal audit should not be part of the authorisation process for contract waivers	Improvement Recommendation	3E's	September 2022	The Head of Internal Audit was always an advisors never an approver. The process has been further improved by deleting the concept of all waivers. Instead we only have a Procurement Decision record process.	Yes	No further action required.

Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

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We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements

Our work on the Council's 2023/24 financial statements is in progress. We anticipate concluding our work by the end of October 2024.



Opinion on the financial statements



Timescale for the audit of the financial statements

2022/23

Against a backdrop of ongoing audit reporting delays, in October 2023 PSAA found that only five local government accounts for 2022/23 had been signed by the September deadline.

In June 2023 the Public Accounts Committee (PAC) also produced a report setting out their concerns over these audit reporting delays. We issued our report About time? in March 2023 which explored the reasons for delayed publication of audited local authority accounts.

In our view, to enable a timely sign off of the financial statements, it is critical that draft local authority accounts are prepared to a high standard and are supported by strong working papers.

We have, subject to final guidance, agreed with the Council to backstop the 2022/23 opinion audit. Whilst the adoption of this guidance has been delayed due to the election, we continue to plan on the assumption that the backstop will happen.

2023/24

The Council's draft 2023/24 financial statements were produced by the challenging 30 May 2024 deadline. The proposed application of the backstop for 2022/23 has enabled a prompt start on the 2023/24 post-statements audit. We anticipate concluding our work by the end of October 2024.



Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

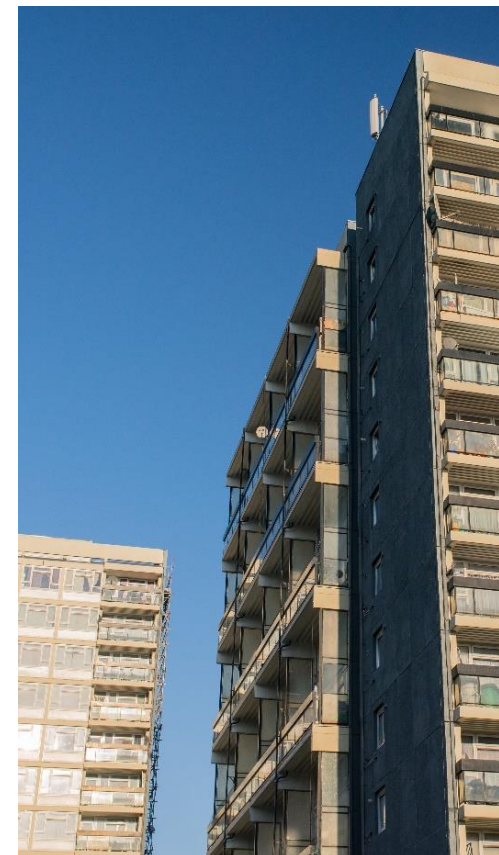
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B:

An explanatory note on recommendations

A range of different recommendations can be raised by the Council’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/a
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Council’s arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as ‘key recommendations’.	Yes	7-9
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council’s arrangements.	Yes	21,28-29,35,36-51

Appendix C – Sources of Evidence



Staff Involved

- Graham Farrant, Chief Executive
- Adam Richens, S151 Officers/Director of Finance
- Janie Berry, Director of Law and Governance
- Jillian Kay, Corporate Director for Wellbeing
- Cathi Hadley, Corporate Director for Children's
- Nigel Stannard, Head of Audit & Management assurance
- Cllr Mike Cox, Executive Portfolio Holder for Finance
- Cllr Marcus Andrews, Chair of Audit and Governance Committee

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by Council officers, Council Members and external stakeholders with whom we have engaged during the course of our review.



Documents Reviewed



- Corporate quarterly performance reports across 2023-24
- Shared vision for Bournemouth, Christchurch and Poole 2024-28
- Cabinet reports 2023-24
- Full Council reports 2023-24
- Audit Committee papers 2023-24
- Overview and Scrutiny papers 2023-24
- Children's Services Overview and Scrutiny Committee papers 2023-24
- Standards Committee 2023-24
- Draft Annual Governance Statement 2023-24
- Directorate plans
- Capital programme monitoring
- Statement of Accounts 2023-24
- P-Card procurements strategy document
- Corporate Risk Reports
- Members Code of Conduct
- Audit Services Annual Performance Report & Quarterly Monitoring
- Anti-Fraud and Corruption Strategy
- Waiver record
- BCP Governance Review
- Medium-Term Financial Plan
- Ofsted & CQC Report on Adults and Children's Directorates
- Best Value Notice
- Improvement Plans against Best Value Notice
- CIPFA Resilience Review & progress against it
- Risk management reporting
- Senior Leadership Team Structure
- Children and Young Peoples Plan Update Report
- Annual Overview and Scrutiny Report Packs
- Correspondence between the Council to MHCLG regarding the DSG Deficit
- Correspondence regarding the Safety Valve Programme
- Workforce Strategy
- Governance Review of BCP FuturePlaces
- FuturePlaces plans – in house timescale
- Transformation programme – asset disposal pipeline
- Transformation programme progress reports



AUDIT AND GOVERNANCE COMMITTEE



Report subject	Treasury Management Outturn 2023/24 and Quarter 1 2024/25 Update
Meeting date	25 July 2024
Status	Public
Executive summary	<p>This report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2023 to 31 March 2024. A surplus of £789k has been achieved through a reduced need to carry out temporary borrowing due to high cash balances as well as increasing interest rates achieved on the Council's investments.</p> <p>The report also sets out the Quarter One performance for 2024/25 which forecasts an overspend of £1.4m due to reduced investment income resulting from reducing cash balances.</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 2023/24 2) Note the Reported activity of the Treasury Management function for April to June 2024
Reason 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(s):	Councillor Mike Cox, Portfolio Holder for Finance
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Adam Richens - Chief Financial Officer
Wards	For information and recommendation
Classification	<p>Russell Oakley, Finance Manager - Technical  russell.oakley@bcpcouncil.gov.uk</p> <p>Matthew Filmer, Assistant Chief Financial Officer  matthew.filmer@bcpcouncil.gov.uk</p>

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. On 9th May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.
6. The news that the economy grew by 0.7% in Q4 2023/24 confirmed that it moved out of its very mild technical recession that prevailed at the back end of 2023. However, data released for April and May so far shows a slight stalling

in the recovery, with GDP data for April coming out at 0.0%, as inclement weather weighed on activity.

7. Stronger consumer spending, as low inflation allows households' real incomes to strengthen and the drag from higher interest costs fades, suggests that real consumption will strengthen substantially over the next two years. GDP growth is forecasted at 1.0% in 2024, activity will continue to surprise to the upside with GDP growth of 1.5% for both 2025 and 2026.
8. The fall in CPI inflation in May back to the Bank's 2% target for the first time since July 2021 will have come as welcome news, nonetheless, the on-going stickiness of wage growth in April will be a lingering concern for the Bank of England.
9. There was little chance that the Bank would cut rates at its June meeting, given upside surprises on services CPI inflation and wage growth. But several developments implied a rate cut is getting closer and a cut is predicted for August or September.

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-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
Link	5.00%	4.50%	4.00%	3.50%	3.25%	3.25%	3.25%	3.25%
Cap Econ	5.00%	4.50%	4.00%	3.50%	3.00%	3.00%	3.00%	3.00%
5Y PWLB RATE								
Link	4.70%	4.50%	4.30%	4.10%	4.00%	3.90%	3.90%	3.90%
Cap Econ	4.50%	4.20%	4.10%	4.00%	4.00%	3.90%	3.80%	3.80%
10Y PWLB RATE								
Link	4.80%	4.60%	4.40%	4.30%	4.10%	4.10%	4.10%	4.00%
Cap Econ	4.60%	4.30%	4.30%	4.20%	4.10%	4.10%	4.00%	3.90%
25Y PWLB RATE								
Link	5.20%	5.00%	4.80%	4.70%	4.50%	4.50%	4.40%	4.40%
Cap Econ	5.00%	4.60%	4.50%	4.40%	4.40%	4.30%	4.20%	4.10%
50Y PWLB RATE								
Link	5.00%	4.80%	4.60%	4.50%	4.30%	4.30%	4.20%	4.20%
Cap Econ	4.80%	4.60%	4.60%	4.50%	4.40%	4.30%	4.30%	4.20%

Treasury Management Performance 2023/24

11. Table 2 below shows the final overall treasury management position for 2023/24 which overachieved against the budget by £789k. Investment income was £785k better due to increasing interest rates, much higher than originally forecast, being earned on the Council investments.
12. The interest paid on borrowing was £167k over budget. This is due to higher than forecast interest rates paid for short-term borrowing. No long-term borrowing was taken out in 2023/24.

Table 2: Treasury Management Performance 2023/24

	Actual 2023/24 £'000	Budget 2023/24 £'000	Variance 2023/24 £'000
<u>Expenditure</u>			
Interest Paid on Borrowings	3,650	3,483	167
<u>Income</u>			
Investment Interest Received	(4,185)	(3,400)	(785)
Deductions from general fund	694	865	(171)
Total	159	948	(789)

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 2024

Initial Loan Value	Interest Rate	Balance as at 31 March 2024 £'000	Maturity Date	General Fund Pool £'000	HRA Pool £'000	Source
Short Term Borrowing						
2,000	7.00%	2,000	03-Apr-2024	2,000	-	Conwy County Borough Council
10,000	7.30%	10,000	08-Apr-2024	10,000	-	Birmingham City Council
10,000	6.30%	10,000	17-Apr-2024	10,000	-	Birmingham City Council
5,000	6.00%	5,000	25-Apr-2024	5,000	-	PCC for West Midlands
5,000	7.20%	5,000	25-Apr-2024	5,000	-	Leicester City Council
5,000	5.80%	5,000	30-Apr-2024	5,000	-	Coventry University
5,000	5.85%	5,000	08-May-2024	5,000	-	London Borough of Havering
1,500	7.00%	1,500	17-May-2024	1,500	-	Derbyshire Dales District Council
43,500		43,500		43,500	-	
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	14,722	17-Oct-2039	14,722	-	Prudential Assurance Co
49,000	2.83%	47,701	24-May-2068	47,701	-	Phoenix Life Limited
304,021		294,819		167,923	126,896	

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 2024

	General Fund £000	HRA £000	Total £000
External Borrowing	167,923	126,896	294,819
Internal Borrowing (Under borrowing)	209,027	4,578	213,605
Capital Finance Requirement	376,950	131,474	508,424

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 2024 is shown in Table 5 below.

Table 5: Investment Summary as at 31 March 2024

Investments	Maturity Date	Principal Amount £	Interest %
<u>Fixed Term Deposits</u>			
Cornwall Council	12-Apr-2024	5,000,000	6.80%
Surrey County Council	25-Apr-2024	10,000,000	7.50%
Close Brothers	17-May-2024	10,000,000	5.62%
Sub Total		25,000,000	
<u>Call Account</u>			
LGIM Sterling Liquidity Fund	instant access	3,675,000	5.29%
Total		28,675,000	

18. The Treasury Management function achieved average returns of 5.05% for the period 1 April 2023 to 31 March 2024 for its combined investment compared to the SONIA average rate of 4.91%.

Treasury Management Performance 2024/25

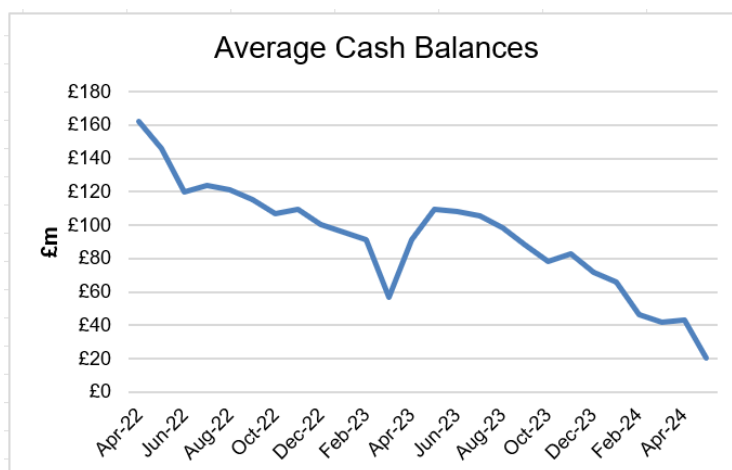
19. Table 6 below shows the overall treasury management position for 2024/25. The current forecast is a deficit of £1.45m on interest receivable budgets due to lower than forecasted cash balances available for investments and likely reduction in interest rates during 2024/25.

Table 6: Treasury Management performance 2024/25

	Forecast 2024/25 £'000	Budget 2024/25 £'000	Variance 2024/25 £'000
<u>Expenditure</u>			
Interest Paid on Long Term Borrowings	3,177	3,132	45
Interest Paid on Short Term Borrowings	1,475	1,475	0
<u>Income</u>			
Investment Interest Received	(1,050)	(2,500)	1,450
Deductions from general fund	645	645	0
Total	4,247	2,752	1,495

20. Table 7 below demonstrates the reducing average cash balances over the last two years as expenditure on the Councils capital program and increasing deficit on the dedicated school grant continues without any increased long-term borrowing. As an example, the Council Newbuild Housing & Acquisition Strategy purchase program was fast tracked at the end of 2023 and has developed quicker than the previous cash forecast allowed.

Table 7: Average Cash Balances



Borrowing

21. Table 8 below shows the closing level of borrowing for the Council's two loans pool.

Table 8: Council Borrowings as at 30 June 2024

Initial Loan Value £'000	Interest Rate	Balance as at 30 June 2024 £'000	Maturity Date	General Fund Pool £'000	HRA Pool £'000	Source
Short Term Borrowing						
5,000	5.25%	5,000	08-Jul-2024	5,000	-	Manchester City Council
5,000	5.25%	5,000	11-Jul-2024	5,000	-	West of England Combined Authority
5,000	5.20%	5,000	11-Jul-2024	5,000	-	Nuneaton & Bedworth Borough Council
5,000	5.25%	5,000	12-Jul-2024	5,000	-	Kirklees Metropolitan Council
5,000	5.25%	5,000	01-Aug-2024	5,000	-	Halton Borough Council
25,000		25,000		25,000	-	
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	14,521	17-Oct-2039	14,521	-	Prudential Assurance Co
49,000	2.83%	47,430	24-May-2068	47,430	-	Phoenix Life Limited
285,521		275,847		148,951	126,896	

Investments

22. A full list of investments held by the authority as at 30 June 2024 is shown in Table 9 below.

Table 9: Investment Summary as at 30 June 2024

Investments	Maturity Date	Principal Amount £	Interest %
<u>Fixed Term Deposits</u>			
Sub Total		<u>0</u>	
<u>Call Account</u>			
LGIM Sterling Liquidity Fund	instant access	5,600,000	5.24%
Total		<u><u>5,600,000</u></u>	

23. The Treasury Management function has achieved returns of 5.53% for the period 1 April 2024 to 30 June 2024 for its combined investment, bettering the SONIA overnight rate of 5.20%.

Prudential Indicators and Member Training

24. The Treasury Management Prudential Code Indicators were set as part of the 2023/24 & 2024/25 Treasury Management Strategy. It can be confirmed that all indicators have been complied with during all of 2023/24 and the period 1 April 2024 to 31 June 2024.
25. 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;
26. 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.
27. In conjunction with the chair of Audit & Governance Committee we will look to carry out a training session to all members. Possible dates will be sent out after this meeting.

Compliance with Policy

28. 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 February 2024 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.
29. 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 2023/24 and the period 1 April 2024 to 30 June 2024.

Summary of Financial/Resource Implications

30. Financial implications are as outlined within the report.

Summary of Legal Implications

31. There are no known legal implications.

Summary of Equalities and Diversity Impact

32. 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

33. 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

34. 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

35. 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

36. 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

37. 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

38. 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

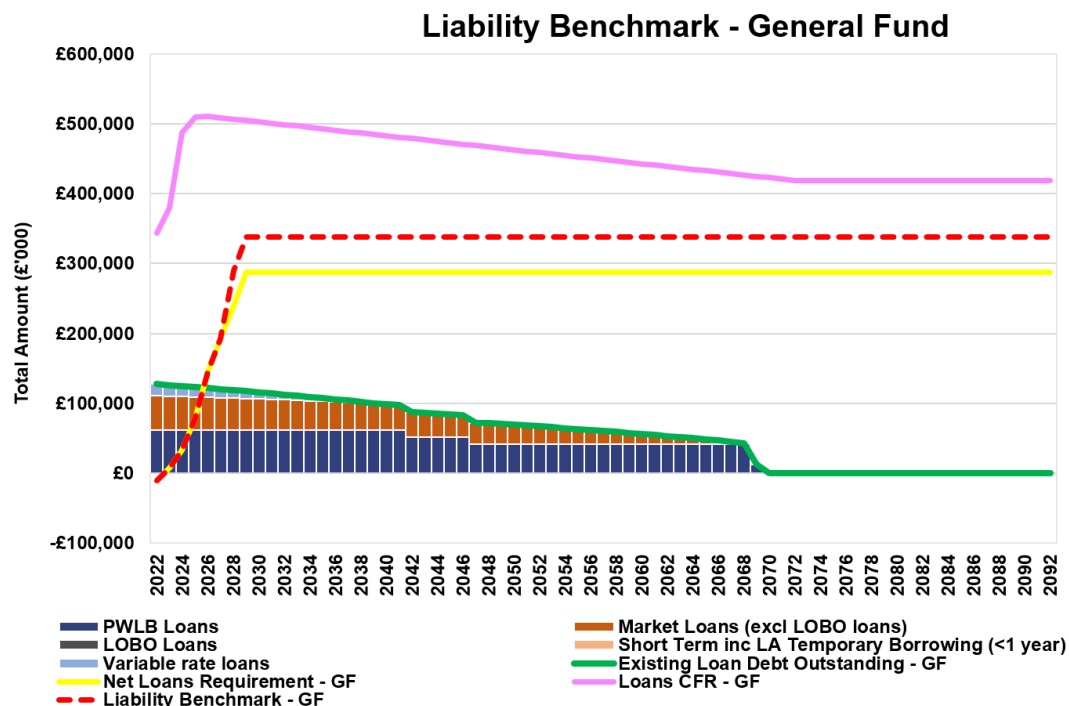
39. Treasury Management report to Full Council on 20 February 2024
<https://democracy.bcpccouncil.gov.uk/documents/s48214/Appendix%204%20for%20Treasury%20Management%20Monitoring%20report%20for%20the%20period%20April%20to%20December%202023%20and%20Treas.pdf>

Appendices

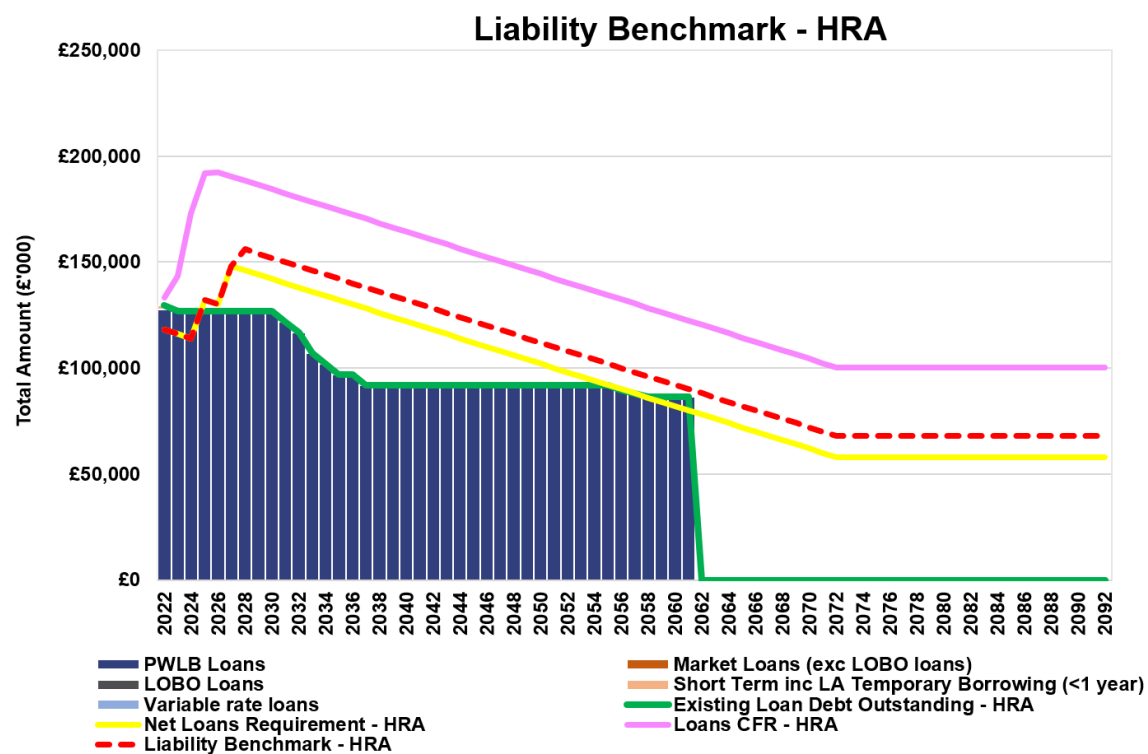
Appendix 1 – BCP Liability Benchmarking

Appendix 1 – BCP Liability Benchmarking

General Fund



HRA



AUDIT AND GOVERNANCE COMMITTEE



Report subject	Risk Management - Corporate Risk Register Update
Meeting date	25 July 2024
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"> • No new risks were added • No risks were removed <p>Material updates for this quarter are outlined in sections 10 to 14.</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	<p>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.</p>

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. In order to provide the committee with insight in terms of the approach to risk management, a summary of the process followed is shown at Appendix 1.
7. To assist in the understanding of prioritisation of risk, the council's risk matrix and definitions is shown at Appendix 2.
8. At Appendix 3 a dashboard is included with summarised information.
9. 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 4. This is ranked according to the net risk score from the highest to the lowest.

Changes in Risk During Quarter 1 – 2024/2025

10. During the quarter, the risks have been reviewed and in addition to the updates to each risk, the material updates to the register are as follows:

CR02 – We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate safeguarding – this risk is the combination of previous risk CR02 Failure to deliver effective safeguarding arrangements for children - Children & Communities and risk CR12 – Failure to achieve appropriate outcomes and quality of service for young people. The mitigations and actions relating to both risks were the same and the risk owner is content that they can be managed and reported on as this new combined risk.

CR04 – We may suffer a loss or disruption to IT Systems and Networks from cyber attack – the target risk score has been increased. Whilst mitigations continue to be strengthened the external environment remains significantly challenging. The target likelihood score has been increased to reflect this and the critical nature of the on-going work to protect the council's IT system and networks from external threats acknowledged. Focus will continue on end-user training as the best and last line of defence against cyber attacks. The risk is updated in summary form with further extensive work on-going to maintain the council's IT infrastructure.

CR08 – We may fail to run a fair and open election/referendum - this risk continued on the risk register during the quarter due to the General Election which took place on 4 July 2024.

CR15 – We may fail to have in place suitable talent attraction, retention and succession planning, staff wellbeing and support. The position with this risk is complex and time sensitive in terms of the current position in relation to Pay and Reward. Mitigations have been identified and are operating but the level of net risk remains at the same level as the gross risk score at this time. This risk will continue to be closely monitored.

CR16 – We may fail to secure partnerships and miss out on funding in the future - this was a new risk identified during the last quarter. This risk has been collated and an update is now provided.

CR20 - Potential of climate change to outstrip our capability to adapt – The risk has been updated. In relation to the net score of 12 the risk owner has clarified why the likelihood score has been updated. This is influenced by the following:

The Council has declared a climate emergency and has a Climate Action Plan and has several streams of work in progress to support its ambitions to reach net zero by 2030. These include:

- installing renewable energy across its estate
- rolling out carbon literacy training to staff and businesses
- working with partners and key stakeholders across the area to reduce carbon emissions
- working with the Southwest net Zero Hub to deliver a multi-vector approach to heat networks

- drawing down government funding to support the roll-out of renewable energy and the decarbonisation across the council's estate

Progress against these plans is being tracked via a new web-based dashboard. However, there are a number of challenges beyond the council's control that threaten our ability to reach our net zero target by 2030. These include:

- the decarbonisation of the National Grid being pushed back to 2035 (our net zero commitment was based on the delivery of this by 2030)
- central government have made several U-turns on net zero policy, resulting in a dilution of national commitments and funding potential
- national opposition to 20mph has hindered progress in this area for local authorities
- new gas shipping licenses has diluted the message on the phase out of gas boilers, which had a target date of 2025
- financial pressures facing all councils puts pressure on funding for non-statutory services
- local energy networks/infrastructure cannot support the switch from gas to renewable energy

CR24 – We may fail to adequately address concerns around community safety and environmental impacts - this was a new risk added to the Corporate Risk Register which has now been reviewed and an update is included.

CR25 – We may be unable to effectively transform services to achieve efficiencies and improve service standards – this was a new risk added to the Corporate Risk Register which has now been reviewed and an update is included.

11. At the last meeting of this Committee, mention was made as to whether there should be a Corporate Risk around housing. In order to provide re-assurance in relation to this contact was made with the Director of Housing and Communities who confirmed this risk is reflected in several risks on the service level register. As part of the continuing review of risk, this position will be reviewed routinely as part of CMB's consideration of service risks.
12. 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.
13. 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.
14. Full details of the updates for this quarter can be found in Appendix 4.

Director Level Risk Registers

15. The Director level risk registers are in the process of being compiled for consideration by CMB.

16. As part of this review the risks at Director level will be considered in terms of both commonality of risk and in addition as to whether any risks should be escalated to Corporate Risk level. The outcome of this routine review will be reported as necessary as part of the next report to this committee.

Dynamic Risk Review Process

17. Recognising the rapidly changing environment and the increasingly complex interaction between some of the corporate risks, a standard agenda item has been added to CMB to add a further layer to the risk review process.
18. This process allows for more dynamic consideration of the immediate responses required to some of the corporate risks, which will help the Corporate Risk Register to be considered, managed and communicated through the organisation.
19. The consideration of the risks in this way will also inform the regular quarterly reviews that continue to take place in a more timely manner, by flagging changes in risk profile ahead of the regular reviews with risk owners, which will continue to take place.
20. Discussions are in progress to incorporate Corporate Risks within a performance report that will routinely be presented to Cabinet. A further update on the position with this will be provided to this Committee once the process for risk engagement with Cabinet is agreed.

Risk Management Process and Development

21. The process of developing a new risk management policy for the council continues. The policy draws upon best practice as set out in standards such as the Orange Book, ISO 31000, CIPFA and ALARM (Association of Local Authority Risk Managers).
22. The development of the new policy will ensure the council's risk appetite (the amount of risk that the council is willing to seek or accept in the pursuit of its long term objectives) and tolerance (the boundaries of risk taking outside of which the organisation is not prepared to venture in the pursuit of its long-term objectives) are clearly articulated.
23. At the last meeting of this committee, there was discussion about the quantification of the financial impacts of the corporate risks with specific mention of probability analysis and the Monte Carlo technique. We recognise the value of the Monte Carlo technique and understand its purpose in estimating financial risk probability. For the contextual information of Members, the council does not have the software to support this analysis. Members will appreciate that the corporate risks are at a very high level which does not facilitate precise analysis. Many of the potential financial risk inputs and outputs are very hard to estimate, for example: CR20 Potential of climate change to outstrip our capability to adapt. The work required to drill down into component variables to provide the underlying granular data estimates for Monte Carlo would be considerable and it could be considered that they would outweigh the benefits since it is possible to manage the risk without this level of detail. The Corporate Risk Team is currently not resourced to accomplish this and hence the current system of estimating the likelihood and impact of a risk using the 1-4 rating system with underlying definitions, is a pragmatic way to illustrate the material significance of a risk and allows for risk mitigations to be formulated, actioned and prioritised.

Service Development

24. 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.
25. 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 Director/Director for review and consideration of any necessary action. Examples during this quarter include:
 - Routinely reviewing the outcomes of partial assurance 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 from a risk management perspective on various topics including preparation for the switch off of the Public Switched Telephone Network in 2027, school fires, upward pressure on the cost of insurance claims, health and safety incident responses from an insurance perspective and employment law legislative matters;
 - Sharing training opportunities on areas of risk.

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 11 April 2024.

Appendices

Appendix 1 - Summary of Risk Management Process

Appendix 2 - BCP Council's Risk Matrix and Definitions

Appendix 3 - Risk Dashboard

Appendix 4 - Full Risk Details Including Summary

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BCP Council - Risk Management

Identify Risks	Evaluate Risks	Treat Risks	Review Risks																																						
<p>Process to be integrated into council business as usual and considered by all business areas</p> <p>RISK is the effect of uncertainty on objectives. Risk is usually expressed in terms of causes, potential events, and their consequences.</p> <p>Risk management is the planned approach and should consider the following:</p> <ul style="list-style-type: none">Those which threaten the achievement of our objectivesThose which go against our valuesThose relating to the legal and regulatory frameworks we work withinThose relating to our own policy and internal control framework <p>Consider what could go wrong or what more could we achieve?</p>	<p>Combination of the impact and likelihood of an event and its consequences (Gross or Inherent risk)</p> <table border="1"><tr><td colspan="2"></td><th colspan="4">THREATS</th></tr><tr><td rowspan="5">Likelihood</td><td>Almost Certain (4) >90%</td><td>4</td><td>8</td><td>12</td><td>16</td></tr><tr><td>Likely (3) 60-90%</td><td>3</td><td>6</td><td>9</td><td>12</td></tr><tr><td>Could Happen (2) 20-60%</td><td>2</td><td>4</td><td>6</td><td>8</td></tr><tr><td>Unlikely /Rarely (1) 0-20%</td><td>1</td><td>2</td><td>3</td><td>4</td></tr><tr><td></td><td>Low (1)</td><td>Medium (2)</td><td>High (3)</td><td>Extreme (4)</td></tr><tr><td colspan="2"></td><th colspan="4">Impacts</th></tr></table> <p>Red – High Risks, immediate action</p> <p>Amber – Medium priority, review current controls</p> <p>Green – Low priority, limited action, continue to review</p>			THREATS				Likelihood	Almost Certain (4) >90%	4	8	12	16	Likely (3) 60-90%	3	6	9	12	Could Happen (2) 20-60%	2	4	6	8	Unlikely /Rarely (1) 0-20%	1	2	3	4		Low (1)	Medium (2)	High (3)	Extreme (4)			Impacts				<p>Consider each risk and ask:</p> <ul style="list-style-type: none">Can we reduce the likelihood?Can we reduce the impact? <p>Risk Responses:</p> <ul style="list-style-type: none">Terminate (stop the activity or remove a risk cause)Transfer (pass specific loss risk ownership to another party)Treat (contain the risk at am acceptable level by the application of controls)Tolerate (accept the risk) <p>Consider the risk score after the risk responses have been considered.</p> <p>The revised combination of impact and likelihood and its consequences post current mitigations (Net or Residual risk)</p> <p>Devise contingencies and action plans to reduce the mitigated risks to an acceptable level.</p>	<p>Risk Registers</p> <ul style="list-style-type: none">Record all identified risks, risk owners, risk evaluation, risk treatment and risk action plansRegular monitoring as part of business as usual <p>Council risk monitoring</p> <ul style="list-style-type: none">Risk registers reviewed in Directorates quarterlyChallenge process via Risk TeamRegular reporting to CMB <p>Council’s Corporate Risks</p> <ul style="list-style-type: none">Regular review by CMBQuarterly review by Risk leadsQuarterly monitoring by Audit and Governance Committee
		THREATS																																							
Likelihood	Almost Certain (4) >90%	4	8	12	16																																				
	Likely (3) 60-90%	3	6	9	12																																				
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		Low (1)	Medium (2)	High (3)	Extreme (4)																																				
		Impacts																																							

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Risk Scoring Matrix and Impact and Likelihood Scoring Definitions

THREATS					
Likelihood	Almost Certain (4) >90%	4	8	12	16
	Likely (3) 60 - 90%	3	6	9	12
	Could Happen (2) 20 - 60%	2	4	6	8
	Unlikely/ Rarely (1) 0 - 20%	1	2	3	4
		Low (1)	Medium (2)	High (3)	Extreme (4)
	Impacts				

Please see below for an explanation of impact and likelihood scoring definitions.

Impact of Risk

Impact Scoring Guidance

Threat (Negative) Impacts Scores		
1	Low	<ul style="list-style-type: none"> a) Potential financial loss of less than £200k b) Minor injury c) Minor legal/regulatory consequence d) Minor impact outside single objective/local system e) Internal adverse publicity, minor reputational damage/ adverse publicity f) Minor service disruption g) Minimal service user complaints
2	Medium	<ul style="list-style-type: none"> a) Potential financial loss of between £200k and £999,999 b) More serious injury c) Significant legal/ regulatory consequence d) Significant impact on objective/s, processes or systems e) Significant localised reputational damage f) Significant service disruption g) Multiple service user complaints
3	High	<ul style="list-style-type: none"> a) Potential financial loss of between £1m and £1,999,999 b) Major disabling injury c) Substantial legal/ regulatory consequence d) Substantial impact on objective/s, processes or systems e) Prolonged adverse local and national media coverage f) Substantial service disruption g) A substantial number of service user complaints
4	Extreme	<ul style="list-style-type: none"> a) Potential financial loss of over £2m b) Fatality and/or multiple injuries c) Major legal/regulatory consequence d) Major impact on corporate level objective/s e) Major/severe reputational damage/ national adverse publicity f) Central government interest/ administration g) Loss of all critical services for a significant period of time

Likelihood of Risk

Likelihood Scoring Guidance

Threat (Negative) Likelihood Score		
1	Unlikely/ Rare	a) 0 - 20% chance of occurrence b) 1 in 20 year event c) May occur only in exceptional circumstances d) Has never or very rarely happened before
2	Could Happen	a) 20 - 60% chance of occurrence b) 1 in 10 year event c) Is unlikely to occur but could occur at some time/in some circumstances
3	Likely to Happen	a) 60 - 90% chance of occurrence b) 1 in 5 year event c) Will probably occur at some time/in most circumstances
4	Almost Certain	a) Over 90% chance of occurrence b) Occurs on an annual basis c) Is expected to occur in most circumstances

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Corporate Risk Register Dashboard – June 2024

Appendix 3

Risk Ref	Risk Title	Risk Lead	Cabinet Member	Residual or Net Risk Scores				Direction of travel during Year
				Q02:23-24	Q03:23-24	Q04:23-24	Q01:24-25	
CR15	Risk CR15 – We may fail to have in place suitable talent attraction, retention and succession planning, staff wellbeing and support	Director of People & Culture	Councillor Jeff Hanna	16	16	16	16	↔
CR23	Risk CR23 – Potential implications of the Dedicated Schools Grant financial deficit	Chief Executive	Councillor Mike Cox	N/A	N/A	16	16	↔
CR02	Risk CR02 - We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate safeguarding	Corporate Director for Children's Services	Councillor Richard Burton	12	12	12	12	↔
CR04	Risk CR04 – We may suffer a loss or disruption to IT Systems and Networks from cyber attack	Director of IT and Programmes	Councillor Mike Cox	12	12	12	12	↔
CR09	Risk CR09 – We may fail to maintain a safe and balanced budget for the delivery of services, and managing the MTFP	Director of Finance	Councillor Mike Cox	12	12	12	12	↔
CR20	Risk CR20 – Potential of climate change to outstrip our capability to adapt	Director of Marketing, Comms & Policy	Councillor Andy Hadley	16	16	12	12	↓
CR18	Risk CR18 – We may fail to provide adequate customer interfaces	Director of Customer, Arts and Property	Councillor Andy Martin	9	9	9	9	↔
CR19	Risk CR19 – We may fail to determine planning applications within statutory timescales, or within agreed extensions of time (EOT)	Chief Operations Officer	Councillor Millie Earl	9	9	9	9	↔
CR08	Risk CR08 – We may fail to run a fair and open election/referendum	Chief Executive	Councillor Jeff Hanna	N/A	N/A	8	8	↔
CR16	Risk CR16 – We may fail to secure or manage partnerships, miss out on associated funding and be unable to deliver services for communities	Director of Marketing, Comms & Policy		N/A	N/A	N/A	6	New
CR21	Risk CR21 – Impact of global events causing pressure on BCP Council & increase in service requirements	Corporate Director for Wellbeing		6	6	Not reported under review	6	↔
CR24	Risk CR24 – We may fail to adequately address concerns around community safety and environmental impacts	Chief Operations Officer	Councillor Kieron Wilson	N/A	N/A	Not reported under review	4	New
CR25	Risk CR25 – We may be unable to effectively transform services to achieve efficiencies and improve service standards	Corporate Management Board Collective	Councillor Jeff Hanna	N/A	N/A	Not reported under review	4	New

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Audit and Governance Committee – July 2024

Corporate Risk Register – Risk Table

Risk Ref	Risk Title	Net Risk Score	Risk Status
<u>CR15</u>	<u>We may fail to have in place suitable talent attraction, retention and succession planning, staff wellbeing and support</u>	16	Corporate Risk
<u>CR23</u>	<u>Potential implications of the Dedicated Schools Grant financial deficit</u>	16	Corporate Risk
<u>CR02</u>	<u>We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate safeguarding</u>	12	Corporate Risk
<u>CR04</u>	<u>We may suffer a loss or disruption to IT Systems and Networks from cyber attack</u>	12	Corporate Risk
<u>CR09</u>	<u>We may fail to maintain a safe and balanced budget for the delivery of services, and managing the MTFP</u>	12	Corporate Risk
<u>CR20</u>	<u>Potential of climate change to outstrip our capability to adapt</u>	12	Corporate Risk
<u>CR18</u>	<u>We may fail to provide adequate customer interfaces</u>	9	Corporate Risk
<u>CR19</u>	<u>We may fail to determine planning applications within statutory timescales, or within agreed extensions of time (EOT)</u>	9	Corporate Risk
<u>CR08</u>	<u>We may fail to run a fair and open election/referendum</u>	8	Corporate Risk
<u>CR16</u>	<u>We may fail to secure or manage partnerships, miss out on associated funding and be unable to deliver services for communities</u>	6	Corporate Risk
<u>CR21</u>	<u>Impact of global events causing pressure on BCP Council & increase in service requirements</u>	6	Corporate Risk
<u>CR24</u>	<u>We may fail to adequately address concerns around community safety and environmental impacts</u>	4	Corporate Risk
<u>CR25</u>	<u>We may be unable to effectively transform services to achieve efficiencies and improve service standards</u>	4	Corporate Risk
CR01	Failure to respond to the needs arising from a changing demography.	N/A	Risk removed Q4 2022
CR03	Failure to ensure adequate Information Governance – now Key Assurance – Information governance Board Risk	N/A	Risk removed Q2 2020
CR05	Failure to plan effectively for EU Transition	N/A	Risk Removed Q2 2020
CR06	Failure to adequately respond to an incident involving the activation of the emergency plan– now Key Assurance – Resilience Governance Board Risk	N/A	Risk Removed Q2 2020

Risk Ref	Risk Title	Net Risk Score	Risk Status
CR07	Failure to provide adequate services as a result of an incident requiring a business continuity response—now Key Assurance – Resilience Governance Board	N/A	Risk Removed Q2 2020
CR10	Failure to deliver effective health and safety to protect staff, councillors including the public	N/A	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	N/A	Risk removed Q1 2023
CR12	Failure to achieve appropriate outcomes and quality of service for young people	N/A	Risk removed Q4 2023
CR13	Failure to deliver the transformation programme	N/A	Risk removed Q4 2023
CR14	Continuity of Public Health arrangements for health protection	N/A	Risk removed Q3 2023
CR17	Risk to Reputation of Place & Council if summer arrangements are not managed	N/A	Risk Removed Q3 2022
CR22	Failure of local care market to meet increasing demand	N/A	Risk removed Q4 2023




AUDIT AND GOVERNANCE COMMITTEE

July 2024

CORPORATE RISK REGISTER UPDATE Q1 – 2024/25

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 CR15 – We may fail to have in place suitable talent attraction, retention and succession planning, staff wellbeing and support

Risk Owner – Sarah Deane, Director of People and Culture

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Jeff Hanna, Portfolio Holder for Transformation and Resources

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

Risk Information

A new People Strategy was launched in December 2023 which covers the period from 2024 to 2027. The People Strategy is closely aligned to the corporate vision and ambitions, and the transformation agenda. There are twelve key workstreams in the People Strategy together with a three-year detailed implementation plan. BCP Council needs to have the right staff, at the right time, in the right roles to deliver front line and corporate services effectively and efficiently.

Key outcomes:

- Single pay structure and terms and conditions to ensure fair and equal pay
- High performance culture
- Improved workforce planning
- Improved talent attraction and retention
- Improved wellbeing and absence rates
- Improved leadership development
- Full automation of HR systems to support efficiencies and new ways of working

Risk Causes (definite situational facts affecting our objective) (please list):

There are ongoing concerns about the process for implementing the new Pay and Reward scheme, with GMB expressing ongoing concerns about the lack of visibility of individual pay outcomes and having balloted their members twice and each time returning a “No” vote. Unison have accepted the original offer. The risk of industrial action is high in specific services which have been balloted for industrial action by GMB.

Single harmonised pay structure & terms and conditions. The delay in implementation of pay and reward will increase the risk of equal pay claims.

Increase in cost of living, national shortage of skills, and a buoyant employment market means that there are still significant recruitment difficulties in some areas of the council.

Significant organisational downsizing and restructuring will result in savings, but there will be an impact on employees’ morale and wellbeing, and reputational damage in the recruitment market.

Lack of funding for the People & Culture Target Operating Model will mean that the delivery of key workstreams will be severely impacted

Risk Impacts (contingent effect on objective) (please list):

The delivery of services will be impacted if industrial action takes place. The delivery of services will be affected during the process of dismissal and re-engagement if that eventuality occurs.



There is a significant amount of people-related change, which will destabilise the workforce for a period of time. During this time there will be an increased risk around industrial action; grievances; absence levels; higher turnover with resultant increase in recruitment costs; low morale and employee engagement, together with a negative impact on employees’ wellbeing and financial situations. This will mean that some service delivery may be affected.

The staff engagement survey shows that people are struggling with high work demands. Reducing headcount will impact further on work demands.

Lack of capacity in People & Culture will reduce the ability to support organisational change programmes, slowing down services' ability to restructure to deliver savings and effective services. There will also be an impact on delivering interventions to improve retention, performance, employee engagement, wellbeing, leadership development and workforce planning.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		 Risk has increased but already at maximum score

Mitigations in Place & Completed Actions

- GMB have raised concerns about the visibility of the individual pay outcomes in relation to the Pay and Reward offer. GMB have balloted their membership regarding the Pay and Reward offer twice with a “No” vote being returned each time and have now balloted specific groups for potential industrial action. Unison have already accepted the offer. This is an extremely complex situation, People & Culture have sought legal advice as to the risk of dismissal and re-engagement and are currently reviewing governance arrangements, developing relevant documentation and processes, should this eventuality happen.
- The new performance framework and on-line system have been rolled out together with relevant training to help colleagues understand how their work aligns to corporate ambitions, to prioritise objectives, and to support manageable work demands.
- Discussions have been held directly with the group of staff subject to industrial action ballot to better understand the issues and concerns and to seek ways to resolve.
- Services working with People & Culture are undertaking risk assessments of retention issues in relation to pay and reward.
- Change and wellbeing training sessions have been delivered together with relevant toolkits.
- Risk of not implementing the People & Culture Target Operating Model has been identified and escalated.
- Restructuring of People & Culture will be required, with clear priorities and expectations of what can be delivered within the resource available.
- A governance process has been developed to support people strategy workstreams to prioritise, escalate risk and manage expectations.



Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	X
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	X

- Discussions have been held directly with the group of staff subject to industrial action ballot to better understand the issues and concerns and to seek ways to resolve. Feedback is that this was valued.
- Services working with People & Culture are undertaking risk assessments of retention issues in relation to pay and reward.
- Some key decisions will be made by the trade unions and are therefore outside of our control but mitigations are being considered at every stage to minimize impacts to the organisation.
- At this particular time, it is appropriate to leave the risk at this level

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	4	16		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

Due Date/s:		
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Implementation of Pay and Reward	TBC
Action 2:	People Strategy Implementation Plan	2027
Action 3:		
Action 4:		
Action 5:		
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	2	1	2		


Quarter Update

GMB have undertaken a second ballot on the pay and reward offer but have raised concerns about the visibility of the individual pay outcomes. Whilst the ballot is currently ongoing, GMB have already indicated that is unlikely that the revised offer will be acceptable. Unison have accepted the offer. Notice of an Industrial Action ballot has also been received.

The overall risk for industrial action is high and together with the risk this complexity brings in terms of next steps for the implementation of the programme, the direction of travel for this quarter has increased.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score	Impact 4  already at maximum score	Potential for industrial action over pay and reward pay outcomes
Net Score	Impact 4	
Target Score	Impact 2	

Risk CR23 – Potential implications of the Dedicated Schools Grant financial deficit

Risk Owner – Graham Farrant, Chief Executive (Cathi Hadley, Corporate Director for Children's Services and Adam Richens, Director of Finance)

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Mike Cox, Portfolio Holder for Finance

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

Risk Information

The annual funding gap for the high needs block of the Dedicated Schools Grant (DSG) is £29 million with a deficit management plan developed to eliminate the gap over 15 years. The accumulated deficit forecast for March 2025 is £92 million, rising to £300 million by the end of this period.

The statutory override preventing the accumulated deficit from impacting on the financial sustainability of the council ends on 31 March 2026. However, during the financial year 2025/26 the council would need to borrow to finance high needs revenue expenditure which is not consistent with the legislative and accounting framework.

There is also the risk that children's services will not be able to limit expenditure to the levels included in the deficit management plan with the accumulated deficit growing more quickly and the need to borrow arising sooner.

Discussions have commenced with the Department for Education (DfE) and the Department for Levelling Up, Housing and Communities (DLUHC) to establish how financial sustainability can be achieved.

Risk Causes (definite situational facts affecting our objective) (please list):

Insufficient grant funding with growing demand and high costs of provision.



Risk Impacts (contingent effect on objective) (please list):

Financial sustainability of the council, including insufficient cash flow to meet normal service expenditure with further risk of illegality from the need to borrow to meet revenue expenditure to maintain appropriate levels of statutory services.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

- **Economic** – inability to meet financial commitments.
- **Legal** - breach of regulations that prohibit borrowing for revenue expenditure.
- **Resources** – impact on other areas of the council (capital and revenue) as expenditure is limited to preserve cashflow.
- **Reputation** – lack of confidence in the ability of the council to manage its financial affairs as indicated by the issue of a S114 notice (effective bankruptcy).

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions

Dialogue has commenced with both DfE and DLUHC as part of on-going discussions through the DfE Safety Valve programme.

Meetings were held with the DfE over the autumn of 2023 in the development of the DSG 15-year deficit management plan.

A new series of meetings commenced on 14 March 2024 to include officers from DLUHC given the severity of the council's financial position and the imperative to find a solution due to the funding gap, inability to reduce high needs expenditure and the low level of general fund reserves all acting to deplete the council's cash balances rapidly.

The meeting on 14 March 2024 was an opportunity for senior officers to bring DLUHC up to date on the council's financial position (DSG and general fund).



The council's Director of Finance wrote to DLUHC, copied to DfE, CIPFA and the External Auditor on the 22 May 2024 requesting their support in setting a balanced 2025/26 budget considering the council will exhaust its temporary cashflow headroom during 2025/26.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	Not possible to eliminate the funding gap through reduced expenditure as there are statutory requirements. Strategy is to secure additional DSG grant.
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	Not possible - the solution must be additional funding.
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	The 15-year plan is considered to be an appropriate approach to balance the statutory requirements of the service and stop the escalation of the funding gap annually.
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	No – it cannot be tolerated and government help is being sought.

Net risk Score – this is the rating of a risk with current mitigations in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	4	16		



It is too early to establish if the mitigations have impact as no Safety Valve agreement has yet been secured and children's services has not yet provided an action plan linked to the DSG management plan as requested at Council in February 2024 for April 2024 Cabinet.

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Discussions with Government through the Safety Valve process to secure additional funding	On going
Action 2:	Children's services to develop an action plan linked to the DSG management plan to enable the progress of the accumulated deficit to be monitored.	On going
Action 3:	Children's services to improve the data quality of its high needs commitments to enable robust forecasting and monitoring of expenditure to take place.	30 April 2024
Action 4:	Letter to Nico Heslop, the Director of Finance at the DLUHC, copied to the DfE, CIPFA and the External Auditor.	22 May 2024
Action 5:		
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	2	8		

Quarter Update

Nico Heslop, the Director of Finance at the DLUHC, has acknowledged the council's letter of the 22 May 2024. Hopefully a meeting to discuss the issue in detail can be arranged soon.

Risk CR02 - We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate safeguarding

Risk Owner – Cathi Hadley, Corporate Director for Children's Services

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Richard Burton, Portfolio Holder for Children and Young People

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.

BCP Council had a Special Educational Needs and Disabilities (SEND) inspection in June 2021 which identified significant gaps in services which are being addressed through a SEND Improvement Plan and a Department for Education (DfE) Statutory Notice. A review by the DfE and NHS England (NHSE) in July 2023 concluded that not enough progress was being made and a Statutory Direction from the Secretary of State has been issued to BCP Council.

BCP Council had an Ofsted ILACS (inspecting local authority children's services) inspection in December 2021 and was rated inadequate. Detailed improvement plans have been put in place since that judgement, and there have been 6 monitoring visits and a DfE review which have confirmed that there is progress being made. BCP Council is now waiting for a full ILAC (inspecting local authority Children's services) inspection.

Partnerships

BCP Council must ensure that it is working with all partners in the most effective way to identify, assess and respond to safeguarding issues, and those which cut across children's, adults' and community safety. BCP Council does this through various boards: the Pan Dorset Safeguarding partnership, BCP Children's Safeguarding Board and Community Safety Partnership being examples.

Communities

Key consideration for the Communities directorate in discharging the range of duties provided across a range of services, community safety and domestic abuse.

Children's Services

There is an increase in demand for services and in the complexity of need in children and young people presenting to Children's Services across Children's Social Care and Education and Skills. This is placing demand on resources and budgets. For example, there is an increase in the number of children with complex needs placed in residential care which creates additional pressure on the Children's Services' budget; providers also increase their costs and there is an increase in Education, Health and Care Assessments.

There is a shortage of Children's Services Social Workers nationally, which means that there is a reliance on agency staff which puts pressure on budgets and can affect the continuity and consistency of service to our children and young people. Whilst there has been significant progress in stabilising the workforce the Pay and Reward programme may have an impact on this going forward.

Risk Causes (definite situational facts affecting our objective) (please list):

- Lack of collaboration with partners
- Shortage of staff and staff capacity
- Insufficient specialist local and national placements from both in-house and external provision which also drives up the cost of placements
- Failure to deliver safe service to children and families as per the findings of the Ofsted ILAC inspection December 2021 and the Care Quality Commission/Ofsted SEND Inspection July 2021
- Poor identification and management of risk across the service and partnership



Risk Impacts (contingent effect on objective) (please list):

- Victims, death or serious injury
- Children and Young People being placed further away from networks
- Delays in finding suitable homes
- Poor performance assessment
- Poor staff morale and further retention issues
- Litigation costs and failure to meet legislative requirements
- Council wide economic impact with more children being placed Out of Borough (OOB) and additional budget pressure
- Adverse media coverage - damaged reputation/public image.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Customer, physical, legislative, resource, social, contractual, political, reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions**Children's Directorate**

- Focus on the Children's Services improvement journey and SEND improvement journey to ensure core services are safe for vulnerable children and young people
- The strongest mitigation is to have the capacity and resources to meet the rising demand of need across the services and to have the assurance of the quality of practice through new quality assurance frameworks and governance processes
- Robust governance is in place to ensure that improvement continues at pace in both Children's Social Care and SEND
- There is a Children's Services Improvement Board which is chaired by a DfE Advisor and the Board holds services, council and partners accountable for the delivery of improvements as identified in the improvement plan
- There is a SEND Improvement Board which is chaired by a DfE Advisor and the Board holds service, council and partners accountable for the delivery of improvements identified in the improvement plan
- There is an Education Improvement Board in development 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 Advisor and Improvement Officer have been assigned by the DfE to oversee and support the improvement of services as identified in the Statutory Notices to Improve by the Secretary of State (Children's Social Care and SEND)
- BCP Children's Services has had 6 Monitoring Visits by Ofsted all reporting improvements in service delivery and the DfE Advisor reports cautious optimism on the improvements in the service
- Education Services are subject to termly Ofsted Monitoring meetings which oversee improvement and hold the service accountable for meeting statutory standards
- Sector Led Improvement Partner carries out Assurance Auditing as an independent review to assure the service and DfE of the quality of practice, they report improvements



- 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. Ofsted in their Monitoring visit 6 stated that they considered children to now be safe in BCP
- Scheme of Delegation reviewed and updated for Children's Services
- Monthly budget management meetings between finance and budget holders
- Financial accountability is held at Senior Leadership Team and Building Stronger Foundations Board through reporting by the Finance Manager.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	✓
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	3	12		



All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Deliver on the Children's Services Improvement Plan <ul style="list-style-type: none"> • Raise the quality of practice to improve the experiences and progress of children who need help and protection • Raise the quality of practice to improve the experiences and progress of children in care and care leavers. 	April 2025
Action 2:	Deliver on the SEND Improvement Plan (8 areas for improvement)	June 2025

Action 3:	Deliver on the Education Improvement plan	June 2025
Action 4:	Create an environment where BCP children and young people are understood to be everyone's responsibility in BCP and all BCP and partner services own this and take accountability	April 2025
Action 5:	Ensure the BCP model of Corporate Support services and systems is fully conducive to the children's improvement journey	April 2025
Action 6:	Sufficient suitable accommodation available for our Care Experienced young people and placement choice of good quality locally for children in care	June 2025

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	2	8		

Quarter Update

A review by the DfE and NHSE in July 2023 concluded that not enough progress was being made and a Statutory Direction from the Secretary of State has been issued to BCP Council. Review of the service and a new improvement plan is now in place signed off by the DfE.

BCP Council has had its annual conversation with Ofsted and is now waiting for a full ILAC.



Risk CR04 – We may suffer a loss or disruption to IT Systems and Networks from cyber attack
Risk Owner – Sarah Chamberlain, Director of IT and Programmes
Cabinet Member (BCP Council – Democracy) – Councillor Mike Cox, Portfolio Holder for Finance
Links to Corporate Objective(s): Modern, Accessible, Accountable Council
<p>Risk Information</p> <p>BCP Council relies heavily on digital technology and online capability, including in the delivery of essential and public-facing services.</p> <p>The COVID-19 pandemic 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.</p> <p>Disruption can come in many forms (some described below), both deliberate through acts of cyber-crime, or accidental through loss of hardware or infrastructure. Both can cause immense disruption to the council by denying staff and public access to key services. Even traditional face-to-face services can be impacted by a loss of IT systems as many back-office functions rely entirely on the availability of computers and data.</p> <p>Nationally, the threat of cyber-attacks remains high on the UK.GOV National Risk Register, featuring prominently across the register with the potential for disruption to national infrastructure, finance, telecommunications, transport and social care systems. Cyber is ranked the number one surveyed risk by the Business Continuity Institute moving into 2024.</p> <p>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.</p>
<p>Risk Causes (definite situational facts affecting our objective) (please list):</p> <p>Some of the highest risk causes include:</p> <p>Phishing attacks: These attacks use social engineering tactics to trick individuals into revealing sensitive information, clicking on malicious links or trying to defraud the council of money. These often lead to further breaches by allowing the attacker to gain access to the council’s systems and data.</p> <p>Ransomware attacks: These attacks involve encrypting the council’s data and demanding payment in exchange for the decryption key.</p> <p>Insider threats: These threats can come from employees, contractors, or other individuals with access to the council’s systems and data.</p> <p>Supply chain attacks: These attacks target third-party vendors or suppliers to gain access to the council’s systems and data.</p>
<p>Risk Impacts (contingent effect on objective) (please list):</p> <p>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.</p> <p>Financial loss is the most common impact through both direct loss of funds as well as recovery costs, reputational impacts or Information Commissioner’s Office fines.</p>

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.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Technological, Customer/Citizen, Economic, Reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions



IT and Programmes have in place robust mitigations to assist in the management of this risk, however this is still considered a “when, not if” event and the risk will never be totally mitigated. Continued focus on end-user training as it is ALL staff and Members that provide the best and last line of defence against cyber attacks. Please see the May 2024 IT Security Course Completion Rates at the end of this section.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	No
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the ‘whole’ risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	Partial
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	Yes
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	Yes

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	3	12		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		Ongoing
List All Significant Actions Below:		
Action 1:	<p>Training and increase user awareness of risks:</p> <p>ITSEC teams continue to deploy monthly cyber awareness training to all staff digitally. There are no plans to cease this training currently and will continue if funding provides.</p> <p>ITSEC are working with individual managers to supply reports on course completion. They may soon consider adopting a more “name and shame” approach at Corporate Management Board to drive up completion if approach through managers is not successful.</p>	Ongoing
Action 2:	<p>Increased cyber detection and response tooling:</p> <p>Annually, IT and Programmes undertake an exercise to bid for capital funding to improve or maintain its IT infrastructure and cyber security posture.</p>	Ongoing
Action 3:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	3	3	9		 <p>Target risk score reduced to 9 from 12 which was reported in error last quarter. However, target score was $13 \times 2 = 6$ in January 2024 report</p>


Quarter Update

Risk remains high. Recent Senior Leaders' Network (SLN) event has helpfully raised the profile of real risk to services. Continuing to push for cloud and M365 adoption is the main way to reduce the impacts of an on-premises ransomware attack. SLN event used as opportunity to remind all managers of their responsibility to complete training and ensure their teams do too.

Given the nature of the "when not if" viewpoint of IT Security professionals and given that multiple councils continue to be hit by incidents of varying severity, it was appropriate to change the target risk score to 9. This reflects the critical nature of the ongoing work to protect the council's IT systems and networks from external threats.

Direction of Travel

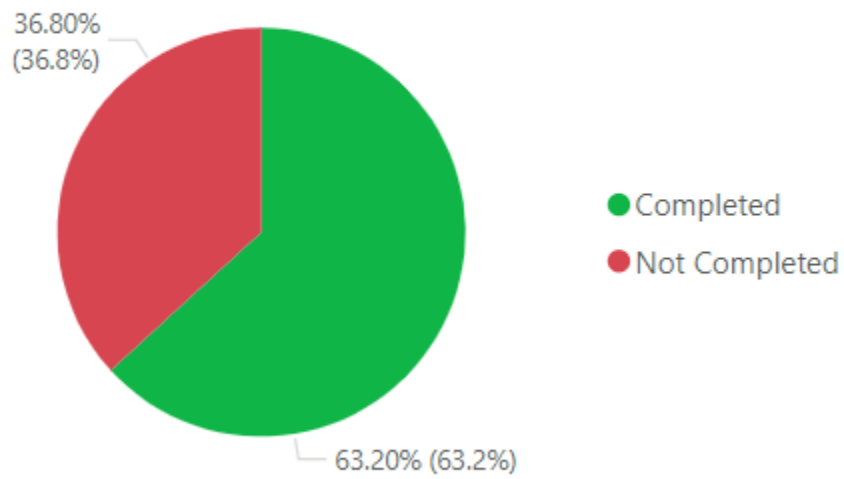
Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score	Same	No change
Net Score	Same	No change
Target Score	 Target risk score reduced to 9 from 12 which was reported in error last quarter. However, target score was $13 \times L2 = 6$ in January 2024 report	Given the nature of the "when not if" viewpoint of IT Security professionals and given that multiple councils continue to be hit by incidents of varying severity, the target risk score reflects the critical nature of the ongoing work to protect the council's IT systems and networks from external threats.

May 2024 IT Security Course Completion Rates:

Completion rates across all IT Security Online courses:

Completion Rates



Risk CR09 – We may fail to maintain a safe and balanced budget for the delivery of services, and managing the MTFP

Risk Owner – Adam Richens, Director of Finance

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Mike Cox, Portfolio Holder for 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 2024/25 Budget and Medium-Term Financial Plan (MTFP) covering the period to 31 March 2028 was approved by Council on 20 February 2024. There were two main aspects to this report:

- A) 2024/25 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
 - £41m of savings, efficiencies, increases to fees and charges, and service reductions of which £13.8m is in relation to transformation
 - Provision of £7.5m in extra resources to cover demand and inflationary pressures, including any pay changes, in the council's highest priority area, Children's Services
 - Provision of £15.2m in extra resources to cover demand and inflationary pressures, including any pay changes, to the most vulnerable members of our community via investment in Wellbeing Services be that adult social care or housing services
 - Elimination of the £30m structural deficit/funding gap created by using £30m of reserves to balance the 2023/24 budget.
- B) 2025-28 Financial Year:
- The medium financial plan up 31 March 2028 as at the February 2024 report is balanced in every year. This of course is subject to change and delivery of the savings that underpin the future year assumptions
 - Items which have aided this are the application of one-off resources from the fundamental review of the business rates collection fund to improve the council's financial health, sustainability and resilience and cover for one-off or time-limited issues such as the phasing in of certain saving proposals over a period of more than one-year.

Risk Causes (definite situational facts affecting our objective) (please list):

- Expenditure of the authority is higher than all available sources of income.



Risk Impacts (contingent effect on objective) (please list):

- S151 Officer would be required to issue a formal s114 report.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

- Customer/Citizen, Economic, Political, Reputational

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions



- Quarterly budget monitoring reports to Cabinet
- Real time budget monitoring information made available to budget holders via the council's new F&O Dynamics system
- Regular meetings between Cabinet Members and Senior Officers in respect of the financial strategy and the budget position
- New Microsoft Dynamics Enterprise Resources System implemented in April 2023 to improve the provision of financial management information underpinned by the principle of self-service
- Council (February 2024) the implementation of a freeze on all non-essential expenditure from 1 April 2024 and until such time as the Corporate Management Board have provided Cabinet Members with assurance that all the £38m of 2024/25 budget savings have been delivered
- Regular monitoring of delivery against the £38m savings assumptions

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	X
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	3	12		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Public Consultation 2025/26	Dec 2024
Action 2:	Budget Report 2025/26 & MTFP	February 25
Action 3:	Quarter 3 Budget Monitoring Report 2024/25	February 25
Action 4:	MTFP Update Report	July 2024
Action 5:		
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	2	8		



Quarter Update

MTFP update and 2023/24 Financial Outturn reports will be presented to Cabinet in July 2024 (delayed from June due to the General Election). These reports will set out:

- Aim to continue to maintain a balanced 2025/26 budget forecast by considering the impact that various assumptions would have on the underlying approved position
- A proposed financial strategy to support the delivery of a robust and financially sustainable budget for 2025/26
- A proposed budget planning process and timeline for key financial reports
- The outcome of the CIPFA Financial Resilience Review undertaken in the summer/autumn of 2023 and finalised in the spring of 2024
- Details of the letter written by the council's Director of Finance to DLUHC setting out the challenges the accumulating deficit on the Dedicated Schools Grant is having on the ability to set a balanced budget for 2025/26
- The financial outturn for 2023/24

Risk CR20 – Potential of climate change to outstrip our capability to adapt
Risk Owner – Isla Reynolds, Director of Marketing, Comms & Policy
Cabinet Member (BCP Council – Democracy) – Councillor Andy Hadley, Portfolio Holder for Climate Mitigation, Environment and Energy
Links to Corporate Objective(s): Sustainable Environment
<p>Risk Information</p> <p>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.</p> <p>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 2045 respectively (the latter having been agreed by Cabinet on 6 March 2024).</p> <p>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.</p> <p>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.</p>
<p>Risk Causes (definite situational facts affecting our objective) (please list):</p> <p>Floods, sea level rise and coastal change, changes in temperature and rainfall.</p>
<p>Risk Impacts (contingent effect on objective) (please list):</p> <p>Floods will have a significant impact on infrastructure causing damage to buildings and wide-scale disruption to service delivery; 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. 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).</p>
<p>Risk Categories (for impacts) – please see pages 2-5 of this guidance – choose all that apply in either Service or Corporate Categories whichever fits best:</p> <p>Citizen, Social, Environmental, Economic, Physical, Resource, Political, Reputation</p>

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions

Physical risks mitigations in place:

The most immediate risk to the BCP area comes from Flooding and Coastal Erosion. As a result, most of the Council's adaptation resources have been dedicated to addressing these. The Climate Annual Progress Update to Cabinet on 6 March outlined activity as follows:



The Flooding and Coastal Erosion Risk Management (FCERM) team have been involved in joint authoring of the draft BCP Local Plan policies relating to flood risk, coastal change risk & Sustainable Urban Drainage to support BCP's development agenda for the next 15 years. A Strategic Flood Risk Assessment (SFRA) is also in preparation to support the Local Plan, which includes a new assessment for BCP's open coast to establish the risk from wave action. A new Christchurch Bay and Harbour FCERM Strategy is in preparation for managing flood & coastal erosion risks for the next 100 years in a sustainable way from Hengistbury Head to Hurst Spit, as is a new integrated cliff management strategy for all of the BCP area sea cliffs and chines. The team is also preparing a new beach management plan that will draw together historic information on how beaches between Sandbanks and Hengistbury Head have been managed, to create a single reference for how the beach is managed to ensure it provides its vital coast protection function.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	Treat
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place and flooding and coastal erosion management measures in place as described above.



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	3	12		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Appointment to new post to begin work on an Adaptation Strategy (will be resolved when Directorate restructuring is completed)	July 2024

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	2	8		

Quarter Update

Cabinet received the annual Climate Progress Report in March 2024. This sets out how Council emissions have reduced by 9.9% and area-wide emissions by 8.3% since 2019, and the flooding and coastal erosion adaptation works that are underway to reduce this corporate risk.

Adaptation measures underway

A study is underway to explore how to improve management of the sand dunes at Sandbanks. Capital projects include replacement of Bournemouth's existing 53 timber groynes and construction of a new replacement of Hengistbury Head Long Groyne - a critical shoreline stability structure; and Poole Bridge to Hunger Hill Flood Defence Scheme, designed to avoid £161million damages in the Old Town area of Poole during the lifetime of scheme. Asset management activities include developing new digital coastal and inland FCERM asset management systems, cataloguing all FCERM assets across the BCP area; refurbishment of Hamworthy Eastern Seawall to extend life by 30 years; and repairs required to Kinson Dam to reduce flood risk within the Kinson catchment. A new BCP cliff management strategy continues to be progressed to better understand the risks posed by cliff stability issues across the BCP sea cliffs and chines. More details are on the FCERM website: [Poole & Christchurch Bays Flood and Coastal Erosion Risk Management \(twobays.net\)](https://twobays.net)

Mitigation measures underway

Emission reduction actions approved by Cabinet are progressing. These include:

- Council has joined the UK100 initiative and adopted the 'Net Zero by 2045' target, clearly defining the previous commitment of 'before 2050' for our area-wide target. This gives the leadership access to networks and training opportunities that will fast-track the council's action on climate change
- Commissioning an independent report to begin the process of setting interim reduction targets in order to validate that corporate and area-wide targets are achievable
- Preparing a report on funding proposals, including 'invest to save' projects and submitting bids to Low Carbon Skills Fund and Local Capacity Fund in this quarter
- Carbon Neutral Steering Group is established to bring services together and to find solutions to carbon reduction challenges across the corporate estate
- Plans are being finalised for a meeting with external partners to shape and set interim targets towards the area-wide commitment to Net Zero
- A web-based interactive dashboard is being created to highlight targets and progress towards the internal and area-wide goals
- Carbon literacy training courses are being funded by the SW Net Zero Hub for officers and Members, which will empower decision making to meet carbon neutral targets and initiatives

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score	Same	Greenhouse gas emissions already in the atmosphere ensure that there will be a certain amount of climate change impacts – exact levels are uncertain
Net Score	Same	To recognize that the current adaptation measures (flood defences, beach replenishment) serve to limit the damaging effects of climate change (but increased change is likely)
Target Score	Same	Further climate risk understanding, further adaptation measures and significant reduction of greenhouse gas emissions will help protect from this risk into the future.

Risk CR18 – We may fail to provide adequate customer interfaces

Risk Owner – Matti Raudsepp, Director of Customer, Arts and Property

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Andy Martin, Portfolio Holder for Customer, Communications and Culture

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

Risk Information

While full-scale transformation of the council is underway, there is a risk that our current customer service capabilities, capacity, systems and processes fail to provide the level of responsiveness that our communities and residents expect. This risk is specifically focused on the short-term capabilities of the council.

Full baselining and data monitoring of the corporate Customer Contact Centre is now possible with the significant upgrade to the council's legacy telephony arrangements 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.

Risk Causes (definite situational facts affecting our objective) (please list):

- The end-to-end customer journey is affected by a range of factors, both within the Contact Centre and also within services. Delays in redesigning any aspect of the journey can impact the customer experience
- The availability of new digital functionality may arise incrementally which means that in the short term the management of customer contact can become more, not less, complicated, potentially impacting the customer experience



Risk Impacts (contingent effect on objective) (please list):

- Call answering performance that does not meet customer expectations. Customer contact subject to ongoing handoffs to services, which may complicate and extend the process and increases the risk of failure and customer dissatisfaction. Customers in need of important support fail to receive a timely response to address their needs

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

- Customer/Citizen
- Technological
- Political

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	3	12		

Mitigations in Place & Completed Actions



- Temporary funding for 2022/23 ended in March which resulted in a reduction of approximately 20 staff that had been used to improve call response performance. Call response times have fallen back as a consequence.
- Call handling performance data is available to monitor performance on a line-by-line basis, which can support the allocation of available staff resources. 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.
- New BCP website successfully launched, replacing legacy sites, allowing for further development based on a single platform.
- New Contact Centre telephony system successfully implemented in December 2023.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	X
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	3	3	9		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Implementation of improved corporate telephony solution	Dec 2023
Action 2:	Launch of new website - improved platform for digital solutions	Dec 2023
Action 3:	Implementation of selected, high volume, high impact customer journey improvements	April 2024
Action 4:	Service redesign to improve and simplify customer journeys	Ongoing
Action 5:		
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	2	1	2		

Quarter Update

The new corporate contact centre telephony system is in place and working well, but its performance reporting capability is currently in development. This will aim to capture performance not just in relation to telephone contact (call demand, response times etc) but also with regard to digital and face-to-face contact, in order to reflect the widest customer experience in dealing with the council.

Work also continues with the development of online customer solutions (website-based forms for customers to resolve their enquiries without the need to make telephone contact) which have to move from the council's legacy digital customer platform to its new digital platform, introduced in December 2023. Each customer journey represents a piece of work in its own right and so this work will develop incrementally and will cover a very wide range of customer interactions. This work will ensure these interactions are aligned to the requirements of services and the council's target operating model and can work as successfully and intuitively as possible for our customers. Further work will be required in order to develop new online functionality for customer journeys where that currently does not exist, and this is also being planned for and prioritised.

Risk CR19 – We may fail to determine planning applications within statutory timescales, or within agreed extensions of time (EOT)

Risk Owner – Glynn Barton, Chief Operations Officer

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Millie Earl, Portfolio Holder for Connected Communities

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	2023/2024
Majors	60%	83%	80%
Minors	70%	79%	70%
Others	70%	85%	86%

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 when minors and others are combined. It is recognised that the above statistics include use of Extensions of Times (EOT) 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, especially for non-majors.

The weekly Planning Performance Strategic Co-ordinating Group (SCG) and Tactical Coordinating Group (TCG) monitor performance and identify any trends in downward performance, putting interventions in place.

Risk Causes (definite situational facts affecting our objective) (please list):



- Workloads
- Staff (Both number and experience levels)

Risk Impacts (contingent effect on objective) (please list):

- Reduced speed of decisions
- Increase backlog
- Reduced quality of service

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:
Customer/Citizen, Environmental, Political, Reputational

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	3	4	12		

Mitigations in Place & Completed 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 senior officer has been appointed to assume responsibility for managing this backlog of older cases. These cases are being systematically reviewed with significant reductions in the oldest with 25 of the oldest determined since the performance management regime was started at the end of May.
- Recruitment process is ongoing to replace contractors with permanent members of staff.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	x
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	3	3	9		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Recruitment process	01/07/2024
Action 2:	Reduce backlog	01/10/2024
Action 3:		
Action 4:		
Action 5:		
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	3	2	6		

Quarter Update

Performance for the first quarter has been good with decisions being made in line with statutory targets.

Recruitment has been positive with 7 new members of staff being appointed which has allowed the reduction on agency staff.

Backlog of applications continues to reduce (has been reduced by 68%).

Risk CR08 – We may fail to run a fair and open election/referendum

Risk Owner – Graham Farrant, Chief Executive

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Jeff Hanna, Portfolio Holder for Transformation and Resources

Links to Corporate Objective(s): Connected Communities, Brighter Futures & Modern, Accessible and Accountable Council

Risk Information

The Council has a legal responsibility to ensure the running of elections and appoint the Returning Officer.



There is an inability to change the date of the elections, so the Council/Returning Officer needs to ensure there is adequate resource to run the elections as required by law.

The running of elections involves a large workforce and the booking of many non-Council run buildings. Due to the scale of this undertaking, there are inherent risks in the failure to deliver in each of these areas.

The management of this risk is closely controlled but that could be undermined by the government announcing a snap general election or referendum at any time. This would have major implications, increasing turnout and reducing the availability of key electoral staff.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions



- Planning and delivery are reviewed monthly by the Chief Executive along with several key officers of the council.
- We have a “One team council approach to running elections”, engaging with other key council departments, to ensure appropriate resource can be provided to run the election.
- Ensuring project plan, finances, staff resource and buildings are all completed/available, allocating lead officers to each key area of the election to ensure the requirements/deadlines are met.
- Communication Plan for the running of the elections, including changes due as a result of the Elections Act 2022 and the requirement for all voters to bring ID to be able to vote.
- Continued close liaison with the Electoral Commission and regional partners.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	Yes
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	2	8		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

	Due Date/s:
Overall Target Score Expected Completion Date:	04/07/2024
List All Significant Actions Below:	
Action 1:	Book all polling stations and count venues – complete
Action 2:	Publish Notices and accept nominations
Action 3:	Arrange logistics of equipment delivery and ballot box despatch
Action 4:	Identify and appoint polling, postal vote, verification & count staff
Action 5:	Issue and open postal votes
Action 6:	Verify & count ballots and announce result
	04/07/2024

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	1	4		

Quarter Update

We are still dealing with the staff payments and clear down of the Police and Crime Commissioner elections in May 2024, when the General election has been called for the 4 July 2024. This will bring with it risks as although the timetables were not overlapping the tasking involved in the running of an election are now overlapping.

We have plans we are now updating with the Parliamentary election date, and we are expediting the booking of the stations, staff and other items in a condensed timeframe for a snap poll.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score	Same	Although we have had an increase due to our planning and plans, we are confident the risk has not increased enough to move to a greater likelihood
Net Score		
Target Score		

Risk CR16 – We may fail to secure or manage partnerships, miss out on associated funding and be unable to deliver services for communities

Risk Owner – Isla Reynolds, Director of Marketing, Comms & Policy

Cabinet Member ([BCP Council – Democracy](#)) –

Links to Corporate Objective(s):

Working closely with partners, removing barriers and empowering others

Risk Information

The new Corporate Strategy focuses on working with partners and enabling communities. As the Council moves to this model of delivery that relies more on working with others and securing funding through partnerships, there is a risk of a negative impact on communities if partnership working fails or is not optimal.

This risk could occur due to:

- poor working relationships with or between partners
- inability to secure funding available via partnership working

Partnerships can include other agencies such as the police, other councils or organisations such as BIDs (Business Improvement Districts) and specialist boards (eg Destination Marketing Board). A helpful definition is in the Council's Partnership Guidance: "a partnership is any arrangement involving the Council and one or more other organisations (from any sector) who share the responsibility for agreeing and subsequently delivering a set of actions and outcomes that support or contribute to achievement of the Council's corporate priorities."

Risk Causes (definite situational facts affecting our objective) (please list):

- Lack of resources to manage partnership relationships effectively
- Lack of resources or ability to identify and engage in partnership working and funding opportunities
- Changes to partner objectives, funding or behaviour
- Policy changes and funding opportunities following the next General Election


Risk Impacts (contingent effect on objective) (please list):

- Poor relationships impede delivery of services to communities
- Lack of funding impacts delivery across various services (depending on partnership)

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Economic, Social, Environmental, Citizen, Resource, Physical, Political, Reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	3	3	9		New

Mitigations in Place & Completed Actions


- Partnership governance guidance in place
- Partnership register in place

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	Treat
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place


Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	3	2	6		New

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

	Due Date/s:
Overall Target Score Expected Completion Date:	
List All Significant Actions Below:	
Action 1:	Communicate Partnership Guidance to staff October 24
Action 2:	Join the UK100 initiative Review and update the Partnership Register October 24
Action 3:	
Action 4:	
Action 5:	
Action 6:	

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	3	1	3		New

Quarter Update

Current lack of resource in the Policy Team and previous priorities to produce the Corporate Strategy and Performance Dashboard mean that the actions to review the Partnership Register and communicate the guidance will be delayed until recruitment can take place to fill vacancies (due September 2024).

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score	N/A	New Risk
Net Score	N/A	New Risk
Target Score	N/A	New Risk



Risk CR21 – Impact of global events causing pressure on BCP Council & increase in service requirements
Risk Owner – Jillian Kay, Corporate Director for Wellbeing
Cabinet Member (BCP Council – Democracy) –
Links to Corporate Objective(s): Modern, Accessible and Accountable Council
<p>Risk Information</p> <p>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:</p> <ul style="list-style-type: none"> • UK Refugee Resettlement (UKRS - previously known as the Gateway Scheme/Syrian Resettlement scheme) • Afghan Resettlement (ACRS/ARAP) • Homes for Ukraine/ Ukraine Family scheme <p>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.</p> <p>Risks related to asylum and refugee resettlement include:</p> <ul style="list-style-type: none"> • 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 Homelessness services as asylum seekers receive positive decisions on their applications and are given notice to vacate their Home Office funded hotel accommodation • 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 <p>Gaza and Israeli conflict</p> <p>In addition to the information provided above we are also monitoring any localized tensions relating to the conflict in Israel and Gaza and receive regular updates regionally and nationally regarding the complex situation.</p> <p>Risk Causes (definite situational facts affecting our objective) (please list):</p> <ul style="list-style-type: none"> • Conflict in Israel and Gaza. • Home Office SAP (Streamlined Asylum Process) policy and related notices to vacate hotels • Transport of ARAP/ACRS refugees from other 3rd countries to UK (in MoD accommodation and into private rented sector)

Risk Impacts (contingent effect on objective) (please list):

- Heightened community tensions and inter-faith relationships
- Number of homeless applications increased
- Number of former asylum seekers found to be street homeless increased

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	3	3	9		

Mitigations in Place & Completed 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
- Lobbying on the pressures being experienced by local authorities, to Ministers and the Home Office
- Regular updates from the Home Office on the situation in Gaza and Israel, both abroad and in the UK

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	x
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	3	2	6		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Continue to monitor community tensions relating to the conflict in Gaza and Israel and work with partners to address as needed.	ongoing
Action 2:		
Action 3:		
Action 4:		
Action 5:		
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	3	1	3		


Quarter Update

The position regarding refugee and resettlement schemes remains stable in terms of Home Office placements in the area. However, an increase in homelessness approaches from previously accommodated single people who have been successful in their asylum applications, is placing sustained pressure on the housing service.

The monitoring of community tensions relating to the Gaza/Israel conflict continues. Protests taking place locally are monitored and managed by a multi-agency command structure and engagement with organisers is taking place to mitigate risk and wider public impact.

Risk CR24 – We may fail to adequately address concerns around community safety and environmental impacts
Risk Owner – Glynn Barton, Chief Operations Officer
Cabinet Member (BCP Council – Democracy) – Councillor Kieron Wilson, Portfolio Holder for Regulation and Housing, Councillor Andy Hadley, Portfolio Holder for Environment
Links to Corporate Objective(s): Working together everyone feels safe and secure
<p>Risk Information</p> <p>Due to budget constraints, services in Public Protection and Environment are working at a statutory baseline. Emerging public concerns around areas such as Bournemouth Town Centre show public concern for residents and visitor safety as well as concerns around the cleanliness of the Town Centre.</p> <p>A number of initiatives are in place to mitigate the risks including:</p> <ul style="list-style-type: none"> • Police operation Clear, Hold, Build that tackles organised crime which is significantly linked to serious violence • A new Serious Violence strategy that works with partners to address the root cause of serious violence • Policing operations increasing visibility such as Operation Nightjar and Operation Track • Town Centre Action Partnership Group and tactical groups that have a multi-agency response to tackle issues in Bournemouth Town Centre • Evidence-led approaches to the deployment of resource in Public Protection • Six-weekly multi-agency walk arounds in Bournemouth Town Centre to identify issues relating to environmental concerns and safety concerns <p>In the BCP area, violence against women and girls (VAWG) is one of the four key priorities for the Safer BCP Community Safety Partnership. Tackling issues relating to VAWG and all gender based violence is also a key priority for the Safer BCP Serious Violence Strategy, following the detailed analysis undertaken through our Serious Violence Needs Assessment. To this effect we have a BCP Adults Safeguarding Board, and Pan-Dorset Children's Safeguarding Board alongside other groups including a Domestic Abuse Strategic Group, Serious Violence Delivery Group (Sexual Offences), Sex Workers Risk Assessment Conference, MARAC (multi-agency risk assessment conference - high risk domestic abuse) and other task and finish groups as identified through the monthly data analysis.</p>
<p>Risk Causes (definite situational facts affecting our objective) (please list):</p> <ul style="list-style-type: none"> • Reduction in resources, leading to a statutory minimum delivery due to savings • Public perception of issues in high priority areas • Changes to partner objectives, funding or behaviour • Policy changes and funding opportunities following the next General Election
<p>Risk Impacts (contingent effect on objective) (please list):</p> <ul style="list-style-type: none"> • Reduction in Public perception and public confidence • Public health issues if environmental issues are not dealt with • Failure to deliver on statutory duties
<p>Risk Categories (for impacts) – please see pages 2-5 of this guidance – choose all that apply in either Service or Corporate Categories whichever fits best: Citizen, Social, Physical, Resource, Economic, Environmental, Political, Reputation</p>

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	3	2	6		New

Mitigations in Place & Completed Actions


- Introduction of six-weekly multi-agency street audits to identify defects and issues in Bournemouth Town Centre
- Supporting Dorset Police in Clear, Hold, Build initiative, hotspot policing and key operations to enhance visible presence across the conurbation
- Partnership Action Group for Bournemouth Town Centre
- Serious Violence Strategy to identify and tackle serious violence issues in BCP
- Creation of tender for external pest control service
- Agreement of a Town Centre fund for each town centre location within 2024/25 budget
- Successful award of chewing gum removal pilot project for Bournemouth Town Centre
- Successful grant funding from Department for Transport (DfT) for an anti-social behaviour (ASB) Community Safety Accreditation Scheme pilot managing anti-social behaviour on the public transport network
- Successful grant funding under the Bus Service Improvement Programme to instal 250 CCTV cameras at the most used bus stops, with 141 cameras installed and operational as of July 2024.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	X
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place


Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	2	2	4		New

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		April 2025
List All Significant Actions Below:		
Action 1:	Deliver Serious Violence strategy	
Action 2:	Continue Partnership Action Group and associated tactical delivery	April 2025
Action 3:	Deliver DfT Grant funded ASB project	April 2025
Action 4:	Creation of an enforcement directory to manage stakeholder expectation on delivery	August 2024
Action 5:	Deliver chewing gum removal	April 25
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	2	2	4		New

Quarter Update

As above

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score	N/A	New Risk
Net Score	N/A	New Risk
Target Score	N/A	New Risk

Risk CR25 – We may be unable to effectively transform services to achieve efficiencies and improve service standards

Risk Owner – Corporate Management Board Collective

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Jeff Hanna – Portfolio Holder for Transformation

Links to Corporate Objective(s):

Creating an environment for innovation, learning and leadership
Using our resources sustainably to support our ambitions
Using data, insights and feedback to shape services and solutions

Risk Information

As we move towards the closure of the BCP Transformation Programme in March 2025, it is essential we maintain our focus on achieving the efficiencies targeted as outputs of the programme and that we have a sustained focus on improving service standards.

Efficiencies and improved service standards are predicated on having the resource (financial and people) to identify and implement the changes necessary to achieve the council's operating model. An environment of increasing financial challenges or other demands on council resource could slow the rate of tangible benefits associated with transformation or require the council to reassess its initial ambitions based on what is achievable.

Risk Causes (definite situational facts affecting our objective) (please list):

- Reduction in financial and human resources available to deliver, support and drive a culture of change, innovation and focus on efficient approach to service delivery and practice
- Increase in demand on services to deliver business as usual and lack of workforce engagement with innovation
- Conflicting corporate and service led priorities
- Further requests for service transformation funding
- Lack of funds to build growth, capacity and capability in established Centres of Expertise i.e. Data and Analytics, Procurement
- Transformation Programme closing without a sustained plan of approach for continuous improvement and strategic intent, to build on the outputs of Transformation, to drive efficiencies and realise ongoing associated benefits

Risk Impacts (contingent effect on objective) (please list):

- Slower pace of change
- Unable to achieve target operational model and efficiencies which promise ongoing efficiencies across our organisation
- Negative view of the Transformation Programme and what it promised, both internally within our organisation and outwardly by our residents


Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

The following risk categories apply:

Corporate Risk Categories: Technological, Customer/ Citizen, Economic, Political

Service Risk Categories: Resource, Technological

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	3	3	9		New

Mitigations in Place & Completed Actions

As we continue our focus on closing-out the Transformation Programme we maintain the following mitigations:

- Transformation programme in place with robust governance and reporting, including fortnightly Steering Group and monthly Transformation Board
- Resourcing/capacity (both within core programme team and service areas) is on programme risk register and reviewed at each Steering Group
- Where resource issues are identified, then request can made for budget to provide additional resource/backfill (approval is via Transformation Board only)
- Additional capacity has also been provided by KPMG as our Strategic Implementation Partner where required to deliver specific workstreams
- Programme budget is actively managed with monitoring statements provided to every Steering Group and Transformation Board
- Budget includes contingency allocation to help manage unforeseen circumstances
- Corporate Transformation Programme is looking to close-out by March 2025 so the majority of work has now been completed and exposure to this risk is therefore decreasing

Additionally, we must remain focused on achieving our digital vision and realising associated benefits:

Data and Innovation Programme:

- Continued focus on AI and innovation, development of our corporate approach to Co-Pilot
- Identification of use cases: working with our Microsoft partner to identify funded opportunities to help us demonstrate tangible opportunities for efficiencies using technology to drive and support workforce engagement and build our business case for growth
- Ongoing focus on evolving and establishing the service offering of the Data and Analytics Centre of Expertise
- Focus on data quality, integrity and accuracy across the organisation
- Data migration and ownerships
- Information governance, data protection and compliance
- Strategic focus on how we drive innovation as an operational model within IT and Programmes
- Drive organisational change through data led decision making

Systems Ownership, Consolidation & Integration:

- Sustained focus on successful implementation and support of systems
- Deliver systems ownership model
- Maintain strategic supplier relationships
- Consolidate and rationalise

Establishing the evolution of the Corporate Management Board:


- Currently working with Marketing, Policy & Insight to establish a more structured focus on continued improvement to achieve the Corporate Strategy and the ongoing benefits associated with Transformation

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	Y
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place


Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	2	2	4		New

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Effective management of the current Transformation Board and its close-down and support the effective transition of the strategic focus of the Corporate Management Board on continuous improvement and ongoing strategic outputs from foundations laid by the Transformation Programme	January 2025
Action 2:	Continue Children's Transformation Programme	April 2025
Action 3:	Continue Adults' Transformation Programme	April 2025
Action 4:	Develop and establish a new Data and Innovation Programme	January 2025
Action 5:	Continue Strategic Corporate Management Board and Cabinet Members Working Group (ensuring robust knowledge exchange)	April 2025
Action 6:	Commit resource and support to upcoming Children's inspections	Late 2024 (TBC)

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	2	2	4		New

Quarter Update

Corporate Transformation Programme activity has focused on ongoing development of digital platforms (website, Customer Relationship Management (CRM) system) and consolidation of line of business systems. Additional resource has been approved to accelerate rewrite of content on the corporate website and consolidation of third-party 'microsites' onto single web-hosting platform. Additional technical/development capacity is being requested to support the next phase of CRM development, and subject to approval, will provide additional technical capabilities required to enable service transformation. Capacity in frontline services to engage in this work can be a challenge, but is being managed via early engagement, robust forward planning and support from the core programme team.

Whilst maintaining our focus on delivering the Transformation Programme as outlined above, we are aiming to close-out this programme in line with the agreed timeframe. Currently, we are approaching this through review of associated budgets, our focus on managing and articulating ongoing budget requirements and our sustained approach to programme governance. We have also commenced our strategic scoping activity related to data and innovation and ongoing continuous improvement within the organisation.

Children's Services continues to be subject to two Statutory Directions from the Secretary of State, and there continues to be robust monitoring and scrutiny from the Department for Education and Ofsted. However, the Children's Social Care monitoring visits have stopped due to continued confidence in the Children's Improvement journey. Children's Services continues to have a robust plan, aligned to corporate transformation to transform, and is currently working towards implementing a new service delivery model, transforming their commissioning, improving the use of data and technology and implementing new service governance arrangements. The timetabling of this transformation continues to be reliant on the incoming Inspecting Local Authority Children's Services (ILACS) Ofsted and Special Educational Needs and Disabilities (SEND) inspections, but the robust governance that is established continues to raise further risks and issues.

Adult Social Care (ASC) have developed a clear plan for transformation over the next 4 years via the proposed 'Fulfilled Lives' programme. The proposed programme will deliver a number of transformation projects that will mitigate and support against the national challenges many local authority ASC departments are currently facing, such as increased demand for services. The programme itself is currently in its infancy, with investment required in order to fulfil and meet all the benefits/savings that have been identified via detailed diagnostic work. The programme will include 4 key areas of focus: operational service design; how we utilise intermediate care; self-directed support, and how we commission home care services. Full mobilisation of the programme will be dependent on investment being agreed to support delivery, however, clearly defined plans have already been established, alongside robust governance with early risks being raised, tracked and mitigations being applied.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

This is a new risk. As such we will be able to present the direction of travel in more detail as the mitigations against risk/s are addressed and progressed.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score	N/A	New risk
Net Score	N/A	New risk
Target Score	N/A	New risk

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Internal Audit - 1st Quarter, 2024/25, Audit Plan Update
Meeting date	25 July 2024
Status	Public Report
Executive summary	<p>This report details progress made on delivery of the 2024/25 Audit Plan for the 1st quarter – April to June (inclusive) 2024. This includes completion of audits from the 2023/24 Audit Plan. The report highlights that:</p> <ul style="list-style-type: none"> • 19 audit assignments have been finalised, including, 1 'Substantial', 9 'Reasonable' 4 'Partial' and 5 'Follow Up'/'Consultancy' audit opinions; • 26 audit assignments are in progress, including 3 at draft report stage; • Total additional council tax yield of £404,935 has resulted, to date, from the Single Person Discount pilot project; • 4 'High' priority audit recommendations have not been fully implemented by the original target date, and 4 'Medium' priority recommendations have not been fully implemented. Explanations from respective services have been provided and revised target dates have been agreed.
Recommendations	<p>It is RECOMMENDED that:</p> <p>a) Note progress made and issues arising on the delivery of the 2023/24 and 2024/25 Internal Audit Plans.</p> <p>b) Note the explanations provided (Appendix 1) and determine, in the case of the High and Medium priority recommendations highlighted, if further explanation and assurance from the Service / Corporate Director is required.</p>
Reason for recommendations	<p>To communicate progress on the delivery of the 2023/24 and 2024/25 Internal Audit Plans.</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	Graham Farrant, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk
Wards	Not applicable
Classification	For Information

Background

1. This report details Internal Audit's progress against the 2023/24 and 2024/25 Audit Plans for the period April to June 2024 inclusive and reports the audit opinion of the assignments completed during this period.
2. The report also provides an update on significant issues arising and implementation of internal audit recommendations by management (as at June 2024).

Delivery of 2023/24 & 2024/25 Internal Audit Plans – Quarter 1 (April - June 2024)

3. 19 audit assignments have been **finalised in this quarter** as outlined below:

	Service Area	Year, Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
1	Commissioning	23/24 - Hospital Discharge Service: Review the following in relation to Council's responsibility: <ul style="list-style-type: none"> ➤ Legislation ➤ Contracts (including funding) ➤ Governance including: ➤ Roles and Responsibilities ➤ Structure ➤ Monitoring and Reporting ➤ Patients – sample testing 	Reasonable	0	2	1
2	Finance	23/24 – Asset Management Estates: <ul style="list-style-type: none"> ➤ Assets Management and financial records - including acquisitions, changes and disposals ➤ Financial Statements - rolling review of property values and all valuations are reflected accurately ➤ Previous recommendations 	Reasonable	0	3	0

	Service Area	Year, Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
3	Commissioning	23/24 – Procurement KAF & Counter Fraud (joint report) <ul style="list-style-type: none"> ➤ Ensure the Council will meet the requirements of the New Procurement Legislation in the correct timeframe ➤ Contract Award including: ➤ Contracts are awarded in compliance with corporate policies, procedures and systems, including arrangements to prevent fraud ➤ Identification of spend not on the Contracts Register 	Reasonable	0	3	0
4	Finance	23/24 – Creditors KFS <ul style="list-style-type: none"> ➤ Raising Orders including invoices processed without purchase orders ➤ Invoice Checks to include ➤ Duplicate payments ➤ Disputed/delayed/unpaid invoices ➤ VAT ➤ Management Information ➤ Authorisation Process complies with financial regulations ➤ Orders under £250 – review of auto-approved orders 	Reasonable	0	2	1
5	Finance	23/24 – Debtors KFS	Follow Up	-	-	-
6	Marketing, Comms & Policy	23/24 – Business Planning & Performance KAF & Partnerships KAF (joint report) <ul style="list-style-type: none"> - Review arrangements for: <ul style="list-style-type: none"> ➤ production of the new corporate strategy ➤ corporate expectations for business plans ➤ corporate performance monitoring ➤ compliance with partnership guidance ➤ overview & reporting for partnerships 	Reasonable	0	3	0
7	Marketing, Comms & Policy	23/24 - Sustainable Environment KAF	Consultancy	-	-	-
8	Customer, Arts & Property	23/24 – Fire Safety KAF <ul style="list-style-type: none"> ➤ Follow up of outstanding recommendations 	Follow Up	0	5	0

	Service Area	Year, Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
9	Finance	23/24 – Health & Safety KAF ➤ Follow up of outstanding recommendations	Substantial	-	-	-
10	IT & Programmes	23/24 – Project & Programme Management	Consultancy	-	-	-
11	Children's Services	23/24 – Agency Staffing ➤ Governance – policies/procedures including decision making, management information, roles & responsibilities ➤ Financial Management – review of spend ➤ Recruitment – compliance with corporate arrangements	Partial	6	2	0
12	Finance	23/24 – Main Accounting (KFS) & Financial Management (KAF) ➤ Main Accounting: Reconciliation of Key Financial Systems, Journals, Coding structure, Annual Accounts, Bank reconciliations, Feeder systems, Suspense Accounts, Capital Accounting, VAT ➤ Financial Management: Budget Setting & Monitoring, Financial Reporting, MTFP	Partial	2	5	4
13	Commercial Operations	23/24 - Seafront Seasonal Recruitment ➤ Recruitment and Selection Process, including resource planning, recruitment procedures, shortlisting, interview & selection ➤ Pre-Employment Checks ➤ Probation and Induction ➤ Monitoring and Reporting	Partial	4	6	1
14	Children's Services	23/24 - Linwood Special School ➤ the establishment has a sound financial management system ➤ Internal controls are effective over Governance, Budgeting, Purchasing, Income & Banking, Payroll, Asset Management & Insurance arrangements ➤ The Local Authority's Financial Regulations, and other instructions, are being adhered to	Partial	2	5	5

	Service Area	Year, Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
15	Corporate	23/24/25 – Employee Expenses & Claims ➤ Analytical review of expense claims ➤ Review of sample of expense claims to ensure compliance with policy	Reasonable	0	2	0
16	Corporate	23/24/25 - Corporate Safeguarding (Modern Slavery) ➤ Recruitment, including pre-employment checks and training ➤ Procurement, including arrangements to ensure suppliers and supply chains are free from modern slavery ➤ Incident management arrangements ➤ Corporate Reporting arrangements	Reasonable	0	2	0
17	Adult Social Care	2023/24/25 - Section 117 Hub ➤ To ensure appropriate governance framework is in place including roles & responsibilities, partnership agreement, performance reporting, policy framework & compliance with Financial Regulations	Reasonable	0	2	0
18	Children's Services	2023/24 – School Admissions (Counter Fraud)	Consultancy	-	-	-
19	Law & Governance	2023/24/25 Information Governance (Core KAF) – review of: ➤ IG Board including roles, responsibilities & governance ➤ Data breach reporting process ➤ IG team role in project management	Reasonable	0	4	0
Total Recommendations				14	46	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.
- **KFS** – Key Financial System
- **KAF** – Key Assurance Function

Partial Assurance Audit Opinions

4. There were 4 'Partial' assurance audit reports issued during the quarter as follows:

Children's Services – Agency Staff – six high and two medium priority recommendations were made to address the following issues:

High Priority	
Children's Services – Local Procedures and Guidance	The operational procedures implemented by Children's Services to manage agency workers are not included in guidance for staff. In addition, these procedures are not consistently applied.
Children's Services - Evidencing authorisation of "off contract" agency workers and retention of contract information	Evidence of the authorisation for "off contract" agency workers to be recruited and the corresponding contract agreement and information for them has not been consistently kept.
Children's Services – Compliance with Financial Regulations	The ongoing use of "off contract" agency workers constitutes a breach of Part G Section 6 (use of corporate contracts) of the BCP Financial Regulations.
Corporate Issue – Recruitment and Selection Policy	Corporate Recruitment and Selection Policy includes no details or guidance for the use of "off contract" agency staff. In addition, the requirements for Senior Management to agree aspects of agency worker usage do not reflect current practice.
Corporate Issue – Pay rates for agency workers	There are significant variances in the pay of agency workers fulfilling similar roles.
Corporate Issue – Compliance with Financial Regulations	The ongoing use of "off contract" agency workers constitutes a breach of Part G Section 6 (use of corporate contracts) of the BCP Financial Regulations.
Medium Priority	
Children's Services – Producing a comprehensive staff list	There is currently no comprehensive list of all agency workers in Children's Services.
Corporate Issue – Use of the Comensura System	There is no requirement for budget holders to agree new recruiting officers being set up on the Comensura system. In addition, there is no separation of duties between recruiting and authorising officers embedded within the system.

Finance – Main Accounting (KFS) & Financial Management (KAF) – two high, five medium and four low priority recommendations were made to address the following issues:

High Priority	
Control Accounts	A number of control accounts have not been balanced and/or have not been reviewed on a regular basis.
Training	Insufficient formal Dynamics F&O user training has been given to all officers who use the system.
Medium Priority	

Coding Structure	A significant value of transactions and balances were migrated from Fusion to Dynamics but have not yet been reallocated to appropriate main accounts and cost centres.
Annual Accounts	Accountancy documents, records and general correspondence are not being stored in a single consistent location.
Bank Reconciliations	There is no sign-off of bank reconciliations by senior management.
Capital Accounting	There have been numerous issues with the implementation of the Project Module and there are discrepancies between it and the General Ledger.
Journals	Supporting information for journals is not always being retained on Dynamics, and journal descriptions are inconsistent and sometimes unclear.
Low Priority	
Coding Structure	Requests for new cost centre codes are not reviewed to ensure they have been authorised by an appropriate officer. Codes are being set up by the systems team without any evidence of an authorisation trail being retained.
Bank Reconciliations	Bank reconciliation procedure documentation has not been reviewed to ensure it is fit for purpose.
Feeder Systems	There is no current systems map showing how the General Ledger system and the various feeder systems interface.

Commercial Operations - Seafront Seasonal Recruitment 2023/24 – four high, six medium and one low priority recommendations were made to address the following issues:

High Priority	
Workforce Planning and Budgets	There is no Seafront workforce plan in place to facilitate achievement of objectives, underpin budget-setting and ongoing management and to maximise the time available to undertake seasonal recruitment.
Policy and Procedures	There is inconsistency in casual staff recruitment and selection arrangements across the Seafront. Local policies and procedures have not been formally agreed and documented and roles and responsibilities are unclear, in some cases having been inappropriately delegated to junior members of staff.
Application Processing and Record Keeping	Completed application forms are printed from the corporate online system for processing in contravention of the Council's sustainability guidance, with personal data at risk of being shared inappropriately due to use of spreadsheets and insufficiently secure storage and disposal arrangements.
End of Season Contract Termination	Casual employment contracts are not subject to routine review at the end of the main summer season and terminated where appropriate leading to accrual of continuous employment rights and associated increase in costs.
Medium Priority	
Policy and Procedures	Not all recruiting managers have undertaken corporate Recruitment & Selection and Unconscious Bias training in accordance with corporate policy.
Job Design and Pay Scales	There are a range of different job titles for seafront casual staff, some of which appear at face value to be comparable but which attract different rates of pay. Recruitment and retention difficulties have led to use of agency staff in some cases rather than applying local market supplements in accordance with corporate policy.
Employment References	Pre-employment reference arrangements have not been formally agreed and documented. In the majority of new starter records sampled, there was no evidence of satisfactory employment references had been obtained prior to commencement of employment.
Induction and	Induction processes are inconsistent across Seafront Teams and differ from the

Mandatory Training	corporate process. Mandatory training requirements for casual staff are in need of clarification and completion rates are not actively monitored and managed.
Performance Management	There is no formal probation nor performance management process in place for seasonal staff.
Low Priority	
Induction and Mandatory Training	Mandatory training KPIs for the Commercial Operations Service Directorate are distorted by low completion rates amongst casual staff.

Linwood School 2023/24 - two high, five medium and five low priority recommendations were made to address the following issues:

High Priority	
Budgets	At the time of the audit, Linwood was expected to have an in-year deficit in excess of £600k for 2023/24. The deficit is a result of an unfunded budget assumption by the school that additional support would be provided by BCP Council. A deficit recovery strategy was not yet in place.
Purchasing	The school has not obtained three written quotes in support of contracts in excess of £10k in a year in all cases. In addition, it was confirmed that the school has long running contracts in place which have exceeded the value against which quotes were originally sought.
Medium Priority	
Governance	The School's Financial Procedures, Scheme of Delegation and Evaluation Forms do not reflect the BCP Scheme for Financing Schools expenditure threshold requirements for supporting evidence and authorisation.
Governance	The school's Financial Procedures do not currently state explicit values to which individual budget holders and members of staff are able to authorise items of expenditure
Purchasing	Although efforts have been made to limit the frequency and value of such activity, staff can commit the school to expenditure without prior approval from the applicable budget holder.
Purchasing	The spend limit for a store card requires reviewing.
Reconciliations	A number of reconciliations are not sufficiently evidenced and/or authorised.
Low Priority	
Governance	The school's Financial Procedures and Scheme of Delegation do not accurately reflect the more limited ICT equipment and Mini-Bus only approach to inventory content and review practices currently in use.
Governance	Although declarations could be provided for a sample of governors, this was not supported by emails/signatures to confirm their veracity.
Asset Management	An annual review of the inventory is not taking place.
Petty Cash	The need to obtain supporting signatures to confirm receipt and separation of duties are not consistently applied in all satellite schools.
Petty Cash	Evidence that all petty cash floats have been reimbursed and reviewed are not retained.

5. There were no 'Minimal' assurance audit reports issued during the quarter.

6. The status of **audits in progress** (April - June 2024) are outlined below:

	Service Area	Audit	Progress
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1	Planning & Transportation	2023/24/25 Developer Contributions (Expenditure Review)	Draft
2	Housing & Communities	2023/24/25 – Facilities Management - Housing Stock (KAF)	Draft
3	School	Somerford School	Draft
4	Customer & Property	2023/24/25 – Facilities Management (Core KAF)	Fieldwork
5	Children's Social Care	Direct Payments	Fieldwork
6	Commissioning	Procurement Cards	Fieldwork
7	Education & Skills	Personal Education Plans – Virtual School	Fieldwork
8	Finance	Council Tax (KFS)	Fieldwork
9	Finance	Non Domestic Rates (KFS)	Fieldwork
10	Finance (Corporate)	Cash Income	Fieldwork
11	Finance (Corporate)	Contract Award	Fieldwork
12	IT & Programmes	Business Planning & Performance Management (KAF)	Fieldwork
13	People & Culture	Recruitment	Fieldwork
14	Children's Services	Workforce Development	Fieldwork
15	Schools	Christchurch Learning Centre	Fieldwork
16	Schools	St Walburga's	Fieldwork
17	Schools	Corpus Christi	Fieldwork
18	Wellbeing	Risk Management (KAF)	Scoping
19	Adult Social Care	Homecare & Residential Payments	Scoping
20	Commercial Operations	Seafront – Arrangements for Compliance with Planning Regulations	Scoping
21	Environment	Information Governance – Body Cams & ANPR (KAF)	Scoping
22	Finance	Business Continuity (KAF)	Scoping
23	Finance	Housing Benefit & Council Tax Reduction Scheme	Scoping
24	Housing & Communities	Temporary Accommodation & Bed & Breakfast Financial Management	Scoping
25	People & Culture	Human Resources (Core KAF)	Scoping
26	Planning & Transport	CIL – Management of Spend	Scoping

7. 2023/24 audit activity does not neatly end on 31 March 2024. Therefore, where fieldwork 'straddles' the financial year, the audit is labelled as 2023/24/25 audit.
8. The 2024/25 Audit Plan was kept under review to ensure that any changes to risks, including emerging high risks, are considered along with available resource. The following changes have been during quarter 1:

2024/25 Audit Plan Changes – Quarter 1

	Service Area	Audit	Added / Removed	Comment/rationale
1	Adult Social Care	Contact Centre	Removed	Contact centre project not going ahead in the way initially envisaged but they will be transforming the service, therefore audit not required.
2	Housing & Communities	Food Safety Regulation Compliance	Removed	Delay to changes to food standard agency regulations
3	Commercial Operations	Seafront – arrangements for compliance with planning regulations	Added	Concerns raised at Audit & Governance Committee

9. 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.

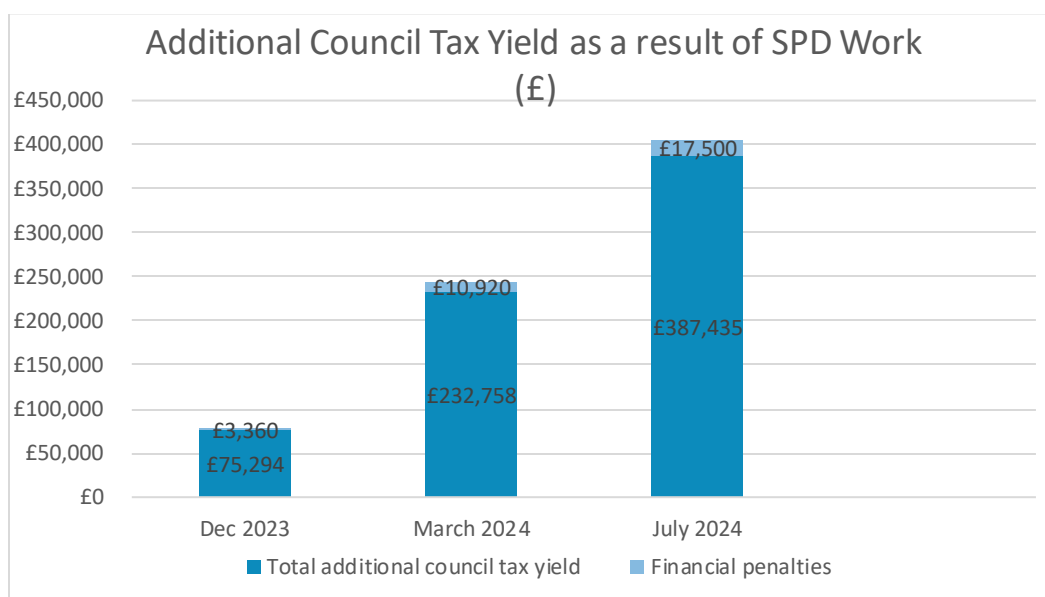
2024/25 Audits Planned for Quarter 2 (July-Sept 24) - Provisional

	Service Area	Audit
1	Children's Services	Risk Management (Follow Up)
2	Wellbeing	Supplier Assurance
3	Commercial Operations	FCERM – Commercial Charing & Cost Control / Recovery Approach
4	IT & Programmes	Application Rationalisation
5	IT & Programmes	ICT (Core KAF)
6	People & Culture	Payroll
7	Planning & Transportation	Planning Applications (Counter Fraud)
8	Planning & Transportation	Infrastructure Asset Review
9	People & Culture	IR35 Compliance
10	Housing & Communities	Housing Quality (including new social housing regulations compliance)
11	Finance	Business Continuity (Core KAF)
12	Law & Governance	Local Land Charges
13	Finance	Social Services Financial Assessments
14	Investment & Development	Investment & Development – KAF Overview
15	Infrastructure	Operations Partnerships & Strategy – KAF Overview
16	Marketing, Comms & Policy	Business Planning & Performance Management (Service KAF)

Significant Issues Arising and Other Work

Single Person Discount

10. Further work has been carried out on the Single Person Discount (SPD) pilot 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 are removed where fraud or error is found, and the national penalty charge (£70) is levied for failure to notify the Council of a change in circumstances.
11. Good progress is continuing to be made, with an additional 119 SPDs removed during Q1, bringing the total to 340 since the project began. The total additional council tax yield stands at £404,935 (including financial penalties), up from £243,678 at the end of 2023/24. The progress is shown in the table below.



12. On average, each SPD removed results in approximately an additional £627 in billed underpayments and £1,074 of total additional council tax yield.
13. As previously reported, the highest individual case has resulted in an additional yield of £3,884.84 where an SPD going back to 2015 was removed.
14. The pilot project is continuing to produce significant additional yield and plans are in place for the work to transition to the newly created Income Maximisation and Compliance team in Revenues service in December 2024.

Other work

15. The Multiply Grant audit in Skills and Learning was completed to ensure that the Council is complying with the grant conditions; namely that the Council has a strong control framework in place around grant expenditure and the eligibility of the learners to qualify for the grant. The audit was given 'Reasonable' assurance; several recommendations were made to further strengthen the evidence base for the claim.

16. Testing has been undertaken on the Supporting Families grant to allow the sign off the quarter 1 claim.
17. The annual internal audits on behalf of the two Charter Trustees have been completed. The outcomes of the audits are reported to the meetings of the respective Charter Trustees and are available to the public.
18. One Early Education Fund audit was issued as final during the quarter. No significant concerns were identified.

Implementation of Internal Audit Recommendations

19. It is a requirement of the Audit Charter that all High Priority recommendations that have not been implemented by the initially agreed target date (or the agreed revised target date) will be reported to the Audit & Governance Committee (where the revised target date has not previously reported). This is 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.
20. There were 4 high recommendations across 2 audits which met the criteria; they are shown in detail in Appendix 1.
21. 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.
22. 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.
23. As such, at the end of June, there were 4 medium priority recommendations across 3 audits outstanding two years beyond the original target. These have also been included in Appendix 1, along with explanations from the services.
24. 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.

Audit Assignment Scope

25. In response to a query at a previous Audit & Governance Committee, an 'infographic' (Appendix 2) has been produced to show the information 'feeders' which contribute towards determining what the objective and the scope of an internal audit assignment will be. As illustrated, there is a wide range of information which is considered in determining the scope for an audit, which includes service information, previous frauds, ICT considerations. Note that not all feeders may be relevant for all audits. The 'priority' information sources are shown as risk registers, corporate strategy, management concerns, and previous audit work undertaken.

Options Appraisal

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

Summary of financial implications

27. The BCP Internal Audit Team budgeted cost for 2024/25 is £752,000; this figure is inclusive of all direct costs, including supplies & services, but it does not include the apportionment of central support costs (which are budgeted in aggregate and apportioned to services as a separate exercise). The budget figure also includes the Head of Audit & Management Assurance who manages other teams.
28. There are currently no forecast variances.

Summary of legal implications

29. This report gives a source of assurance on the adequacy and effectiveness of the risk, control, and governance systems in place.

Summary of human resources implications

30. The Internal Audit Team currently consists of 14.35 FTE inclusive of the Head of Audit & Management Assurance. It is the opinion of the Chief Internal Auditor that these resources are sufficient to provide Audit & Governance Committee and the Council's Corporate Management Board with the assurances required.

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

34. 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 & Medium Priority recommendations – outstanding for over 2 years

Appendix 2 - Infographic showing key feeders used to determine the scope of audit assignments

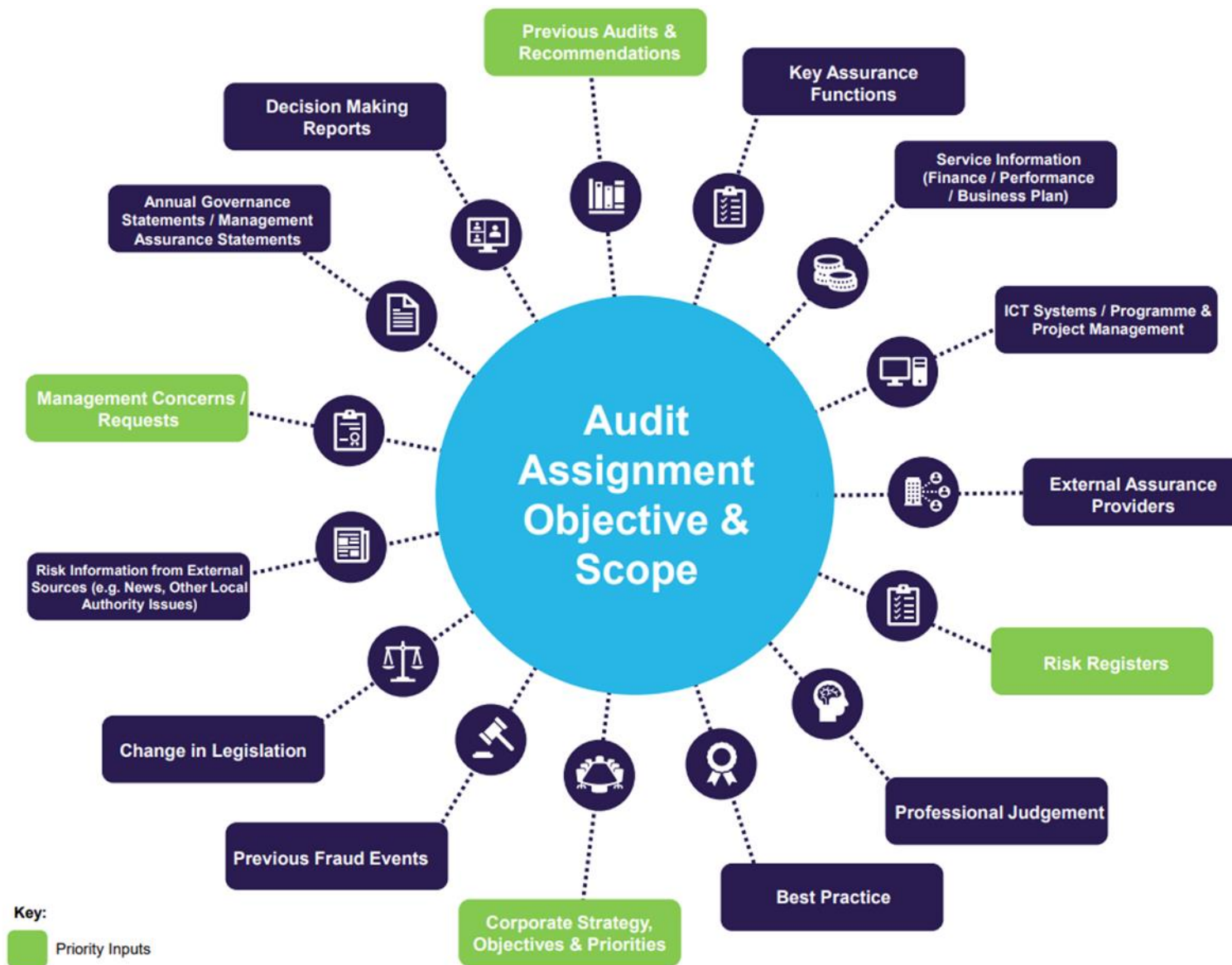
Appendix 1 - Table showing High Priority recommendations where the original target date for implementation was not met

Recommendation	Original Target Date	Explanation from Director	Revised Target Date	Internal Audit Comments
HIGH PRIORITY RECOMMENDATIONS				
2023-24 Children's Services – Section 17				
Management should ensure that a policy relating to Section 17 expenditure is produced and agreed with senior management, with supporting procedures fully documented and disseminated.	31/12/2023	Scheme of delegation has approved. A process and systems improvement project on non-placement brokerage and expenditure, which encompasses S17 spend has commenced, from which new policies and procedures may be developed as required.	31/10/2024	Progress to fully implement the recommendation is underway.
2023/24 Children's Services - Agency Staffing				
That Children's Services work with Strategic Procurement for advice regarding obtaining a blanket waiver / Procurement Decision Record where multiple agency staff are used.	30/06/2024	Strategic Procurement are currently advising Children's Services on this recommendation.	30/09/2024	Children's Services are working with Strategic Procurement to find an appropriate way forward.
That a procedure document is produced for all agency hiring staff in Children's Services, detailing clearly how the recruitment of agency personnel, both via Comensura and "off contract" via other agencies, is managed and specifying authorisation and documentary evidence requirements, record storage, inclusion in staff lists and the recruitment checks that should be undertaken in all cases.	30/06/2024	A flowchart has been drafted for Children's Services. This will be reviewed by Business Manager and HR before circulation at the end of July.	31/07/2024	Progress is well underway with the target date extended by one month only to allow review by the relevant officers.
That a review of all current "off contract" agency workers in Children's Services is undertaken to confirm that in each case both reasonable contract information and evidence of authorisation by a senior manager (in accordance with the Service Scheme of Delegation) are available. In addition, all contract and authorisation records for "off contract" agency workers are held centrally, in Procurement Decision Records (PDR's) managed by the Strategic Procurement Team.	30/06/2024	Business Manager is reviewing documentation and will be collating into a central folder on Teams. Once completed these will be forwarded to Strategic Procurement by the middle of July.	31/07/2024	

Recommendation	Original Target Date	Explanation from Director	Revised Target Date	Internal Audit Comments
MEDIUM PRIORITY RECOMMENDATIONS – ORIGINAL TARGET DATE OVER 2 YEARS				
2020-21: KAF Asset Management - Facilities Management (Corporate Buildings Health & Safety Statutory Compliance)				
A corporate approach is developed to carrying out, recording and reporting basic building safety checks (e.g. monthly emergency lighting tests) including clear articulation and communication of roles, responsibilities and requirements and regular sample checking of inspection logs by the FM Team to confirm satisfactory completion.	31/12/2021	Whilst there has been some progress, arrangements for FM management across all buildings remains somewhat fragmented, a key contingent part of which is to consolidate building maintenance funding to facilitate a fully joined-up process. Consolidation of funding is still an outstanding action of the Virtual Landlord Group led by the Chief Finance Officer and work is underway with Finance to bring this to a satisfactory conclusion.	04/01/2025	Progress is underway but full implementation is contingent on the wider work to consolidate funding. This is being managed the Virtual Landlord Group.
2021-22 ASC&C - Information Governance				
The Information Asset Register is fully and consistently populated for each information asset.	30/03/2022	This is being resolved as part of an IG Officer's End Point Assessment for their Level 4 Apprenticeship in Information Governance Practice. As of 21 June 2024: 1. Expired Assets have been identified from the original Register for both Services and Commissioning. 2. The assets have been identified across 15 stakeholders – all of whom have been contacted to verify the status of the Asset i.e., confirm, decline, or add new versions. 3. Feedback starting to come in. 4. The Complaints Team have identified additional spreadsheets to be added to the Register. Project due to be completed on 14th August 2024.	14/08/2024	Following an initial delay, the service has provided evidence that work is now well underway to achieve the August deadline.
2021-22 Procurement - Contracts				
Financial Regulations or supplementary Procurement Guidance (for £5k-£25k) is updated with the following: <ul style="list-style-type: none">quotation selection processquotation opening processquotation acceptance process (where only one quote received)contractor negotiation process	29/04/2022	Changes were made to the 2024/25 Financial Regulations Part G – Paragraph 22 to give more clarity in respect of the requirements in respect of quotations. Supplementary guidance still needs to be developed for the quotation process between £5k and £30k	01/12/2024	The service should work to complete these recommendations by the revised date.

Recommendation	Original Target Date	Explanation from Director	Revised Target Date	Internal Audit Comments
Supplementary Procurement Guidance is produced to cover selling or disposing of non-property assets.	29/06/2022	A formal process using a Procurement Decision Record (PDR) to cover disposals of assets is being produced. The PDR will detail the steps required to be followed.	01/12/2024	The service should work to complete these recommendations by the revised date.

Appendix 2 –Infographic showing key feeders used to determine the scope of audit assignments



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AUDIT AND GOVERNANCE COMMITTEE

Report subject	Annual review of Declarations of Interests, Gifts and Hospitality by Officers for 2023/24
Meeting date	25 July 2024
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 March 2024 and the revised policy was approved by Audit & Governance Committee (7 March 2024).</p> <p>Some minor changes were made to the policy as part of the annual evolution including adding the need to confidentially store declarations as part of the responsibilities of Service Directors and the Monitoring Officer. A new In Year Minor Amendments and Editing Log was also added.</p> <p>Internal Audit are able to provide reasonable assurance, through the completion of an annual exercise, 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> <ol style="list-style-type: none"> 1. Audit & Governance Committee note the annual review of Declarations of Interests, Gifts & Hospitality by Officers (2023/24). 2. Endorse the opinion of the Head of Audit & Management Assurance that the Policy is fit for purpose and that there was a good level of awareness and compliance in 2023/24.
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	Graham Farrant, Chief Executive
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.
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. The Policy is a key building block where the Council and employees can demonstrably show awareness and compliance with the Nolan Principles, the seven principles of public life, namely selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
4. 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

5. An annual review of the Council's Declaration of Interests, Gifts & Hospitality Policy took place in March 2024 and the revised policy was approved by Audit & Governance Committee (7 March 2024).
6. Some minor changes were made to the policy as part of the annual evolution as summarised below:
 - Responsibilities of Service Directors and Monitoring Officer – added need to confidentially store declarations received.
 - Added new In Year Minor Amendments and Editing Log.
7. 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 2024.
8. Policy awareness for new employees is ensured through the formal induction process and the completion of mandatory training (in particular the Fraud Awareness module).
9. The Head of Audit & Management Assurance has continued to deliver bespoke training and questions and answer sessions on the Policy across Council services.

Internal Audit work on Declaration of Interests, Gifts and Hospitality

10. An annual exercise was carried out by Internal Audit to ensure that 'Form 2's' had been completed by all Tier 4 and above officers (as required by the Declaration of Interests, Gifts & Hospitality Policy). After some chasing of forms, it was determined that over 95% of senior officers had completed and returned the forms to the Monitoring Officer as required by the Policy. The outstanding forms relate to staff that are either new to the organisation or new to a senior officer (Tier 4 and above)

position. Internal Audit are liaising with these few remaining officers to ensure the forms are submitted to the Monitoring Officer.

11. As a result of a whistleblowing referral a management investigation was carried out into a potential conflict of interest for an officer regarding their BCP Council role and personal private work. Whilst a declaration had been made, and no impropriety was identified some further improvements were identified and implemented to ensure clear mitigating actions were put in place by management to manage the perceived potential conflict of interest. Further details of this investigation will be provided to the Audit & Governance Committee in October 2024 as part of the annual report on counter fraud work and whistleblowing referrals in 2023/24.
12. As reported last year, Internal Audit carry out work to review data matching results provided by the National Fraud Initiative on BCP Council employees (payroll data) matched to Companies House directors (which also includes payments made to those companies). This is a bi-annual exercise with the next set of data matching results due to be released in January 2025. The findings from this review will be provided to this committee at the next annual report in July 2025.

Declaration of Interests, Gifts and Hospitality Policy Enforcement and Sanctions

13. Employees must comply with the requirements of the Policy and any failure to do so is a disciplinary matter. Disciplinary action may be taken regardless of whether the actions amount to a criminal offence.
14. 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 during the 2023/24 financial year.

Overall opinion for 2023/24 and targeted training

15. It is the opinion of the Head of Audit & Management Assurance that the Policy is fit for purpose and there has been good compliance and awareness across the workforce. This opinion is made knowing that a small level of chasing was required by Internal Audit, when missing declarations were identified.
16. Ideally Internal Audit would not need to chase any missing declarations, training in 24/25 will be specifically targeted to recruiting officers who need to ensure new starters and existing staff recruited to new roles complete appropriate declarations.

Options Appraisal

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

Summary of Financial Implications

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

Summary of Legal Implications

19. 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.
20. 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

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

Summary of Environmental Impact

22. There are no direct environmental 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. There are no direct equality implications from this report.

Summary of Risk Assessment

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

Background Papers

None

Appendices

None

AUDIT AND GOVERNANCE COMMITTEE

Report subject	Use of Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Annual Report for 2023/24 financial year
Meeting date	25 July 2024
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 a contents page, authorising officer title changes, expanding implications of not following correct procedures and adding a new in year minor amendments and editing log.</p> <p>BCP Council has used powers under IPA once during the 2023/24 financial year to assist with a trading standards investigation.</p> <p>BCP Council has not made use of powers under RIPA during the 2023/24 financial year.</p> <p>The BCP Council statutory return for the 2023 calendar year has been sent 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 used powers under the Investigatory Powers Act once during the 2023/24 financial year, and that the Council has not made use of powers under the Regulation of Investigatory Powers Act during the 2023/24 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	Graham Farrant, Chief Executive
Report Authors	<p>Nigel Stannard Head of Audit & Management Assurance, Finance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk</p> <p>Janie Berry Monitoring Officer, Law & Governance ☎01202 817926 ✉ Janie.berry@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 2016 (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 2024 and the revised policy was approved by Audit & Governance Committee (7 March 2024).
5. Some minor changes were made to the policy as part of the annual evolution as summarised below:
 - Added contents page.
 - Section 6 'The Policy' - Authorising Officer title changes – Regulatory Services Manager replaced with Head of Public Protection and Director of Communities replaced with Director of Housing & Communities.
 - Section 10 'Enforcement and Sanctions – Added subjects of surveillance may bring their own proceedings on Human Rights grounds if correct procedures are not followed.
 - Added new In Year Minor Amendments and Editing Log.
6. A corporate communication on the updated Policy along with other Finance Policies was issued to all staff including senior managers in April 2024.

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 Head of Public Protection (was Regulatory Services Manager in 2023/24), 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 preventing or detecting crime, anti-social behaviour and in 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. The Regulatory Services Manager, in accordance with the RIPA/IPA Policy, approved **one use of an IPA application during 2023/24** for the purpose of a trading standards investigation. NAFN arranged for the IPA application (to access to communications data) to be granted by the OCDA in accordance with the Council's Policy. The investigation related to 'rogue trading' whereby the subject was involved in taking significant payments for building work that failed to be completed or commenced or of a poor quality. As the subject was believed to be using multiple false identities (to avoid any future civil liability in respect of goods/works supplied) information was sought on telephone numbers linked to the offender. The matters were considered to meet the definition of serious crime and therefore a proportionate request to make. This large scale, multi-offender, fraudulent trading investigation is still ongoing. All subjects have been interviewed and a report, recommending prosecution of some, if not all, of the subjects under the Fraud Act, will be submitted over the next couple of months.
11. The Council has **not made use of powers under RIPA during 2023/24**. The Council's RIPA Authorising Officers have not approved the use of covert surveillance techniques.

Investigatory Powers Commissioner's Office - Oversight

12. All entities able to use RIPA/IPA are required to complete a statutory return to the IPCO for the preceding calendar year. The single IPA application was not recorded on this return as NAFN are responsible for reporting these applications. The Council completed and sent off this return within the required timeframe (in January 2024).
13. During 2024, BCP Council is due its three-yearly inspection by the IPCO. The inspection is to assess compliance with the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016.
14. The Council has been asked to provide a written response to a set of questions which will then determine whether a remote or in-person inspection is required. The Council's RIPA Administrator is currently leading on compiling a response to the questions on behalf of the Council. An update on the outcome of the inspection will be provided to a future Audit & Governance Committee meeting.

Options Appraisal

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

Summary of financial implications

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

Summary of legal implications

17. 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

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

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

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

Background papers

None

Appendices

None

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Annual Breaches & approved Waivers of Financial Regulations Report for 2023/24																																	
Meeting date	25 July 2024																																	
Status	Public Report																																	
Executive summary	<p>This report sets out the breaches and waivers of Financial Regulations (the Regulations) which have occurred during the 2023/24 financial year and highlights the following:</p> <table border="1"> <thead> <tr> <th></th><th colspan="2">2023/24</th><th colspan="2">2022/23</th><th colspan="2">2021/22</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>7</td><td>35*</td><td>11</td><td>47</td><td>4</td><td>77</td></tr> <tr> <td>Total (£)</td><td>£15,417,745</td><td>£0.7m*</td><td>£1,172,738</td><td>£3.2m</td><td>£1,347,429</td><td>£6.3m</td></tr> </tbody> </table> <p>* direct comparison to previous years cannot be made due to changes in waiver categories as explained in paragraph 9.</p> <p>Whilst no breaches of Financial Regulations is the preferable position, the relatively low number of breaches again 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 Director of Finance, or their formally delegated representative, has agreed 35 waivers totalling £0.7m.</p> <p>For 2023/24, the lower number (35) of approved waivers compared to 2022/23 represents changes in waivers categories (in particular waivers could only be applied for <£25k) but also shows that 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>							2023/24		2022/23		2021/22			Breaches	Waivers	Breaches	Waivers	Breaches	Waivers	Total (count)	7	35*	11	47	4	77	Total (£)	£15,417,745	£0.7m*	£1,172,738	£3.2m	£1,347,429	£6.3m
	2023/24		2022/23		2021/22																													
	Breaches	Waivers	Breaches	Waivers	Breaches	Waivers																												
Total (count)	7	35*	11	47	4	77																												
Total (£)	£15,417,745	£0.7m*	£1,172,738	£3.2m	£1,347,429	£6.3m																												

Recommendations	It is RECOMMENDED that: The Audit & Governance Committee note the breaches & waivers of Financial Regulations that occurred during 2023/24.
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	Graham Farrant, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Information

Background

- 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), 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 or their delegated representative 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.

Breaches of Financial Regulations

- During the 2023/24 financial year seven breaches of Financial Regulations have been identified, totalling £15,417,745 (compared to eleven breaches, totalling £1,172,738 in 2022/23). Details of the seven breaches are outlined below:

➤ Br1, Infrastructure, Passenger Transport, approximately £10m

The Council's passenger transport service was originally commissioned using a framework contract and extended for a year as allowed by the contract. However, due to ongoing disruption and capacity issues in the service, the update of the contract specification and terms and conditions were not finalised in time to enable tendering to take place before this revised end date.

In the interim, the Passenger Transport Manager was instructed by Strategic Procurement to develop new off-contract arrangements together with re-negotiation of some critical routes with existing suppliers. However, a waiver or PDR to formalise the arrangements was not put in place. This process was allowable under Public Contracts Regulations 2015, however did not follow required internal processes to document the procurement process.

This breach was identified during an audit of the service in 2023/24 but related to the contact period September 2021 to September 2023 with an approximate value of £10m. A new contract has subsequently been put in place and no further breaches have occurred.

➤ Br2, Housing, deep cleaning Service for housing stock, £392,625

A total value of £392,625 cumulative spend with a single supplier for the cleaning services for BCP Housing stock was identified by the Head of BCP Homes which had not been subject to a tendering process or a waiver sought.

It was noted that not all of the identified expenditure was initiated by BCP Homes, but also by other services that procure services through the Housing Revenue Account.

The following recommendation was agreed with the Head of BCP Homes and progress is contained at the end of each area:

(a) Undertake a full tendering exercise for those activities identified in the breach and agree a contract in accordance with BCP Financial Regulations - *Complete*.

(b) BCP Homes reviews all supplier spend data for 2022/23 to confirm whether appropriate contracts are in place in accordance with Financial Regulations. Where contracts are duplicated, coming to end of term or otherwise considered redundant, a value for money review of alternatives should be undertaken accordingly - *Progress has been made with reviewing expenditure by supplier and developing an associated action plan which is due for completion by end of Sept 2024.*

(c) The above is included as a specific entry in the applicable Delivery and Alignment Plans to ensure that defined responsibility and timeframes for completing the review are in place and monitored – *Complete*.

➤ Br3, Environment, Bereavement services, Value N/A

Several areas of Financial Regulations regarding income controls were not complied with:

- No record kept of cash and cheque receipts
- No record of what goes into or out of the safe
- The safe key was not securely stored and was readily available to all staff
- Unable to confirm that two members of staff were present for post opening
- A delay in issuing official receipts for all cash and cheque income

The service has updated their procedures and associated fee booklet to show acceptable methods of payment. Cash and cheque payments have been minimised through the use of card and BACS payments. The service has also developed procedures for use of their safes to ensure compliance with the Financial Regulations control areas listed above.

➤ Br4, Environment, Bereavement Services, Value N/A

Customer debtor invoices were being raised outside of the corporate debtor invoicing system (Academy). Financial Regulations require that the CFO formally approves where corporate systems are not going to be used. No such approval was gained in this instance.

An interface between the new PlotBox system and Academy has now been developed. Officers have been reminded of the need to ensure CFO approval of financial systems and appropriate interfacing to corporate systems.

➤ Br5, Housing, Aspire Project, £9,120

A breach from 2022-23 (BR3) occurred after an additional £9,120 was spent with the same supplier for a project under the ASPIRE grant project.

Following advice from HR, the employee was formally issued with written management advice and guidance regarding the Council's Financial Regulations.

➤ Br6, Commissioning, Homecare Framework, approximately £5m

A waiver was produced to cover the use of 23 homecare suppliers over and above the Council's original agreed Homecare framework contract. A total of 45 suppliers were identified as providing off framework homecare services. This amounts to a further 22 suppliers over the agreed waiver number.

Soon after this issue was identified it was agreed by senior management that no further commissioning of homecare services from any off framework contacts would occur which ceased the non-compliance with the agreed procurement process.

➤ Br7, Environment, Green Space, £16,000

A commissioning officer was unaware of the requirement to obtain three quotes or a waiver for a project involving the thatching of a roof at Hengistbury Head.

Formal written management advice was given to the commissioning officer and their line manager.

4. Whilst no breaches of Financial Regulations is the preferable position, the relatively low number of breaches in overall context, which is also lower in terms of number of occurrences 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 Financial Regulations.
5. 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 be reported to Audit & Governance Committee during the next available reporting period.

Waivers of Financial Regulations

6. 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.
7. As a result, the Financial Regulations allow for a request to be made to the CFO (or their 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 Financial Regulations were followed in full.
8. The CFO (or formally delegated representative) may approve a waiver in the following procurement circumstances:
 - For procurements valued at under £25,000:
 - Accelerated procurement where the Council would suffer significant negative impact if the full operational or strategic procurement approach is applied.
 - Unable to invite or obtain 3 bids or competition absent for technical reasons.
 - For all procurements irrespective of value:
 - Payments in advance for goods, services or works.
 - Propose not to use an available Corporate Contract.
9. It should be noted that 2023/24 was a 'transitional' year for Waivers whereby changes were made to only allow waivers under further limited circumstances (as listed above). Further changes have been made in the 2024/25 Financial Regulations whereby reference to waivers throughout have been removed and replaced with the requirement for those decisions to be signed off as part of the existing Procurement Decision Records (PDRs) approval process. This change has clarified any ambiguity and will remove duplication of processes. The existing reporting requirements to Audit & Governance Committee will remain – the annual report that was Waivers and Breaches of Financial Regulations will now be PDR's and Breaches of Financial Regulations for reporting in July 2025.
10. During the period 1 April 2023 to 31 March 2024, a total of 35 waiver requests were approved by the CFO. The contract value of these waivers totalled £0.7m (this is a rounded figure).
11. A summary by classification type of waivers approved by the CFO is set out in the table below and more detail of each waiver is set out in Appendix 1.

Waiver Type		Total 2023/24
Waivers for procurements under £25,000	i) Accelerated procurement where the Council would suffer significant negative impact if the full operational or strategic procurement approach is applied.	0
	ii) Unable to invite or obtain 3 bids or competition absent for technical reasons	21
Waivers for all contract values	iii) Payments in advance for goods, services or works	12
	iv) Propose not to use an available Corporate Contract	2
Total		35
Total value		£0.7m

For reference only (direct comparison cannot be made in all cases due to changes in waiver categories as explained in paragraph 9 above) a summary of previous year waivers are listed in the table below.

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

*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.

12. For 2023/24, the lower number (35) of approved waivers compared to 2023/23 represents changes in waivers categories (in particular waivers could only be applied for only <£25k) but also shows that 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.

13. 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 35 records.

Procurement Decision Records (PDRs)

14. Various PDRs 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.

15. 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.

16. 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.

17. As explained in paragraph 9 above, reference to waivers in the 2024/25 Financial Regulations have been removed and replaced with the requirement for those decisions to be signed off as part of the existing PDR approval process and for an annual report on PDRs and Breaches of Financial Regulations to be reported to Audit & Governance Committee in the future (first report July 2025).

Options Appraisal

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

Summary of financial implications

19. 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

20. 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

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

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. There are no direct equality implications from this report

Summary of risk assessment

25. 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 2023/24

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Appendix 1 – Waivers of Financial Regulations 2023/24

Count	Waiver Ref.	Project Title	Supplier	Waiver Type	Waiver Value
Adult Social Care					
1	PDR168	Bournemouth Blind Society	Bournemouth Blind Society	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£23,000
Total					£23,000
Children's Services					
2	PDR078	Unaccompanied Asylum Seeking Children & Care Experienced Young People Property Rents	Dave Wells	Any value – Payments in advance for goods, services or works	£120,000
3	PDR155	Parent Carer Champions Programme	Brilliant Parents	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£6,166
4	PDR159	Quality Assurance Review of Children's Residential Provision	The National Youth Advocacy Service (NYAS)	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£6,839
5	PDR185	Laptops for children in care	Enhanced	Any value - Propose not to use an available Corporate Contract	£24,885
Total					£157,890
Children's Commissioning					
6	PDR195	Breastfeeding Helper Training Programme	The Breastfeeding Network	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£18,375
Total					£18,375
Commercial Operations					
7	PDR210	Sewage Pumps for Upton Country Park	Hydromarque	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£13,342
Total					£13,342

Appendix 1 – Waivers of Financial Regulations 2023/24

Count	Waiver Ref.	Project Title	Supplier	Waiver Type	Waiver Value
Customer, Arts & Property					
8	PDR021	Libraries Payment Software	Hemisphere West Europe Ltd	Any value – Payments in advance for goods, services or works	£11,700
9	PDR025	Lifeguard Corps Building Refurbishment Works - Roof Covering Work Package	PACE Roofing (Solutions) Ltd	Any value – Payments in advance for goods, services or works	£15,423
10	PDR222	Acquisition of Lucy Kemp-Welch Paintings for the Russell-Cotes Collection	Melanie Ponting	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£20,000
11	PDR264	Upton Country Park (UCP) - Temporal Water Ingress Mitigation	Lord Carpentry Services	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£15,180
Total					£62,303
Development & Investment					
12	PDR336	Draper Road Ecological Survey	LC Ecological Services	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£9,464
Total					£9,464
Environment					
13	PDR004	Winter Service - Weather Forecasting	MetDesk Ltd	Any value – Payments in advance for goods, services or works	£14,799
14	PDR120	Purchase of Carriageway Surface Treatment	Rhino Asphalt Solutions Ltd	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£9,673
15	PDR215	Statutory Shellfish Sampling Poole Harbour	Southern Inshore Fisheries & Conservation Authority	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£18,000
Total					£42,472

Appendix 1 – Waivers of Financial Regulations 2023/24

Count	Waiver Ref.	Project Title	Supplier	Waiver Type	Waiver Value
Education & Skills					
16	PDR038	Fully managed IT Support service for St Katharine's Primary School	AUX ICT Solutions	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£24,752
17	PDR187	Student Database – St Katharine's C.E (V.A) Primary School	Arbor Education	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£15,977
Total					£40,729
Finance					
18	PDR040	Sales agent for sale of 35 Willis Way	Alan Baxter Partnership LLP	Any value – Payments in advance for goods, services or works	£1,250
201	Total				£1,250
	Housing & Communities				
19	PDR049	Housing Related Support Homelessness Pathway (RSI Grant)	Faithworks Wessex Beam Up Limited	Any value – Payments in advance for goods, services or works	£10,000
20	PDR067	Housing Related Support Homelessness Pathway (RSI Grant)	Spirende Limited	Any value – Payments in advance for goods, services or works	£7,885
21	PDR218	Housing Related Support Homeless Pathway (RSI Funding)	St Mungos	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£20,720
22	PDR237	Enhanced DBS Checks status for licensed drivers	Taxi Plus	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£22,654
Total					£61,259

Appendix 1 – Waivers of Financial Regulations 2023/24

Count	Waiver Ref.	Project Title	Supplier	Waiver Type	Waiver Value
Infrastructure					
23	PDR020	Boscombe Reef Maintenance 2023	Commercial & Specialised Diving Ltd	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£17,853
24	PDR041	Borehole Survey and Structural Drawing for Foundations	Alan Baxter Partnership LLP	Any value – Payments in advance for goods, services or works	£15,762
25	PDR068	Gabion Baskets & Railings - Asset Repairs	Avon Construction Ltd	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£14,482
26	PDR073	Auction Services for the Disposal of Airfield Road Sites	Allsop LLP	Any value – Payments in advance for goods, services or works	£3,000
202 27	PDR129	Traffic Management Software	Transoft Solutions (UK) Ltd	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£18,342
28	PDR164	Gabion Baskets Repairs (east)	Avon Construction Ltd	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£7,982
Total					£77,421
IT & Programmes					
29	PDR031	VMWare Renewal	Specialist Computer Centres	Any value – Payments in advance for goods, services or works	£21,917
30	PDR088	Playground Asset Management Software Licence	Public Sector Software LTD	Any value – Payments in advance for goods, services or works	£11,508
Total					£33,425

Appendix 1 – Waivers of Financial Regulations 2023/24

Count	Waiver Ref.	Project Title	Supplier	Waiver Type	Waiver Value
Law & Governance					
31	PDR033	Scanners and Clean Up Software	Millgate	Any value – Payments in advance for goods, services or works	£4,915
32	PDR204	Print Service for Elections in 2024	Print Image Network	Any value - Propose not to use an available Corporate Contract	£88,215
33	PDR209	Modern Gov Committee Management Software	Civica	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£13,837
Total					£106,967
People & Culture					
34	PDR232	Additional Leadership Development Sessions	Creative Huddle	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£5,680
Total					£5,680
Destination & Planning					
35	PDR030	BCP Local Plan Habitats Regulations Assessment	Footprint Ecology	Under £25,000 – unable to invite or obtain 3 bids or competition absent for technical reasons	£10,000
Total					£10,000
Grand Total					£663,577

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AUDIT AND GOVERNANCE COMMITTEE



Report subject	Chief Internal Auditor's Annual Opinion Report 2023/24
Meeting date	25 July 2024
Status	Public Report
Executive summary	<p>It is the opinion of the Chief Internal Auditor that during the 2023/24 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; • 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".
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	Graham Farrant, Chief Executive
Report Authors	<p>Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk</p>

Wards	Council-wide
Classification	For 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 2023/24 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 2023/24 financial year, of the Internal Audit section was £699,644; compared against the budget of £772,100, this resulted in a net underspend of £72,456 which was due to the vacancy of an Audit Manager post for part of the year, a saving in the audit management system due to development inhouse and also additional income from sources such as BCP Council companies. 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 12.32 full-time equivalent (FTE) Internal Audit staff members employed across the Council during 2023/24. This compared to the revised plan (budget) which was 12.77 FTE, the variance arising as a consequence of an Audit Manager post being vacant for part of the year. 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 2023/24
Including Annexe 1, 2 and 3

Chief Internal Auditor's Annual Report & Opinion 2023/24

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 requires the Chief Internal Auditor to report annually on the adequacy and effectiveness of the internal control environment; this report covers the period 1 April 2023 to 31 March 2024.
- 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 2023/24

- 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 2023/24, 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 2023/24. 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 2023/24

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 2023/24 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 2023/24 and 60 out of 72 audits) of the quarterly based audit plan was completed. This was mainly due to an Audit Manager post being vacant for part of the year and apprentices starting slightly later than originally planned. More time than planned was also spent on:
 - A pilot project to review single person discounts identified as potential fraud or error through the National Fraud Initiative (NFI) data matching process.
 - Recruitment processes for the three audit apprentices and replacement Audit Manager.
 - Following up recommendations to ensure appropriate action had been taken on some longer outstanding medium priority recommendations.

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 2023/24 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 60 audits carried out during 2023/24 in Annexe 1 also details the assurance level given for each review.

In summary, 1 'Substantial', 39 'Reasonable' and 11 'Partial' assurance level opinions were given during the year. Additionally, 6 consultancy and 3 follow up reviews were also carried out during 2023/24. 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, these were:

	Audit	High Priority recommendations to improve controls covering:
1	Adult Social Care - Managing Other People's Money	Update of signatories on bank accounts. Closure of remaining legacy bank accounts. Usage of pre-loaded cards by Carers records.

	Audit	High Priority recommendations to improve controls covering:
2	Commissioning - Brokerage (2022/23/24)	Compliance with process to use the Brokerage Service for all residential care placements. Homecare Booking forms & Residential Care Letters of Agreements.
3	Commissioning - Brokerage Procurement & Contract Monitoring	Homecare off-contract framework usage. Homecare off-contract placement records. Residential care spot purchasing contract records.
4	Children's Services - Care Leavers Offer	Centralised records of services offered to care experienced young people.
5	Children's Services - Agency Staffing	Operational procedures. 'Off-contract' authorisation records, corporate policy guidance and compliance with Financial Regulations. Pay rates for agency staff.
6	Children's Services - Linwood Special School	Deficit budget management. Procurement compliance with Department for Education requirements.
7	Children's Services - Section 17 Expenditure	Policy and procedures for section 17 expenditure. Authorisation of expenditure in line with the Scheme of Delegation.
8	Commercial Operations - Seafront Seasonal Recruitment	Seafront workforce plan. Policy and procedures covering recruitment. Application processing and record-keeping. End of season contract termination.
9	Environment - Bereavement Services Income	Invoicing process. Sale and renewal of memorial permits, commemorative items and deeds of grave. Income reconciliation. Debt management. Integration with corporate debtors system.
10	IT & IS - Disaster Recovery	Formalisation of disaster recovery plan.
11	Finance - Main Accounting (with Financial Management)	Review of control accounts. Dynamic F&O user training.
12	Planning & Transportation - Developer Contributions (Expenditure)	MasterGov system development and implementation. Section 106 records. Compliance with legal agreements. Service Directorate information and reporting.

- 11 During 2023/24 regularity audit work was undertaken covering a range of systems in different service areas and schools and included audits of the following fundamental Council financial systems: 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 (as set out at Annexe 3) has been populated to show Internal Audit coverage during 2023/24 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 2023 to March 2024, a total of approximately 257 recommendations were made (compared to 250 recommendations in 2022/23 and 311 recommendations in 2021/22). 100% of these recommendations have been accepted by management.
- 15 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 an ongoing status update of recommendations and any that require escalation.

- 16 Outstanding actions in response to all recommendations have been noted; these have been subject, on a risk basis, to pragmatic revisions to previously agreed dates, 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.
- 17 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 2023/24

Year	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
2022/23	4.17	4.29	4.17	4.58	4.30
2023/24	4.69	4.72	4.69	4.66	4.69

- 18 The overall average score of 4.69 illustrates a very 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

- 19 Counter Fraud work was undertaken during 2023/24 to further improve the Council's arrangements for combating fraud & corruption. This work included reviewing selected fraud risk areas such as contract award, schools admissions, anti-bribery requirements, regulation of investigatory powers act and investigatory powers act requirements, treasury management payments and housing tenancy fraud arrangements.
- 20 Proactive counter fraud work is continuously 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).
- 21 Internal Audit have continued to provide specialist investigative resource to support management with high risk fraud areas (housing 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.
- 22 Work was carried out on a Single Person Discount (SPD) pilot 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 are removed where fraud or error is found, and the national penalty charge (£70) is levied for failure to notify the Council of a change in circumstances. Work on the project commenced in June 2023, with the vast majority of the work undertaken later in the year once the system was fully embedded and apprentices trained. As at 28/03/24, a total number of 993 matches had been reviewed resulting in 221 SPD's being removed with a total value of £243,678 (this figure includes previous year's incorrect SPDs claimed and financial penalties applied whenever applicable).
- 23 Internal Audit have carried out proportionate investigations during the year in response to every identified or suspected case of financial irregularity.
- 24 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 2024 Audit & Governance Committee meeting.

Risk Management Framework

- 25 An annual audit review of the Risk Management key assurance function was carried out and resulted in an 'Reasonable' audit opinion, demonstrating the adequacy of the risk management framework.
- 26 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.

Governance Work

- 27 Internal Audit completed some specific governance reviews during the year:
- BCP Homes Governance Review (22/23/24 audit) – Reasonable Audit Opinion
 - Delivery of Regeneration – Governance Review (22/23/24 audit) – Consultancy Review
 - People & Culture Scheme of Delegation Review - Reasonable Audit Opinion
- Where applicable, recommendations were made to improve internal control and governance arrangements.
- 28 The Local Code of Governance update is being taken to this Committee meeting as part of the Annual Governance Statement report.
- 29 Progress made against actions arising from the 2022/23 Annual Governance Statement has been reviewed and was presented to the Audit & Governance Committee in January 2024.
- 30 Work has been undertaken to compile the 2023/24 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

- 31 Work was undertaken during the year to certify grant and external funding schemes totalling approximately £12.7 million as required by the grant funding conditions. The grants included:
- Aspire;
 - Supporting Families;
 - Various Department for Transport grants;
 - Disabled Facilities Grant;
 - Early Education Funding
- 32 Assurance was carried out in the year on Aspire (European grant) funding for this final year of this project. 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 Work was carried out to provide assurance on compliance with the Declaration of Interests, Gifts & Hospitality Policy, specifically the necessary completion of Form 2s by Tier 4 and above officers and reported separately to the Audit & Governance Committee in July 2023 under the 'Annual Review of Register of Declarations of Interests, Gifts and Hospitality by Officers Report 2022/23' report.
- 35 Assurance on funds allocated to nurseries and pre-schools was provided during the year. No significant issues arose from this work.
- 36 Support and advice has been provided on breaches and waivers of Financial Regulations which is included in a separate report to this committee meeting.
- 37 Internal audit also continued to provide support on the independent review for Local Government early retirement (on the grounds of ill health) appeals during the year.
- 38 Officer time was also spent on supporting the equalities and women's network corporate groups.

- 39 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)
- 40 Internal Audit has completed all planned actions as part of the Data Analytics Strategy to support the effective and efficient delivery of assurance. Specific assurance work was undertaken using data analytics on council tax, creditors and employee additional payments audit areas during 2023/24.

Compliance with Professional Standards

- 41 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.
- 42 CIPFA concluded that the BCP Internal Audit Team conformed with the PSIAS following their external assessment in June 2021. An external assessment is required to take place every 5 years under PSIAS and is therefore next due in June 2026.
- 43 An annual internal self-assessment is carried out in between the external assessment and the self-assessment carried out during 2023/24 demonstrated that all standards were met.
- 44 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. In undertaking all audit reviews, officers have acted independently, objectively and ethically at all times.
- 45 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 directly to the Head of Finance.
- 46 There are some forthcoming changes to the Global Internal Audit Standards which will affect the current Public Sector Internal Audit Standards that the Internal Audit team are required to comply with. These changes and new standards are due to be in place for April 2025 (for the Public Sector). The Audit & Governance Committee will be kept informed of the new standards and plans by the Internal Audit team to ensure adequate preparation for the changes (albeit changes are not expected to be significant).
- 47 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.

- 48 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

- 49 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	2023/24 Audits Completed
Annexe 2	Key Financial System Audit Opinions
Annexe 3	BCP Council Assurance Framework 2023/24

Annexe 1: 2023/24 Audits Completed

	Service Area	Audit	Assurance Opinion
	SERVICE DIRECTORATE AUDITS		
1	Adult Social Care	Hospital Discharge Service	Reasonable
2	Adult Social Care	Managing Other People's Money	Partial
3	Adult Social Care & Commissioning	Health & Safety and Fire Safety (KAF)	Reasonable
4	Commissioning	Brokerage (2022/23/24)	Partial
5	Commissioning	Brokerage Procurement & Contract Monitoring	Partial
6	Housing	BCP Homes Governance Review	Reasonable
7	Children's Services	Care Leavers Offer	Partial
8	Children's Services	Agency Staffing	Partial
9	Children's Services	Risk Management	Reasonable
10	Children's Services	Performance Management & Governance	Consultancy
11	Children's Services	Section 17 Expenditure	Partial
12	Commercial Operations	Civil Enforcement	Reasonable
13	Commercial Operations	Seafront Seasonal Recruitment	Partial
14	Customer, Arts & Property	Business Planning & Performance Management	Reasonable
15	Planning & Transportation	Planning Contributions	Reasonable
16	Environment	Bereavement Services Income	Partial
17	Environment	Coroner and Mortuary Service Review (2022/23/24)	Reasonable
18	People & Culture	Scheme of Delegation Compliance	Reasonable
19	Finance	Council Tax Data Analysis	Consultancy
20	IT & IS	Disaster Recovery	Partial
21	IT & IS	Network Security	Reasonable
22	Corporate	Delivery of Regeneration – Governance Review (2022/23/24)	Consultancy
	KEY ASSURANCE FUNCTION AUDITS		
23	Finance	Asset Management	Reasonable
24	Finance	Business Continuity & Emergency Planning	Reasonable
25	Finance	Financial Management (with Main Accounting KFS)	Reasonable
26	Finance	Health & Safety	Substantial
27	Customer, Arts & Property	Fire Safety	Follow Up
28	People & Culture	Human Resources (Mandatory Training)	Reasonable
29	Finance	Procurement (with Contract Award Counter Fraud Review)	Reasonable
30	IT & IS	Project & Programme Management	Consultancy
31	Finance	Risk Management	Reasonable
32	Policy & Research	Business Planning & Performance Management	Reasonable
33	Adult Social Care	Corporate Safeguarding (2022/23/24)	Reasonable
34	Marketing, Communications & Policy	Sustainable Environment	Consultancy
35	Corporate	Partnerships	Reasonable
	KEY FINANCIAL SYSTEMS AUDITS		
36	Finance	Housing Benefits	Reasonable
37	Finance	Council Tax	Reasonable

	Service Area	Audit	Assurance Opinion
38	Finance	Non Domestic Rates	Reasonable
39	Finance	Main Accounting (with Financial Management)	Partial
40	Finance	Creditors	Reasonable
41	Finance	Debtors	Follow Up
42	Finance	Treasury Management	Reasonable
43	Finance	Social Care Financial Assessments	Reasonable
44	Finance	Payroll	Reasonable
45	Housing	Housing Rents	Follow Up
	SCHOOL AUDITS		
46	Children's Services	Mudeford Infants School	Reasonable
47	Children's Services	Mudeford Junior School	Reasonable
48	Children's Services	Christchurch Infant School	Reasonable
49	Children's Services	St Katherines C of E School	Reasonable
50	Children's Services	Linwood Special School	Partial
	COUNTER FRAUD AUDITS		
51	All service areas	Contract Award (with Procurement Audit)	Reasonable
52	Children's Services	Schools Admissions	Consultancy
53	Housing	Housing Tenancy	Reasonable
54	Finance	Treasury Management Payments	Reasonable
55	Finance	Anti-Bribery Requirements	Reasonable
56	Finance	Regulation of Investigatory Powers Act and Investigatory Powers Act Requirements	Reasonable

Audits Carried Out Across 2023/24/25			
	Service Area	Audit	Status
Completed			
57	Adult Social Care	Section 117 Hub	Reasonable
58	Adult Social Care	Corporate Safeguarding - Modern Slavery (Key Assurance Core Review)	Reasonable
59	Law & Governance	Information Governance (Key Assurance Core Review)	Reasonable
60	People & Culture	Employee Additional Payments (Data Analytics Review)	Reasonable
Finalising			
61	Housing & Communities & Customer, Arts and Property	Facilities Management - Housing Stock (Key Assurance Review)	Draft Report
62	Planning & Transportation	Developer Contributions (Expenditure)	Draft Report
63	Customer, Arts & Property	Facilities Management (Key Assurance Core Review)	Drafting Report
Audits Deferred (for Consideration in 2024/25) or Removed			
	Service Area	Audit	Comment/rationale

64	Education & Skills	SEND Workforce Development	This audit was removed from the 2023/24 plan as a Sector Led Improvement Partner review looking at workforce competence and capacity was being undertaken at the same time. An audit will be undertaken in 2024/25 covering induction and mandatory training in Children's Services.
65	Infrastructure	Local Transport Plan	Following discussions with managers, this was no longer considered a high-risk audit and removed due to resource pressures.
66	Infrastructure	Road Safety	Following discussions with managers, this was no longer considered a high-risk audit and removed due to resource pressures.
67	Finance	IR 35 Compliance	The roll out of a new process is due from December, possible January to March, therefore the audit has been postponed until 2024/25.
68	Infrastructure	Delivery of Regeneration	This original audit was intended to review BCP Future Places including business planning and performance management. As this has now been brought inhouse, this audit was superseded and replaced by Development & Investment KAF review.
69	Development & Investment	Development & Investment – KAF Overview	Awaiting new Service Directorate arrangements to be confirmed. Audit planned for 2024/25.
70	Adult Social Care	Contact Centre	Project Management arrangements still being determined. Audit planned for 2024/25.
71	Commissioning	Homecare & Residential Care Payments (Counter Fraud)	Postponed until Q1 2024/25 due to resourcing issues.
72	Education & Skills	Pupil Premium Grant	Postponed until Q1 2024/25 to clarify scope – this will now specifically look at PPG arrangements in relation to the virtual school.

Annexe 2: Key Financial Systems Opinions

Assignment Title	Service Area	2023/24 Opinion	2022/23 Opinion	2021/22 Opinion
Council Tax	Finance	Reasonable	**Reasonable	**Reasonable
NDR	Finance	Reasonable	**Reasonable	**Reasonable
Housing Benefits	Finance	Reasonable	Reasonable	Reasonable
Debtors	Finance	Follow Up	**Partial	**Partial
Main Accounting	Finance	*Partial	Reasonable	Reasonable
Creditors	Finance	Reasonable	Reasonable	Reasonable
Payroll	HR	Reasonable	Reasonable	c/fwd to 22/23
Treasury Management	Finance	Reasonable	Reasonable	Reasonable
Housing Rents	Housing	Follow Up	Reasonable	Reasonable
Social Services Financial Assessments	Finance	Reasonable	**Reasonable	*Reasonable

Notes

* Main Accounting – High Priority Recommendations were made to improve controls over control accounts and new system user training

** Audits carried out across 2021/22/23

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 2023/24

INTERNAL SOURCES OF ASSURANCE	
Source of Assurance	Internal Audit Assurance Work
Internal Audit	<ul style="list-style-type: none"> • All Service Directorates audited during 2023-24 • 60 out of 72 Audits completed (see Annexe 1 for list of audits) • 1 Substantial, 39 Reasonable and 11 Partial Assurance Level opinions were given during the year. 6 consultancy reviews and 3 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 2023/24 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 tenancy) • Several investigations carried out and recommendations made to improve controls • Participated in National Fraud Initiative (NFI) data matching exercise • Single Person Discount (SPD) pilot project carried out to increase Council Tax yield by systematically reviewing all NFI data matches that may indicate fraud or error in relation to residents claiming SPD
Asset Management (Estate Management)	<ul style="list-style-type: none"> • Internal Audit carried out an annual assurance review on asset management – estate management ('Reasonable' audit opinion)
Asset Management (Facilities Management)	<ul style="list-style-type: none"> • Internal Audit carried out an annual assurance review on asset management - facilities management (audit being finalised)
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)

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 Financial Management and Main Accounting system undertaken during the year ('Partial audit opinion for Main Accounting')
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 ('Substantial' 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 ('Consultancy' audit opinion)
Human Resources	<ul style="list-style-type: none"> Audit review carried out on corporate Human Resources arrangements covering mandatory corporate training ('Reasonable' audit opinion)
Information Communication Technology	<ul style="list-style-type: none"> Internal Audit carried out reviews on Disaster Recover arrangements ('Partial' audit opinion) and Network Security ('Reasonable' audit opinion)
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 an annual assurance review on corporate Partnerships arrangements ('Reasonable' audit opinion)
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
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)
Safeguarding	<ul style="list-style-type: none"> Internal Audit carried out an annual assurance review on corporate safeguarding covering modern slavery arrangements ('Reasonable' audit opinion)



INTERNAL SOURCES OF ASSURANCE	
Source of Assurance	Internal Audit Assurance Work
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

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AUDIT AND GOVERNANCE COMMITTEE



Report subject	Annual Governance Statement (AGS) 2023/24 and Annual Review of the Local Code of Governance
Meeting date	25 July 2024
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”. This reflects the significant steps taken to improve governance following the council being issued with a best value notice.</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"> • Best Value Notice • Dedicated School Grant and Department for Education Statutory Direction for special educational needs and disability (SEND) services • Delay in the completion of previous years’ External Audit • Mandatory Training <p>An action plan to address the 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 2025.</p> <p><small>*and as amended by the Accounts and Audit (Amendment) Regulations 2024</small></p> <p>Only minor amendments to the Local Code of Governance have been necessary to keep pace with the Council’s changing governance arrangements.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>a. The ‘pre-audited’ Annual Governance Statement 2023/24 is approved</p>

	b. The annual update of Local Code of Governance is approved.
Reason for recommendations	The 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 1 June to 12 July 2024, where the public had the right to inspect, make an objection to, or ask the external auditor questions about the accounts. Comments or observations were received from two residents. The comments of one resident have been considered and the comments from the other resident are for the external auditor to consider.

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 of the Council, 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;
 - Internal documentation and reports, such as Adequacy of Shareholder Governance arrangements of BCP companies;
 - Consideration of governance of BCP companies and trusts;
 - Chief Internal Auditor's Annual Report (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 provide 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 2024 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. Overall governance arrangements are considered sound. The Council has desire and a duty to improve governance arrangements, accordingly four governance issues are identified, as follows:

	Significant Governance Issue 2023/24	
1	Best Value Notice	This updates the 'BCP Council Assurance Review' issue from the 2022/23 AGS . Note , the Council believes it has made significant progress in making the necessary improvements to governance, with only four specific areas remaining.
2a	Dedicated School Grant (DSG)	This remains a significant governance issue from the 2022/23 AGS . Note , this issue is common to a significant number of other upper tier local authorities
2b	Department for Education (DfE) 'Statutory Direction' for special educational needs and disability services (SEND)	
3	Delay in the completion of previous years' External Audit	This updates the 'Delay in the completion of the 2021/22 External Audit' from the 2022/23 AGS . Note , this issue is common to a significant number of other local authorities. It is beyond the Council's control and is being addressed nationally.
4	Mandatory Training	Although improvement has been made during 23/24, this remains a significant governance issue from the 2022/23 AGS .

13. Whilst all four of the above issues were included in last year's AGS, the Council believes it has made significant progress on improving governance arrangements, however, because improvement plans are not yet finalised or embedded the issues remain on the AGS. A fifth item on last year's AGS, governance arrangements surrounding BCP FuturePlaces Ltd, has been addressed/superseded following the closure of the company.
14. In the case of item two above, the Department for Education (DfE) 'statutory direction' for special educational needs and disability services (SEND), issued in February 2024 has been recognised in the AGS description.
15. An action plan to address the issues has been put in place and high-level progress against these actions will be reported to Audit and Governance Committee in January 2025. However, the delay in completion of the External Audit is a national issue, 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. There were also a series of other issues identified for possible 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 be significant risks to the Council but not directly governance related, they may have been governance weaknesses, but in a relatively narrow scope of the Council's business, or they may have been operational concerns rather than governance issues. Some of these are shown below (not an exhaustive list) as follows:

- Inappropriate use of social media by councillors
- Corporate complaints and information governance processes
- Risks to the delivery of the Pay & Reward Project
- Adequacy of shareholder governance arrangements of BCP companies
- Adequacy of controls over and levels of usage of Agency Staff
- Interruption of Council meetings
- Adequacy of service's Schemes of Delegation
- Site specific issues, such as planning and disposal issues

17. Consequently, these issues have not been included as significant governance issues on the AGS. Should the A&G Committee feel strongly that any of these issues, or any other issue, should feature in the AGS the committee can resolve to instruct officers to include and to formulate an improvement action plan.

BCP Council – Local Code of Governance

18. 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. Only very minor tweaks were required this year. A revised version is attached at Appendix 2 for approval.

Options Appraisal

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

Summary of financial implications

20. 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.
21. Grant Thornton will reflect on the council's AGS in drawing its value for money conclusion for 2023/24 as part of their annual report to this committee.

Summary of legal implications

22. 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

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

Summary of sustainability impact

24. There are no direct sustainability impacts from this report.

Summary of public health implications

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

Summary of equality implications

26. 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 the 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

27. 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.
28. 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 2023/24

Appendix 2 – Local Code of Governance (June 2024 update)

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BCP Council
Annual Governance Statement
2023/24
Pre-audited

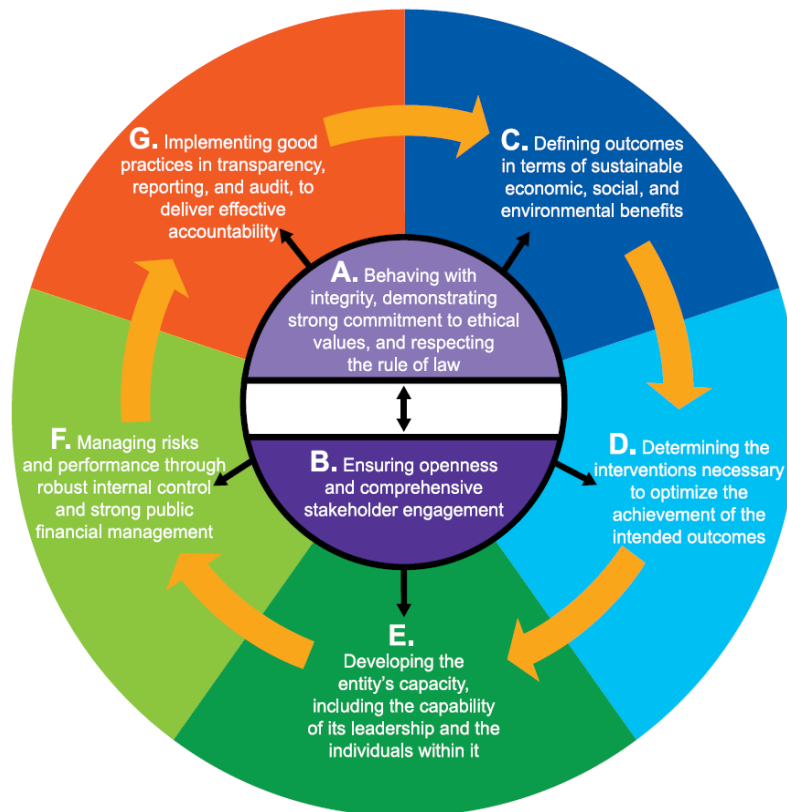
July 2024 — *This pre-audited draft will be presented to Audit & Governance Committee for approval*

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 (as amended by the Accounts and Audit (Amendment) Regulations 2024) 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 2024 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, 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 2023/24 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:
 - Department for Levelling Up, Housing and Communities (DLUHC) Assurance Review and Best Value Notice;
 - Children's Services continued to receive Ofsted monitoring visits to review progress since the service was judged inadequate in December 2021;
 - External Auditor's Annual Report for 2021/22 and 2022/23 (Value for Money arrangements report);
 - CIPFA Financial Resilience Review; and
 - LGA Peer Review of and Safeguarding Peer Challenge.

- 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;
 - Internal documentation and reports, such as Adequacy of Shareholder; Governance arrangements of BCP companies;
 - Chief Internal Auditor's Annual Report;
 - Findings from internal and external reports; and
 - Follow up of the 2022/23 AGS action plan.
- 14 Please note that this AGS has been published before 22/23 Statement of Accounts have been audited, of which the AGS is a component. Significant governance matters have only been brought forward, into the 2023/24 AGS, where the governance issue is considered relevant for 2023/24.

Financial Management Code / Financial Resilience Review

- 15 Following previous self-assessments, the Council concluded it is compliant with the Financial Management Code (FM Code), which provides guidance for good and sustainable financial management in local authorities to provide assurance that authorities are managing resources effectively.
- 16 The Council had identified three remaining areas to address to further strengthen compliance with the FM Code. However, this action plan has been superseded by the CIPFA Financial Resilience Review which looked at four key areas: Financial Management and Sustainability; Financial Governance and Decision-Making; Capital programme/companies; and Commercial assets/debt.
- 17 The report made seventeen recommendations which could be considered by the authority as part of its best value duty, the first seven of which CIPFA prioritised over the following ten. As at April 2024, all recommendations are being addressed, with 5 completed, and an additional 7 progressing well.

Evaluation, Conclusion and Significant Governance Issues

- 18 Following review and evaluation of governance arrangements, BCP Council considers that, **for the year ended 31 March 2024 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.**
- 19 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:
- a) The governance issue may, or has, seriously prejudice/d or prevent/ed achievement of a principal Council objective or priority;
 - b) 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;
 - c) The governance issue may, or has, led to a material impact on the accounts;

- d) The impact of the governance issue may, or has, attract/ed significant public interest or seriously damage/ed the reputation of the Council;
- e) 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;
- f) The governance issue may, or has, result/ed in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

20 Overall governance arrangements are considered sound. The Council has desire and a duty to improve governance arrangements. As a result, CMB determined that the following were governance issues in 2023/24 requiring improvement. An action plan is shown on Table 1.

	Significant Governance Issue 2023/24	
1	Best Value Notice	This updates the 'BCP Council Assurance Review' issue from the 2022/23 AGS . Note , the Council believes it has made significant progress in making the necessary improvements to governance, with only four specific areas remaining.
2a	Dedicated School Grant (DSG)	This remains a significant governance issue from the 2022/23 AGS . Note , this issue is common to a significant number of other upper tier local authorities
2b	Department for Education (DfE) 'Statutory Direction' for special educational needs and disability services (SEND)	Following the statutory direction in relation to SEND from the DfE in February 2024.
3	Delay in the completion of previous years' External Audit	This updates the 'Delay in the completion of the 2021/22 External Audit' from the 2022/23 AGS . Note , this issue is common to a significant number of other local authorities. It is considered beyond the Council's control and is being addressed nationally.
4	Mandatory Training	Although improvement has been made during 23/24, this remains a significant governance issue from the 2022/23 AGS .

21 Of the five significant governance issues identified in the 2022/23 AGS, four have been included in this year's AGS as shown in the table in paragraph 20. The remaining 2022/23 issue, BCP FuturePlaces Ltd, has been addressed/superseded so does not appear.

22 The Council took the decision to close BCP FuturePlaces Ltd in September 2023 and the development and investment activities have been brought in-house. As a result of 'lessons learnt' from the independent governance review and the self-assessment

review of Council companies led by Internal Audit, a new shareholder governance model was adopted and reviews of all Council companies is being undertaken in line with best practice.

- 23 There were also a series of other issues identified for possible 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 be significant risks to the Council but not directly governance related, or they may have been governance weaknesses, but in a relatively narrow scope of the Council's business, or they may have been operational concerns rather than governance issues. Consequently, these issues are not included as significant governance issues. Some of these are shown below (not an exhaustive list) as follows:
- Inappropriate use of social media by councillors
 - Corporate complaints and information governance processes
 - Risks to the delivery of the Pay & Reward Project
 - Adequacy of shareholder governance arrangements of BCP companies
 - Adequacy of controls over and levels of usage of agency staff
 - Interruption of Council meetings
 - Adequacy of service's schemes of delegation
 - Site specific issues, such as planning and disposal issues
- 24 Whilst not appearing in the AGS as significant governance issues, there are proportionate action plans to improve governance arrangements in the areas shown in paragraph 23.
- 25 One example, in the case of inappropriate use of social media by councillors, the following actions have been agreed by the Standards Committee:
- Develop a training programme for the new municipal year building on the Councillor induction programme post-election.
 - To proactively monitor all complaints received on a regular basis as part of its work programme.
 - Review procedure for the handling of complaints.
- 26 A second example, in the case of the corporate complaints process, the establishment of a centralised monitoring, guidance and support service for complaints handling, including corporate framework, policies and procedures is planned. This will include the centralisation of complaints staff where appropriate, and the development of complaints handling charters agreed with services. A centralised complaints management system will enable a single view of corporate complaints and to facilitate effective reporting and oversight.

Table 1 - 'Significant Governance Issues' and Action Plan

1	<p>Best Value Notice – BCP Council received a 'Best Value Notice' in 2023 following the DLUHC Assurance Review. Actions from the BCP Council Assurance Review, the DLUHC external assurance review & Best Value Notice are being monitored – as at March 2024, 93% of the actions are completed and 7% are progressing well. The notice has now been removed following the successful resolution of the majority of resultant actions. However, four 'ongoing' activities remain:</p> <ul style="list-style-type: none"> • Governance review of subsidiary companies • Funding of DSG deficit • Managing future risks of growing DSG overspend • Re-instatement of standalone Budget & Policy Procedure Rules in Constitution 		
	Action Points	Responsible Officer	Target Date
	CMB to oversee implementation of the remaining recommendations from the Best Value Notice.	Chief Executive (CMB)	September 2024
2a	<p>Dedicated School Grant (DSG) - the 2023/24 high needs funding shortfall is £28.6m. There is some offset from other expenditure blocks with the in-year deficit at £27.7m overall. The accumulated deficit as at 31 March 2024 is £63.6m. BCP Council's proposal to manage the deficit over a 15-year period, as part of the national safety valve mechanism, was not agreed by the DfE and negotiations are therefore ongoing. The additional high needs deficit at outturn compared with the DSG deficit management plan projections and high level of requests for special needs assessments continuing to be received in early 2024/25 is an indication that the growing demand has not yet stabilised as required by the plan. Additionally, cashflow forecasting indicates that the council will be unable to manage the deficit in terms of cash and would need to externally borrow to meet revenue expenditure (which is not permitted) by the first quarter of 2025/26. The council has taken legal advice to clarify its position, and this is now a separate conversation with the government, LGC, and CIPFA to seek a solution.</p>		
	Action Points	Responsible Officer	Target Date
	Continue to explore options between the DfE and BCP against the Safety Valve programme.	Corporate Director of Children's Services Chief Executive & Director of Finance	December 2024
	Progress in achieving the DSG deficit recovery plan is being monitored through the SEND Improvement Board.	Corporate Director of Children's Services Chief Executive & Director of Finance	On-going

2b	Department for Education Statutory Direction for special educational needs and disability services (SEND) – February 2024 - BCP Council received statutory direction in relation to SEND from the Department for Education (DfE) in February 2024 following a monitoring visit in July 2023. The document calls on all partners including BCP Council, NHS Dorset, schools and colleges, multi-academy trusts, early years settings, and parent and carer groups to work together at pace to improve services. A diagnostic has taken place since this monitoring visit in July 2023 and a new SEND Improvement Plan has been created to ensure progress is made at pace. All partners across the SEND system are working together to deliver meaningful support to ensure children get the right support, in the right place at the right time, creating better outcomes for Children and young people. Progress has been made in the SEND provision including improved timeliness of the decision-making process and requests for Education Psychology advice.		
	Action Points	Responsible Officer	Target Date
	The SEND Improvement Plan continues to be delivered in accordance with agreed timescales, reviewed and monitored by the SEND Improvement Board and progress reported to Children's Overview & Scrutiny Committee.	Director of Children's Services	Ongoing - March 2025

3	Delay in the completion of previous years' External Audit – The Council considers that the delay to the completion of the external audit of the 2021/22 and 2022/23 statement of accounts to be a governance weakness as this is a key source of assurance. The delay is entirely caused by wider sector problems with both auditor capacity and the increasing complexity of recent audit requirements. The 2021/22 external audit of the statement of accounts has now been finalised. The audit of the 2023/24 financial statements is now underway. There remains doubt over what national solution will be in place. CIPFA have announced that the previously agreed so called 'backstop' arrangement has now been delayed although focus remains on identifying a long-term sustainable national solution. This means in practice the 2022/23 accounts may not be audited in the usual way.		
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4	Mandatory Training – whilst uptake increased from < 50% in March 2023 to 73% in March 2024, a gap still remains.		
	Action Points	Responsible Officer	Target Date
	Managers will continue to monitor progress of completion rates of mandatory training via the dashboards on Skillgate.	Sarah Deane Directors & SLN	December 2024
	Regular reports on workforce compliance will be shared with senior leadership team to ensure that BCP Council is compliant.	Sarah Deane Directors & SLN	Monthly

	Under the new Performance framework, colleagues who have not completed all mandatory training will only be able to receive an 'improving' performance indicator as part of their end of year performance reviews and incremental progression will not be possible until full completion is undertaken.	Sarah Deane Directors & SLN	Annually
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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

Leader of BCP Council

Date

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LOCAL CODE OF GOVERNANCE

Finance

Author: Ruth Hodges, Deputy Chief Internal Auditor

Date: 25th July 2024

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	V2.7
Approval body	Audit & Governance Committee
Approval date	25 th July 2024
Review frequency	Annually
Next review due	April 2025

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
June 2024	V2.7	Minor updates – removal of now defunct policies and strategies to ensure evidence base remains relevant.

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 2024	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.

2. 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.

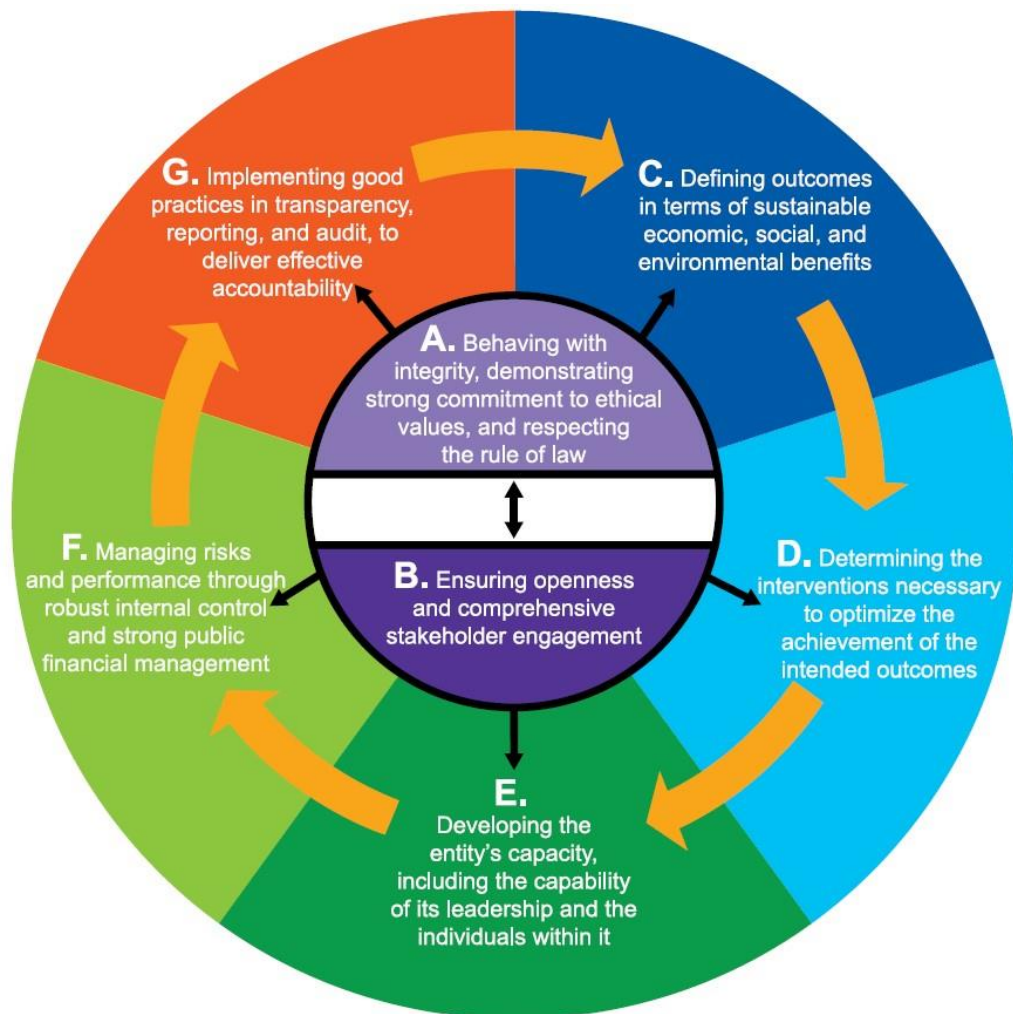
3. Responsibilities for Corporate Governance

- 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 and Culture 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 and local data
	Consultation Planning and Guidance
	<ul style="list-style-type: none"> - Public and officer consultations - Staff surveys - Local Forums
	Internal Communications
	Media Relations Protocol
	Branding Guidelines
	Social Media Guidance
	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
	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
	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 Programme Board
	Corporate Property Group
	Transformation Board
	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
	Transformation Board
	Equality Impact Assessment (EIA) Panels and EIA processes
	Corporate Parenting Board
	Health & Wellbeing Board

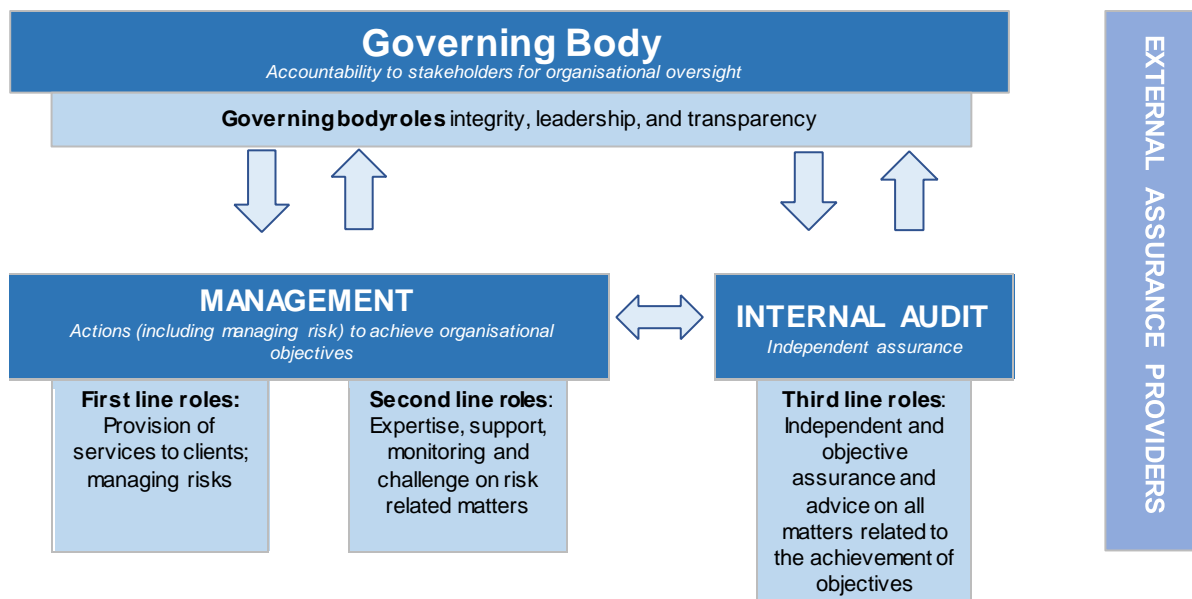
(E) Developing the entity's capacity, including the capability of its leadership and the individuals within it	Performance Monitoring Framework
	<ul style="list-style-type: none"> - Service business and action plans - Service performance monitoring - Corporate performance monitoring
	Benchmarking and 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. Key Facts 2023
	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 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	Audit & Governance Committee Annual Report 2023/24
Meeting date	25 July 2024
Status	Public Report
Executive summary	<p>Good governance is ultimately the responsibility of Council as the governing body of BCP Council.</p> <p>This report provides assurance as to the way in which the Audit & Governance Committee has discharged its role to support Council in this responsibility. In addition, the report underpins the Annual Governance Statement, which is approved by the committee.</p> <p>The attached report at Appendix A, Annual Report of the Audit & Governance Committee 2023/24, demonstrates how the committee has:</p> <ul style="list-style-type: none"> • Fulfilled its terms of reference; • Complied with national guidance relating to audit committees; and • Contributed to strengthening risk management, internal control and governance arrangements in BCP Council.
Recommendations	It is RECOMMENDED that the Audit & Governance Committee consider and approve the annual report prior to its submission to Council on 15 October 2024.
Reason for recommendations	To demonstrate how the Audit & Governance Committee has fulfilled its terms of reference, complied with national guidance relating to audit committees, and contributed to strengthening risk management, internal control and governance arrangements in BCP Council.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Graham Farrant, Chief Executive
Report Authors	<p>Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk</p>
Wards	Council-wide

Classification	For Recommendation Decision
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Background

1. Good practice suggests that an annual report to Council is produced to demonstrate importance the Council places on good governance arrangements.
2. Good governance is ultimately the responsibility of Council as the governing body of BCP Council. This report provides assurance as to the way in which the Audit & Governance Committee has discharged its role to support Council in this responsibility. In addition, the report underpins the Annual Governance Statement, which is approved by the committee.

Audit & Governance Committee Annual Report 2023/24

3. The attached report at Appendix A, Annual Report of the Audit & Governance Committee 2023/24, demonstrates how the committee has:
 - Fulfilled its terms of reference;
 - Complied with national guidance relating to audit committees;
 - Contributed to strengthening risk management, internal control and governance arrangements in BCP Council.
4. The report is split into the following areas:
 - Foreword by Councillor Marcus Andrews
 - Introduction
 - The Audit & Governance Committee Information
 - Committee Business – The Work & Activity of the Committee
 - Looking Forward
5. The report also includes the Terms of Reference for the Audit & Governance Committee for reference at Appendix 1.

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. There are no direct risk implications from this report.

Background papers

None

Appendices

Appendix A – Annual Report of the Audit & Governance Committee 2023/24

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ANNUAL REPORT OF THE AUDIT & GOVERNANCE COMMITTEE 2023/2024

Annual Report 2023/24 of the Audit & Governance Committee

Foreword by Councillor Marcus Andrews

I am pleased to introduce the annual report of the Audit & Governance Committee, summarising the contribution the committee made during the 2023/24 municipal year to the achievement of good governance, effective internal control, and strong financial management within the Council.

All councillors, and latterly from October 2023 two independent members, of the committee bring a balanced, independent, and objective approach to business of the committee and I sincerely thank them for the contributions they have made.

The committee has provided robust challenge and review of the Council's arrangements for risk, governance, and audit, across four 'core' and three 'non-core' meetings, and has:

- Reviewed and approved the Council's statutory accounts;
- Overseen the production of the Annual Governance Statement;
- Overseen and approved the annual evolution of four key policies: the Whistleblowing Policy, the Anti-Fraud and Corruption Policy; the Declaration of Interests, Gifts and Hospitality Policy and the Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Policy.
- Overseen and approved the annual evolution of Financial Regulations;
- Received and reviewed the annual Counter Fraud update report;
- Received and reviewed detailed assurance reports on the key aspects of the Council's internal control arrangements, including risk management, information governance, health and safety, emergency planning and business continuity, treasury management and performance management, providing robust challenge to BCP council arrangements and to suggest areas where improvements can be made; and
- Provided oversight to the Council's internal audit function, receiving the annual report and opinion alongside regular quarterly updates on progress against the internal audit plan, including the implementation of recommendations made in line with the committee approved Audit Charter.

I was particularly pleased that the Committee finally receive an 'unqualified opinion' for the 2021/22 statutory accounts from the External Auditor; this was against the challenging extensively reported upon backdrop of national and local issues.

I am however disappointed that the national so called 'backstop arrangement', which was agreed in principle to rectify these national and local issue going forward and which needed Parliament approval, has been further delayed by a rethink from national policy makers in the relevant sectors, recently announced by the Chartered Institute of Public Finance & Accountancy (CIPFA).

I believe the Committee worked hard with officers to understand and strengthen governance arrangements across the Council, and to ensure that risks were appropriately managed and mitigated.

The Committee took a flexible and agile approach, adapting to emerging issues and concerns raised by councillors with me. Three 'non-core' meetings were held where 'deeper dive' reports, presentations, training and briefings were received to provide greater insight and assurance on these often complex matters.

Marcus Andrews

Chair of Audit & Governance Committee 2023-24

1. INTRODUCTION

- 1.1 This annual report to the Council meeting demonstrates the importance the Council places on good governance arrangements and takes into account suggested best practice in regards content and style.
- 1.2 The Chartered Institute for Public Finance and Accountancy (CIPFA) describes the overall aim of good governance as:

‘to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities’

CIPFA/Solace Delivering Good Governance in Local Government Framework 2016 Edition (the Good Governance Framework)
- 1.3 Good governance is ultimately the responsibility of Council as the governing body of BCP Council. This report provides assurance as to the way in which the Audit & Governance Committee has discharged its role to support the Council in this responsibility. In addition, the report underpins the Annual Governance Statement, which is approved by the committee.
- 1.4 This report demonstrates how the committee has:
- Fulfilled its terms of reference;
 - Complied with national guidance relating to audit committees; and
 - Contributed to strengthening risk management, internal control and governance arrangements in BCP Council.

2. THE AUDIT & GOVERNANCE COMMITTEE INFORMATION

Role of Audit & Governance Committee

- 2.1 The Committee is appointed by Council to support the discharge of its functions in relation to good governance by providing a high-level focus on audit, assurance and reporting.
- 2.2 CIPFA defines the purpose of an audit committee as follows:
1. Audit committees are a key component of an authority’s governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
 2. The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

Audit Committees – Practical Guidance for Local Authorities and Police (2018)

- 2.3 The Terms of Reference for the Audit & Governance Committee are reviewed annually against current regulations, the CIPFA position statement and guidance for audit committees and best practice in comparable authorities.
- 2.4 The Committee's approved Terms of Reference for 2023/24, which are detailed on the BCP website, can be summarised as providing independent assurance to Council in relation to the:
- Effectiveness of the Council's governance arrangements, risk management framework and internal control environment;
 - Overseeing the work of Internal and External Audit;
 - Reviewing and approving the Annual Statement of Accounts and the Annual Governance Statement and monitoring the Council's compliance with its Code of Corporate Governance; and
 - Reviewing the adequacy of certain policies and procedures to ensure compliance with statutory and other guidance.

The complete Terms of Reference for the committee are shown at Appendix 1 of this report.

Membership and attendance

- 2.5 The Committee was chaired during 2023/24 by Councillor Marcus Andrews and the vice chair was Councillor Eleanor Connolly. The Committee comprised nine councillors and two independent members who both joined from October 2023 onwards.
- 2.6 The Committee met formally on seven occasions during 2023/24. All meetings were quorate and face to face in line with government requirements for all committee meetings. Attendance at the meetings is recorded below:

Committee member	Number of meetings possible to attend	Number of meetings attended in person (able to vote)	Number of meetings viewed on MS Teams(not able to vote)	Formal substitute appointed who attended in person (able to vote)
Councillor				
Marcus Andrews (Chair)	7	7	0	0
Eleanor Connolly (Vice Chair)	7	5	2	0
Sara Armstrong	5	5	0	0
John Beesley	7	5	1	1 Karen Rampton
Brian Castle	7	7	0	0
Adrian Chapmanlaw	7	7	0	0
Richard Herrett	7	5	0	2 Michael Tarling
Margaret Phipps	7	6	1	0
Joe Salmon	2	1	0	1 Sara Armstrong
Clare Weight	7	7	0	0
Independent members (non-voting)				
Samantha Acton	4	4	0	n/a
Lindy Jansen-vanVuuren	4	3	1	n/a

- 2.7 Councillor Joe Salmon was a member of the Committee for the first two meetings of the year only and was replaced by Councillor Sara Armstrong.
- 2.8 Various other councillors attended committee meetings from time to time, often for specific agenda items. Councillor Mike Cox, Portfolio Holder for Finance, attended meetings in person or virtually.
- 2.9 In addition to the committee members, the Chief Executive, Director of Finance, Head of Audit & Management Assurance (the Chief Internal Auditor), Director of Law and Governance, representatives from the External Auditors (Grant Thornton) and other officers including the Insurance & Risk Managers and Democratic Support officers, as appropriate, attended committee meetings.

Independence of the committee

- 2.10 As a Council appointed committee, Audit & Governance Committee is appointed in accordance with the requirements for political balance and proportionality but, in line with CIPFA guidance and best practice, strives for political neutrality.
- 2.11 Samantha Acton and Lindy Jansen-vanVuuren were appointed, following an openly advertised selection process, by Council in October 2023 as non-voting Independent Members to the committee. The introduction of independent members to the committee has enhanced the independence of the committee as it discharges its functions. In addition, the professional audit and business experience and knowledge of its independent members give depth and insight to the robust challenge the committee provides in considering the assurances received.

Knowledge and Skills of the committee members

- 2.12 Councillors bring with them a wide range of knowledge and skills from their working life and elected representative roles to the work of the committee. The skills and knowledge of the committee are further complemented by those of the Independent Members, who have brought with them a wealth of knowledge and experience in both business and audit settings, and they apply this knowledge, skill and experience to BCP Council.
- 2.13 A programme of development has been undertaken during the year to ensure that members of the committee have the necessary knowledge and skills to discharge the functions of the committee. In view of the significant change in membership following the May 2023 elections, an introductory session was provided, on Thursday 15 June 2023, on the role and functions of the audit committee prior to the first formal core meeting of the Municipal Year.
[Audit and Governance Committee 15 June 2023 Cllr Presentation.pptx](#)
- 2.14 Further briefings have been provided to the committee to ensure that all Members remain up to date and informed to enable fulfilment of the committee's role. As in previous years, the Director of Finance provided training to the committee in preparation for their examination of the Accounts.

AR member finance presentation May 2023

- 2.15 The committee also participated in 'deeper-dive' sessions and workshops including, for example, how the Council's insurance arrangements work and operate.
- 2.16 The External Auditor routinely provided sector updates and presented some in depth briefings.
- 2.17 Cllr Marcus Andrews attended CIPFA Better Governance Forum training for audit committee chairs.
- 2.18 Utilising available technology a BCP Council Audit & Governance Committee MS Team has been created where committee members can communicate with each other or officers to discuss matters, to seek training or to simply ask a question. Officers also share relevant sector briefings using this MS Team.
- 2.19 Looking forward, the committee will continue to participate in further training and development opportunities over the 2024/25 municipal year. The chair has once again invited members of the committee, or indeed any councillors, to identify with him any governance, risk or internal control matters where greater understanding or acquisition of skills may benefit individuals or the committee in discharging its responsibilities. Such requests will be incorporated into the Forward Plan for a report, presentation or training session to be received in the non-core meetings of the committee. (Four planned in 24/25).

Operation of the committee

- 2.20 The Committee met on seven formal occasions during the 2023/24 municipal year with meeting dates structured around the receipt of annual assurance reports, external and internal audit reporting cycles, and the statutory requirements for production of the Accounts and Annual Governance Statement. This frequency of meetings ensures the committee can fulfil its responsibilities in an efficient and effective way and has been compared against the CIPFA recommended practice and arrangements in other local authorities.
- 2.21 The Committee meeting on seven occasions during the municipal year is towards the more frequent end of other local authorities' comparison. The most common other local authority frequency was quarterly, which tallies with the 'core' meetings of the BCP Council Audit & Governance committee.
- 2.22 Live streamed webcasts of each meeting allowed members of the public and press to access meetings remotely. Members of the public were free to make statements or ask questions related to the agenda items at committee meetings in line with the Constitution. Most committee meetings during 2023/24 heard questions and or statements from members of the public. In

the case of questions, a response generally prepared by an officer was provided to the chair who gave the answer on public record.

- 2.23 The Committee is supported by several officers who attend regularly and bring expertise in relation to corporate governance, internal audit, finance, legal compliance, risk and resilience and information governance.
- 2.24 The chair and vice chair of the Committee have a briefing with appropriate officers prior to each committee meeting to ensure the meeting runs as smoothly as possible in terms of who is presenting, and who else is likely to wish to speak.

3. COMMITTEE BUSINESS - THE WORK & ACTIVITY OF THE COMMITTEE

- 3.1 The key functions of the Committee are aligned to key statutory and regulatory deadlines. Consequently the committee in 2023/24 has received:
- Some reports in arrears, for the 2022/23 and 2021/22 financial years;
 - Some update reports in real or close to real time for the 2023/24 financial year; and
 - Some reports in advance to implement policies and procedure for the 2024/25 financial year.
- 3.2 The table below summarises the reports received by the Committee during the 2023/24 municipal year.

Terms of Reference area	Reports received by the committee to enable oversight and discharge of responsibilities
Governance, Risk & Control	<ul style="list-style-type: none"> • Annual Governance Statement 2022/23 and Annual Review of Local Code of Governance • Chief Internal Auditor's Annual Opinion 2022/23 • Annual Breaches & approved Waivers of Financial Regulations 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 2022/23 • Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2022/23 • Information Governance annual update • Risk Management – Corporate Risk Register quarterly update
Internal Audit	<ul style="list-style-type: none"> • Chief Internal Auditor's Annual Opinion 2022/23 • Quarterly Audit Plan Update 2023/24 • Assurance Framework & Internal Audit Planning, including the Audit Charter for 2024/25
External Audit	<ul style="list-style-type: none"> • Audit Plan 2022/23 and 2023/24

	<ul style="list-style-type: none"> • Audit Findings Report 2021/22 & 2022/23 (Value for money arrangements report) • Auditors Annual Report 2021/22 • Audit Progress & Sector quarterly updates
Financial Reporting	<ul style="list-style-type: none"> • Statement of Accounts 2021/22 & 2022/23 • Treasury Management Strategy Refresh/Approval for next financial year • Treasury Management Quarterly Monitoring Report • Addressing the Local Audit Backlog & proposal for the 2022/23 Audit
Accountability arrangements	<ul style="list-style-type: none"> • This Annual Report
Other functions	<ul style="list-style-type: none"> • Emergency Planning & Business Continuity annual update • Health & Safety and Fire Safety annual update • Annual evolution of Council Policies for 2024/25: <ul style="list-style-type: none"> i. Whistleblowing ii. Anti-Fraud and Corruption iii. Declaration of Interests, Gifts & Hospitality iv. Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) • Financial Regulations - annual evolution for 2024/25.
Discretionary and/or requested functions	<ul style="list-style-type: none"> • Appointment of Independent member(s) to Audit & Governance Committee • Review of the Council's Constitution - a separate working group was convened and met several times during the year to review the Constitution. Changes were discussed and agreed at Audit & Governance Committee and subsequently approved or not by Council • Council Owned Companies Shareholder Governance Review

3.3 The core functions of the committee, as suggested and identified by CIPFA best practice, is summarised in the following sections.

The Statement of Accounts (SoA) and Annual Governance Statement (AGS)

3.4 Council has delegated to the Committee the authority to approve the Council's pre-audited and audited Statement of Accounts, which includes the Annual Governance Statement, on behalf of the Council.

3.5 The Committee considered the interim (or draft) AGS in July 2023, just after the formal period of public consultation, and went on to approve the Council's Annual Governance Statement for 2022/23 following receipt of the Chief Internal Auditor's Opinion.

3.6 The Committee has only recently, in May 2024, approved the audited Statement of Accounts for the 2021/22 financial year, which set out the auditor's 'unqualified opinion'. This unacceptable delay is typical of most large unitary and county councils which means BCP Council is not an outlier in this regard.

- 3.7 There have been well publicised and reported upon national problems with external audit capacity, exacerbated by enhanced levels of audit work required nationally in key areas of the accounts to comply with relevant standards – most notably fixed assets and pensions.
- 3.8 A nationally negotiated solution, referred to as the 'Backstop arrangement', had been brokered which sought to re-install more timely auditing of the accounts for all councils. The recent calling of the General Election meant that Parliament did not legislatively agree the proposed arrangements and subsequently a policy rethink has been announced by CIPFA. A significant degree of uncertainty therefore remains.
- 3.9 The audit for the 2023/24 year has however commenced and Grant Thornton and BCP Council are working collaboratively to re-install more timely audit reporting.
- 3.10 For the avoidance of any doubt, the audit requirement for the 2022/23 financial year remains uncertain, Grant Thornton and BCP Council are awaiting further policy advice and updates.

External Audit

- 3.11 Following consideration of other options, the Committee concluded that participation in the national audit appointment scheme for appointing the external auditor from 2023/24 until 2027/28 would produce the best outcomes for the Council.
- 3.12 On the Committee's recommendation, Council accepted an invitation to opt in to the national appointment scheme operated and managed by PSAA (Public Sector Audit Appointments Limited). During 2023/24 the committee were informed of the outcome of the national appointment scheme. Grant Thornton LLP, incumbent auditor since BCP Council came into being on 1 April 2019, will remain the Council's appointed auditor until the completion of the 2027/28 accounting year audit.
- 3.13 The Committee plays a significant role in overseeing the Council's relationship with its external auditor and takes an active role in reviewing the external audit plan, progress reports and the annual report which sets out the findings of the value for money opinion, which reviews the Council's arrangements for securing economy, efficiency and effectiveness.
- 3.14 In September 2023 the Committee received the external auditor's annual report, where the auditor is required to report their commentary under specific criteria, namely financial sustainability, governance and improving economy, efficiency and effectiveness. They are required to report on any significant weaknesses they identify.
- 3.15 The External Auditor produced a 2021/22 and 2022/23 (combined) Annual

Report which identified the following weaknesses:

Criteria	Risk assessment
Financial sustainability	Risks identified relate in the main due to uncertainties in relation to the Councils Medium Term Financial Plans and associated transformation programme and delivery of savings.
Governance	Significant risks identified in Governance in relation to leadership, partnerships and the Transformation programme
Improving economy, efficiency and effectiveness	Risk identified because of the inadequate rating issued by Ofsted in respect of children in care

Five key recommendations were made and a further 13 improvement recommendations were made. The Council provided the External Auditor with management responses to all the recommendations. Recommendations were either implemented or are being implemented. In the latter case, being implemented, this is where the action or requirement may take time to embed or take effect.

- 3.16 The External Auditor also made a contextual comment that the May 2023 election resulted in a change of political administration and an apparent change in financial strategy, which set a new tone from the top and was an opportunity to address some of the issue raised in their report.
- 3.17 Ultimately, the committee is looking forward to the External Auditor's 2023/24 value for money opinion, where time will tell if Council actions may result in a more favourable overall opinion. Regular meetings between relevant officers, the Portfolio Holder for Finance and Grant Thornton's audit team provides meaningful two way communication on progress status on the implementation of recommendations.
- 3.18 Interim feedback to the committee from the External Auditor is providing a degree of assurance that the Council is moving towards a stronger position, making a more favourable 2023/24 value for money opinion more likely.
- 3.19 During the year, the committee also received regular reports and sector updates.
- 3.20 The Committee looks forward to continuing to work with the External Auditors; considering the responses of management to audit recommendations and ensuring that appropriate actions are agreed and implemented.

Internal Audit

- 3.21 The Committee works closely with the internal audit function, both overseeing the independence and effectiveness of the service and receiving assurance from the Head of Audit & Management (HAMA) assurance as to the adequacy and effectiveness of the Council's internal control environment.
- 3.22 The Committee noted the assurance, through interim self-assessment, that the Internal Audit service conforms with the requirements of the Public Sector Internal Audit Standards (PSIAS). This tallies with the external assurance received from the Chartered Institute of Public Finance & Accountancy (CIPFA) when they assessed the BCP Council internal audit service in June 2021.
PSIAS quality assurance is a 5 year rolling cycle – a formal external assessment inspection followed by four years of self-assessment. The Internal Audit team is next externally inspected in June 2026.
- 3.22 The Committee reviewed and agreed the Internal Audit Charter and the broad strategic annual risk based audit plan for the 2023/24 year in March 2023, including the allocation of resource to respective Council service areas. For 2023/24, the team moved to quarterly detailed operational audit scoping and planning. Local government sector challenges and significant levels of organisational change created uncertainty, complexity and increasing risk. Quarterly planning enabled the team, and the committee, to ensure audit plans were flexible and adaptive to new and emerging risks in this environment.
- 3.24 The Committee received and considered regular reports from the HAMA throughout the year providing updates on progress against the 2023/24 Internal Audit Plan, together with information relating to the wider work of the Internal Audit section.
- 3.25 The Committee was advised of the outcomes of every internal audit review, with greater depth and follow up provided in relation to reviews resulting in 'partial' or 'minimal' assurance. There were 11 'partial' assurance and, reassuringly, no 'minimal' assurance review outcomes reported to the Committee during 2023/24.
- 3.26 The Committee also received assurance that management responded positively by agreeing all recommendations made and these were followed up by the Internal Audit team to ensure they were implemented in the agreed timeframes.
- 3.27 The Committee received reports from the HAMA where any high priority recommendations were not implemented by the agreed target date. The Committee had the power to 'call-in' officers to explain delays in implementing recommendations – the Committee did not exercise this power during 2023/24. In the rare circumstances where high priority recommendations were not implemented by the target date, the explanations provided were reasonable and a revised target date was agreed.

- 3.28 The Committee was satisfied that the work undertaken to support the overall opinion of the HAMA was conducted in accordance with established methodology that promoted quality and conformance with the International Standards for the Professional Practice of Internal Auditing and the PSIAS.
- 3.29 The HAMA's overall Annual Audit Opinion concluded the Council has an adequate and effective framework of internal control, risk management and governance, although the detailed reporting through the year identified areas of weakness and where improvements can be made.

Risk Management

- 3.30 The Committee oversees the Council's risk management arrangements and strategy, which is currently being revised in line with feedback from the Corporate Management Board, the Committee and the Cabinet.
- 3.31 The Committee reviewed the progress made by the Council in identifying and addressing corporate risks. This included consideration of the Corporate Risk Register at all core meetings.
- 3.32 During 2023/24 a number of officers (risk owners) were asked to attend the committee meeting so the Committee could assess the adequacy and effectiveness of risk management.

Corporate Governance

- 3.33 The Committee considered and approved a refreshed Code of Corporate Governance. The Code reflects the core principles and requirements of the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework'.
- 3.34 The draft and final Annual Governance Statement for 2022/23 was approved showing how the Council complied with the Code of Corporate Governance and highlighting areas where improvements were required.
- 3.35 Considered and approved revisions to the Audit Committee Terms of Reference after updated CIPFA guidance was published. The new Terms of Reference were recommended to Council for approval
- 3.36 The Committee established a Constitution Review Working Group of five of its Councillors. The 2023/24 members of the Working Group were Councillor Connolly (Chair) and Councillors Andrews, Beesley, Castle and Phipps.
- 3.37 Since its establishment in July 2020, the Working Group has continued to meet on a regular basis to consider requests for change. The Group received advice from various officers including the Monitoring Officer and Head of Democratic Services. From time to time, as required, Officers and Councillors with specialist responsibility were invited to have an involvement.

- 3.38 Working Group recommendations that were agreed by Council have been implemented and incorporated into a revised and updated version of the Constitution and published on the Council's web site.

4. LOOKING FORWARD

- 4.1 The Committee has approved an initial Forward Plan for the 2024/25 municipal year setting out the regular update reports and annual assurance reports it will receive. This draft Forward Plan will be reviewed quarterly and will be amended or added to as required.
- 4.2 The Committee will remain flexible in its approach, to accommodate additional items within its remit as they emerge. As in the last municipal year, the committee will request and consider reports in relation to relevant matters which come to our attention during the year.
- 4.3 The Committee will provide the usual level of robust challenge to corporate governance and audit practice and procedure across the authority to ensure that BCP Council arrangements are up to date and fit for purpose, communicated, embedded and routinely complied with.
- 4.4 In addition to the routine business the committee have requested assurance reports in the 24/25 municipal year in relation to:
- Adequacy of governance arrangements to secure planning approval for Council commercial activity – including concessions and in-house run services;
 - Governance surrounding the disposal of Council land and property;
 - Transparency of Officer decision making and accountability to Councillors;
 - Governance and safeguards – the current decision making process for the budget / MTFP;
 - Procurement and contract management governance – Part G of Financial Regulations;
 - Appointment of, and management of Consultants – governance arrangements including business cases, procurement and contract monitoring;
 - Performance Management Governance & Reporting; and
 - Business Planning Governance & Reporting.

BCP COUNCIL - FUNCTIONS OF THE AUDIT & GOVERNANCE COMMITTEE

Functions of the Audit & Governance Committee are set out below. The Audit & Governance Committee cannot delegate for a decision any issues referred to it apart from any matter that is reserved to Council.

Statement of Purpose

Our Audit & Governance Committee is a key component of Bournemouth, Christchurch and Poole (BCP) Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our Audit & Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of BCP Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk & Control

To consider the arrangements for corporate governance including reviews of the Local Code of Corporate Governance and review and approval of the Annual Governance Statement (AGS).

To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.

To consider arrangements for risk management including the approval of the Risk Management Strategy and review of the Council's corporate risk register.

To consider arrangements for counter-fraud and corruption, including 'whistle-blowing' including approval of the Counter Theft, Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy.

To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal Audit

To approve the Internal Audit Charter.

To approve the risk-based Internal Audit Plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

To approve significant interim changes to the risk-based Internal Audit Plan and resource requirements.

To consider reports from the Head of Internal Audit on Internal Audit's performance during the year, including the performance of external providers of internal audit services. These

will include: a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work b) regular reports on the results of the Quality Assurance Improvement Programme (QAIP) c) reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement (AGS).

To consider the Head of Internal Audit's annual report: a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit. b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.

To consider summaries of specific internal audit reports as scheduled in the forward plan for the Committee or otherwise requested by Councillors.

To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every 5 years.

To commission work from the Internal Audit Service (with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee).

External Audit

To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments Ltd (PSAA).

To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

To consider all other relevant reports from the External Auditor as scheduled in the forward plan for the Committee as agreed with the External Auditor or otherwise requested by Councillors.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To commission work from External Audit (with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee).

To liaise with the national body (currently Public Sector Audit Appointments (Ltd)) (PSAA) over the appointment of the Council's External Auditors.

To consider reports dealing with the management and performance of the External Audit function.

To consider and approve the Annual Plans of the External Auditor.

Financial Reporting

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

To report to Council and publish an annual report on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

To report to Council and publish an annual report on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

Other Functions

To consider arrangements for treasury management including approving the Treasury Management Strategy and monitoring the performance of this function.

To maintain 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).

To consider breaches, waivers and exemptions of these Financial Regulations.

To consider any relevant issue referred to it by the Chief Executive, Chief Finance Officer (CFO), Chief Internal Auditor (CIA), Monitoring Officer (MO) or any other Council body or cabinet member.

To consider arrangements for information governance, health and safety, fire safety, emergency planning (including business continuity).

To consider any issue of Council non-compliance with its own and other relevant published regulations, controls, operational standards and codes of practice.

To consider gifts and hospitality registers relating to officers.

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Forward Plan - For the 2024/25 municipal year
Meeting date	25 July 2024
Status	Public Report
Executive summary	This report sets out the list of reports to be considered by the Audit & Governance Committee for the 2024/25 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 2024/25.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Graham Farrant, Chief Executive
Report Authors	<p>Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk</p>
Wards	Council-wide
Classification	For Recommendation Decision

Background

1. Good practice dictates that a forward plan should be agreed which sets out the reports to be considered by the Audit & Governance Committee over the next 12 months.

The Forward Plan

2. The Forward Plan for 2024/25, 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.
3. The Audit & Governance Committee should note that the plan does not preclude extraordinary items being brought before the Committee in consultation with the Chair and Vice Chair as necessary and appropriate, thus ensuring that Audit & Governance Committee business is consistent with the terms of reference.

4. 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 'Other Reports or Training Presentations' section 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

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

Summary of financial implications

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

Summary of legal implications

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

Summary of human resources implications

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

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

12. Development and agreement of the Forward Plan by the Audit & Governance Committee enables it to fulfil its terms of reference.

Background papers

None

Appendices

Appendix A – Audit & Governance Committee – Forward Plan 2024/25

Audit & Governance Committee – Forward Plan 2024/25

REPORT	30 MAY 2024 (extra)	25 JUL 2024	5 SEP 2024 (extra)	17 OCT 2024	28 NOV 2024 (extra)	16 JAN 2025	27 FEB 2025 (extra)	20 MAR 2025
EXTERNAL AUDITOR'S REPORTS								
External Auditor – Audit Plan 2023/24	✓							
External Auditor – Audit Findings Report 2021/22, 2022/23 and 2023/24 (note 2022/23 audit will be subject to backstop arrangements)	✓		As required depending on agreed timetable and national issues					
External Audit – Auditor's Annual Report 2023/24			As required depending on agreed timetable and national issues					
External Auditor – Audit Progress & Sector Update			As required depending on agreed timetable and national issues					
ANNUAL REPORTS								
Draft Statement of Accounts 2023/24			As required depending on External Audit timetable					
Annual Governance Statement 2023/24 and Annual Review of Local Code of Governance (<i>1 update on Action Plan only</i>)		✓				✓ ₁		
Chief Internal Auditor's Annual Opinion Report 2023/24		✓						
Annual Breaches & approved Waivers of Financial Regulations Report 2023/24		✓						
Annual Review of Declarations of Interests, Gifts & Hospitality by Officers 2023/24		✓						
Use of Regulation of Investigatory Powers Act and Investigatory Powers Act Annual Report 2023/24		✓						
Audit & Governance Committee Annual Report		✓						
Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2023/24				✓				
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 2025/26: - 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 2025/26.							✓	
QUARTERLY / HALF YEARLY REPORTS								
Internal Audit - Quarterly Audit Plan Update		✓		✓		✓		✓
Risk Management – Corporate Risk Register Update		✓		✓		✓		✓
Forward Plan (refresh)		✓		✓		✓		✓
Treasury Management Quarterly Monitoring Report		✓		✓		✓		
OTHER REPORTS OR TRAINING PRESENTATIONS (These items may be deeper dive presentations rather than formal reports, as agreed by the Chair)								
Adequacy of governance arrangements to secure planning approval for Council commercial activity – including concessions and in-house run services	✓							
Appointment of, and management of Consultants – governance arrangements including business cases, procurement and contract monitoring	✓							
Governance and safeguards – the current decision making process for the budget / MTFP			✓					

Procurement and contract management governance – Part G of Financial Regulations			✓					
Governance surrounding the disposal of Council land and property					✓			
Transparency of Officer decision making and accountability to Councillors					✓			
Performance Management Governance & Reporting							✓	
Business Planning Governance & Reporting							✓	
<i>Others to be agreed by the Chair as identified</i>								