



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

TELEPHONE: 020 8464 3333

CONTACT: Steve Wood
stephen.wood@bromley.gov.uk

DIRECT LINE: 020 8313 4316

DATE: 23 May 2024

To: Members of the
AUDIT AND RISK MANAGEMENT COMMITTEE

Councillor Michael Tickner (Chairman)
Councillor Robert Evans (Vice-Chairman)
Councillors Jeremy Adams, Simon Fawthrop, Julie Ireland, Ruth McGregor,
Tony Owen, Chris Price and Shaun Slator

Co-opted Members
Greig Allen and Theresa Farr

A meeting of the Audit and Risk Management Committee will be held at Bromley Civic Centre, Stockwell Close, Bromley, BR1 3UH on **TUESDAY 4 JUNE 2024 AT 7.00 PM**

TASNIM SHAWKAT
Director of Corporate Services & Governance

Copies of the documents referred to below can be obtained from
<http://cds.bromley.gov.uk/>

A G E N D A

- 1 **APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**
- 2 **DECLARATIONS OF INTEREST**
- 3 **CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 28TH MARCH 2024**
(Pages 3 - 8)
- 4 **MATTERS ARISING** (Pages 9 - 12)
- 5 **QUESTIONS TO THE AUDIT SUB COMMITTEE FROM THE PUBLIC OR COUNCILLORS**

In accordance with the Council's Constitution, questions that are not specific to reports on the agenda must have been received in writing 10 working days before the date of the meeting by **5 p.m. on 20th May**.

Questions specifically seeking clarification of reports on the agenda should be received within two working days of the publication date of the agenda. Please ensure that questions specifically regarding reports on the agenda are received by the Democratic Services Team by **5 pm on 29th May**.

Members of the public can ask one question each. Please clarify if you want to ask your question at the meeting or require a written response.

6 INFORMATION BRIEFING; INTERNAL AUDIT REDACTED REPORTS

The briefing comprises:

- 1) Adult Safeguarding: (Procedures and Quality Assurance Processes).
- 2) Children And Young People's Mental Health And Wellbeing Contract.
- 3) Health & Safety (Corporate) 2023/24
- 4) Learning Disabilities (Reviews and Budget Monitoring)
- 5) Quality Of Care - Adults (Residential)

This briefing is circulated for information only, but issues can be debated at the meeting at the request of any member of the Committee. Such requests should be made to the Democratic Services Officer at least 24 hours before the meeting and should set out which aspects of the information briefing need to be discussed.

Members have been provided with advance copies of the briefing via e-mail. The briefing is also available on the Council's Website at the following link:

<http://cbs.bromley.gov.uk/ieListMeetings.aspx?Cld=559&Year=0>

Printed copies of the briefing are available on request by contacting Steve Wood at stephen.wood@bromley.gov.uk

7 INTERIM VALUE FOR MONEY REPORT 2020/21 – 2022/23 (Pages 13 - 46)

8 INTERNAL AUDIT ANNUAL REPORT 2023/24 (Pages 47 - 82)

9 ANNUAL GOVERNANCE STATEMENT 2023/24 (Pages 83 - 120)

10 COUNTER FRAUD REPORT: 2023/24 (Pages 121 - 130)

11 RISK MANAGEMENT (Pages 131 - 158)

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AUDIT AND RISK MANAGEMENT COMMITTEE

Minutes of the meeting held at 7.00 pm on 28 March 2024

Present:

Councillor Michael Tickner (Chairman)
Councillor Robert Evans (Vice-Chairman)
Councillors Jeremy Adams, Felicity Bainbridge,
Simon Fawthrop, Julie Ireland, Ruth McGregor,
Keith Onslow and Chris Price

Greig Allen

Also Present:

Janet Dawson, EY

31 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Cllr Dr Sunil Gupta, who was replaced by Cllr Keith Onslow, and from Cllr Simon Jeal, who was replaced by Cllr Chris Price.

32 DECLARATIONS OF INTEREST

There were no declarations of interest.

33 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 7th NOVEMBER 2023

RESOLVED that the minutes of the meeting held on 7th November 2024 be confirmed.

34 QUESTIONS TO THE AUDIT AND RISK MANAGEMENT COMMITTEE

No questions had been received.

35 MATTERS ARISING

Report CSD24047

The Committee received an update on matters outstanding from previous meetings.

36 INFORMATION BRIEFING: INTERNAL AUDIT REDACTED REPORTS

The Committee discussed the following Internal Audit Reports –

(A) Parking Income

The Committee discussed the following Internal Audit Reports:

(B) Parking Income

A Member asked:

1. Whether the cost of thefts from pay and display machines, and lost income from these broken machines, was born by the Council or the contractor.
2. Were those losses reimbursed to the Council?
3. If the losses were reimbursed, how much was paid?
4. The contract also states that the Council should be reimbursed for the periods the machines are out of action. Were such penalties imposed and how much was paid to the Council?

A response would be provided to all Audit Committee Members once information had been received from the Head of Service, Shared Parking Services.

(C) Community Safety

A Member asked if the Anti-Social Behaviour training had been completed, and whether there was any measure of effectiveness of the training. The Head of Audit and Assurance reported that Policies and Procedures had been updated and a Training Plan was in place for 2024/25. Management oversight would seek to identify any additional individual needs.

(D) Property Services – Facilities Management

A Member expressed concern that a year was too long to wait for progress reports on performance management and budget monitoring, and asked whether Executive, Resources and Contracts PDS Committee should consider this.

The Head of Audit and Assurance responded that an update could be provided for the Committee's November meeting – this would be after current contracts ended in September and possibly new staff would be in place replacing the current interim management.

The Chairman of the Executive, Resources and Contracts PDS Committee asked the Member to write to him with his concerns. He added that a gateway report was expected to his PDS meeting, and that he was concerned about general standards of contract management – he had requested a report for the PDS Committee. The Head of Audit and Assurance commented that

contract management appeared to be more of a problem with smaller contracts and that training for managers was being rolled out.

37 INFORMATION BRIEFING: BI-ANNUAL REPORT ON EXTENSIONS, EXEMPTIONS AND WAIVERS

Report FSD22041

The Committee received its bi-annual information report on the application of all extensions, variations, waivers and exemptions where the procurement action was £50k or higher.

38 EXTERNAL AUDIT REPORTS

Report FSD24029

The Committee received a report providing the annual audit letter following conclusion of the audit of the 2019/20 Statement of Accounts, draft audit results for the 2020/21 Pension Fund audit and an update on the main Council audit for 2020/21 and subsequent years. Janet Dawson from EY, the Council's external auditor, attended the meeting.

Ms Dawson explained that all the audit work for 2018/19 was done and consideration of the objections to the 2018/19 accounts was now nearly concluded; this would allow the certificate to be issued for 2019/20 and then EY would assist the Council to re-set towards the correct timetable. The 19/20 audit should follow within months, and the 22/23 audit was subject to a back-stop date of 30th September 2024. She confirmed that the objector had no right of appeal as the objections were based on public interest rather than unlawfulness. The objections were detailed and substantial, amounting to around 70-80 pages of text, and EY's work had been delayed until the previous auditor's work was completed in 2022. The objections had to be worked through carefully, according to set processes. However, as the objections were essentially the same each year, future years should be dealt with more quickly.

A timetable for the 2023/24 audit cycle was set out on page 106 of the agenda pack; substantive work would be carried out over the summer and the process should be completed by the end of the calendar year. The Council's Head of Corporate Finance and Accounting confirmed that the Government expected Councils to produce their draft accounts within two months

Ms Dawson confirmed that Audit fees were set by the Public Service Audit Authority (PSAA). A Member suggested that the cumulative costs of addressing the objector's concerns should be drawn up. The Director of Finance confirmed that although the Council might view the objector as vexatious the auditor had to work through the objections. There were concerns about the audit requirements, some of which were more suited to the private sector, and the fees imposed on local authorities by the PSAA. The new value for money assessment was useful – the Director confirmed

that there were no concerns for Bromley – but it was intended to identify those authorities struggling financially. The Chairman suggested that the Committee should have further discussion of fees in part 2.

A Member asked about the Audit Differences commentary (page 65 of the agenda pack). Ms Dawson confirmed that the different benchmarking approaches of MFS and BNY Mellon were not material, and that the Mytime Active exit from the Pension Scheme did not mean that the Pension Scheme was better off, only that the year-end position had not been reversed out.

The Chairman thanked Ms Dawson for attending the meeting and for her work assisting the Council.

RESOLVED that

- (1) The 2019/20 Annual Audit Letter from EY (Appendix 1 to the report) be noted.**
- (2) The draft 2020/21 Pension Fund Audit Results report from EY (Appendix 2 to the report) be noted.**
- (3) The Audit Update report from EY (Appendix 3 to the report) be noted.**

39 INTERNAL AUDIT AND FRAUD PROGRESS REPORT

Report FSD24024

The report provided an update on Internal Audit activity and outcomes to date in the 2023/24 financial year and an update on counter fraud activity for the first three quarters of the year. The report also set out proposed changes to the Internal Audit Plan for the Committee's approval.

The emerging themes from the year's work related to Contract Management, Supplier Business Continuity Plans, Performance Management, Data Quality and Policies and Procedures. Appendix C to the report set out follow-up of Priority 1 recommendations; there was generally good progress, and further information on Priority 2 and 3 recommendations would be reported to the Committee's next meeting. New professional Internal Audit standards were expected in June; a gap analysis was being carried out to identify the changes required and training needs. Changes to the Committee's role were also anticipated. The Internal Audit Team continued to have problems with staffing resources, but contractors had been engaged to carry out some audits and the position was improving.

In response to questions, the Head of Audit and Assurance explained that the Cloud Design and Migration Plan audit was an advisory audit which could not be carried out as the allocated auditor had left the Council – it was now proposed to carry out an assurance review of a subsequent iteration of the Plan. An update on this would be provided later in the year.

The Discharge to Assess audit had resulted in three Priority 1 recommendations, on Financial Management and Budget Monitoring, Operational Procedures and Performance Monitoring. Performance had improved on all these issues, but Internal Audit would check that the changes made were fully embedded and report back in November.

It was confirmed that although the Quality of Accommodation (Temporary Accommodation) audit would move into the 2024/25 programme, the actual delay would only be a few months.

A Risk Management Strategy for the Council had been drafted; it was intended that external consultants would be brought in to advise on key elements of the Strategy. It was hoped that this work could be carried out in the next few months, then the Strategy would be reported to the Committee.

RESOLVED that

- (1) The Progress Report be noted.**
- (2) The amendments to the 2023/24 Internal Audit Plan set out in paragraph 3.1.5 of the report be approved.**

40 INTERNAL AUDIT PLAN: APRIL - OCTOBER 2024

Report FSD24028

The report presented the Internal Audit Plan April – October 2024. It explained the risk-based planning process and the underlying assumptions behind the resource assessment used to produce the Plan. The report also presented the Internal Audit Charter 2023-24 for approval and the five year framework for review and comment.

A Member drew attention to Table 1 – Internal Resources and the deficit of 184 hours needed to complete the proposed Audit Plan. It was proposed to commission external providers and the position would be much clearer by the Committee's next meeting in June. The Head of Audit and Assurance was reviewing the Team's structure and what would be needed for the future. The market for auditors was very difficult; although apprentices might offer a solution more senior staff need to be available to support them.

RESOLVED that

- (1) The April – October 2024 Internal Audit Plan (Appendix A to the report) be approved.**
- (2) The Internal Audit Charter (Appendix B to the report) be approved.**
- (3) The Internal Audit strategic five-year framework (Appendix C to the report) be noted.**

41 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000

RESOLVED that the press and public be excluded during consideration of the item of business listed below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present, there would be disclosure to them of exempt information.

42 EXTERNAL AUDIT REPORTS

The Committee received a briefing from the Director of Finance on External Audit fees. The Director explained the role of the Financial Reporting Council which sets standards that external audit firms had to meet and the impact of not meeting those standards from an external audit perspective. This resulted in the need for additional evidence by external auditors which led to the separate use of an actuary by the external audit firms without sole reliance on the information from the Council's actuary. This increased costs for the Council. Although some of the arrangements required were more applicable to the private sector they remained a requirement also for local government. Local Authority Treasurers were actively responding on the need for improvements in future arrangements.

The Council would not be required to pay for any audit work relating to published Statement of Accounts not undertaken.

The Government had provided limited additional funding for the new burdens placed on Councils, but this was significantly less than the actual amount needed. The Public Sector Audit Authority (PSAA) determined the final audit fees and provided arbitration, if necessary, where fees were disputed between the external audit and the local authority.

The Meeting ended at 8.25 pm

Chairman

**Report No.
CSD24069**

LONDON BOROUGH OF BROMLEY

PART 1 PUBLIC

Decision Maker: AUDIT AND RISK MANAGEMENT COMMITTEE

Date: 4th June 2024

Decision Type: Non-Urgent Non-Executive Non-Key

Title: MATTERS ARISING.

**Contact Officer: Stephen Wood, Democratic Services Officer
Tel: 020 8313 4316 E-mail: Stephen.Wood@bromley.gov.uk**

Chief Officer: Tasnim Shawkat—Director of Corporate Services and Governance

Ward: N/A

1. Reason for report

To update the Audit & Risk Management Committee on progress in dealing with matters that arose from previous meetings, and noting any matters that may still be outstanding.

2. **RECOMMENDATION(S)**

To note and comment on progress with matters arising from previous meetings.

To recommend any action as deemed appropriate with respect to matters that have not been resolved.

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Excellent Council—Managing Resources Well
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £402K
 5. Source of funding: Revenue budget
-

Staff

1. Number of staff: 6 FTE
 2. If from existing staff resources, number of staff hours: Completion of “Matters Arising” reports for the Audit Sub Committee normally takes a few hours per meeting.
-

Legal

1. Legal Requirement: None:
 2. Call-in: Not Applicable: This report does not require an Executive Decision
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of members of the Audit Sub-Committee so that Committee Members can monitor progress made on matters that are outstanding from previous meetings.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A
3. **COMMENTARY**

Attached is a schedule of matters outstanding from previous meetings of the Audit Sub Committee with a note of progress made. Most of these issues are taken up in more detail in the progress reports on the agenda (parts 1 and 2). Once an outstanding matter has been completed it will be removed from the schedule.

Non-Applicable Sections:	Policy/Financial/Legal/Personnel
Background Documents: (Access via Contact officer)	Previous Minutes of the Audit & Risk Management Sub Committee. Previous Matters Arising Report.

Appendix 1

Issue & Date	Summary	Update and/or Action being taken.	Status
Min 36 28.05.24 Internal Audit Redacted Reports	<p>At the last Audit & Risk Management Committee it was agreed that the Head of Audit and Assurance would liaise with the Head of Shared Parking Services and provide an email response to Members' queries as to whether the cost of thefts from pay and display machines, and lost income from these broken machines, was born by the Council or the contractor.</p>	<p>On May 3rd, the following update was sent by email to Members:</p> <p>Since 1 April 2023, the only Pay and Display machines in the Borough are those in the Civic Centre Multi Storey car park.</p> <p>In the report to PDS in November 2019 (PROPOSAL TO REMOVE PAY AND DISPLAY MACHINES), it was stated that:</p> <p>4.2 The current parking contract has multiple Key Performance Indicators (KPIs) for machines breaking down. When all machines at a location are out of order, the machines have to be operational within 24 hours or a default of £150 per machine is triggered per 24 hours the machine is out of order.</p> <p>4.3 Whilst the KPIs are a safeguard to the Council, when all machines are out of order, the Council loses potential income from the lost parking sessions which in most cases will be more than the default that is applied. Due to parking sessions not being able to be purchased, no enforcement of the location can take place until the day after the machines have been fixed, and therefore the Council is also losing potential income from Penalty Charge Notices.</p> <p>All pay and display income was reconciled monthly and as per the contract; APCOA would pay the Council the income as per the audit report for each individual machine,</p> <p>therefore any money stolen from the machines was the responsibility of APCOA to replace and the Council did not financially lose any money that was physically stolen.</p> <p>As part of the contract monitoring, all KPIs are monitored on a monthly basis and where necessary, defaults are applied. Every month a report was</p>	Resolved

		<p>generated that listed every pay and display machine and any down time, a calculation would be made for every individual machine and an overall downtime of all machines across the Borough and the necessary default would be applied.</p> <p>However, as a direct result of the machine being broken into, the machine would be taken out of service, resulting in a loss of income from any more parking sessions that would have been purchased until the machine was in a working condition again.</p> <p>Removing the machines had a significant contract saving as there was no longer the need to pay for the maintenance, cash collections and officers to manage them, however an additional saving would have been the risk element that APCOA has calculated into their contract cost to cover the stolen money.</p> <p>All the above also provided a poor service to our customers and was another factor in removing the machines.</p> <p>Since 1 April 2023, the same report mentioned above to list downtime is run on a monthly basis just for the Civic Centre pay and display machines. These machines are still monitored by the monthly KPIs.</p> <p>In the last 6 months defaults of £250 have been applied for this car park. Fortunately, we have had no problems with these machines being broken into, however if this was to happen, APCOA would be responsible for paying back any lost income to the Council.</p>	
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Agenda Item 7

Report No.
FSD24042

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Tuesday 4th June 2024**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **INTERIM VALUE FOR MONEY REPORT 2020/21 – 2022/23**

Contact Officer: James Mullender, Head of Corporate Finance and Accounting
Tel: 020 8313 4196 E-mail: james.mullender@bromley.gov.uk

Chief Officer: Peter Turner, Director of Finance
Tel: 020 8313 4668 E-mail: peter.turner@bromley.gov.uk

Ward: Borough Wide

1. Reason for report

- 1.1 This report provides details of the Interim Value for Money Report from the Council's external auditors for the years 2020/21 to 2022/23.
-

2. RECOMMENDATIONS

The Committee is requested to:

- 2.1 Note the attached Interim Value for Money Report from Ernst & Young.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None arising directly from this report
-

Corporate Policy

1. Policy Status: Existing Policy
 2. Making Bromley Even Better Priority: Managing our resources well
-

Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: External Audit
 4. Total current budget for this head: £747k
 5. Source of funding: Existing Revenue Budget
-

Personnel

1. Number of staff (current and additional): Not Applicable
 2. If from existing staff resources, number of staff hours: Not applicable
-

Legal

1. Legal Requirement: Statutory Requirement – The report concerns the statutory requirements required by the Local Audit and Accountability Act 2014
 2. Call-in: Not Applicable
-

Procurement

1. Summary of Procurement Implications: Not Applicable.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not applicable
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Council Wide

3. COMMENTARY

- 3.1 Ernst & Young LLP, as the Council's appointed External Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources as required by the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).
- 3.2 The attached report provides EY's interim Value for Money report for the years 2020/21, 2021/22 and 2022/23.
- 3.3 In summary, there were no significant weaknesses identified in the three specified areas (financial sustainability, governance and improving economy, efficiency and effectiveness) and nothing that EY would be required to report on by exception.
- 3.4 EY have made one recommendation; that the Council needs to regularly review its capacity within the finance function to ensure that they have adequate capacity to support a timely and efficient audit. As Members will be aware from previous reports, additional resources have been put in to support the production of accounts and their subsequent audit. It is currently considered that this will be sufficient going forward once the backlog has been resolved; however, as recommended, this will be kept under close review.
- 3.5 As reported to the last meeting of the Committee, in February 2024 the Department for Levelling Up, Housing and Communities released a consultation on proposed changes to address the significant backlog of local authority audits.
- 3.6 The outcome of this consultation and any regulations required to implement it are still awaited at the time of writing and will be reported to a future meeting of the Committee.

4. FINANCIAL IMPLICATIONS

- 4.1 Fees are discussed agreed annually with the external auditor to cover the cost of their annual audit activity. The base audit fee is set by PSAA and then varied locally depending on various risk factors.
- 4.2 In the event that less audit work is completed than has been assumed in the scale fees for the prior year audits that are subject to a modified or disclaimed opinion, the fees will only be for the work carried out and variations will be determined by PSAA.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications. This report focuses on the arrangements for local authority financial reporting and auditing put in place by the Local Audit and Accountability Act 2014.

Non-Applicable Sections:	Impact on Vulnerable Adults and Children Policy, Procurement Implications and Personnel Implications.
Background Documents: (Access via Contact Officer)	External Audit Reports, Audit & Risk Management Committee – 28 th March 2024

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London Borough of Bromley

Value for Money Interim Report

Years ended 31st March 2021, 2022 and 2023

17 May 2024

17 May 2024



London Borough of Bromley
Stockwell Close
London
BR1 3UH

Dear Audit & Risk Committee Members

Value for Money Report up to March 2023 and including 2020/21 and 2021/22

We are pleased to attach our interim commentary on the Value for Money ('VFM') arrangements for London Borough of Bromley (the 'Council' or 'LBB'). This commentary explains the work we have undertaken in relation to our VFM responsibilities and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit years 2020/21, 2021/22 and 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. The National Audit Office (NAO) issued a consultation on 8 February 2024 seeking views on changes to the Code of Audit Practice (the Code) to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements. The consultation proposes to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. At this stage, we are continuing to report on VFM in line with our existing responsibilities as set out in the 2020 Code.

This report is intended solely for the information and use of the Audit & Risk Committee and management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit & Risk Committee meeting on 04 June 2024.

Yours faithfully

Janet Dawson

Partner

For and on behalf of Ernst & Young LLP

Encl

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01 Executive Summary



02 Value for Money Commentary



03 Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/auditquality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to Audit Committee and management of London Borough of Bromley in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of London Borough of Bromley those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of London Borough of Bromley for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



BOARDROOM

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01 Executive Summary



Executive Summary

Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this interim commentary is to explain the work we have undertaken during the period 01 April 2020 to 31 March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit years 2020/21, 2021/22 and 2022/23. The NAO has confirmed that where VFM reporting is outstanding for more than one year, the auditor can issue one report covering all years.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation states that where auditors have begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4 of the NAO Code Consultation. We are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this interim report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and
- Summary of arrangements over the period covered by this report (Appendix A).

We will summarise our final view of the value for money arrangements as part of the Auditor's Annual Report once the audit reports have been issued for 2020/21, 2021/22 and 2022/23.



Executive Summary (continued)

Risks of Significant Weakness

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the Director of Finance;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

We completed our risk assessment procedures and did not identify any significant weaknesses in the Council's VFM arrangements.

As a result, we have no matters to report by exception at this stage of the audit and we will update our interim reporting as part of issuing the final commentary in the Auditor's Annual Report later in the year.

Executive Summary (continued)

Reporting

Our interim commentary for 2020/21, 2021/22 and 2022/23 is set out over pages 17 to 30. The interim commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2020/21, 2021/22 and 2022/23. We include within the VFM commentary below the associated recommendations we have agreed with the Council.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weaknesses identified



Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 01 April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2023

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2023: [EY UK 2023 Transparency Report | EY UK](#)



02 Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the years ended 31 March 2021, 31 March 2022 and 31 March 2023. Our risk assessment did not identify any risk of significant weakness in arrangements to secure financial sustainability.

Persistent high inflation in the recent year, rising interest rates, and the impact of the cost-of-living crisis on residents has resulted in a number significant pressures across the Council's budgets. In addition, demographic changes have added to budget pressures.

Financial Performance:

Net revenue expenditure for 2022/23 on portfolio budgets was £240.1 million, representing a £9.5 million overspend with £8.7 million arising from pressures within children's services. LBB was able to offset the overspend through a combination of release of a contingency provision of £6.4 million and interest from General Fund Balances of £4.6 million.

Financial Position:

LBB held Usable Earmarked Reserves of £167.2 million as at 31 March 2023. In addition, £20 million of General Fund balances were also held. LBB held no external borrowing in 2020/21; 2021/22 and 22/23.

Budgets and Medium Term Financial Strategy (MTFS):

The budget for 2022/23 was approved in February 2022 by the Council.

At the time the MTFS was produced pay and price inflation were significant budgetary pressures and that has extended through into the 2023/24 financial year. Uncertainty over the future levels of funding from Government, the continued application of the Dedicated Schools Grant statutory override and adult social care reform are all recognised as risks to the Council's financial position over the medium term. The Council has been clear on these risks, which are common with financial pressures at similar local authorities, and associated measures to seek to mitigate them have been well documented in both its internal financial reporting and external communications with relevant stakeholders. The latest MTFS was approved in February 2024 and includes budget gaps of £16.8 million and £34.6 million respectively for 2025/26 and 2026/27. Senior officers are actively looking at a number of options to reduce those forward deficit figures whilst at the same time protecting the Council's overall reserves.

LBB has maintained a Capital Investment Programme. The management of financial risks is supported by robust budget estimates that acknowledge the real pressures experienced by the Council. Those estimates are reinforced by effective financial policies and controls, alongside strong financial and budgetary management. Detailed budget estimates for anticipated cost pressures, as well as mitigating actions and savings, were produced in 2020/21, 2021/22 and 2022/23, with those estimates undergoing review and challenge by the Council's leadership.

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services (*continued*)

No significant weakness identified

The future for local government funding remains very uncertain. The conclusion of reviews of Fair Funding, Business Rates and New Homes Bonus, initially expected to come into effect in 2020/21, remain outstanding and are not expected for the 2024/25 planning cycle. The Council has made a provision for the expected outcome of these reviews within the MTFP, however, this uncertainty continues to make medium term financial planning far more challenging. Alongside this, councils are continuing to manage the ongoing effects associated with the COVID-19 Pandemic which has resulted in longer term income losses, particularly around leisure and parking.

The current inflationary environment creates further challenges as the Council manages the impact of increases in the prices of energy, fuel and contracts which have impacted budgeting from 2022/23. Inflation remains pervasively high at the start of 2023/24 and the impact of this has been incorporated into the MTFP through the budget planning process.

The challenges the Council is facing over the medium term are significant and it is critical that the Council continues its scenario assessment of the savings requirement and continues to identify relevant schemes to achieve the annual savings requirements to minimise the use of reserves where possible.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2020/21, 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the years ended 31 March 2021, 31 March 2022 and 31 March 2023. We did not identify a risk of significant weakness in arrangements in place to ensure sound governance.

The Council continues to maintain adequate arrangements to monitor and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud and corruption. The Council's risk management framework guides the development of risk and opportunity management at a strategic and operational level and to ensure that risks are appropriately managed and controlled. This aids the achievement of the Council's strategic priorities, supports its decision-making processes, and protects its reputation and other assets and is compliant with statutory and regulatory obligations. Risks are identified as a routine process of all Council services and these are regularly reviewed and updated.

The Council has implemented systems to ensure conflicts of interest are identified, recorded and acted upon accordingly, excluding anyone from decision-making where a conflict arises, and making public declaration of interests through its Register of Interests which is published on the Council's website and covers employees and members.

This risk management framework is supported and informed by the work of the Council's Internal Audit function. Having completed their work in accordance with the 2022/23 Internal Audit Plan, 87% (PY:77%) of reports issued received either substantial or full assurance. The proportion of Limited Assurance reports was also lower in 2022/23. Where recommendations have been raised, there is an established process of monitoring progress to ensure these recommendations are implemented and embedded. Where actions and recommendations go overdue, management are required to report the rationale to the Committee.

The Council's established budget setting and monitoring processes have continued throughout 2020/21; 2021/22 & 2022/23, with appropriate oversight from the Council's relevant Committees and decision-making bodies. There are well established governance arrangements, policies and procedures in place to ensure compliance with legislative and regulatory requirements and routine monitoring of adherence to those standards.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

Historic Delays of External Audit and Impact on Subsequent Years:

The external audits for 2018/19 and 2019/20 were both extensively delayed due to a number of issues identified during the audit but primarily as a result of the audit of the valuation of land and buildings. Another contributing factor was also capacity issues within the finance team. As a result of these delays the Council missed the statutory reporting timetable for completion of the respective years of external audit for both 2018/19 and 2019/20. The 2018/19 audit opinion was issued on 13 August 2020 and the 2019/20 audit opinion issued on 2 May 2023. The issues impacting the delays were regularly reported to the respective committees in place at that time. The Council also included the delays as significant governance issues with associated action plans in their Annual Governance Statements for the period.

These delays had then in turn an impact on the production of the subsequent years draft financial statements.

The Council published their draft 2020/21 and 2021/22 Statement of Accounts for audit on the 11 August 2023 and 28 March 2024 respectively. We are working with officers to ensure that the Statement of Accounts:

- Were published in line with the Audit and Accounts regulations, and advertised and held an inspection period for members of the public in line with these regulations;
- Are arithmetically correct;
- Agree to the data in the general ledger; and,
- Have been prepared in line with the content required by the CIPFA Code.

We have also requested evidence that the Council has carried out bank reconciliations during the period 2020/21; 2021/22 and 2022/23. Completion of these procedures will enable us to conclude that appropriate arrangements for financial reporting were in place during 2020/21, 2021/22 and 2022/23. We expect the draft 2022/23 accounts to be published imminently.

Whilst we do not see the delayed production of the draft financial statements as evidence of weakness in arrangements, the Council have not met the requirements due to the circumstances which resulted in delays to the prior years of audit. These delays were accentuated by the fact that the Council did not have sufficient capacity within their finance function to support the timely production of draft financial statements and also to support the external audit process.

Recommendation: The Council need to regularly review their capacity within the finance function to ensure that they have adequate capacity to support a timely and efficient audit.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2020/21, 2021/22 and 2022/23 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the years ended 31 March 2021, 31 March 2022 and 31 March 2023. We did not identify a risk of significant weakness in arrangements in place to ensure economy, efficiency and effectiveness.

The Council has policies and procedures in place to ensure that staff operate in accordance with relevant legislative and regulatory requirements. Each of the Council's areas of key service provision are supported by a separate overview and scrutiny committee. Each of these Committees is responsible for ensuring compliance with legislative and regulatory requirements.

The Council has an established process of quarterly reporting of financial performance to the Executive Committee and operational performance reports to the service line Overview and Scrutiny Bodies. These have continued to operate effectively throughout the 2020/21, 2021.22 & 2022/23 period, and clearly outline performance against planned targets and outcomes. These meetings and the decisions made are published on the Council's website. Depending on the performance area, the (full) Council meeting has oversight of actions being identified and taken to address areas where performance is below plan. Where available, services utilise performance information and standards to compare and assess performance with other councils or with nationally recognised performance frameworks (e.g. Department of Work and Pensions and national planning indicators).

The Council's services continue to be subject to review and assessment by external bodies such as the Care Quality Commission and Ofsted. During 2022/23 there were no new inspections of Council services, however there was an Ofsted focused visit of Children's Services during 2021/22, with the findings being issued in October 2021. The Ofsted focused visit of Children's services highlighted a large number of positives in respect of not only the over-arching strategic policy for children's services but also the high degree of care provided to vulnerable children. Although outside the period under review a further Ofsted inspection of Children's services at LBB took place in November 2023 with the findings published in January 2024. LBB achieved a grade of Outstanding in each of the 5 criteria inspected. The recommendations from such reports are reviewed and monitored through an appropriate oversight committee, either within the Council or a joint committee where shared services exist.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2020/21, 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



03 Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the years 2020/21, 2021/22 and 2022/23.

Reporting criteria considerations

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

Arrangements in place

The Council sets a balanced revenue budget annually. Budget arrangements were in place in 2020/21; 2021/22 and 2022/23. The budget supports delivery of the Council's key priorities. The budget is therefore used to ensure financial resources are aligned to areas where the Council believes it will secure the greatest benefit to residents of the Borough. The annual budget is then linked to the medium-term aspirations of the Council through its medium-term financial strategy (MTFS), which considers a three year forward view, and its capital programme which extends forward for 5 years. Council members are fully engaged in this process, including a briefing on the MTFS including options for managing pressures and savings. The budget considers known and expected demand and cost pressures and known and expected changes in funding.

The wider financial environment has become increasingly challenging for local government in recent years, and the Council has needed to operate against a backdrop of reduced funding from traditional sources and increased demand for services. This has meant that difficult choices have needed to be made and rises in council tax have been necessary. In making these choices, the Council seeks to focus on the areas it believes will make the biggest difference to people in the Borough. The Council seeks to take decisions about savings decisions as early as possible, providing as much notice as possible to those affected and maximising the prospect for savings delivery. In prior years, the budget has been significantly impacted by Covid-19, with additional costs associated with supporting individuals and businesses in the local area and reduced income from streams such as fees and charges due to the national lockdown.

LBB have a balanced budget for 2023/24 and have a balanced budget for 24/25, however there is an estimated budget gap for 25/26 of £16.6m rising to £38.7m by 2027/28. Senior officers are actively looking at a number of options to reduce the forward gap. LBB held earmarked reserves of £167.2 million as at 31 March 2023 as per the MTFS.

Appendix A - Summary of arrangements

Financial Sustainability (*continued*)

We set out below the arrangements for the financial sustainability criteria covering the years 2020/21, 2021/22 and 2022/23.

Reporting criteria considerations

Arrangements in place

How the body plans to bridge its funding gaps and identifies achievable savings

The Council regularly reports on financial performance and planning to the Executive Committee which enables the Council to identify gaps in funding and monitor progress on meeting budget and savings targets. The Council brings its annual budget plans to this Committee for challenge and scrutiny before reporting to the Full Council. The Council had £167.2 million in earmarked reserves at 31 March 2023. As at 31 March 2023 the Council did not have the need for any external borrowing. The Council's strategic savings and efficiency programme 'Transforming Bromley' is being refreshed as the primary conduit to develop and deliver savings, efficiency and transformation change programmes. At the Executive meeting on 17 January 2024, it was proposed that £1million be set aside to create a Transformational Fund 2024-2028 earmarked reserve to be funded from unallocated monies in the Growth and Investment Fund earmarked reserve. LBB is also exploring the potential for the Council to bring in specialist support, which would be funded with the £1million investment. The 2021/21 Annual Governance Statement (AGS) in the 2021/22 unaudited Statement of Accounts highlights that 'A balanced budget for 2022/23 has been achieved through the Transformational Savings Programme, an improved financial settlement from Government and continuing with prudent financial management.' It also highlights that 'significant savings of around £110 million have been realised since 2011/12.'

Looking ahead over the next three years, the MTFS has been prepared against the continued backdrop of uncertainty over funding, increasing pressure on services and continuing expectations from stakeholders for service provision and inflation.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The annual budget and MTFS sit alongside and facilitate the Council's Corporate Plan 'Making Bromley Even Better'. The Corporate Plan has been developed collaboratively with elected members, staff, partners and residents to prioritise the most important areas the Council needs to focus on in the future. This is done for the Council's limited resources to be spent on the areas where it is needed most. It has been developed in parallel with the budget for 2022/23. As it is aligned to the budget and MTFS, it is intended to act as the framework in which investment decisions can be made based on agreed priorities and the outcomes the Council wants to achieve. The process of defining the Corporate Plan has been designed with the intention of bringing together business planning, financial planning and risk management processes. It is intended to provide the framework for the Council's decision making and planning to ensure that it is making the best use of the resources available, properly understanding the value for money delivered and at the same time remaining focused on the delivery of priority outcomes.

The planning process also includes the redesign of business processes to transform services, reduce costs and manage demand. Part of the funding for the work to achieve these ongoing improvements may come from the Government's flexible use of capital receipts initiative which allows, if certain conditions are met, the Council to fund the revenue costs of transformation from ring fenced capital financing sources.

Appendix A - Summary of arrangements

Financial Sustainability (*continued*)

We set out below the arrangements for the financial sustainability criteria covering the years 2020/21, 2021/22 and 2022/23.

Reporting criteria considerations

Arrangements in place

How the body ensures that 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

The integration between the Council's business and financial planning has been described above, including the link to its capital strategy and capital programme. The development of the annual budget and MTFS, and detailed assumptions on the operations of the Council that underpin them, is now being driven by its vision of the future as set out in the Corporate Plan, which is also then linked to the key governance and control arrangements of the Council, for example its performance and risk management arrangements. This has shown that the Council is able to react and work effectively as part of wider system of public services. This has shown that the Council is able to react and work effectively as part of wider system of public services.

The Council integrates the planning and approval of its Capital and Treasury Management Strategy alongside the budget each year. As part of budget preparation each year, there is a salary re-alignment exercise that looks at the whole salary budget to check that it correctly reflects the position on the ground. Requests to vary posts, fill vacant posts and for job evaluations come through Senior Leadership team and require Finance approval.

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

The Council relies upon experts and accountants within individual service lines in order to forecast demand for services and the associated income/expenditure. These forecasts feed into the annual budget prepared by the Council, which is reviewed and approved by the Executive Committee. Unplanned changes in demand or changes in assumptions are proactively managed where possible and budget revisions prepared. Internal departmental reporting is completed monthly. In addition, quarterly reporting of the actual financial position against the budgeted position is completed in order to identify, report and respond to variances which appear. The risk management process is coordinated by the internal audit team. Each department is responsible for maintaining and updating its own risk register. Internal Audit submit the departmental and Corporate Risk Registers to the Audit and Risk Management Committee twice a year. They report to the relevant scrutiny committee; note that red high-risk items are always default items on the agenda.

Appendix A - Summary of arrangements

Financial Sustainability (*continued*)

We set out below the arrangements for the financial sustainability criteria covering the years 2020/21, 2021/22 and 2022/23.

Reporting criteria considerations

Arrangements in place

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

The Council has high levels of earmarked reserves, general reserves and contingency which can be used to address unplanned changes in demand. We have noted increased monitoring and reporting to Committee due to the additional uncertainty and changes to funding, risks and operations of the Council. Covid-19 forced changes to Committees both in terms of the method of delivery and the content of the meetings. Agendas were updated to ensure that the changing operations, funding and risks were reviewed and monitored and there was an agile decision making process to react to any required changes to policy that may be required. The Council's arrangements for identifying its significant financial pressures as part of its annual budgeting and medium-term financial planning have already been considered as part of this commentary. Performance against those plans is monitored in the quarterly reporting to the Executive Committee which provides an integrated assessment of the Council's business and financial performance through quarterly budget monitoring reporting. This integrated monitoring enables the Council to detect unplanned changes to its service activities and operations with potential to impact its financial resilience.

The Council's risk and performance management arrangements, which are considered further below as part of this commentary, also feed into this. The corporate planning process has been designed with the intention of further integrating business planning, financial planning and risk management processes. Reasonable general and pay-specific contingencies are built into the annual revenue budget and the financial resilience reserve is used to provide a stable platform for service planning as the MTFs is developed. It is intended to be the first call on the Council resources to deal with any unforeseen in year expenditure if the revenue budget were to be exhausted.

An annual assessment is made for the prudent minimum level of General Balances and this forms the basis of the budget planning process. In addition, the authority holds earmarked reserves to manage specific risks. In making this assessment Officers use the CIPFA Financial Resilience index to benchmark against other local authorities.

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the years 2020/21, 2021/22 and 2022/23.

Reporting criteria considerations

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Arrangements in place

The Heads of Service are responsible for implementing the management of risk throughout the Council. Heads of Service throughout the Council are responsible for managing specific areas of risk that apply in their specific businesses and are to be aligned with business planning. The Council maintains a risk register on their website called the Corporate Risk Register, which outlines the risks identified during 2020/21, 2021/22 & 2022/23 applicable to the current and future financial years. The Corporate Risk Register identifies strategic risks to the corporate delivery of the Council's 'Making Bromley Even Better Vision' strategy.

The Corporate Risk Register is wider than just financial, due to the nature of the Council's activities. The Council assesses impact of risks on a matrix of likelihood and occurrence, with a combined score produced to assess the importance of the risk. The Council has a risk appetite statement that defines acceptable levels of risk for its activities. The Corporate Risk Register is reviewed regularly at the Audit & Risk Committee.

The Council has an internal audit service to help gain assurance over the effective operation of internal controls. The Audit & Risk Committee is responsible for ensuring that Internal Audit's programme of work considers the Council's risks. The Executive Director of Finance & Resources is responsible for the adequate provision of internal audit. The Council's management is responsible for responding to the internal audit findings appropriately and in a timely manner with appropriate challenge from the Audit & Risk Committee. The annual Internal Audit Plan incorporates an appropriate level of coverage in respect of the Council's system of internal control.

Where deficiencies in governance arrangements are identified they are reported in the Council's AGS. This includes concerns raised by external inspectorates, external audit and any limited assurance audit reports which are issued by Internal Audit. In addition, the work of internal audit cover the Council's arrangements to prevent and detect fraud; primarily through confirmation of an appropriate control environment and proactive measures such as whistleblowing, education and training and publication of fraud detected to raise awareness and discourage others from committing fraud. Controls, particularly financial controls such as payment and PO approval are only provided to select staff who require access for their duties. Financial limits for approval and posting are implemented and vary by grade. Internal audit review key financial controls each year as part of a core programme of work. These aid the prevention of fraud in the most common areas.

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the years 2020/21, 2021/22 and 2022/23.

Reporting criteria considerations

How the body approaches and carries out its annual budget setting process

Arrangements in place

The Council sets a balanced revenue budget annually. This process has been in place for 2020/21, 2021/22 and 2022/23. There is a clear link between the annual budget setting process and the MTFs and there is evidence the Council has sufficient procedures in place to identify significant financial pressures that are relevant to its short term and medium-term plans.

Responsibilities and procedures for the annual budget process are set out in the Council's Constitution. Once a budget or a policy framework is in place, it is the responsibility of the relevant Committee to implement it and work within it.

The Committees must also have regard to other formally adopted plans and strategies of the Council. The responsibility for agreeing the budget and policy framework lies with the Council, and decisions by Committees, officers, or joint arrangements discharging functions of the Council must be in line with it.

The Director of Finance is responsible for ensuring that an overall revenue budget and capital programme summarising service budget estimates is prepared on an annual basis. The Council develops its financial plan and budget using dual processes:

- Top down: Where the Council quantifies the core financial gap to assess the Council's affordability envelope and inform the scale of the required increase in Council Tax. This is developed through the application of national and local planning assumptions, as well as known commitments.
- Bottom up: Where the Council develops a granular level of activity, income, expenditure, workforce and capacity. The Council then triangulates these plans with operational, performance and workforce leads.

The Draft Budget is reviewed and scrutinised by the Executive Committee before being presented to Full Council for approval.

Appendix A - Summary of arrangements

Governance (*continued*)

We set out below the arrangements for the governance criteria covering the years 2020/21, 2021/22 and 2022/23.

Reporting criteria considerations

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

Arrangements in place

The Council relies upon monthly financial closedowns which are used to monitor budgetary performance within service lines. On a quarterly basis, this information is collated by the central finance team and then reported to the Executive Committee as part of the quarterly financial planning and budgetary. This also identifies variances from budget and the reasons for these variances and allows the Council to take action where necessary. It also ensures there is appropriate oversight of the budgetary performance throughout the financial year.

The data is compiled directly from the Council's general ledger and therefore the systems and internal control environment, which is reviewed and assessed each year by Internal Audit, forms the basis of this data and ensures it is relevant, accurate and timely.

Financial reporting requirements are only considered at year end, when the financial statements are produced. The Council's reporting to the Executive Committee is based upon service lines (as reported in the Expenditure Funding Analysis within the Statement of Accounts) rather than on the financial statement basis.

The outturn report for 2022/23 identified variations in departmental expenditure and the Council's central contingency sum. In addition, there are higher returns from changes to the Council's investment strategy. Underspends from the Central Contingency Sum mainly relate to ongoing action to contain growth pressures, stringent cost controls, effective management of risk, effective use of government funding and also importantly meeting income targets. This financial position enables the Council to be 'better placed' to meet the future years budget gap but also provides opportunities to achieve savings from transformation, economic development and investment income which will provide a more sustainable financial outcome for the future.

Management use the accounting policies from the CIPFA Code and adapt these as necessary for the Council using judgement and the concept of materiality.

Appendix A - Summary of arrangements

Governance (*continued*)

We set out below the arrangements for the governance criteria covering the years 2020/21, 2021/22 and 2022/23.

Reporting criteria considerations

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed (Cont'd)

Arrangements in place

The 21/22 AGS in the Statement of Accounts highlights that 'A balanced budget for 2022/23 has been achieved through the Transformational Savings Programme, an improved financial settlement from Government and continuing with prudent financial management.' It also highlights that 'significant savings of around £100m were realised since 2011/12.'

Financial Reporting: The delays in the audits of 2018/19 and 2019/20 have significantly delayed the production of draft statutory accounts in the subsequent years and as such the draft 2022/23 accounts have still not yet been published as at the end of April 2024. The Council has therefore significantly missed the publication for draft statutory accounts. The 2021/22 draft financial statements were also significantly delayed and were only published in later March 2024 and again these missed the statutory deadline for publication of draft financial statements. Financial reporting through the Financial Statements is a key means of stakeholder accountability and demonstrates good governance and arrangements. Failure to produce draft and audited financial statements goes against the principles of good governance arrangements. During the 2019/20 audit we reported concerns to those charged with governance in respect of the ability of the Council to support the audit effectively and to produce accounts to the agreed timelines. We raised a number of recommendations which the Council has worked to address however we do continue to see pressures within the finance team.

Recommendation: The Council need to regularly review their capacity within the finance function to ensure that they have adequate capacity to support a timely and efficient audit.

Appendix A - Summary of arrangements

Governance (*continued*)

We set out below the arrangements for the governance criteria covering the years 2020/21, 2021/22 and 2022/23.

Reporting criteria considerations

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

Arrangements in place

The effective operation of the executive committee, supported with regular, clear and relevant information, is the Council's key tool for ensuring that it makes properly informed decisions on financial matters.

Similar committees exist for other key areas of the Council (e.g. Adult Social Services, Health and Housing Committee or the Education and Children's Services Committee). The Council committee structure continues to operate, with papers and meetings published online, evidencing the challenge made by members and the transparency in decision making.

The Council committee structure continues to operate, with papers and meetings published on line. The Council continue to prepare a Forward Plan, available on its website. The Forward Plan sets out the 'key decisions' which are proposed to be made on behalf of the local authority over the months ahead and is updated monthly. The plan outlines the key decisions being made across the Council, in all service lines and includes the date of the decision and the Committee, allowing residents to seek out supporting papers and attend the Committee at which the decision is made to voice their support or concerns. This process has remained largely unchanged through and since the pandemic and therefore the associated transparency that arises from this also remains.

Both the Executive Committee and the Audit & Risk Committee meet regularly throughout the year, with Full Council meeting several times a year. The Executive Committee is comprised of members, and the Audit & Risk Committee is comprised of 11 members. There are clear terms of reference that emphasise the Committee's role in providing effective challenge and has an annual work plan to help ensure that it focuses on the relevant aspects of governance, internal control and financial reporting.

Appendix A - Summary of arrangements

Governance (*continued*)

We set out below the arrangements for the governance criteria covering the years 2020/21, 2021/22 and 2022/23.

Reporting criteria considerations

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

Arrangements in place

The Council has policies and procedures in place to ensure that staff operate in accordance with relevant legislative and regulatory requirements. Each of the Council's areas of key service provision are supported by a separate overview and scrutiny committee. Each of these Committees is responsible for ensuring compliance with legislative and regulatory requirements.

Officer and member behaviour is guided through the Council's constitution. Specific policies exist for both staff and members and include information in respect of gifts and hospitality and conflicts of interest. Annually, all Senior Staff and members as well the governors are required to make declarations. These declarations are recorded in a register that is available on the Council's website. The responsibilities and statutory requirements of all officers and members is embedded in the Council's Code of Corporate Governance (the Code) within the Constitution. All significant actions by the Council which may have legal implications require authorisation by the appropriate Executive Director as set out in the Council's decision-making rules. Decision makers are also required to act within the Council's Standing Orders and scheme of delegation which makes provision for legal and constitutional advice to inform such decisions.

The Council's Constitution contains a number of checkpoints at which officers are able to identify whether decisions are being taken in compliance with the prescribed rules which ensure legal compliance. All executive decisions and policy proposals are considered and advised on by legal officers with access to all current legal provisions and guidance and who use a knowledge and research resource which updates all legislation and sources of advice automatically and provides alerts for significant changes in the law. The Council's legal services undertake regular reviews of current and expected legislative changes and maintain plans for training officers within the service and for providing relevant information to lead officers in the areas of service affected. Actions or changes resulting are supported by internal legal advice. Also included in the Council Constitution is a Code of Conduct for Members with which all members are expected to comply. This defines the standards of behaviour for members and officers, including policies relating to the responsibilities for ethical behaviour, equality and sustainability.

Appendix A - Summary of arrangements

Governance (*continued*)

We set out below the arrangements for the governance criteria covering the years 2020/21, 2021/22 and 2022/23.

Reporting criteria considerations

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

Arrangements in place

All members undertake training from the Monitoring Officer on the member Code of Conduct. Additionally, all members complete the register of interests, and the need to disclose interests is a standing item on all formal meeting agendas for both officers and members. Officer interests, including gifts and hospitality, are also published on the individual Councillor record on the Council website. Training and awareness sessions are provided as necessary and appropriate induction sessions are carried out. Compliance assessments are carried out by management, auditors and through the work of statutory inspectors. The Monitoring Officer has overall responsibility for ensuring the council acts lawfully and without maladministration. This includes reporting on any proposal, decision or omission by the authority likely to contravene any enactment or rule of law or any maladministration. The Executive Director of Finance & Resources (as Section 151 Officer) has overall statutory responsibility for the proper administration of the authority's financial affairs, including preparation of the Statement of Accounts and making arrangements for the appropriate systems of financial control.

Attendance at Audit & Risk Management Committee (TCWG - previously General Purposes and Licensing Committee) and review of minutes confirms TCWG receive reports from both external and internal audit, and the minutes of the Overview & Scrutiny Committee which are accessible to the public, demonstrate that effective action is taken where issues of non-compliance have been identified.

Responsibility for overseeing Corporate Governance is formally delegated and documented through the Constitution to the Audit & Risk Management Committee. The terms of reference for the Audit & Risk Management Committee are contained within the Constitution. The Audit & Risk Management Committee has suitable Terms of Reference drawn up in accordance with CIPFA/SOLACE guidance.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2020/21, 2021/22 and 2022/23.

Reporting criteria considerations

Arrangements in place

How financial and performance information has been used to assess performance to identify areas for improvement

The quarterly reporting of financial performance to the Executive Committee and operational performance reports to the service line Overview and Scrutiny Bodies clearly outline performance against planned targets and outcomes. Depending on the performance area, the (Full) Council meeting will have oversight of the actions being identified and taken to address areas where performance is below plan.

Each committee has a process in place for monitoring agreed actions and these are then included in subsequent reports'. The outturn report identifies variations in departmental expenditure and the Council's central contingency sum. In addition, there are higher returns from changes to the Council's investment strategy. Underspends from the Central Contingency Sum mainly relate to ongoing action to contain growth pressures, stringent cost controls, effective management of risk, effective use of government funding and meeting income targets. This financial position enables the Council to be 'better placed' to meet the future years budget gap but also provides opportunities to achieve savings from transformation, economic development and investment income which will provide a more sustainable financial outcome for the future.

How the body evaluates the services it provides to assess performance and identify areas for improvement

The Council has an array of ways of measuring its own performance across all aspects of its operations. Each of these varies depending on the services being provided but are typically overseen by the overview and scrutiny committee applicable to the service line. Each service has a portfolio plan which sets out the performance targets. The portfolio plans are aligned with the Council's corporate strategy 'Making Bromley Even Better'.

The individual portfolio holder and the member of the Policy Development and Scrutiny Committee are jointly responsible for overseeing the delivery of the plans. Updates on progress are reported to members through the Policy, Development and Scrutiny Process. Some key performance areas, such as schools or social care are also reviewed by external agencies such as OFSTED or the Care Quality Commission (CQC) and provide detailed reporting on the performance of the Council's arrangements and performance in relevant areas. These external inspections are considered seriously and include recommendations for improvements and details of failings which the Councils review and prepare action plans to respond to. During 2022/23 there were no new inspections in either of these, however there was an Ofsted inspection of Children's Services in September 2021, which was issued in October 2021. This was a focused visit with a specific focus on the Council's arrangements for children in care, including disabled children in care. Headline findings noted the fact that children in Bromley are recognised as a high priority with children in care continuing to make good progress supported by a stable and skilled workforce. The findings also make reference to the fact that children in care have a positive experience and are fully supported by an ambitious and determined leadership. We also note that a subsequent inspection of Children's services carried out in November 2023 graded the Council as outstanding across all 5 categories with a headline conclusion that children in Bromley receive exceptionally strong services.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2020/21, 2021/22 and 2022/23.

Reporting criteria considerations

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

Arrangements in place

The Council has entered into a small number of partnerships. These partnerships were in place through 2020/21; 2021/22 and 2022/23. The Council has 2 Pooled Budget arrangements with Bromley Clinical Commissioning Group under Section 75 of the NHS Act 2006 to work in partnership to deliver better integrated health and social care services in Bromley. The pooled budgets are in respect of Integrated Stores and the Better Care Fund. In addition, there is a further pooled budget arrangement for the provision of mental health services.

The Improved Better Care Fund (IBCF) is a grant to local authorities for spending on adult social care, including services that reduce pressures on the NHS. Spending decisions rest with the Council, however a key requirement of the grant conditions is that this is done in conjunction with wider health and social care partners. The Council is required to pool the funding into the local Better Care Fund.

There is a Health and Wellbeing Board which is a collaboration between Bromley Council and various partner agencies to meet local community needs.

The Council also has a joint venture, More Homes Bromley, for affordable housing. The Council has entered into a joint venture with Mears Group PLC for the acquisition of properties to meet the demand for temporary accommodation.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2020/21, 2021/22 to 2022/23.

Reporting criteria considerations	Arrangements in place
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	London Borough of Bromley acts in accordance with the requirements of public procurement policy. Key principles embedded within the Council's procurement strategy include: equal treatment, proportionality and transparency. An overarching theme of the Council's procurement strategy is the need to achieve value for money. There is sufficient oversight to ensure there is compliance over the procurement or commissioned of services, through effective authorisation levels as set out in the Standing Orders from designated budget holders to the oversight committees. As noted above, the Council has a procurement strategy to align the Council's procedures with the relevant legislative and professional standards to ensure that all commissioned and procured services is done in accordance with the relevant legislation and professional standards. The Council regularly publishes details of contracts with start and finish dates.

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ED None

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Agenda Item 8

Report No.
FSD24037

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Tuesday 4 June 2024**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **ANNUAL INTERNAL AUDIT REPORT 2023/24**

Contact Officer: Francesca Chivers, Head of Audit and Assurance
E-mail: Francesca.Chivers@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

This report provides the Head of Audit and Assurance's annual opinion for 2023/24 on the Council's overall systems of risk management, governance and control. This opinion is one of the key independent means of assurance available to Members to enable them to ensure that a sound system of governance is in place and that risks are being effectively managed. It should inform Members' review of the Annual Governance Statement, provided as a separate agenda item. The report includes:

- The Head of Audit and Assurance's overall opinion on systems of risk management, governance and control
- An overview of the work undertaken to support the opinion
- A summary of the outcomes of the Quality Assurance and Improvement Programme, including progress against the Quality Action Plan.

2. **RECOMMENDATION**

Members are asked to note the report, including the Head of Audit and Assurance's opinion for 2023/24 on overall systems of risk management, governance and control, and comment on matters arising.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
-

Transformation Policy

1. Policy Status: Not Applicable
 2. Making Bromley Even Better Priority:
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Audit
 4. Total current budget for this head: £640, 240 (2023/24)
 5. Source of funding: General Fund
-

Personnel

1. Number of staff (current and additional): 6.5 FTE (establishment)
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Not Applicable:
-

Procurement

1. Summary of Procurement Implications: Some audit recommendations will have procurement implications.
-

Property

1. Summary of Property Implications: None
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: None
-

Impact on the Local Economy

1. Summary of Local Economy Implications: None
-

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: None
-

Customer Impact

1. Estimated number of users or customers (current and projected): Relevant to all of the Council's stakeholders
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

- 3.1 Under the Accounts and Audit Regulations 2015, the Council must “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes”, taking into account the Public Sector Internal Audit Standards (PSIAS). It is a requirement of these Standards that the Head of Audit and Assurance provides an overall opinion for each financial year on systems of risk management, governance and control. This opinion is intended to inform Members’ review of the Annual Governance Statement (AGS), as it provides a means of independent assurance on the assertions within the AGS.
- 3.2 The overall opinion is primarily based on audit outcomes from the 2023/24 Internal Audit Plan. However, it also takes into account:
- ▶ Follow up of recommendations
 - ▶ Counter fraud work and other investigations throughout the year
 - ▶ Ad-hoc advisory work
 - ▶ Our own informal observations of the organisation, for example through attendance at Corporate Leadership Team, Corporate Risk Management Group and other forums
 - ▶ The Ofsted inspection of Children’s Social Care, reported in January 2024.
- 3.3 The report also contains the outcomes of our Quality Assurance and Improvement Programme (QAIP). This information is intended to enable Members to discharge their responsibility to oversee the quality and effectiveness of Internal Audit. Progress against our Quality Action Plan is provided at **Appendix D**.
- 3.4 Our ability to remain independent and free from undue influence whilst undertaking our work is critical to our effectiveness, as our assurances are thus fully impartial. As such, I am required by professional standards to annually confirm our independence to Audit and Risk Management Committee. For 2023/24, there have been no impairments or scope restrictions placed on our work.

3.5 Internal Audit Progress

- 3.5.1 Progress against the original 2023/24 Internal Audit Plans as agreed by Members of Audit and Risk Management Committee in March and November 2023 is set out in **Table 1** below. For completeness, where Members have subsequently approved amendments to the original Plans, I have also shown these amendments in the table.
- 3.5.2 Since the last progress report to Audit and Risk Management Committee on 28 March 2024 we have issued the following final reports (as at 23 May 2024). Summaries of these are provided in **Appendix A** and redacted versions of the full reports are also published as an information briefing with this agenda.
- Corporate Health and Safety
 - Children and Young People’s Mental Health and Wellbeing Contract
 - Learning Disabilities – Reviews and Budget Monitoring
 - Adults Safeguarding – Procedures and Quality Assurance Processes
 - Quality of Residential Care – Adults

3.5.3 Summaries of all other pieces of work can be found in the November 2023 and March 2024 progress reports. Audits that are not yet complete will be reported to a future meeting of this Committee.

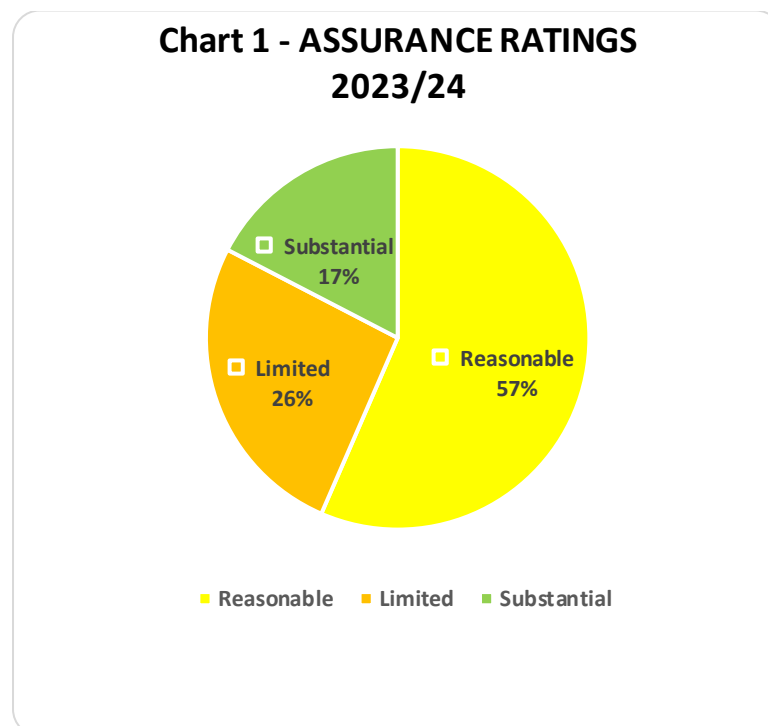
3.6 Internal Audit Outcomes

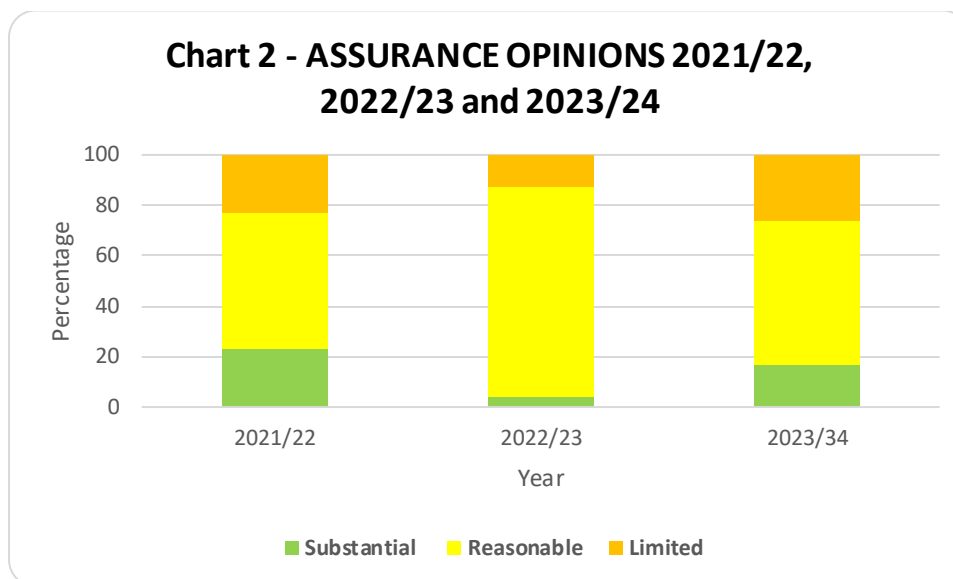
3.6.1 Our audit opinion this year includes 24 pieces of work that were given a formal assurance opinion and all of these are listed in **Table 1** below. (Definitions of our assurance opinions are set out in **Appendix B.**)

Table 1 – 2023/24 Internal Audit Plan	
Audit	Status and Assurance Opinion
Temporary Accommodation Housing Rents (carried forward from 2022/23)	Complete – Reasonable Assurance
Domestic Abuse (carried forward from 2022/23)	Complete – Limited Assurance
Transformation (carried forward from 2022/23)	Complete – Reasonable Assurance
Gifts and Hospitality / Declarations of Interest (carried forward from 2022/23)	Complete – Reasonable Assurance
Highways – Management of Major Works (carried forward from 2022/23)	Complete – Limited Assurance
Discharge to Assess (carried forward from 2022/23)	Complete – Limited Assurance
Domiciliary Care (carried forward from 2022/23)	Complete – Limited Assurance
Parking Income (carried forward from 2022/23)	Complete – Reasonable Assurance
Social Care System – Implementation review (carried forward from 2022/23)	Complete - Advisory
Staff Wellbeing (Advisory - carried forward from 2022/23)	Complete - Advisory
Housing Capital Schemes (carried forward from 2022/23)	Complete – Reasonable Assurance
Grant assurance work including Supporting Families and Disabled Facilities Grant	Supporting Families – Complete DFG – Complete Supplementary Substance Misuse Treatment Grant - Complete
Recruitment and Retention	Fieldwork
Health and Safety Framework – Authority Wide	Complete – Reasonable Assurance
Pre-Employment Checks	Complete – Reasonable Assurance
Medium Term Financial Strategy	Complete – Substantial Assurance
Contract Management – Exchequer and Customer Services	Review / feedback
Personal Data Breaches	Complete – Reasonable Assurance
Cloud Design and Migration Plan	Cancelled – Approved by Audit and Risk Management Committee 28/03/2024
CQC Inspection Preparation (Advisory)	Cancelled – Approved by Audit and Risk Management Committee 28/03/2024
Learning Disabilities	Complete – Reasonable Assurance
Safeguarding Adults	Complete – Limited Assurance
Quality of Residential Care – Adults	Complete – Substantial Assurance
Children and Young People’s Mental Health and Emotional Wellbeing	Complete – Limited Assurance
Schools Rolling Programme	Southborough – Complete – Reasonable Assurance St Olaves – Complete – Reasonable Assurance
Street Environment (Contract Management)	Complete – Substantial Assurance

Community Safety	Complete – Reasonable Assurance
Health and Safety Framework – Environment and Public Protection	Complete – Reasonable Assurance
Homes for Ukraine	Complete – Reasonable Assurance
Quality of Accommodation (TA)	Deferred to 2024/25 – Approved by Audit and Risk Management Committee 28/03/2024
Contract Management – Property	Complete – Limited Assurance
Payroll	Deferred to 2024/25 – Approved by Audit and Risk Management Committee 28/03/2024
Combined Drug and Alcohol Partnership	Discussion Draft Report issued 15 May 2024 Grant sign-off complete
Children Missing Education	Draft Report issued 17 May 2024
SEND transport provider payments	Complete – no issues identified
Temporary Accommodation Pro Active counter fraud exercise	Fieldwork – ongoing
Accommodation move	Initial review complete, work ongoing
Operational Property Repair Programme	Ongoing
IT Procurement – Advisory	Cancelled – Approved by Audit and Risk Management Committee 7/11/2023
Leaving Care	Cancelled and replaced with Children Missing Education - Approved by Audit and Risk Management Committee 7/11/2023

3.6.2 **Chart 1** below shows an overall breakdown of the assurance opinions given in 2023/24. As we are placing reliance on Ofsted outcomes in addition to our own work, the breakdown includes a ‘Substantial’ equivalent opinion. **Chart 2** provides a comparison of assurance opinions across the 2021/22, 2022/23 and 2023/24 financial years.





3.6.3 Overall in 2023/24, 57% of audits received 'Reasonable' assurance and a further 17% received 'Substantial' assurance (the highest rating). This is a strong set of results which indicates that there are controls in place to manage the majority of risks reviewed as part of our audits. Overall, 74% of audits received 'Reasonable' or higher, compared to 77% in 2021/22 and 87% in 2022/23. Whilst the proportion of Reasonable / Substantial assurances has dropped slightly since previous years, this is not unduly concerning as:

- Internal Audit reviews different risk areas each year and therefore distribution of opinions will not be the same year on year
- The distribution of assurance ratings in 2023/24 is very similar to 2021/22
- As with 2022/23, we are focusing our resources on risk areas that are either new to the Council, inherently high risk or which have not been reviewed for some time
- The proportion of 'Substantial' audits has increased since 2023/24. These audits include reviews of key areas where associated controls are critical to the effective running of the Council.

3.6.4 We will continue to monitor trends and update our analysis as part of our progress reporting to this Committee.

3.6.5 Despite the challenges faced by the Council over the past year, we have noted areas of strength across governance, risk management and control. As with all Local Authorities, the Council has faced significant financial pressures including inflation and other growth / demand. These challenges are properly recognised in the Annual Governance Statement and the Corporate Risk Register, provided as separate agenda items. Whilst these challenges are ongoing and should not be underestimated, we have reviewed the Council's process for developing the Medium Term Financial Strategy and concluded that this process is robust, enabling the Council to identify pressures at an early stage. This should give the Council the best opportunities to put actions in place to reduce pressures as far as possible.

3.6.6 The Transformation Programme is a key control to manage these pressures and our Transformation audit received 'Reasonable' assurance overall. Underpinning financial processes such as payments and income are also important to ensure the sound financial governance of the Council. Whilst we have not undertaken audits of central systems and controls in these areas in 2023/24, we have reviewed payments and income processes within specific departments, such as Parking, Homes for Ukraine and SEND Transport. Parking and Homes for Ukraine received 'Reasonable' assurance and we identified no issues within the

SEND Transport review. We have raised some recommendations around financial control and these are discussed in 3.7.7.

- 3.6.7 We have also undertaken reviews of specific grant expenditure including Disabled Facilities Grant and Supplementary Substance Misuse Treatment & Recovery Grant. We have certified these grants to confirm that expenditure was in accordance with the terms and conditions of the grant.
- 3.6.8 Governance of external partnerships has also been an area of strength this year, with positive practice and good examples of collaborative working to achieve common outcomes. Partners interviewed for Domestic Abuse and Community Safety provided positive feedback. There were also examples of excellent working with partners and providers within the Homes for Ukraine and Quality of Adults Residential Care audits, with supportive and collaborative working relationships in place aiming to achieve the best outcomes for service users.
- 3.6.9 **Diagram 1** on page 10 maps audit assurances to the Council's strategic objectives (Ambitions). Some audits appear more than once, where they cut across different Ambitions. The diagram shows that we have provided assurance across the broad range of objectives and that there has been a range of opinions across all objectives.
- 3.6.10 For *Ambition 1*, we have chosen to place reliance on the Children's Services Ofsted inspection and the ensuing 'outstanding' opinion across the board. Further, both schools that we have reviewed this year have received 'Reasonable' assurance. There is one 'Limited' assurance opinion relating to the Children and Young People's Mental Health and Wellbeing Contract. Improving the mental health and wellbeing of young people in Bromley is a key strand of the Children Education and Families portfolio plan but we were unable to assess from the contract monitoring information whether the contract was delivering a good service or achieving the desired outcomes. Further commentary on contract management is provided in 3.7.4.
- 3.6.11 There have been a range of opinions relating to *Ambition 2* this year. Since the last report to Audit and Risk Management Committee, we have issued a 'Reasonable' assurance opinion specifically in relation to Learning Disability reviews and budget monitoring. We have also issued a 'Substantial' assurance opinion regarding the ongoing Quality Assurance (QA) process for residential care placements and providers. This quality assurance process was an example of good practice; providers had been risk-assessed, visits were both supportive and thorough and resultant actions had been followed up. Survey feedback from providers demonstrates that the team delivers a valuable and valued service.
- 3.6.12 Conversely, the key reason for the 'Limited' opinion for the 'Safeguarding – Procedures and Quality Assurance Processes' audit was also the quality assurance element. We found that whilst there was a strong safeguarding framework in place, and that case file audits had been carried out, resultant actions had not been sufficiently developed and implemented. Staff turnover and vacancies were the main root cause of this gap and the relatively new management team recognise that tasks remain incomplete and the further steps that need to be taken to continually improve practice.
- 3.6.13 We have noted as part of previous reports to this Committee that other 'Limited' assurance opinions under *Ambition 2* relate to areas which were significantly disrupted during the pandemic. We also reported at the March Committee that the recommendations for 'Domiciliary Care' were almost complete and that actions for 'Discharge to Assess' are also partially implemented.
- 3.6.14 Assurance opinions for *Ambition 3* have been consistently 'Reasonable' this financial year, notwithstanding the considerable pressures on the Housing Service, as set out in the Annual Governance Statement. Opinions for *Ambition 4* have been largely 'Reasonable' with one

'Substantial' and two 'Limited' opinions (Highways and Domestic Abuse). The one Priority 1 recommendation for Highways has now been implemented. For Domestic Abuse, the key issue was insufficient cross-organisational ownership, awareness and oversight of the Strategy. Officers developed a detailed action plan in response to this recommendation, and many actions have now been delivered.

3.6.15 Under *Ambition 5*, core Authority-wide functions and systems such as those related to finance and personnel are essential enablers to deliver the overarching objectives of the Council. All of our audits in these two areas received 'Reasonable' or 'Substantial' assurance. Audits relating to personnel matters cut across all areas of the organisation and are also important because they provide an insight into organisational culture. All of these audits received 'Reasonable' assurance, including Corporate Health and Safety, which is inherently high risk and recognised as such on the Corporate Risk Register. There is one 'Limited' assurance audit under this ambition which again relates to contract management. Please see paragraph 3.7.4.

Risk Management

3.6.16 **Diagram 2** on page 11 maps audit coverage against the Corporate Risk Register (reported as a separate item on this agenda). We have undertaken specific audits relating to all seven of the net 'High' risks and all of these received assurance of 'Reasonable' or above, with the exception of 'Accommodation move' which was an advisory piece. Members should be aware that our audits do not cover all controls under the listed risks; rather, they focus on specific aspects of the risks. However, the mapping does highlight where Members may gain some assurance on the management of key risks through our work.

3.6.17 During the 2023/24 financial year, the Corporate Risk Register has been reviewed by Chief Officer Executive and Corporate Leadership team on a regular basis and there have been several amends as a result of reviews. Departmental risks are owned by Chief Officers and have been scrutinised by the relevant Policy, Development and Scrutiny Committee. The Corporate Risk Management Group also scrutinised all Departmental risk registers at a special meeting of the group in December 2023.

3.6.18 As noted in the Medium Term Financial Strategy audit report, the Risk Management Framework was last reviewed in 2018 and therefore is overdue for update. In the past year, we have undertaken an analysis against HM Treasury's risk management framework for the public sector and this has highlighted some gaps, including for risk appetite and risk reporting. We have drafted a revised Strategy but there is still further work to do before this can be shared for approval. This additional work is currently planned for June and July 2024.

Diagram 1 – Making Bromley Even Better

Key

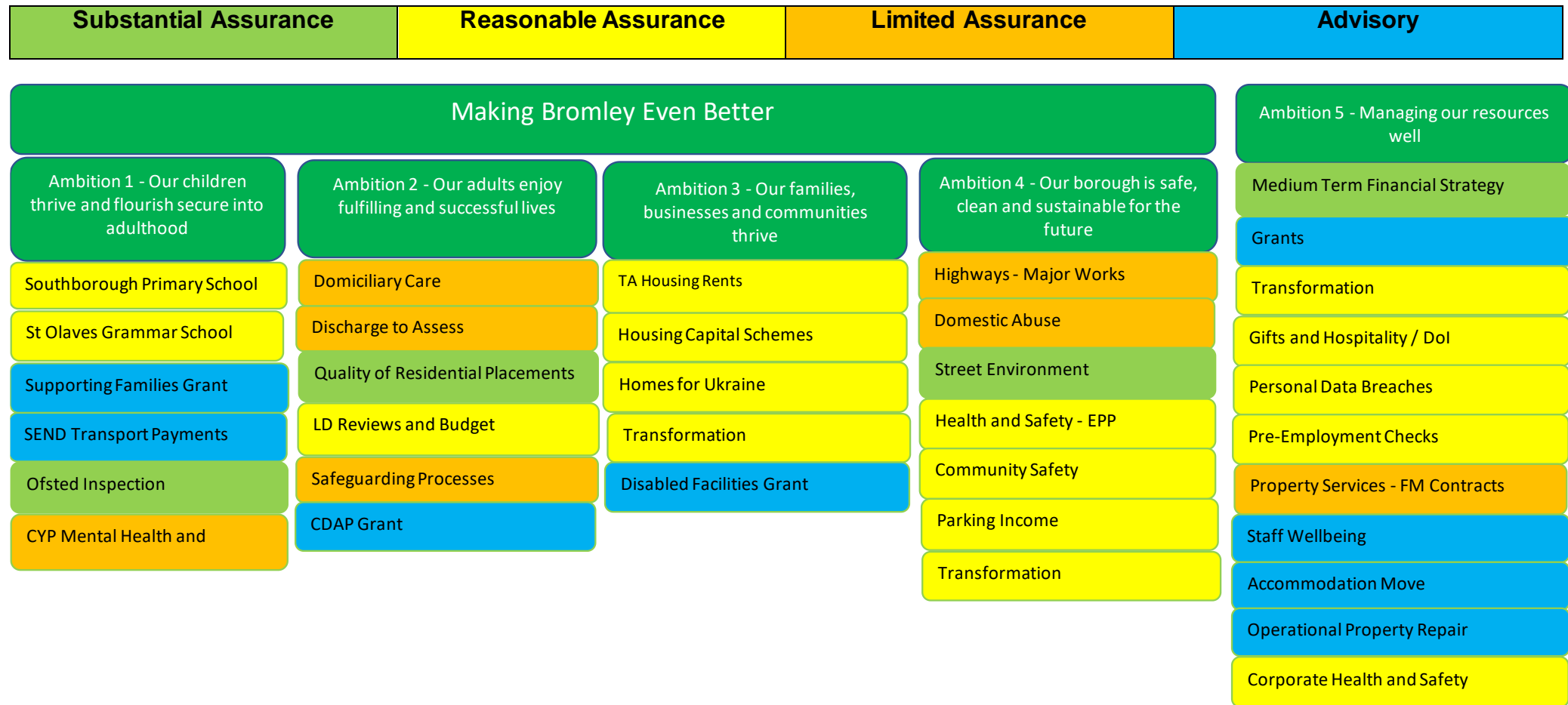


Diagram 2 – Corporate Risk Register

Risk	Current Net Rating	Audit Coverage 2023-24	Outcomes
Failure to deliver a sustainable financial strategy	20	Transformation Medium Term Financial Strategy	Reasonable Assurance Substantial Assurance
Ineffective governance and management of contracts	8	Domiciliary Care Street Environment Property Services CYP Mental health and wellbeing	Limited Assurance Substantial Assurance Limited Assurance Limited Assurance
Failure to maintain and develop IT information systems	8	Social Care System review - fieldwork	Advisory
IT Security	15	Personal Data Breaches	Reasonable Assurance
Failure to maintain robust BC and EP arrangements	8	Supplier BC arrangements reviewed in contract audits	P2 issues raised in separate audits
Failure to deliver effective Children's Services	10	Two schools complete Ofsted Jan 2024 SEND Transport Provider Payments CYP Mental Health and Well Being Contract	Reasonable Assurance Outstanding Advisory Limited Assurance
Temporary Accommodation	16	TA and Housing Rents	Reasonable Assurance
Failure to deliver Transforming Bromley Programme	15	Transformation	Reasonable Assurance
Climate Change	8	None – Net Zero in 2022/23	Reasonable Assurance in 2022/23
Health and Safety (Fire and First Aid)	15	ECS Health and Safety Corporate Health and Safety	Reasonable Assurance Reasonable Assurance
Homes for Ukraine and other Refugee Programmes	16	Homes for Ukraine	Reasonable Assurance
Capital Financing Shortfall	12	Housing Capital Schemes	Reasonable Assurance
Operational Property Repair – Budget and Buildings Failure	12	Advisory work as required	NA
Recruitment and Retention	9	Recruitment and Retention in progress	TBC
Accommodation Move to Direct Line Building	16	Advisory – initial governance review	Advisory

3.7 Recommendations Raised and Themes Emerging

- 3.7.1 In total, we raised 103 recommendations across our audits (excluding advisory work) in 2023/24. 13 of these recommendations related to schools; these audits tend to have a higher number of lower level recommendations.
- 3.7.2 We have analysed the recommendations made against a 'Governance Assurance' model devised by Local Authority Chief Audit Executives. This model, depicted in **Diagram 3**, sets out eight core facets of governance, which, put together, provide a reasonable basis of assurance to assess the overall governance health of the Council.

Diagram 3 – Governance Assurance Model



- 3.7.3 **Table 2** below sets out the numbers of recommendations raised in 2023/24, and the associated priority ratings, relating to each of these facets in 2023/24. Some recommendations relate to more than one facet and have been recorded as such.

Table 2 – Breakdown of audit recommendations

	Priority 1	Priority 2	Priority 3
Risk Management	0	4	4
Corporate Governance	1	10	4
Financial Control / Value for Money	2	8	8
Commissioning, Procurement and Partnerships	2	12	2
Change Management / Programmes / Projects	0	2	7
Asset Management	0	4	1
Information Governance	0	8	2
Counter Fraud	0	4	2

Contract Management

- 3.7.4 One of the key areas of recommendations from Table 2 is Contract Management. We have raised this as a theme in progress reports throughout the year and also in the 2022/23 Annual Report. As a 'Commissioning Authority', effective contract management is crucial for the Council to achieve its objectives and deliver value for money, as many services are outsourced. Outcomes of contract management and related audits have however been mixed this year, with one 'Substantial' and four 'Limited' assurance audits.
- 3.7.5 The 'Substantial' assurance relates to a single, high value contract, with well-established processes and structures in place. Two of the 'Limited' assurance contract audits (Facilities Management and Domiciliary Care) relate to a series of smaller value contracts with a variety of smaller providers. In both of these audits, we found that specifications and contracts themselves were well-designed but the issues we raised related to performance monitoring and quality oversight in practice. Similarly, we found for the Children and Young People's Mental Health and Wellbeing contract, that although monitoring and management processes were in place, the actual information submitted by the provider did not allow those overseeing the contract to properly assess whether it was achieving the objectives of the specification or achieving outcomes for service users.
- 3.7.6 We understand that the Council will be providing further training for contract managers. We recognise that contracts will always need to be managed in a manner proportionate to their risk, profile and value but the Council will need to support all contract managers via training and other means to ensure that contracts represent value for money and achieve the desired outcomes and objectives.

Financial Control / Value for Money

- 3.7.7 We raised two Priority 1 recommendations relating to financial control / value for money. One of these (Highways) was in relation to contract payments and has now been implemented. The other was regarding budget management and oversight within the 'Discharge to Assess' audit and this recommendation is partially implemented. We have also raised Priority 2 recommendations in a small number of non-schools audits regarding budget oversight. Whilst, as mentioned in 3.6.5, the Council's financial planning process was found to be robust, it is important that careful budget oversight is maintained throughout the year, to provide early warning indicators and enable remedial action to be taken as soon as possible.

Corporate Governance

- 3.7.8 We raised one Priority 1 issue relating to cross-organisational oversight of the Domestic Abuse Strategy, as referenced in 3.6.14. There are also a number of Priority 2 recommendations which mainly fall under two themes but split across several different areas. Five relate to declarations of interest, including three for our specific Declarations of Interest / Gifts and Hospitality audit and one each at the two schools that we reviewed. Four relate to reviewing the Terms of Reference for specific groups / boards / forums across the Council. We found in our audits that Terms of Reference are not consistently reviewed on a regular basis to ensure that they remain fit for purpose and aligned to current objectives.
- 3.7.9 There are no Priority 1 recommendations against any of the other five facets of the model. However, analysis of audit recommendations has identified the following additional themes, which were also reported in our March progress report to this Committee.

Provider Business Continuity Plans

3.7.10 We have found in some audits that provider business continuity plans have not always adequately considered or mitigated business continuity risks. Some smaller providers in particular may need signposting to further guidance and support on how to develop a robust business continuity plan and the interruption risks they should consider, including cyber risk. Whilst BC plans are ultimately the provider's responsibility, there are significant associated risks for the Council as supplier business continuity failure may incur additional costs, service delivery failure or reputational damage for the Council. Whilst the Council has developed a 'Supplier Business Continuity Checklist', recent conversations with officers have found that not all are aware of this control and therefore the checklist may need re-promoting.

Performance Management

3.7.11 We have raised recommendations this year in relation to performance management and monitoring. There are two aspects to these recommendations. Firstly, there needs to be clarity around the desired or expected standard of performance (what level are we aiming for and what does that look like?). Secondly, once the desired standard of performance has been established, ensuring that appropriate information is available and used by managers to enable them to understand whether or not this standard is being achieved.

3.7.12 Quality Assurance (QA) processes in general have been a consistent audit finding over the past two financial years and this theme has continued into 2023/24. Our recommendations have related to quality assurance processes not being clear, documented quality assurance processes not happening in practice and insufficient remedial action where deficiencies are identified through quality assurance processes. As referenced in 3.6.11, we have also identified a strong example of positive quality assurance practices with the Adults Residential Care QA Framework.

Data Quality

3.7.13 Data quality is inherently linked to performance management, as the effectiveness of performance management is dependent on the quality of the data using for management and monitoring purposes. Throughout the year, we have raised issues around the quality of information recorded in systems, the need to data cleanse or the completeness of the data recorded and / or reported.

Policies and Procedures

3.7.14 As with the 2021/22 and 2022/23 financial years, we continue to raise issues regarding policies and procedures which either have not been reviewed for some time or have not been reviewed in line with pertinent changes. For example, we have raised recommendations where systems had changed but the policies and procedures had not been updated to reflect the new systems or the associated processes. We also found policies that had not been updated for several years. In addition, we frequently find that policies do not have a stated owner / author or set out the expected frequency of review. This means that updates can be overlooked as there is no clear timescale or accountability.

Looking back at the 2022/23 Annual Report

3.7.15 In the 2022/23 financial year, we raised the following themes within the Annual report concerning the recommendations that we had made throughout the year. We have provided an update on these areas for 2023/24 in **Table 3**. Please note that, as Internal Audit reviews different areas each year, the update can only be indicative and based on the areas that we have reviewed in the current financial year. The update does not provide absolute assurance as to the direction of travel.

Table 3 – Looking back on 2022/23

2023/23 Themes	2023/24 Indicative Direction of Travel	Comments
Policies and Procedures	↔	Please see 3.7.14
Contract Management	↔	Please see 3.7.4
Information Governance and Information Systems	↑	We have closed the majority of related recommendations and our audit of Personal Data Breaches was 'Reasonable' assurance. We continue to raise recommendations regarding data quality and recording – please see 3.7.13.
Training	↑	We have raised less recommendations on training in 2023/24 (although we have raised four) and some relevant recommendations have been closed in year. A 'Learning and Development' audit is planned for 2024/25 which will provide a more complete picture.
Reconciliations	↑	Recommendations made in 2023/24 have been lower risk / priority.
Counter Fraud and Corruption	↑	Please see 3.9.2
Quality Assurance	↔	Please see 3.7.12
Staff and Resources	↔	Staff vacancies / absences continue to be cited as a root cause for some issues raised. Auditors have also noted that they are experiencing increasing difficulties with obtaining information from services, due to multiple pressures on staff time.

3.8 Follow-up of Recommendations Raised

3.8.1 Follow up is an important part of internal audit work. It contributes towards the Annual Opinion because it informs the extent to which risks identified during the course of internal audit work have subsequently been mitigated. Timely remedial action is also indicative of a healthy culture.

3.8.2 We follow up all recommendations and report progress to senior officers and Audit and Risk Management Committee. Follow-up work, monitoring and reporting are proportionate to the level of risk and we undertake more follow up testing for higher risk recommendations. We report follow up of Priority 1 recommendations quarterly to Chief Officer Executive and Corporate Leadership Team. We report follow up of Priority 2 and 3 recommendations on a six monthly basis. Definitions of our priority ratings are set out in **Appendix B**.

- 3.8.3 Due to the short period of time since the 28 March Audit and Risk Management Committee, when status was last reported, we have not undertaken any further follow up on Priority 1 recommendations. As a summary reminder, there were four open Priority 1 recommendations as at the 2022/23 Annual Opinion, all of which are now closed. Between July 2023 and March 2024, we raised a further six Priority 1 recommendations. One of these is fully closed and the remaining five are partially implemented, with some associated actions not yet due.
- 3.8.4 **Appendix C** provides a summary status of all the Priority 2 and 3 recommendations that were due to be followed up in Quarters 3 and 4 of the 2023/24 financial year. We have now fully closed all recommendations relating to 13 audits from previous financial years and two 2023/24 audits. For several other recommendations, the service has advised us that the recommendation has been implemented but has not yet provided the necessary evidence or clarifications to enable us to close these off.
- 3.8.5 Across the whole financial year, 81% of Priority 2 and 3 actions due have been implemented, against a target of 80%. This is broadly similar to the 2022/23 outturn, where 79% of recommendations due had been implemented. We have noticed however that it has been more difficult this year to obtain the necessary responses and information to close recommendations down which has added to the workload of the team. During the 2024/25 financial year, we will be discussing with Chief Officer colleagues how we can improve this process moving forwards.

3.9 Counter Fraud and Investigations

- 3.9.1 Internal Audit works in partnership with the Royal Borough of Greenwich in respect of Counter Fraud Investigations. A detailed summary of referrals made and work undertaken in 2023/24 is provided in the Counter Fraud report as a separate agenda item. There were no cases of internal fraud or whistleblowing cases reported to Internal Audit.
- 3.9.2 We have raised less recommendations relating to counter fraud controls in 2023/24 than in 2022/23 (in 2022/23 we raised two Priority 1 recommendations for counter fraud controls) which is a positive direction of travel. We have also received a more diverse range of requests for advice in relation to fraud matters, from across the Council. Whilst this may indicate that officers are more aware of fraud risks, fraud awareness is an ongoing challenge and we will need to consider how to further develop and maintain awareness into 2024/25.

3.10 Advisory Work

- 3.10.1 Internal Audit is both an assurance and a consultancy function. As set out in our Charter, Internal Audit resource is sometimes better focused on providing advisory services rather than a formal assurance audit. Typically, these consultancy reviews are undertaken when changes are being implemented or designed, or during project work. In order to maintain organisational independence, Internal Audit does not assume management responsibility for the design or implementation of controls.
- 3.10.2 In the 2023/24 financial year, we have undertaken an initial governance review of the Accommodation Move programme. We have also met regularly with lead officers for the Operational Property Review, and we have had access to all Programme and Project Board papers. We also provided input into the Council's self-assessment in preparation for the Wellbeing at Work accreditation, which has now been achieved. There are no issues arising to bring to Members' attention.
- 3.10.3 We have also undertaken a lessons learned review of the Council's implementation of the social care case management system and made advisory recommendations for future systems, all of which have been accepted by Chief Officer Executive.

3.10.4 Internal Audit is also available to provide ad hoc advice to officers as required. Throughout the year, we have offered advice on a range of matters as requested, including in relation to specific pre-employment and grant application controls, and financial controls in schools. Officers have accepted our advice and there are no significant unmitigated risks arising from our ad hoc work that would impact on the annual opinion.

3.11 Head of Audit – Annual Opinion

3.11.1 Taking into account the information presented in this report, my overall opinion for the 2023-24 financial year is that there is “**Reasonable**” assurance over systems of risk management, governance and control. The scale of opinions is provided in **Appendix B** where “Reasonable” is defined as “There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk.” This overall opinion remains the same as that provided for 2021/22 and 2022/23.

3.12 Professional Internal Audit Standards and Quality Assurance

3.12.1 Audit and Risk Management Committee has an important oversight role in the quality and effectiveness of Internal Audit. Members of the Committee must assure themselves that Internal Audit makes a valuable contribution to the organisation’s governance and that stakeholders can place reliance on its conclusions.

3.12.2 To facilitate this quality oversight role, Internal Audit is required by professional standards to maintain a Quality Assurance and Improvement Programme, containing a mixture of mechanisms to assess its quality, achievement of objectives and compliance with professional standards. These arrangements consist of an annual self-assessment of the service against professional standards, key performance indicators, client satisfaction questionnaires and an external assessment (EQA) at least once every five years by a suitably qualified, independent assessor.

3.12.3 The last EQA took place at the start of the 2023/24 financial year with the full report presented to Audit and Risk Management Committee in July 2023. Overall, the assessor concluded that the service was ‘partially conformant’ with the Standards, in line with the conclusions of the internal self-assessment presented to Audit and Risk Management Committee in June 2022. Over the past two years, we have been working through a Quality Action Plan and I now consider that we have made sufficient progress in order to conclude that the service is, overall, ‘generally conformant’ with professional standards. The Quality Action Plan (including a progress update) is provided at **Appendix D**.

3.12.4 There are still areas where further work is required. In particular, the service needs to develop more data analytics capabilities, complete the fraud risk assessment and develop assurance mapping across the organisation. These are all areas which are also given more prominence in the new Global Internal Audit Standards. These actions have been difficult to properly progress over the past year due to staff turnover and sickness absence however, they have all been included in team and staff objectives for the forthcoming year.

3.12.5 We routinely ask the lead audit client to complete a customer satisfaction survey at the end of each audit (both for those delivered in house and those delivered by external contractors). In November 2023, we reviewed and updated the survey to encourage more responses as low response rates have historically been an issue. We have seen an uptick in responses since November, albeit we would still like more completed surveys.

3.12.6 The client feedback we have received has consistently stated that auditors have been professional and helpful, reports have been accurate and that the necessary assurances on risks and controls have been provided. Feedback has been more mixed regarding the

timeliness of reporting and our own Key Performance Indicators (see Table 2 below) reinforce that we need to improve timely delivery. Feedback also indicates that in some cases we need to ensure that our audit reports are clearer in their messaging. We have revised the report template and guidance in the 2023/24 financial year to improve the clarity of reports. Going forwards, we will also explore the use of visuals to make our reports more impactful.

- 3.12.7 Key Performance Indicators (KPIs) for the Internal Audit Service are shown in **Table 4** below. These were agreed by Members of the Audit and Risk Management Committee in March 2023, for the 2023/24 financial year. The KPI out-turns for 2023/24 show that overall, managers have accepted internal audit recommendations (including all Priority 1 and Priority 2 recommendations). The percentage completion of the Plan is also at target. This indicator is for completion against the final Plan agreed by Audit and Risk Management Committee after all in-year approved adjustments are taken into account. Client satisfaction is also at target and is discussed further in 3.12.6 above.
- 3.12.8 The percentage of agreed management actions implemented is slightly below target for Priority 1 recommendations but, these recommendations tend to be more complex, containing multiple actions which are not all completed at the same time. We do not have any concerns at present with the open Priority 1 recommendations.
- 3.12.9 We are also below target for completion of the core training and development plan that we set out at the start of the year, following on from appraisals and objective setting. In calculating this indicator, I have not taken into account development that was agreed for staff who have since left the section. The low figure is due to the impact of staff sickness and turnover during the year. Long term sickness has made it difficult for individuals to access training but sickness and vacancies have also meant that it has been more difficult to organise whole team training events. Any training and development not completed that is still appropriate has been carried forward to the 2024/25 training and development plan.
- 3.12.10 The other indicator below target is the draft report date achieved. Although this is slightly up on the figure presented in March 2024 (22%) we are still not delivering as many reports on time as we would like. This is partially due to ways of working and partially due to unrealistic target dates in the first instance. It is also due in some cases due to delays receiving information from audit clients in order to start or complete fieldwork. We will be revising our processes to address all of these issues as part of our work to implement the new Global Internal Audit Standards (see paragraph 4.1.1 below).

4.2 Table 4 – Key Performance Indicators

	Description	Target / Measure	2023/24 Year end outcome
Management Actions	Percentage of recommendations accepted by management	90%	96% (all P1 and P2 recommendations accepted)
	Percentage of agreed management actions implemented	80%	P2 & 3 – 81% P1 – 75%
Efficiency	% of audit plan delivered	90%	94%

	Target draft report dates achieved (from date on final Terms of Reference)	75%	24%
Value to organisation	% client satisfaction	90%	90%
	Coverage of high and significant corporate risks	Provided via assurance map	See Diagram 2, p11
	Coverage of strategic objectives	Provided via assurance map	See Diagram 1, p10
	Compliance with PSIAS (provided via internal self assessment and External Quality Assessment)	Generally Conforms (to PSIAS)	Generally conforms
People Development	Completion of core training and development plan by financial year end	90%	63%

* This is the number of audit days completed by the publication of Committee papers as a percentage of planned days (adjusted for those where Members have approved deferral / cancellation as set out in Table 1).

Global Internal Audit Standards (GIAS)

- 4.1.1 We advised Members at the 28 March Audit and Risk Management Committee that new Global Internal Audit Standards (GIAS) had been released which represented some significant changes from the previous Standards and which would be applicable from January 2025. We also advised that the UK Public Sector Internal Audit Standards Advisory Board (IASAB) were considering whether any public sector overlay or guidance would be required in addition to the Global Standards.
- 4.1.2 The IASAB has now announced that it will develop further material in consultation with practitioners and other stakeholders. Draft material is planned to be issued for consultation in September 2024 with final material issued by the end of 2024. The implementation date will be 1 April 2025. We anticipate that the focus of this additional material will be on the specific 'Domain' in the GIAS which relates to governing the Internal Audit Service.
- 4.1.3 We expect therefore to bring a further update and a more detailed explanation of changes to the November Audit and Risk Management Committee. In the interim, we will be undertaking a gap analysis against the remaining four 'Domains' of the GIAS and developing an action plan for those standards where we are not already conforming. Any actions outstanding from the current Quality Action Plan (Appendix D) will be carried forward to the new action plan, where they are still relevant.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

Some of the findings identified in audit reports will have implications for both adults and children in respect of audits that have been undertaken in both Adult and Children's Services.

5. TRANSFORMATION/POLICY IMPLICATIONS

Some of the findings identified in the audit reports may have policy implications.

6. FINANCIAL IMPLICATIONS

Some of the findings identified in the audit reports may have financial implications.

7. LEGAL IMPLICATIONS

Under the Accounts and Audit Regulations 2015, the Council is required to maintain an effective internal audit function to provide assurance on the effectiveness of risk management, control and governance processes, taking into account public sector internal auditing standards and guidance. The Annual Opinion is a requirement of these standards.

8. PROCUREMENT IMPLICATIONS

Some of the findings identified in the audit reports may have procurement implications.

Non-Applicable Headings:	Personnel Implications Property Implications Customer Impact Carbon Reduction / Social Value Implications Impact on the Local Economy Impact on Health and Wellbeing Ward Councillor Views.
Background Documents: (Access via Contact Officer)	None

Appendix A – Audit Summaries

Health and Safety - Corporate (fieldwork Quarter 3 2023/24)

Audit opinion	Reasonable
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The overall objective of the audit was to review the effectiveness of controls over the Council's compliance with Health and Safety (H&S) regulations, employment law and statutory reporting obligations.

Our review found that the following controls are in place and working well:

- There is an up to date policy in place which had been appropriately scrutinised and approved.
- The Council displays signage in line with H&S requirements such as fire exit signs, fire evacuation notices, physical and mental health first aider lists, as well as their locations, working at height, and manual handling posters.
- Review of the risk assessment tracking spreadsheet maintained by the H&S Team demonstrated that they are monitoring services to ensure that they are undertaking their duties.
- The Council requires staff to undertake a suite of mandatory training courses related to H&S. The Council are actively tracking completion and both courses had been completed by all relevant staff at the time of our fieldwork.
- There are a number of corporate bodies at the Council that oversee H&S, including the Corporate H&S Committee. Relevant and appropriate information is provided to these forums to enable them to oversee H&S matters.
- Monthly information emails are also sent to all managers to help them fulfil their responsibilities and alert them to specific risks and lessons learned from other organisations.

We identified the following areas for management attention:

- The policy and procedural guidance structure is not consistent across the suite of 28 H&S policies at the Council. Some are not version controlled at all and have not been evidenced as reviewed in several years.
- The Accident - Incident Reporting Procedure states that all incidents should be reported to the Corporate H&S Team within five working days of occurrence. However, during out testing we noted that only two of the ten samples were reported to the Corporate H&S Team within this timeframe.

We raised two Priority 2 recommendations to address these issues and a further Priority 3 recommendation for good practice.

Recommendation	Priority	Recommendation accepted?
Policies and Procedures	2	Yes
Recording and investigation of accidents and near misses	2	Yes

Corporate H&S Committee Terms of Reference	3	Yes
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Children and Young People’s Mental Health and Wellbeing Contract (fieldwork Quarters 3 and 4 2023/24)

Audit opinion	Limited
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The overall objective of the audit was to review the effectiveness of the controls in place to govern and monitor the Children and Young People's Mental Health and Wellbeing contract, to ensure the service is delivered to expected standard and at the agreed cost.

We found that the following controls are in place and working well:

- There is an up to date, signed contract.
- Inflation pressures are effectively managed to minimise impact on the Council’s budget and Medium Term Financial Strategy (MTFS) as far as possible. The contract does not allow for inflationary increases and as such the amounts payable remain fixed.
- No issues were noted with the budget for the contract, and this is predicted to remain stable.
- Payments to the contractor had been appropriately approved.
- There are appropriate contract management and monitoring structures in place and contract management meetings are held regularly.

The key issue arising was that:

- Whilst there are mechanisms in place to manage the contract, the information reported and reviewed is not sufficient to ascertain how well the contract is performing and consequently we were unable to form a view on whether the contract is meeting outcomes and objectives or delivering value for money. The contractor’s performance against the Key Performance Indicators (KPIs) in the contract specification are not monitored. The 2023 annual report was issued late and actions from the 2022 annual report were not monitored.

We raised one Priority 1 issue to address this issue and a further Priority 2 recommendation to enhance the contractor’s Business Continuity Plan.

Recommendation	Priority	Recommendation accepted?
Performance Monitoring	1	Yes
Business Continuity Plan	2	Yes

Learning Disabilities (LD) – Reviews and Budget Monitoring (fieldwork Quarter 4 2023/24)

Audit opinion	Reasonable
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The objective of the audit was to review the adequacy and effectiveness of review and budget monitoring processes, including high cost placements or services.

We identified good practice and sound controls during the review:

- The weekly distribution of overdue service reviews and the fortnightly Performance Review meetings give senior management oversight and early alert of any issues with service reviews across the Department
- There are dedicated reviewing staff within LD which allows social workers to be task specific
- Budget monitoring information is produced and supplied to meet the budget setting and quarterly reporting timetable. Service area input to the process is evident.

We identified the following areas for management attention:

- There are no locally agreed procedures to support the specific LD review function. Our audit testing identified areas of social work practice, system input and Care Act compliance where further guidance would be beneficial.
- The LD reviewing staff do not use the LD Review Tray within the case management system which has led to the data held being out of date, not reconciled to other system reports and limits our assurance that all LD clients are accounted for and are reviewed annually in line with the Care Act 2014. There is no active data ownership, cleansing, utilisation and development of information available in the system to support the LD review function.
- Audit testing on a sample of LD client reviews due in 2023/24 have identified some inconsistencies, anomalies and omissions with data input, dates and record keeping.

We raised three Priority 2 recommendations to address these issues and a further two Priority 3 recommendations for good practice.

Recommendation	Priority	Recommendation accepted?
Procedures for LD Service User Reviews	2	Yes
Case management system review tray and system generated reports	2	Yes
Annual Reviews	2	Yes
Fraud Awareness training	3	Yes
Budget management training	3	Yes

Quality of Care – Adults’ Residential Placements (fieldwork Quarter 4 2023/24)

Audit opinion	Substantial
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The overall objective of the audit was to review how the Council receives assurance on the quality of its adult care placements (which are subject to the Council’s Quality Assurance Review process) to ensure best outcomes for service users.

We noted the following areas of good practice and positive audit findings:

- There is effective engagement and collaboration with the providers by the Quality and Provider Relations Team. The providers alert the team of any significant concerns and Care Quality Commission (CQC) inspections prior to formal assessment reports being published by CQC. This information is used to update the risk assessment and planning for visits to the providers.
- There is also good engagement with the CQC as evidenced by the CQC Operations Manager also attending the Home Care Forum meetings.
- A Quality Monitoring Feedback provider survey was undertaken in February 2024 as part of the continuous improvement process for ensuring that the support and advice provided to providers is effective and the work undertaken improves services for the residents of Bromley. Overall, the feedback was positive with very minor improvement matters noted.
- There are up to date procedure and guidance documents in place.
- The Quality and Provider Relations Team have in place expected monitoring and tracking schedules for planning visits and recording when visits have been undertaken. There is a robust risk assessment process for each provider.
- There is a clear process for following up recommendations arising from monitoring visits and the outcome of the follow up of those actions is evidenced.
- There is a programme of unannounced visits in addition to the full Quality Assurance Framework (QAF) monitoring visits to providers.
- We shadowed a Quality Monitoring Officer on a monitoring visit to a provider. The assessment was undertaken thoroughly and conducted in a professional and collaborative manner with appropriate challenge and corroborating evidence reviewed.

We raised two Priority 3 recommendations for good practice.

Recommendation	Priority	Recommendation accepted?
Timely completion of monitoring visit	3	Yes
Use of spreadsheets for tracking, planning and monitoring QAF visit	3	Yes

Adult Safeguarding – Procedures and Quality Assurance Processes (fieldwork Quarter 4 2023/24)

Audit Opinion	Limited
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The objective of this audit was to provide assurance that the London Borough of Bromley Adult Services are complying with their Adult Safeguarding duties and that controls are in place to ensure that referrals are dealt with effectively and within indicative timeframes. The audit focused on procedures and quality assurance processes.

We identified good practice and sound controls during the review:

- Areas reviewed were structurally sound and controls were clear and well formed, published and accessible.
- Comprehensive policies, procedures, and guidance are available to staff working in Adult Services that were easily available and embedded Safeguarding as a theme throughout.
- Policies and procedures were consistent, cohesive, and up to date. They provide a clear structure within which safeguarding can operate within Adult Services. There is a plan in place to streamline documents to make these more accessible to staff who are under time pressure to complete caseloads.
- There are forums in place to allow staff at all levels of seniority to share information, concerns, and best practice with regard to Safeguarding and wider Adult Social Care provision.
- Safeguarding Strategy and Performance meetings take place monthly and are attended by managers from across Adult Social Care as a whole. Review of recent minutes identified that there is a focus on improving practice within these meetings.
- Case file audits were completed in 2023, through reperformance of a sample of safeguarding assessments, where strengths and weaknesses were identified.
- A positive attitude of learning and development exists within a relatively new management team. There was a recognition that tasks remained incomplete and of further steps to be taken to maximise what is considered a strong foundation for the embedding of safeguarding into everyday Adult Services practice.
- Membership of the Bromley Safeguarding Adults Board provides additional oversight and strengthens multi-agency working across the borough.

Staff turnover and vacancies in key posts have unfortunately meant that the service has been unable to fully implement quality assurance processes as desired. The key issues arising were that:

- The case file audits reported a significant proportion of cases in the sample that fell short of an acceptable level of detail of the rationale for deciding on cases that were deemed to be safeguarding. A challenge arose through an external hearing that also found the quality of decision making was weak. No workshops or formal feedback to staff sessions have occurred to deliver the case file audits

findings. An action plan for the first case file audit 2023 has been published but not actioned and no action plan has been written for the second review.

- Some staff that we interviewed reported feeling a lack of confidence in making safeguarding decisions and completing assessments. To improve confidence, further training may be beneficial.
- Some staff also reported finding difficulties with the user accessibility of the data recording system. Weaknesses in the use of the system were reported in the 2023 case file audits.
- The importance and regularity of supervision is set out in policy, however, enquiry established that in practice this support was not consistently being made available as often as four weeks, and for one interviewee had become a quarterly exercise.
- Reports are produced detailing safeguarding cases exceeding an indicative target of 60 days. Enquiry Officers do not receive information directly and it was found that outstanding cases were not always being challenged to establish causes for delays.
- Responsibility for section 42 decisions is that of the Safeguarding Adults Managers (SAM), who must signoff enquiries performed by Enquiry Officers. In addition to this there are two annual case file audits performed in accordance with the Quality Assurance Framework. This review found the involvement of SAMs in quality checks insufficient and the learning from this has not been acted upon.

We have raised one Priority 1 and five Priority 2 recommendations to address these issues.

Recommendation	Priority	Recommendation accepted?
Lessons Learned and Defensible Decisions	1	Yes
Staff training	2	Yes
Data recording	2	Yes
Supervisions	2	Yes
Indicative time targets	2	Yes
Quality Checks	2	Yes

Appendix B - Assurance and Priority Ratings

Assurance Levels

Assurance Level	Definition
Substantial Assurance	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
Limited Assurance	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
No Assurance	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

Recommendation ratings

Risk rating	Definition
Priority 1	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
Priority 2	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
Priority 3	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.

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Appendix C - Priority 2 and 3 Follow Up

Audit	Total number of Priority 2 and 3 Recommendations Followed Up	Number of Priority 2 and 3 recommendations implemented	Number of Priority 2 and 3 recommendations not implemented	Number of Priority 2 and 3 recommendations in progress / partially implemented	Comments
Housing Needs, Early Intervention and Advice	2	1	0	1	
Cyber Security	1	1	0	0	All recommendations from this audit now closed
Creditors	1	1	0	0	All recommendations from this audit now closed
Building Control	3	2	0	1	
Information Governance and GDPR	2	2	0	0	All recommendations from this audit now closed
SEND	4	4	0	0	All recommendations from this audit now closed
CIL	1	1	0	0	All recommendations from this audit now closed
Cash and Bank	1	0	1	0	We have sought further clarification from the service area.
Capital Strategy, Planning and Monitoring	6	2	4	0	Both the Head of Service and Principal Accountant at the time of the Audit have now left the organisation. The workstream was not handed over.
Pre paid cards (Childrens)	3	0	0	3	We are awaiting the Children's Disability Service to confirm whether the remaining aspects of these recommendations have been implemented.
Net Zero	1	1	0	0	All recommendations from this audit now closed
Housing Schemes (Governance of Partnerships)	2	1	1	0	We have sought further clarification from the service area.
Revenue Budget Monitoring	1	1	0	0	All recommendations from this audit now closed
Referral and Assessment	7	5	1	1	We have sought further clarification from the service area on the final two recommendations.
Virtual School	5	4	0	1	
Complaints	1	1	0	0	All recommendations from this audit now closed
Housing Capital Schemes	5	5	0	0	All recommendations from this audit now closed
Appraisals	5	4	0	1	We are awaiting confirmation from the service on the final recommendation
Quality Assurance of External Placements - Children's Social Care	2	1	0	1	
Residential Placements - Adults	1	1	0	0	All recommendations from this audit now closed
Transformation	2	2	0	0	All recommendations from this audit now closed
Gifts and Hospitality	3	0	3	0	The Service has advised that these recommendations will be completed in June 2024
Domiciliary Care	1	1	0	0	
Personal Data Breaches	3	2	0	1	
Southborough Primary School	6	6	0	0	All recommendations from this audit now closed
Highways - Management of Major Works	1	0	1	0	
Pre Employment Checks	3	3	0	0	

Audit	Total number of Priority 2 and 3 Recommendations Followed Up	Number of Priority 2 and 3 recommendations implemented	Number of Priority 2 and 3 recommendations not implemented	Number of Priority 2 and 3 recommendations in progress / partially implemented	Comments
Temporary Accommodation and Housing Rents	6	4	1	1	The Revenues and Benefits service has advised that the Recommendation is in progress. We have requested supporting evidence to close.
St Olaves Grammar School	7	3	2	2	We have requested further supporting evidence from the School.
Domestic Abuse	5	1	3	1	We have requested supporting evidence to update the position.
Homes for Ukraine	4	4	0	0	All recommendations from this audit now closed.
Housing Allocations	1	1	0	0	All recommendations from this audit now closed
Sickness Management	5	5	0	0	All recommendations from this audit now closed
Totals	101	70	17	14	

Appendix E – Quality Action Plan Updated May 2024

Area for Development	Issue	Actions	Original Timeframe	Progress update May 2024
Professional Training and Development	<p>There has been no skills analysis or consistent process for identifying and addressing training and development needs.</p> <p>The job description for the Principal Auditor post (the majority of staff) has not been reviewed and updated, including the skills required, since 2017.</p>	<ol style="list-style-type: none"> 1) Complete team skills assessment against IIA competency framework 2) Develop a training plan for the team using the outcomes of the skills assessment and appraisal discussions 3) Determine / agree how training will be recorded and implement solution 4) Review and update the Principal Auditor job description 	<p>01/07/2022</p> <p>30/11/2022</p>	<ol style="list-style-type: none"> 1) Complete 2) Complete 3) Complete 4) In progress, alongside review of team structure in light of vacancies and new professional standards.
Risk Based Auditing	<p>Audit work has not been explicitly linked to strategies, objectives and risks, at macro and individual level.</p> <p>Planning for individual audits has not been sufficiently supported by a risk assessment.</p> <p>EQA highlighted that a high level strategic outline of risks to be covered across a longer period would be useful.</p>	<ol style="list-style-type: none"> 1) Ensure that the Audit Plan is explicitly linked to strategies objectives and risks (as for 2022/23) 2) Ensure that Audit progress and outcome reports to Committee explicitly demonstrate how audit work provides assurance on strategic objectives and risks 3) Continue to embed the planning process for individual audits to ensure that these relate to strategies, objectives and risks 4) Continue to develop a 'library of risks' for audit work 5) Consideration should be given to developing a high level strategic audit plan covering a period of 3 to 5 years, which would include cyclical audits and areas which would be reviewed periodically across the Council. 	<p>Ongoing but demonstrated by end March 2023</p> <p>March 2024</p>	<ol style="list-style-type: none"> 1) Complete 2) Complete 3) Ongoing and will be reviewed in 2024/25 for the new professional standards. 4) There is no formal library of risks as there was limited resource to collate this. However the team are now able to use some existing risk assessments that have been developed over the last year as a start point for similar / related work. 5) Complete

Area for Development	Issue	Actions	Original Timeframe	Progress update May 2024
Quality Assurance	<p>There is no documented Quality Assurance and Improvement Programme.</p> <p>KPIs are limited in scope and number and do not provide a holistic assessment of the service.</p> <p>Limited documented evidence of supervision and review for individual audits.</p> <p>Customer feedback limited as questionnaires not routinely returned</p> <p>EQA raised that there is limited resilience in the event of HAA absence.</p>	<ol style="list-style-type: none"> 1) Develop a QAIP for the section 2) Develop a set of KPIs for the section 3) Develop a system for monitoring and chasing return of questionnaires 4) Ensure that all files show evidence of review points and responses, prior to draft ToR or report release 5) Amend the QAIP to ensure the review of audit files confirms that internal auditors have documented the relevant information obtained that review to support conclusions and results. 6) Consideration could be given to the internal audit team periodically peer reviewing each other's work as a learning exercise, as part of the training covering this aspect of the Standards and the conduct of file reviews. 7) Consideration should be given to creating a designated deputy role within the Internal Audit Service to provide greater leadership and management capacity and service resilience. 	<p>Oct-22</p> <p>July 2023</p> <p>March 2024</p>	<ol style="list-style-type: none"> 1) Complete 2) Complete 3) Complete, we have reviewed and revised the questionnaire and are now using MS Forms to make completion easier. Returns are improving and we will continue to monitor this. 4) Complete 5) Complete 6) In progress - We have agreed arrangements but not yet put these into practice due to low staff numbers. 7) In progress, the team structure is currently being reviewed in light of vacancies.
Independence and Objectivity	<p>The Head of Audit and Assurance's appraisal is undertaken by the s151 officer with no input from the Chair of Audit Committee or the Chief Exec.</p> <p>The team are very experienced at LBB but</p>	<ol style="list-style-type: none"> 1) Discuss with the s151 Officer how feedback from others can be used to inform the appraisal process 2) Ensure that auditors are allocated a range of subjects and that we have discussions prior to 	01/02/2023	<ol style="list-style-type: none"> 1) Complete 2) Complete

Area for Development	Issue	Actions	Original Timeframe	Progress update May 2024
	<p>this does mean we need to be more careful when allocating assignments to ensure rotation and objectivity, whilst making use of skills and experience.</p> <p>EQA raised issue around HAA independence re Financial Regulations responsibilities, and where audits take place in areas for which HAA responsible.</p>	<p>detailed planning about previous work in the area and any impact this may have</p> <p>3) Update the HAA job description to remove reference to reviewing and updating the Financial Regulations.</p> <p>4) Where the Head of Audit and Assurance has operational responsibility for an area to be covered in the internal audit plan, the Director of Finance should review and agree the terms of reference for the review, the draft report to be issued to management and the final report to be issued for the engagement.</p>	<p>Ongoing but embedded by March 2023</p> <p>30/09/2023</p> <p>As of date of next relevant review</p>	<p>3) Complete</p> <p>4) No relevant review to date</p>
IT Risks and Controls	Some staff did not feel confident auditing IT risks and controls.	1) Source and deliver training as part of the IA Training Plan	Mar-23	1) Complete – training provided in June 2023
Data Analytics	There is limited use of data analytics.	<p>1) Develop a data analytics strategy which includes training, skills and roll out</p> <p>2) Ensure auditors have opportunities to practice their skills within individual audits</p>	Mar-23	<p>1&2) Two team members were tasked with developing this strategy as part of their 2023/24 objectives, however both have now left so the strategy needs to be reallocated.</p> <p>We are however now sourcing suitable training for Summer 2024.</p>

Area for Development	Issue	Actions	Original Timeframe	Progress update May 2024
Procedures	The Audit Manual has not been fully updated and disseminated since 2015.	1) Update the Audit Manual and roll out to the Team 2) The Audit Checklist should be amended so that the auditor can record where confidential information has been obtained during the audit and whether this information has been included in the report provided to management. Such information would then need to be redacted or removed when the final report is published.	Dec-22 31 July 2023	1) Complete. 2) Complete
Reliance on other assurance providers	There is no defined process for identifying and placing reliance on other assurance providers. Relationships with EA are not well developed.	1) Assurance mapping included as part of the 2022-23 Internal Audit Plan 2) Develop process for placing reliance on other forms of assurance	Mar-23	1) Assurance mapping was planned but not delivered due to resource changes. All staff have an objective for 2024/25 to assist with this in specific areas. 2) Complete.
Audit Coverage	Internal Audit's role in providing assurance on, and promoting ethics and values, needs to be enhanced. Similarly, there has been limited work on strategic decisions although operational decisions are routinely covered.	1) Future audit plans need to consider assurance over ethical matters and strategic decisions making.	November 2023 onwards	1) Complete and ongoing.

Area for Development	Issue	Actions	Original Timeframe	Progress update May 2024
Fraud Risks	There is no fraud risk assessment for the organisation and the Counter Fraud strategy is due an update.	1) Update CF Strategy 2) Develop a fraud risk assessment	Nov 2022 March 2024	1) Complete 2) In progress but not yet complete, due to resource limitations.
Consultancy work	There is no template for consultancy work, including the respective roles and responsibilities of both parties	1) Develop a template for consultancy Terms of Reference which includes roles and responsibilities of both parties	Jul-22	1) Complete
Fieldwork	<p>Work programmes (RCMs) are inconsistent in detail and quality. RCMs do not always include how information will be identified, analysed, evaluated and documented, including how samples will be selected.</p> <p>There is limited evidence on file of RCM review and approval prior to fieldwork.</p> <p>Files do not always contain information on how processes are designed and meant to operate, in order to assess adequacy of design.</p> <p>The level of information and detail held on each file is mixed, some do not contain a sufficient level of detail to fully support conclusions and results.</p>	1) Provide training on RCMs in team meeting 2) Review individual RCMs and provide follow up support / coaching as required 3) Planning checklist contains controls section to prompt process design work 4) Provide training on process mapping 5) Request process maps or procedure notes from clients where applicable, checking if correct.	Dec-22	1) Complete 2) Complete and ongoing 3) Complete but needs to be reviewed in light of new professional standards. 4) This is still not complete due to staff absences, it remains on the training plan for 2024. 5) Ongoing - not yet fully consistent

Area for Development	Issue	Actions	Original Timeframe	Progress update May 2024
Reporting	<p>Audit reports have not consistently acknowledged good practice as in some instances the report has been exception only.</p> <p>There is no defined process for releasing full (non redacted) reports to parties outside the organisation.</p>	<p>1) Ensure that all audit reports identify areas which are working well.</p> <p>2) Determine a process for releasing full reports outside LBB.</p>	<p>01/05/2022</p> <p>31/10/2022</p>	<p>1) Complete.</p> <p>2) Complete.</p>
Follow Up	<p>Follow up process newly developed and not embedded.</p> <p>Process for monitoring consultancy pieces of work not defined.</p>	<p>1) Continue to embed follow up process</p> <p>2) Review new process in September 2022 and make any amends.</p> <p>3) Define process for follow up of actions agreed as part of consultancy engagements</p>	<p>Sep-22</p>	<p>1) Complete</p> <p>2) Complete.</p> <p>3) Complete.</p>

Report No.
FSD24033

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Tuesday 4 June 2024**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **ANNUAL GOVERNANCE STATEMENT 2023/24**

Contact Officer: Francesca Chivers, Head of Audit and Assurance
E-mail: Francesca.Chivers@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for decision/report and options

- 1.1. The Accounts and Audit Regulations (England) 2015 require the Council to conduct, at least annually, a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement. The Annual Governance Statement must be prepared in accordance with the requirements of 'Delivering Good Governance in Local Government: Framework' (CIPFA/SOLACE, 2016) and published with the Statement of Accounts.

2. **RECOMMENDATIONS**

1. **To comment on the 2023/24 Annual Governance Statement, attached as Appendix A.**
2. **To agree the 2023/24 Annual Governance Statement subject to any changes made as a result of Recommendation One and any further minor updates required prior to finalising the Statement of Accounts 2023/24.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
-

Transformation Policy

1. Policy Status: Not Applicable
 2. Making Bromley Even Better Priority (delete as appropriate): To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre:
 4. Total current budget for this head:
 5. Source of funding:
-

Personnel

1. Number of staff (current and additional): Not applicable
 2. If from existing staff resources, number of staff hours: Not applicable
-

Legal

1. Legal Requirement: Statutory Requirement: Accounts and Audit Regulations 2015
 2. Call-in: Not Applicable:
-

Procurement

1. Summary of Procurement Implications: None
-

Property

1. Summary of Property Implications: One of the significant governance issues relates to property.
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: None
-

Impact on the Local Economy

1. Summary of Local Economy Implications: None
-

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: None
-

Customer Impact

1. Estimated number of users or customers (current and projected): Relevant to all stakeholders of the Council.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

- 3.1 Regulation 3 of the Accounts and Audit Regulations (England) 2015 requires the Council to ensure that it has a sound system of internal control which:
- (a) facilitates the effectiveness of its functions and the achievement of its aims and objectives
 - (b) ensures that the financial management and operational management of the Authority is effective
 - (c) includes effective arrangements for the management of risk.
- 3.2 Regulation 6 further requires that each financial year, the Authority must:
- (a) conduct a review of the effectiveness of the system of internal control
 - (b) prepare an Annual Governance Statement (AGS).
- 3.3 There is no prescribed format for the AGS. However, it must be prepared in accordance with proper practices as defined in the CIPFA publication 'Delivering Good Governance in Local Government: Framework 2016'. This guidance outlines seven core principles of governance (set out on pages 9 – 11 of **Appendix A**) focusing on the systems and processes for the direction and control of the Council and its activities, including its engagement with the community.
- 3.4 As per CIPFA guidance, Audit and Risk Management Committee scrutinises the AGS prior to final sign off from the Leader and Chief Executive.

3.5 Annual review of LB Bromley's Governance Framework

3.5.1 The annual review and development of the Annual Governance Statement was co-ordinated by Internal Audit with input from Corporate Leadership Team and relevant responsible officers. Each Chief Officer completed a Statement of Internal Control confirming that: 'In meeting my responsibilities, I have:

- ▶ Contributed to the review of Risk Registers and the outcomes
- ▶ Ensured that there are controls in place to mitigate the risks highlighted in the above exercise
- ▶ Considered relevant assessments of key service areas within the Department e.g. benchmarking, peer review
- ▶ Taken into account internal and external audit and inspection reports and results of follow ups regarding implementation of recommendations

I am satisfied that to the best of my knowledge, the following procedures are in place:

- ▶ The service is planned and managed in accordance with the Council's Corporate Operating Principles
- ▶ Business risks are identified, assessed and reported on a regular basis
- ▶ Key controls over systems and processes are in place to ensure the Council's assets are safeguarded
- ▶ Business Continuity Plans are maintained and reviewed as circumstances change

- ▶ There are quarterly budget monitoring arrangements in place which are reviewed and agreed through budget holders, Senior Leadership Team, Directors and through PDS and Executive
- ▶ Key contract information is kept up to date in the Contracts Database to allow Contract Registers and other management information to be reported’.

3.5.2 Relevant Heads of Service for the following compliance or assurance functions also provided statements that, in their professional opinion, the system of control, including standards of practice and Council policies, remained adequate and effective throughout 2023/24.

- ▶ Legal Services
- ▶ Health and Safety
- ▶ Information Technology
- ▶ Performance Reporting and Reviews, Internal and Self Assessments (Chief Executives, People, and Environment and Public Protection)
- ▶ Safeguarding (Adults and Children’s)
- ▶ Engagement and Complaints

3.6 Governance Issues

3.6.1 Chief Officers and Corporate Leadership Team have identified the following issues where further work either was (during the financial year) or continues to be required to monitor or improve how the key risks facing the Council are being managed. Further details on each of these areas, including actions completed or in progress, are set out from page 3 of **Appendix A**.

- (a) Finance – Achieving a balanced budget
- (b) Statement of Accounts – Delays in sign-off
- (c) Condition of the operational property estate
- (d) Dedicated Schools Grant deficit
- (e) Housing / Homelessness
- (f) Environment Contract Sustainability

3.7 Looking back on 2022/23

3.7.1 Section 9 of the AGS outlines the progress made on issues identified in the 2022/23 statement.

4. FINANCIAL IMPLICATIONS

Two of the significant governance issues identified relate to finance.

5. LEGAL IMPLICATIONS

This report meets the requirements of the Accounts and Audit Regulations (England) 2015 which stipulate that the Council must conduct annually a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement.

6. PROPERTY IMPLICATIONS

One of the significant governance issues identified relates to property.

Non-Applicable Headings:	Impact on Vulnerable Adults and Children Transformation / Policy Implications Procurement Implications Carbon Reduction / Social Value Implications Impact on the Local Economy Impact on Health and Wellbeing Customer Impact Ward Councillor Views
Background Documents: (Access via Contact Officer)	None



Annual Governance Statement 2023/24

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1. Executive Summary

The Leader of the Council and Chief Executive recognise the importance of having appropriate processes and controls in place to run the Council and ensure its services are delivered effectively.

The Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working. The Council's Audit and Risk Management Committee reviews the production of the AGS and considers and scrutinises the content.

Bromley is a Member led, commissioning authority, delivering services through whoever is best placed to provide quality and value for money to its residents, who are supported to manage their lives with the minimum of intervention from the Council. 'Making Bromley Even Better', the Council's Corporate Strategy, contains the guiding principles for Bromley Council, our vision and links with key partner organisations to help deliver important outcomes for residents, businesses and visitors to Bromley.

[Making Bromley Even Better \(Corporate Strategy\)](#)

Bromley's governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled, and the activities through which it accounts to, engages with and leads its community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot 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 Bromley'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.

The governance framework has been in place at Bromley for the year ended 31st March 2024 and up to the date of approval of the Leader's Foreword and Statement of Accounts.

The Council conducts an annual review of its governance arrangements, including the system of internal control. The purpose of the review is to provide assurance from a number of sources including Members, Chief Officers, internal and external audit, other review agencies and inspectorates that corporate governance arrangements are adequate and operating effectively; or where gaps are revealed, action is planned that will ensure effective governance in future.

With substantial additional savings to be made over the next four years, the financial situation continues to drive the future direction and work of the Council.

2. Significant Governance Issues

Overall, we can confirm that the Council has appropriate systems and processes in place to ensure that good governance is maintained in line with the 'Delivering Good Governance in Local Government Framework, 2016 Edition'. Whilst we are satisfied that these generally work and can be regarded as fit for purpose, we have identified 6 areas as requiring further work during 2024/25 and these are detailed overleaf.

Progress made in dealing with the governance issues identified in the 2022/23 Annual Governance Statement is detailed on pages 25 and 26.

Governance Issue	Action	Lead Officer
<p>Finance</p> <p>A balanced budget for 2024/25 has been achieved through the Transformation Savings Programme, an improved financial settlement and continuing with robust financial management. This has been achieved despite the significant increase in inflation and cost pressures remaining. There remains a “budget gap” of £16.6m in 2025/26 rising to £38.7m per annum in 2027/28. There is also an average annual Dedicated Schools Grant deficit of £5.3m for the period 2024/25 to 2027/28, with the Government’s statutory override still in place. The projections assume mitigation and transformation savings of £38.1m in 2024/25 rising to £65.3m by 2027/28. The projections from 2025/26 have to be treated with some caution, particularly as the Government’s next Spending Review is awaited and the Fair Funding Review is not expected to be completed until at least 2026/27.</p> <p>The outcome of a significant review of the Council’s capital programme funding shortfall to address the impact of the Operational Property Review and the need to address an inherent capital funding shortfall was reflected in the updated capital programme for 2023/24 and future years. This had resulted in a significant property disposals programme combined with borrowing to fund housing schemes in order to address the potential funding shortfall.</p>	<p>In considering action required to address the medium term “budget gap”, the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of over £130m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government not providing funding to keep pace with growth/cost pressures, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income. Further information can be found in:</p> <p>Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28</p> <p>Further details of the updated capital funding strategy can be found in:</p> <p>Capital Strategy 2024/25 to 2027/28</p>	<p>Director of Finance</p>
<p>Statement of Accounts</p> <p>The statement of accounts for 2019/20 had previously been subject to considerable delays largely caused by issues concerning the valuation of the Council’s Fixed Assets.</p> <p>This backlog has now been largely addressed with the 2020/21 and</p>	<p>The Council has deployed additional resources in the closing team and is working closely with the external valuers to ensure that from 2023/24 onwards the accounts are published by the statutory deadline.</p>	<p>Director of Finance</p> <p>Head of Corporate Finance and Accounting</p>

<p>2021/22 accounts being published during 2023/24. The 2022/23 accounts are now substantially complete with the exception of the Pension Fund accounts and should be published by the end of May 2024.</p>		
<p>Condition of the operational property estate to ensure that premises are compliant with Health & Safety legislation and can be operated to facilitate the delivery of the Council's various services.</p>	<p>A review of the Council's operational estate has been completed.</p> <p>Following this review those properties which are no longer required for operational purposes are being sold.</p> <p>A programme to repair the Council's remaining operational properties is progressing which will ensure that premises are compliant with Health & Safety legislation and can be operated to facilitate the delivery of the Council's various services.</p> <p>It is proposed that following completion of the repair works to the operational properties that a planned maintenance programme will be established to ensure that the premises are maintained in compliance with Health & Safety legislation and can be operated to facilitate the delivery of the Council's various services.</p> <p>A new Compliance Manger will be employed to work with the Head of Facilities Management and Soft Facilities Manager to establish new supply chains and a new Computer Aided Facilities Management System to facilitate property maintenance, ensure Health and Safety compliance and management of the relevant data for audit purposes.</p>	<p>Director of Housing, Planning, Property and Regeneration</p> <p>Assistant Director, Strategic Property and Head of Facilities Management</p>
<p>Dedicated Schools Grant (DSG) deficit Financial pressures on the DSG are acknowledged as a national issue in the Government's Green Paper:</p> <p><i>'widespread recognition that the system was failing to deliver improved outcomes for children and young people, that parental and provider confidence was in decline, and, that despite substantial additional investment, the system had become financially unsustainable'.</i></p>	<p>DSG Deficit Recovery Management Plan to be updated in consultation with the Department for Education (DfE)/Education and Skills Funding Agency (ESFA)</p>	<p>Director of Education</p>

<p>The national DSG deficit is understood to have reached in excess of £2bn, with c30 LAs supported with bailouts through Safety Valve and Delivering Better Value programmes.</p> <p>Through prudent financial management and a range of proactive actions, the Council and its partners were successful in containing the local financial pressures until Bromley became one of the last London boroughs to enter a deficit position in 2020/21. Benchmarking data provided by these local financial challenges have since continued to increase, with the deficit position having increased to £16m by the end of 2023/24. Adjusting for mitigation measures included with the Medium Term Financial Strategy, the deficit is forecast to increase by circa £5m per annum. The Council is setting aside sufficient reserves to offset the DSG deficit, impacting on the Council's overall financial position.</p> <p>The pressures in Bromley are exacerbated by a shortage of local specialist places and historically limited universal and targeted provision for children with additional needs.</p>		
<p>Housing/Homelessness</p> <p>The numbers of households approaching as homeless are rising steadily year on year despite proactive prevention and partnership work to address this.</p> <p>Continuing uncertainty in the housing market means that at the present time procuring private sector accommodation has become more costly and difficult. The fall out rate is harder because there is increased competition from private renters. We are unable to procure the level that we need to meet demand.</p> <p>This puts an increased reliance on the provision of temporary</p>	<p>Phase 2 of the Meadowship acquisition programme is a 2-year acquisition programme overseen by the Meadowship board (the 2 leads are the Director of HPP&R and Head of Finance).</p> <p>The housing sites delivery programme current has 2 sites underway and a further 3 sites now approved. This is a 3-year programme overseen by the AD Culture and Regeneration.</p> <p>Conversion of the More Homes Bromley tenancies is an ongoing programme as these become available for letting overseen by the AD Housing.</p> <p>A review of landlord incentives was completed by January 2024 and runs alongside on-going negotiations for block booking arrangements and inspections</p>	<p>Director of Housing, Planning and Regeneration</p> <p>Assistant Director – Housing</p> <p>Assistant Director – Culture and Regeneration</p>

<p>accommodation, which is increasingly volatile; with prices escalating and supply drying up.</p> <p>Consequently, we are continuing to see an increase in the numbers in Nightly Paid Accommodation whilst numbers in the more affordable forms of TA are decreasing month on month. New accommodation that is sourced is done so at an increased cost.</p> <p>It is also increasingly difficult to secure in-borough temporary accommodation. This impacts negatively when trying to gain access to services and support for vulnerable residents. The majority of out of borough placements are in other parts of London or Kent, but Bromley, along with all other London authorities, are being forced to secure homes further and further away from the borough boundaries (such as West Bromwich, Worthing and Leicester) to ensure that we are able to meet our statutory obligations in respect of Housing.</p>	<p>against the SLAs to ensure standards are met.</p> <p>Officers also continue to engage with the market to explore all potential schemes which may increase supply and these are brought to members for consideration when such scheme opportunities arise.</p> <p>The Allocations Scheme has been revised and the new scheme was approved in February 2024.</p> <p>There is counter fraud work in progress to ensure TA properties are occupied by the intended tenant and we are also exploring joint fraud work with social landlords.</p> <p>We are actively pursuing additional grant funding to increase affordable housing supply through development acquisition and empty homes.</p> <p>Progress against actions is reviewed minimum quarterly.</p>	
<p>Environment Contract Sustainability.</p> <p>Contract for the provision of arboricultural services:</p> <p>Contractor performance issues have had a significant impact on the delivery of the contract and consequently changes to service delivery have been agreed by the Executive (ES20282).</p>	<p>A historic backlog of works has been removed from the contract and has been tendered through a Neutral Vendor Framework, with three additional contractors appointed to do defined packages of work for a fixed price. <i>(to be completed by June 2024)</i></p> <p>A tender for the procurement of additional contractors to supplement the supply chain on a permanent basis is underway. <i>(Contracts are due to be mobilised for 1 September 2024)</i></p> <p>The Corrective Action Plan process is being used to manage performance with officers taking a pragmatic approach to the application of Performance Adjusted Values in order to keep the contract operational</p>	<p>Director of Environment and Public Protection</p> <p>Assistant Director – Carbon Management and Greenspace</p>

<p>Contract for the provision of Highways Management</p> <p>Backlog of highways works</p>	<p>and functioning. <i>(Corrective Action Plans are due to conclude by 1 July 2024)</i></p> <p>Issues with the accuracy of data submitted in relation to emergency call outs have been identified and are being addressed through the contract governance arrangements, with changes to the way this data is collected and reported implemented. <i>(Completed)</i></p> <p>Concerns about the percentage of works inspected identified as Service Failures has been raised through contract meetings with investigations by both the contractor and Council underway to identify changes to reduce instances. <i>(Ongoing)</i></p> <p>Between May – August 2023 a second contractor was employed to assist in clearing the backlog of works.</p> <p><i>(Completed August 2023)</i></p> <p>Weekly meetings are being held with the contractor in an effort to expedite outstanding works and clear the backlog of outstanding works.</p> <p>An improvement plan is in place and the main contractor is expected to meet the KPI requirements and complete the overall backlog by June 2024.</p> <p><i>(Due for completion by June 2024)</i></p>	<p>Assistant Director - Highways</p>
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3. What is Corporate Governance?

3.1 Definition

The CIPFA International Framework ‘Good Governance in the Public Sector’ defines governance as:-

‘The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved’

It also states that:-

‘To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times’

'Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders'

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, provide leadership to their communities.

Effective corporate governance and the capacity to lead and manage change are essential to meet the ever increasing challenges for the public sector. Good governance is important to all involved in local government and a key responsibility of the Chief Executive, the Leader of the Council and other statutory governance Chief Officers.

Our governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management practice.

Bromley Council recognises that:

- ▶ Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for residents and service users.
- ▶ Good governance enables an authority to pursue its vision effectively, as well as underpinning that vision with appropriate mechanisms for control and management of risk.
- ▶ All authorities should aim to meet the standards of the best and governance arrangements should not only be sound, but also be seen to be sound.
- ▶ Governance processes should be both efficient and effective.

3.2 The Principles

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

How we do this

- Having regard for the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership
- Being accountable for decisions to the public and co-operating fully with whatever scrutiny is appropriate to one's office
- Commitment to promoting an anti-fraud and corruption culture evidenced through a detailed anti-fraud and corruption policy and ensuring fraud and corruption are dealt with effectively
- Adherence to ethical values and respect for the rule of law
- Creating a culture where statutory officers and other key post holders are able to fulfil their responsibilities

Principle B – Ensuring openness and comprehensive stakeholder engagement

How we do this

- Ensuring transparency of decisions supported by an effective scrutiny and challenge process
- Consulting with residents during the budget setting process for 2024/25 and beyond
- Demonstrating engagement with all groups of stakeholders to determine the most appropriate course of action/effective intervention
- Ensuring a clear, evidence based, decision making path

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

How we do this

- Having a clear vision and strategy, with key partner organisations through 'Making Bromley Even Better', the delivery of which is monitored through Portfolio Plans
- Delivering defined, sustainable outcomes within the limits of resources and authority

- Balancing competing demands with finite resources when determining priorities; managing service users' expectations effectively with regard to determining priorities and making the best use of the available resources
- Taking a longer term view with regard to decision making, taking account of potential conflicts between the organisation's vision and short term factors such as financial constraints

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

How we do this

- Having a clear vision and strategy setting out our intended outcomes for citizens and service users
- Ensuring decision makers receive a robust best value option analysis detailing associated risks and outcomes to be achieved
- Considering stakeholder feedback and future impact when making decisions about service delivery, prioritising competing demands

Principle E – Developing capacity including the capability of leadership and individuals

How we do this

- Ensuring that the decision making process is clearly defined and supported by protocols to ensure a shared understanding of roles and objectives is maintained
- Ensuring that individuals have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities, reflecting the structure and diversity of the community
- Evaluating, and supporting, staff performance through regular reviews which take into account training and development needs
- Supporting the workforce to maintain their health and wellbeing

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

How we do this

- Regular review of Corporate and Departmental Risks and Risk Registers

- Integration of effective risk management arrangements into the decision making process
- Ensuring an effective scrutiny function which provides a constructive challenge and allows for debate at all stages of the decision making process
- Ensuring effective counter fraud and anti-corruption policies are in place and there is good staff awareness
- Having an effective Audit and Risk Management Committee whose remit incorporates fraud prevention, and internal and external audit

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

How we do this

- Publishing information on our activities and decisions including publication of our Contracts Register
- Maintaining a rigorous, effective and transparent decision making and scrutiny process
- Ensuring that public reports are easily accessible and use a style appropriate to the intended audience
- Embracing peer challenge, reviews and inspections from regulatory bodies, implementing recommendations for corrective action as required
- Maintaining an effective internal and external audit service, with direct access to Members

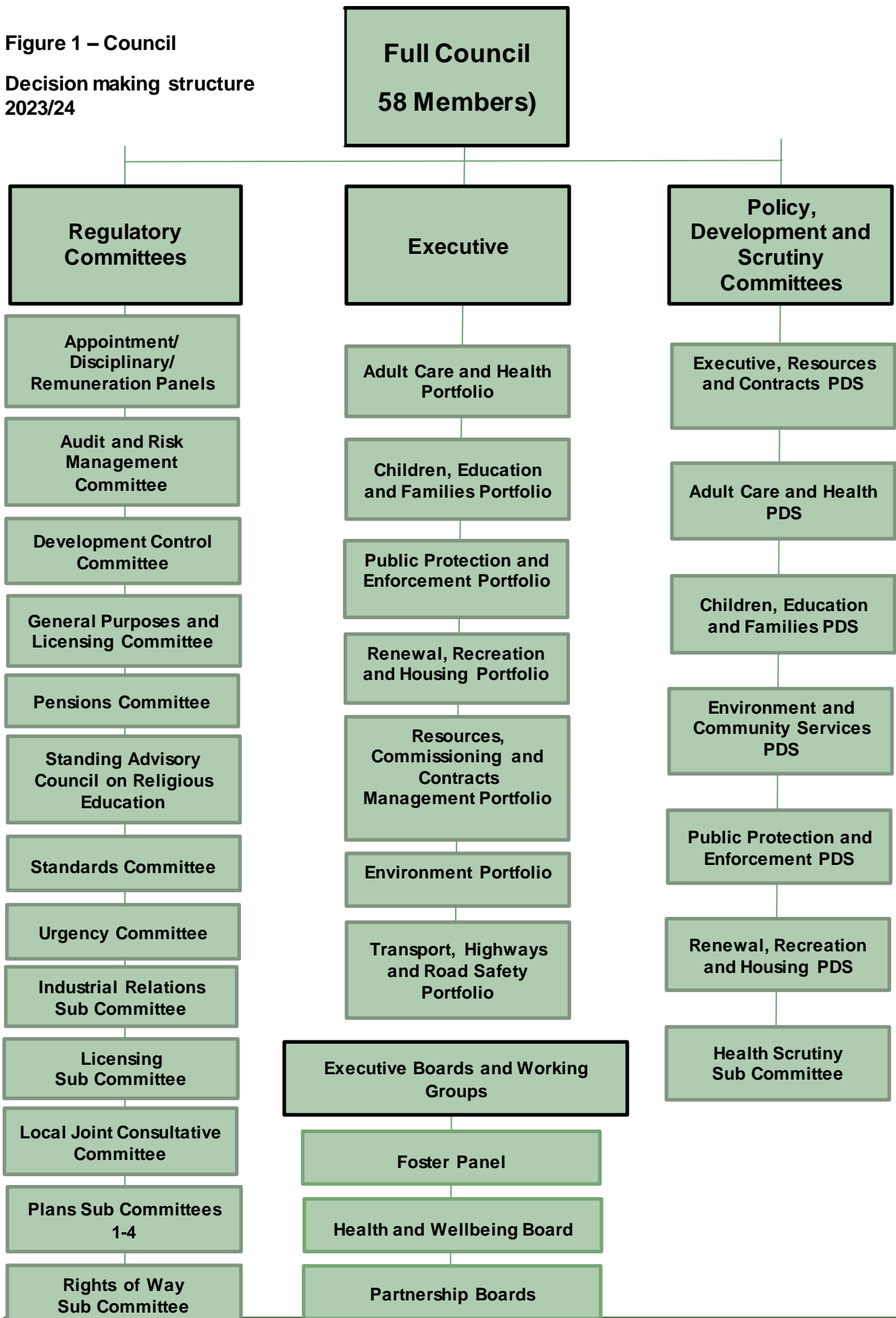
4. The Council: How it Works

This Annual Governance Statement covers the period 1st April 2023 to 31st March 2024, but it should remain up to date until the accounts are approved and audited.

In the 2023/24 Council year the Council was made up of 58 Councillors. The decision making structure is divided between Executive and non-Executive matters. Executive duties are carried out by an Executive body of Councillors, which, in 2023/24 included the Leader and seven Councillors) with specific Portfolio responsibilities. Non-Executive duties are performed mainly by the Development Control Committee, the General Purposes and Licensing Committee, the Audit and Risk Management Committee, the Pensions Committee and the Standards Committee.

The established decision making structure is depicted overleaf:

Figure 1 – Council
Decision making structure
2023/24



5. The Procurement process

In 2023/2024, procurement practice and process continued to be led through the Corporate Procurement Team working in accordance with the LBB Contract Procedure Rules and the Public Contracts Regulations 2015.

The key governance arrangements in place continue to include:

- All procurement over £5k must be conducted in consultation with the Corporate Procurement Team;
- Member decision on proceeding to procurement and contract award for all procurements with a whole life value of £500k or higher;
- Member decision on formal extension options, extensions beyond term, variation (modifications) and exemptions at £100k or higher, including reporting to Audit and Risk Management Committee for anything £50k or higher;
- All procurement decisions at both Member and Officer authority to be supported by a formal Gateway paper;
- Annual monitoring reports to Members for all contracts with a whole life value of £500k or higher;
- Quarterly Contract Register report to Executive, Resources and Contracts (ER&C) Policy, Development and Scrutiny (ER&C) Committee on all contracts over £200k and to each PDS for contracts over £50k; including commentary on the status of the contract from the Contract Owner and additional commentary and RAG rating from the Corporate Procurement Team;
- Regular reports to Chief Officers Executive (COE) and Corporate Leadership Team on the status of all contracts due to end within the next twelve months with commentary from Corporate Procurement;
- Procurement Board led by Corporate Procurement to review and advise on key contracts in advance of seeking decisions on procurement actions;
- Regular training on Commissioning and Procurement available to all Officers;
- Quarterly meetings for all Contract Owners to provide news, guidance, advice and support.

The Procurement Act 2023 was finalised in late 2023 and is expected to 'go live' in late 2024. This will replace the Public Contracts Regulations 2015 and introduces several new requirements including a substantial increase in the number of formal Notices required when undertaking a procurement project. In addition, new procurement legislation was introduced in January 2024 – the NHS Provider Selection Regime. This legislation is separate to the Procurement Act 2023 and covers Health Services. The introduction of two new sets of procurement legislation necessitates a review and update of the Contract Procedure Rules which is planned for 2024. This will also be an opportunity to review and update the supporting governance arrangements for procurement decisions which have been unchanged for several years. During the transition period, the Corporate Procurement team will review and update the Contract Procedure Rules and other relevant processes and procedures to ensure compliance with the new legislation. Changes are expected to be primarily technical in nature. Communication and training will be implemented to support any changes.

6. Outcomes and Value for Money

6.1 Making Bromley Even Better

Bromley Council's partner agencies formally signed up to work together with the Council to deliver a new Corporate Strategy – 'Making Bromley Even Better' in October 2021. Hundreds of organisations, councillors and residents contributed to the strategy which outlines five main ambitions for Bromley over the next ten years with the shared vision of making the Borough: 'A fantastic place to live and work, where everyone can lead healthy, safe and independent lives'. The Medium Term Financial Strategy will enable the delivery of the Corporate Strategy as a 'golden thread' that runs through all

plans such as those that support Portfolios with teams and individuals reflecting the ambitions throughout their work.

‘Making Bromley Even Better’ has five overarching ambitions:

1. For children and young people to grow up, thrive and have the best life chances in families who flourish and are happy to call Bromley home.
2. For adults and older people to enjoy fulfilled and successful lives in Bromley, ageing well, retaining independence and making choices.
3. For people to make their homes in Bromley and for business, enterprise and the third sector to prosper.
4. For residents to live responsibly and prosper in a safe, clean and green environment great for today and a sustainable future.
5. To manage our resources well, providing value for money, and efficient and effective services for Bromley’s residents.

Working individually and in partnership we share responsibility for improving outcomes in the Borough. Agencies in our partnerships commission and provide many of the services which matter to residents and businesses in Bromley. We are convinced that by aligning ambitions and by strengthening our collaboration, we will succeed in making Bromley an even better Borough. It is crucial to have a sense of shared direction and a course to navigate for the future, no ten-year plan can ever be set in stone. Therefore we will monitor progress regularly and develop our plan as circumstances, demand and legislative changes require.

Underpinned by our shared organisational culture and values of Respect, Empowerment, Ambition, Leadership (REAL), the Council works to meet the needs and expectations of residents through enabling self-sufficiency, sustainable core services and improving outcomes for residents at the earliest point of need within a responsible financial envelope.

As a learning organisation we continue to reflect on “best practice” models of change and transformation. We are committed to adopting favourable solutions that are tried and tested.

Despite the unprecedented financial challenge, Bromley will serve and advocate on behalf of its residents and aim to deliver cost-effective services. Working with strategic partners, it will also continue to ensure that it receives the fairest deal from the Government on issues that are important to Bromley residents.

Bromley’s achievements over the past year and plans for the future are reported in the Leader’s Foreword and Statement of Accounts.

6.2 Portfolio Plans

Portfolio Plans set out each Portfolio Holder’s aims in the current year and the supporting performance targets, using a range of national and local indicators. Overseeing the successful delivery of each plan is the joint responsibility of the Portfolio Holder and the Members of the appropriate Policy Development and Scrutiny Committee (PDS). The Portfolios are aligned to the priorities identified in Making Bromley Even Better. In addition, the Health and Wellbeing Board is a collaboration between Bromley Council and various partner agencies whose role is to understand their local community’s needs, agree priorities and encourage commissioners to work in a more joined up way.

[Adult Care and Health Portfolio Plan 2023/24](#)

[Children, Education and Families Portfolio Plan 2023/24](#)

[Housing, Planning and Regeneration Portfolio Plan 2023/24 \(Strategic Project Tracker, including Q1 update\)](#)

[Housing, Planning and Regeneration Portfolio Plan 2023/24 \(Operational KPIs, including Q1 update\)](#)

[Environment and Community Services Portfolio Plan 2023/24](#)

[Public Protection and Enforcement Portfolio Plan 2023/24](#)

Updates on progress are reported to Members through the Policy, Development and Scrutiny process. Examples of this include:

[Adult, Care and Health Portfolio Plan 2023/24 - Quarter Two Update Covering Report \(November 2023\)](#)

[Adult, Care and Health Portfolio Plan 2023/24 - Quarter Two Update \(November 2023\)](#)

[Children, Education and Families Portfolio Plan 2023/24 - Quarter Three Update Covering Report \(March 2024\)](#)

[Children, Education and Families Portfolio Plan 2023/24 - Quarter Three Update \(March 2024\)](#)

[Housing, Planning and Regeneration Portfolio Plan 2023/24 - Quarter Three Update Covering Report \(January 2024\)](#)

[Appendix A - Housing, Planning and Regeneration Strategic Project Tracker 2023/24 - Quarter Three Update \(January 2024\)](#)

[Appendix B - Housing, Planning and Regeneration Operational Key Performance Indicators 2023/24 - Quarter Three Update \(January 2024\)](#)

[Environment and Community Services Performance Overview 2023/24 - January 2024 Update Covering Report \(March 2024\)](#)

[Environment and Community Services Performance Overview 2023/24 - January 2024 Update \(March 2024\)](#)

[Public Protection and Enforcement Performance Overview 2023/24 - January 2024 Update Covering Report \(March 2024\)](#)

[Public Protection and Enforcement Performance Overview 2023/24 - January 2024 Update \(March 2024\)](#)

6.3 Managing our Resources (Value for Money)

Statement of Accounts

In relation to the Council's Statement of Accounts for 2019/20, draft accounts were published on 30th June 2020, with the external audit starting during August 2020. Whilst good progress was made in most areas, there were delays in the provision of information to EY and in responding to auditor queries. Some delays occurred due to the Coronavirus pandemic, with officers working off site and documentation not being readily accessible in an electronic format (in some cases paper documents and records required bulk scanning). Most significantly, the audit revealed a number of errors in asset valuations carried out by the previous valuation which impacted on the Council's accounting treatment of fixed assets. These required significant work by property officers to rectify core valuation information and owing to this and other outstanding matters completion of the audit was delayed to 2023. The external auditor produced an updated Audit Results report which was considered by the Audit and Risk Management Committee on 8th March 2023. This report stated that the audit was 'substantially completed', though some matters remain outstanding. The annual audit letter for 2019/20 was issued in October 2023 which provided an unqualified opinion.

On the 8th February 2024, the Department for Levelling Up, Housing and Communities (DLUHC) released a consultation on proposed changes to address the significant backlog of local authority audits across England. As a result of this EY have focused their resources on value for money reporting requirements for 2020/21, 2021/22 and 2022/23 and planning for the 2023/24 audit and are expecting to issue a disclaimed opinion on the 2020/21 to 2022/23 accounts, and have emphasised that this is a result of the national initiative and does not reflect any specific concerns around the Council's financial position.

CIPFA Financial Management Code

The Council's financial management arrangements conform with good governance. An assessment was previously undertaken against compliance with the CIPFA Financial Management Code. The Council is complying with all of the requirements but there will be ongoing consideration to ensure that the Council retains the level of assurance with each standard contained within the code.

Value For Money (VFM) Conclusion

The Council's external auditor has not yet been able to issue a VFM conclusion for 2018/19 or 2019/20 owing to outstanding objections. As a result of the objections the audit cannot be formally concluded and an audit certificate issued. EY issued their provisional view on the 2018/19 objection in October 2023 and reported to the Audit and Risk Management Committee in March 2024 that this was now nearly concluded. A interim VFM report to cover 1 April 2020 – 31 March 2023 will be brought to June Audit and Risk Management Committee.

The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 17th January 2024 with the approach on using reserves and other key financial matters reported to Executive on 7th February 2024. Forward financial planning and financial management is a key strength at Bromley. These reports continue to forecast the financial prospects for the next 4 years and include the outcome of the Local Government Finance Settlement 2024/25. It is important to note that some caution is required in considering any projections for 2025/26 to 2027/28 as this depends on the outcome of the Government's next awaited Spending Review period as well as the awaited impact of the Fair Funding Review and Devolution of Business Rates. The continuation of a one year financial settlement from Government continues to create a higher level of uncertainty for the financial forecasting in future years.

[Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28](#)

[2024/25 Council Tax](#)

Counter Fraud Arrangements

Ensuring that effective arrangements for counter fraud are in place is important to protect the Council's resources so that all funds are used to deliver the best possible outcomes for our residents. Through data from across the public sector, we know that fraud risks increased during the pandemic and continue to increase as the cost of living rises.

Our Counter Fraud and Corruption Strategy, approved by Audit and Risk Management Committee in 2022, contains prevention and detection as key strands of counter fraud work and consequently the fraud team has increased their focus on these areas in 2023/24. The fraud team has undertaken two specific pro active counter fraud pieces of work in high risk areas and has provided fraud awareness training in Adult Social Care. These exercises have led to some recoveries, referrals and fraud investigations, demonstrating that there is an ongoing need for pro active work.

To further strengthen counter fraud in the Council, there is a need to develop robust counter fraud risk assessments and counter fraud training that all officers can access. These will be priorities going forward into the next financial year.

7. How do we know our arrangements are working?

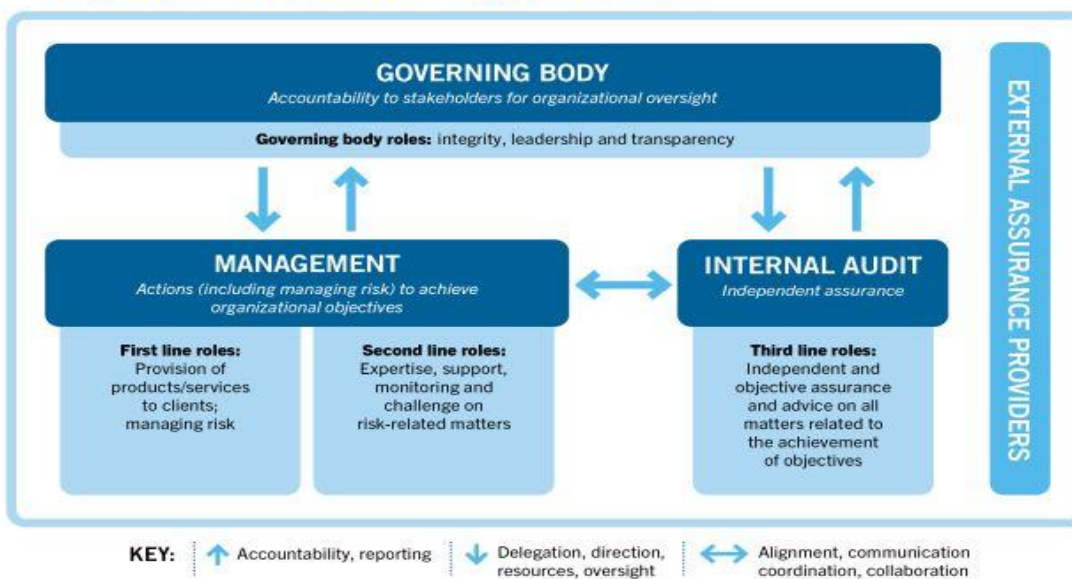
7.1 The Role of Management

The 'three lines' of assurance model, as detailed below, provides a simple framework for understanding the roles and responsibilities in the overall risk management and internal control processes of an organisation.

- ▶ First line – operational management controls
- ▶ Second line – monitoring controls, e.g. the policy or system owner / sponsor
- ▶ Third line – independent assurance

Figure 2 – 3 Lines Model

The IIA's Three Lines Model (2020)



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The senior officer forum is the Chief Officers Executive (COE). Membership includes the Chief Executive and his senior leadership team:

- Chief Executive
- Director of Children, Education and Families
- Director of Environment and Public Protection
- Director of Housing, Planning and Regeneration
- Director of Corporate Services and Governance
- Director of Adult Services
- Director of Public Health
- Director of Finance
- Director of Human Resources, Customer Services and Public Affairs

The purpose of the Chief Officers Executive (COE) is:

- ▶ High-level officer decision making: COE is the highest officer forum for high-level decision making to facilitate the effective working of the organisation
- ▶ Discussion of governance issues / review of the Council's Forward Plan: COE is the officer forum for the discussion of any key governance issues and reviews the Council's Forward Plan on a regular basis to ensure smooth and timely decision making
- ▶ Information sharing: an opportunity for Directors to provide high-level updates of activity in their respective service areas in an informal environment
- ▶ Review progress of COE sponsored working groups reporting to Corporate Leadership Team (CLT): CLT working groups will report into COE for advice and guidance prior to reporting back to CLT
- ▶ Overview of the delivery of the Transforming Bromley agenda: COE Transformation Board is an extension of COE and meets fortnightly to oversee the successful delivery of the Transformation Programme and the key principles of the Transforming Bromley Roadmap.

As part of developing this Annual Governance Statement, each Chief Officer has completed an assurance statement (set out in 7.4) confirming the effectiveness of governance arrangements in their department and identifying any improvement actions. Significant actions are set out in Section 2.

The Corporate Leadership Team is responsible for the Strategic Leadership of the organisation, with managers having day to day responsibility for the management and control of service delivery. Our managers set the 'tone from the top' and develop and implement policies, procedures, processes and controls. They ensure compliance.

Functions within the Council which have a role to play in 'second line' assurance include Procurement, Customer Engagement and Complaints, Health and Safety, Information Technology, Legal Services, Safeguarding (Adults and Children) and Performance Reporting and Reviews. Lead officers for these functions have also completed an assurance statement as part of this review.

Member oversight is also key. The Standards Committee of 20th February 2024 considered the Monitoring Officer's General Report. This updated the Committee on a number of Standards issues including an update to the Procedure for the consideration of Code of Conduct (Standards) complaints against elected Councillors.

[Monitoring Officer's General Report 20th February 2024](#)

The Council's Constitution requires that a report is made each year to full Council which summarises work carried out by Policy Development and Scrutiny (PDS) Committees. This report was considered by the Executive, Resources and Contracts PDS Committee on 25th March 2024 and will be presented to Full Council on 8th July 2024.

[Policy, Development and Scrutiny Annual Report 2023/24](#)

The outcome of this is that we have adequate governance arrangements in place and relevant to the environment we work in.

7.2 The Role of the Audit and Risk Management Committee

For 2023/24, the Council appointed an Audit and Risk Management Committee which considers internal and external audit, risk management and fraud. It meets three times a year and reports directly to Full Council. For the 2023/24 municipal year, following a recruitment process, two independent Members were appointed to the Committee for the first time.

[Audit and Risk Management Committee Meetings \(Agendas, Papers, Minutes\)](#)

The Audit and Risk Management Committee plays an important role in ensuring that the Council learns from Internal Audit findings and rectifies identified weaknesses in control.

7.3 Our Governance Framework

Key Policies/Processes/Posts/Functions in our Governance Framework include:

	Policy/Process
A	Annual Audit Letter
	Annual Governance Statement
	Anti-Bribery Policy
C	Anti-Money Laundering Policy
	Audit and Risk Management Committee
	Capital Strategy
	Code of Conduct for Members
	Complaints System
	Constitution
	Contract Procedure Rules/Standing Orders
	Corporate Induction Process
	Corporate Leadership Team
	Corporate Operating Principles
D	Counter Fraud and Corruption Strategy
	Customer Access Channel Strategy
E	Customer Services Charter
	DISCUSS Appraisal Scheme
F	Executive and Resources PDS Committee Annual Report
	Financial Regulations
G	Financial Strategy
	Forward Plan of Key Decisions
	'Getting it Right' – Complaints, Compliments and Suggestions
H	Gifts and Hospitality Code of Conduct
	Head of Audit and Assurance
I	Head of Paid Service
	Internal and External Audit Reports
	Internal Audit Opinion and Annual Report
L	Internal Controls
	IT Governance
	Leader's Foreword and Statement of Accounts
	Learning and Development
M	Local Development Framework
	Making Bromley Even Better
	Member/Officer Protocol
P	Monitoring Officer (Director of Corporate Services and Governance)
	Portfolio Plans
R	Public Consultations/Meetings
	'Raising Concerns' whistle blowing
	Register of Interests
S	Risk Management Strategy
	Scheme of Delegation
	Section 151 Officer (Director of Finance)
T	Statement of Accounts
	Treasury Management Strategy

7.4 Annual Governance Assurance Statement

Each member of the COE has confirmed that:

'In meeting my responsibilities above, I have:

- ▶ Contributed to the review of Risk Registers and the outcomes
- ▶ Ensured that there are controls in place to mitigate the risks highlighted in the above exercise
- ▶ Considered relevant assessments of key service areas within the Department e.g. benchmarking, peer review
- ▶ Taken into account internal and external audit and inspection reports and results of follow ups regarding implementation of recommendations

I am satisfied that to the best of my knowledge, the following procedures are in place:

- ▶ The service is planned and managed in accordance with the Council's Corporate Operating Principles
- ▶ Business risks are identified, assessed and reported on a regular basis
- ▶ Key controls over systems and processes are in place to ensure the Council's assets are safeguarded
- ▶ Business Continuity Plans are maintained and reviewed as circumstances change
- ▶ There are quarterly budget monitoring arrangements in place which are reviewed and agreed through budget holders, Senior Leadership Team, Directors and through PDS and Executive
- ▶ Key contract information is kept up to date in the Contracts Database to allow Contract Registers and other management information to be reported

Where unable to confirm all, or some of these, the areas for improvement and planned actions must be detailed'.

7.5 External Inspections/Peer Reviews

Local Government & Social Care Ombudsman

The Council received the annual Local Government & Social Care Ombudsman letter for the year ending 31st March 2023, which summarised Ombudsman complaints/enquiries received, and the decisions made about, the London Borough of Bromley.

With a commitment to an ethos of continuous improvement and using feedback from a variety of sources to learn, understand and take action to improve services; we continue to place our focus on the outcomes of complaints and what can be learned from them. Quarterly complaints reports are discussed at COE and CLT.

Within the Annual Letter, the Ombudsman acknowledged that the Council had implemented its recommendations in 28 separate cases. Whilst also acknowledging the pressures that Councils are under, the Ombudsman noted timeliness of response and recommendation delivery as the overall theme for improvement.

Ofsted Inspection of Children's Services

In November 2023, Ofsted inspectors undertook a one week 'Inspecting Local Authority Children's Services' (ILACS) inspection of children's social care services in Bromley. The inspectors reviewed the effectiveness of services for children in need of help and protection, children in care and care leavers. They also judged the impact of leaders on social work practice with children and families and evaluated the overall effectiveness of children's services in Bromley. A judgement of 'Outstanding' was received in all areas.

The previous inspection of Children's services was undertaken in November 2018 and provided an overall grade of 'Good' with 'Outstanding' leadership. This outcome was, in itself, a significant achievement given the judgement of "Inadequate" which had been received in 2016.

On this basis, the current judgement of 'Outstanding' in all areas allows LB Bromley to have completed the improvement journey over the past seven years.

[Ofsted Inspection of Children's Services \(13th to 17th November 2023\) Report](#)

Ofsted Inspection of Community Vision Nursery

In October 2023, Ofsted undertook a routine inspection of the Community Vision Nursery (Early Years). All five categories reviewed, together with 'Overall Effectiveness' were awarded a judgement of 'Good'.

[Ofsted Inspection of Community Vision Nursery \(Early Years\), 9th October 2023](#)

7.6 The Role of Internal Audit

Internal Audit is a key component of Corporate Governance within the Council. As required by the Accounts and Audit Regulations 2015, the Council must ensure an effective system of internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

Through its risk-based approach to work, Internal Audit provides independent and objective assurance to the Council's Audit and Risk Management Committee and senior management on the higher risk and more complex areas of the Council's business, allowing management to focus on providing coverage of routine operations.

Internal Audit's objectives include to:

- Facilitate the Council's achievement of its core purpose and its objectives as set out in 'Making Bromley Even Better' and other supporting strategies
- Enhance the effectiveness of governance, risk management and control throughout the Council
- Make an effective contribution towards the ethical governance and culture of the Council, including the counter fraud culture and framework

Internal Audit's purpose, authority and responsibility are formally defined in the Internal Audit Charter, which is periodically reviewed and presented to Chief Officers Executive and the Audit and Risk Management Committee for approval. The latest updates to the Charter were approved by the Audit and Risk Management Committee on 28th March 2024.

7.7 The Role of the Head of Audit and Opinion on Governance Risk and Control

The Council is responsible for ensuring that it has a sound system of governance (incorporating the system of internal control).

Each year, the Head of Audit & Assurance is required to provide an independent opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework. This opinion should be considered alongside the Annual Governance Statement as it provides assurance to those reviewing and approving the AGS.

The overall opinion is primarily based on the finalised audits from the 2023/24 Internal Audit Plan. However, it also takes into account:

- ▶ Follow up of recommendations
- ▶ Counter fraud work and other investigations throughout the year
- ▶ Ad-hoc advisory work
- ▶ Informal audit observations of the organisation, for example through attendance at Corporate Leadership Team, Corporate Risk Management Group and other forums
- ▶ External professional assurance, in particular the Ofsted inspection of Children's Social Care

The overall opinion for 2023/24 is that Internal Audit can provide reasonable assurance that there is an adequate and effective framework of governance, risk management and control within the Council, designed to meet the organisation's objectives. Reasonable assurance is defined as 'generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk.'

The Head of Internal Audit's Annual report (Audit and Risk Management Committee June 2024) provides details of exceptions and provides further context. Where weaknesses are identified, Internal Audit raises recommendations and these are tracked and reported to Audit and Risk Management Committee until implemented or discharged.

8. Our Strategic Risks

Risk management is an important element of the system of internal control at Bromley Council. It is based on a process designed to identify, prioritise and control the risks to achieving Bromley's policies, aims and objectives. The Risk Management Strategy is currently under review and will be finalised in the 2024/25 financial year. This review takes into account public sector best practice guidance and learning from governance failures elsewhere and aims to ensure that the strategy is adequate for the current risk environment.

The Corporate Risk Register is a key document in the Council's approach to risk management; it captures the key strategic risks to the delivery of the corporate objectives as set out in the 'Making Bromley Even Better' vision. It also provides a context through which high level risks are identified and is used to inform decision making about business planning and service delivery. Chief Officer Executive as a collective owns the Corporate Risk Register. The Corporate Risk Management Group takes the lead in championing and co-ordinating the Council's approach to risk management and ensures that effective risk management processes are fully embedded.

The Corporate Risk Management Group (CRMG), chaired by the Director of Finance and including the Head of Audit & Assurance in its membership, oversees the Council's risk management arrangements.

Each Director retains responsibility for the Risks and Controls within their division, with Internal Audit coordinating the Risk Management process via the Corporate Risk Management Group and Audit and Risk Management Committee.

During 2023/24, the Corporate Risk Management Group met on four occasions. In addition to its usual programme of scrutiny in May and September 2023 and January 2024, a further meeting was convened in December 2023 to review and peer challenge the Departmental Risk Registers.

Risk Registers remained live documents throughout the year, and the Corporate Risk Register was presented to COE and CLT for review on three occasions. Audit and Risk Management Committee received the refreshed Corporate Risk Register at their meetings of July and November 2023. The Departmental Risk Registers were presented by way of Heat Maps. Each relevant PDS Committee had the opportunity to scrutinise the Departmental Risk Register falling within its remit.

In order to ensure a greater degree of oversight and assurance over the highest risks, Audit and Risk Management Committee also now receives separate commentary from the risk owner on all risks with a net 'High' rating.

The published Corporate Risk Register can be viewed via following the link:-

[Corporate Risk Register](#)

9. Looking Back on 2022/23

Governance Issue	Action	Progress
<p>Finance</p> <p>A balanced budget for 2023/24 has been achieved through the Transformation Savings Programme, an improved financial settlement including redesignation of funding set aside for Adult Social Care reforms and continuing with robust financial management. This has been achieved despite the significant increase in inflation and cost pressures remaining. There remains a “budget gap” of £1.7m in 2024/25 rising to £29.6m per annum in 2026/27. There is also an estimated increase in the Dedicated Schools Grant of £10.9m per annum by 2026/27, compared with 2022/23. The projections assume mitigation and transformation savings of £28.2m in 2023/24 rising to £59.5m by 2026/27. The financial forecast is currently being updated to reflect inflation remaining high and further cost pressures being identified. The projections from 2025/26 have to be treated with some caution, particularly as the Government’s next Spending Review is awaited and the Fair Funding Review is not expected to be completed until at least 2026/27. There has been a significant review of the Council’s capital programme funding shortfall to address the impact of the Operational Property Review and the need to address an inherent capital funding shortfall. This has resulted to a significant property disposals programme combined with borrowing to fund housing</p>	<p>In considering action required to address the medium term “budget gap”, the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of over £120m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government not providing funding to keep pace with growth/cost pressures, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income. Further information can be found in:</p> <p>Draft 2023/24 Budget and Update on Council’s Financial Strategy 2024/25 to 2026/27</p> <p>Further details of the updated capital funding strategy can be found in:</p> <p>Capital Strategy 2023/24 to 2026/27</p>	<p>A balanced budget for 2023/24 had been achieved through the Transformation Savings Programme, drawing of reserves, an improved financial settlement including redesignation of funding set aside for Adult Social Care reforms and continuing with robust financial management. This has been achieved despite the significant increase in inflation and cost pressures remaining.</p> <p>As indicated within Section 2 above there is a future years budget gap, following finalisation of the 2024/25 Budget, of £16.6m in 2025/26 rising to £38.7m per annum in 2027/28. There is also an average annual Dedicated Schools Grant deficit of £5.3m for the period 2024/25 to 2027/28, with the Government’s statutory override still in place. This assumes that significant savings from transformation and growth mitigation will be delivered (details in Section 2). There is very limited funding available for future capital scheme without consideration of borrowing and each proposal will be considered as part of a business case including funding available.</p> <p>There were significant additional cost pressures experienced during 2023/24 particularly relating children’s social care and housing with impact also on education and adult social care. Full details were included in the Financial Monitoring 2023/24 report to Executive in March 2024.</p> <p>Budget Monitoring 2023/24</p> <p>These additional cost pressures were reflected in the 2024/25 Budget and need to be monitored closely, particularly given the full year impact in future years.</p>

schemes in order to address the potential funding shortfall.		
<p>Statement of Accounts The Council's statement of accounts for the period 2019/20 onwards remain incomplete owing to considerable delays largely caused by issues concerning the valuation of the Council's Fixed Assets. Consequently, whilst the 2019/20 accounts are currently being finalised, production of the draft accounts for 2020/21, 2021/22 and 2022/23 have been delayed beyond the statutory publication dates.</p>	<p>The Council has implemented a timetable to address the backlog of work required to produce draft accounts for the respective financial years. This includes the deployment of additional resources in the closing team and advance work taking place to ensure that asset valuations are properly supported.</p>	<p>The Council has deployed additional resources in the closing team and is working closely with the external valuers to ensure that from 2023/24 onwards the accounts are published by the statutory deadline</p>

To the best of our knowledge, the governance arrangements as defined above, have been operating effectively during the year and remain fit for purpose.

We propose to take steps over the coming year to address the Significant Governance Issues defined on page 3 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.

Signed

Signed

Chief Executive

Leader of the Council

Date

Date

Appendix 1 – Links to Documents

Page 2	Making Bromley Even Better
https://www.bromley.gov.uk/downloads/download/142/making-bromley-even-better-corporate-strategy-london-borough-of-bromley-even-better-corporate-strategy-london-borough-of-bromley	
Page 3	Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28
https://cds.bromley.gov.uk/documents/s50112929/Budget%20report%202024%2025%201.pdf	
Page 3	Capital Strategy 2024/25 to 2027/28
https://cds.bromley.gov.uk/documents/s50113893/Executive%20-%20Capital%20Strategy%20Report.pdf	
Page 14	Adult Care and Health Portfolio Plan 2023/24
https://cds.bromley.gov.uk/documents/s50105961/Appendix%20-%20ACH%20Portfolio%20Plan%202023-24%20-%20June%202023.pdf	
Page 14	Children, Education and Families Portfolio Plan 2023/24
https://cds.bromley.gov.uk/documents/s50105467/App.%20-%20Refreshed%20Plan.pdf	
Page 14	Housing, Planning and Regeneration Portfolio Plan 2023/24 (Strategic Project Tracker, including Q1 update)
https://cds.bromley.gov.uk/documents/s50108620/App.%201%20-%20Strategic%20Project%20Tracker.pdf	
Page 15	Housing, Planning and Regeneration Portfolio Plan 2023/24 (Operational KPIs, including Q1 update)
https://cds.bromley.gov.uk/documents/s50108621/App.%20-%20HPR%20Operational%20KPIs.pdf	
Page 15	Environment and Community Services Portfolio Plan 2023/24

<https://cde.bromley.gov.uk/documents/s50103839/ECS%20Portfolio%20Plan%20Appendix%201%20FINAL%20VERSION.pdf>

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Public Protection and Enforcement Portfolio Plan 2023/24

<https://cde.bromley.gov.uk/documents/s50104173/PPE%20Draft%20Portfolio%20Plan%20Appendix.pdf>

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Adult, Care and Health Portfolio Plan 2023/24 - Quarter Two Update Covering Report (November 2023)

<https://cde.bromley.gov.uk/documents/s50111951/ACH23-048%20ACH%20Portfolio%20Plan%20Half%20Yearly%20Update%20-%20ACH%20PDS%2021.11.23.pdf>

Page 15

Adult, Care and Health Portfolio Plan 2023/24 - Quarter Two Update (November 2023)

<https://cde.bromley.gov.uk/documents/s50111952/Appendix%201%20-%20ACH%20Portfolio%20Plan%202023-24%20-%20Q2%20Update.pdf>

Page 15

Children, Education and Families Portfolio Plan 2023/24 - Quarter Three Update Covering Report (March 2024)

<https://cde.bromley.gov.uk/documents/s50114372/Children%20Education%20and%20Families%20Portfolio%20Plan%20-%20202324%20Q3%20Update.pdf>

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Children, Education and Families Portfolio Plan 2023/24 - Quarter Three Update (March 2024)

<https://cde.bromley.gov.uk/documents/s50114373/App.%201%20-%20Children%20Education%20and%20Families%20Portfolio%20Plan.pdf>

Page 15

Housing, Planning and Regeneration Portfolio Plan 2023/24 - Quarter Three Update Covering Report (January 2024)

<https://cde.bromley.gov.uk/documents/s50113205/HPR%20Portfolio%20Plan%20Update%20-%20202324%20Q3%20Update.pdf>

Page 15

Appendix A - Housing, Planning and Regeneration Strategic Project Tracker 2023/24 – Quarter Three Update (January 2024)

https://cds.bromley.gov.uk/documents/s50113212/App.%20A%20-%20Strategic%20Project%20Tracker.pdf	
Page 15	Appendix B - Housing, Planning and Regeneration Operational Key Performance Indicators 2023/24 – Quarter Three Update (January 2024)
https://cds.bromley.gov.uk/documents/s50113213/App.%20B%20-%20HPR%20Operational%20KPIs.pdf	
Page 15	Environment and Community Services Performance Overview 2023/24 – January 2024 Update Covering Report (March 2024)
https://cds.bromley.gov.uk/documents/s50114028/ECS%20Performance%20Overview.pdf	
Page 15	Environment and Community Services Performance Overview 2023/24 - January 2024 Update (March 2024)
https://cds.bromley.gov.uk/documents/s50114202/ECS%20Performance%20Overview%20Information%20Ite.m.%20March%202024.pdf	
Page 15	Public Protection and Enforcement Performance Overview 2023/24 - January 2024 Update Covering Report (March 2024)
https://cds.bromley.gov.uk/documents/s50114203/PPE%20PO%20Appendix%20for%20March.pdf	
Page 15	Public Protection and Enforcement Performance Overview 2023/24 - January 2024 Update (March 2024)
https://cds.bromley.gov.uk/documents/s50113979/PPE%20Performance%20Overview.pdf	
Page 16	Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28
https://cds.bromley.gov.uk/documents/s50112929/Budget%20report%202024%2025%201.pdf	
Page 16	2024/25 Council Tax
https://cds.bromley.gov.uk/documents/s50113320/CT%20Budget%20report%202425%20NEW%20Combined.pdf	

Page 18	Monitoring Officer's General Report 20th February 2024
https://cds.bromley.gov.uk/documents/s50113608/Monitoring%20Officer%20Report%20February%202024.pdf	
Page 18	Policy, Development and Scrutiny Annual Report 2023/24
https://cds.bromley.gov.uk/documents/s50114682/Annual%20Scrutiny%20Report%202023-2024.pdf	
Page 19	Audit and Risk Management Committee Meetings (Agendas, Papers, Minutes)
http://cds.bromley.gov.uk/ieListMeetings.aspx?CId=135&Year=0	
Page 22	Local Government and Social Care Ombudsman Annual Review Letter 2023 (19th July 2023)
https://www.lgo.org.uk/documents/councilperformance/2023/london%20borough%20of%20bromley.pdf	
Page 22	Ofsted Inspection of Children's Services (13th to 17th November 2023) Report
https://files.ofsted.gov.uk/v1/file/50237004	
Page 22	Ofsted Inspection of Community Vision Nursery (Early Years), 9th October 2023
https://files.ofsted.gov.uk/v1/file/50234600	
Page 24	Corporate Risk Register
https://www.bromley.gov.uk/downloads/download/145/corporate-risk-register-crr	
Page 25	Draft 2023/24 Budget and Update on Council's Financial Strategy 2025/26 to 2026/27
https://cds.bromley.gov.uk/documents/s50102579/DRAFT%20BUDGET%20202324%20updated%20Appendix%2013.01.23.pdf	
Page 25	Capital Strategy 2023/24 to 2026/27
https://cds.bromley.gov.uk/documents/s50103134/Capital%20Strategy%20202324%20to%20202627%20and%20Q3%20Capital%20Programme%20Monitoring.pdf	

<https://cds.bromley.gov.uk/documents/s50114816/Budget%20Monitoring%20Report%20December%20202324.doc.pdf>

Report No.
FSD24039

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Tuesday 4 June 2024**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **COUNTER FRAUD REPORT 2023/24**

Contact Officer: Francesca Chivers, Head of Audit and Assurance
E-mail: Francesca.Chivers@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for decision/report and options

This report provides an update on Counter Fraud activity and outcomes for the 2023/24 financial year.

2. **RECOMMENDATION**

a) **Note the Counter Fraud Report and comment on matters arising.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
-

Transformation Policy

1. Policy Status: Not Applicable
 2. Making Bromley Even Better Priority:
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Audit
 4. Total current budget for this head: The 2023/24 cost of the fraud service was £156, 550
 5. Source of funding: Existing revenue provision
-

Personnel

1. Number of staff (current and additional): Counter Fraud services are delivered by Royal Borough of Greenwich under a partnership agreement
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement: Under the Accounts and Audit Regulations, Section 4, Paragraph 4 (a) (ii), the Council must ensure that financial control systems include measures to enable the prevention and detection of fraud. Fraud investigations may result in prosecution where appropriate.
 2. Call-in: Not Applicable:
-

Procurement

1. Summary of Procurement Implications: None
-

Property

1. Summary of Property Implications: None.
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: None
-

Impact on the Local Economy

1. Summary of Local Economy Implications: None

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: None
-

Customer Impact

1. Estimated number of users or customers (current and projected): Counter Fraud activity is relevant to all of the Council's stakeholders.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

3. Counter Fraud Activity

3.1.1 This report provides information on counter fraud activity during the 2023/24 financial year. The Fraud service is provided by the Royal Borough of Greenwich (RBG) who investigate all allegations of fraud and maintain the fraud register. We have previously reported to this Committee that in October 2023, the Greenwich Fraud Team won the Institute of Revenues Rating and Valuations award in the category of Protecting the Public Purse for their work across Royal Borough of Greenwich and London Borough of Bromley.

Fraud Referrals and Investigations

3.1.2 During the 2023/24 financial year, a total of 328 cases were received for investigation. 216 related to Blue Badge Fraud and the remainder are broken down as follows:

- 18 cases of Business Rates fraud (SBRR)
- 1 case of Contrived Tenancy
- 6 cases of Council Tax Fraud
- 4 cases of Direct Payment Fraud
- 13 cases of Earnings / Undeclared Income
- 13 cases of False Household Composition
- 1 case of False Identity
- 2 False Rehousing Applications
- 4 cases of False Tenancy
- 30 cases of Living Together as Husband & Wife
- 1 case involving multiple claims across boroughs
- 1 Safeguarding case
- 6 cases of Subletting
- 1 case of Undeclared Capital
- 10 cases of Vacated Address
- 1 case of Secondary Employment

Blue Badge Fraud

3.1.3 Members will be aware of the activity by the Shared Parking Service to combat the criminal offence of Blue Badge misuse. APCOA Civil Enforcement Officers (CEOs) carry out inspections of vehicles displaying a Blue Badge to determine whether misuse is taking place. High rates of prosecution success have been achieved through close working with the Greenwich Fraud Team.

3.1.4 Following discovery of Blue Badge misuse, information is collated, and the case passed to the Greenwich Fraud Team. The Greenwich Fraud Team carry out an investigation, identifying drivers, arranging interviews under caution, establishing intent and mitigation and undertaking public interest and evidential tests on cases which may be suitable for prosecution before passing these to Legal Services for final authorisation. Feedback is also provided where evidence or process errors affect the suitability for prosecutions so that this can inform Civil Enforcement Officer (CEO) training.

3.1.5 Prosecutions are undertaken by Bromley Legal Services utilising the Single Justice Procedure. The Criminal Justice and Courts Act 2015 introduced the Single Justice Procedure which applies only to cases involving adults charged with summary-only non-imprisonable offences. It enables such cases to be dealt with by a single magistrate sitting with a legal adviser on the papers without the attendance of either a prosecutor or the

defendant. The defendant is instead able to engage with the court online (or in writing) and the case will not be heard in a traditional courtroom. The Single Justice Procedure was designed to save Court time in cases where a full hearing may not be necessary. However, the defendant has the right to request a traditional hearing in open court. If they wish to plead not guilty, or otherwise want to have a hearing in a traditional courtroom, the defendant can indicate these wishes in the response to the Single Justice Procedure Notice. In such circumstances the case will be referred to a traditional court and the case will be managed in the normal way.

3.1.6 Referrals sent to the Greenwich Fraud Team relate predominantly to allegations of lost, stolen or expired Blue Badges being displayed or the use of Blue Badges belonging to persons who are deceased. However, between June 2023 – March 2024, the Greenwich Fraud Team also conducted Section 17 enquiries to establish who the driver of the vehicle was at the time of the offence. Prior to June 2023, this was undertaken by the Parking Services Team. A Section 17 notice of the Greater London Council (General Powers) Act 1972 is a statutory requirement initially sent to the registered keeper of the vehicle requesting that they identify the person in charge of the vehicle at the time of the incident. It is an offence to fail to provide the requested information because if the information is not provided it is virtually impossible to identify the person who actually carried out the offence.

3.1.7 **Table 1** below provides a comparison of referrals received for the last five financial years (since the start of the current partnership agreement with RBG). Referrals dropped during the pandemic but were above pre-pandemic levels in 2023/24.

Table 1 – Blue Badge Referrals

	2019/20	2020/21	2021/22	2022/23	2023/24
Total	129	22	64	80	216

3.1.8 As of 31 March 2024, there were 31 cases designated as “prosecution pending”. This means that the cases have been fully investigated and are now with Legal Services for consideration of appropriate further action. 13 of these cases pending prosecution are for failing to respond to Section 17 notices.

3.1.9 **Table 2** below provides a comparison of Blue Badge prosecutions, cautions and warning letters for the past five financial years. Please note that the figures for 2020/21 includes cases from 2019/20 that were delayed as a result of the pandemic. Parking Services Blue Badge Policy was reviewed in November 2020 with a new set of procedures which included an additional outcome of a simple Caution. This additional outcome is included in the statistics from 2021/22 onwards. 14 of the 78 in 2023/24 prosecutions were for failing to respond to a Section 17 notice.

Table 2 – Blue Badge Prosecutions, Cautions and warning letters

	2019/20	2020/21	2021/22	2022/23	2023/24
Prosecutions	46	57	27	50	78
Warnings	30	30	13	8	17
Cautions	NA	NA	3	5	7
Total	76	87	43	63	102

3.1.10 **Table 3** below includes details of the Blue Badge prosecution costs awarded to LBB by the Magistrates court following a successful prosecution.

Table 3 – Blue Badge Prosecutions – Financial Details

	2023/24
Fine	£14,735
Prosecution Costs	£22,136
Victim Surcharge	£5,750
Total	£42,621

Miscellaneous Cases

3.1.11 Between April 2023 and March 2024 there have been 17 cases where the Council Tax exemption has been removed (including cases referred in previous years). These exemptions have totalled £14,126.43 from the effective date the exemption was removed. A further 5 cases of suspected Council Tax fraud were referred to another LBB department to reassess the exemption.

3.1.12 On 1st June 2015 the responsibility for the investigation of housing benefit fraud formally transferred to the Department for Works and Pensions and the Single Fraud Investigation Service (SFIS). The Council was obliged from this date to refer all allegations and referrals of housing benefit fraud directly to SFIS for them to pursue and action as they deem appropriate.

3.1.13 We have referred 41 cases to the Department of Work and Pensions (DWP) which relate mainly to Benefit cases where allegations of undisclosed income, living together and vacated address were made. The DWP need to adjudicate on entitlement to the benefit it administers before the Council can then determine if there is any impact on Housing Benefit (HB) or Council Tax Reduction (CTS) in payment. There were no Housing Benefit or Council Tax Reduction overpayments between April 2023 and March 2024.

3.1.14 If appropriate, the Council and DWP can undertake joint working on specific cases. None of the 41 cases referred to the DWP SFIS between April 2023 and March 2024 have involved joint working and the DWP have not provided outcomes for these cases. However, the DWP have separately requested joint working for three cases. We accepted one of these which involved an address vacated since 2016 where HB and CTS had been in payment. The DWP are still conducting their enquiries on this case. We did not accept the other two cases as there was no CTS in payment.

3.1.15 Five cases of potential Direct Payment Fraud have been referred following the Fraud Awareness Training that the Greenwich Fraud Team provided to Adult Social Care staff in June and July 2023. One of these is currently under investigation, one was a safeguarding assessment matter, two were referred to the DWP SFIS and one resulted in no fraud proven.

3.1.16 There have been 10 cases of suspected vacated addresses. Four were referred to the DWP, one case is still under investigation, three cases had no fraud proven and two were referred to the Registered Social Landlord. An initiative to commence some further joint working with two Housing Associations was explored but neither of these responded to the request to sign off a Service Level Agreement, therefore joint working has not yet commenced. However, any fraud allegations relating to Registered Social Landlord properties continue to be referred for them for review.

Proactive Counter Fraud Work

3.1.17 The Counter Fraud Strategy, approved by Audit and Risk Management Committee in November 2022, contains a new focus on proactive and preventive counter fraud work. Consequently, we have sought to increase our work in this area over the past 18 months.

Fraud Awareness

3.1.18 In June and July 2023, Greenwich Fraud Team provided bespoke Fraud Awareness Training to frontline officers in Adult Social Care highlighting the different types of fraud that can be committed against the Council. Staff were shown examples of previous investigations (including surveillance footage) and were advised how they can refer cases for investigation and what happens with the referral once received. This followed similar training provided to Housing Officers in December 2022.

Pro-active exercises

3.1.19 Greenwich Fraud Team have undertaken two pro-active exercises to identify potential fraud as outlined below.

Housing Temporary Accommodation Visits

3.1.20 Between July 2023 and March 2024, Greenwich Fraud Team officers conducted a proactive visiting exercise to visit a selection of properties on the Housing Temporary Accommodation list. In total, they aimed to visit 401 properties within Orpington, Beckenham, Bromley, Swanley, Greenhithe, Swanscombe, Dartford and Gravesend. The visits were conducted by four officers in the evenings and at the weekends. Their findings were that:

- 203 tenancies where the occupants were verified
- 118 visits had no answer at the property
- 53 properties were outstanding to be visited (24 of these properties were initially visited but the tenancy list was not up to date)
- 19 properties involved updating the housing register as the tenants had recently moved out or the property was no longer a temporary accommodation
- 8 visits required further investigation or referral to the Housing Team (two for possible subletting, one vacated address, one non residency, one tenant mobility issue, one undeclared partner, two requiring tenant verification)

3.1.21 We are now assessing how best to progress this work further, both to verify tenants of properties where there was no answer and to include more properties from the Temporary Accommodation list.

Small Business Rates Relief (SBRR)

3.1.22 In November 2022, the Greenwich Fraud Team began a proactive exercise regarding Small Business Rate Relief (SBRR) in place on hereditaments within the London Borough of Bromley. This is now nearing completion. The exercise was conducted in two separate tranches. The first was conducted via interrogation of the Council's database where businesses who were shown as having more than one liability were examined to see if they held a SBRR in respect of one of their addresses and then examined to establish whether the SBRR was in place correctly.

3.1.23 The internal matching exercise identified 34 potential instances where it was felt the SBRR in place required further examination. There were 17 instances where the SBRR was withdrawn from the NNDR accounts, and this totalled just over £236,905. Some accounts had the

SBRR withdrawn on a backdated basis over a number of years. None of the cases were found to warrant prosecution. In some cases, the Council already held sufficient information that should have classified the account as ineligible to receive the SBRR. The Council's Contract Manager has put additional monitoring and quality assurance checks in place as a result of these findings.

3.1.24 The second tranche involved providing a data extract to an external company who matched Bromley SBRR data with data held by other Councils across the UK. The external matching exercise identified 51 potential instances where it was felt the SBRR in place required further examination. There were 27 instances where the SBRR was withdrawn from the account, and this totalled just over £420,517 (please note this has reduced slightly from figures previously provided to this Committee which is due to retrospectively applied Retail Relief on some of these properties). Again, some accounts had the SBRR withdrawn on a backdated basis over a number of years.

3.1.25 In addition, a further £30,000 was identified in Covid Small Business Grants that were linked to SBRR entitlement. As the business was ineligible for SBRR, had the account been correct at the time of the grant award they would have been ineligible to receive the grant.

3.1.26 A number of businesses were formally interviewed under caution with a view to criminal prosecution and two of the cases were referred to Legal Services for consideration. One of the prosecution cases was withdrawn and the other case has been adjourned until 27 August 2024 and a warrant without bail has been issued for the owner.

Agricultural Land Properties

3.1.27 As part of the SBRR exercise the Greenwich Fraud Team identified several properties that were not rated for Business Rates. Officers from the Council's Exchequer Services contractor visited the addresses, which were situated on agricultural land and some 54 separate assessments were identified.

3.1.28 For Business Rates to be charged, the properties must be referred to the Valuation Office Agency (VOA) so that a rateable value can be assigned before the Council is able to start the formal process of collecting Business Rates.

3.1.29 At the time of writing this report, the Council has received a response from the VOA in respect of 24 properties where assessments have been completed and Business Rates have been levied by the Council to the liable businesses. The total amount of Business Rates raised in respect of these properties up to and including the 2024/25 financial year, after reliefs have been applied, is £163,123.

4. FINANCIAL IMPLICATIONS

Proactive and investigative fraud work aims to minimise financial loss to the Council.

5. LEGAL IMPLICATIONS

Under the Accounts and Audit Regulations, Section 4, Paragraph 4 (a) (ii), the Council must ensure that financial control systems include measures to enable the prevention and detection of fraud. Fraud investigations may result in prosecution where appropriate.

Non-Applicable Headings:	Impact on vulnerable adults and children Transformation / Policy Implications Personnel Implications Carbon Reduction / Social Value Implications Impact on the Local Economy
---------------------------------	---

	Impact on Health and Wellbeing Ward Councillor Views Procurement Implications Property Implications Customer Impact
Background Documents: (Access via Contact Officer)	None

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Report No.
FSD24034

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Tuesday 4 June 2024**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **RISK MANAGEMENT**

Contact Officer: Francesca Chivers, Head of Audit and Assurance
E-mail: francesca.chivers@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for decision/report and options

This report provides Members of the Audit and Risk Management Committee with the most recent iteration of the Corporate Risk Register for review, including additional commentary on net 'High' risks.

It also provides summary heat maps for Departmental Risk Registers.

2. **RECOMMENDATION**

Members are asked to review and comment on the Corporate Risk Register and Departmental Heat Maps.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Adult Care and Health Risk heat map is attached as Appendix D. The Children, Education and Families Risk heat map is attached as Appendix E.
-

Transformation Policy

1. Policy Status: Not Applicable:
 2. Making Bromley Even Better Priority
To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Not Applicable
 4. Total current budget for this head: £ Not Applicable
 5. Source of funding: Not Applicable
-

Personnel

1. Number of staff (current and additional): Not Applicable
 2. If from existing staff resources, number of staff hours: Not Applicable
-

Legal

1. Legal Requirement: None:
 2. Call-in: Not Applicable:
-

Procurement

1. Summary of Procurement Implications: Where applicable, the risk category is reflected as Contractual and Partnership.
-

Property

1. Summary of Property Implications: Where applicable, the risk category is reflected as 'Physical', which includes hazards/risks associated with buildings.
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Where applicable, the risk category is reflected as Environmental.
-

Impact on the Local Economy

1. Summary of Local Economy Implications: None
-

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: None
-

Customer Impact

1. Estimated number of users or customers (current and projected): This report is intended primarily for the benefit of members of the Audit and Risk Management Committee.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

- 3.1 This report forms part of the standard six-monthly risk reporting to Audit and Risk Management Committee. The Corporate Risk Register is presented in full as **Appendix B** whilst the departmental risk registers are summarised as heat maps (**Appendices D to K**). The risk assessment guidance is attached at **Appendix A**.
- 3.2 Each heat map shows the net score for each risk (after controls have been applied). The individual risks and their gross and net scores are listed underneath for reference, alongside changes to net rating since the previous quarter. Departmental Risk Registers are also presented to the relevant Policy, Development and Scrutiny (PDS) Committees.
- 3.3 As requested at the Audit and Risk Management Committee meeting of 4th July 2023, risk owners have provided additional commentary for all risks on the Corporate Risk Register with a net 'High' rating. This commentary is attached as **Appendix C**.
- 3.4 Whilst Internal Audit coordinates the risk management process and reports to Audit and Risk Management Committee, each Director retains responsibility for the risks and controls within their division. Similarly, the Corporate Risk Register is owned by Chief Officer Executive (COE) and the Corporate Leadership Team (CLT) as a collective and each risk has an accountable owner. The Corporate Risk Register is reviewed on a quarterly basis by Chief Officer Executive and Corporate Leadership Team and was last reviewed by COE and CLT in March 2024.
- 3.5 Key changes to the Corporate Risk Register (**Appendix B**) from the last review are as follows:
- One new risk has been added: *Deleterious Materials*. This has been scored as gross 12 (significant), net 9 (medium)
 - No risks have been removed
 - The gross and net scores for the 'Temporary Accommodation' risk have increased although overall the risk remains high. This reflects increased pressures on the Housing service and the increased cost of securing accommodation. Officers have also updated the causes, effects, controls and commentary. (Housing / Homelessness is also this year for the first time listed as a significant governance issue within the Annual Governance Statement, provided as a separate agenda item.)

	November 2023	June 2024
Gross Score	20	25
Net	16	20

- 3.6 The Corporate Risk Management Group (CRMG) meets three times per year to scrutinise the risk registers and discuss cross-cutting risk areas. CRMG is made up of representatives from each division together with officers in key risk-related roles, such as Information Governance, Health and Safety, Business Continuity and Insurance. The CRMG met most recently in January 2024 and focused on risk strategy and policy.

Risk Strategy, Policy and System

3.7 The Council's Risk Strategy was last updated in 2018 and is therefore now due a further update. Recent (external) reviews have found that ineffective risk management has contributed to governance failures. For example, Grant Thornton's report 'Preventing Failure in Local Government' published in December 2023 cited weak risk management as a cause of poor decision making and 'incremental failure'. The best value review into Thurrock also listed several specific weaknesses in risk management arrangements as a cause of failure.

3.8 We have now commenced the Risk Strategy review and have compared the Council's arrangements to HM Treasury's 'Orange Book: Management of Risk – Principles and Concepts'. Using this gap analysis as a basis, we have also drafted a new strategy and policy for the Council. Before we complete this work and bring it to Audit and Risk Management Committee for approval, we are using a risk improvement bursary from our liability insurers to obtain assistance with further developing specific aspects of the strategy. This will be undertaken in June and July 2024.

3.9 Alongside the Strategy, we are also reviewing the Council's system for managing risks. Members will be aware that risks are currently recorded and managed using spreadsheets which do not lend themselves to high quality presentation of risk information. Some members of the Corporate Risk Management Group have drawn up a list of requirements and we are currently liaising with IT colleagues to identify possible solutions. These requirements include enhanced risk reporting.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 The Adults Care and Health risk heat map is attached as Appendix D. The Children, Education and Families risk heat is attached as Appendix E.

5. TRANSFORMATION/POLICY IMPLICATIONS

5.1 Where applicable, the risk category is reflected as 'Financial, Operational'.

6. FINANCIAL IMPLICATIONS

6.1 The Finance risk heat map is attached as Appendix H. Where applicable, the risk category in all registers is reflected as 'Financial, Operational'.

7. PERSONNEL IMPLICATIONS

7.1 The Human Resources risk heat map is attached as Appendix J. Where applicable, the risk category in all risk registers is reflected as 'Personnel, Operational'. The Council takes seriously the health and safety of its staff and third parties' staff on Council premises and hence every reasonable/proportionate step will be taken to fulfil the Council's moral and legal duty of care.

8. LEGAL IMPLICATIONS

8.1 Where applicable, the risk category is reflected as 'Legal, Operational'.

9. PROCUREMENT IMPLICATIONS

9.1 Where applicable, the risk category is reflected as 'Contractual and Partnership'.

10. PROPERTY IMPLICATIONS

10.1 Where applicable, the risk category is reflected as 'Physical, Operational', which includes hazards/risks associated with buildings.

11. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

11.1 Where applicable, the risk category is reflected as Environmental.

Non-Applicable Headings:	Customer Impact Ward Councillor Views
Background Documents: (Access via Contact Officer)	None

Risk Assessment Guidance

Likelihood	Almost Certain (5)	5	10	15	20	25	<table border="1"> <tr> <td>15+</td> <td>High Risk - review controls and actions every month</td> </tr> <tr> <td>10 - 12</td> <td>Significant Risk - review controls and actions every 3 months</td> </tr> <tr> <td>5 - 9</td> <td>Medium Risk - review controls and actions every 6 months</td> </tr> <tr> <td>1 - 4</td> <td>Low Risk - review controls and actions at least annually</td> </tr> </table>	15+	High Risk - review controls and actions every month	10 - 12	Significant Risk - review controls and actions every 3 months	5 - 9	Medium Risk - review controls and actions every 6 months	1 - 4	Low Risk - review controls and actions at least annually
	15+	High Risk - review controls and actions every month													
	10 - 12	Significant Risk - review controls and actions every 3 months													
	5 - 9	Medium Risk - review controls and actions every 6 months													
	1 - 4	Low Risk - review controls and actions at least annually													
Highly likely (4)	4	8	12	16	20										
Likely (3)	3	6	9	12	15										
Unlikely (2)	2	4	6	8	10										
Remote (1)	1	2	3	4	5										
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)	Impact								

Risk Likelihood Key					
	Score - 1	Score - 2	Score - 3	Score - 4	Score - 5
	Remote	Unlikely	Possible	Likely	Definite
Expected frequency	10 - yearly	3 - yearly	Annually	Quarterly	Monthly

Risk Impact Key					
Risk Impact	Score - 1	Score - 2	Score - 3	Score - 4	Score - 5
	Insignificant	Minor	Moderate	Major	Catastrophic
Compliance & Regulation	Minor breach of internal regulations, not reportable	Minor breach of external regulations, not reportable	Breach of internal regulations leading to disciplinary action Breach of external regulations, reportable	Significant breach of external regulations leading to intervention or sanctions	Major breach leading to suspension or discontinuation of business and services
Financial	Less than £50,000	Between £50,000 and £100,000	Between £100,000 and £1,000,000	Between £1,000,000 and £5,000,000	More than £5,000,000
Service Delivery	Disruption to one service for a period of 1 week or less	Disruption to one service for a period of 2 weeks	Loss of one service for between 2-4 weeks	Loss of one or more services for a period of 1 month or more	Permanent cessation of service(s)
Reputation	Complaints from individuals / small groups of residents Low local coverage	Complaints from local stakeholders Adverse local media coverage	Broader based general dissatisfaction with the running of the council Adverse national media coverage	Significant adverse national media coverage Resignation of Director(s)	Persistent adverse national media coverage Resignation / removal of CEX / elected Member
Health & Safety	Minor incident resulting in little harm	Minor Injury to Council employee or someone in the Council's care	Serious Injury to Council employee or someone in the Council's care	Fatality to Council employee or someone in the Council's care	Multiple fatalities to Council employees or individuals in the Council's care

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Corporate Risk Register - Appendix B

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			DATE COMPLETED:	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED	
1	Corporate Risk	Failure to deliver a sustainable Financial Strategy which meets with Making Bromley Even Better priorities and failure of individual departments to meet budget	<p>Cause(s):</p> <ol style="list-style-type: none"> The 2024/25 Draft Budget report to Executive identified the need to reduce the Council's 'budget gap' of £38.7m per annum by 2027/28. The Council received a one-year financial settlement for 2024/25, which creates uncertainty on funding levels for the medium term. The fundamental review of local government funding through the Fair Funding Review and Business Rate review is now expected to be delayed until at least 2026/27 which adds to financial uncertainty in considering the impact on the financial forecast for 2025/26 to 2027/28. Apart from cost/growth pressures relating to SEN, social care and homelessness, the significant cost increases relating to inflation continue for some time. These factors can have a significant impact on the future years' 'budget gap' identified above. More background is included in the Draft 2024/25 Budget and Update on the Council's Financial Strategy 2025/26 to 2027/28 report to Executive on 17th January 2024 and 2024/25 Council Tax report of February 2024. Failure to meet departmental budgets due to increased demand on key services resulting in overspend: Housing (homelessness and cost of bed and breakfast); Adult Social Care (demographic changes including ageing population); Children's Social Care, Education (central costs, high needs transport and DSG deficit); Waste (growing number of households); Dedicated Schools Grant deficit increases and limited delivery of planned mitigation savings. New capital schemes may be required with the associated revenue impact (including financing) adding to the Council's 'budget gap' to meet. Dependency on external grants to fund services (schools and housing benefits are ring-fenced) - effect if grant reduces (Public Health services) or ceases. Increase in national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers). Local government may be required to take on new funding responsibilities in the future without adequate funding. Ongoing risk of inflation exceeding Bank of England inflation target levels. Failure to identify and highlight frauds and weaknesses in the system of internal control (which invariably have a financial impact). Overall, identified fraud losses are mainly benefit related (Council Tax Support / Single Person Discount). <p>Effect(s):</p> <ol style="list-style-type: none"> Increased overspend in particular services Council unable to carry out its statutory duties due to services cuts Reputational damage 	Finance Financial	5	5	25	<ul style="list-style-type: none"> - Regular update to forward forecast - Regular analysis of funding changes and new burdens including full year impact - Transformation options considered early in the four year forward planning period - Budget monitoring to include action from relevant Director to address overspend including action to address any full year additional cost - Mitigation of future cost pressures including demographic changes - Quarterly review of growth pressures and mitigation 	4	5	20	The Council continues to explore transformation opportunities to help meet the ongoing budget gap	Director of Finance
4	Corporate Risk	Ineffective governance and management of contracts	<p>Cause(s):</p> <ol style="list-style-type: none"> Lack of awareness and/or non-compliance with Public Contracts Regulations 2015 and Councils Contract Procedure Rules. Lack of awareness and/or non-compliance with decision making and scrutiny requirements. Insufficient engagement with key support services such as Corporate Procurement, Finance and Legal. Poor planning / lack of timely action for commissioning and procurement activities. Poor record keeping of contracts and contract documentation. Insufficient or unclear arrangements for client side contract management and monitoring resource. Failure to undertake a suitable and proportionate contract management and monitoring plan. Failure of a contractor / partner / provider to maintain agreed service levels resulting in an interruption to or deterioration of service delivery. <p>Effect(s):</p> <ol style="list-style-type: none"> Failure to ensure Value for Money Procurement challenges / complaints leading to delays and potential additional costs Reputational risk Service disruptions Contracts do not deliver expected outcomes or deliver sufficient quality Increased cost and resource to manage contract issues Failure to achieve our Making Bromley Even Better priorities. 	Contract Management Contractual and Partnership	3	4	12	<ul style="list-style-type: none"> - Contract Procedure Rules and regular Practice / Guidance notes to all Contract Owners - Review of contract management and contract monitoring controls including any issues identified by internal audit - Contracts Database and Quarterly Contracts Database Report to all relevant Committees - Quarterly RAG rated contract reports to COE/CLT with individual reports to Contract Owners - Procurement Board oversight - Member scrutiny including regular Contract Monitoring Reports for £500k+ contracts - Regular programme of training delivery to staff - Quarterly Contract Owners meetings 	2	4	8	<ul style="list-style-type: none"> - Contract Management guidance on toolkit to be reviewed - Ongoing training delivery - Sample check of contract management and contract monitoring arrangements across Council - Review of Third Party Spend, identification of any issues and follow up for remedial action and key messaging - ongoing and repeated high profile key messaging across the Council and monitoring of compliance 	Service Directors supported by Assistant Director, Governance and Contracts
5	Corporate Risk	Failure to maintain and develop ICT information systems to reliably support departmental service delivery	<p>Cause(s):</p> <ol style="list-style-type: none"> Some information systems not fully fit for future business purpose Insufficient capacity and skill within Corporate IT and services to maintain and support systems during a period of significant change and in the future, including for individual systems Increasing reliance on stability of ICT infrastructure in all areas of the Council (Lync telephony service). Council website now a major channel for the delivery of services (Pay for it, Apply for it, Report it). - (Phase 2 upgrade of website planned) IT failure impacting on critical operational systems. Over the next 3 years we will need to undertake gateway reviews / procurement plans for Council's business critical systems for example, Uniform, Housing info system and Education's Capita One system plus the main LBB website Transfer of IT contract to a provider following procurement process Potential risk in transferring from one site to another if there is lack of adequate support and sufficient timeframe <p>Effect(s):</p> <ol style="list-style-type: none"> Service disruptions Inability to access key systems Reputational damage Inability to support organisation change and savings targets Failure to achieve our MBEB priorities. 	ICT Data and Information Technological	3	4	12	<ul style="list-style-type: none"> - Robust backup arrangements in the new accommodation - Enhanced antivirus/cyber security, tested system restoration arrangements. - Cloud migration project - New contract - Accommodation better equipped to support resilience 	2	4	8	Review data storage /hosting arrangements. Completion of cloud migration, office accommodation, contract procurement and award	Director of Corporate Services supported by AD IT
6	Corporate Risk	IT Security Failure	<p>Cause(s):</p> <ul style="list-style-type: none"> Failure of IT Security (responsibility across Bromley & BT) to manage risk of attack or intrusion leading to potential corruption / loss of data / loss of systems Failure to comply with relevant legislation (GDPR) Failure to ensure the confidentiality, integrity, and availability of information assets. <p>Effect(s):</p> <ol style="list-style-type: none"> Distress and/or physical impact on wellbeing of customers Impact on operational integrity Reputational damage to services and the authority as a whole Liability in law Economic damage to authority and/or customers Impact on service take up due to reduced confidence from the public 	ICT Data and Information Technological	4	5	20	<ul style="list-style-type: none"> - Application of effective security management including effective application of anti-virus protection and security measures through the IT Contract with BT - Regular Penetration Testing undertaken - Information Security Team in place - Patch updates undertaken regularly - LBB is currently compliant with the Public Services Network Code of Connection (PSN CoCo), Cyber Essentials and DSP Toolkit and PCI-DSS (Payment Card Industry standards) - The LBB Corporate Leadership Team formally accept the above certifications as the basis of LBB's internal information governance and security program. These standards are based on the ISO27001 international best practice and NCSG guidance for managing information security and are therefore fit for purpose for assessing and managing the Council's information risk - GDPR Training programme in place - Induction programme in place - Additional resources to manage risk 	3	5	15	<ul style="list-style-type: none"> - Review CIS benchmarking and secure score for On-prem, HCI and Azure servers. Implement CIS level 1 security patching - Mature DLP tool to ensure false positives are tuned out and that policies capture and flag high risk email communication - Ensure internal reporting of data breaches happens in a timely way - Ensure that services are supporting the SAR processes in a timely way 	Service Directors supported by Assistant Director, IT
7	Corporate Risk	Failure to maintain robust Business Continuity and Emergency Planning arrangements	<p>Cause(s):</p> <ol style="list-style-type: none"> Insufficient Emergency Planning structure and processes Insufficient Business Continuity arrangements and procedures, including those of key suppliers Failure to fulfil obligations under the Civil Contingencies Act 2004 as a Category One Responder Inadequate partnership working and collaboration Lack of buy in from senior officers Lack of testing and exercising of plans and processes <p>Effect(s):</p> <ol style="list-style-type: none"> Ineffective response to an emergency / business disruption Significantly prolonged service disruptions Reputational damage / loss of credibility Increased costs to rectify disruptions Injury / harm Failure to fulfil statutory duties in a timely manner 	Business Continuity Physical Reputational	3	4	12	<ul style="list-style-type: none"> - Corporate business continuity management programme established - Full suite of Business Continuity plans in place at service level across all Directorates - Overarching Corporate Business Continuity plan developed identifying prioritisation of all services - Corporate Major Emergency Response plan in place - On call rota for Emergency Response Manager and at Director level - Ongoing training, testing and exercising programme - Continued delivery of the Business Continuity Management Process by CLT 	3	3	9	<ul style="list-style-type: none"> - Development of corporate testing and exercising programme to further embed BC practices across the organisation, testing to take place in Jan- March 24 - Further implementation of the Resilience Standards For London - 6 monthly review on progress to be reported to COE in June 2024 	Director of Environment and Public Protection

Corporate Risk Register - Appendix B

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			DATE COMPLETED:	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	Apr-24	
					FURTHER ACTION REQUIRED								
8	Corporate Risk	Failure to deliver effective Children's services The Council is unable to deliver an effective children's service to fulfil its statutory obligations in safeguarding and protect those at risk of significant harm or death, sexual exploitation or missing from care	Cause(s): 1. Inability to recruit and retain sufficient numbers of staff to carry out statutory duties across the division to manage current levels of demand Effect(s): 1. Impact on life chances and outcomes for children 2. Adverse inspection leading to reputational damage and further operational difficulties (staff leave etc)	Children's Social Care Legal, Reputational	3	5	15	- Multi Agency Bromley Children's Safeguarding Partnership (BCSP) Training programme 2023/24 has been agreed. - Dedicated HR programme of support in place to recruit social workers to front line posts. We have recently reviewed social media publicity/"Refer a Friend" scheme to ensure we have a broad and comprehensive approach. We are also currently actively recruiting from overseas. - Scrutiny of Performance Management Framework and Indicators - Effective procurement framework and contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Quality Assurance Audit Programme continues to be in place. We have also added "Dip Sampling" of cases to the ways in which we are auditing quality of practice. - Children's Service Practice Improvement Board, this meeting continues to be the key forum for discussing and evaluating the quality of practice. - Continued monitoring of caseloads to keep these in line with the Bromley Caseload Promise. - Identified training plan for qualified social workers and other professionals reviewed and updated quarterly	2	5	10	- Phase 3 'to excellence' plan continues with Performance Improvement Board (PIB) sessions continuing to be held quarterly. - Practice review cycle has continued as has Practice Assurance Stocktakes (PAS)	Director of Children's Services
9	Corporate Risk	Temporary Accommodation Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homeless budgets. Rising cost of placements.	Cause(s): 1. Continued subsidy freeze on TA subsidy rates 2. Rising numbers of placements (approx. 15 per month) 3. Further reductions to local affordable sustainable options 4. Rising energy and other costs mean households are facing increasing risk of homelessness 5. Uncertainty around the impact of move on requirements for schemes such as Homes for Ukraine, Afghanistan resettlement programme 6. Withdrawal of number of private landlords and housing providers from the TA market. 7. Market reaction to interest rates, response to inflation rates, and proposed changes to legislation leading to reduction in supply. 8. Reaction to supply and demand leading to increased costs 9. Increased pressure securing accommodation as a result of competition from others Effect(s): 1. Failure to fulfil statutory obligations 2. Impact on life chances and outcomes for individuals and families in temporary accommodation 3. Increased risk of legal challenge due to accommodation and increased risk of Out of Borough Placements 4. Increased risk of legal challenge due to provision of accommodation (including shared accommodation and commercial hotels) 5. Pressure on other services 6. Increase in the number of out of borough placements 7. Increased length of stay in TA due to less move on opportunities 8. Costs cannot be contained within budget	Housing Social	5	5	25	- Focus on preventing homelessness and diversion to alternative housing options through:- - Landlord and Tenancy advice, support and sustainment - Assistance, (including financial aid) to access the private rented sector - Access to employment and training - Debt, money, budgeting and welfare benefits advice, including assistance to resolve rent and mortgage arrears - Sanctuary scheme for the protection of victims of domestic violence - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - - Development of social housing on LBB sites and implementation of Meadowship Homes acquisition - Implementing the Homelessness Strategy - setting up the multi agency Homelessness forum and taking forward the priorities of the strategy - New incentive campaign for private sector landlords embedded and benefits being realised	5	4	20	Phase 2 of meadowship homes property acquisition now live. Approval to progress with a further 3 housing sites under the LBB affordable housing delivery programme - ongoing conversion of tenancies in the More Homes Bromley scheme from temporary to permanent - Review requirement for block bookings to ensure sufficient TA supply - Progress counter fraud work on TA properties and explore joint fraud working with social landlords to ensure properties are occupied by intended clients. - Pursue additional grant funding to increase affordable housing supply through development acquisition and empty homes - Explore whether, when accommodation is lost, the Council can take on these properties instead - Undertake a review of arrangements with Housing Association partners to look at potential to increase number of nominations and make best use of existing housing stock	Director of Housing, Planning and Regeneration
11	Corporate Risk	Failure to deliver the Transforming Bromley Programme	Cause(s): 1. Failure to identify and put forward sufficient transformation proposals required to deliver a balanced budget in the Medium Term Financial Strategy 2. Failure to deliver appropriate mitigation of existing projected growth pressures within the financial forecast 3. Failure to appropriately resource each Transforming Bromley workstream with sufficient project support and subject matter expertise to enable the identification of proposals 4. Insufficient management oversight and governance arrangements to shape the delivery of proposals to enable Member decision making and inform budget setting for each financial year 5. Insufficient consultation and engagement with relevant stakeholders to ensure the successful delivery of proposals. 6. Additional demand pressures on council services. Effect(s) - Inability to address the Council's budget gap. - Unable to meet key commitments of the Medium Term Financial Strategy	Finance Financial	4	5	20	1. Robust governance process: fortnightly meetings of the Transformation Board, chaired by the Chief Executive and attended by Chief Officers 2. Each Transformation Board workstream attends the Transformation Board before proposals are reviewed by Cabinet/Directors, PDS Committees and the Executive. 3. Each Transformation workstream has appropriate resources to successfully deliver proposals 4. Monthly Transformation newsletter in place to appropriately engage with key stakeholders 5. Where transformation proposals have public law implications, an appropriate assessment is carried out and stakeholders are engaged, including Procurement and Legal Services. 6. Each Chief Officer gives an update at their respective PDS Committee(s) on Transformation progress 7. Transformation Fund supports the successful delivery of transformation proposals subject to a suitable business case being provided 8. A review of core statutory minimum service requirements took place to enable each service area to identify where potential savings could be and to evidence that where discretionary services are delivered. They are done so on a cost-recovery basis and/or they reduce long-term dependency on higher levels of statutory intervention which generate longer term growth pressures for the Council 9. All relevant proposals will be submitted to the Executive to inform budget setting for MTFS. 10. Finance provide assurances through budget monitoring to ensure that agreed mitigation and transformation programmes are on track to deliver the savings identified. Where Directors declare a deviation from the plan, alternative proposals are sought for approval.	3	5	15	In the event that the Transformation Programme fails to support the successful identification of the required quantum of savings to address the Council's underlying budget gap by 2024/25, the Council will still be legally required to deliver a balanced budget as set out in the Local Government Finance Act 1988. 26 February 2024, Approval of budget at "Special Budget Council" A new Transformation Plan for 2024-28 is being drafted for officers to use as a framework for the next four years - to be launched in April. Consultation with COE, CLT, Managers Briefings and Dept Reps has been delivered today. If funding reductions remain and growth/cost pressures continue, these decisions are likely to have an impact on the delivery of services to our residents and service users.	Chief Executive
13	Corporate Risk	Climate Change Failure to adapt the borough and Council services to our changing climate	Cause(s) Severe weather events including extreme heat, storms, floods etc Effects Resulting in threats to service service provision, environmental quality and residents' health in addition to reputational damage caused by perceived lack of action to tackle climate change	Service Delivery	3	4	12	- 1. Adopt best adaptation practice as identified through the London Councils Climate Programme - Implementation Plan for 2023 to 2025, identifying, mitigating and managing climate risks creating a green and resilient borough. 2. Implementation of LBB's Carbon Management Programme 3. LBB Surface Water Management Plan and Draft Local Flood Risk Strategy 4. Establish net zero (direct) carbon emissions target for 2027 as part of 10 year climate plan 5. Climate Change included within Corporate Risk Register and risks associated with climate change e.g. increased number of extreme weather events, included within Contract Risk Registers. Note the findings of the Independent Assessment of UK Climate Risk published on a 5 cycle.	2	4	8	1. Emergency Planning to liaise with Public Health on cross-cutting issues e.g. excess summer deaths and vector-borne disease etc. 2. Detailed climate action plan developed as part of ongoing Carbon Management Programme, in order to achieve net zero organisational carbon emissions by 2027. 3. Public signposting document to be developed early in 2023/24 to support homeowners and businesses to reduce their emissions.	Director of Environment and Public Protection
14	Corporate Risk	Health & Safety (Fire and First Aid) Non compliance with legislation	Cause(s) 1. No trained fire responsible person (legal) for some sites 2. Insufficient numbers of trained fire wardens working from the site to safely manage an evacuation (in accordance with the Fire Risk Assessments) - further sites running simultaneously means cover is further stretched. 3. Insufficient fire safety and fire fighting equipment and insufficient first aid supplies 4. Property related issues 5. Insufficient numbers of trained first aiders working from site to ensure sufficient first aid cover - further sites running simultaneously mean cover is further stretched 6. Insufficient arrangements for monitoring who is onsite at any given time 7. Fire risk assessments not undertaken Effect(s) - Non compliance with legislation which could lead to legal and financial consequences - Inadequate plans for fire safety and evacuation - Non compliance with Health and Safety (First Aid) Regulations 1981 in terms of adequate first aid provision in the form of trained first aiders and appropriate equipment if employees are injured or become ill at work	Legislative Reputational Legal Physical Personnel	4	5	20	- Reduced number of staff on site - Check in and check out arrangements adopted at the Civic Centre site - New fire evacuation instructions for the Civic Centre site published - All staff required to complete fire prevention and evacuation e-learning course - Currently trying to recruit more volunteers to be fire wardens and first aiders - To encourage people to become fire wardens and first aiders, monthly allowance volunteers receive was increased - Fire Safety is standing item at Corporate Health and Safety Committee - New Fire Safety policy published - Arrangements for new accommodation implemented and are under constant review Fire Safety Committee established	3	5	15	1. Learning and Development arranging fire responsible person, fire warden and first aid training. 2. Facilities Management to ensure Fire Risk Assessments are completed. 3. Facilities Management to engage fire safety supplier to produce Emergency Plans. Civic Centre Emergency Plan is to include the revised fire evacuation procedure which meets the best practice advice from the London Fire Brigade and HSE. 4. Facilities Management team to implement new signage etc. 5. Facilities Management team to distribute emergency plan to site occupiers and to arrange training on plan for fire marshals. 6. Fire safety documents to be stored corporately to retain corporate knowledge and ensure regularly reviewed. 7. Fire Safety to be added to COE agenda as a standing item. 8. Fire drills to be undertaken. 9. Alternatives to current Civic Centre check in and check out arrangements to be reviewed due to issues with current arrangements. 10. Out of normal office hours arrangement to be reviewed.	Director of Housing, Planning and Regeneration Director of Human Resources, Customer Services and Public Affairs

Corporate Risk Register - Appendix B

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			DATE COMPLETED:	RISK OWNER	
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED		
15	Corporate Risk	Homes for Ukraine and other Refugee programmes Inability to effectively manage the volume of people, including unaccompanied minors who may present as homeless due to cessation of sponsor accommodation, safeguarding concerns and the resulting additional pressures placed on the homeless budgets and children's social care and Adults Social Care	<p>Cause(s):</p> <ol style="list-style-type: none"> Volume of refugees arriving increasing Breakdown in relationship between sponsor and guest Accommodation coming to an end at the pre-agreed period with no alternatives readily available, other than temporary accommodation or foster care <p>Effect(s):</p> <ol style="list-style-type: none"> Failure to fulfill statutory obligations Impact on life chances and outcomes for individuals and families in temporary accommodation, particularly given the vulnerability of the refugees Increased risk of legal challenge due to provision of unsuitable accommodation (including shared accommodation) Pressure on Children's Social Care if the sponsor placement fails and a Foster Placement is required Increase in rough sleeping for Asylum Seekers who are not owed a duty for settled accommodation, increased risk to health, particularly during winter months Impact on available accommodation to meet other statutory duties 	Housing Social	5	4	20	<ul style="list-style-type: none"> Focus on preventing homelessness and diversion to alternative housing options through:- <ul style="list-style-type: none"> Landlord and Tenancy advice, support and sustainment Assistance, (including financial aid) to access the private rented sector Access to employment and training Debt, money, budgeting and welfare benefits advice, including assistance to resolve rent and mortgage arrears Sanctuary scheme for the protection of victims of domestic violence Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money Implementation of the More Homes Bromley initiative to ensure the supply reduces the reliance on nightly paid accommodation Implementing the Homelessness Strategy - setting up the multi agency Homelessness forum and taking forward the priorities of the strategy New incentive campaign for private sector landlords embedded and benefits being realised Dedicated housing advice role to offer intensive support to families at risk of placement breakdown and to visit Asylum Seekers placed in dispersal and interim contingency accommodation to provide advice and assistance prior to Home Office decision and notice to vacate from accommodation provider Multi-Agency working group in place to meet initial needs of Asylum Seekers 	4	4	16	<ul style="list-style-type: none"> Approval to progress housing development schemes and reopening of the HBA. First 3 schemes now in development phases with options appraisals in place for further sites. Transformation Board action plan in place for next 3-4 years to increase available housing supply with an overall initial target of 1000 additional affordable homes. Continue to develop partnership working with private sector landlords to assist households to remain in private sector accommodation. Work creatively with a range of providers to increase access to a supply of affordable accommodation. Continue to focus on early intervention and prevention of homelessness assessing trends in approaches to tackle main causes of homelessness. Realise acquisition schemes has secured 90 new units of accommodation with Executive approval to enter into an acquisition programme with Orchard and Shipman for c250 homes. Approval given to continue to operate the dedicated team for the next twelve months Continue to extend and deliver range of floating support schemes Ongoing dialogue with sponsors to enable modelling of when placements may come to an end Implementing the re matching service 	Apr-24	Director of Housing, Planning and Regeneration
16	Corporate Risk	Capital Financing Shortfall Risk of significant costs increase in the Capital Programme and possible reductions in proceeds from disposals could impact on the Council's ability to fully fund the Capital programme	<p>Cause(s):</p> <ol style="list-style-type: none"> Property price reductions as a result of the economic environment could have a negative impact on sale proceeds. Limited scope to identify further Council assets for disposal Significant increase in cost of capital schemes due to inflation and supply issues requiring an increase in funding Significant additional costs and future liabilities across the Council's operational estate arising from any further condition survey liabilities not identified at this stage. Requirement to obtain funding for significant new Housing Schemes and impact of higher borrowing costs In February 2024, a report titled Capital Strategy 2024-25 to 2027-28 and Q3 Capital Programme Monitoring to Executive identified a significant increase in the Council's capital programme and resulting funding proposals given the factors identified above there is a risk that significant changes in cost and proceeds could create a new capital financing shortfall that needs to be addressed. The full funding identified excludes the potential works relating to potential works on the Churchill Theatre and library with proposals expected to be reported to Members later this year. Only limited earmarked reserves available to support the capital programme, once other pressures (inc revenue budget gap) are factored in. <p>Effect(s):</p> <ol style="list-style-type: none"> Without alternative funding, the Council would require drawdown from revenue resources. This would increase the Council's revenue budget gap and/or further deplete earmarked reserves. Increased use of external borrowing would add interest cost pressure to the Council's revenue budget along with Minimum Revenue Provision requirements for repayment of borrowing Schemes would not be able to progress due to lack of funding available although the scope to do this may be limited given the critical nature of some of the works required Potential requirement to sell operational or income generating investment properties to fund capital costs 	Economic - Strategy	4	4	16	<ol style="list-style-type: none"> Fundamental review of capital programme undertaken to inform updated Capital Strategy 2023/24 to 2026/27 as reported to Executive in January 2023 - this includes full capital programme, approved asset disposals, mitigations and agreed financing options. Regular reporting to Members via SAG, FSG and Executive Tight control and scrutiny (by finance) of capital spending commitments as they reach the level of business case. Quarterly reports on capital receipts (actual and forecast) to Executive. Members have approved PWLB borrowing to refinance existing housing schemes (£50m via PWLB) and the additional option of up to £10m support from the Council's revenue earmarked reserves. 	3	4	12		Director of Finance	
17	Corporate Risk	Operational Property Repair The OPR Programme cannot be delivered to budget and within programme	<p>Cause(s):</p> <ol style="list-style-type: none"> That building cost inflation and other economic uncertainties continue The scope of works required exceeds the budget The programme continues beyond the time anticipated Resource to deliver the programme not available as anticipated <p>Effect(s):</p> <ol style="list-style-type: none"> Not all works required can be implemented Impacted properties may continue to have repair liabilities beyond those anticipated Impacted properties may not be compliant for building regulations and health & safety Works continue beyond the end of the anticipated programme 		5	4	20	<ul style="list-style-type: none"> Surveys undertaken across the portfolio, Cost estimates undertaken utilising average cost per m², Executive Report on findings of the review and proposed capital works to refurbish the properties agreed at Full Council in Dec '22 Ensure alternative and adequate resources are available 	4	3	12	Monitor costs at Programme Board	Director of Housing, Planning and Regeneration	
18	Corporate Risk	Operational Property Repair Buildings within the OPR Programme fail prior to commencement of works	<p>Cause(s):</p> <ol style="list-style-type: none"> Infrastructure that is beyond economic repair fails <p>Effect:</p> <ol style="list-style-type: none"> The property cannot be occupied A Council service or stakeholder is unable to continue to offer a service from the property There is a health & safety incident The Council suffers financial and/or reputational loss 		5	4	20	Works on properties known to be at risk are being accelerated		4	3	12	Monitor Facilities Management reports of infrastructure failure	Director of Housing, Planning and Regeneration
19	Corporate Risk	Recruitment and Retention Ineffective recruitment and retention strategies for hard to fill posts	<p>Cause(s):</p> <ol style="list-style-type: none"> Physical environment/hygiene facilities Culture Increasingly fluid market Increases in demand and/or reductions in supply Lack of experienced staff in the labour pool Budget constraints Lack of leadership Failure to compete with other organisations to recruit the highest quality candidates to build an agile work force Cost of living rises deter potential candidates from working in London Recruitment can fluctuate due to external pressures <p>Effect(s):</p> <ol style="list-style-type: none"> Potential service delivery impacts Increased costs due to use of agency workers Reduction in quality of service 	Personnel / Operational	3	4	12	<ol style="list-style-type: none"> Horizon scanning to anticipate changes and trends to staff complement Keeping up to date on national trends for hard to recruit professions Case load review Review of pay and comparison with neighbouring LAs R&R Board to regularly review No Quit Policy in place Implement grow your own initiatives e.g. senior practitioners progression pathway, training pathways for social workers, graduate trainees, apprentices Overseas recruitment Signed up to the London Pledge - all Councils have a memorandum or understanding to pay social workers same rate LBB staff present at recruitment fairs/events Dedicated HR team to support managers in recruiting hard to fill positions in CSC and Education Recruitment drive to convert locums to permanent staff Exit interviews to understand why staff leave Recruitment event took place in January 2023 	3	3	9	<ol style="list-style-type: none"> Review of retention strategies Development of a Talent Management Strategy. Consideration to resurrect 'Future Leaders Programme' 	Director of HR, Customer Services and Public Affairs	

Corporate Risk Register - Appendix B

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			DATE COMPLETED:	Apr-24
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED	RISK OWNER
20	Corporate Risk	Accommodation Move to Direct Line Building	<p>Cause(s)</p> <ol style="list-style-type: none"> Purchase is not financially viable. Scope Creep Conflicting Council Priorities and resources Building not ready for occupation Unable to dispose of the Civic Centre Unable to Maintain the Building Dual running costs of 2 sites Lack of as is surveys and drawings <p>Effect(s):</p> <ol style="list-style-type: none"> Overspend on the capital and revenue budgets. Unable to occupy the building. Subject to circa £40m of works on the Civic Site Wasted costs on the due diligence work Public and staff dissatisfaction Reputational damage Financial implications of not being able to dispose of CC site including ongoing dual running costs 	Financial & Political	5	5	25	<p>Building purchased and Phase 3 level 2/3 operational for a number of staff classed as early movers circa 400</p> <ul style="list-style-type: none"> Executive awarded a Design and Build contract to the Cat B refurbishment works to Neilcott and they have been on site working through the stage 3/4 designs Enabling works to fully commence from Monday 29th January with completion on target for September 2024 Working through the cost plan and 2 stage tender process so that we can work in partnership with the main contract of work to commence in March 2024 Engaged key property consultants to market the civic centre site and already a lot of interest already with work ongoing Key workstreams up and running with oversight through a Programme Board and COE 	4	4	16	On-going monitoring as one of the Council's biggest Capital Programme with clear governance process in place and oversight through COE.	Director of Environment and Public Protection
21	Corporate Risk	Deleterious Materials - Discovery of Deleterious Materials in the construction and fit out of properties owned or occupied by the Council.	<p>Causes:</p> <p>Use of deleterious material in building construction and fit out that are harmful to human health.</p> <p>Use of deleterious material in building construction and fit out which cause of long-term failure in building fabric and/or structure.</p> <p>Effects:</p> <p>Release of substances harmful to human health resulting in... short- and long-term harm to employees, members, visitors and general public</p> <p>Failure of building structure resulting in... acute harm to employees, members, visitors and general public</p> <p>Closure or partial closure of buildings leading to temporary relocation and impact on Service delivery.</p> <p>Non-co-operation of tenants leading to Council having to result to dispute resolution to access building. Possibility of compensation if lease has such a clause.</p> <p>Investigation by the HSE leading to possible prosecution.</p>	Health & safety	3	4	12	<p>Council is complying with existing HSE and industry guidance including Health and Safety at Work regulations.</p> <p>Specification of all works to properties commissioned by the Property and Regen Teams ban the use of deleterious materials.</p> <p>Property and Regen to ensure Asbestos Management Surveys in place across the Councils' property portfolio.</p> <p>RAAC surveys commissioned by Property and Regen to cover the Councils' property portfolio.</p>	3	3	9	Continued training on deleterious materials for property and regen staff (asbestos awareness etc). Council to hold a register of all identified deleterious material across the estate with mitigation plans were identified.	Director of Housing, Planning and Regeneration

Appendix C – Corporate Risk Register Net ‘High’ Risks – Further Commentary

Corporate Risk Register			
Risk Title & Descriptor	Risk Owner	NET score and risk rating	Commentary
<p>Financial Strategy <i>Failure to deliver a sustainable Financial Strategy which meets with Making Bromley Even Better priorities and failure of individual departments to meet budget</i></p>	<p>Director of Finance</p>	<p>20 - High</p>	<p>Local Government faces the challenge of the impact of inflation, service and cost pressures continuing to reflect demographic changes and new burdens whilst income from council tax and government funding is not expected to be able to keep pace with inflation and other cost pressures. There is an increase in reported Section 114 notices and capitalisation directions which is a sign of deteriorating financial position facing local authorities. Although these were initially caused by poor governance and financial management, more are expected as due to the ongoing funding challenges, whilst needing to maintain statutory services. This Council has a statutory duty to have a balanced budget and the funding challenge is also faced by this Council as reported to Executive and Council as part of the annual budget process.</p> <p>The transformation programme and options to generate income will continue but the scale of cost pressures including housing, adult and children’s social care and special educational needs (and possibly higher inflation in the future) creates a deteriorating financial position in the medium to longer term.</p> <p>Bromley is ‘better placed’ than many authorities but the significant financial challenges remain. The awaited Government review of local government finance continues to be deferred and is not expected until at least 2026/27.</p>

			<p>On that basis, the significant financial sustainability risk is likely to remain in the medium to longer term without a fundamental review of local government finance.</p> <p>Work will continue to deliver a balanced budget but the ongoing financial sustainability challenge remains.</p>
IT Security Failure	Assistant Director – IT	15 – High	<p>The Security Operation Centre (SOC) has been implemented which is being fine-tuned to ensure efficient proactive monitoring of the LBB Data and Infrastructure. Monthly reports are provided from the SOC setting out the top ten threats to the Council. These are being further developed to include information on which specific controls prevented these threats so that we can analyse whether compensating controls require strengthening.</p> <p>The renewed BT contract strengthened the approach to proactive vulnerability management. The Council will have an external company conducting its annual IT Health Check in May, producing a report for actioning with BT. This will test the infrastructure configuration, penetration tests, residual vulnerabilities and device builds.</p> <p>A new staff training package is being developed for 2024 for security and data protection which will be mandatory for all staff to complete.</p> <p>The inherent risk will always be high because the threat is continually evolving and therefore keeping pace with the latest threats is an ongoing challenge. Whilst the Council has a number of controls in place, breach of any of these controls could result in a successful cyber attack.</p>
Temporary Accommodation -	Director of Housing,	20 – High	Increases in homelessness and the use of temporary accommodation is being faced particularly in London and the Southeast. Increased

<p><i>Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homeless budgets</i></p>	<p>Planning and Regeneration</p>		<p>difficulty in procuring sufficient supply of accommodation and significant price increases are all placing an upward pressure. We have also recently decanted Bellegrave in order to facilitate new affordable developments.</p> <p>Phase 2 of the Meadowship acquisition programme is a 2-year acquisition programme overseen by the Meadowship board (the 2 leads are the Director of HPP&R and Head of Finance). The housing sites delivery programme current has 2 sites underway and a further 3 sites now approved. This is a 3-year programme overseen by the AD Culture and Regeneration. Conversion of the More Homes Bromley tenancies is an ongoing programme as these become available for letting overseen by the AD Housing.</p> <p>Review of the landlord incentive scheme has been completed and runs alongside on-going negotiations for block booking arrangements and inspections against the SLAs to ensure standards are met. Officers also continue to engage with the market to explore all potential schemes which may increase supply and these are brought to members for consideration when such scheme opportunities arise. Progress against actions is reviewed minimum quarterly.</p> <p>We continue to pursue all grant funding opportunities to mitigate cost and support delivery of new affordable housing.</p> <p>Whilst the range of measures successfully helps to mitigate the pressures reducing the numbers of households that need to go into TA the current rate of new placements into TA and rising costs by far exceed the level of new placements able to be achieved in the current market.</p>
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<p>Failure to deliver the Transforming Bromley Programme</p>	<p>Chief Executive</p>	<p>15 – High</p>	<p>The MTFS presents a significant budget deficit from 2025/26 rising to £39m in four years.</p> <p>The Transforming Bromley Programme is a mechanism through which stakeholders are engaged to develop business cases for change to address the Council's budget gap.</p> <p>With such significant savings to agree, options are likely to have an impact on service scope, specifications and as such our resident experience. Identifying savings and or additional income options that won't compromise services or negatively impact constituents will be challenging. Transparency and effective communication with the public about budget constraints and the need for difficult decisions will help build an understanding and support for necessary changes.</p> <p>The Executive has agreed additional resources to enable the Transformation Programme. These will assist the Council to draw on capacity and skills to identify and implement effective cost-saving measures. By developing a four-year plan we aim to avoid the temptation of opting for short-term fixes over long-term sustainable solutions. These include digital solutions.</p> <p>Implementing cost-saving measures may face resistance from various stakeholders, including employees and the community who may be impacted by proposed changes. The Council will continue to engage in strategic planning, fostering collaboration amongst stakeholders, investing in capacity building, and adopting a proactive and innovative approach to budget management.</p> <p>Timeframe against which savings proposals are established and agreed to enable a balanced MTFS.</p>
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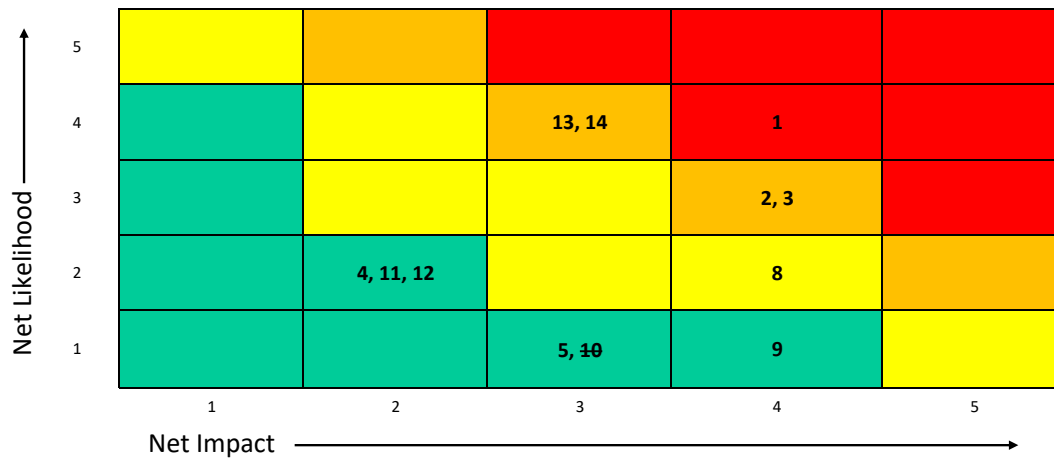
			<ul style="list-style-type: none"> • Nov/December: Options discussed at PDS committees • January: MTFS discussed and agreed at ERC PDS and Executive • February: Approval of budget at “Special Budget Council”.
<p>Health and Safety – (Fire and First Aid)</p> <p><i>Non compliance with legislation:-</i></p> <p><i>(i) Regulatory Reform (Fire Safety) Order 2005, as amended by the Fire Safety Act 2021,</i></p> <p><i>(ii) Health and Safety (First Aid) Regulations 1981</i></p>	<p>Director of HR, CS and PA</p> <p>Director of Housing, Planning and Regeneration</p>	15 – High	<p>Due to the vast number of LBB sites, and due to the higher risk nature of work undertaken at our sites, including waste collections and supporting vulnerable persons, the risk rating will always be somewhat high.</p> <p>Given the known ongoing issues with LBB’s fire safety and first aid arrangements, as noted in the causes box for this risk on the risk register, and the severe findings noted in some of the recently completed fire risk assessments, the risk remains high. Some actions have now been progressed, such as some of the courses needing to be delivered have now been delivered, the creation of a fire safety committee and the creation of a report about the fire risks of electric powered personal vehicles.</p> <p>Ensuring there is sufficient cover of first aiders and fire wardens continues to be difficult to manage now that staff members are working in a hybrid way. Many people previously providing cover are not doing set days every week (they are flexing the days they are on-site each week) which means it is hard to ensure there is sufficient cover at any given time.</p> <p>Actions to be taken include:</p> <ul style="list-style-type: none"> - Learning and Development to arrange training – Ongoing – Accountable officer: Assistant Director of Human Resources - Facilities Management to ensure Fire Risk Assessments are completed – Ongoing – Accountable officer: Director of Housing, Planning, Property and Regeneration

			<ul style="list-style-type: none"> - Facilities Management to engage fire safety supplier to produce Emergency Plans – As soon as possible – Accountable officer: Director of Housing, Planning, Property and Regeneration - Facilities Management team to implement new signage – Ongoing – Accountable officer: Director of Housing, Planning, Property and Regeneration - Facilities Management team to distribute emergency plan to site occupiers and to arrange training on plan for fire marshals – As soon as possible – Accountable officer: Director of Housing, Planning, Property and Regeneration - Fire Safety to be added to COE agenda as a standing item – As soon as possible – Accountable officer: Director of Housing, Planning, Property and Regeneration & Director of Human Resources, Customer Services and Public Affairs - Fire drills to be undertaken – Ongoing – Accountable officer: Director of Housing, Planning, Property and Regeneration - Alternatives to current Civic Centre check in and check out arrangements to be reviewed due to issues with current arrangements – As soon as possible – Accountable officer: Director of Human Resources, Customer Services and Public Affairs & Director of Housing, Planning, Property and Regeneration
Homes for Ukraine and other Refugee Programmes	Director of Housing, Planning and Regeneration	16 – High	<p>Update Report provided to ERC and Executive (last report 20th September 2023). Funding for arrivals halved in March 2023 with Education funding ending in March 2023. There is a risk that many of those that have arrived will not be able to continue staying with their sponsor due to the period of time that they have been with their sponsor. Early intervention work is being undertaken to manage expectations. Re-matching and private sector accommodation is a priority to avoid placements into nightly paid accommodation. Accountable officer: Director of Housing, Planning, Property and Regeneration.</p>

			<p>Volume of Asylum Seekers receiving decisions on their asylum application from the Home Office has slowed down over the last few months, however there is the risk that if this picks up pace, these households will approach Bromley and the vacant accommodation is likely to be utilised for further Asylum placements.</p>
Accommodation Move to DL building	Director of Environment and Public Protection	16 – High	<p>In July 2023 the Council have completed on the acquisition of the DL building known as Churchill Court.</p> <p>There was an absence of “as built drawings” provided as part of the sale and in light of this additional survey work has had to be commissioned to understand the construction and intricacies of the building management system, ventilation, heating, fire management, lighting, and security systems.</p> <p>In addition, prior to taking possession of the building in July 2023 it was not possible to fully investigate the structural integrity of the building to assess against proposed alterations that would be necessary to transform it into a Public Sector office i.e., Council Chamber, Committee Rooms, and Reception Area.</p> <p>The Fire Regulation requirements on a Public Sector building differ from that of a private sector commercial entity and further work had to be undertaken to consider this against the proposed floor plan and design layout for the building.</p> <p>As Members may be aware that the building is constructed in four phases, prior to taking possession a floor planning exercise was undertaken with Morgan Lovell PLC and from this it is proposed that the Council occupy Phases 1 & 2 with the democratic hub situated on Floor 0 of Phase 1 which allows unfettered but controlled access to the area by members of the public.</p>

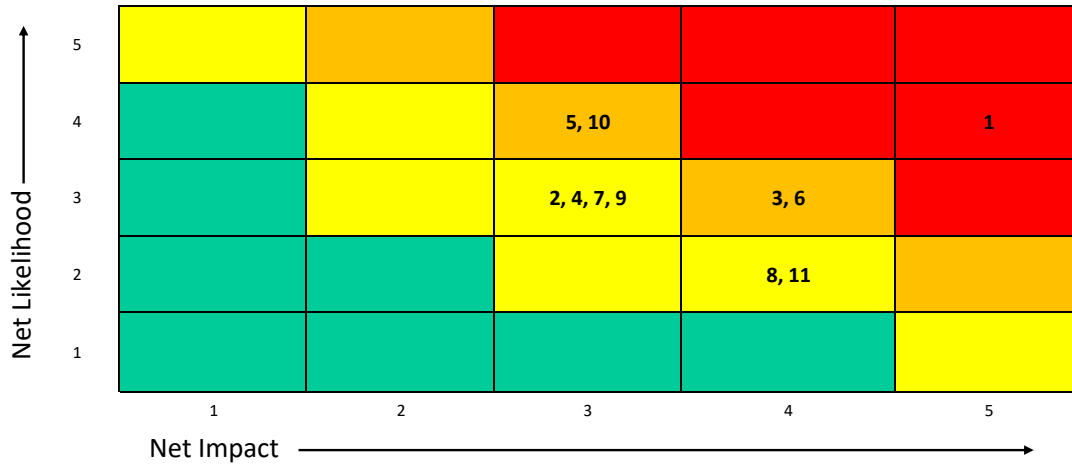
		<p>Members should note that access will be limited and controlled until the final fit out works have been completed as a significant part of the site will become a construction fit out area from October 2023 to September 2024.</p> <p>We have awarded a Cat B Fit-out Contract to Neilcott Construction Limited via the Procure Partnership Framework the enabling works commenced and will be completed in early April 2024. During the enabling works we have identified a number of areas of deleterious materials which we have had to address ahead of the main works and a number of these works will need to be further worked on during the main works which will start in Mid-April 2024.</p> <p>Since taking vacant possession, the Programme Team have brought Phase 3 level 2 & 3 into operational use and have set up 150 desks with circa 500 staff based in Churchill Court across the working week. Members should note that access will be limited and controlled until the final fit out works have been completed as a significant part of the site will become a construction fit out area from October 2023 to September 2024.</p>
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Adult Care and Health Risk Register - Q3 2023/24 - Appendix D



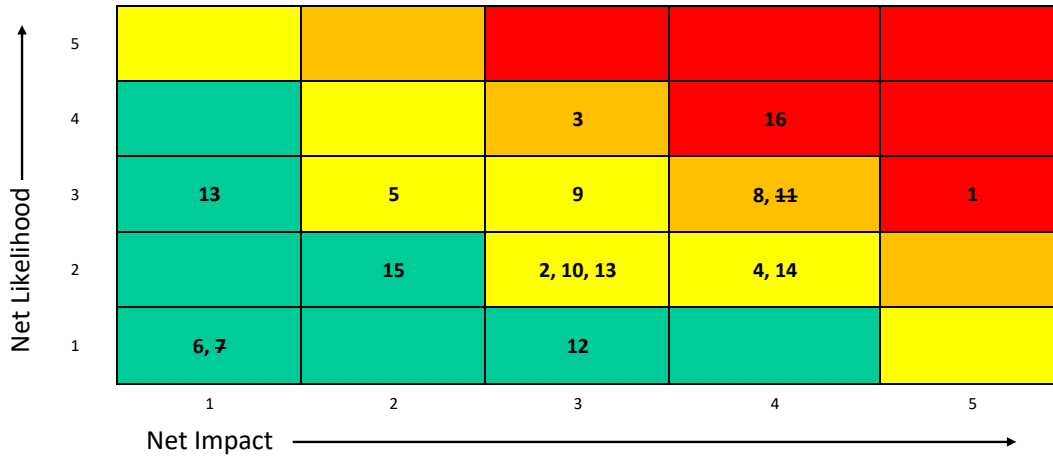
Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating	Change to Net rating since last report
1	Failure to deliver Financial Strategy	25	16	↑ 4
2	Failure to deliver effective Adult Social Care services	16	12	↔
3	Failure to deliver effective Learning Disability services	16	12	↔
4	Deprivation of Liberty	12	4	↔
5	Recruitment and Retention - ASC	20	3	↔
8	Inability to deliver an effective Public Health service	12	8	↔
9	Emergency Response/Business Continuity	10	4	↔
10	Data Collections	9	3	REMOVED RISK
11	Failure to deliver partial implementation of Health & Social Care Integration	6	4	↔
12	Adult Social Care Reform	10	4	↔
13	Adult Transport	12	12	↔
14	Community Equipment - Children and Adults	16	12	↔

Children, Education and Families Risk Register - Q3 2023/24 - Appendix E



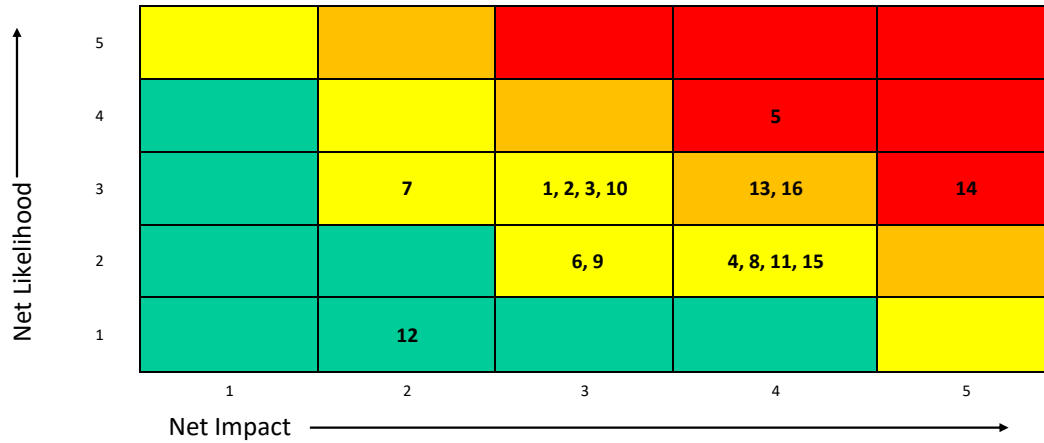
Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating	Change to Net rating since last report
1	Failure to deliver Children's Services Financial Strategy	25	20	↔
2	Failure to deliver effective Children's services	15	9	↔
3	Recruitment and Retention	20	12	↔
4	Emergency Response (ER) / Business Continuity (BC)	12	9	↔
5	School Place Planning	12	12	↔
6	SEND Transport	15	12	↔
7	SEND Reforms	16	9	↔
8	Youth Offending	12	8	↔
9	Out of Borough Placements (Children and Young People)	9	9	↔
10	Speech and Language Therapy	12	12	↔
11	School Attendance	12	8	↔

Corporate Services - March 2024 - Appendix F



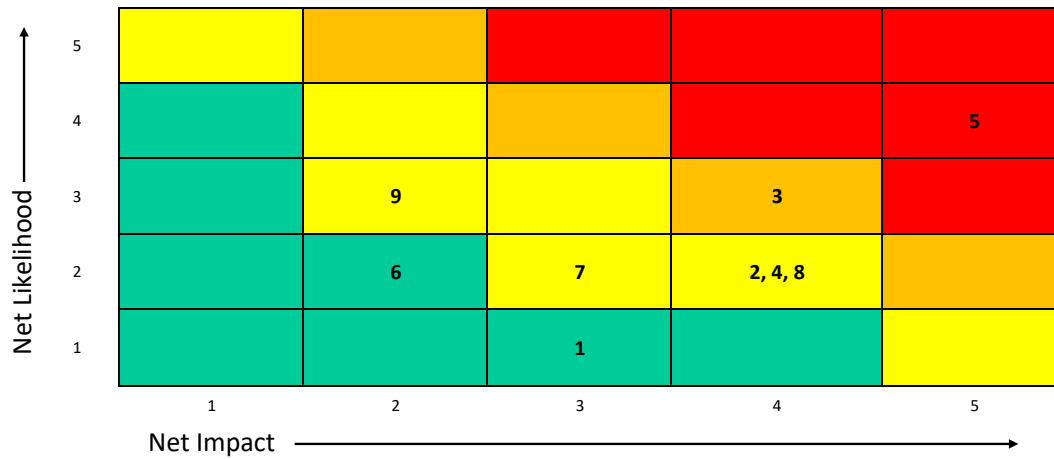
Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating	Change to Net rating since last report
1	IT Security Failure	20	15	↔
2	Telecommunication Failure - Prolonged telecoms / switchboard failure	15	6	↔
3	IT System Failure (partial loss)	16	12	↔
4	IT System Failure (total loss) Complete failure of IT systems resulting in widespread disruption across the Council	15	8	↔
5	Network Loss Loss of the customer service centre network as a result of a major malfunction of the council's network, leading to system access loss preventing staff from processing service requests.	9	6	↔
6	Laptop Manufacturer/Provider Issue Current model of corporate laptop in constraint	9	1	↔
7	Delay in IT Managed Service re-procurement	6	1	REMOVED RISK
8	Effective governance and management of information	16	12	↔
9	Budgetary overspend	12	9	↔
10	Failure to follow Legal Advice Breach of law, statutory duty or carrying out inadequate consultation arising from failure of clients to follow Legal briefing procedures	9	6	↔
11	Data Protection Breach	20	12	REMOVED RISK
12	Failure to publish Register of Electors	6	3	↔
13	Failure to manage election process	12	6	↔
14	Ineffective governance and management of contracts	12	8	↔
15	Ineffective governance and management of contracts - Contracts Database	6	4	↔
16	Information Request non-Compliance	20	16	↔

Environment and Community Services Risk Register 1st March 2024 - Appendix G



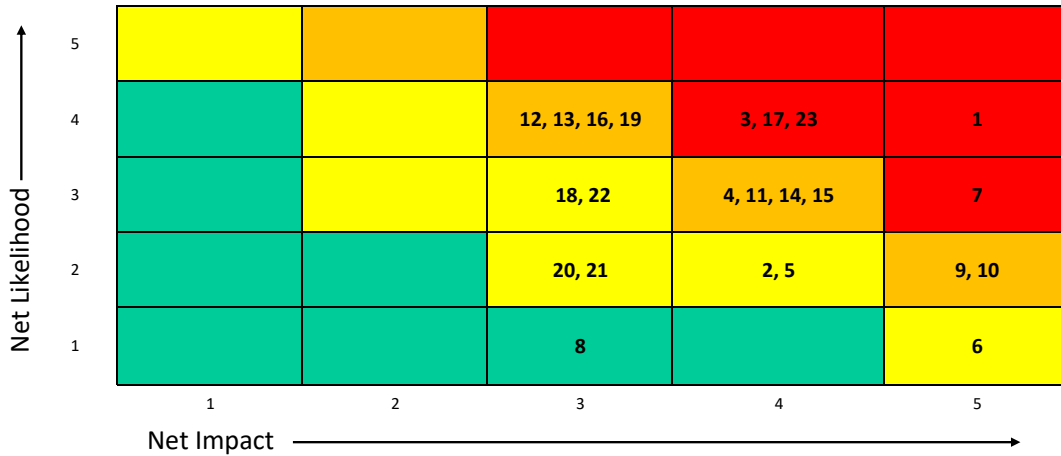
Risk No.	E&PP Risk Ref	Risk Description	Gross Risk Rating	Current Risk Rating	Change to Net rating since last report
1	1	Emergency Response	12	9	↔
2	2	Central Depot Access	12	9	↔
3	4	Business Continuity Arrangements	12	9	↔
4	8	Health & Safety (ECS)	12	8	↔
5	12	Highways Management	16	16	↔
6	13	Arboricultural Management	12	6	↔
7	14	Income Variation (Highways, Traffic and Parking)	9	6	↔
8	15	Waste Budget	12	8	↔
9	18	Town Centre Markets	12	6	↔
10	20	Staff Resourcing and Capability	12	9	↔
11	22	Climate Change	12	8	↔
12	26	Income Reconciliation (Waste Management)	6	2	↔
13	40	Disruption to waste services during the Depot Improvement Programme works	20	12	↔
14	42	Supplier Failure	15	15	↔
15	43	Horizontal Swing Barriers	12	8	↔
16	44	Arboricultural Management: Service Provider Performance Issues	12	12	↔

Finance - February 2024 - Appendix H



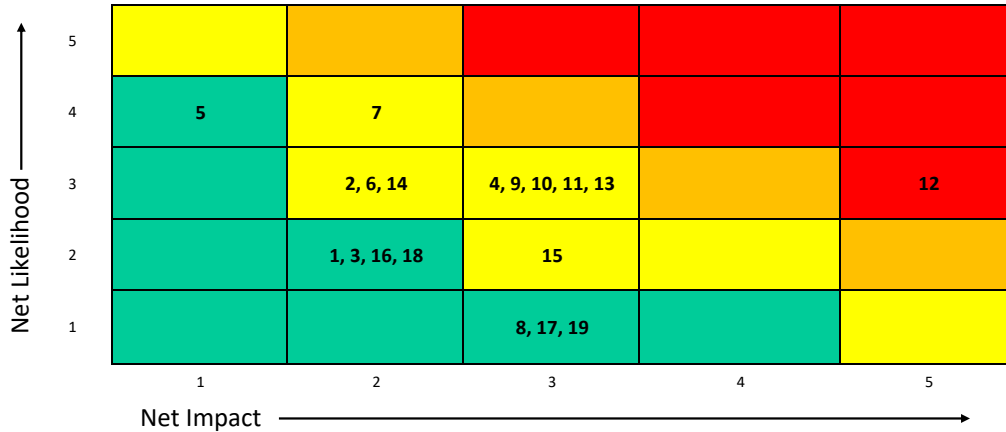
Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating	Change to Net rating since last report
1	Failure to ensure sufficient cover of Council assets This could result in the possibility of our insurance company refusing to cover a claim above the level of our current excess (£125k for general property and Liability, £250k for educational property).	4	3	↔
2	Financial Market Volatility Financial loss arising from the volatility of financial markets.	12	8	↔
3	Capital Financing Shortfall Risk of significant costs increase in the Capital Programme and possible reductions in proceeds from disposals could impact on the Council's ability to fully fund the Capital programme	16	12	↔
4	Pension Fund The pension fund not having sufficient resources to meet all liabilities as they fall due	15	8	↔
5	Failure to deliver a sustainable Financial Strategy which meets with Making Bromley Even Better priorities and failure of individual departments to meet budget	25	20	↔
6	Failure of Finance IT systems	6	4	↔
7	Failure of external contractors	9	6	↔
8	Contractor Poor Performance Contractor fails to meet performance expectations across Revs & Bens, Payroll, Pensions, Debtors and Accounts Payable	12	8	↔
9	Significant Fraud/Corruption	12	6	↔

Housing, Planning and Regeneration Risk Register - Q4 2023/24 - Appendix I

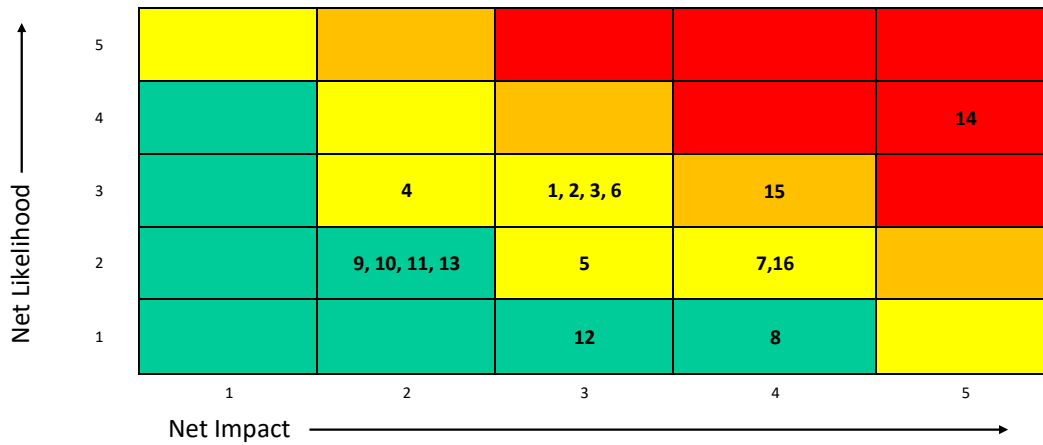


Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating	Change to Net rating since last report
1	Failure to deliver Housing Financial Strategy	25	20	↔
2	Failure to deliver effective Housing Needs services	16	8	↔
3	Temporary Accommodation	20	16	↔
4	Capital Grant	16	12	↔
5	Recruitment and Retention	20	8	↔
6	Business Interruption / Emergency Planning	10	5	↔
7	Health and Safety (Fire and First Aid) - Non compliance with Regulation	25	15	↔
8	Data Collections	9	3	↔
9	Financial Performance	15	10	↔
10	Contractor Performance	15	10	↔
11	Capital Financing Shortfall	16	12	↔
12	Operational Property Repair - Budget and Programme	20	12	↔
13	Operational Property Repair - Buildings Failure	20	12	↔
14	Bromley Health & Wellbeing Centre	12	12	NEW RISK
15	Outreach Service	16	12	↔
16	Vitality and Prosperity of Town Centres	16	12	↔
17	Capital Schemes	25	16	↔
18	Leisure Centres	16	9	↔
19	Library Service	16	12	↔
20	Planning Service	12	6	↔
21	Community Infrastructure Levy	6	6	↔
21	Section 106 Agreements	9	4	REMOVED RISK
22	London Plan	15	9	↔
23	Homes for Ukraine and other Refugee Programmes	20	16	↔

Human Resources and Customer Services - March 2024 - Appendix J



Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating	Change to Net rating since last report
1	Ability to respond to industrial action, changes in government initiatives or legal requirements	4	4	↔
2	Failure to comply with HR related legislative requirements e.g. Equalities Act 2010	12	6	↔
3	1) ineffective workforce planning initiatives including succession planning, talent management. 2) upskilling of staff - lack of training resources/opportunities	9	4	↔
4	Ineffective recruitment and retention strategies for hard to fill posts	12	9	↔
5	Ineffective pre-employment checks including agency workers	12	4	↔
6	Management of the on-going transitional and transformational changes (Commissioning process, baseline exercise and service redesigns and alternative delivery options)	12	6	↔
7	HR systems failures e.g. payroll, recruitment, HR self-service, pensions	10	8	↔
8	Ineffective compliance with IR35	10	3	↔
9	Staff not completing mandatory and/or required training	12	9	↔
10	Health & Safety (Council) Ineffective management, processes and systems across all Council departments Including in relation to the following areas: Fire Safety Lone Working Violence & Aggression at work COSHH	15	9	↔
11	Failure to comply with H&S related legislative requirements e.g. Health and Safety at Work etc. Act 1974	15	9	↔
12	Insufficient fire safety arrangements Non compliance with Regulatory Reform (Fire Safety) Order 2005, as amended by the Fire Safety Act 2021	20	15	↔
13	Insufficient first aid arrangements Non compliance with Health and Safety (First Aid) Regulations 1981	12	9	↔
14	Fall in income from Registrars	9	6	↔
15	Contractor Failure	8	6	↔
16	Contractor Performance	12	4	↔
17	Maintenance of Statutory and GRO standards	9	3	↔
18	Loss of Facility	9	4	↔
19	Safety of Statutory Records	9	3	↔



Risk No.	E&PP Risk Ref	Risk Description	Gross Risk Rating	Current Risk Rating	Change to Net rating since last report
1	1	Emergency Response	12	9	↔
2	2	Central Depot Access	12	9	↔
3	4	Business Continuity Arrangements	12	9	↔
4	14	Income Variation (Highways and Parking)	9	6	↔
5	18	Town Centre Markets	12	6	↔
6	20	Staff Resourcing and Capability	12	9	↔
7	22	Climate Change	12	8	↔
8	29	Out of Hours Noise Service	4	4	↓4
9	30	Integrated Offender Management post	9	4	↔
10	31	Community Impact Day Co-ordinator post	9	4	↔
11	32	Serious Youth Violence and Gangs Officer post	9	4	↔
12	33	The provision of 24/7 CCTV Monitoring	12	3	↔
13	34	Loss of income from Licenced Premises fees	6	4	↔
14	37	Increased Costs for Coroners Service	20	20	↔
15	39	Dysfunctionality of Uniform Information Management System	20	12	↔
16	42	Health & Safety (PP&E)	12	8	↔